

Candidate Forename						Candidate Surname					
Centre Number						Candidate Number					

**OXFORD CAMBRIDGE AND RSA EXAMINATIONS
GENERAL CERTIFICATE OF SECONDARY EDUCATION**

2323/02

BUSINESS STUDIES B

Business in its Environment (Higher Tier)

THURSDAY 20 MAY 2010: Morning

DURATION: 1 hour 15 minutes

SUITABLE FOR VISUALLY IMPAIRED CANDIDATES

Candidates answer on the Question Paper

OCR SUPPLIED MATERIALS:

None

OTHER MATERIALS REQUIRED:

Calculators may be used

READ INSTRUCTIONS OVERLEAF

INSTRUCTIONS TO CANDIDATES

- **Write your name clearly in capital letters, your Centre Number and Candidate Number in the boxes on the first page.**
- **Use 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.**
- **Write your answer to each question in the space provided. Additional paper may be used if necessary but you must clearly show your Candidate Number, Centre Number and question number(s).**

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 answers to the question labelled with an asterisk (*).**

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QUESTION 1

(a) (i) JGT Travel is a travel agent selling holidays in a small town. Its competitors in the town are:

- **PV Travel – another small travel agent**
- **Eezee Travel – part of a chain of travel agents in the UK**
- **ETF Travel – a German firm operating throughout the EU including the UK.**

Identify TWO benefits to CONSUMERS of firms like ETF Travel competing in the UK market.

Benefit 1: _____

Benefit 2: _____ [2]

(ii) Over the past few years JGT Travel's market has become more competitive. Eezee Travel and other large chains now offer a very wide range of different types of holidays. As a result, JGT Travel is considering whether to SPECIALISE in expensive cruise holidays.

JGT Travel's owner has been looking at the following market research information:

- **The number of firms selling cruise holidays has doubled in the past 4 years**
- **Cruise holidays are expected to grow by 7% a year for the next 5 years**
- **The price of cruise holidays has risen by 20% in the past year**
- **There is a shortage of cruise ships available for customers**

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- (b) Another reason why JGT Travel is considering specialising in cruise holidays is because the local population structure has changed.

A change in the local population structure is an **EXTERNAL FACTOR**. Which type of external factor is a change in population structure? Circle the correct response.

Economic

Environmental

Legal

Political

Social

[1]

- (c) JGT Travel considers itself to be an ethical business.

- (i) Explain **TWO** examples of behaviour which could show that JGT Travel is an ethical business.

Example 1: _____

Example 2: _____

_____ [4]

- (ii) Explain ONE reason why ethical behaviour is important to a business.

[2]

- (d) JGT Travel provides a foreign currency service to its customers. This means that the business must have a stock of foreign currencies available.

- (i) At the end of last week JGT Travel had \$5,000 (US dollars) in stock and the exchange rate was $\text{£}1 = \$1.55$. This week JGT Travel has sold \$1,000 to a customer and the exchange rate is now $\text{£}1 = \$1.60$.

How much is JGT Travel's REMAINING stock of US dollars (\$) now worth in pounds (£)? Show your working.

[3]

- (ii) JGT Travel also keeps a stock of Euros (€) and is trying to decide whether to increase its stock. The business usually sells an average of €1,500 per week and its current stock is €2,000. At present the exchange rate is £1 = €1.25, but JGT Travel expects that this will change to £1 = €1.15 next week.**

Advise JGT Travel whether it should increase its stock of Euros now or next week. Give reasons for your advice.

[illegible]

[9]

[Total marks: 30]

QUESTION 2

Activity Gyms Ltd (AGL) operates fitness centres throughout the UK. The business competes against private and public enterprises.

(a) Many local councils provide leisure facilities often including fitness centres for local residents.

(i) Explain why local councils often provide leisure facilities.

[2]

Local councils are involved in the provision of a wide range of other services.

(ii) Identify THREE examples of services OTHER THAN LEISURE SERVICES that are provided by local councils.

1 _____

2 _____

3 _____ **[3]**

(b) AGL is affected by changes in taxation.

Explain how the following changes in taxation could affect ACTIVITY GYMS LTD:

(i) an increase in the rate of income tax for higher income earners;

[2]

(ii) a decrease in the rate of corporation tax.

[2]

- *(iii) AGL has recently had a large increase in council tax for one of its gyms. As a result, the business is considering whether to move the gym to another town where council tax is much lower.**

The manager of the gym is worried about the effect of a possible move upon its current members, although he is pleased that the average incomes in the new town are 25% higher and the town's population is much larger.

Advise AGL whether or not it should move its gym to another town. Give reasons for your advice.

[9+2]

- (ii) **AGL issues all of its members with an electronic membership card. Members do not use cash, but have to ‘top up’ their card with credit to pay for any food and drinks.**

Identify and explain TWO benefits to ACTIVITY GYMS LTD of its members having to use a membership card to pay for any food and drinks.

Benefit 1 _____

Benefit 2 _____

_____ **[4]**

[Total marks: 30]

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