Candidate Name	Centre Number	Candidate Number

WELSH JOINT EDUCATION COMMITTEE
General Certificate of Education
Advanced Subsidiary/Advanced

CYD-BWYLLGOR ADDYSG CYMRU
Tystysgrif Addysg Gyffredinol
Uwch Gyfrannol/Uwch

321/01

BUSINESS STUDIES

BS1

P.M. MONDAY, 5 June 2006

(1 hour)

For Examiner's Use Only		
Question	**Maximum Mark**	**Examiner's Mark**
1	16	
2	16	
3	18	
QWC	3	
Total	53	

INSTRUCTIONS TO CANDIDATES

Answer **all** the questions in the spaces provided.

Write your name, centre number and candidate number in the spaces at the top of this page.

INFORMATION FOR CANDIDATES

Mark allocations are shown in brackets.

Candidates will be assessed on their quality of written communication i.e. the structure and presentation of ideas; the clarity of expression; grammar, punctuation and spelling. Up to three marks will be awarded for written communication.

No certificate will be awarded to a candidate detected in any unfair practice during the examination.

Examiner only
Arholwr yn unig

Answer **all** *the questions in the spaces provided.*

1. The Mattress Doctor expands through franchising

Former accountant Bryan Walters and his business associate Bruce King were looking at various business options. Bruce's wife suffered from asthma and in their research they came across businesses in Germany and the USA which cleaned mattresses to try to get rid of dust mites and ease the asthmatic symptoms. They discovered that no one was running such a business in the UK, where allergy rates are the highest in Europe, and so the Mattress Doctor was born.

Business was doing very well and Bruce and Bryan started to think about growing it. They decided that franchising would be the most suitable route for expansion. A Mattress Doctor **franchise** costs from about £8000 and there is a monthly charge of £250 to cover repair and replacement of equipment and continued support.

Their main business objective is growth, and inside one year they had 24 UK franchises with the aim of reaching 100 within the next three years.

Adapted: Franchising, Working Lunch BBC

(a) Apart from growth, outline **two** other business objectives that the Mattress Doctor might have. [4]

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(ii) .....

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(b) Explain the benefits to **both** franchisors and franchisees when operating a business such as the Mattress Doctor. [8]

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(c) Briefly explain **two** problems that Bruce and Bryan may face when operating as franchisors. [4]

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(ii) .....

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Total Mark

Turn over.

2. Anger over rising gas prices

The supply of gas was one of the many industries that were part of the Government's **nationalisation** programme following the end of World War Two. It was eventually nationalised in 1948. In effect, therefore, the Government had a **monopoly** of the gas industry which lasted until 1986 when the Conservative Government passed legislation to privatise the industry once again.

Recently announced rises in the price of gas, well above the rate of inflation, have angered both industrial and domestic users. Representatives of the glass making industry, which relies heavily on the use of energy, have gone to Westminster to try to persuade MPs to do something about the problem.

David Watkins, a householder in Buckinghamshire, told the BBC that his annual bill from British Gas will rise by £130 following the recent increases. Whilst he accepts that he can shop around for cheaper prices, he also points out that, following deregulation and privatisation, the industry has been left with only six suppliers, who currently govern the market. In addition, one of the biggest problems seems to be that when a customer joins a new supplier, it immediately increases its charges. This would seem to run contrary to one of the reasons for the **privatisation** of the gas industry twenty years ago.

Adapted: BBC News, October 2005

(a) What do you understand by the term *nationalisation*? [2]

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(b) Explain, with references to particular industries, the arguments in favour of *privatisation*. [6]

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Examiner only
Arholwr yn unig

(c) Discuss the view that a *monopoly*, in whatever industry, is always undesirable. [8]

Total Mark

Turn over.

Examiner only
Arholwr yn unig

3. Businesses count the cost of events beyond their control

A number of UK businesses have felt the impact of **external influences** upon their activities in 2005. British Airways' sales were badly hit by the July bombings in London, as well as by the wildcat strikes of catering workers. Matalan, the retailer, has suffered from a different problem. Analyst, John Stevenson, a broker at Share Capital, said 'We expect current trading at Matalan to have worsened, as a result of the mild weather in September and October, particularly given the trend that consumers are tending to focus on **needs** rather than **wants** at present'.

Adapted: Western Mail, 31 October 2005

(a) Explain the meaning of the terms *needs* and *wants*. [4]

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(b) Identify and explain the impact of **two** *external influences*, other than those mentioned in the text, on retailers such as Matalan. [6]

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(ii) .....

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Examiner only
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(c) Discuss the view that *not-for-profit* organisations play as important a role, in meeting the needs and wants of society, as *for-profit* organisations. [8]

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Total Mark