

**OXFORD CAMBRIDGE AND RSA EXAMINATIONS
AS GCE**

F291/01

BUSINESS STUDIES

An Introduction to Business

MONDAY 19 MAY 2014: Afternoon

**DURATION: 1 hour
plus your additional time allowance**

MODIFIED ENLARGED

Candidate forename		Candidate surname	
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Centre number						Candidate number				
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Candidates answer on the Question Paper.

OCR SUPPLIED MATERIALS:

None

OTHER MATERIALS REQUIRED:

A calculator may be used

A CALCULATOR MAY BE USED FOR THIS PAPER
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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. HB pencil may be used for graphs and diagrams only.

Answer ALL the questions.

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).

INFORMATION FOR CANDIDATES

The number of marks is given in brackets [] at the end of each question or part question.

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

The total number of marks for this paper is 60.

Any blank pages are indicated.

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NETWORK RAIL

Network Rail plays a major part in the UK's railway industry. Network Rail owns most of the UK's railway tracks, signals, tunnels, level crossings and over 2500 stations. It has a monopoly in the provision of the rail network.

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Network Rail is a private company, however, it is different from other companies in a number of ways:

its owners are not shareholders but are known as 'members'

its corporate objective is not to maximise profits

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all of its profits are reinvested

it receives a subsidy (known as 'the network grant') from the government

the government guarantees to cover any losses made by Network Rail.

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All of this means that, although Network Rail is a private company, it is, in effect, controlled by the government.

Network Rail does not own or operate any trains. Trains are run by a number of train operating companies (TOCs), many of which are public limited companies. These companies are Network Rail's customers and they pay a fee to Network Rail for using the rail network.

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Technology is very important to Network Rail. It moved its Head Office from London to Milton Keynes in 2012 and the new office has the latest information technology for communicating within the business. Network Rail also uses technology in a variety of other ways, such as a system designed to locate exactly where trains are on the tracks, and also automatic ticket barriers.

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However, there were difficulties with the relocation to Milton Keynes. It was reported that staff were told that they must live within 75 minutes travelling time of the new office and that anyone unable to do so could lose their job. Network Rail claimed that only 150 people were affected and said that it was working hard with these individuals to encourage their relocation.

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Also in 2012, Network Rail produced a report supporting the controversial high speed rail link (HS2) from London to Birmingham. This would cut journey times considerably, and ensure that the predicted growth of traffic on the railways could be achieved. Critics have said that the HS2 line will ruin areas of natural beauty. They have also questioned the likely benefits of the whole project.

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- 1 (a) Many of the train operating companies are public limited companies.**

Outline TWO differences between a private limited company and a public limited company.

1 _____

2 _____

[4]

- (b) Network Rail's corporate objective is not to maximise profits (line 10).**

Other than profit maximisation, state TWO likely objectives of a business.

1 _____

2 _____

[2]

(c) Outline TWO ways in which Network Rail could benefit from setting clear objectives.

1 _____

2 _____

[4]

(d) Network Rail receives a subsidy from the government (lines 12–13).

Analyse how an increase in this subsidy might affect Network Rail.

You may draw a diagram in the space below as part of your answer, but it is not necessary in order to gain full marks.

[6]

- 2 Network Rail has a monopoly in the provision of the rail network (lines 4–5).**

State TWO characteristics of a monopoly.

1 _____

2 _____

[2]

- 3 ‘Technology is very important to Network Rail’ (line 25).**

Analyse TWO ways in which changes in technology may affect how Network Rail operates as a business.

[10]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

5* Evaluate whether the stakeholders of Network Rail would benefit from the HS2 project. [18]

[illegible]

[illegible]

[illegible]

[illegible]

END OF QUESTION PAPER

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