

**Monday 20 May 2013 – Afternoon**

**AS GCE BUSINESS STUDIES**

**F291/01** An Introduction to Business

Candidates answer on the Question Paper.

**OCR supplied materials:**

None

**Other materials required:**

- A calculator may be used

**Duration:** 1 hour



Candidate forename		Candidate surname	
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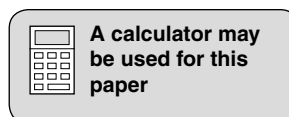
Centre number						Candidate number				
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**INSTRUCTIONS TO CANDIDATES**

- 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 **60**.
- Your Quality of Written Communication will be assessed in the question marked with an asterisk (\*).
- This document consists of **16** pages. Any blank pages are indicated.



**BARCLAYS plc**

Barclays plc is one of the largest companies in the world. It operates banking and other financial services across the globe. Its headquarters are in London. During the financial crisis in 2008, unlike The Royal Bank of Scotland and Lloyds, Barclays did not require financial support from the government. It remains wholly in the private sector.

2011 was an interesting year for Barclays. When Chief Executive, Bob Diamond, revealed the profits for 2010 Barclays' shares immediately rose by 18p. Pre-tax profits were up 32% to £6.1 billion and an increase in dividends was announced. Mr Diamond said that he wanted to further improve profits for shareholders and that, as a short-term objective, he would be seeking a £1 billion cost reduction by selling off or closing underperforming parts of the business. Analysts said this objective would be hard to achieve without cutting jobs. The intention to pay bonuses totalling £2.6 billion was also announced, as was the decision to increase the average pay in Barclays' investment banking division by 23%. Like other banks, Barclays says that high salaries and bonuses are needed to recruit and retain the very best senior managers. 5 10

Barclays also admitted that it had paid just £113 million in UK corporation tax\* in 2009, a figure equivalent to just 1% of its profits. The company had not acted illegally, it is just that profits made overseas are not always subject to UK tax. Originally Barclays had claimed that the tax paid was £2 billion, but it was revealed that most of this had actually been employees' income tax collected by Barclays and passed on to the tax authorities, rather than corporation tax. 15

Because of the high bonuses, the proposed sell off and closures, and the amount of tax paid on its profits some stakeholders claimed that Barclays was acting unethically. 20

Barclays, like other banks, was also criticised for not lending enough money to small businesses which were struggling in a difficult economic climate. Barclays' response was that there were stakeholder conflicts to consider. Customers are obviously important, but the bank has a responsibility to its other stakeholders who could be negatively affected if the bank lent to businesses which may cease trading and so be unable to repay their loans. 25

\*Corporation tax is the tax paid by companies in the UK on their UK profits.

1 Barclays plc is a company operating in the private sector.

State **two** other types of business organisation in the private sector.

Type 1 .....

.....

Type 2 .....

.....

[2]

2 (a) “As a short-term objective, he would be seeking a £1 billion cost reduction” (lines 8–9).

Outline **two** reasons why Barclays’ objectives may change over time.

Reason 1 .....

.....

.....

.....

Reason 2 .....

.....

.....

.....

[4]





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4 (a) State **two** factors which might affect a business' demand for finance from Barclays.

Factor 1 .....

.....

Factor 2 .....

.....

[2]

(b) Outline **two** sources of finance which Barclays might provide to a business.

Source 1 .....

.....

.....

.....

Source 2 .....

.....

.....

.....

[4]



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