

Candidate Forename						Candidate Surname					
Centre Number						Candidate Number					

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

1951/04

BUSINESS STUDIES A

**Paper 4: Business and Change
(Higher Tier)**

TUESDAY 15 JUNE 2010: Morning

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

READ INSTRUCTIONS OVERLEAF

INSTRUCTIONS TO CANDIDATES

- **Write your name clearly in capital letters, your Centre Number and Candidate Number in the boxes on the first page.**
- **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.**
- **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 (*).**

1 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 _____

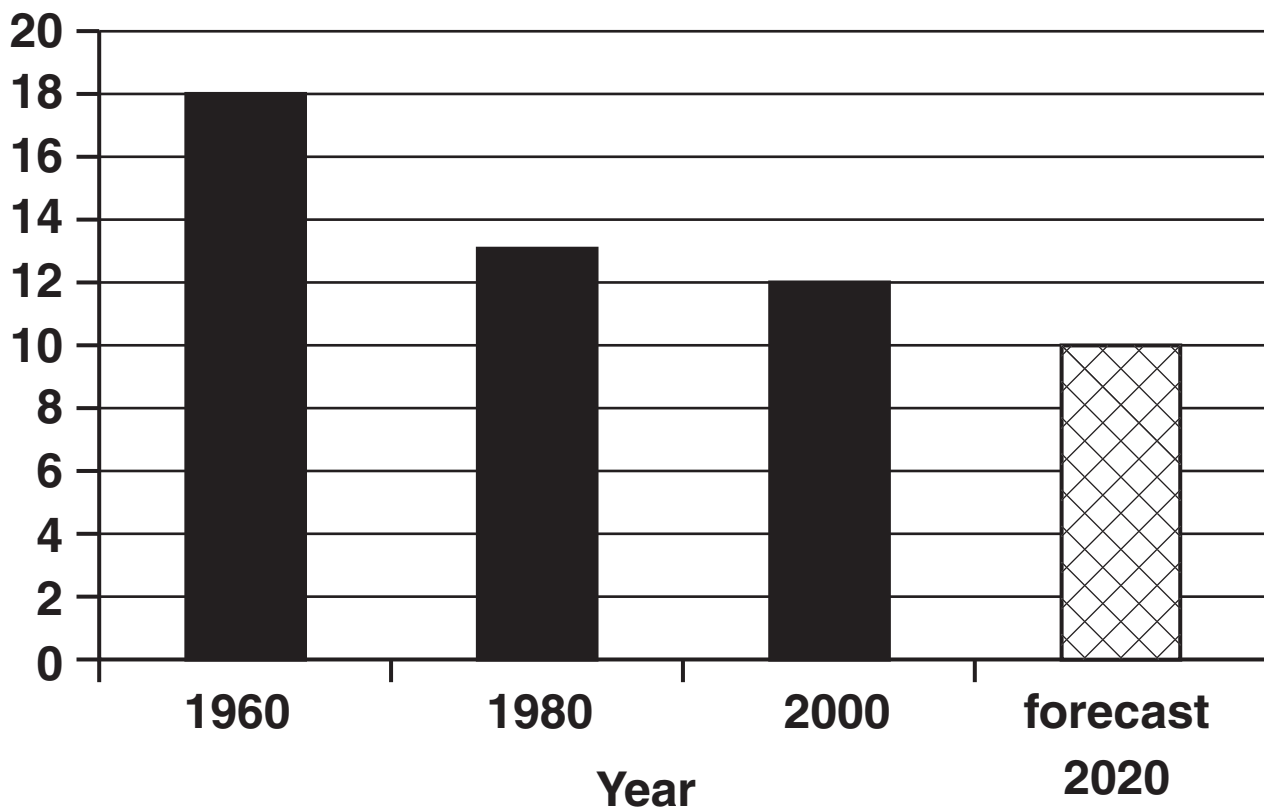
DISADVANTAGE _____

_____ [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. 1 below shows data on the number of workers in the UK manufacturing sector.

**Fig. 1 UK manufacturing sector number of workers
1960 – Forecast 2020**

**Percentage of workers employed
in the manufacturing sector**



Using the data shown in Fig. 1, 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 _____

REASON 2 _____

SHOULD THE GOVERNMENT BE CONCERNED?

_____ [6]

- (c) Quality Build plc believes that in order to break-even in 2010 the number of houses it needs to sell has risen from the number it had to sell in 2009.

Indicate, with a tick (✓), if EACH event below is likely or unlikely to have caused the increase in the number of houses needed to break-even.

EVENT	<u>LIKELY TO</u> INCREASE THE NUMBER OF HOUSES NEEDED TO BREAK-EVEN	<u>UNLIKELY TO</u> 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		

[3]

- (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.**

Advise Quality Build plc whether or not to outsource its plumbing work. You should refer to both advantages and disadvantages of outsourcing in your answer.

[4]

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

Fig. 2 A summary of Quality Build plc financial situation 2008 to Forecast 2011

	2008	2009	FORECAST 2011
NUMBER OF HOUSES SOLD	4 500	4 000	3 900
AVERAGE PRICE OF HOUSE SOLD	£160 000	£150 000	£140 000

REVENUE FROM HOUSES SOLD	£720 m	£600 m	£546 m
NET PROFIT	£60 m	£45 m	£30 m
CAPITAL EMPLOYED	£600 m	£625 m	£650 m
CURRENT RATIO	2:1	1.5:1	0.6:1

[illegible]

- (f) Read the following headlines from national newspapers and answer the question that follows.

HEADLINE 1

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

HEADLINE 2

Customers face higher household bills and mortgage payments

HEADLINE 3

Bank of England warns of a reduction in the number of house sales next year

[illegible]

11

2 British Ships plc makes, repairs and sells a range of ships including ferries.

(a) British Ships plc was privatised by the government in 1990.

(i) Which of the three terms A–C below is the correct explanation of the term PRIVATISED?

A. The process of returning a firm to the ownership of the European union.

B. The process of returning a firm to the public sector after being run by the individuals and shareholders.

C. The process of returning a firm to the private sector after being run by the state.

Answer _____ [1]

(ii) Explain ONE advantage to British Ships plc of being privatised in 1990.

_____ **[2]**

- (iii) The government set up a number of bodies, such as the Office of Gas Supply (OFGAS), to regulate newly privatised businesses. Explain why the government regulates business activity in this way.**

[2]

(b)(i)* Quality of written communication will be taken into account.

British Ships plc is thinking of moving its business to either Location A or Location B. Information is provided on both locations below.

LOCATION A

**Population of 350 000
Deep water port
University in the area
Next to major railway line**

LOCATION B

**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 _____

_____ **[4+2]**

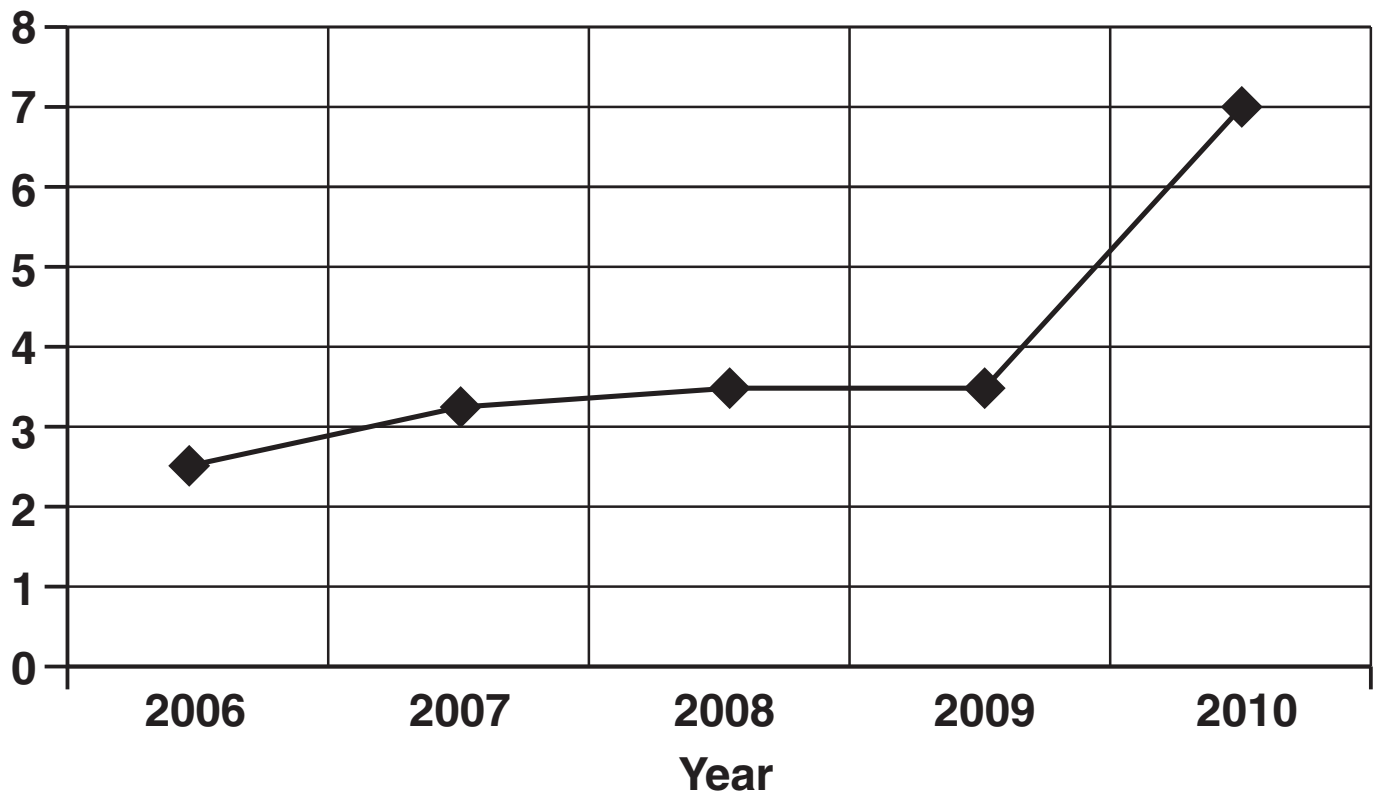
- (ii) In 2005, British Ships plc received a financial grant from the UK government. Explain why the business may have received this money.

[2]

- (c) 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. 3 British Ship plc share price
2006 – 2010**

Share price £



Using the data shown in Fig. 3 explain the possible relationship between British Ships plc obtaining a major contract and its share price.

[3]

- (d) **British Ships plc has a long chain of command. Explain ONE advantage and ONE disadvantage to British Ships plc of having a long chain of command.**

ADVANTAGE _____

DISADVANTAGE _____

[4]

BLANK PAGE

QUESTION 2(e) STARTS ON PAGE 22.

(e) An Italian ferry operator, Sea Italia, wants to buy a new ferry in 2011. It will do this by borrowing money from a bank in either Italy, the UK or America. It has two businesses from which it is considering buying the new ferry.

1. BRITISH SHIPS PLC BASED IN THE UK
2. SEA CARRIER INCORPORATED BASED IN AMERICA

Fig. 4a The level of interest rates in the UK, Italy and America 2007 – 2010

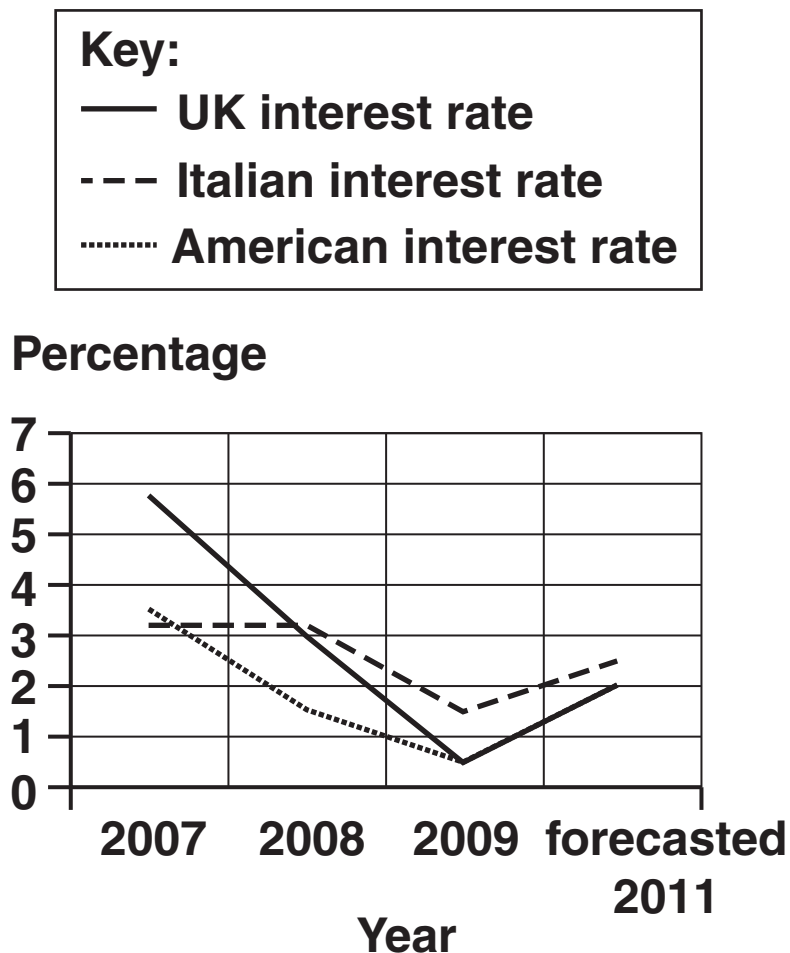


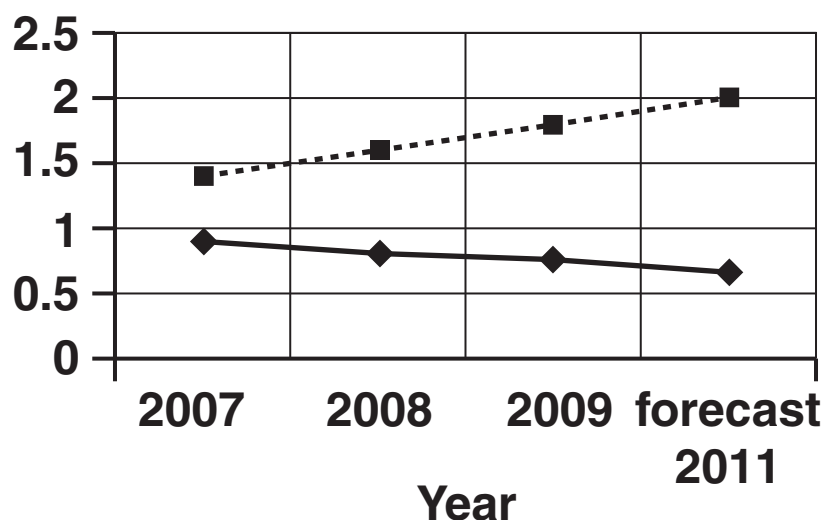
Fig. 4b The value of the Euro against the £ and the \$

Key:

—◆— Euro:£

--■-- Euro:\$

The value of one Euro against the £ and the \$



	COST OF THE FERRY TO SEA ITALIA
TO BUY FROM BRITISH SHIPS PLC BASED IN THE UK.	£1 billion
TO BUY FROM SEA CARRIER INCORPORATED BASED IN AMERICA.	\$1.5 billion

Using the economic data shown in Fig. 4a and 4b, and ANY OTHER RELEVANT FACTORS advise Sea Italia:

- from which business, British Ships plc or Sea Carrier Incorporated, to buy the new ferry
- whether to borrow the money from an Italian, UK, or American bank.

Give reasons for your answer.

[illegible]

[8]

[Total marks: 28]

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.