

**GCSE (HIGHER TIER)
BUSINESS STUDIES B**

Business Organisation

TUESDAY 19 JUNE 2007

H 2321/2

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 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 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 **9** printed pages and **3** lined pages.

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

(a) What is meant by the:

(i) consumer market?

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..... [1]

(ii) industrial market?

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..... [1]

(b) (i) Explain **one** disadvantage to Wang Holdings plc of selling **only** to the **building industry**.

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..... [2]

(ii) Lu Wang is the Marketing Manager. Recommend to Lu **one** method she might use to market Wang Holdings plc's products to the **building industry**. Give reasons for your recommendation.

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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) State **two** advantages to Wang Holdings plc of operating the stores as a franchise.

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..... [2]

(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: 22]

[Turn over

2 James Shaw is the production manager of Gift Deco Ltd.

(a) State **one** disadvantage of a private limited company.

..... [1]

(b) Gift Deco Ltd uses a batch production system.

Explain what is meant by batch production.

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..... [2]

(c) Gift Deco Ltd produces party decorations in many colours and styles. 70% is sold to four large retailers who specify their own requirements.

Explain why batch production would be suitable for Gift Deco Ltd.

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..... [4]

(d) James has produced a stock control chart for the year 2006, shown in Fig. 1 below.

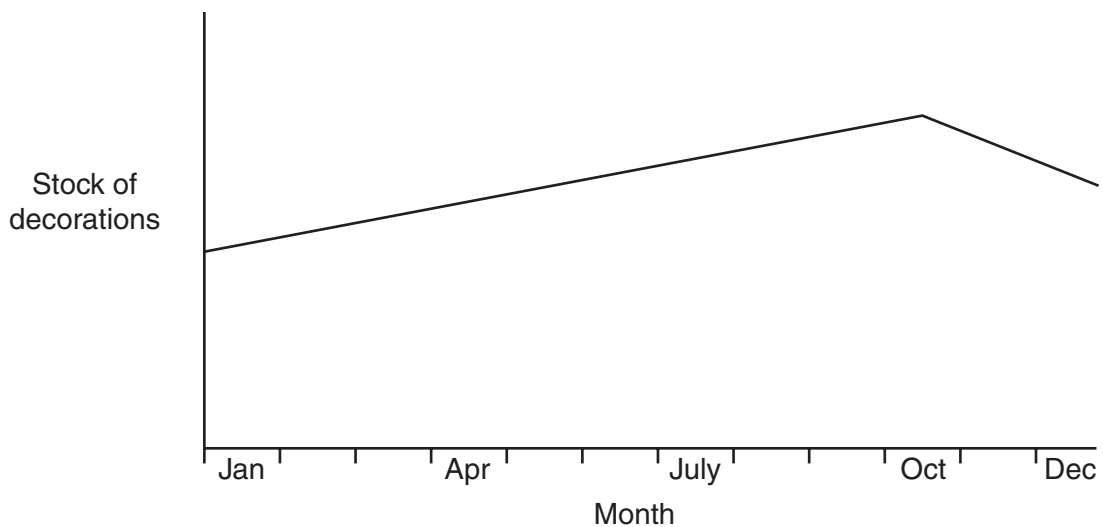


Fig. 1

- (i) Explain **one** reason why the stock control position shown in Fig. 1 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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- (iii) Discuss how Gift Deco Ltd might **best** solve the problems identified in parts **d(i)** and **(ii)**.

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[Total: 17]

- 3 Andy Wilson is the Finance Director of Packaway plc, a cardboard box manufacturing company. He has drawn up the 2005 Profit and Loss Account. This is shown in Fig. 2 below.

Profit and Loss Account of Packaway plc	£
Turnover	5 000 000
Cost of sales	3 600 000
Gross Profit	1 400 000
Overheads	800 000
Interest payments	100 000
Net Profit	500 000

Fig. 2

- (a) If turnover increased in 2006 by 20% and cost of sales by 25%, calculate by how much gross profit would have changed. Show your working.

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..... [4]

(b) Andy is thinking of using the net profit to pay a large dividend to the shareholders.

Discuss whether this is the best way of using net profit.

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[6]

[Total: 10]

[Turn over

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) Explain what is meant by the term stakeholders.

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..... [2]

(b) Explain, using an example, why H & S plc might need to communicate with its **external** stakeholders.

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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

Discuss how successful your chosen business is in motivating its employees.

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[Total: 11]

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