

GCSE (FOUNDATION TIER) BUSINESS STUDIES B

Business Organisation

TUESDAY 19 JUNE 2007

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



Afternoon

Time: 1 hour 15 minutes



Candidate Name							
Centre Number				Candidate Number			

INSTRUCTIONS TO CANDIDATES

- Write your name, Centre Number and Candidate number in the boxes above.
- Answer all the questions.
- Use blue or black ink. Pencil may be used for graphs and diagrams only.
- Read each question carefully and make sure you know what you have to do before starting your answer.
- The spaces should be sufficient for your answers but it you require more space use the lined page at the
 end of the booklet and number your answers carefully.
- Do **not** write in the bar code.
- Do not write outside the box bordering each page.

INFORMATION FOR CANDIDATES

- The number of marks for each question 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 answers to questions labelled with an asterisk (*).
- You may use an approved calculator.

FOR EXAMI	NER'S USE
Question 1	
Question 2	
Question 3	
Question 4	
Total	

This document consists of 10 printed pages, 1 blank page and 1 lined page.

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[Turn over

		oldings plc specialises in supplying products to the building industry. At present it does not e consumer market.
(a)	Sta	te whether each of the following is true or false.
	(i)	The consumer market is where firms sell goods to the final user.
		True/False[1]
	(ii)	The industrial market is where firms sell goods to other firms.
		True/False[1]
(b)		Wang is the Marketing Manager. Explain two ways in which Lu might advertise Wang dings plc's products to the building industry .
	1	
	2	
		[4]
(c)		ng Holdings plc is opening a number of builders merchant stores. Lu is considering rating these as a franchise.
	(i)	Franchising involves a large business, such as Wang Holdings plc, allowing a small business to use its name and logo in return for payment.
		State one advantage to the smaller business of being a franchisee.
		[1]
	(ii)	Name a franchise business which you have studied.
		Other than advertising, explain one way in which your chosen business promotes itself.
		[2]

(d)		ng Holdings plc has decided to run the builders merchant stores itself, rather than as a achise. Lu is considering doing some market research before opening the outlets.
	(i)	Explain one method of market research Lu could use.
		[2]
1	'(ii)	Discuss whether or not Lu should undertake some market research before Wang Holdings plc opens the builders merchant stores.
		[6+2]
		[Total: 19]

2	Jam	nes S	Shaw is the Production Manager of Gift Deco Ltd.			
	(a)	Sta	te one advantage of a limited (Ltd) company.			
				[1]		
	(b)	Gift	Deco Ltd sells 70% of its production to four large retailers.			
			at percentage of its production does Gift Deco Ltd sell to retailers r large retailers?	who are not one of the		
				[1]		
	(c)	Gift	Deco Ltd uses a batch production system.			
		(i)	In Fig. 1 below, put a tick against the statement that describes ba	tch production.		
			Statement	Tick if it describes batch production		
The firm is able to produce individual items for each buyer.						
The	e firm is able to produce its products continuously.					
The	e firr	n is	able to produce large quantities of different products.			
			Fig. 1	[1]		
		(ii)	Gift Deco Ltd produces party decorations in many colours and strange retailers who specify their own requirements.	yles. 70% is sold to four		
			Explain why batch production would be suitable for Gift Deco Ltd			
				[4]		

(d) James has produced a stock control chart for the year 2006, shown in Fig. 2 below.

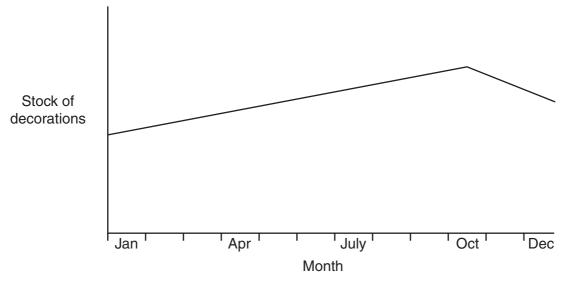


Fig. 2

(i)	Explain one reason why the stock control position shown in Fig. 2 might cause problems for James.
	[2]
(ii)	Gift Deco Ltd receives 60% of its revenue in the months of December and January Explain one problem this might cause the business.
	[2]

(iii)	Discuss how Gift Deco Ltd might best solve the problems identified in parts d(i) and (ii) .
	[6]
	[Total: 17]

TURN OVER FOR QUESTION 3.

3 Andy Wilson is the Finance Director of Packaway plc, a cardboard box manufacturing company. He has drawn up the 2006 profit and loss account. This is shown in Fig. 3 below.

Profit and Loss Account of Packaway plc	£
Turnover	5000000
Cost of sales	3600000
Gross Profit	1 400 000
Overheads	800 000
Interest payments	100 000
Net Profit	500 000

Fig. 3

(a)	If ov	rerheads increased by 10%, calculate the new net profit. Show your working.
		[3]
(b)		y has decided he should use the net profit to either pay shareholders a dividend or to all a CAD/CAM system.
	(i)	Explain why Andy might decide to pay the shareholders a dividend.
		[2]
	(ii)	Explain why Andy might decide to install a new CAD/CAM system.
		[0]

Andy decides to use the net profit to pay the shareholders a dividend. He also wants to install a new CAD/CAM system and must decide how to pay for it.

(c)	Advise Andy whether issuing new shares would be a better way to pay for the new CAD/CAM system than taking out a loan.
	[4]
	[Total: 11]

		ghes is the new Managing Director of H & S plc. He is concerned that some stakeholders plaining about a lack of good communication from the business.
(a)	(i)	State one possible external stakeholder of H & S plc.
		[1]
	(ii)	State one possible internal stakeholder of H & S plc.
		[1]
(b)		te one method by which Mark could communicate with the external stakeholders. Explain this method would be appropriate.
		[3]
(c)	Maı	k considers good communication to be a way of motivating the employees of H & S plc.
	Cho	oose a business you have studied.
	Nar	ne of business
	(i)	State two ways in which your chosen business communicates with its employees.
		1
		2[2]

	• • • • • • • • • • • • • • • • • • • •
(ii)	Discuss whether or not these methods are likely to motivate employees.
	[6]
	[Total: 13]

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