

Candidate Name

Centre Number

Candidate
Number

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OXFORD CAMBRIDGE AND RSA EXAMINATIONS**General Certificate of Secondary Education****BUSINESS STUDIES B (1952)****2323/1****BUSINESS IN ITS ENVIRONMENT****FOUNDATION TIER**

Thursday

19 MAY 2005

Afternoon

1 hour 15 minutes

Additional materials:

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 in marking your answer to the question labelled with an asterisk (*).

FOR EXAMINER'S USE	
Question 1	
Question 2	
TOTAL	

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

Question 1

- (a) The swimming pool operated by Lakeside District Council is an example of a public enterprise.
- (i) Fig. 1 below shows some of the objectives of public and private enterprises. Which **three** objectives are **most** likely to apply to the Council's swimming pool?

Objectives	Tick three objectives most likely to apply to the Council's swimming pool
To earn a profit for shareholders	
To provide a service for the local community rather than a profit	
To protect local jobs	
To grow and gain economies of scale	
To expand into other parts of the country	
To keep prices low for people with low incomes	

Fig. 1

[3]

- (ii) In addition to a swimming pool, Lakeside District Council provides a range of other public services.

Other than a swimming pool, identify **two** examples of public services provided by **a council** in your local area.

1

2[2]

- (b) Lakeside District Council wants to recruit a new receptionist for the swimming pool. Explain **one** way in which the Council would be affected by the law when advertising this job vacancy.

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.....[2]

(c) Lakeside District Council has just finished a review of its staffing. The Council has decided to introduce **teleworking**.

State whether each of the following is **true** or **false**.

(i) Teleworking can allow some workers to work at home.

True/False.....[1]

(ii) Teleworking can reduce face-to-face contact with customers.

True/False.....[1]

(iii) Teleworking means work can be moved to cheaper premises.

True/False.....[1]

(d) Lakeside District Council has to work with a number of pressure groups, including trade unions.

(i) Fig. 2 below shows some activities of pressure groups. Tick the **two** boxes that show examples of **trade union** activities.

Pressure group activities	Tick if trade union activities
Fighting for animal rights	
Protecting the environment	
Pay bargaining	
Protecting historic buildings	
Improving working conditions	

Fig. 2

[2]

(ii) A trade union representing some council workers is worried about the introduction of teleworking. In a letter to Lakeside District Council the trade union has threatened to organise a strike.

Below are some examples of the possible costs of a strike. Which are likely to be costs to an organisation and which are likely to be costs to its workers? Tick the appropriate boxes in Fig. 3 below to give your answers. The first one has been done for you.

Costs of a strike	To an organisation (✓)	To the workers (✓)
<i>Cash flow problems</i>	✓	
Threat of job losses		
Loss of customer satisfaction		
Loss of output		
Loss of pay		

Fig. 3

[4]

(iii) State and explain **one** way in which Lakeside District Council, as the employer, and the trade union could work together to prevent the strike.

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Question 2

Luxury Cards plc is a large-scale manufacturer of high quality expensive cards for birthdays and other occasions.

(a) The Finance Director of Luxury Cards plc is very worried because last year the company made a loss. He is also worried because in this year's Budget, the following taxes were increased.

- Income Tax was increased for those on low incomes.
- Value Added Tax (VAT) was increased on all products.
- Corporation Tax was increased on company profits.

Considering all three taxes, which increase is likely to have the biggest effect on Luxury Cards plc? Give reasons for your answer.

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(c) Luxury Cards plc is considering using recycled materials in its cards. This may improve its image as an environmentally friendly manufacturer. Before making a decision, Luxury Cards plc must consider the following.

- Cost
- Quality
- Environmental image

Should Luxury Cards plc use recycled materials in its cards? Give reasons for your answer.

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(d) Luxury Cards plc is affected by the exchange rate.

Luxury Cards plc imports ink from America to manufacture cards. One delivery of ink costs US\$1520 to buy. The exchange rate is £1.00 = US\$1.60.

Calculate the price of **one** delivery of ink in pounds (£). Show your working.

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(e) Explain **one** benefit to Luxury Cards plc of a falling value of the pound (£).

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.....[3]

(f) Luxury Cards plc sells its cards in the UK and in the rest of the European Union.

The European Union has increased in size as new countries have become member states.

(i) Explain **one** opportunity to Luxury Cards plc as a result of the increase in the number of member states of the European Union.

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.....[2]

(ii) Explain **one** threat to Luxury Cards plc as a result of the increase in the number of member states of the European Union.

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A series of horizontal dotted lines spanning the width of the page, intended for handwritten notes or answers.

