

GCSE (FOUNDATION TIER)
BUSINESS STUDIES B
 Business Organisation
TUESDAY 19 JUNE 2007

F **2321/1**

Afternoon

Time: 1 hour 15 minutes

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



Candidate
 Name

Centre
 Number

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Candidate
 Number

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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 if 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 EXAMINER'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.

1 Wang Holdings plc specialises in supplying products to the building industry. At present it does not sell to the consumer market.

(a) State 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) Lu Wang is the Marketing Manager. Explain **two** ways in which Lu might advertise Wang Holdings plc's products to the **building industry**.

1

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..... [4]

(c) Wang Holdings plc is opening a number of builders merchant stores. Lu is considering operating 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.

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..... [1]

(ii) Name a **franchise** business which you have studied.

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Other than advertising, explain **one** way in which your chosen business promotes itself.

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..... [2]

(d) Wang Holdings plc has decided to run the builders merchant stores itself, rather than as a franchise. Lu is considering doing some market research before opening the outlets.

(i) Explain **one** method of market research Lu could use.

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..... [2]

*(ii) Discuss whether or not Lu should undertake some market research before Wang Holdings plc opens the builders merchant stores.

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..... [6+2]

[Total: 19]

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

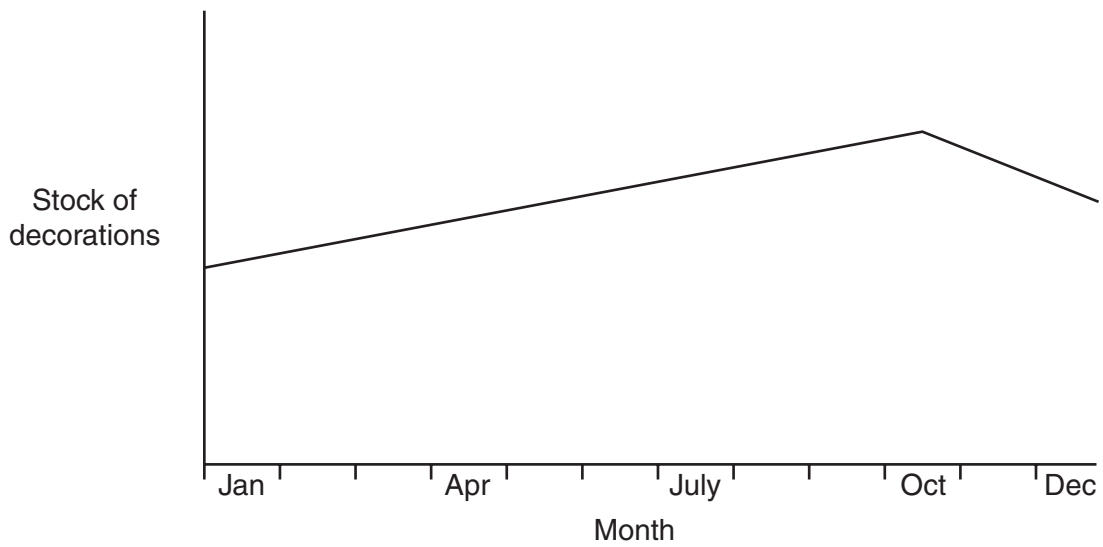


Fig. 2

(i) Explain **one** reason why the stock control position shown in Fig. 2 might cause problems for James.

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..... [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.

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..... [2]

(iii) Discuss how Gift Deco Ltd might **best** solve the problems identified in parts **d(i)** and **(ii)**.

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..... [6]

[Total: 17]

7
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TURN OVER FOR QUESTION 3.

[Turn over

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	5 000 000
Cost of sales	3 600 000
Gross Profit	<u>1 400 000</u>
Overheads	800 000
Interest payments	100 000
Net Profit	<u>500 000</u>

Fig. 3

(a) If overheads increased by 10%, calculate the new net profit. Show your working.

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..... [3]

(b) Andy has decided he should use the net profit to either pay shareholders a dividend or to install a CAD/CAM system.

(i) Explain why Andy might decide to pay the shareholders a dividend.

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(ii) Explain why Andy might decide to install a new CAD/CAM system.

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..... [2]

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.

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..... [4]

[Total: 11]

4 Mark Hughes is the new Managing Director of H & S plc. He is concerned that some stakeholders are complaining 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) State **one** method by which Mark could communicate with the **external** stakeholders. Explain why this method would be appropriate.

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..... [3]

(c) Mark considers good communication to be a way of motivating the employees of H & S plc.

Choose a business you have studied.

Name of business

(i) State **two** ways in which your chosen business communicates with its employees.

1
2 [2]

