

Wednesday 30 May 2012 – Morning

GCSE BUSINESS STUDIES

A293/01 Production, Finance and the External Business Environment

Candidates answer on the Question Paper.

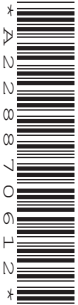
OCR supplied materials:

- Clean copy Case Study

Other materials required:

- Calculators may be used

Duration: 1 hour 30 minutes



Candidate forename		Candidate surname	
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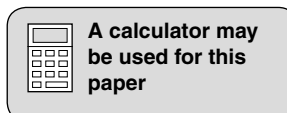
Centre number						Candidate number				
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INSTRUCTIONS TO CANDIDATES

- Write your name, centre number and candidate number in the boxes above. 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).
- Do **not** write in the bar codes.
- 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**.
- Your Quality of Written Communication will be assessed in questions marked with an asterisk (*).
- This document consists of **16** pages. Any blank pages are indicated.



Answer **all** questions.

1 Clothing can be made using different methods of production.

(a) (i) Draw a line from each method of production to its description.

Method of production	Description
Job production	Each item is made individually.
Batch production	A small team of workers organise themselves to make the entire product.
Flow production	One type of product is made then production is switched to making a different type of product.
	Goods are mass produced, often on an assembly line.

[3]

(ii) Report One (lines 19–20) states that there are now ‘30 to 50 mini-seasons each year’ for clothing.

Recommend the method of production clothing manufacturers should use to ensure that they can provide the different types of clothing needed. Give reasons for your recommendation.

Method of production

Reasons

.....

.....

..... [3]

(iii) Report Two (lines 42–43) refers to the possible introduction of new technology as a result of the increase in the number of clothes’ seasons.

Explain how workers may be affected by the introduction of new technology.

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..... [2]

(b) Using the information in Fig. 1 of the Case Study and your own knowledge:

(i) explain **two** possible ethical issues which may result from the production of clothing in India.

1
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2
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..... [4]

(ii) explain **one** possible benefit to the people of India of A&W plc buying clothes made in India.

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..... [2]

(c) (i) Complete the sum below to calculate the average cost of one A&W plc 'Grant polo shirt' if 10,000 are purchased.

$$\frac{\text{Cost of shirts}}{\text{Number of shirts}} = \frac{\text{£100,000}}{10,000} = \text{£} \dots\dots\dots \text{(average cost)}$$

[1]

(ii) Complete the following sentence using **two** of the choices below.

increases decreases stays the same

A business is said to benefit from economies of large scale production if the average cost of producing a product as the scale of production

..... [2]

(iii) State and explain **two** types of economy of scale.

1

Explanation

.....

.....

.....

2

Explanation

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..... [6]

(d) (i) Gross profit is calculated by the following formula:

$$\text{Gross profit} = \text{Total revenue} - \text{Cost of sales}$$

Using the information in Fig. 2, calculate the gross profit which A&W plc will earn if it buys and sells 20,000 'Grant polo shirts'. Show your working.

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..... [2]

(ii) Report Three (line 67) states that 'Business expenses per shirt are usually estimated to be 40% of the selling price.'

Using this information and any other relevant information in Report Three, calculate the net profit which A&W plc will earn from buying and selling 20,000 polo shirts. Show your working.

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..... [3]

[Total: 28]

(b) Using the information in Report Five, Figs. 3 and 4:

(i) state the clothing retailer with the **largest share** of the retail clothing market in Bowton in 2011.

..... [1]

(ii) state the clothing retailer whose **percentage share** of retail clothing market in Bowton **fell the most** between 2010 and 2011.

..... [1]

(iii) What happened to the **value** of sales of A&W plc in Bowton between 2010 and 2011? Show your working.

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..... [4]

(iv) Is the market for clothing in Bowton a competitive one? Give a reason for your answer.

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..... [2]

(c) (i) The figures in Report Six (lines 107–111) should be used to answer this question.

If the Bowton branch of A&W plc decides to install solar panels, it will recover the cost of paying for them using the savings it makes on its energy bills.

Calculate how many years it will take to recover the cost. Show your working.

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..... [2]

(ii) In Report Six (lines 113–114), George Steinson writes that ‘not everyone will be in favour of solar panels on our roof.’

State **one** group which would be in favour of, and **one** group which would be against, the installation of solar panels. Explain why **each** group would be in favour of, or against, the installation.

Group in favour

Explanation

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Group against

Explanation

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..... [6]

(ii) Explain how 'inward investment' may affect a town such as Bowton (Report Six, line 96).

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..... [3]

[Total: 34]

- 3 (a) (i) In Report Four (lines 76–77), Bonnie Cookney, states that ‘I am considering increasing our bank loans in order to finance the new shops, although one of my concerns is our current high level of borrowing from the banks’.

Read the following three statements about bank loans and indicate with a tick (✓) whether each statement is true or false.

Statements	True (✓)	False (✓)
A&W plc may have a long period of time to repay the bank loan.		
No interest will need to be paid on the bank loan.		
A&W plc may have to make regular payments of money each month to repay the bank loan.		

[3]

- (ii) **Other than a bank loan**, state and explain **two** advantages and **two** disadvantages of a suitable method of finance A&W plc could use to finance the refurbishment of its shops.

Suitable method of finance

Advantage 1

.....

Advantage 2

.....

Disadvantage 1

.....

Disadvantage 2

.....

[9]

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