

# Mock Examination Paper (A)

## GCSE BUSINESS STUDIES

**A293/01** Production, Finance and the External Business Environment

**Duration:** 1 hour 30 minutes

Forename		Surname	
----------	--	---------	--

### INSTRUCTIONS

- Write your name in the boxes above. Please write clearly and in capital letters. (In the actual exam you will also be required to write your centre number and candidate number).
- 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 name and questions number(s). (In the actual exam you will be required to clearly show your candidate number, centre number and question numbers).
- Make sure that all your answers relate to the Case Study material on Bowton Mountain Festival.

### INFORMATION

- 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 (\*).
- A calculator may be used for this paper.

2

- 1 (a) Using information from the case study, identify **one** piece of evidence which shows that BMF Ltd operates in a global market.

.....  
 ..... [1]

- (b) Sections 1 and 2 refer to the exchange rate of pound sterling (£) against the euro (€) and the impact this has on the number of visitors, and some businesses and events such as the Bowton Mountain Festival.

- (i) Using **three** of the words below, complete the paragraph that follows.

**reduce costs profit increase**

If the value of the pound sterling rose against the euro, this would \_\_\_\_\_ the price of a weekend pass for the Bowton Mountain Festival to people living in a country within the Eurozone. This could \_\_\_\_\_ the number of visitors to The Festival and, thus, sales and \_\_\_\_\_ for BMF Ltd. [3]

- (ii) The table below shows how the price of one weekend ticket sold to people in the Eurozone would be converted into euros at the exchange rate of £1 = 1.15 euros.

Price of one weekend ticket in £s	Price of one weekend ticket at a rate of £1 = 1.15 euros
£60	£60 x <u>1.15 euros</u> Price in euros 69

If the exchange rate rose to £1 = £1.25, calculate how much it would cost people in euros to purchase a £60 weekend pass.

.....  
 .....  
 ..... [2]

- (iii) Explain **one** way in which BMF Ltd might deal with fluctuating exchange rates between the pound and the euro.

.....  
 .....  
 ..... [2]

- (c) Lines 16 to 18 state that the theme of The Festival this year is 'Enjoying but protecting the environment and its people', and that 'The protection of the environment is one of the core values of BMF Ltd'.

Tick to indicate whether each of the following statements about the environment is true or false.

Statement	True (✓)	False (✓)
Carbon dioxide emissions from motor vehicles are not harmful to the environment.		
There is no problem with the use of fossil fuels, such as oil and coal, because there is an unlimited supply of them.		
Businesses can help to protect the environment by sourcing sustainable raw materials, reducing energy usage and minimising waste.		

[3]

- (d) Section 2, Fig. 1 provides extracts from the summary of the Development Report for Bowton, published by the Economic Development Unit of Bowton Council in 2016.

- (i) Line 25 states that 'Council expenditure needs to be cut'. Complete the following sentence using **four** of the words below.

**income      less      jobs      more      services**

Cuts in Council spending may lead to fewer \_\_\_\_\_ for people in Bowton and could involve people losing their \_\_\_\_\_. These people would have less \_\_\_\_\_ to spend on goods and services, which could result in \_\_\_\_\_ sales, revenue and profit for local businesses.

[4]

- (ii) Lines 26-27 state that 'unemployment' in Bowton is 'above the national average'. Explain **one** way in which businesses in Bowton, such as Spirit of Adventure or BMF Ltd, may benefit from unemployment in the town.

.....

.....

.....

..... [2]







.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
..... [10]

**(b)** Section 5, lines 72-74 state that BMF Ltd's Chinese supplier uses flow production to make standard T-shirts in very large quantities and that some of these T-shirts are then printed with The Festival design, using batch production.

**(i)** State **one** variable cost involved in the manufacture and printing of T-shirts.

.....  
..... [1]

**(ii)** State **one** example of a fixed cost that BMF Ltd's Chinese suppliers may have to pay.

.....  
..... [1]

**(iii)\*** Assess whether batch production is the most appropriate method of production for the Chinese supplier to use to print The Festival T-shirts. In your answer you must compare batch production with flow production and job production.

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....

.....  
.....  
.....  
.....  
.....  
.....  
..... [8]

- (c) Lines 85 to 87 state that ‘some business analysts are suggesting that Chinese firms are becoming too big and, as a consequence, may start to suffer from diseconomies as opposed to economies of large scale production’.

Explain **one** type of economy of scale that Chinese firms might enjoy as a result of large scale production.

.....  
.....  
.....  
.....  
..... [3]

- (d) Lines 88 to 90 tell us that BMF Ltd has decided to obtain quotes for T-shirts from a smaller, UK supplier and that this supplier claims to have ‘excellent quality control systems’.

Explain **one** reason why good quality control systems are important in the manufacture of T-shirts.

.....  
.....  
..... [2]



- 3 (a) Refer to the cash flow forecast related to the sales of The Festival T-shirts shown in Fig.6. Indicate, with a tick, whether each of the following statements is true or false.

Statement	True (✓)	False (✓)
The cash flow forecast shows the expected income and expenditure for sales of The Festival T-shirts for the four months June to September.		
In July, income from the sale of The Festival T-shirts will be greater than total expenditure.		
In September, BMF Ltd is forecast to have 10,700 to carry forward to start trading in October.		

[3]

- (b) BMF Ltd has decided to purchase the 5,000 T-shirts from the UK supplier at a cost of £6 per unit, instead of £5 per unit, and to keep the selling price the same.

- (i) Complete the updated version of the cash flow forecast below as a result of this change in supplier, calculating the new balance carried forward at the end of the month for each month shown, which is the same as the balance brought forward in the following month. (This updated forecast is based on the assumption that the sales, other costs, as well as prices charged are expected to remain the same as those stated in Fig.5 & Fig.6 of the case study).

	June	July	August	September
	£	£	£	£
Balance brought forward	0			
<b>INCOME</b>				
Sale of T-shirts	6 000	14 000	28 000	1 000
TOTAL	6 000	(11,900)	11,800	6,700
<b>EXPENDITURE</b>				
Purchase of T-shirts	30 000	0	0	0
Retail and distribution costs	1 200	2 800	4 000	400
Administration	700	1 500	2 100	300
TOTAL EXPENDITURE	31,900	4 300	6 100	700
<b>Balance carried forward</b>				

[4]

**(ii)** Identify **two** stakeholders who may benefit if BMF Ltd decided to use the smaller, UK supplier instead of the Chinese supplier. Explain how each stakeholder may benefit.

Stakeholder 1 .....

How they may benefit .....

.....

.....

Stakeholder 2 .....

How they may benefit .....

.....

.....

**[4]**

**(iii)** Identify **two** stakeholders who may suffer if BMF Ltd decided to use the smaller, UK supplier instead of the Chinese supplier. Explain how each stakeholder may suffer.

Stakeholder 1 .....

How they may suffer .....

.....

.....

Stakeholder 2 .....

How they may suffer .....

.....

.....

**[4]**



- (d) Section 6 tells us that there will be many similar businesses selling their goods and services to festival visitors on The Festival Field. This includes five food stalls, six bars, twenty-two specialist retailers of outdoor pursuits products and seven adventure holiday firms.

Tick to indicate whether each of the following statements is true or false about the type of market in which there are many businesses selling similar products.

Statement	True (✓)	False (✓)
Consumers may benefit from lower prices because they can shop around for the best deal.		
Firms have considerable power over setting prices.		
Firms may have to spend a lot on promoting their products or services.		

[3]

- (e) Lines 117-118 state that Spirit of Adventure buys in additional stock to sell during The Festival weekend.

State **one** method of finance that Spirit of Adventure could consider using to help buy the additional stock to sell during The Festival weekend.

..... [1]