

GCSE (FOUNDATION TIER) BUSINESS STUDIES B (1952)

Business in its Environment

FRIDAY 25 MAY 2007

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



Time: 1 hour 15 minutes





Candidate Name				
Centre Number		Candid Numbe		

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 pages 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 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 labelled with an asterisk (*).
- You may use an approved calculator.

FOR EXAMINER'S USE		
Question 1		
Question 2		
Total		

This document consists of 10 printed pages and 2 lined pages.

Question 1

mpa	any operates out of airports in the north of England, which are all owned by local counci
	A map has been removed due to third party copyright restrictions
C	Details: A map of Europe with arrows coming from the north of England going to several European countries

(a) DAL is a private enterprise and the airports are public enterprises.

Below are some features of enterprises. Which are likely to be features of private enterprises and which are likely to be features of public enterprises? Tick the appropriate boxes in Fig. 1 to give your answers. The first one has been done for you.

Feature	Private (✓)	Public (√)
In business to make profits	✓	
Owned by the state		
Pays dividends to investors		
Reports to shareholders at the Annual General Meeting		
Sole traders have unlimited liability		

Fig. 1

[4]

(b)	There are advantages and disadvantages to DAL of operating from council-owned airpor		
	(i)	Explain why operating from council-owned airports may produce lower costs for DAL.	
		[2	
	(ii)	Explain why council-owned airports may have out-of-date buildings and facilities.	

(c) DAL is worried because unemployment in the north of England is expected to rise during the next two years.

Fig. 2 below shows some effects of higher unemployment. Tick the **two** boxes that show why DAL is worried.

Effects	Tick (√)
Taxation revenue will fall	
Consumers will spend less	
New car sales will fall	
Fewer holidays will be taken abroad	

Fig. 2	[2]

)		local council that owns one of the airports used by DAL has not been allowed to build a longer runway because of concerns for the environment.
	(i)	State two possible examples of environmental damage caused by building a new longer runway.
		Example 1
		Example 2 [2]
	(ii)	The state has a responsibility to protect the environment.
		Apart from not allowing the building of a new runway, explain two other methods by which the state could try to reduce the damage to the environment caused by airlines such as DAL.
		Method 1
		Method 2

*(e)	Before boarding their flight, passengers must check in with DAL. This means that passengers
	must show their tickets and passports, as well as check in any luggage. DAL wants to introduce
	a new computer system to speed up check-in services for flights.

DAL has done some market research to find out the views of its customers on this issue. The main results were:

How do you rate services?	our present check-in
Very slow Slow	5% 15%
About right	80%

Would you pay more for faster		
computerised check-in services?		

Yes	22%
No	78%

Would you like to see more check-in staff?						
Yes	75%					
No	25%					

Average check-in times of competitors

Europa Airlines 15 minutes
Brit Flights 14 minutes
DAL 18 minutes

Using the information provided above, advise DAL whether or not it should introduce the new computer system to speed up check-in services for flights. Give reasons for your advice.

(†)	redi	trade union that represents the check-in staff is worried that some workers will be made undant if a new computer system is introduced. The union has stated that it is considering istrial action.
		te and explain one method by which a conflict between DAL and its workers might be ided.
		[2]
(g)	The	law offers protection to workers in the event of redundancies.
	Sta	te whether each of the following is true or false.
	(i)	Employers must give warnings of possible redundancies to workers.
		True/False[1]
	(ii)	Redundant workers are not entitled to compensation.
		True/False[1]
	(iii)	Workers cannot claim unfair dismissal if they are made redundant.
		True/False[1]

Question 2

John Finch owns The Corner Store and operates it as a sole trader. It competes in a local market with other small stores and three national supermarkets.

(a)	competition.						
	Name of firm or organisation						
		[2]					
(b)	Six months ago John borrowed £24,000 from his bank to improve the delivery and stora area of The Corner Store. The loan is for two years with a fixed rate of interest of 6% per years month, his bank has just lowered its rate of interest on loans to 4%.						
	Evaluate John's decision to borrow at a fixed rate of interest of 6% per year.						
		[9]					

(c) John has been thinking about changing the pattern of employment within his business over the next two years.

Today: The Corner Store

Opens 6 days a week.
Opens for 8 hours a day.
Has a total wage bill of £600 a week.

Pattern of Employment: 3 full-time employees.

In two year's time: The Corner Store is planned to

Open 7 days a week.

Open for 15 hours a day.

Pay a total wage bill of £1,520 a week.

Pattern of Employment:
1 full-time and 10 part-time employees.

Using all of changes to recommenda	the pattern	ion provided, of employ			•
					[6]

(d) John wants to reduce some of the other costs of his business. However, over the past two years the cost of managing the waste from The Corner Store has increased significantly. This is because of the increasing amount of packaging that John must dispose of every day.

After talking to other local business owners, John is considering two options.

1.	Selling the	waste	packaging	to a	recyclina	company.
			1		,- 3	/

2.	Buying more	containers and	leaving th	e waste to	o be col	llected by	the	local	council	١.
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Using the information provided and any other relevant factors, advise John which option would be best for his business. Give reasons for your advice.
[-1]

(e)	local schools and lowered sweet prices. Since then John has received ten complaints from parents that he is acting unethically.
	Identify two reasons why John's decision to sell more sweets to young children is considered to be unethical.
	1
	2 [2]
(f)	While John is worried about his business, he was pleased that the government decreased some taxes in the last Budget.
	Name two UK taxes.
	1
	2 [2]
	Total mark: 28

must be clearly shown.

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