

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

**2321/02**

Business Organisation (Higher 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



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 pages 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	
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<b>TOTAL</b>	

This document consists of **9** printed pages, **1** blank page and **2** lined pages.

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

(a) State and explain **one** advantage of a partnership.

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

(b) Explain how Andrew and Angela might measure the success of Goudge Animal Services.

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.....  
..... [4]

(c) Andrew has recently prepared the business accounts. He is concerned by the rise in fixed costs.  
Explain why Andrew might be concerned by a rise in fixed costs.

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.....  
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.....  
..... [3]

(d) Angela has recently done the monthly stock take for animal medicines, shown in Fig. 1 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. 1

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

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..... [2]

(ii) Angela uses a Just in Case stock control method. Justify why Angela might use this method to control supplies of animal medicine.

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..... [4]

(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) Explain **one** way in which a charity's objectives differ from those of other business organisations.

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..... [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.

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..... [2]

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

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..... [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 .....

.....  
..... [4]



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

(a) Explain what is meant by a public limited company (plc).

.....

.....

..... [2]

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

Explain **one** advantage and **one** disadvantage to a producer of selling directly to a retailer.

Advantage .....

.....

.....

Disadvantage .....

.....

..... [4]

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

Choose a business you have studied.

Recommend to your **chosen business** how it should **best** try to increase its sales. Give reasons for your recommendation.

Name of business .....

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[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) Explain how James would use break-even analysis to make sure that the new range does not make a loss.

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

(c) In order to break-even on the new range of kitchen furniture, Lonsdale Furniture Ltd could increase production. James is concerned, however, that any increase in production might lead to a loss of quality.

Discuss whether or not increasing production should be Lonsdale Furniture Ltd's immediate course of action.

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[Total: 9]



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