

Candidate Name	Centre Number	Candidate Number



OXFORD CAMBRIDGE AND RSA EXAMINATIONS
General Certificate of Secondary Education

BUSINESS STUDIES B (1952)
BUSINESS ORGANISATION
FOUNDATION TIER

2321/1

Tuesday **21 JUNE 2005** Afternoon 1 hour 15 minutes

No additional materials are required.
Candidates answer on the question paper.

TIME 1 hour 15 minutes

INSTRUCTIONS TO CANDIDATES

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

Answer **all** questions.

Write your answers in the spaces provided on the question paper.

The spaces should be sufficient for your answers but if you require more space use the lined pages at the end of the booklet and number your answers carefully.

INFORMATION FOR CANDIDATES

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 60.

The quality of your written communication will be taken into account when marking your answer to the question marked with an asterisk (*).

FOR EXAMINER'S USE	
Question 1	
Question 2	
Question 3	
Question 4	
TOTAL	

This question paper consists of 9 printed pages and 3 lined pages.

1 M J Bushnell Ltd is a leading soft drinks manufacturer. It operates in the private sector.

(a) What is meant by the private sector?

In Fig. 1 below, put a tick in the correct box.

The private sector:	Put a tick in the correct box
refers only to non-profit making organisations	
is the same as private limited companies	
includes all organisations owned by individuals	

Fig. 1 [1]

(b) Mark Bushnell, Managing Director, has recently appointed Joanna Jones as Marketing Manager.

(i) State and explain **one** task that Joanna might carry out in her role as **manager** of the marketing department.

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.....[2]

(ii) An organisation chart shows the relationship between the Managing Director and all the staff.

Explain the relationship between the Managing Director and the Marketing Manager in a typical business.

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.....[2]

(c) Mark and Joanna have offices next to each other. They either talk face-to-face or they e-mail each other.

(i) State and explain **one** advantage to Mark and Joanna of face-to-face communication.

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.....[2]

(ii) State and explain **one** advantage to Mark and Joanna of using e-mail communication.

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.....[2]

(d) Mark has asked Joanna to look at the pricing policy used by M J Bushnell Ltd and to recommend which pricing method it should use for its soft drinks.

(i) Explain **two** suitable methods of setting prices for M J Bushnell's soft drinks.

1. Method

Explanation

.....
.....

2. Method

Explanation

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.....[4]

*(ii) Recommend which of these methods M J Bushnell Ltd should use. Give reasons for your recommendation.

Recommendation

Reasons

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.....[5+2]

[Total : 20] QWC

2 Newsound plc is a new small company producing sound systems including amplifiers and speakers. It has hired Sara Quinlan, a business consultant, for advice.

(a) Sara has identified survival and growth as the two main business objectives for Newsound plc.

(i) What is meant by 'survival' as a business objective?

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.....[1]

(ii) Why would survival be a sensible objective for Newsound plc?

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.....[1]

(iii) What is meant by 'growth' as a business objective?

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.....[1]

(iv) Why would growth be a suitable objective for Newsound plc?

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.....[1]

(b) Sara has suggested that Newsound plc should adopt a Just in Time [JIT] method of stock control.

(i) Explain why a business, such as Newsound plc, needs to control its stock.

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.....[2]

(ii) Explain what is meant by a Just in Time method of stock control.

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.....[2]

(c) Newsound plc uses batch production methods to produce its sound systems.

(i) In Fig. 2 below, put a tick against the **two** statements that are advantages of batch production.

Statement	Put a tick against the two correct statements
1 Allows firms to produce individual goods	
2 Continuous production of goods takes place	
3 Goods can be made in different colours/styles	
4 Large amounts of different goods can be made	

Fig. 2 [2]

(ii) Explain why **one** of the statements you ticked above would be an advantage for Newsound plc.

Statement

Explanation

.....

.....[2]

(d) Businesses need to make sure their workers are well trained.

Choose a business you have studied.

Name of business

(i) Explain **one** method it uses to train its workers.

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(ii) Discuss whether this is a good method of training the workers in your chosen business.

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[Total : 18]

- 3 Richard Taylor is the Treasurer of the AEBE, an educational charity. He has drawn up its budget for the coming financial year. This is shown in Fig. 3.

Budget for September 2005 to August 2006	
Income	£
Membership subscriptions	80 000
Sales of, and advertising in, the AEBE magazine	20 000
Income from conferences	25 000
Other income	5 000
<i>TOTAL INCOME</i>	<u>130 000</u>
Expenditure	£
Cost of running the office and staff salaries	60 000
Cost of providing services to members	30 000
Production costs of the AEBE magazine	30 000
Other costs	10 000
<i>TOTAL EXPENDITURE</i>	<input type="text"/>
Surplus/deficit	<input type="text"/>

Fig. 3

- (a) Explain **one** reason why organisations draw up a budget each year.

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[2]

- (b) (i) Using Fig. 3, calculate the value of total expenditure. Show your working.

.....
[2]

- (ii) Using Fig. 3, calculate the value of the surplus/deficit. Show your working.

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[1]

(c) Richard has been told that expenditure on 'services to members' needs to be increased to £40 000.

Discuss whether he should increase income or decrease other items of expenditure in order to pay for this extra expenditure.

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[Total : 11]

4 Mary Richardson is the Managing Director of Richardson's Biscuits Ltd. She has decided to introduce a system of Total Quality Management (TQM) in order to help motivate the workers.

(a) As part of TQM, Mary is setting up quality circles.

In Fig. 4 below, place a tick in the box next to the **one** statement that best describes quality circles.

Statement	Tick the box next to the statement that best describes quality circles
Workers in a department meet outside of work to socialise.	
All workers and all shareholders meet to discuss how to improve quality.	
A small group of workers meet regularly to discuss how to improve quality.	

Fig. 4 [1]

(b) Businesses use a number of methods to improve the motivation of the workforce.

Choose a business you have studied.

Name of business

(i) Explain **two** methods it does use **or** could use to motivate its workforce.

1

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2

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.....[4]

- (ii)** Recommend which of these methods is likely to be more successful.
Give reasons for your recommendation.

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.....[6]

[Total : 11]

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