

Candidate Name

Centre Number

Candidate
Number

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**OXFORD CAMBRIDGE AND RSA EXAMINATIONS****General Certificate of Secondary Education****BUSINESS STUDIES A****1951/7**

Case Study Paper

FOUNDATION TIER

Thursday

19 MAY 2005

Afternoon

1 hour 30 minutes

Additional materials:

Clean copy Case Study (1951/7 & 8 (CS))

TIME 1 hour 30 minutes**INSTRUCTIONS TO CANDIDATES**

Write your name, Centre number and candidate number in the spaces at the top of this page.

Answer **all** questions.

Write your answers in the spaces provided on the question paper.

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.

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 90.

The quality of your written communication will be taken into account when marking your answers to questions marked with an asterisk (*).

FOR EXAMINER'S USE	
1	
2	
3	
4	
5	
TOTAL	

This question paper consists of 11 printed pages, 3 lined pages and 2 blank pages.

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) Identify **two** objectives Paul Preston, the Managing Director of Grade Autos plc, might have for the business. Give a reason for each of your choices.

Objective 1 _____

Reason _____

Objective 2 _____

Reason _____

_____ [4]

(b) Businesses may be classified as **PRIMARY**, **SECONDARY** or **TERTIARY**.

How would you classify Grade Autos plc? Justify your answer.

_____ [3]

(c) Grade Autos plc is a public limited company.
Autobodies Ltd is a private limited company.

(i) Explain **one** advantage to Grade Autos plc of being a public limited company rather than a private limited company.

[2]

(ii) Explain **one** advantage to Autobodies Ltd of being a private limited company rather than a public limited company.

[2]

(d) Use Resource Sheet 1 to answer the following questions.

(i) What is the span of control of the Dealer Principal of Garage B?

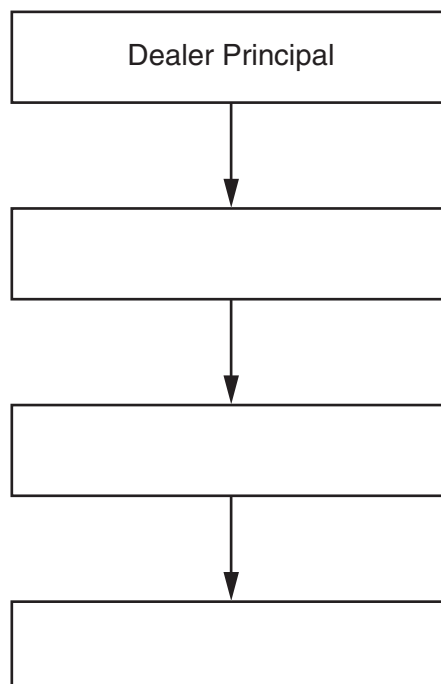
[1]

(ii) Who would make the following statement?

'We report to the Sales Manager'

[1]

(iii) Complete the boxes below to show the chain of command from the Dealer Principal to a mechanic.



[3]

[Total mark : 16]

- 2 (a) Explain how Richard Bell, the Parts Manager of Garage A, might make use of the Internet in his work.

[3]

- (b) Use Fig. 2 on page 3 of the case study to answer the following question.

Richard Bell has the following parts bill for last week.

Special overnight delivery on Tuesday	£600
Special overnight delivery on Wednesday	£400
Weekly delivery on Friday	<u>£8000</u>
	<u>£9000</u>

Could he have saved money for the business? Give reasons for your answer.

[3]

- (c)*** Use lines 83–94 of the case study and Resource Sheet 5 to answer the following question.

Should Paul Preston advise the Board of Directors to close the petrol station at Garage C? Discuss the arguments for and against closing the petrol station. Give reasons for your opinion.

[6+2]

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

Explain how UK membership of the European Union (EU) might affect Grade Autos plc.

[3]

- (e)** Use Resource Sheet 5 to answer the following question.

Calculate the total percentage of net profit made for the year ended 31 December 2004 from selling new and used cars and vans. Show your working.

[2]

[Total mark : 19]

QWC

3 (a) Use the case study to answer this question.

The Dealer Principal for Garage B, Annabel Jones, has realised that there are considerable difficulties in the Service Department.

Identify **two** problems in the Service Department at Garage B. Explain how each of these problems might be solved.

Problem 1 _____

Solution _____

Problem 2 _____

Solution _____

[6]

- (b) Use the case study lines 104–112 and Resource Sheet 4 to answer the following questions.

Paul Preston, the Managing Director of Grade Autos plc, has noted the following information.

- * Overall sales figures have increased by £5 m from 2003
- * Net Profit has remained unchanged from 2003
- * Total Capital Employed has risen by 5% from 2003

- (i)* Do you think Paul would be pleased with the financial performance of Grade Autos plc in 2004 compared with 2003? Give reasons for your answer.

[3+2]

QWC

- (ii) Why are the fixed assets for Garages B and D very much lower than for the other three garages?

[1]

- (iii)* Which garage may give Paul Preston most cause for concern? Give reasons for your choice.

[4+2]

QWC

[Total mark : 18]

- 4 (a) Use Resource Sheet 2 to answer the following question.

Stella Pringle, the Rental Manager of Garage D, has produced a draft customer feedback form for use by all five garages.

You have been asked to study the draft before a meeting of the Rental Managers. Suggest **two** improvements to the draft form, giving a reason for each suggestion.

Improvement 1 _____

Reason _____

Improvement 2 _____

Reason _____

[4]

- (b) Both Onyx UK and Grade Autos plc will advertise and promote the new range of hatchback cars (the Onyx 317) in 2005.

The table below shows some of the media available to advertise the car.

Complete the table below to show which media are more likely to be used by Onyx UK and which are more likely to be used by Grade Autos plc. One example has already been completed for you.

MEDIA	ONYX UK	GRADE AUTOS PLC	REASON
Television	✓		The advertisement covers the whole country
Exhibition of cars at local supermarkets			
Motoring magazine			
Invitation to a garage launch party in local newspaper			

[6]

- (c) Grade Autos plc wishes to promote the new Onyx 317 range. It is considering the following methods of promotion:

letters to present Onyx car owners offering attractive part-exchange deals;

a free subscription to a motoring magazine with each car sold;

vouchers for two free car washes;

one free car service for the car.

- (i) Which **one** of these methods of promotion is most likely to be **successful**? Give reasons for your choice.

Choice _____

Reasons _____

_____ [3]

- (ii) Which **one** of these methods of promotion is most likely to be **unsuccessful**? Give reasons for your choice.

Choice _____

Reasons _____

_____ [3]

[Total mark : 16]

- 5 Use the information in the case study and all the Resource Sheets to answer the following questions.

The Board of Directors will be considering a number of choices to make sure that Grade Autos plc is successful in the future.

(a) Explain **one** advantage and **one** disadvantage of each of the following choices:

(i) **selling Garage E;**

Advantage _____

Disadvantage _____

_____ [4]

(ii) **buying Garage B instead of renting it;**

Advantage _____

Disadvantage _____

_____ [4]

(iii) **buying Site X.**

Advantage _____

Disadvantage _____

_____ [4]

(iv) Which of these three choices would you recommend to the Board of Directors to help the company be successful in the future? Give reasons for your choice.

Choice _____

Reasons _____

[3]

(b) If the Board of Directors of Grade Autos plc decides to purchase another garage in the next year, the company will require additional finance.

It has the following sources of finance available.

- Retained profits
- Bank loan
- Overdraft
- Additional finance from existing shareholders

Which **two** sources of finance do you consider to be the most suitable? Give reasons for your choices.

Choice _____

Reasons _____

Choice _____

Reasons _____

[6]

[Total mark : 21]

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