

**GENERAL CERTIFICATE OF SECONDARY EDUCATION  
 BUSINESS STUDIES B**

**2321/01**

Business Organisation (Foundation Tier)

**MONDAY 16 JUNE 2008**

Afternoon  
 Time: 1 hour 15 minutes

Candidates answer on the question paper  
**Additional materials (enclosed):** None

**Additional materials (required):**  
 Calculators may be used



\* G U P / T 5 5 6 0 4 \*

Candidate Forename

Candidate Surname

Centre Number

Candidate Number

**INSTRUCTIONS TO CANDIDATES**

- Write your name in capital letters, your Centre Number and Candidate Number in the boxes above.
- Use blue or black ink. Pencil may be used for graphs and diagrams only.
- Read each question carefully and make sure that you know what you have to do before starting your answer.
- Answer **all** the questions.
- Do **not** write in the bar codes.
- Write your answer to each question in the space provided.
- 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.

**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 (\*).

FOR EXAMINER'S USE	
1	
2	
3	
4	
<b>TOTAL</b>	

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

1 Goudge Animal Services is a successful partnership between two vets. The two partners are Andrew and Angela.

(a) In Fig. 1 below, tick the box that states an advantage of the partnership.

Advantage of the partnership	Tick if it is an advantage
The partners are able to pay dividends to shareholders	
The partners are not liable for the debts of the business	
The partners may have different areas of expertise	

[1]

Fig. 1

(b) Andrew and Angela are looking at ways to measure the success of their business.

(i) State **two** ways in which a business might measure its success.

1 .....

2 ..... [2]

(ii) Choose **one** of the ways given in **b(i)**. Explain whether it would be a useful measure for Goudge Animal Services.

Measure of success .....

Explanation .....

..... [2]

(c) Andrew has recently prepared the business accounts. He is concerned by the rise in the costs of paying for the buildings.

(i) State whether the costs of paying for the buildings are fixed or variable costs.

..... [1]

(ii) Explain to Andrew **one** possible solution to the rise in the costs of paying for the buildings.

.....

..... [2]

(d) Angela has recently done the monthly stock take for animal medicines, shown in Fig. 2 below.

Type of stock	Maximum stock level	Level of stock, in units, at the end of each month.		
		Month 1	Month 2	Month 3
Vaccinations	30	25	48	12
Pills	120	125	110	84
Other medicines	100	100	92	94
Total	250	250	250	190

Fig. 2

(i) Calculate the number of units of vaccinations that Angela needs to order at the end of Month 3 in order to meet the maximum stock level.

.....

.....

..... [2]

(ii) Angela uses a Just in Case stock control method. She is thinking of changing to a Just in Time method. Advise Angela which stock control method she should use for the animal medicines.

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..... [5]

(e) Andrew and Angela would like to expand Goudge Animal Services.  
Recommend to Andrew and Angela the **best** way to expand their business.

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..... [6]

[Total: 21]

5  
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TURN OVER FOR QUESTION 2.

2 Margaret Richter is the new Director of Lakes Arts, an educational charity.

(a) Charities differ from other business organisations. Complete the sentence that follows by correctly using **two** of the words or phrases below.

**non-profit      profit and loss      objectives      shareholders' aims**

A charity differs from other business organisations because it is a ..... making organisation. Any surplus it makes must be used to further its ..... [2]

(b) Lakes Arts arranges for artists to work with children in local schools. Margaret is concerned about the lack of induction training that has been provided to the artists by Lakes Arts.

(i) Explain what is meant by induction training.

.....  
.....  
..... [2]

(ii) Explain **one** reason why Lakes Arts should provide induction training to the artists.

.....  
.....  
..... [2]

(c) Margaret must decide how best to provide induction training for the artists. As an experienced teacher, she could train the artists herself. Explain **one** advantage and **one** disadvantage to Lakes Arts of Margaret carrying out the training herself.

Advantage .....

Disadvantage .....



3 Melody Chan is the Sales Manager of Parker Packaging plc.

(a) In Fig. 3 below, tick the **two** boxes that describe features of public limited companies (plc).

Features of public limited companies	Tick if it is a feature
Large amounts of finance are fairly easy to raise	
Managers are always directors	
Ownership and control are often separate	
Shareholders always receive a dividend	

[2]

Fig. 3

(b) Parker Packaging plc sells most of its packaging direct to four large supermarket chains.

State and explain **two** advantages to Parker Packaging plc of selling to four large supermarket chains.

1 .....

.....

.....

.....

2 .....

.....

.....

..... [4]



(c) Melody is looking at how Parker Packaging plc could increase its sales.

Choose a business you have studied.

Discuss whether your **chosen business** would benefit most by:

**EITHER** spending more on promotion

**OR** by improving the quality of its goods or services.

Name of business .....

.....

.....

.....

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..... [6]

[Total: 12]

4 James Williamson is the Managing Director of Lonsdale Furniture Ltd. The business has recently started to make and sell a new range of kitchen furniture.

(a) Lonsdale Furniture Ltd uses job production.

What is meant by job production?

.....  
..... [1]

(b) James has used a break-even chart to show that the business needs to increase output and sales so that the new range does not make a loss.

Complete the following sentence to define the break-even point.

The break-even point is where the total ..... of a business equals its

total ..... [2]

(c) James intends to break-even this year. He has decided not to increase production but he has identified two other possible solutions to the problem of breaking-even.

- Increase the selling price of kitchen furniture.
- Reduce the costs of producing the kitchen furniture.

Recommend to James which of these possible solutions would be best in order to break-even. Justify your answer.

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[Total: 9]



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