

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

2323/02

Business in its Environment (Higher 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



* G U P / T 5 0 4 8 2 *

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 pages at the back of this booklet. Answers on these pages **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 **10** printed pages and **2** lined pages.

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) BSL operates in a **global market**. Explain this term.

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.....[2]

(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.

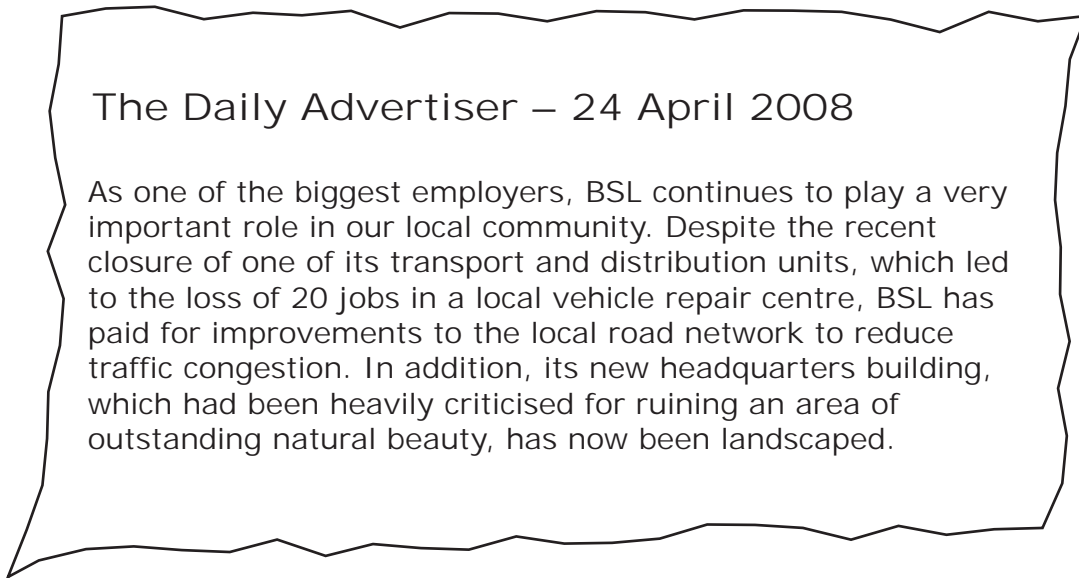


Fig. 1

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

.....

.....

2

.....

.....[4]

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

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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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) Using an example, explain how the law protects the consumer.

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.....[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.

Evaluate how Michael’s business could react to the continuing rise in the national minimum wage.

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(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%.

Explain **one** way in which Bunn’s Bakery could take advantage of this change in eating habits.

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

(c) A higher rate of inflation in the economy has led to a rise in interest rates, which has affected Bunn's Bakery.

Explain **two** ways in which Bunn's Bakery's response to this rise might affect its **customers**.

- 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.

- (i) State **one** government economic objective other than controlling inflation.
.....[1]
- (ii) Explain how the UK government might attempt to achieve the economic objective stated in (d)(i).
.....
.....
.....[2]

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

A series of horizontal dotted lines for writing the answer to a question.

