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

A292

BUSINESS STUDIES

Business and People

FRIDAY 27 MAY 2011: Afternoon

DURATION: 1 hour

SUITABLE FOR VISUALLY IMPAIRED CANDIDATES

Candidates answer on the question paper.

OCR SUPPLIED MATERIALS:

None

OTHER MATERIALS REQUIRED:

Calculators may be used

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

READ INSTRUCTIONS OVERLEAF

INSTRUCTIONS TO CANDIDATES

- **Write your name, centre number and candidate number in the boxes on the first page. Please write clearly and in capital letters.**
- **Use black ink. Pencil may be used for graphs and diagrams only.**
- **Read each question carefully. Make sure you know what you have to do before starting your answer.**
- **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).**
- **Answer ALL the questions.**

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.**
- **Your Quality of Written Communication will be assessed in questions marked with an asterisk (*).**

1 Revolution Ltd makes and sells computers throughout the UK and Europe. It has offices in five European Union countries.

(a) (i) Choosing from the list below, tick (✓) ONE box to identify a feature of a private limited company.

	TICK (✓) ONE BOX
Shares are usually sold to family and friends.	
The owners have unlimited liability.	
A company whose shares are sold on the stock exchange.	
A company which has the letters plc after its name.	

[1]

- (ii) It has been suggested to the Board of Directors that Revolution Ltd should change its ownership from a private limited company to a public limited company. Not all the directors agree.**

Explain ONE reason why Revolution Ltd might want to change the business ownership from a private limited company to a public limited company.

[2]

- (iii) Explain ONE reason why some directors might be AGAINST changing the business ownership from a private limited company to a public limited company.**

[2]

(b) Identify TWO reasons why the UK Government has an interest in Revolution Ltd.

REASON 1

REASON 2

[2]

[6]

(d) Revolution Ltd's profits are falling. To help the situation Derek, the Finance Manager of Revolution Ltd, has made the following two proposals:

- 1. reduce hourly wages**
- 2. to make existing workers work longer hours in order to meet urgent deadlines**

Revolution Ltd's employees are generally unaware of the NATIONAL MINIMUM WAGE (NMW) and the EMPLOYMENT RIGHTS ACT (ERA). Fig. 1 below provides some general information concerning the NMW and the ERA.

<u>NATIONAL MINIMUM WAGE (NMW)</u>	<u>EMPLOYMENT RIGHTS ACT (ERA)</u>
National Minimum Wage £5.93 per hour for those workers aged 21 and over	States that a business must give an employee, within eight weeks of starting employment, details in writing of:
National Minimum Wage £4.92 per hour for those workers aged between 18 and 20	<ul style="list-style-type: none">• the rate of pay;• notice to be given to end the employment;• the hours of work agreed between the worker and the employer.

Fig. 1

One of Revolution Ltd's employees is Terry, aged 27, who has worked at Revolution Ltd for three years. He is contracted to work 35 hours per week. Terry has been told that his pay would be reduced from £6.79 per hour to £5.59 per hour, and he has been told he would have to work an extra seven hours per week.

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TURN OVER FOR QUESTION 1(e)

(f) Revolution Ltd has decided to merge with one of its competitors, called Micros Ltd.

(i) Choosing from the list below, tick (✓) ONE box to correctly identify the type of integration which describes Revolution Ltd merging with Micros Ltd.

	TICK (✓) ONE BOX
Horizontal integration	
Vertical integration	

[1]

(ii) Explain why Revolution Ltd decided to merge with Micros Ltd rather than takeover the business.

[4]

- (iii) As a result of the merger, Revolution Ltd will move to a tall internal organisational structure from a flat internal organisational structure.**

Explain ONE possible benefit the change in internal organisation may have on Revolution Ltd.

[2]

[Total marks: 31]

2 In 2001 Michaela and Gemma formed a partnership named Styles and Fashion (S&F), selling clothes which they designed and made. They have a ‘sleeping’/limited partner called Joe.

(a) (i) Explain why S&F is part of both the secondary and the tertiary sectors.

[2]

(ii) Explain what is meant by a ‘sleeping’/limited partner.

[2]

(b) When starting S&F, Michaela, Gemma and Joe signed a Deed of Partnership.

(i) Identify ONE item which might be included in a Deed of Partnership.

_____ [1]

(ii) Explain ONE advantage to the partners of operating S&F as a partnership.

_____ [2]

(c) By 2010, S&F had nine shops around the UK. It now wants to open a tenth shop and is looking for a suitable location.

(i) Explain ONE factor which may persuade S&F to locate its shop in a particular area.

[2]

(ii) S&F will create benefits for the local community when it opens its new shop.

Explain ONE possible benefit to the local community of S&F opening a new shop.

[2]

- (d) As with all S&F shops, the new shop will require a Shop Manager. The job advertisement in Fig. 2 has been drafted and the position will be advertised internally.

SHOP MANAGER REQUIRED

The successful applicant should have a good knowledge of business, be hard working, have good interpersonal skills and be able to work under pressure.

The successful applicant will manage the new shop and be in charge of four full-time and three part-time staff.

Fig. 2

- (i) Using Fig. 2, identify TWO possible personal qualities S&F would look for in an applicant for the position of Shop Manager.

PERSONAL QUALITY 1

PERSONAL QUALITY 2

[2]

[6]

(e) The 10 S&F shop managers are members of the company's profit sharing scheme. Last year S&F earned a net profit of £1 000 000 and 10% of this profit was shared equally between the 10 managers.

(i) Calculate how much money EACH of the 10 shop managers received as their share of the profit. Show your workings.

ANSWER _____

[2]

- (ii) Some of the workers at S&F may receive an overtime payment each month.

Explain what is meant by an OVERTIME PAYMENT.

[2]

(f) Many trade unions exist in the UK.

(i) Half of S&F's employees are members of different unions. They are considering going on strike.

Explain TWO likely impacts of strike action on S&F.

LIKELY IMPACT 1

LIKELY IMPACT 2

[4]

- (ii) After the dispute between employees and S&F has been settled, the partners would like to establish a single union agreement with the employees.**

Explain ONE benefit of a single union agreement to a business such as S&F.

[2]

[Total marks: 29]

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