

General Certificate of Secondary Education
June 2005



**BUSINESS STUDIES SPECIFICATION A
Higher Tier**

3132/H

Friday 17 June 2005 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 meanings 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) Pressure group *(3 marks)*
- (b) Loss leader *(3 marks)*
- (c) Stakeholder *(3 marks)*
- (d) Economies of scale *(3 marks)*

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

- (a) Give **two** reasons why people buy shares in businesses. *(2 marks)*
- (b) Briefly explain **two** actions that shareholders might take if they were unhappy with how their company was performing. *(4 marks)*

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

- (a) What is a franchise? *(2 marks)*
- (b) Briefly explain **two** benefits to Marks & Spencer of franchising. *(4 marks)*

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

- (a) What is meant by decentralisation? *(2 marks)*
- (b) Briefly explain **two** reasons why a business might decide to decentralise. *(4 marks)*

SECTION B

Answer **all** questions in this Section.

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

Table 4 on page 9 of the Case Study suggests that most of Marks & Spencer's customers are homeowners, female and in socio-economic groups ABC1. Pages 4 and 5 describe how Marks & Spencer has diversified from its core business of clothing retailing into new areas. These include Café Revive and the financial sector.

- (a) Explain **two** ways in which the promotion of Marks & Spencer's goods would be affected by the information in Table 4. *(6 marks)*
- (b) Discuss whether Marks & Spencer was wise to diversify into new areas of business. *(8 marks)*

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

Marks & Spencer's three principles can be found in Table 3 on page 7 of the Case Study.

- (a) Explain **two** reasons why it is important that Marks & Spencer creates a good working environment for its staff. *(6 marks)*
- (b) Discuss whether, in times of low profitability, Marks & Spencer should consider looking for cheaper suppliers of the products it sells. *(8 marks)*

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

Details of Marks & Spencer's finances can be found in Tables 1 and 2 on page 6 of the Case Study.

- (a)
 - (i) From the information in the tables, calculate Marks & Spencer's current ratio for 2004. *(3 marks)*
 - (ii) Explain **one** difficulty which Marks & Spencer might face if it had a very low current ratio. *(3 marks)*
- (b) Discuss whether Marks & Spencer should have paid a higher dividend to its shareholders. *(8 marks)*

TURN OVER FOR THE NEXT QUESTION

Turn over ►

8

Total for this question: 14 marks

On page 5 of the Case Study, we are told that Marks & Spencer is affected by the state of the economy and by interest rates.

- (a) Explain **two** ways in which Marks & Spencer might respond to a downturn in the economy. *(6 marks)*
- (b) Discuss whether the rate of interest is the most important factor in determining Marks & Spencer's profits. *(8 marks)*

9

Total for this question: 14 marks

Most of Marks & Spencer's customers are over 30 years old. Imagine that the Board of Directors is considering whether it should try to attract more young people.

Write a report to Marks & Spencer's Board of Directors. In your report, you should:

- Identify points for and against attempting to attract more young customers
- Discuss these points, using business ideas and terms whenever you can
- Reach a clear recommendation, based on the points you have raised. *(14 marks)*

END OF QUESTIONS