

GENERAL CERTIFICATE OF SECONDARY EDUCATION
BUSINESS STUDIES A

1951/03

Paper 3: Business and Change
(Foundation Tier)

Candidates answer on the Question Paper

OCR Supplied Materials:

None

Other Materials Required:

- Calculators may be used

Tuesday 15 June 2010
Morning

Duration: 1 hour



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

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|---------------|--|--|--|--|--|------------------|--|--|--|--|
| 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).

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 **60**.
- 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**

1 British Ships plc makes and sells a range of ships including ferries.

- (a) (i) Choosing from the list below, tick (✓) **two** boxes a, b, c or d, to correctly identify **two** features of a public limited company.

| | Tick (✓) two boxes | |
|---|---------------------------|--|
| a | | Shares can only be sold to family and friends. |
| b | | The owners have unlimited liability. |
| c | | A company whose shares are sold on the stock exchange. |
| d | | A company which has the letters plc after its name. |

[2]

- (ii) Below are two ways in which British Ships plc can raise finance to help build its range of ships.

1. Bank loan
2. Share issue

Choose **one** of the above and explain why the chosen source of finance may be better than the other source of finance.

Choice

Reason

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..... [3]

- (iii) Explain why it is important that British Ships plc can build and sell a range of different ships.

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..... [2]

- *(b)** British Ships plc is thinking of moving the building of its ships to either Location A or Location B. Information is provided on both locations below.

| LOCATION A | LOCATION B |
|--|---|
| Population of 350 000 Deep water port University in the area Next to major railway line | Population of 2000 Quality restaurants Quiet fishing village Near the local primary school |

Look closely at the information and advise British Ships plc whether you would locate to either Location A or Location B. You should refer to both locations in your answer.

Chosen location

Reason

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..... [4+2]

- (c)** British Ships plc creates many social costs and social benefits. The explanations of social costs and social benefits are shown below.

| | Explanation |
|------------------------|--|
| Social Costs | Costs paid by the rest of society, other than the business, as a result of a business decision |
| Social Benefits | Benefits to the rest of society as a result of a business decision |

- (i)** State whether the following are a social cost or a social benefit.

Increased jobs from building ships

.....

Noise from building ships

..... [2]

- (ii) Explain why a business should take into account social costs when choosing its location.

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..... [2]

- (d) In 2009, British Ships plc obtained a major contract to build five large ships. This led to the following change in its share price.

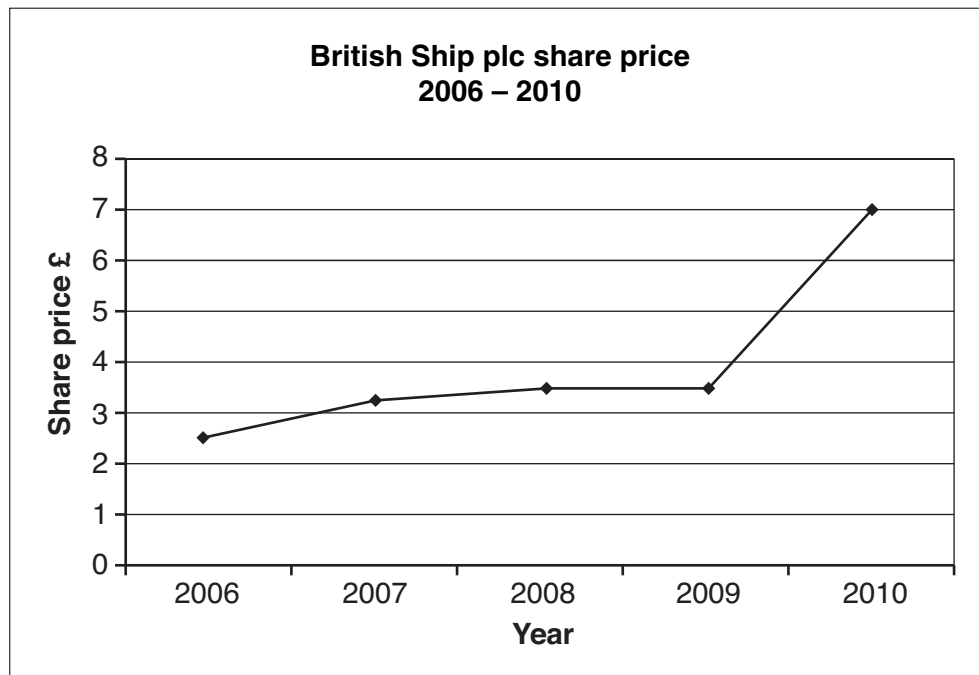


Fig. 1

Using the data shown in Fig. 1 explain the possible relationship between British Ships plc obtaining a major contract and its share price.

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..... [3]

(e) British Ships plc has many workers and its chain of command is long.

- (i) Draw **one** line which correctly matches the phrase chain of command with its explanation.

The number of employees answerable directly to a manager.

CHAIN OF COMMAND

The number of departments within a company.

A line of authority within a business which allows orders to be passed down from people at the top of a business to those at the bottom.

[1]

- (ii) Explain **one** advantage and **one** disadvantage to British Ships plc of having a long chain of command.

Advantage

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.....

.....

Disadvantage

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.....

..... [4]

(f) British Ships plc is keen to sell more ships to businesses in other countries.

- (i) State and explain **one** possible reason why British Ships plc wants to sell more ships to other countries.

Reason

Explanation

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..... [2]

(ii) Look closely at the information shown in Fig. 2 and answer the question which follows.

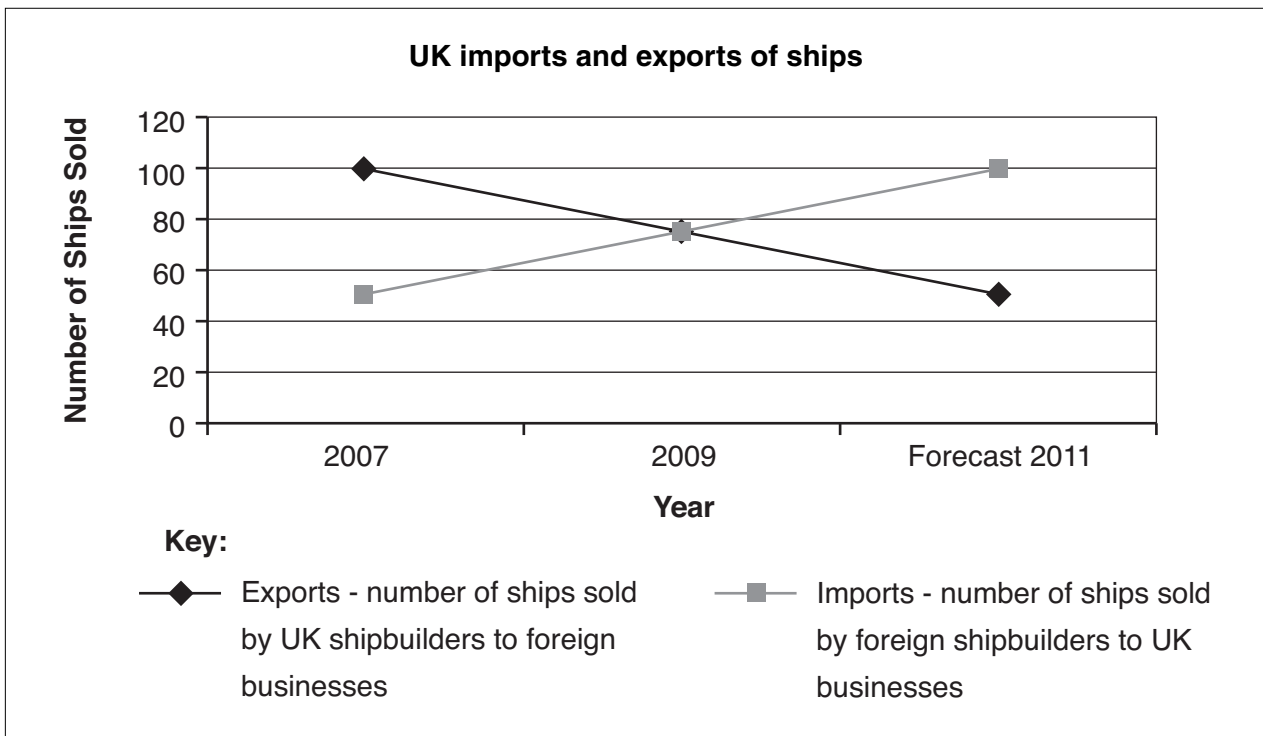


Fig. 2

Using the information in Fig. 2, suggest whether British Ships plc should be concerned by the trends shown. Give reasons for your answer.

[4]

[Total marks: 31]

2 Quality Build plc is a large UK based company which builds houses in the UK.

- (a) State and explain **one** advantage and **one** disadvantage to Quality Build plc of running the company as a public limited company.

Advantage

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Disadvantage

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..... [4]

- (b) When Quality Build plc builds its houses, the company could be said to be part of the manufacturing sector of the economy. Fig. 3 below shows data on the number of workers in the UK manufacturing sector.

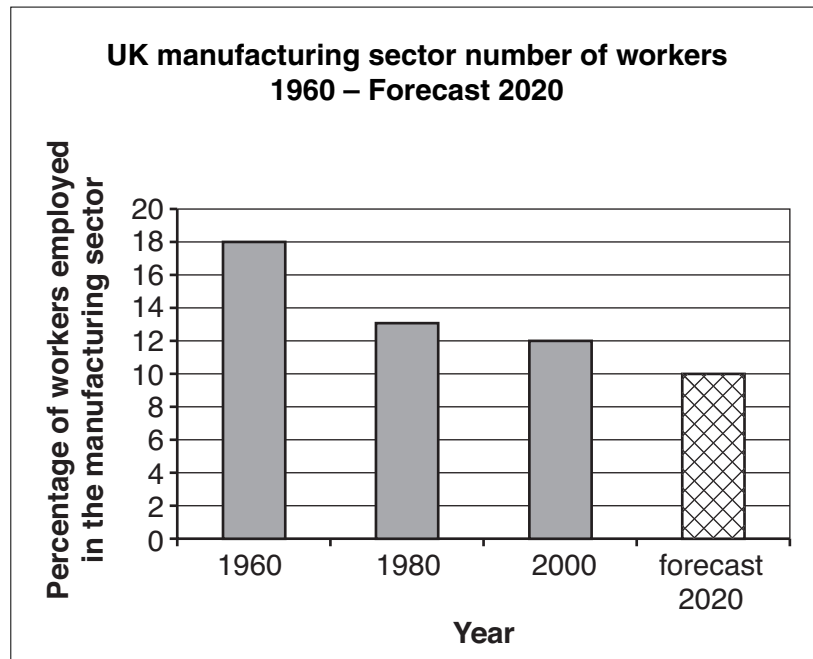


Fig. 3

Using the data shown in Fig. 3, explain **two** reasons why the trend in employment in the manufacturing industry has occurred. Explain whether the government should be concerned by the trend shown.

Reason 1

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Reason 2

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Should the government be concerned?

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..... [6]

| Event | <u>Likely</u> to increase the number of houses needed to break-even | <u>Unlikely</u> to increase the number of houses needed to break-even |
|---|---|---|
| A rise in house prices | | |
| A rise in the number of businesses selling houses | | |
| A rise in the price of bricks | | |

(d) Currently, Quality Build plc employs all of its plumbers as full-time employees. The management is considering outsourcing the plumbing work to other businesses, rather than employing its own plumbers.

..... [4

- (e) The Financial Director of Quality Build plc is reviewing the financial situation of the business. She produced the following financial information.

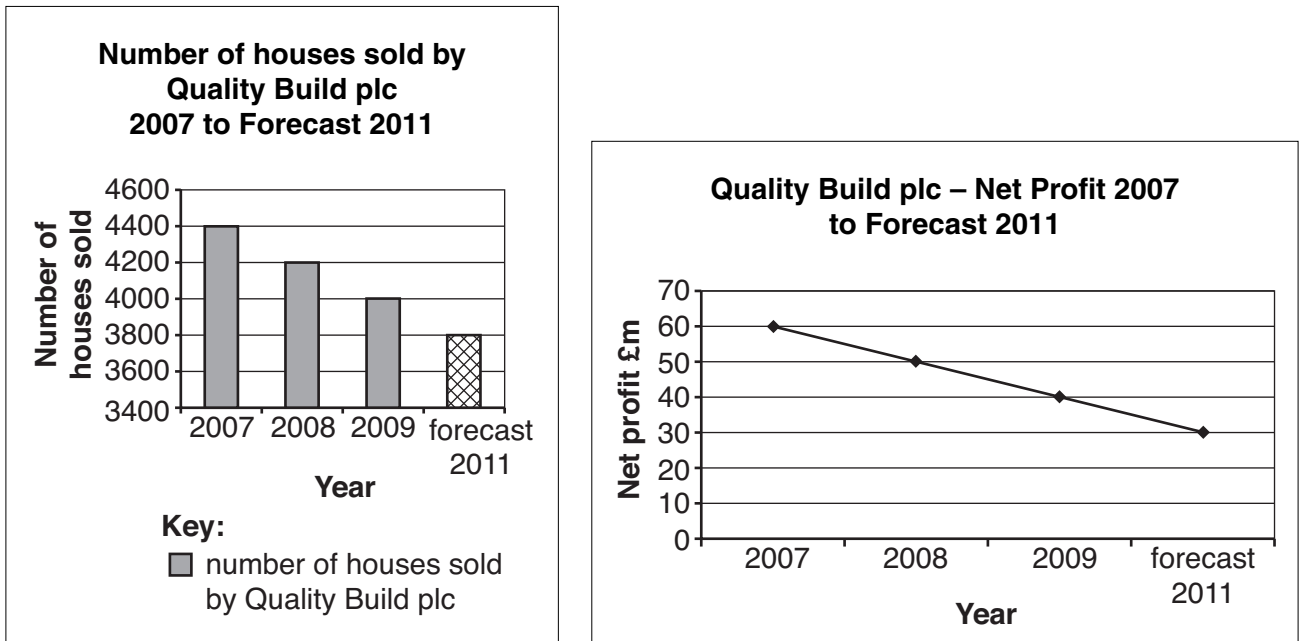


Fig. 4

- (i) State which year had **both** the highest number of houses sold and the highest net profit.

..... [1]

- (ii) Using Fig. 4 advise the Financial Director what the above data may mean for Quality Build plc. You should refer to both graphs in your answer.

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..... [4]

- (iii) Quality Build plc is concerned about the average price of houses in the future. Fig. 5 shows the recent and forecast average price of houses in the UK.

| | | 2008 | Forecast 2011 |
|------------|------------------------------|----------|---------------|
| FORECAST 1 | Average price of houses sold | £155 000 | £150 000 |
| FORECAST 2 | Average price of houses sold | £155 000 | £140 000 |

Fig. 5

Explain whether Forecast 1 or Forecast 2 will have the biggest impact on Quality Build plc. You should refer to both forecasts in your answer.

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..... [3]

- (f) The following headline recently appeared in a national newspaper.

**Making new houses more environmentally friendly
will add 15% to total building costs**

Should Quality Build plc be concerned about this headline? Give reasons for your answer.

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..... [4]

[Total marks: 29]

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