

**GCSE (FOUNDATION TIER)
BUSINESS STUDIES A SHORT COURSE**

Case Study – Paper 3
FRIDAY 25 MAY 2007

F **1051/3**

Afternoon

Time: 1 hour

Additional materials: Clean copy Case Study (1051/3 & 4 (CS))



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Candidate
Name

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INSTRUCTIONS TO CANDIDATES

- Write your name, Centre number and Candidate number in the boxes above.
- Answer **all** the questions.
- Use blue or black ink. Pencil may be used for graphs and diagrams only.
- The spaces should be sufficient for your answers but if you require more space, use the lined pages at the end of the booklet and number your answers carefully.
- Make sure that all your answers relate to the pre-released case study material.
- Do **not** write in the bar code.
- Do **not** write outside the box bordering each page.

INFORMATION FOR CANDIDATES

- The number of marks for each question is given in brackets [] at the end of each question or part question.
- The total number of marks for this paper is 60.
- The quality of your written communication will be taken into account when marking your answers to questions labelled with an asterisk (*).
- You may use an approved calculator.

FOR EXAMINER'S USE	
1	
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TOTAL	

This document consists of **9** printed pages, **2** lined pages and **1** blank page.

Answer **all** questions.

MAKE SURE THAT ALL YOUR ANSWERS RELATE TO THE PRE-RELEASED CASE STUDY MATERIAL.

1 Use the case study to answer the following questions.

(a) Businesses may be classified as **primary**, **secondary** or **tertiary**.

(i) State **one** reason why Diva plc might be classified as a secondary business.

[1]

(ii) State **one** reason why Diva plc might be classified as a tertiary business.

[1]

(b) Are the following groups important stakeholders in Diva plc? Explain your answers.

Suppliers _____

Consumers _____

[4]

(c) State and explain **one** benefit to Diva plc of being a public limited company.

[2]

(d) Explain **two** advantages to Diva plc of using batch production to make its shoes and boots.

Advantage 1 _____

Advantage 2 _____

_____ [4]

(e) State **three** ways in which Diva plc adds value to the materials it buys from suppliers when **making** shoes and boots.

1 _____

2 _____

3 _____ [3]

[Total mark : 15]

2 (a) Explain why Diva plc recruits its employees from the local area.

[3]

(b) Absenteeism is a problem in Diva plc's factory.

Would paying higher wages reduce absenteeism? Give reasons for your answer.

[3]

(c)* The new Manufacturing and Design Manager, Mark Staples, plans to introduce changes to working practices in the factory to cut costs (lines 32–37).

How important is communication with the workforce when any changes are planned? Give reasons for your answer.

[4+2]

QWC

[Total mark : 12]

3 Use Resource Sheet 2 to answer the following questions.

(a) Calculate the **percentage** of total sales revenue from Internet and mail order shopping in 2006. Show your working.

[2]

(b) The percentage of Diva plc's footwear sold on the Internet has increased over the last three years. Do you expect this trend to continue? Give reasons for your answer.

[4]

(c) The following headline appeared in a newspaper (line 47).

UK MANUFACTURERS SQUEEZED BY INCREASED IMPORTS FROM ABROAD

Are the managers of Diva plc right to be concerned about this headline? Give reasons for your opinion.

[3]

(d) Use Fig. 2 to identify:

(i) **one** statement which shows that Diva plc uses ICT;

_____ [1]

(ii) **one** statement which shows that Diva plc aims to sell quality products.

_____ [1]

(e) The Sales and Marketing Department has used the following promotion during the last two months.

Giving a free leather wallet with every order.

Would this promotion appeal to the company's Internet and mail order customers? Give reasons for your opinion.

_____ [2]

(f) Should the Sales and Marketing Department use women's magazines rather than television to advertise Diva's products? Give reasons for your answer.

_____ [4]

[Total mark : 17]

- 4 (a) Use Resource Sheet 3 to answer the following question.

The Board of Directors is considering opening a factory shop.

There is not enough space at Site A, so the Directors must choose between Site B and Site C.

Which **one** of these two sites should they choose for the factory shop?
Give reasons for your advice.

[4]

- (b) Use Resource Sheet 4 to answer the following questions.

(i) Calculate the forecast rise in net profit between the six-month period from May 2008 to October 2008 and the six month period from November 2008 to April 2009. Show your working.

[2]

(ii) Sales revenue is forecast to increase in the six-month period November 2008 to April 2009. Is this likely to happen? Give reasons for your answer.

[2]

(c)* Use the case study to answer the following question.

The Board of Directors has decided **not** to seek an amalgamation or a merger with another UK company.

They must now decide between the other two proposals to make sure that Diva plc is successful in the future:

- opening Diva retail shops in some major UK cities;
- moving the company's manufacturing to a factory in another European country.

Which of these two options do you think would be more successful? Give reasons for your answer.

Choice _____

Reasons _____

[6+2]

QWC

[Total mark : 16]

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