

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

**BUSINESS STUDIES B (1952)**  
**BUSINESS IN ITS ENVIRONMENT**  
**FOUNDATION TIER**

**2323/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
1	
2	
TOTAL	

Answer **both** questions

### 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 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** payment to set up a fitness centre business. They have heard that they might also 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

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[2]

(ii) Government grant

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[2]

(b) State whether the following sentences are true or false.

(i) The effect of the strong pound has been to make British steel exports cheaper.

True/false? \_\_\_\_\_

(ii) The effect of the strong pound has been to make imported European steel cheaper.

True/false? \_\_\_\_\_

[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.

The trade union is considering the following actions to try to support its members working in the business:

- negotiate with management over a redundancy package
- organise a publicity campaign through local media to try to prevent the closure
- organise industrial action e.g. a strike.

Recommend a course of action for the trade union.

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[5]

- (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 **two** effects that this might have on Jack and Jill's plans.

Effect 1 \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Effect 2 \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

[4]

- (f) The market research also indicates that some people do not want young children to be allowed to use the fitness centre. Jack and Jill must decide what to do about this and are considering the following options:

- not allowing children under the age of 11 into centre at any time
- providing childcare facilities during the day where members can leave their children while they use the fitness centre
- not taking notice of these comments.

They must think about the commercial and ethical aspects of each of these options.

- (i) Define what is meant by business ethics.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

[2]

- (ii)** Discuss the options given and advise Jack and Jill on which you think is the best.

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and extend across the width of the page. There are no margins, text, or other markings on the paper.

[7]

**[Total: 30]**

## 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 to 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.

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[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.

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[2]

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

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[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, list **three** ways that the law affects the way it recruits and manages its workers.

(i) \_\_\_\_\_

(ii) \_\_\_\_\_

(iii) \_\_\_\_\_

[3]

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

Evaluate the effect that setting up a web site might have on the business.

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\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[4]

- (f) Use the following words to complete the definitions below.

**Computer Aided Design      Computer Aided Manufacture**

**Computer Integrated Manufacture**

- (i) The use of computers to control production processes is known as:

\_\_\_\_\_

- (ii) The use of computers to control a whole factory is known as:

\_\_\_\_\_

- (iii) The use of computers to design products is known as:

\_\_\_\_\_

**[3]**

- \*(g) GB Toys Ltd are planning to introduce computer aided manufacturing to make their toys. Consider the costs and benefits to GB Toys Ltd of this, and evaluate whether or not they should go ahead with the plan.

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**[6 + 2]**

**[Total: 30]**

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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 **must** be used to gain credit
  - ecf = error carried forward

## Question 1

30 marks

1 (a)	<b>Target: Ability to demonstrate knowledge and apply it to the case study material.</b>	
(i)	1 mark for definition of term, 1 mark for explanation in context.  <i>Redundancy</i> means losing your job/being made unemployed. This means that Jack and Jill will have to look for a new job which will be difficult because the steel works was the only large employer in the area.	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)	<b>Target: Ability to apply knowledge and understanding of the effect of a change in exchange rates to a given circumstance.</b>	
(i)	False.	1
(ii)	True.	1
(c)	<b>Target: Ability to explain the effect of a change in interest rates on case study material.</b>	
	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)	<b>Target: Ability to analyse and evaluate methods of trade union action.</b>	
	<b>Level 2 (3-5 marks)</b> Recommends course of action and supports with argument, e.g. through comparison of advantages and disadvantages or discussing it in context of closure of firm.  <b>Level 1 (1-2 marks)</b> Analyses option(s) giving advantages and disadvantages in context.	5
(e)	<b>Target: Ability to apply knowledge and understanding of the effect of changes in population on the case given.</b>	
	2 x 2 marks.  1 mark for identifying possible population effects e.g. users may want different facilities e.g. jacuzzi, sauna; may impact on opening hours; may consider offering OAP discount; workers may need flexible working arrangements. 1 mark for explanation in context.	4

(f)	(i)	<b>Target: Ability to demonstrate knowledge and understanding of ethics in a business context.</b>	
		Defines ethics as business making decisions based on what they think is right/moral, (1) rather than commercial considerations (1).	<b>2</b>
	(ii)	<b>Target: Ability to evaluate options based on both ethical and commercial considerations.</b>	
		<p><b>Knowledge Base</b> Arguments for and against the options e.g.</p> <p>Option 1- Keep some people happy, a growing number of retired people who may not want children around. Children would not be paying membership therefore Centre would not be losing money. May not get parent members.</p> <p>Option 2- Allows parent members, however cost of providing facilities and would need space for the childcare.</p> <p>Option 3 – Unfair to discriminate against parents. Some people may not renew membership.</p> <p><b>Level 3 (5-7 marks)</b> Compares the options and makes overall decision giving good supporting argument for choice e.g. using results of market research.</p> <p><b>Level 2 (3-4 marks)</b> Analyses arguments for and against each option.</p> <p><b>Level 1 (1-2 marks)</b> States arguments for and against in context.</p>	<b>7</b>

Question 2

30 marks

2 (a)	<b>Target: Ability to apply knowledge and understanding of the EU and its benefits in the given circumstances.</b>	
	1 mark per reason.  E.g. more customers; ease of trade/no barriers; nearness of markets etc.	2
(b) (i)	<b>Target: Ability to calculate a price using an exchange rate.</b>	
	£3.25 / .65p (1) = 5 Euros (1).  Allow 1 mark for correct working but incorrect answer.	2
(ii)	<b>Target: Ability to analyse the effect of differing prices using calculation and other factors.</b>	
	<b>Level 2 (3-4 marks)</b> Compares differences between Belgium and UK products looking at price and other factors and gives arguments supporting conclusion.  <b>Level 1 (1-2 marks)</b> 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)	<b>Target: Ability to demonstrate and apply knowledge and understanding of consumer law.</b>	
	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)	<b>Target: Ability to demonstrate knowledge and understanding of the effects of the law to a local employment context.</b>	
	3 x 1 mark.  Identifies laws that relate to workers, e.g. equal opportunity requirements; minimum wage.	3

<b>(e)</b>	<b>Target: Ability to evaluate the effects of internet technology on case study material.</b>		
	<p><b>Knowledge Base</b>  Advantages of web site eg more customers, cheap advertising, linked to email.  Disadvantages of web site - eg set-up costs, updating, limited customers, ensuring name appears on search engines.</p> <p><b>Level 2 (3-4 marks)</b>  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><b>Level 1 (1-2 marks)</b>  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 website, expensive to set up etc.</p>		<b>4</b>
<b>(f)</b>	<b>Target: Ability to demonstrate knowledge of production technology.</b>		
<b>(i)</b>	Computer aided manufacturing.	<b>1</b>	
<b>(ii)</b>	Computer integrated manufacturing.	<b>1</b>	
<b>(iii)</b>	Computer aided-design.	<b>1</b>	
<b>(g)</b>	<b>Target: Ability to apply cost benefit analysis to an investment decision.</b>		
	<p><b>Knowledge Base</b>  Computer aided manufacturing will produce long term benefits such as lower costs, better productivity, higher output, better quality. There will be short term costs e.g. purchase, training, disruption.</p> <p><b>Level 3 (5-6 marks)</b>  Compares costs and benefits in context and gives well supported recommendation.</p> <p><b>Level 2 (3-4 marks)</b>  Identifies costs as short term and benefits as long term.</p> <p><b>Level 1 (1-2 marks)</b>  Lists costs and benefits.</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>		<b>6</b>
	Ideas are expressed clearly, fluently and in an appropriate way. There are few errors in spelling, punctuation and grammar.	<b>2</b>	<b>2</b>
	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.	<b>1</b>	
	Candidate fails to reach the threshold standard in all respects.	<b>0</b>	