



**General Certificate of Education
Advanced**

324/01

**BUSINESS STUDIES
BS4**

P.M. MONDAY, 21 January 2008
(1¼ hours)

ADDITIONAL MATERIALS

In addition to this examination paper, you will need a 12 page answer book.

INSTRUCTIONS TO CANDIDATES

Answer **two** questions only.

You must **not** answer two questions from the same section.

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.

Answer **two** questions only. You must **not** answer two questions from the same section.

SECTION 1

Objectives and the Business Environment

1. (a) With the aid of examples, explain why a business might wish to takeover or merge with another. [8]
(b) “All stakeholders will benefit from a takeover or merger.” Discuss. [12]
2. (a) How would a high rate of inflation affect the business activities of an electrical retailer such as Comet? [8]
(b) “For most businesses, high interest rates are likely to be a greater evil than inflation.” Discuss. [12]

SECTION 2

Marketing

3. (a) Explain how an understanding of price elasticity of demand and income elasticity of demand might be of use to a retailer of sports equipment and clothing. [8]
(b) “Very few businesses actually take into account the theory of elasticity in making their pricing decisions, and so in reality it is of little practical value.” Evaluate this viewpoint. [12]
4. (a) Explain how a book publisher could make effective use of the marketing mix. [8]
(b) Evaluate the view that in practice the marketing mix is of more value to large businesses than small businesses. [12]

SECTION 3

Accounting and Finance

5. (a) Explain the nature and purpose of cash flow forecasts with reference to a manufacturing business. [8]
(b) “Cash flow forecasting is only useful for new businesses or those with financial problems.” Discuss. [12]
6. (a) Briefly explain the main items that you would expect to see on the balance sheet of a limited company operating fast-food outlets. [8]
(b) “Analysing the balance sheet is the best way to get a true and fair view of the value of a business.” Discuss. [12]

SECTION 4People in Organisations

7. (a) Explain, with suitable examples, the different types of leadership style. [8]
(b) “An inappropriate leadership style will always result in organisational failure.” Discuss. [12]
8. (a) Explain the nature and purpose of legislation designed to prevent various forms of discrimination in the workplace. [8]
(b) Discuss the view that legislation against discrimination in the workplace has proved to be of little real value to businesses or to individual employees. [12]

SECTION 5Operations Management

9. (a) Explain the factors that someone wishing to open a new restaurant would need to take into account when deciding where to locate the business. [8]
(b) “For many businesses, location is no longer an important factor in their success.” Evaluate this statement. [12]
10. (a) Explain how the techniques of lean production are applied in the car industry. [8]
(b) “Since all firms now use some lean production techniques, they are no longer an important factor in making a business competitive.” Evaluate this statement. [12]