

General Certificate of Secondary Education
June 2004



**BUSINESS STUDIES SPECIFICATION A
Higher Tier**

3132/H

Thursday 17 June 2004 9.00 am to 11.00 am

H

In addition to this paper you will require:

- a clean copy of the Case Study (enclosed);
- a 12-page answer book.

You may use a calculator.

Time allowed: 2 hours

Instructions

- Use blue or black ink or ball-point pen.
- Write the information required on the front of your answer book. The *Examining Body* for this paper is AQA. The *paper reference* is 3132/H.
- Answer **all** questions.
- Do all rough work in the answer book. Cross through any work you do not want marked.

Information

- The maximum mark for this paper is 105.
- Mark allocations are shown in brackets.
- You will be awarded up to 5 marks for the quality of your written communication, including spelling, punctuation and grammar.

Advice

- You are advised to spend no more than 35 minutes on **Section A**.

SECTION A

Answer **all** questions in this Section.

1**Total for this question: 12 marks**

Explain briefly the meaning of the following Business Studies terms and give an example of each. Your examples can be drawn from the Case Study or from any other source.

- (a) Public sector *(3 marks)*
- (b) Flexible working *(3 marks)*
- (c) Niche market *(3 marks)*
- (d) Subsidiary business *(3 marks)*

2**Total for this question: 6 marks**

- (a) What is a stakeholder? *(2 marks)*
- (b) Briefly explain **two** reasons why the Co-operative Bank might give money to charity. *(4 marks)*

3**Total for this question: 6 marks**

- (a) What is on-the-job training? *(2 marks)*
- (b) Briefly explain **two** reasons why a business might prefer this method when training its employees. *(4 marks)*

4**Total for this question: 6 marks**

- (a) What is meant by a competitive market? *(2 marks)*
- (b) Briefly explain **two** ways in which a competitive market can benefit consumers. *(4 marks)*

SECTION B

Answer **all** questions in this Section.

Where appropriate, use examples from the Case Study to support your answers.

5**Total for this question: 14 marks**

The Co-operative Bank tries to attract new customers and retain existing ones.

- (a) Explain **two** ways in which the Co-operative Bank might increase the number of customers that bank with smile.co.uk. *(6 marks)*
- (b) Discuss whether the Co-operative Bank should close some of its branches in remote parts of the country. *(8 marks)*

6**Total for this question: 14 marks**

The banking system relies increasingly on ICT to improve its efficiency (see page 6 of the Case Study). Removing layers of management (delaying) is another way of increasing efficiency (see page 7 of the Case Study).

- (a) Explain how the Co-operative Bank's efficiency could be improved by the use of ICT. *(6 marks)*
- (b) Discuss to what extent delaying the organisation structure would help motivate Co-operative Bank employees. *(8 marks)*

7**Total for this question: 14 marks**

Details of the Co-operative Bank's finances can be found in Table 2 on page 8 of the Case Study.

- (a)
 - (i) Calculate the percentage increase in Retained Profit between 2001 and 2002. Show your working. *(3 marks)*
 - (ii) Describe **one** factor, other than the level of Operating Profit, which can influence the amount of Retained Profit the Co-operative Bank has. *(3 marks)*
- (b) Discuss **two** ways in which the Co-operative Bank might maintain its profits if other banks entered the "ethical banking" market. *(8 marks)*

TURN OVER FOR THE NEXT QUESTION

Turn over ►

8

Total for this question: 14 marks

The section “Interest Rates” on page 6 of the Case Study looks at how the Co-operative Bank is affected by the base rate of interest. The Bank of England uses the base interest rate to control the level of inflation.

- (a) Explain **two** ways in which an increase in the rate of inflation could affect the Co-operative Bank.
(6 marks)
- (b) Discuss whether the Co-operative Bank would prefer the base interest rate to be high or low.
(8 marks)

9

Total for this question: 14 marks

The Co-operative Bank loses a lot of money each year because some of its customers (both people and businesses) do not pay back all of the money they borrow. Details of this can be found in Table 2 on page 8 of the Case Study.

Imagine you have been asked by the Bank to comment on the amount of bad debts it has. Write a report to the Managing Director to express your views.

In your report you should:

- use a suitable format;
- explain **two** or **three** methods by which the Bank could reduce its bad debts;
- discuss each of these methods;
- make a clear recommendation based on what you have written, on whether the Bank should try to reduce its bad debts.
(14 marks)

END OF QUESTIONS