

Oxford Cambridge and RSA Examinations
General Certificate of Secondary Education

BUSINESS STUDIES B (1952)
BUSINESS IN ITS ENVIRONMENT
HIGHER TIER

2323/H

Specimen Paper 2003

Additional materials:
 None.

TIME 1 hour 15 minutes.

Candidate Name	Centre Number	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.
- Write your answers, in blue or black ink, in the spaces provided on the question paper.
- Read each question carefully and make sure you know what you have to do before starting your answer.

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 answers to question marked with an asterisk (*).

Question number	For examiner's use only
1	
2	
TOTAL	

Question 1

Jack and Jill's Gym

Jill Smith and Jack Carter have lost their jobs as production workers in the local steel works which has recently closed.

There were many causes for the closure, including lack of capital to replace old fashioned equipment, the strong pound and high interest rates. The trade union that Jill and Jack belong to had fought hard to save jobs but their campaign was unsuccessful. As the steel works was the only large employer in the area, they have little chance of finding another similar job.

Both Jack and Jill had been keen users of the steel works' fitness centre. They are now considering the possibility of using their **redundancy payments** to set up a fitness centre business using vacant office premises in the town. They have also heard that they might be able to apply for a **government grant** to help them set up in business.

(a) Briefly explain the meaning of the following terms as they apply to the case study.

(i) Redundancy

[2]

(ii) Government grant

[2]

(b) State and explain the effect of the strong pound on British steel exports.

[2]

- (c) State and explain **two** ways in which high interest rates could have caused problems for the steel works.

Problem 1 _____

Explanation _____

Problem 2 _____

Explanation _____

[6]

- (d) A business near to you has announced that it is to close with the loss of all jobs.

Discuss what might be the best action for a trade union to take in order to support its members working in the business.

[8]

- (e) In order to help them in planning their fitness centre business, Jack and Jill have carried out some market research. Their results indicate that there is a growing number of retired people within the area.

Explain what is meant by an aging population.

[2]

Question 2

GB Toys Ltd

GB Toys Ltd is a medium sized family business making a variety of children's toys. Since 1992 an increasing number of their toys have been sold in other European Union countries. They have recently been suffering from falling sales within the UK market due to competition from Far East companies which have lower labour costs.

In order to compete, GB Toys Ltd have recently had a new doll manufactured in the Far East. They have had a number of customer complaints about the doll. The firm has now decided that all manufacturing should take place in the UK, but they will look into how new technology might help improve their performance.

- (a) List **two** reasons why firms such as GB Toys Ltd might wish to sell toys in other European Union countries.

[2]

- (b) The exchange rate is currently 1 Euro = 65 pence.

- (i) A toy made by GB Toys is priced at £3.25 in the UK. Calculate how much the toy costs in Euros.

[2]

- (ii) A rival product sells in Belgium for 4 Euros. Explain whether this is likely to be a threat to GB Toys Ltd.

[4]

- (c) A customer has recently bought one of the dolls made in the Far East. They have written to GB Toys Ltd with the following complaints:
- the arms have come off;
 - the firm's name suggests that it has been made in Britain;
 - the doll is not suitable for young children.

Explain **two** ways that the law protects the consumer in such cases.

(i) _____

(ii) _____

[4]

- (d) Based on a firm you have studied, explain **two** ways they are affected by employment law.

1 _____

2 _____

[4]

- (e) A member of the marketing team has suggested that GB Toys Ltd should have a web site.

Evaluate the effect the introduction of a web site might have on the business.

[4]

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MARK SCHEME

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General advice on marking procedures to be used

- 1 An element of professional judgement is required in the marking of any written paper, and candidates may not use the exact words which appear in the detailed sheets which follow. If the Business Studies is correct and also answers the question then the mark(s) should normally be credited.
- 2 Mark in red. A tick (✓) should be used, at the appropriate point, for each answer judged worthy of credit.
- 3 Strike through all blank spaces and/or pages in order to give a clear indication that the whole of the script has been considered.
- 4 The mark total for each question should normally be ringed at the bottom right hand side.
- 5 In cases where candidates give multiple answers, mark the first answer(s) up to the total number required.
- 6 Some question may have a 'Level of Response' mark scheme. Details of these are given to this Mark Scheme.
- 7 Abbreviations, annotations and conventions used in the detailed Mark Scheme:
 - / = alternative and acceptable answers for the same marking point
 - NOT = answers which are not worthy of credit
 - = (underlining) key words which **must** be used to gain credit
 - ecf = error carried forward

Question 1

30 marks

1 (a)	Target: Ability to demonstrate knowledge and apply to case study material.	
(i)	1 mark for definition of term, 1 mark for explanation in context. <i>Redundancy payment</i> means money given when you lose your job/are made unemployed. This means that Jack and Jill have some money until they find a new job or to put towards starting up their own business.	2
(ii)	1 mark for definition of term, 1 mark for explanation in context. <i>Government grant</i> means money paid to a firm by central, local government or the EU to help it be set up, continue, re-equip or to expand. In areas of high unemployment these are often available and may give Jack and Jill a source of cheap finance or some other form of financial assistance if they wish to set up in business.	2
(b)	Target: Ability to demonstrate knowledge and understanding of the effect of a change in exchange rates.	
	Identifies effect i.e. more expensive - 1 mark. Explains consequence i.e. decrease in sales - 1 mark.	2
(c)	Target: Ability to explain the effect of a change in interest rates on case study material.	
	2 x 3 marks. 1 mark for statement of problem, e.g. higher bank interest, lower customer demand, increased costs, higher exchange rate. 1-2 marks for explanation in context.	6
(d)	Target: Ability to demonstrate knowledge and understanding of methods of trade union action and ability to evaluate its outcome in circumstances given.	
	Level 4 (7-8 marks) Evaluate likely consequences of announcement and comes to an overall conclusion about best course of action. Level 3 (5-6 marks) Analyses possible action(s) in context e.g. advantages and disadvantages of action. Level 2 (3-4 marks) Explains possible action(s) in context. Level 1 (1-2 marks) Identifies possible trade union action e.g. negotiation, industrial action, strike, publicity campaign, legal action etc.	8

(e)	Target: Knowledge and understanding of an ageing population.	
	An ageing population is where there are increasingly more elderly people (1) as a percentage/proportion of the total population (1).	2
(f)	Target: Ability to evaluate the use of price discrimination in the given circumstances.	
	<p>Knowledge Base Arguments for and against the varying prices and restricted opening hours, e.g. For: Not running a charity; need to make profit; can get away with it, makes business successful. Against: Not the right thing to do; customers resistance, bad publicity, poor worker motivation etc.</p> <p>Level 3 (6-8 marks) Makes comparison of ethical and/or commercial considerations and comes to an overall conclusion.</p> <p>Level 2 (3-5 marks) Analyses arguments for and against ethical and commercial considerations.</p> <p>Level 1 (1-2 marks) Explains arguments for and against in context.</p>	8

Question 2

30 marks

2 (a)	Target: Ability to demonstrate knowledge and understanding of the EU and its benefits in the given circumstances.	
	Identifies reason for EU trade e.g. more customers; ease of trade/no barriers; nearness of markets etc - 1 mark. Explains in context - 1 mark.	2
(b) (i)	Target: Ability to calculate a price using an exchange rate.	
	£3.25 / .65p (1) = 5 Euros (1). Allow 1 mark for correct working but incorrect answer.	2
(ii)	Target: Ability to analyse the effect of differing prices using calculation and other factors.	
	Level 2 (3-4 marks) Compares differences between Belgium and UK products looking at price and other factors and gives arguments supporting conclusion. Level 1 (1-2 marks) Analyses possible differences e.g. calculates price difference, identifies other factors e.g. transport costs, product differences, product loyalty. Allow reverse argument if candidate calculates b(i) incorrectly.	4
(c)	Target: Ability to demonstrate and apply knowledge and understanding of consumer law.	
	2 x 2 marks. 1 mark for identifying appropriate consumer law requirement e.g. goods must be as described; fit for purpose; of merchantable quality. 1 mark for explanation in context.	4
(d)	Target: Ability to apply knowledge and understanding of the effects of the law to a local employment context.	
	2 x 2 marks. Identifies laws that relate to workers e.g. equal opportunity requirements; minimum wage - 1 mark. Explains in context – 1 mark.	4

(e)	Target: Ability to apply the benefits of internet technology to case study material.		
	<p>Knowledge Base Advantages of web site- e.g. more customers, cheap advertising, linked to email. Disadvantages of web site - e.g. set-up costs, updating, limited customers, ensuring name appears on search engines.</p> <p>Level 2 (3-4 marks) Evaluates in context of GB Toys Ltd. Arguments include need to keep up with competition, international market. Provides justified conclusion of overall effect.</p> <p>Level 1 (1-2 marks) Analyses advantages and disadvantages in context e.g. allows them to access more customers - could get people to buy at same time as search. However, someone will need to be responsible for maintaining web site, expensive to set up etc.</p>		4
(f)	Target: Ability to apply cost benefit analysis to an investment decision.		
	<p>Knowledge Base Computer aided manufacturing will have costs (mostly short term) e.g. purchase, training and benefits (mostly long term) e.g. productivity, speed, quality.</p> <p>Level 4 (7-8 marks) Makes overall recommendation based on comparison between costs and benefits.</p> <p>Level 3 (5-6 marks) Analyses costs and benefits in context, e.g. to buy computers which cost a lot, however this is only a one-off payment.</p> <p>Level 2 (3-4 marks) Explains costs and benefits in context, e.g. costs - have to buy computers which cost a lot.</p> <p>Level 1 (1-2 marks) Identifies costs and benefits of CAM.</p> <p>Candidates will also be assessed for the quality of their written communication on this part of the question, according to following criteria.</p>		8
	Ideas are expressed clearly, fluently and in an appropriate way. There are few errors in spelling, punctuation and grammar.	2	
	Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer.	1	
	Candidate fails to reach the threshold standard in all respects	0	2