

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**

Friday

26 MAY 2006

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

Xanadu Boats Ltd (XBL) builds luxury speedboats in a competitive global market.

(a) Explain whether XBL operates in the private or public sector.

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.....[2]

(b) Explain what is meant by a global market.

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.....[2]

(c) The Finance Manager of XBL is worried that the Bank of England might change interest rates. It is also possible that the government might change the rate of income tax in its Budget.

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

(i) Lower interest rates reduce the cost of borrowing money to buy a luxury speedboat.

True/False[1]

(ii) Increasing the rate of income tax leaves employees with less income to spend.

True/False[1]

(d) Due to fears that inflation is rising, interest rates are expected to increase.

Other than controlling inflation, state **one** government economic objective.

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.....[1]

- (f) Last month XBL dismissed an employee. However, the employee thinks that she was unfairly dismissed.

Below are some reasons for dismissing an employee. Which are likely to be fair and which are likely to be unfair? Tick the appropriate boxes in Fig. 1 below to give your answers. The first one has been done for you.

Reason for dismissal	Fair (✓)	Unfair (✓)
<i>Raising a health and safety concern with the management</i>		✓
Being a member of a trade union		
Being incapable of doing the job		
Stealing company property		
Taking maternity leave		

[4]

Fig. 1

- (g) Recently XBL has received a number of complaints from male employees that they are not allowed time off work when their wife or partner has a baby.

A meeting was held between managers and employees to discuss the complaints. The following points were made:

The Human Resources Manager said:
"Male staff will be happier and more loyal to the business."

A female employee said:
"Why should men be given any more time off?"

The General Manager said:
"This will increase our costs and mean that we will be short of staff."

A male employee said:
"Men should have the same rights as women."

Using the information provided above, advise XBL whether or not it should allow male employees time off work when their wife or partner has a baby.

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- (h) Changes in a local economy will often affect the number and type of workers available to a business.

Identify and explain **two** ways in which a local firm or organisation you have studied has been affected by changes in the local economy.

Name of firm or organisation

1

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.....[4]

Question 2

Temple Caravan Park (TCP) was a dairy farm. Last year, due to changes in European Union (EU) farming policy, the owners decided to stop milk production and use the land as a caravan park.

- (a) (i) Below are some examples of the financial effects of the change in business activity at TCP. Which effects are likely to be costs and which are likely to be benefits to TCP? Tick the appropriate boxes in Fig. 2 below to give your answers. The first one has been done for you.

Effect	Amount	Cost (✓)	Benefit (✓)
<i>Receipts from sale of dairy cows</i>	<i>£40,000</i>		✓
Sales turnover from the caravan park	£140,000		
Loss of previous sales turnover from the sale of milk	£80,000		
Building of facilities for caravan park	£40,000		
Capital from sale of milking equipment	£30,000		

[4]

Fig. 2

(ii) In addition to all of the effects shown in Fig. 2, the owners had to pay £50,000 to set up a shop at the caravan park.

Was it a good idea to change TCP from a dairy farm to a caravan park? Using the information provided in Fig. 2 and any other relevant factors, give reasons for your answer.

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(b) The caravan park sales office is only open for bookings on weekday mornings between April and October. The owners of TCP are considering whether or not to introduce e-commerce in order to increase bookings.

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

(i) E-commerce involves sending out advertisements by post.
True/False [1]

(ii) E-commerce means TCP can only sell in a local market.
True/False [1]

- (d) After much discussion, TCP decided to introduce e-commerce. It increased its sales turnover from £140,000 per year to £168,000 per year.

Calculate the **percentage increase** in TCP's yearly sales turnover. Show your working.

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.....[2]

- (e) The owners of TCP have met with a pressure group. This group has the objective of making the caravan park more environmentally friendly.

- (i) State and explain **one** social benefit of TCP becoming a more environmentally friendly caravan park.

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.....[3]

- (ii) Identify a pressure group that you have studied. Explain **one** of its objectives.

Name of pressure group

Objective

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.....[3]

If you use the following lined pages to complete the answer to any question, the question number **must** be clearly shown.

A series of horizontal dotted lines spanning the width of the page, intended for writing an answer.

