

**GENERAL CERTIFICATE OF SECONDARY EDUCATION
BUSINESS STUDIES A**

1951/01

Paper 1 Common Core
(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 45 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 **120**.
- 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 **20** pages. Any blank pages are indicated.



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

- 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.

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..... [2]

- 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.

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

5

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

7

[1]

- 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.

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..... [2]

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

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..... [2]

- *(iii) 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.

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..... [4+2]

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

	Month 1	Month 2	Month 3
Balance brought forward	0	(4,000)	2,000
Income			
Revenue from fees	30,000	40,000	44,000
<i>Total Income + Balance brought forward</i>	<i>30,000</i>	<i>36,000</i>	<i>46,000</i>
Expenditure			
Wages	24,000	24,000	24,000
Insurance	2,000	0	0
Other expenses	8,000	A	12,000
<i>Total Expenditure</i>	<i>34,000</i>	<i>34,000</i>	<i>36,000</i>
Balance carried forward	(4,000)	2,000	B

Fig. 4 Cash flow forecast for the nursery – First three months

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

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..... [2]

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

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..... [2]

- [6]

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

[6]

Turn over

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

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..... [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.

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..... [5]

[Total: 34]

- 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. 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.

***(i)** Amy and George wish to interview **either** Natasha **or** Helen for the job of Nursery Supervisor. Using the information in Figs. 6 and 7, recommend which of the two you would interview. Give reasons for your recommendation.

(This area contains horizontal dotted lines for writing.)

- (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

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Reason for asking

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Second question

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Reason for asking

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Third question

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Reason for asking

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..... [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

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.....

Media Two

Reason for recommendation

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..... [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?

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..... [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.

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..... [6]

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

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..... [2]

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

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..... [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.

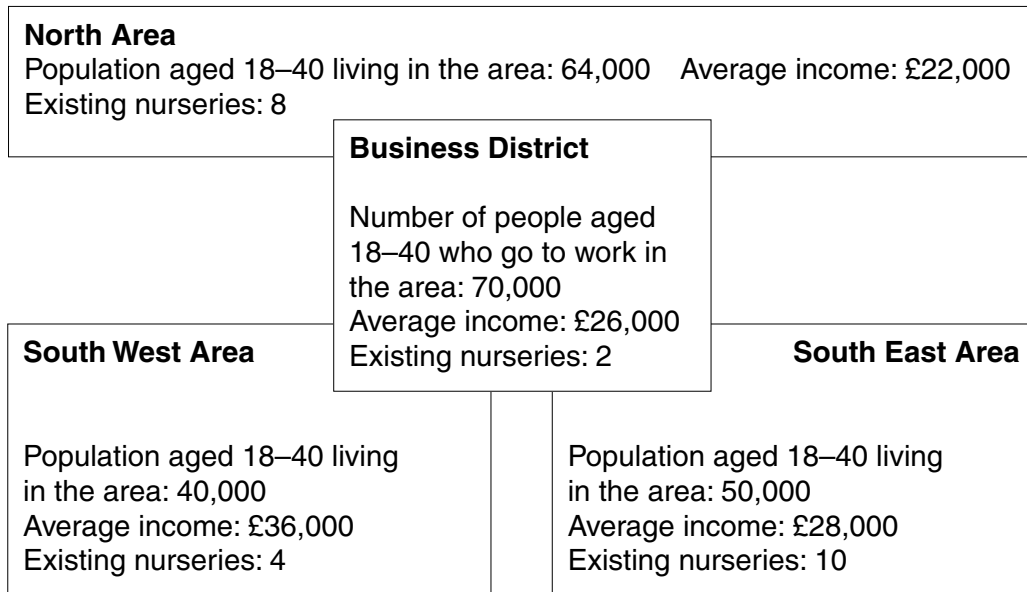


Fig. 9 Plan of Bowton

- (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:.....

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..... [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.

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..... [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.

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..... [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.

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..... [3]

[Total: 11]

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