

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 | |

MODIFIED LANGUAGE

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 REFER 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? Give reasons for your answer.

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..... [3]

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

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..... [3]

(ii) Give **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) Give the price of a GTD plc share in April 2006.

..... [1]

(ii) Give 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.

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..... [2]

***(d)** Use **Resource Sheet 1** to help answer the following question.

GTD plc has a number of stakeholder groups.

One of the following groups might be more affected by the business activities of GTD plc:

- Community
- Employees
- Customers

Name the group. Give reasons for your answer. Explain why you have rejected the other groups.

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..... [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.

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..... [2]

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

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- *(ii) Bob, the Finance Director, decided on a **bank loan** rather than an **overdraft** (lines 30-32) to buy the new design and manufacturing technology.

Explain why he made this decision. Give reasons for your answer.

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..... [4+2]

(c) Suggest **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) The name of the person who delegates work to the accounts clerk is?

..... [1]

(ii) Describe Wayne's span of control.

..... [1]

(iii) Explain **one** way in which the role of a supervisor is different to that of a director at GTD plc.

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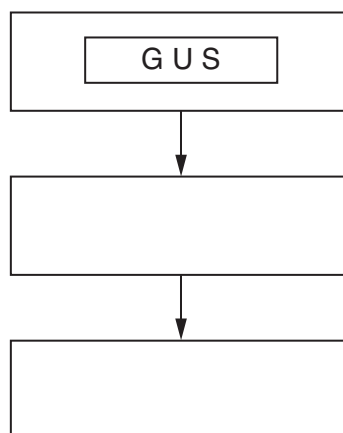
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..... [3]

(iv) Complete the boxes 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.

Give **one** possible advantage and **one** possible disadvantage **to the factory workers** at GTD plc of the introduction of new technology and machinery into the factory.

Advantage

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Disadvantage

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..... [4]

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

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- (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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- (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.

..... [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 the method of market research Karen might have used to find the information shown in Resource Sheet 3.

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..... [2]

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

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

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[Total mark: 23]

- 4 (a) Suggest **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.

One of these is **most likely** to have a direct effect on the motivation of the workforce.

Name the problem. Give reasons for your answer.

..... [6+2]

(c) Use **Resource Sheet 4** and **Resource Sheet 5** to answer the following questions.

Name the item on the Balance Sheet which is affected by companies not paying in full 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.

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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. Explain why you rejected the other options.

..... [8]

[Total mark: 8]

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