

Monday 20 May 2013 – Afternoon

AS GCE APPLIED BUSINESS

F242/01 Understanding the Business Environment

Candidates answer on the Question Paper.

OCR supplied materials:

- Clean copy Case Study

Other materials required:

- A calculator may be used

Duration: 1 hour 30 minutes



Candidate forename		Candidate surname	
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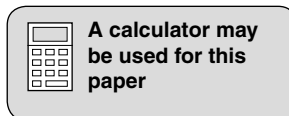
Centre number						Candidate number				
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INSTRUCTIONS TO CANDIDATES

- Write your name, centre number and candidate number in the boxes above. Please write clearly and in capital letters.
- Use black ink. HB pencil may be used for graphs and diagrams only.
- Answer **all** the questions.
- Read each question carefully. Make sure you know what you have to do before starting your answer.
- Write your answer to each question in the space provided. Additional paper may be used if necessary but you must clearly show your candidate number, centre number and question number(s).
- Do **not** write in the bar codes.

INFORMATION FOR CANDIDATES

- The number of marks is given in brackets [] at the end of each question or part question.
- The total number of marks for this paper is **100**.
- Your Quality of Written Communication will be assessed in questions marked with an asterisk (*).
- This document consists of **16** pages. Any blank pages are indicated.



1 (a) (i) What do the initials PEST stand for?

P

E

S

T

[4]

(ii) State **two** benefits to a business of undertaking a PEST analysis.

1

2

[2]

(b) *Andrews' Farm* buys its organic feeds from China.

Explain the impact on *Andrews' Farm* of a weakening in the strength of sterling against the Chinese yuan.

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..... [2]

(c) Identify and explain **three** ways in which the government could help the organic milk industry.

1

Explanation

.....

2

Explanation

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3

Explanation

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[6]

(d) Which external factor is likely to have the most impact on the future of the organic milk industry in the UK? Justify your answer. **[12]**

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2 Toby decided that it would be better to operate the truffière independently rather than as a franchisee.

(a) (i) Identify and explain **two** benefits of being a franchisee.

1

Explanation

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2

Explanation

.....

[4]

(ii) Identify and explain **three drawbacks** of being a franchisee.

1

Explanation

.....

2

Explanation

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3

Explanation

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[6]

- 3 (a) After the first harvest of the truffles in autumn 2012, Toby decided to carry out a variance analysis comparing the average yield of the actual harvest with his budgets.

Complete the unshaded boxes in the table below. Give your answers, where appropriate, to one decimal place.

Item	Budget	Actual	Variance	Variance (%)	Favourable/ Adverse
Average Yield per Tree	45 g	50 g	g		
Selling Price per kg	£2800	£3000	£		

[6]

- (b) Identify and explain **two** reasons why a business such as *Andrews' Farm* may use variance analysis.

1

Explanation

.....

2

Explanation

.....

[4]

4 (a) The costs of producing organic milk at *Andrews' Farm* include:

- annual licence fee
- leased equipment
- insurance
- animal feed
- wages.

Classify the costs listed above into fixed and variable costs by ticking the correct boxes below.

Costs	Fixed Costs	Variable Costs
Annual licence fee		
Leased equipment		
Insurance		
Animal feed		
Wages		

[5]

(b) The costs of producing organic milk in 2012 at *Andrews' Farm* were:

Fixed costs	£12 600
Variable costs	35p per litre
Selling price	40p per litre

Calculate the break-even output.

Show your workings:

Break-even output = litres

[3]

(c) *Andrews' Farm* actually produced 320 000 litres of organic milk in 2012.

Calculate the margin of safety.

Show your workings:

Margin of safety = litres

[2]

(d) Calculate the profit made by *Andrews' Farm* in 2012.

Show your workings:

Profit = £

[3]

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- 5 (a) (i) What is meant by the term 'order tracking'? [1]
- (ii) Identify **one** benefit to a business such as *Andrews' Farm* of order tracking.
..... [1]
- (b) Evaluate the advantages and disadvantages of introducing additional modern technology in order to improve productivity at *Andrews' Farm*. [12]

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6 Explain three reasons why environmental responsibility is important in the everyday conduct of *Andrews' Farm*.

1

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2

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3

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[6]

END OF QUESTION PAPER

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