

**Oxford Cambridge and RSA Examinations**  
**General Certificate of Secondary Education**

**BUSINESS STUDIES B (1952)**  
 BUSINESS ORGANISATION  
 FOUNDATION TIER

**2321/F**

**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
<b>1</b>	
<b>2</b>	
<b>3</b>	
<b>4</b>	
<b>TOTAL</b>	

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) State which of the following business structures would be suitable for their business:

**public limited company      partnership      co-operative**

\_\_\_\_\_

[1]

- (b) Stakeholders are people, firms or organisations who have an interest in a business. List **three** examples of different types of stakeholders in a firm such as Comic Mugs.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

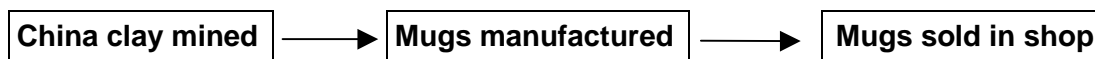
[3]

- (c) In order to start in business, Emma and Steve will need to buy equipment and materials. Explain whether the following would be suitable sources of start up finance.

	Suitable/ Not Suitable?	Reason
(i) Personal Savings	<hr/>	<hr/> <hr/> <hr/>
(ii) Bank Overdraft	<hr/>	<hr/> <hr/> <hr/>
(iii) Selling shares on the stock exchange	<hr/>	<hr/> <hr/> <hr/>

[9]

- (d) Complete the labelling of the stages of production in the diagram below.



Stage:     1 \_\_\_\_\_     2 Secondary     3 \_\_\_\_\_

[2]

[Total: 15]

## 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 owners of Cuts and Curls Ltd.

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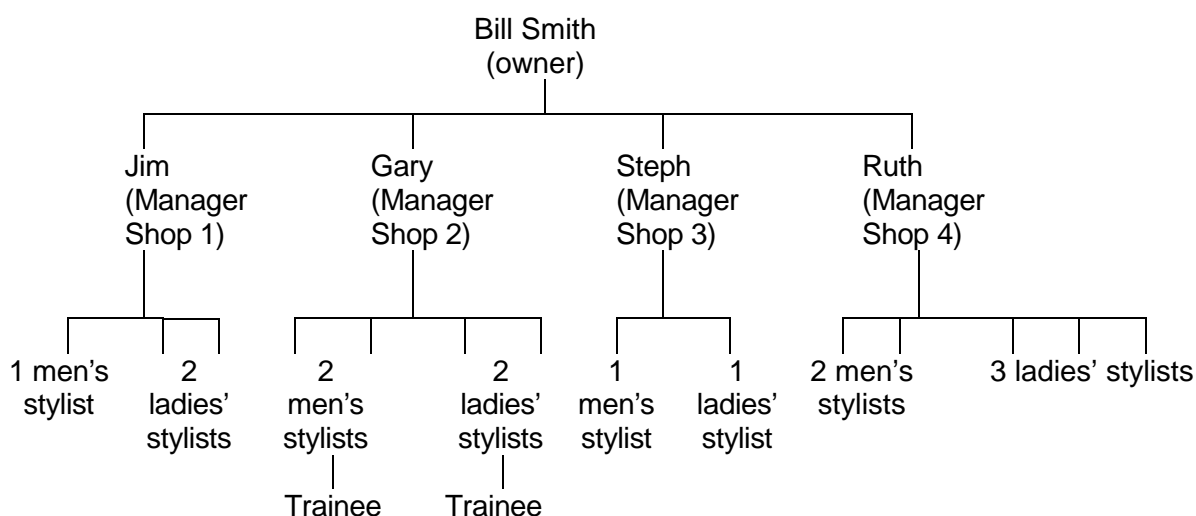
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[2]

- (b) Based on the organisation chart below:



- (i) How many workers does Gary have in his span of control?

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[1]

- (ii) State and explain **one** advantage and **one** disadvantage to the business of small spans of control.

Advantage 

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Explanation 

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Disadvantage 

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Explanation 


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[4]

- (c) Choose a local business that you have studied. Design a suitable newspaper advertisement for an employee for this business in the space below.

Credit will be given for the type of information included rather than the amount of detail.



[6]

- (d) List **three** factors that would be important in deciding whom to appoint to a position.

1 \_\_\_\_\_

2 \_\_\_\_\_

3 \_\_\_\_\_

[3]

- (e) State and explain the most important factor in choosing whom to fill the job described in your advertisement.

Most important factor: \_\_\_\_\_

Reason: \_\_\_\_\_

\_\_\_\_\_

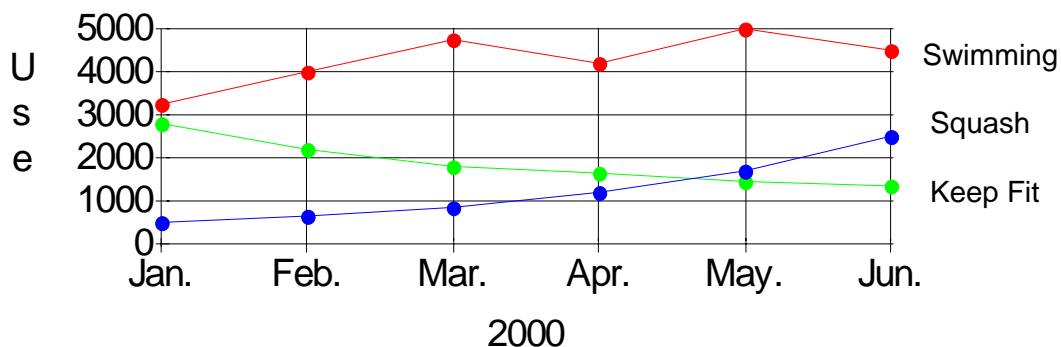
\_\_\_\_\_

[2]

[Total: 18]

### 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.

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[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.

[illegible]

**[6]**

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

Recommend **two** methods of market research that would be suitable for getting information to help in planning the leisure centre. Give reasons for each of your choices.

Method 1 \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Method 2 \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[6]

[Total: 16]

### Question 4

Crusty Bakeries plc has suffered from increased costs and falling profits over the last few years.

- (a)** State whether the following costs of the bakery are fixed or variable:

Raw materials \_\_\_\_\_

Advertising \_\_\_\_\_

Production workers' wages \_\_\_\_\_ [3]

- \*(b)** The bakery currently produces 40 different types of bread every night. Discuss which production method, batch or flow, would be most suitable for the bakery to use.

[illegible]

**[6+2]**

**[Total: 11]**



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MARK SCHEME

**Specimen Paper 2003**

## 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 <b><u>must</u></b> be used to gain credit
ecf	=	error carried forward.

**Question 1**
**15 marks**

<b>1 (a)</b>	<b>Target: Ability to demonstrate knowledge and understanding of business organisation structure.</b>	
	Partnership.	<b>1</b>
<b>(b)</b>	<b>Target: Ability to demonstrate knowledge and understanding of stakeholders.</b>	
	Identifies stakeholders either in theory or applied to context. 1 mark per example x 3 marks.  E.g. owners, employees, customers, suppliers, government or Emma and Steve (one mark only) etc.	<b>3</b>
<b>(c)</b>	<b>Target: Ability to evaluate appropriateness of finance method in context of case study material.</b>	
<b>(i)</b>	Suitable (1). Explains reasons such as availability; cheap; stay in control (1-2).	<b>9</b>
<b>(ii)</b>	Not suitable (1). Not in control (start up finance); cost; need for security; lack of credit reference (1-2).	
<b>(iii)</b>	Not suitable (1). Not a company. Too expensive to issue shares. Insufficient capital base (1-2).	
<b>(d)</b>	<b>Target: Ability to demonstrate knowledge and understanding of stages of production.</b>	
<b>(i)</b>	Primary.	<b>1</b>
<b>(ii)</b>	Tertiary.	<b>1</b>

Question 2

18 marks

2 (a)	<b>Target: Ability to demonstrate knowledge and understanding of limited liability and its effects on owners of a company.</b>	
	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) (i)	<b>Target: Ability to measure span of control.</b>	
	Four.	1
(ii)	<b>Target: Ability to apply knowledge and understanding of the effects of a narrow span of control and analyse effect on Cuts and Curls.</b>	
	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)	<b>Target: Ability to select information required for a job advertisement and apply to local knowledge and experience.</b>	
	One mark for each of key information points x 5. e.g. job title; job details; firm; person specification, point of contact; what to do.  1 mark for clarity and visual impact.	6
(d)	<b>Target: Ability to show knowledge of qualities necessary to be successful in a job.</b>	
	1 mark for each valid factor x 3.  E.g. experience; skills; knowledge; qualifications; personal qualities (e.g. leadership, honesty, motivation) etc.	3
(e)	<b>Target: Ability to compare personal qualities and evaluate their importance.</b>	
	No mark for choice of factor. Justifies reason for choice – 1-2 marks.	2

Question 3

16 marks

3 (a)	<b>Target: Ability to interpret graphical information and describe associated trends.</b>	
	<p><b>Knowledge Base</b> Swimming has risen steadily but erratically. Keep Fit has risen continuously and this growth is accelerating. Squash has declined steadily but the decline is slowing. Keep Fit has now overtaken squash in terms of users but swimming still provides nearly twice as many users and more than squash and Keep Fit combined. Swimming is still the most popular but squash has fallen from being nearly as popular as swimming to being the least popular.</p> <p><b>Level 3 (3-4 marks)</b> Provides comparison between trends and figures.</p> <p><b>Level 2 (2 marks)</b> Identifies scale and/or pace of change.</p> <p><b>Level 1 (1 mark)</b> Simple description of directions.</p>	4
(b)	<b>Target: Ability to evaluate the possible effects of a pricing decision in given circumstances.</b>	
	<p><b>Knowledge Base</b> 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><b>Level 3 (5 - 6 marks)</b> Evaluates effect of reducing admission charge. Gives conclusion as to whether or not/extent to which this would provide a solution and support with arguments.</p> <p><b>Level 2 (3 - 4 marks)</b> Analyses effect in context e.g. decrease in price could lead to loss of revenue.</p> <p><b>Level 1 (1 - 2 marks)</b> 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)	<b>Target: Ability to evaluate most suitable method of market research.</b>	
	<p>2 x 3 marks.</p> <p>States methods of market research e.g. questionnaire, interview, survey, consumer panel - 1 mark. Justification of chosen method - 1 – 2 marks.</p>	6

## Question 4

11 marks

4 (a)	<b>Target: Ability to demonstrate knowledge and understanding of fixed and variable costs.</b>		
	Variable - 1 mark. Fixed - 1 mark. Variable - 1 mark.		3
(b)	<b>Target: Ability to analyse alternative production methods in a given context.</b>		
	<p><b>Knowledge Base</b> 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><b>Level 3 (5-6 marks)</b> Provides conclusion as to most suitable method (batch) – backed up by valid argument/s.</p> <p><b>Level 2 (3-4 marks)</b> Analyses each production method, e.g. advantages and disadvantages.</p> <p><b>Level 1 (1-2 marks)</b> 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> <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>		6
	Ideas are expressed clearly, fluently, legibly and in an appropriate way. There are few errors in spelling, punctuation and grammar.	2	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	

[Total mark available: 60]