

GENERAL CERTIFICATE OF SECONDARY EDUCATION
BUSINESS STUDIES A

1951/07

Case Study – Paper 7 (Foundation Tier)

Candidates answer on the Question Paper

OCR Supplied Materials:

- Clean copy Case Study

Other Materials Required:

- Calculator may be used

Thursday 20 May 2010
Morning

Duration: 1 hour 30 minutes



Candidate Forename		Candidate Surname	
-----------------------	--	----------------------	--

Centre Number						Candidate Number				
---------------	--	--	--	--	--	------------------	--	--	--	--

INSTRUCTIONS TO CANDIDATES

- Write your name clearly in capital letters, your Centre Number and Candidate Number in the boxes above.
- 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.
- Do **not** write in the bar codes.
- 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 (*).
- This document consists of **12** pages. Any blank pages are indicated.



**A calculator may
be used for this
paper**

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.

.....

.....

.....

.....

.....

..... [3]

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

.....

.....

.....

.....

.....

..... [3]

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

.....

.....

.....

.....

.....

..... [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) 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.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

..... [6+2]

[Total mark: 21]

Turn over

- 2 (a) **Apart from relocation**, explain **one other** objective which might be important to the Directors of GTD plc.

.....

.....

.....

..... [2]

- (b) (i) Explain **one** reason why GTD Ltd might have decided to rent (lines 24-25) rather than buy a unit in the industrial park.

.....

.....

.....

..... [2]

- *(ii) Why might Bob, the Finance Director, have decided on a **bank loan** rather than an **overdraft** (lines 30-32) to buy the new design and manufacturing technology? Give reasons for your answer.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

..... [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.

.....

.....

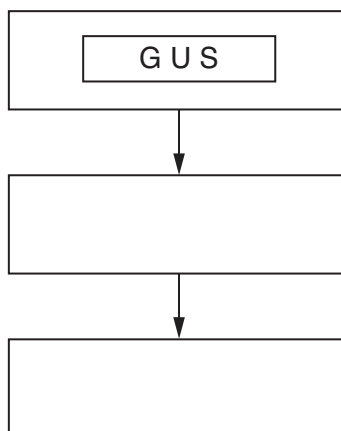
.....

.....

.....

..... [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.

.....

.....

.....

..... [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.

.....

.....

.....

..... [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.

.....

.....

.....

.....

.....

..... [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.

.....

.....

.....

..... [2]

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

..... [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.

.....

.....

.....

..... [2]

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

.....

.....

.....

.....

.....

..... [3]

- (h) Explain **one** disadvantage of delegating control of the manufacturing process to local managers and workers in India (lines 71-73).

.....

.....

.....

..... [2]

[Total mark: 23]

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

..... [2]

***(b)** Ahmed has three immediate staff problems at GTD plc to deal with (lines 86-93):

- 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.

This image shows a blank sheet of white paper with horizontal dashed lines for writing. 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.

- (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 107-108)?

..... [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.

.....

.....

.....

.....

.....

..... [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.

..... [8]

[Total mark: 8]

PLEASE DO NOT WRITE ON THIS PAGE



Copyright Information

OCR is committed to seeking permission to reproduce all third-party content that it uses in its assessment materials. OCR has attempted to identify and contact all copyright holders whose work is used in this paper. To avoid the issue of disclosure of answer-related information to candidates, all copyright acknowledgements are reproduced in the OCR Copyright Acknowledgements Booklet. This is produced for each series of examinations, is given to all schools that receive assessment material and is freely available to download from our public website (www.ocr.org.uk) after the live examination series.

If OCR has unwittingly failed to correctly acknowledge or clear any third-party content in this assessment material, OCR will be happy to correct its mistake at the earliest possible opportunity.

For queries or further information please contact the Copyright Team, First Floor, 9 Hills Road, Cambridge CB2 1GE.

OCR is part of the Cambridge Assessment Group; Cambridge Assessment is the brand name of University of Cambridge Local Examinations Syndicate (UCLES), which is itself a department of the University of Cambridge.