

OCR

Oxford Cambridge and RSA

Friday 5 June 2015 – 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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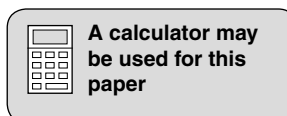
Centre number						Candidate number				
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INSTRUCTIONS TO CANDIDATES

- 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** the questions.

1 (a) Line 14 states that Holden plc ‘uses batch production to manufacture the cushions.’

(i) Tick **one** statement below which describes batch production.

Statement	Tick (✓)
Cushions are made continuously on an assembly line.	
Cushions are produced individually by a skilled worker. Each cushion is unique.	
One type of cushion is produced before production is changed to a different type of cushion.	

[1]

(ii) State and explain **one** advantage to Holden plc of using batch production.

Advantage

Explanation

.....

.....

[2]

(b) Lines 16–17 state that Holden plc employs specialist workers. Use **four** of the words below to complete the following statement about specialisation.

high money poor task trained

Specialisation is when a worker completes a specific in the production process. Holden plc employs some seamstresses whose only job is to sew the cushions. They only need to be to complete this one task which saves

Other specialists at Holden plc are in managerial roles. Specialist workers often get to know their job very well and their productivity is usually very

[4]

(c) (i) Using the information in Fig. 2, calculate the **total cost** of making one Hip-Hop Bean Bag.

..... [1]

(ii) Calculate the **total profit** that Holden plc will make on its sales of 80,000 Hip-Hop Bean Bags. Show your working.

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..... [2]

(iii) Explain how Holden plc adds value to each Hip-Hop Bean Bag.

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..... [2]

(iv) State and explain **two** reasons why profit is important to Holden plc.

Reason 1

Explanation

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Reason 2

Explanation

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..... [4]

- (d) (i) Lines 28–29 state that ‘the quality of the cushions is important, particularly for those customers who buy the higher-priced cushions.’

State and explain **two** reasons why producing good quality cushions may be important to Holden plc.

Reason 1

Explanation

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Reason 2

Explanation

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[4]

- (ii) State and explain **one** method of quality control which Holden plc may use in the cushion production process.

Method of quality control

Explanation

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[2]

- (e) Lines 35–36 state that ‘Some manufacturers in the UK have called for import taxes to be increased on cushions imported from outside the European Union (EU).’

- (i) Tick **one** box to show the name of the tax on imports.

Name	Tick (✓)
VAT	
Tariff	
Quota	

[1]

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- 2 (a) Use the information in Fig. 3 to calculate the change in the make-up cost of producing a Sobek cushion in Bowton instead of in China.

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..... [4]

- (b) With reference to lines 46–53, explain why fabric costs per cushion are likely to be lower in Bowton than in China.

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..... [2]

- (c*) If Holden plc decides to relocate to Bowton, the directors of the company will have to decide whether to rent a factory or to build a factory.

Using the information in Fig. 4 and any other **financial** information, recommend whether Holden plc should rent or build the factory. Give reasons for your recommendation. [10]

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(e) Martin and Agnes Holden have been researching the use of kapok fibres as cushion pad fillers.

(i) State **two** likely advantages to Holden plc of using kapok fibres instead of latex as cushion pad fillers.

Advantage 1

Advantage 2

[2]

(ii) State and explain **one** advantage and **one** disadvantage to Holden plc of buying kapok from FairTrade producers.

Advantage

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Disadvantage

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[4]

3 (a) Fig. 5 describes what has happened to employment in Bowton in the period after 2008.

State and explain **one** way in which Holden plc might benefit from the increase in unemployment if it decides to relocate production to Bowton.

Benefit

Explanation

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[2]

(b) (i) Assess whether or not Bowton Council should give a grant to Holden plc to encourage it to re-locate production to Bowton.

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END OF QUESTION PAPER

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