Centre Number

Candidate Number



OXFORD CAMBRIDGE AND RSA EXAMINATIONS

General Certificate of Secondary Education

BUSINESS STUDIES B (1952)

2323/2

BUSINESS IN ITS ENVIRONMENT HIGHER TIER

Friday **26 MAY 2006**

Afternoon

1 hour 15 minutes

Additional materials:

Candidates answer on the question paper.

TIME 1 hour 15 minutes

INSTRUCTIONS TO CANDIDATES

Write your name, Centre number and candidate number in the spaces at the top of this page.

Answer all questions.

Write your answers in the spaces provided on the question paper.

The spaces should be sufficient for your answers but if you require more space use the lined pages at the end of the booklet and number your answers carefully.

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 in marking your answer to the question labelled with an asterisk (*).

FOR EXAMINER'S USE		
Question 1		
Question 2		
TOTAL		

Question 1

Xanadu Boats Ltd (XBL) builds luxury speedboats in a competitive global market.

(a)	Explain what is meant by a market.		
		[2]	
(b)		Finance Manager of XBL is worried that the government might change the rate of ome tax in its Budget.	
	(i)	Explain how an increased rate of income tax could affect XBL.	
		[5]	
	(ii)	Explain one economic reason why the government has the objective of a steady rate of economic growth.	
	(iii)	Explain one benefit to XBL of a stable exchange rate.	
	(,		
		[2]	

- *(c) XBL has already sold all of the speedboats it is currently building. Due to the high demand for new boats, XBL is considering expansion by buying another local boatbuilding business. It is, however, concerned about the possibility of interest rates rising. A number of options are being considered:
 - buying the business by borrowing from a bank;
 - buying the business by using retained profits;
 - not expanding at all.

Advise XBL whether or not it should expand. In your answer you should discuss arguments for and against the options.
[9 + 2]

(d) Last month XBL dismissed an employee. However, the employee thinks that she was unfairly dismissed.

Below are some reasons for dismissing an employee. Which are likely to be fair and which are likely to be unfair? Tick the appropriate boxes in Fig. 1 below to give your answers. The first one has been done for you.

Reason for dismissal	Fair (✓)	Unfair (✓)
Raising a health and safety concern with the management		✓
Being a member of a trade union		
Being incapable of doing the job		
Stealing company property		
Taking maternity leave		

[4]

Fig. 1

3	
Recently XBL has received a number of comnot allowed time off work when their wife or p	• • • • • • • • • • • • • • • • • • • •
A meeting was held between managers and following points were made:	l employees to discuss the complaints. The
The Human Resources Manager said:	A female employee said:
"Male staff will be happier and more loyal to the business."	"Why should men be given any more time off?"
The General Manager said:	A male employee said:
"This will increase our costs and mean that we will be short of staff."	"Men should have the same rights as women."
Using the information provided above, advis employees time off work when their wife or p	

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Question 2

Temple Caravan Park (TCP) was a dairy farm. However, due to changes in European Union (EU) farming policy, the owners decided to stop milk production and use the land as a caravan park.

(a) Below are some quotes about business conditions currently facing TCP.

"Milk continues to be over-supplied", said an EU spokesman.

"Bad weather forecasts for the coming summer have reduced the number of tourists expected this year," said the local tourism officer.

"There has been an increase in the number of people taking their second holiday within the UK," quoted a national newspaper.

"Sales revenue has increased significantly", said one of the owners of TCP.

"Profits have not increased by as much as we would have liked due to staff problems", said the other owner of TCP.

set up the caravan park. In your answer you should discuss arguments for and against the decision.
[-1]

(b)	Explain one threat and one opportunity to UK businesses of the UK being a member of the EU.
	Threat
	Opportunity
	[4]
and	caravan park sales office is only open for bookings on week-day mornings between April October. The owners of TCP are considering whether or not to introduce e-commerce in er to increase bookings.
(c)	Explain what is meant by e-commerce.
	[2]

(d)	Recommend whether or not TCP should introduce a website as part of its sales strategy. Consider the arguments for and against and give reasons for your recommendation.
	[9]
(e)	After much discussion, TCP decided to introduce e-commerce. It increased its sales turnover from £140,000 per year to £168,000 per year.
	Calculate the percentage increase in TCP's yearly sales turnover. Show your working.
	[2]

(1)		aking the caravan park more environmentally friendly.		
	(i)	State and explain one social benefit of TCP becoming a more environmentally friendly caravan park.		
		[3]		
	/!!\			
	(ii)	Identify a pressure group that you have studied. Explain one of its objectives.		
		Name of pressure group		
		Objective		
		701		

must be clearly shown.	

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