

Candidate Forename						Candidate Surname					
Centre Number						Candidate Number					

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

1951/01

BUSINESS STUDIES A

**Paper 1 Common Core
(Foundation Tier)**

MONDAY 7 JUNE 2010: Morning

DURATION: 1 hour 45 minutes

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 120.
- The quality of your written communication will be taken into account when marking your answers to questions labelled with an asterisk (*).

- 1 (a) Amy and George Beck wish to open a children's nursery in the town of Bowton. Amy is a trained nursery nurse working in a local council run nursery. George works for a large car manufacturer.

State the sector of the economy in which each of them work; primary, secondary or tertiary.

Amy _____

George _____ [2]

- (b) George will leave his job as an accountant at the car manufacturer and work full-time for the nursery. Tick (✓) the statement below that describes the opportunity cost to George of working in the nursery instead of for the car manufacturer.

George will give up the wage he was paid by the car manufacturer. ☐

George will not have a boss in charge of him in the nursery. ☐ [1]

- (c) Explain how important Amy's experience as a nursery nurse will be when starting the business.

_____ [2]

(d) Amy and George know that they must set objectives for their new business. They had the following ideas:

- **to be the most popular children's nursery in Bowton**
- **to make a profit at all times**
- **to be the cheapest children's nursery in Bowton**
- **to open a new children's nursery every year**

Using the list above, which TWO ideas would be the most suitable objectives for Amy and George's new business? Give reasons for your answer.

[4]

(e) Amy and George had considered starting the business by becoming a franchisee of Kidsafe Nurseries.

(i) Tick (✓) the box next to the statement that correctly describes a franchise.

A franchise is when one business lets another business sell its goods or services using its brand name.

☐

A franchise is when two businesses join together to become one bigger business.

☐

[1]

(ii) Fig. 1 gives some advantages and disadvantages of franchises.

Complete Fig. 1 by ticking (✓) which statements are advantages and which are disadvantages to FRANCHISEES.

STATEMENT	ADVANTAGE	DISADVANTAGE
Tried and tested product		
Advertising is paid for by the franchisor		
Set up fee needs to be paid		
Advice and training provided		
Annual royalty paid		
Owner of the business does not have full control		

[6]

Fig. 1 Advantages and disadvantages of franchises

(f) Fig. 2 is taken from the Bowton Chronicle for February 12, 2010.

BOWTON BUSINESS BOOMS

Businesses in Bowton did better than anywhere else in the UK last year. Some of the main changes that took place were:

- **the population of the town rose**
- **the number of businesses increased**
- **unemployment fell**
- **average earnings of workers went up by £1400 per year**
- **some families have moved out of the town of Bowton to live in new houses being built nearby**
- **there was more traffic congestion and more pollution**

Fig. 2 Extract from Article taken from the Bowton Chronicle

Using the information in Fig. 2, identify **THREE** stakeholders that may have been affected by the changes in Bowton.

State how **EACH** of the stakeholders identified may be affected.

Stakeholder 1 _____

How affected _____

Stakeholder 2 _____

How affected _____

Stakeholder 3 _____

How affected _____

[6]

[Total: 22]

- 2 (a) Amy and George have estimated the start up costs of the nursery. These are shown in Fig. 3.

- Cost of buying and converting a large house £750,000.
- Equipment at a cost of £50,000

Fig. 3 Nursery Start Up Costs

Their bank has offered them a mortgage of £600,000.

- (i) Explain how a mortgage will help Amy and George to start their business.

[2]

- (ii) Explain ONE disadvantage to Amy and George of owing money to the bank.

[2]

- *(iii) Quality of written communication will be taken into account.**

Using the information in Fig. 3 and any other relevant information, discuss whether a mortgage of £600,000 will be enough money to help Amy and George start their business. Give reasons for your answer.

[4+2]

(b) Fig. 4 on the separate sheet shows the cash flow forecast for the nursery for the first three months of trading.

(i) Using the information in Fig. 4, calculate the value of 'Other expenses' in month 2 – item A. Show your working.

[2]

(ii) Using the information in Fig. 4, calculate the closing balance at the end of month 3 – item B. Show your working.

[2]

- (iv) Before the nursery is open for children, Amy and George will need to pay £2000 for food, and other items such as nappies, baby wipes and paper. To pay for these, they could use EITHER an overdraft OR trade credit.

Complete Fig. 5 by ticking (✓) which of the statements describe an overdraft and which describe trade credit.

PHRASES	OVERDRAFT	TRADE CREDIT
It has to be paid back in 30 days		
No interest is charged		
Interest is charged		
Provided by the bank		
Amy and George can spend more than is in their bank account		
It is provided by a wholesaler who lets them take the goods immediately		

[6]

Fig. 5

(v) Explain how useful George's experience as an accountant will be to their nursery business.

[3]

- (c) Amy and George forecast that the business will make £50,000 profit in the first year of trading. In their previous jobs, Amy earned £15,000 a year, whilst George earned £90,000. Using this information and other relevant ideas, discuss whether or not they are right to start the business.**

[5]

[Total: 34]

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TURN OVER FOR QUESTION 3

- 3 (a) Amy and George need to recruit a Nursery Supervisor to oversee the care of the children aged 3 to 5. The main duties on the job description are given in Fig. 6 below.

NURSERY SUPERVISOR – MAIN DUTIES

- Meeting parents who may send their children to this new nursery.
- Supervising the work of the childcare assistants.
- Planning and supervising arts, crafts, music and other activities.
- Taking children on outings.
- Being aware of health and safety and making children safe.

Fig. 6 Extract from Job Description for Nursery Supervisor

Fig. 7 is a summary of the information provided by two of the applicants for the job of nursery supervisor.

	NATASHA EFFENDO	HELEN ADAMS
Qualifications	Qualified nursery nurse. Degree in Art.	Qualified nursery nurse.
Experience	2 years experience working as a nursery nurse.	3 years as a nursery nurse one of which was as a supervisor.
Personal Qualities	Good communication skills, good health.	Ability to work in a team, caring and patient, good sense of humour.
Current Salary	£18,000 per year.	£21,000
Current Employment	Manager of the education team in an art gallery.	Nursery supervisor in a small nursery.

Fig. 7 Summary of information from two of the applicants.

- (ii) State **THREE** questions that you would ask candidates at interview to find out their suitability for the job of Nursery Supervisor. Give a reason why you would ask each question.

First question _____

Reason for asking _____

Second question _____

Reason for asking _____

Third question _____

Reason for asking _____

_____ [6]

- (b) Amy and George will also need to employ 12 childcare assistants. Recommend TWO media that they should use to advertise these jobs. Give reasons for your recommendations.

Media One _____

Reason for recommendation _____

Media Two _____

Reason for recommendation _____

_____ [6]

- (c) Amy and George read the following article which was in the Bowton Chronicle.

TRIBUNAL HEARING CONTINUES

John Smith claimed that Bright Ones Nursery acted unfairly when it promoted Stacey Gardner to catering manager. He claimed that he was just as well qualified and had as many years experience as Stacey. The Bowton Employment Tribunal is expected to give a ruling tomorrow.

Fig. 8 Extract from Bowton Chronicle

- (i) Using the information in Fig. 8, state ONE reason that John Smith could give for claiming that he was unfairly treated.

Reason _____

_____ [1]

- (ii) Explain how each of the following employment laws will affect how Amy and George run their business.

Race discrimination laws: _____

Health and safety at work laws: _____

_____ [4]

[Total: 25]

- 4 (a) Amy and George are planning their marketing campaign for the nursery. They intend to do some desk research and some field research.**

Explain, using an example, what is meant by each type of research.

Desk research _____

Field research _____

_____ **[4]**

- (b) (i) How will advertising help Amy and George when they start the business?**

_____ **[2]**

(ii) Amy and George are considering the following methods of advertising the nursery:

- giving leaflets to local businesses
- placing advertisements in the local newspaper.

Discuss both of these options and recommend which ONE they should use. Give reasons for your recommendation.

[illegible]

[6]

(iii) Explain why the government has strict controls on advertising.

[2]

(c) Recommend a name that Amy and George should use for the nursery. Give a reason for your recommendation.

[2]

- (d) Amy and George are studying a plan of the town of Bowton, Fig. 9. It shows data about each of the four areas in the town.

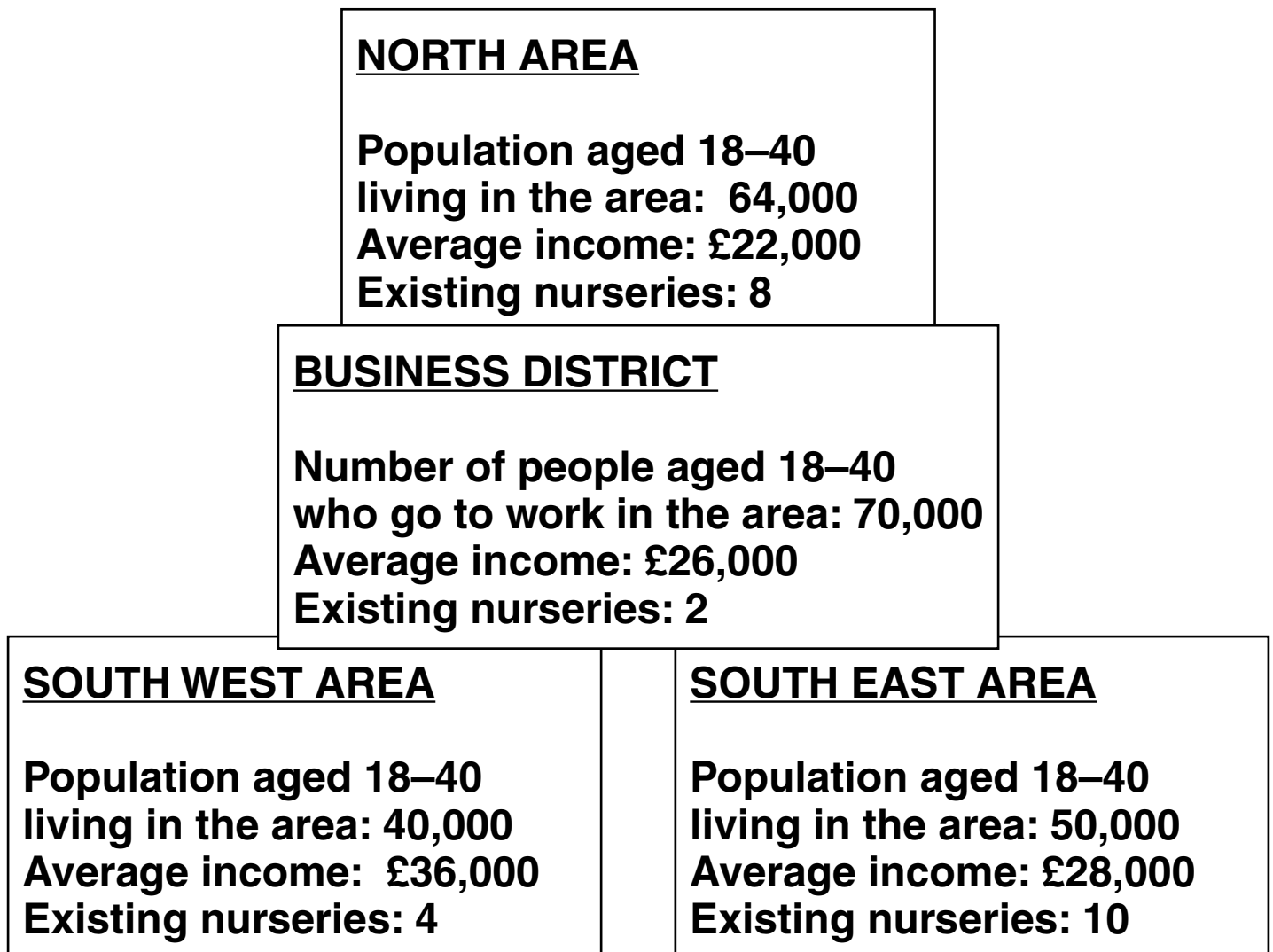


Fig. 9 Plan of Bowton

(i) Using the information in Fig. 9, state which area has:

- the largest population aged 18–40 living in the area _____
- the lowest average income

_____ [2]

(ii) Using the information in Fig. 9, explain whether Amy and George would be able to charge a higher price for nursery places in the South West area or in the North area. Give reasons for your answer.

Recommended area: _____

_____ [4]

- (iii) Amy and George have decided to locate the nursery in either the Business District or the South East area. Recommend in which ONE of these two areas they should locate the nursery. Give reasons for your recommendation.**

[4]

(iv) Amy and George want to find out two more pieces of information about each of the areas. These are:

- the number of working families with young children**
- the times that people who live in the area start work.**

Explain which of these pieces of information will be the more useful when deciding where to locate the nursery.

[2]

[Total: 28]

5 (a) Amy and George intend to use a large amount of their own money to start up the business. They need to decide whether they should start the business as a partnership or as a private limited company.

(i) State and explain TWO advantages of setting up the business as a partnership.

Advantage 1 _____

Explanation _____

Advantage 2 _____

Explanation _____

_____ **[4]**

- (ii) State and explain TWO advantages of setting up the business as a private limited company.

Advantage 1 _____

Explanation _____

Advantage 2 _____

Explanation _____

_____ [4]

- (b) If they start the business as a partnership, Amy and George will need to write a Deed of Partnership.**

Recommend whether or not Amy and George should write a Deed of Partnership. Give reasons for your answer.

[3]

[Total: 11]



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