

Oxford Cambridge and RSA Examinations
General Certificate of Secondary Education

BUSINESS STUDIES B (1952)
BUSINESS ORGANISATION
HIGHER TIER

2321/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 questions marked with an asterisk (*).

Question number	For examiner's use only
1	
2	
3	
4	
TOTAL	

Answer **all** questions

Question 1

Emma and Steve have just left college. They would like to set up their own business making funny china mugs. The business would be called 'Comic Mugs'.

- (a) Choose a business structure which would be suitable for their business, giving reasons for your answer.

Business Structure _____

Reasons _____

[3]

- (b) In order to start in business, Emma and Steve will need to buy equipment and materials. State **two** possible sources of start up finance for them and explain why they would be suitable.

Source 1 _____

Explanation _____

Source 2 _____

Explanation _____

[4]

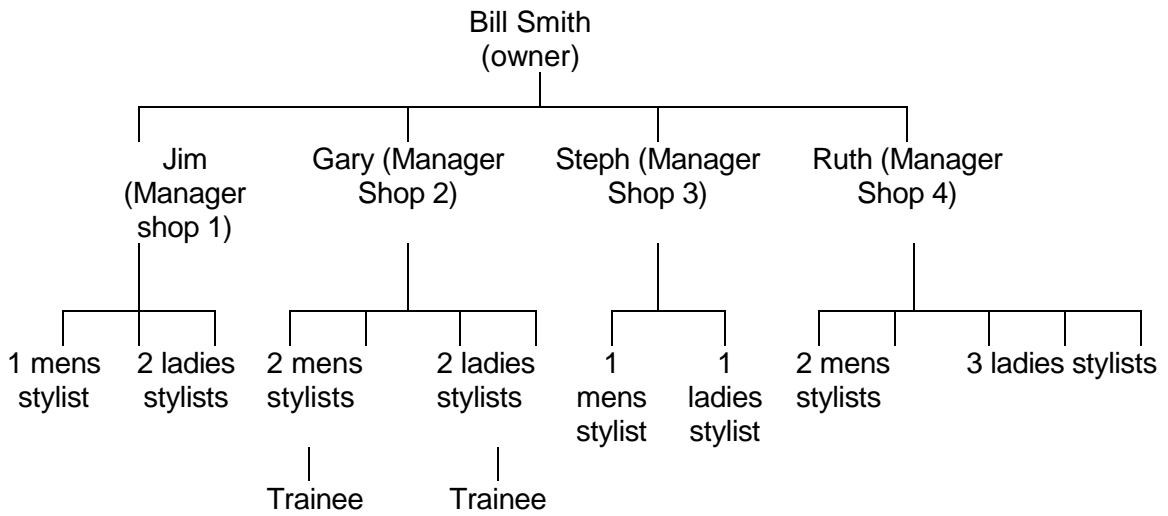
Question 2

Cuts and Curls Ltd is a successful chain of four hairdressing shops, providing the latest haircuts and hair styles for both men and women.

(a) Explain what Ltd means for the owners of Cuts and Curls Ltd.

[2]

(b) Based on the Organisation Chart below:



State and explain **one** advantage and **one** disadvantage to the business of small spans of control.

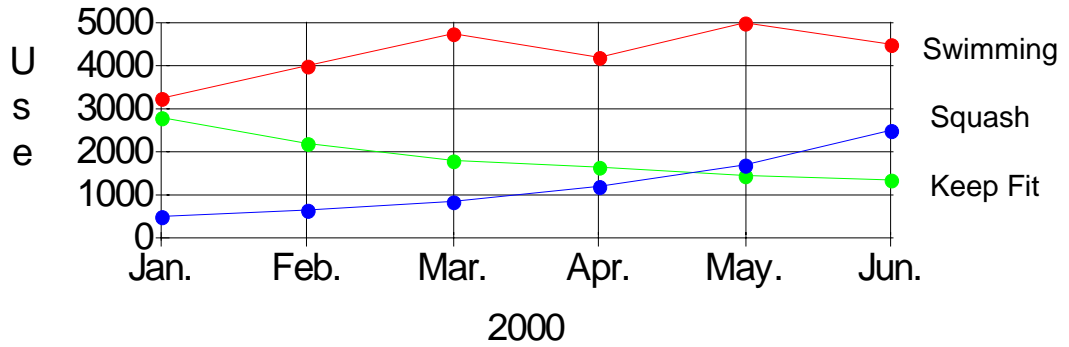
Advantage _____

Disadvantage _____

[4]

Question 3

Leisure Centre Users Jan-June



The managers at Ruyton Leisure Centre are reviewing the figures for the first six months of 2000 as illustrated in the graph above.

(a) Comment on the trends in the usage of the leisure centre.

[4]

(b) The manager in charge of the squash courts has been told to increase the number of people using the courts. Discuss whether reducing the admission charge by 25% would be a possible way of achieving this.

[6]

(c) A new leisure centre is being planned in your local area.

(i) Explain why the leisure centre would undertake market research before their plans are finalised.

[2]

(ii) Discuss how they could best ensure that the market research undertaken will be useful in the planning of the leisure centre business.

[4]

[Total: 16]

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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 in 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

13 marks

1 (a)	Target: Ability to apply knowledge and understanding of business organisation structure to case study material.	
	Partnership or Ltd. - 1 mark. Gives reasons for choice e.g. shares ideas, control, share risk etc. 1 - 2 marks.	3
(b)	Target: Ability to apply knowledge and understanding of appropriate finance method to case study material.	
	2 x 2 marks. 1 mark for identification of source, e.g. own savings; family; bank loan; Prince's trust. 1 mark for explanation in context of reasons for choice.	4
(c)	Target: Ability to apply knowledge of business objectives to business situation.	
	<p>Level 4 (5-6 marks) Evaluates possible objectives and provides justified conclusion as to which should be the business's objective in the first year of trading.</p> <p>Level 3 (4 marks) Analyses possible objective in context of first year of trading.</p> <p>Level 2 (3 marks) Explains objective in context.</p> <p>Level 1 (1-2 marks) Identifies possible business objectives e.g. survival; profit maximisation; growth.</p>	6

Question 2

18 marks

2 (a)	Target: Ability to demonstrate knowledge and understanding of limited liability and its effects on owners of a company.	
	States limited liability - 1 mark. Explains in context - 1 mark, i.e. Bill Smith can only lose the money he has invested; cannot lose his personal possessions and property.	2
(b)	Target: Ability to apply knowledge and understanding of the effects of a narrow span of control and analyse effect on Cuts and Curls Ltd.	
	States advantage e.g. control, downward communication, promotion possibilities - 1 mark. Explains in context -1 mark. States disadvantage e.g. cost, long chains of command/upward communication, lack of responsibility - 1 mark. Explains in context - 1 mark.	4
(c)	Target: Ability to demonstrate knowledge and understanding of job advertisement methods, and analyse and evaluate their suitability in a local situation.	
	Knowledge Base Suitable advertising method, (e.g. Jobcentre; local newspaper; shop window; word of mouth) and explanation and analysis of suitability (cost of advert, local job, type of job etc.). Level 3 (5-6 marks) Compares methods and provides justified conclusion. Level 2 (3-4 marks) Analyses suitability in context of cleaning staff. Level 1 (1-2 marks) Identify suitable advertising methods. NB: Do not allow national media as advertising method.	6
(d)	Target: Ability to apply knowledge of recruitment methods and to select appropriate strategy in given circumstances.	
	Knowledge Base Selection process will consist of shortlisting with criteria for choice and then various possible interview/testing procedures. Level 4 (6 marks) Justifies choice of most appropriate method in context. Level 3 (5 marks) Analyses suitability of one/a number of selection processes. Level 2 (3-4 marks) Explains methods in context. Level 1 (1-2 marks) Identifies stages in selection process.	6

Question 3

16 marks

3 (a)	Target: Ability to interpret graphical information and describe associated trends.	
	<p>Level 3 (3-4 marks) Provides comparison between trends and figures.</p> <p>Level 2 (2 marks) Identifies scale and pace of change.</p> <p>Level 1 (1 mark) Simple description of directions.</p>	4
(b)	Target: Ability to explain the possible effects of a pricing decision in a given circumstance.	
	<p>Knowledge Base Reducing price should increase number of players. Price paid is reduced. Revenue will only rise if % increase in number of customers is more than % decrease in price i.e. more than 25%.</p> <p>Level 3 (5 - 6 marks) Evaluates effect of reducing admission charge. Gives conclusion as to whether or not/extent to which this would provide a solution and supports with arguments.</p> <p>Level 2 (3 –4 marks) Analyses effect in context e.g. a decrease in price could lead to loss of revenue.</p> <p>Level 1 (1 – 2 marks) Simple explanation of possible effect of a price decrease, e.g. reducing admission price could lead to increase in number of people using the centre.</p>	6
(c) (i)	Target: Ability to demonstrate knowledge and understanding of market research objectives.	
	<p>2 x 1 mark for identification of market research objectives e.g. reduce risk; influence product design etc.</p> <p>Or 1 mark for identification + 1 mark for explanation in context of leisure centre.</p>	2
(ii)	Target: Ability to identify and evaluate market research methods suitable to case study material.	
	<p>Knowledge Base Criteria for successful market research, e.g. size of sample, bias, questions asked, methods used.</p> <p>Level 2 (3-4 marks) Evaluates criteria for successful research in context of planning of leisure centre.</p> <p>Level 1 (1-2 marks) Identifies criteria for successful market research.</p>	4

Question 4

13 marks

4 (a)	Target: Ability to demonstrate knowledge and understanding of fixed and variable costs.							
	Fixed - e.g. rent, overheads, vehicles, marketing, administration - 1 mark. Variable - e.g. raw materials, production labour - 1 mark.	2						
(b)	Target: Ability to analyse alternative production methods in a given context.							
	<p>Knowledge Base Bakery will currently be using batch production which means smaller production runs, less specialisation and changeover time. Fewer types would allow longer production runs including the possibility of flow production, possibly some economies of scale (e.g. purchasing) and more chance for specialisation and increased use of division of labour. This would allow better productivity, lower production costs and therefore cheaper process and/or greater profits.</p> <p>Level 3 (5-6 marks) Provides conclusion as to most suitable method (batch) – backed up by valid argument/s.</p> <p>Level 2 (3–4 marks) Analyses each production method – e.g. advantages and disadvantages.</p> <p>Level 1 (1-2 marks) Applies knowledge of batch and flow production to context.</p> <p>NB: Most likely answer is batch production, but please credit flow if well justified.</p>	6						
	<p>Candidates will also be assessed for the quality of their written communication on this part of the question, according to the following criteria:</p> <table border="1" data-bbox="341 1491 1273 1803"> <tr> <td data-bbox="341 1491 1123 1592">Ideas are expressed clearly, fluently, legibly and in an appropriate way. There are few errors in spelling, punctuation and grammar.</td> <td data-bbox="1123 1491 1273 1592" style="text-align: center;">(2)</td> </tr> <tr> <td data-bbox="341 1592 1123 1731">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.</td> <td data-bbox="1123 1592 1273 1731" style="text-align: center;">(1)</td> </tr> <tr> <td data-bbox="341 1731 1123 1803">Candidate fails to reach the threshold standard in all respects.</td> <td data-bbox="1123 1731 1273 1803" style="text-align: center;">(0)</td> </tr> </table>	Ideas are expressed clearly, fluently, legibly 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
Ideas are expressed clearly, fluently, legibly 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)							
(c)	Target: Ability to demonstrate knowledge and understanding of quality assurance methods as applied to case material.							
	Explains suitability of quality methods in context – 2-3 marks. Identifies Quality Control and/or Quality Assurance Procedures – 1 mark.	3						

Total mark available: 60