

GCSE (FOUNDATION TIER)
BUSINESS STUDIES A
Case Study – Paper 7
FRIDAY 25 MAY 2007

F **1951/07**

Afternoon

Time: 1 hour 30 minutes

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



Candidate
Name

Centre
Number

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Candidate
Number

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INSTRUCTIONS TO CANDIDATES

- Write your name, Centre Number and Candidate Number in the boxes above.
- Answer **all** questions.
- Write your answers, in blue or black ink, 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.
- 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 90.
- 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	
2	
3	
4	
5	
TOTAL	

This document consists of **13** printed pages and **3** lined pages.

Answer **all** questions.

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

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

Explain why Diva plc might be classified as **both** a secondary business and a tertiary business.

[3]

(b) Answer **Yes** or **No** to each of the following questions.

(i) Do the shareholders of Diva plc have unlimited liability?

[1]

(ii) Is Diva plc a private enterprise?

[1]

(iii) Are two of the stakeholders in Diva plc suppliers and consumers?

[1]

(c) The list below shows some of the functions of the six departments of Diva plc.

- Keeping up-to-date records of suppliers
- Arranging training sessions for staff
- Storing manufactured shoes safely
- Answering customer complaints
- Recruiting new staff
- Producing new styles of footwear
- Preparing staff wage packets
- Advertising new products
- Paying invoices and recording payments

Selecting from the list above, complete the table to show **one** function of each department. One example has already been done for you.

Department	Function
<i>Purchasing</i>	<i>Keeping up-to-date records of suppliers</i>
Human Resources	
Finance	
Manufacturing and Design	
Sales and Marketing	
Distribution and Warehousing	

[5]

(d) 'The shoes and boots are made in batches' (line 24).

Is this the best method of production for making shoes and boots? Give reasons for your answer.

[4]

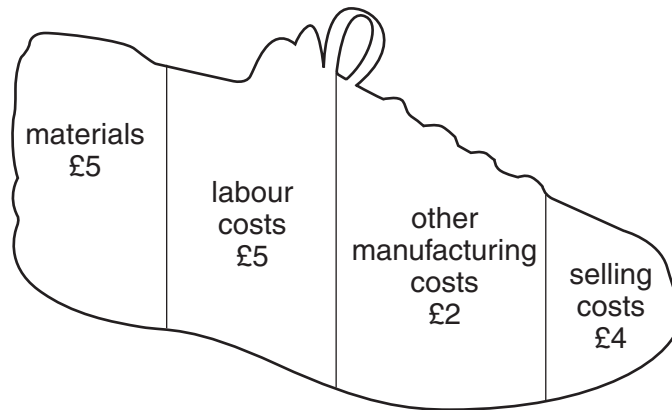
- (e) State **three** ways in which Diva plc adds value to the materials it buys from suppliers when **making** shoes and boots.

1 _____

2 _____

3 _____ [3]

- (f) The costs of making and selling a pair of Diva shoes are as follows:



Calculate the total cost of making and selling this pair of shoes.
Show your working.

_____ [2]

[Total mark : 20]

- 2 (a)* The factory, warehouse and offices of Diva plc are on an industrial estate on the outskirts of Brunham, a large city. The management is keen to maintain good relations with the local community.

How important is it for Diva plc to have good relations with the local community? Give reasons for your answer.

[6+2]

QWC



(b) Mark Staples, the Manufacturing and Design Manager, wishes to communicate the planned changes in working practices to all the factory workers (lines 42–45).

He has the following methods of communication available:

- **staff noticeboard**
- **an individual meeting with each member of staff**
- **letters to staff in their wage packets**

(i) Which method of communication would Mark be **most** likely to use?
Give reasons for your choice.

Choice _____

Reasons _____

_____ [3]

(ii) Which method of communication would Mark be **least** likely to use?
Give reasons for your choice.

Choice _____

Reasons _____

_____ [3]

(c) Absenteeism is a problem at Diva plc's factory (lines 48–49).

(i) State **two** possible reasons for this absenteeism.

1 _____
2 _____ [2]

(ii) Beatrice Rahman, the Human Resources Manager is considering the following solutions to the problem of absenteeism:

- **monitoring absenteeism and introducing disciplinary procedures**
- **introducing flexible working hours**
- **entry into a prize draw for staff with 100% attendance each month**

Which solution would you recommend Beatrice to use to solve the problem of absenteeism? Give reasons for your recommendation.

Choice _____

Reasons _____

_____ [4]

[Total mark : 20]

3 (a) Use Resource Sheet 2 to help you answer the following questions.

(i) Calculate by how much total sales revenue has increased between the year ended 31 December 2004 and the year ended 31 December 2006. Show your working.

[2]

(ii) 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]

(b) The following headline appeared in a newspaper (lines 60–61).

**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]

(c) Use Resource Sheet 3 to answer the following question.

The most recent promotion shown in Resource Sheet 3 has been a failure and produced very little response.

Analyse **two** possible reasons for the failure of the 'Count the Shoes' competition.

1 _____

2 _____

_____ [4]

(d)* As stated in Fig. 3, one of Diva plc's main market segments is:

Women of all ages who want comfortable boots at reasonable prices.

You have the following media available to advertise Diva plc's products.

Women's magazines

Internet website

Posters in railway and bus stations

Which **one** of these media would you recommend to advertise Diva plc's boots to this market segment? Give reasons for your recommendation.

Choice _____

Reasons _____

_____ [4+2]

QWC

[Total mark : 19]

4 (a) Use Resource Sheet 5 to answer the following questions.

(i) In which month is the factory shop forecast to make the most sales?

_____ [1]

(ii) In which month is the factory shop forecast to have the highest expenditure?

_____ [1]

(iii) On which of the items of expenditure will Diva plc spend most money?

_____ [1]

(iv) What is the forecast cash balance for the factory shop at the end of April 2009?

_____ [1]

*(v) Should Diva plc open the factory shop? Give reasons for your answer. You may use information from the Cash Flow Forecast to support your answer.

_____ [4+2]

QWC

(b) Use Resource Sheet 4 (a) and (b) and the case study to answer the following questions.

The Board of Directors of Diva plc has to decide on a site for the factory shop.

(i) State **three** factors which the Board of Directors should take into account when deciding between the three sites for the factory shop.

1 _____

2 _____

3 _____ [3]

(ii) Which site is the **most** suitable for the factory shop? Give reasons for your answer.

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 is considering three proposals to make sure that Diva plc is successful in the future.

(a) Explain **one** advantage and **one** disadvantage of each of the following proposals.

(i) Opening Diva retail shops in some major UK cities.

Advantage _____

Disadvantage _____

_____ [4]

(ii) Amalgamating or merging with another UK company.

Advantage _____

Disadvantage _____

_____ [4]

(iii) Moving the company's manufacturing to a factory in another European country.

Advantage _____

Disadvantage _____

_____ [4]

(b) Which of these three proposals would you recommend to the Board of Directors to help Diva plc be successful in the future? Give reasons for your choice.

Choice _____

Reasons _____

_____ [3]

[Total mark : 15]

