

# Friday 9 June 2017 - Afternoon

# **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



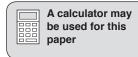
Candidate forename				Candidate surname			
Centre numbe	er			Candidate nu	ımber		

## **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. If additional space is required, you should use the lined page(s) at the end of this booklet. The question number(s) must be clearly shown.
- Do not write in the bar codes.
- Make sure that all your answers relate to the 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.





	Method of Production	Definition
		A quantity of one type of a product is made and then production is changed to another type.
	Batch	A continuous process used to produce a large quantity of one type of product on an assembly line.
		Each item is produced individually.
(ii)	Section 5, lines 72 to 75 describ at The Festival in previous years	es how the Chinese supplier has printed the T-shirts s.

Advantage 1

Explanation

Advantage 2

Explanation

[4]

(b) (i) Section 5, lines 72 to 75, shows how the Chinese supplier uses the flow method of

	production to ma scale in producti		dard T-shirts. Th	ne flow m	ethod can lea	ad to eco	nomies of
	Using the words of large scale pr	•	ete the following	sentence	to define th	e term 'e	conomies
	total	average	increases	6	decreases		
	Economies of	large scale pr	oduction occur	when th	ne		_ cost of
	production falls	when a firm		its s	cale of outpu	ıt.	[2]
(ii)	State and expla		of economy of l	arge scal	e productior	that the	Chinese
	Type of econom	y of scale 1					
	Explanation						
	Type of econom	y of scale 2					
	Explanation						
							[6]
(iii)	Complete the fo	llowing sentenc	e using one of tl	he words	below.		
	disecor	nomies	economies	adv	vantages		
	If the average of	costs of produc	tion rise as the	scale of	output is ind	creased,	these are
	called	0	of large scale pro	oduction.			

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[1]

(c)	(i)	<b>Fig. 5</b> shows the prices that BMF Ltd expe beginning of June 2017 to the end of Sept	•	val T-shirt	s from the
		Calculate the total revenue that BMF Ltd from the beginning of June to the end of T-shirts at the prices it expects to charge.	of September assuming th		
					[3]
	(ii)	BMF Ltd uses a formula to calculate the gr	ross profit it makes from se	lling its T	-shirts.
		Using the formula shown below, and informula BMF Ltd will make from the beginning		-	•
		Total revenue (answer from 1c(i) above)	£		
		minus cost of buying the T-shirts	£		
		= Gross Profit	£		[2]
	(iii)	The statements below are about profits. Pustatements are true and which are false.	ut a tick ( $\checkmark$ ) in the correct be	oxes to s	how which
		Statement		True	False
		Profits are shared between owners as a money by investing it in the business	reward for risking their		
		Profits are charged by banks on business	s loans.		
		Profits are often reinvested back into a bu	usiness to help it grow.		

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2	(a)	Use the	words	below to	complete	the	paragraph	that follows.
---	-----	---------	-------	----------	----------	-----	-----------	---------------

		tariffs	interest	trade	goods	laws	
	The	European Unior	allows free		between EU	countries. This r	neans that
	ther	e will be no	o	n any goods ir	mported by one	EU country from	n another. <b>[2]</b>
(b)	aga	tion 2, lines 38–3 inst the euro (€) untain Festival.'		-	•	•	
	(i)	A weekend pass	for The Festiva	ıl costs £60.			
		Complete the ca visitors from Eur				•	would cost
		£60 × 1.2 =	4	€			[1]
	(ii)	Calculate the ne pound rose to £1	•		•	if the exchange	ate for the
							[2]

(iii)	To what extent do you think that a strengthening in the exchange rate of the pound from $\mathfrak{L}1 = 1.2 \in \mathfrak{L}1 = 1.$
	rei

(c)	<b>Fig. 2</b> in Section 4 of the case study shows the costs of The Festival in 2016 compared with the expected costs of The Festival in 2017.
	Calculate what is expected to happen to the <b>amount</b> to be paid in venue costs in 2017 compared with 2016.
	[4]

Section 3, lines 53 to 54 of the case study state 'Bowton Council decided to give a grant of £30 000 to BMF Ltd towards the costs of The Festival in 2017.'

(d) Indicate with a tick  $(\checkmark)$  which statements about grants are true and which are false.

Statement	True	False
Grants help to reduce business costs.		
Grants are loans to businesses which they must repay.		
The grant does not cost taxpayers anything.		

[3]

(e)	Section 3, lines 53 to 54 of the case study state 'Bowton Council decided to give a grant of $£30000$ to BMF Ltd towards the costs of The Festival in 2017.'
	Recommend whether or not Bowton Council was right to give the grant. You should refer to the social costs and benefits of The Festival in your answer. Use information from the case study, and any other information you consider relevant, to support your answer. [10]

3	(a)	(i)	Define the term 'monopoly.'
			[1]
		(ii)	Using information in Sections 1 and 6 of the case study, explain how the market for outdoor pursuits products in Bowton changes during the festival weekend, compared to the market outside Festival time.
			rol
			[2]
	(	iii)	Using information in Sections 1 and 6 of the case study, explain whether or not you agree with the decision of the manager of Spirit of Adventure shop to reduce the prices of outdoor pursuits products during the festival weekend.
			[2]

(b)	(i)	The diagram below shows two sources of finance and statements about sources of
		finance. Draw two lines from each source of finance to match it to the correct statement
		about it.

Source of Finance		Statement
		The business is allowed to spend more than it has in its bank account.
Overdraft		The buyer does not need to pay for the goods, for example, for 90 days.
		There is interest on this kind of finance.
Trade credit		There is no interest to pay on this method of finance.
		This source of finance is usually repaid over a period of 25 years.
		[4]
	Some of the	e study state that 'The value of the shares has grown shareholders, however, are not entirely pleased with
Discuss whether the s of the company.	shareholders	of BMF Ltd should be pleased with the performance
		[4]

(ii)

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	(iii)	Define the term 'cash flow forecast.'			
		[2			
(	(iv)	Explain <b>two</b> possible reasons why the cash flow forecast for BMF Ltd may not be accurate.			
		Reason One			
		Reason Two			
		[4			
(c)		ng information in the case study, identify <b>two</b> examples which show that BMF Ltd is part cobal economy.			
	Exa	mple 1			
	Exa	mple 2			
		[2			

(d)	Section 3, lines 61 to 62 of the case study state 'BMF Ltd expects that more visitors from th UK will attend The Festival in 2017 compared with 2016.'			
	Using information from the case study, and any other information that you think is relevant assess whether BMF Ltd is right to expect that more visitors from the UK will attend The Festival in 2017 compared with 2016.			


# **END OF QUESTION PAPER**

# **ADDITIONAL ANSWER SPACE**

If additional space is required, you should use the following lined page(s). The question number(s) must be clearly shown in the margin(s).				

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 1			



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