

<b>Candidate Forename</b>		<b>Candidate Surname</b>	
<b>Centre Number</b>		<b>Candidate Number</b>	

**OXFORD CAMBRIDGE AND RSA EXAMINATIONS  
GENERAL CERTIFICATE OF SECONDARY EDUCATION**

**1951/07**

**BUSINESS STUDIES A**

**Case Study – Paper 7 (Foundation Tier)**

**THURSDAY 20 MAY 2010: Morning**

**DURATION: 1 hour 30 minutes**

**SUITABLE FOR VISUALLY IMPAIRED CANDIDATES**

**Candidates answer on the Question Paper**

**OCR SUPPLIED MATERIALS:**

**Clean copy Case Study**

**OTHER MATERIALS REQUIRED:**

**Calculator may be used**

**READ INSTRUCTIONS OVERLEAF**

## **INSTRUCTIONS TO CANDIDATES**

- Write your name clearly in capital letters, your Centre Number and Candidate Number in the boxes on the first page.
- Use black ink. Pencil may be used for graphs and diagrams only.
- Read each question carefully and make sure that you know what you have to do before starting your answer.
- Answer ALL the questions.
- 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).
- 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 labelled with an asterisk (\*).

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**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.**

**How would you classify GTD plc? Justify your answer.**

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[3]

- (b) (i) Explain ONE reason why Gus set up GTD as a private limited company rather than as a sole trader.**

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**[3]**

- (ii) Explain ONE advantage to GTD plc of being a public limited company.**

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**[3]**

**(c) Use FIG. 1 in the case study to answer the following TWO questions:**

**(i) What was the price of a GTD plc share in April 2006?**

\_\_\_\_\_ [1]

**(ii) What was the price of a GTD plc share in April 2009?**

\_\_\_\_\_ [1]

**(iii) Explain one advantage to a SHAREHOLDER in GTD plc of an increase in the price of a share.**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ [2]

**\* (d) Quality of written communication will be taken into account.**

**Use RESOURCE SHEET 1 to help answer the following question.**

**GTD plc has a number of stakeholder groups. Which of the following groups might be MOST affected by the business activities of GTD plc?**

- **Community**
- **Employees**
- **Customers**

**Give reasons for your answer, explaining why you have rejected the other options.**

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. In the bottom right corner, there is a small black rectangular box containing the text "[6+2]" in white.

**[6+2]**

**[Total mark: 21]**

- 2 (a) **APART FROM RELOCATION, explain ONE OTHER objective which might be important to the Directors of GTD plc.**

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[2]

- (b) (i) **Explain ONE reason why GTD Ltd might have decided to rent (lines 38-41) rather than buy a unit in the industrial park.**

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[2]



- \* (ii) Quality of written communication will be taken into account.**

**Why might Bob, the Finance Director, have decided on a BANK LOAN rather than an OVERDRAFT (lines 50-52) to buy the new design and manufacturing technology? Give reasons for your answer.**

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[4+2]

**(c) Explain TWO advantages to GTD plc of exporting the turbine blades to the rest of the EU.**

**1** \_\_\_\_\_

\_\_\_\_\_

**2** \_\_\_\_\_

\_\_\_\_\_ **[4]**

**(d) Use RESOURCE SHEET 2 to answer the following questions.**

**(i) Who delegates work to the accounts clerk?**

\_\_\_\_\_ **[1]**

**(ii) What is Wayne's span of control?**

\_\_\_\_\_ **[1]**

**(iii) Explain ONE way in which the role of a supervisor differs from that of a director at GTD plc.**

\_\_\_\_\_

\_\_\_\_\_

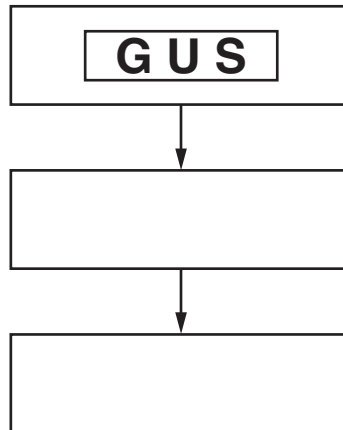
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\_\_\_\_\_ **[3]**

- (iv) Complete the boxes below to show the chain of command from Gus to the credit control clerk.



[2]

[Total mark: 21]

- 3 (a) In future Wayne, the Production Director, wants GTD plc to sell the whole wind turbine as a complete unit.**

**How important is it that Karen, the Marketing Director, spends more money on advertising to help increase sales of the complete units?**

**Give ONE reason for your answer.**

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[2]

- (b) Flow production would require the purchase of more technology and machinery.

Explain ONE possible benefit and ONE possible disadvantage TO THE FACTORY WORKERS at GTD plc of the introduction of new technology and machinery into the factory.

Benefit \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Disadvantage \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_ [4]

- (c) Explain how Bob's objectives as Finance Director might conflict with Wayne's objectives.

\_\_\_\_\_

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\_\_\_\_\_ [2]

- (d) Do you think a board meeting was the best place to discuss the new factory and other issues? Give reasons for your answer.**

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**[3]**

- (e) Use FIG. 3 in the case study to answer the following questions.**

- (i) Calculate the TOTAL COST (in the first six months) of Karen's proposal for the factory in India. Show your working.**

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**[2]**

- (ii) Identify one FIXED ASSET that GTD plc might have to buy for the factory in India.**

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**[1]**

(iii) Identify one VARIABLE COST that GTD plc might have to pay for the factory in India.

\_\_\_\_\_ [1]

(iv) Identify one FIXED COST that GTD plc would have to pay for the factory in India.

\_\_\_\_\_ [1]

(f) Use RESOURCE SHEET 3 to answer the following question.

Explain what method of market research Karen is likely to have used to find the information shown in Resource Sheet 3.

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\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ [2]

**(g) Explain ONE reason why the internet is such a good way of advertising the wind turbines.**

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**[3]**

**(h) Explain ONE disadvantage of delegating control of the manufacturing process to local managers and workers in India (lines 116-120).**

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**[2]**

**[Total mark: 23]**



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- 4 (a) Explain ONE advantage of 'off the job' training courses such as the one that Ahmed has recently attended.

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[2]

**\* (b) Quality of written communication will be taken into account.**

**Ahmed has three immediate staff problems at GTD plc to deal with (lines 140-153):**

- **skin complaints**
- **deadlines not met**
- **petrol issues.**

**Which of these issues is MOST LIKELY to have a direct effect on the motivation of the workforce? Give reasons for your answer.**


**[6+2]**

- (c) Use **RESOURCE SHEET 4** and **RESOURCE SHEET 5** to answer the following questions.

Which item on the Balance Sheet is affected by companies not paying the money they owe to GTD plc within three months (lines 174-176)?

\_\_\_\_\_ [1]

- (d) Identify whether the Trading, Profit and Loss Account or the Balance Sheet is **MOST LIKELY** to be affected by the following changes.

Tick (✓) the correct column.

CHANGES	TRADING, PROFIT AND LOSS ACCOUNT	BALANCE SHEET
Wages increase by 5%		
New machinery is purchased		
Prices reduced by 2%		

[3]

- (e) Total sales revenue has increased from £6m in 2010 to £8m in 2011. Calculate the % increase in TOTAL sales revenue. Show your working.

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[3]

[Total mark: 17]

- 5 Use the information in the case study and all the resource sheets to answer the following question.**

**The Board of Directors at GTD plc must decide on the best way forward for the company.**

**OPTION 1 – Relocate in the UK**

**OPTION 2 – Establish an additional factory in India**

**OPTION 3 – Improve technology and production processes in the existing factory to supply complete units.**

**Recommend to the Board of Directors which ONE of the options they should choose.**

**Analyse the advantages and disadvantages of your chosen option, explaining why you rejected the other options.**

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**[8]**

**[Total mark: 8]**

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