

**GENERAL CERTIFICATE OF SECONDARY EDUCATION**  
**BUSINESS STUDIES A (SHORT COURSE)**

**1051/01**

Paper 1 (Foundation Tier)

Candidates answer on the Question Paper

**OCR Supplied Materials:**  
None

**Other Materials Required:**  
• Calculators may be used

**Monday 7 June 2010**  
**Morning**

**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 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).

**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 **100**.
- The quality of written communication will be taken into account in marking your answer to the question labelled with an asterisk (\*).
- This document consists of **20** pages. Any blank pages are indicated.



**A calculator may  
be used for this  
paper**

- 1 Plateau plc produces tableware such as plates, cups and saucers for the hotel and catering industry.

(a) (i) What do the letters 'plc' stand for?

..... [3]

(ii) State and explain **one** advantage to a shareholder of owning shares in Plateau plc.

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..... [2]

(b) Plateau plc has a number of objectives.

(i) From the table below tick **four** business objectives which Plateau plc might have.

Increase market share	
Company cars for managers	
Growth	
Long holidays for workers	
Profit	
Low sales	
Increased share value	
Lose customers	

[4]

(ii) Plateau plc has made a decision **not** to improve the **quality** of the products it makes.

Identify **one** stakeholder group which may be affected by this decision.

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Explain why this stakeholder group might be affected by this decision.

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..... [3]

- (iii) Identify **one** stakeholder group which may **not** be affected by this decision.

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Explain why this stakeholder group might **not** be affected by this decision.

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..... [3]

- (c) The Board of Directors of Plateau plc has a number of responsibilities.

From the list below tick **four** responsibilities of the Board of Directors.

Order stock	
Set company objectives	
Recruit part-time staff	
Attend Board meetings	
Hold Annual General Meeting	
Day to day decisions	
Approve final accounts	
Organise waste collection	

[4]

[Total: 19]

- 2 Plateau plc has a large factory where all of the tableware is mass-produced. The patterns for the tableware are created by independent designers who operate as sole traders.

(a) (i) Explain **one** advantage to the designers of operating as sole traders.

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..... [2]

(ii) Each designer has 'unlimited liability'.

Explain the meaning of 'unlimited liability'.

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..... [2]

(iii) State and explain **one** reason why employing independent designers may be a disadvantage to Plateau plc.

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..... [3]

(b) Plateau plc imports its raw materials from France and Spain.

Plateau plc must consider the following factors when importing raw materials from abroad:

- distance
- exchange rate
- language
- quality
- reliability.

Which **two** factors would be the **most** important for Plateau plc to consider when importing the raw materials? Give reasons for your answer.

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..... [6]

(c) Plateau plc produces the tableware using flow production.

(i) Explain **one** feature of flow production.

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..... [2]

[3]

- Advise Plateau plc whether batch or flow production would be the best method for producing the plates, cups and saucers. Give reasons for your answer including why you have rejected the other method.

[illegible]

(d) (i) The following is a pay slip for Chloe Knight, one of the production workers, for one week.

Chloe Knight is paid as follows.

- Basic Rate: £6.00 per hour
- Overtime Pay: 1.5 times the basic rate per hour
- The basic working week is 35 hours
- During the week ending 31 May, Chloe Knight worked 40 hours

Pay Advice Slip		Plateau plc		Week Ending 31 May	
Employee: Chloe Knight			Employee Number: K/672		
<b>Gross Pay</b>			<b>Deductions</b>		
Basic Pay	<input type="text"/>		Income Tax	<input type="text" value="45"/>	
Overtime Pay	<input type="text"/>		National Insurance	<input type="text" value="25"/>	
<i>Total Gross Pay</i>	<input type="text"/>		Total Deductions	<input type="text" value="70"/>	
<b>Net Pay</b>	<input type="text"/>				

Using this information, answer the following questions:

Calculate Chloe's basic pay. Show your working.

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Calculate Chloe's overtime pay. Show your working.

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.....

Calculate Chloe's total gross pay. Show your working.

.....

.....

Calculate Chloe's net pay. Show your working.

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..... [8]

- (ii) Explain why Plateau plc pays the production workers overtime at a higher rate of pay.

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..... [2]

[Total: 34]



- 3 Plateau plc sells its tableware **direct** to large hotel chains in the UK. This allows it to keep its prices low compared to its competitors.

(a) (i) Explain **one** reason why selling **direct** to hotels allows Plateau plc to keep its prices low.

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..... [3]

(ii) Selling direct to hotels means that Plateau plc uses **informative** advertising. Explain the term 'informative advertising'.

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..... [2]

- (iii) The hotels which buy Plateau plc's tableware must consider the following when deciding what to buy:

- design
- quality
- price/discounts.

Which one of the above would be **most** important to a hotel when ordering the tableware? Give reasons for your answer and explain why you have rejected the other options.

[6]

- (b) Selling direct to hotels is only one way of distributing and selling the tableware. Plateau plc is considering using **one** of the following options to widen its market:

- mail order direct to the public using its own website
- opening large retail outlets in a few big cities.

The table below shows the **total cost** of each option.

Option	Total Cost
Mail order	£5 m
Retail outlets	£11.5 m

- (i) State one **fixed** cost which Plateau plc might have to pay when selling through **retail outlets**.

..... [1]

- (ii) State one **variable** cost which Plateau plc might have to pay when selling through **mail order**.

..... [1]

- (c) The Board of Directors of Plateau plc has decided to take out a long-term loan to help to finance either selling through mail order or retail outlets.

- (i) Explain **one** disadvantage to Plateau plc of using a long-term loan to finance this change.

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 ..... [3]

- (ii) Apart from a long-term loan, what **other** source of long-term finance could Plateau plc use to finance this change?

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 ..... [1]

- (d) (i) Apart from **cost**, identify **two** other factors which might help Plateau plc to make the decision between the two methods of selling.

1 .....

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2 .....

..... [2]

- \*(ii) Advise Plateau plc which of the two options, mail order or retail outlets, it should use to sell the tableware direct to the market. Give reasons for your answer, explaining why you have rejected the other option.

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..... [6+2]

[Total: 27]

- 4 The Human Resource Management (HRM) Director at Plateau plc has decided that whichever option is chosen to widen the market, extra staff will have to be recruited for the marketing department. The Director is thinking of using external recruitment.

(a) Explain **two** advantages to Plateau plc of **external** recruitment.

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2 .....

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..... [4]

- (b) The HRM Director has delegated the task of advertising the job of Market Research Assistant to the Marketing Manager.

Explain the meaning of the term 'delegation'.

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..... [2]

- (c) The Marketing Manager must draw up a job description and person specification for the job of Market Research Assistant.

Is the following statement **TRUE** or **FALSE**?

Details of the qualifications required by the Market Research Assistant are listed in the person specification.

..... [1]

- (d) The new Market Research Assistant at Plateau plc will need to take part in **induction** training.

How important is it that the new Market Research Assistant takes part in induction training. Give reasons for your answer.

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..... [4]

- (e) The Finance Director of Plateau plc is concerned about wage costs rising. **TICK** (✓) the statement in the table below that **best** describes what will happen to Plateau plc if wage costs rise.

Statement	TICK (✓) one statement
Gross profit will rise	
Net Profit will rise	
Net profit will fall	
Fixed Assets will fall	

[1]

(f) Fig. 1 shows the Balance Sheet for Plateau plc at 31st March 2010.

	(£000)	(£000)
Fixed Assets		3000
Current Assets	60	
Current Liabilities	30	
Working Capital		<input type="text"/>
<b>Net Assets</b>		<b>3030</b>
Shareholders Funds		2500
Retained Profit		330
Long Term Liabilities		200
<b>Capital Employed</b>		<input type="text"/>

**Fig. 1**

Calculate the value of working capital. Show your working.

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Calculate the value of capital employed. Show your working.

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..... [4]

- (g) Plateau plc can use both the Profit and Loss Account and the Balance Sheet to help make decisions about future expansion.

Which of these might be more useful to Plateau plc when making decisions like this? Give reasons for your answer.

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..... [4]

[Total: 20]



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