

**GENERAL CERTIFICATE OF SECONDARY EDUCATION
 BUSINESS STUDIES B (1952)**

2323/01

Business in its Environment (Foundation Tier)

FRIDAY 23 MAY 2008

Morning
 Time: 1 hour 15 minutes

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

Additional materials (required):
 Calculators may be used



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.
- Additional answer space is available on the lined page at the back of this booklet. Answers on this page **must** be clearly numbered.

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 (*).

FOR EXAMINER'S USE	
1	
2	
TOTAL	

This document consists of **11** printed pages and **1** lined page.

Question 1

Buchanan Scents Ltd (BSL) produces perfumes. 20% of the company’s perfumes are sold in the UK and 80% are exported to the rest of the world.

(a) Which of the following terms best describes the market in which BSL operates? Circle your answer.

Global market **Local market** **Regional market** [1]

(b) A business such as BSL can have a major effect on the area in which it is located. Fig. 1 below shows part of an article which appeared recently in a local newspaper.

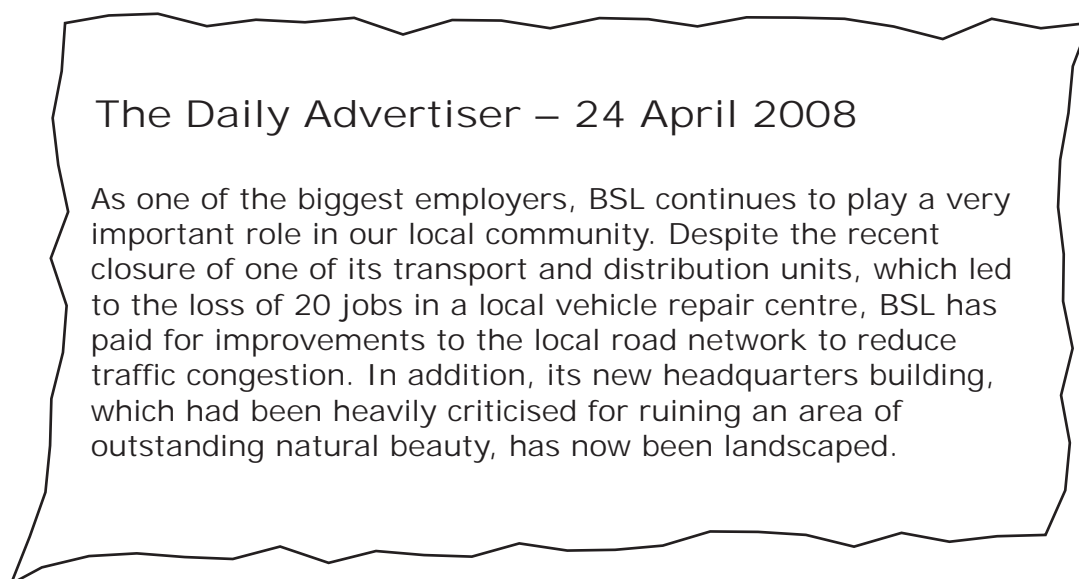


Fig. 1

Using Fig. 1:

(i) identify **two** social benefits created by BSL;

1

2[2]

(ii) identify **two** social costs created by BSL.

1

2[2]

(c) BSL has a responsibility to protect the environment.

Identify and explain **two** ways in which a local firm or organisation you have studied has protected the environment.

Name of firm or organisation

1

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2

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.....[4]

(d) Perfumes have to be tested before they can be declared as safe to be sold to customers.

(i) Some of BSL's perfumes are tested on animals.

Explain why testing perfumes on animals may be considered to be unethical behaviour.

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.....[2]

*(ii) BSL has been facing increased demands to stop testing its perfumes on animals. Recently, BSL paid for an advertisement in a national newspaper to present its views. The main points are summarised in Fig. 2 below.

Main points from BSL's newspaper advertisement

If manufacture of the perfumes which are tested on animals was stopped:

- 150 full time jobs would be lost.
- BSL would lose £8 million of sales revenue.
- Profits would fall by an estimated £2 million.
- The value of the company might fall.
- Consumers would no longer be able to purchase perfumes that they value.
- Foreign firms would replace our perfumes with their own (many of which are also tested on animals).

Fig. 2

Some pressure groups have suggested that stopping production of perfumes tested on animals would improve BSL's image and increase the company's sales and profits.

Discuss the suggestion made by the pressure groups and advise BSL whether or not it should continue to produce perfumes tested on animals.

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[9+2]



QWC

(e) Exporting firms are affected by the value of the exchange rate.

Fig. 3 below contains a list of some of BSL's perfumes and prices.

Perfume	Price per bottle (£)
Cosmos	38
Lavish	41
Delight	50
Spirit	53

Fig. 3

Calculate the price of a bottle of Delight to a customer in Germany if the exchange rate between the pound sterling (£) and the euro (€) is £1 = €1.50. Show your working.

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[2]

Question 2

Michael Bunn operates his business – Bunn’s Bakery – in a small market town. It produces and sells a wide range of breads and cakes.

(a) Various laws protect different stakeholders.

(i) Fig. 5 shows different stakeholders and examples of how laws can protect them. Match each of the stakeholders with the example of the law that protects them by drawing a line between the two.

Stakeholders	Law
Consumers	Men and women from ethnic minorities must not be discriminated against
Workers	False statements should not be made in job applications
Employers	Descriptions of products must not be misleading

Fig. 5

[3]

(ii) The national minimum wage was introduced to protect low-paid employees.

Every year the minimum wage has increased and Michael has seen his business' costs rise as he has had to increase his employees' pay. As a result, Michael is now thinking how he could reduce his costs of obeying the law.

Fig. 6 below shows some brief notes which Michael has made to help him to decide what to do.

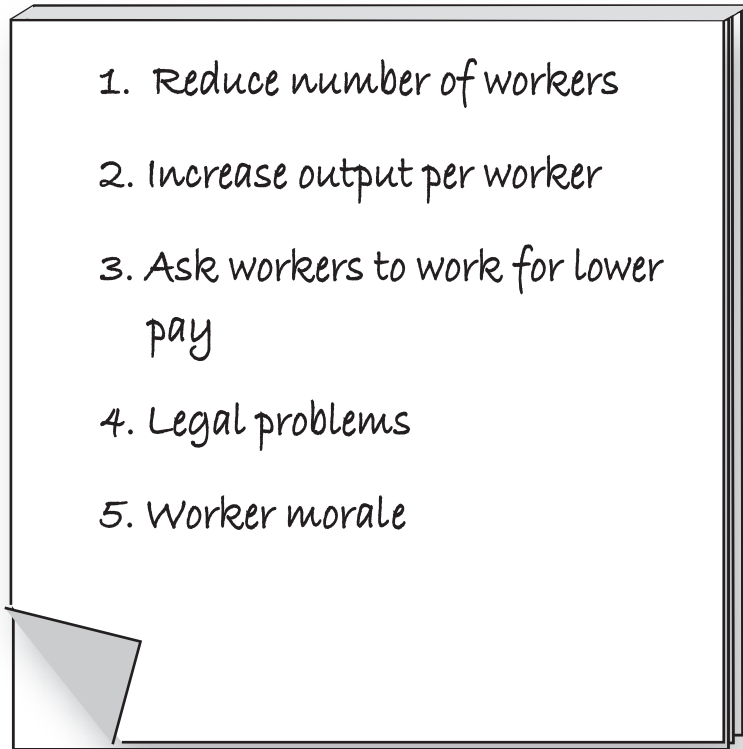


Fig. 6

Using the notes above advise Michael as to the best way he could reduce the costs of the national minimum wage to his business.

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[9]

(b) Bunn’s Bakery has been affected by changes in the local population structure as more people between 25 and 35 years old have moved into the town.

(i) Michael has noticed that this younger population’s eating habits have affected his sales volumes.

- Sales of cream cakes and white bread have fallen by 10% over the past two years.
- Sales of healthy eating options have increased by 15%.

Below is a list of options which Michael is considering to take advantage of this change in eating habits. Which **two** options are likely to increase the sales of Bunn’s Bakery? Tick the appropriate boxes in Fig. 7 below to give your answers.

Option	Increase sales (✓)
Increase the price of white bread as it is becoming more expensive to produce	
Increase promotional offers on low fat products	
Increase the range of organic products available	
Increase the amount of sugar in cakes to attract more children	

Fig. 7

[2]

- (c) A higher rate of inflation in the economy has led to a rise in interest rates.
 Explain **two** ways in which higher interest rates might affect Bunn’s Bakery.

1

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2

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.....[4]

- (d) Price stability is one of the key economic objectives of the UK government.
 Below is a list of government objectives. Which **three** are objectives for **the economy**? Tick the appropriate boxes in Fig. 9 below to give your answers.

Objective	Economic objective (✓)
A steady rate of economic growth	
A higher voter participation rate in general elections	
A high level of employment	
A higher population growth rate	
A reduction in the number of children in schools	
A fairer distribution of income	

Fig. 9

[3]

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

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