

**OXFORD CAMBRIDGE AND RSA EXAMINATIONS
GCSE**

A293/01

BUSINESS STUDIES

**Production, Finance and the External
Business Environment**

FRIDAY 5 JUNE 2015: Morning

**DURATION: 1 hour 30 minutes
plus your additional time allowance**

MODIFIED ENLARGED

Candidate forename		Candidate surname	
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Centre number						Candidate number				
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Candidates answer on the Question Paper.

OCR SUPPLIED MATERIALS:

Clean copy Case Study

OTHER MATERIALS REQUIRED:

Calculators may be used

A CALCULATOR MAY BE USED FOR THIS PAPER
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READ INSTRUCTIONS OVERLEAF

INSTRUCTIONS TO CANDIDATES

Write your name, centre number and candidate number in the boxes on the first page. 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).

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 (*).

Any blank pages are indicated.

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Answer ALL the questions.

1 (a) Lines 22–23 state 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 26–29 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.**

_____ [2]

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

_____ [2]

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

Reason 1 _____

Explanation _____

Reason 2 _____

Explanation _____

[4]

- (d) (i) Lines 48–50 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 _____

Reason 2 _____

Explanation _____

[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 _____

[2]

(e) Lines 60–63 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]

(ii*) With reference to lines 60–66, assess whether or not the United Kingdom (UK) government was correct to reject the call from some cushion producers to increase the tax on imports of cushions from outside the European Union (EU).

[illegible]

[illegible]

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(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]

[illegible]

[illegible]

(d*) Lines 115–118 state that a suitable green belt site may be available if the directors of Holden plc decide to build a factory.

Evaluate whether or not the social benefits are likely to be greater than the social costs if the directors of Holden plc decide to build the new factory on a green belt site in Bowton.

[8]

[illegible]

(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 _____

Disadvantage _____

[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 _____

_____ [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.**

[6]

(ii) Assess the extent to which Holden plc may benefit from low interest rates in the UK.

[illegible]

(c) Lines 155–157 state that ‘On a number of measures the period from January to September 2014 has been a poor time for Bromley Furnishings.’

(i) State TWO measures by which the success of Bromley Furnishings might be judged.

Measure 1 _____

Measure 2 _____

[2]

(ii) Lines 157–159 state that ‘The increase in sales which Sunil had expected to take place between January and September 2014 did not occur.’

Explain why the sales of Bromley Furnishings did not increase as Sunil had expected in the period from January to September 2014.

[3]

(d) Fig. 6 shows the cash flow forecast for Bromley Furnishings.

(i) Use the information in Fig. 6 to identify how much finance Bromley Furnishings will need in March 2015.

_____ [1]

(ii) State ONE method of finance Bromley Furnishings could use to raise the finance it will need in March 2015.

_____ [1]

(iii) Using the information in the cash flow forecast and any other relevant information, discuss the extent to which 2015 may be another poor year for Bromley Furnishings.

[6]

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