



**GCE A level**

1084/01

**BUSINESS STUDIES**

**BS4**

P.M. MONDAY, 20 June 2011

2 hours

### **ADDITIONAL MATERIALS**

In addition to this examination paper, you will need:

- a calculator;
- a 12 page answer book.

### **INSTRUCTIONS TO CANDIDATES**

Use black ink or black ball-point pen.

Write your answers in the separate answer book provided.

Page 4 should be torn out and placed in your answer book.

Answer **all** the questions in Section A and **one** question from Section B.

You are advised to spend no more than 1 hour and 15 minutes on Section A.

### **INFORMATION FOR CANDIDATES**

The number of marks is given in brackets at the end of each question.

You are reminded that assessment will take into account the quality of written communication used in answers that involve extended writing (Section B).

You are reminded that the essay questions in Section B are synoptic and so will test understanding of the connections between different elements of the subject.

**SECTION A**

*Answer **all** the questions.*

1. Explain the possible advantages **and** disadvantages to a business of having a marketing plan. [6]
  
2. Michelle Adams is the financial director of Highlights Ltd, a manufacturer of ladies' clothing. Bob Thomas, her export sales manager, is interested in developing the German market. However, he is finding difficulty in persuading German retailers to pay the normal asking price for the company's products.

In particular, he has been told by one retailer that it will buy 4000 of the company's blouses if Highlights Ltd drops its price from £12 to £8.50.

The original price per blouse was calculated as follows:

Variable costs of materials and labour	£6.00
Fixed costs	£4.00
Profit	£2.00

- (a) Calculate the total value of the contribution if Highlights Ltd decides to accept the new order. (Show your workings.) [4]
  
- (b) Discuss the factors which Highlights Ltd should consider before deciding whether or not to accept this order. [6]



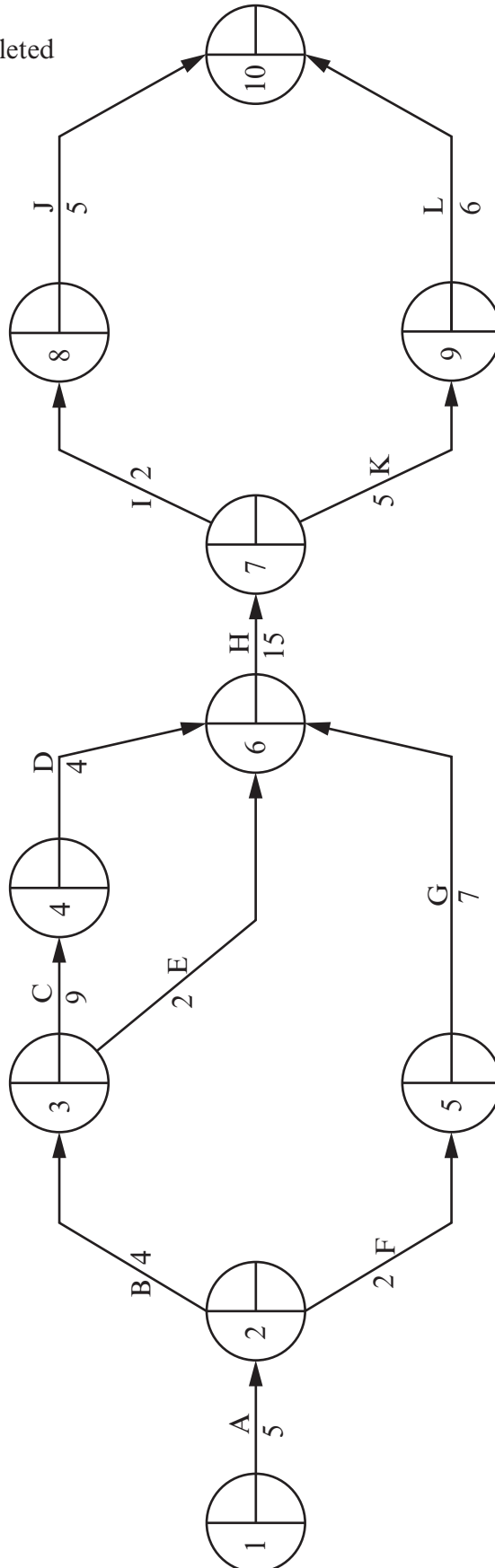
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Centre Number .....

Candidate's Name (in full) .....

Candidate's Examination Number .....

Network diagram to be completed for Questions 3(a) and 3(b).



**TEAR OUT THIS PAGE AND PLACE IT IN YOUR ANSWER BOOK.**

Tear along dotted line and place this page in your answer book.

3. A J Moore Ltd is a manufacturer of furniture. On page 4 there is a network diagram for the production of one of its wardrobes. Activities A to L need to be carried out in order to build one wardrobe, with the time allocation **being given in minutes**.

(a) Fill in the *earliest start times* and *latest finishing times* on the diagram on page 4. [5]

(b) Mark the critical path on the diagram on page 4. [1]

*(Tear out page 4 and place it in your answer book.)*

(c) Discuss the usefulness of critical path analysis to a company such as A J Moore Ltd. [8]

#### 4. Battlelines drawn for the 2010 national minimum wage increase

Although the increases in the national minimum wage for 2007 and 2008 were accepted by employers and unions with the minimum of fuss, the discussions about the following years' increases caused a great deal of controversy. The economic context of stagnating growth led to significant differences of opinion that the Low Pay Commission, which decides the level of the minimum wage, had to take into account.

The British Retail Consortium (BRC), which represents employers in the retail trade, argued that tough trading conditions meant that the increase in 2010 should fall on the lower side of average earnings at around 1%. On the other hand, a spokesman for the shopworkers' union USDAW said that the union would push for the minimum wage to be increased to £6 an hour, an increase of nearly 3.5%. Eventually it was decided to set the rate from October 2010 at £5.93 an hour for workers aged over 21, an increase of 2.2%.

Consider the view that there are advantages and disadvantages to **both** employers and employees from having a national minimum wage. [10]

### SECTION B

*Answer one of the following questions.*

5. "Without substantial expenditure on research and development, few businesses are likely to be successful." Discuss. [20]
6. "Since businesses are able to provide consumers with the goods and services they require, there is no need for government involvement in the economy." To what extent do you agree with this statement? [20]
7. "The decision by the British Government not to join the European Single Currency (the euro) in 2002 was a serious mistake." Evaluate this statement. [20]

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