

**GENERAL CERTIFICATE OF SECONDARY EDUCATION**  
**BUSINESS STUDIES B**

Business Organisation  
(Higher Tier)

**2321/02**

Candidates answer on the Question Paper

**OCR Supplied Materials:**  
None

**Other Materials Required:**  
• Calculators may be used

**Tuesday 15 June 2010**  
**Morning**

**Duration:** 1 hour 15 minutes



Candidate Forename		Candidate Surname	
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Centre Number						Candidate Number				
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**INSTRUCTIONS TO CANDIDATES**

- Write your name clearly in capital letters, your Centre Number and Candidate Number in the boxes above.
- 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.
- Do **not** write in the bar codes.
- 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 questions labelled with an asterisk (\*).
- This document consists of **12** pages. Any blank pages are indicated.



**A calculator may  
be used for this  
paper**

1 Marc, Peter and Stanislav own 'The Pot Place' which produces garden pots.

(a) The pots are produced using the following inputs:

- Marc, Peter and Stanislav's business expertise
- pot makers (potters)
- factory space
- kilns for making the pots.

Match each of these inputs to the appropriate factor of production in Fig. 1 below.

Factor of production	Input
Capital	
Enterprise	
Labour	
Land	

Fig. 1

[4]

(b) Marc has drawn up a budget summary for the coming year.

Financial Forecast for 2011	
	£
Revenue from selling pots	650 000
Other revenue	120 000
Variable costs	550 000
Promotion expenditure	50 000
Other fixed costs	200 000
Net Profit	<input type="text"/>

Fig. 2

(i) Using an example other than promotion, explain what is meant by fixed costs.

.....

.....

.....

..... [2]

..... [4]

**(c)** In order to increase the sales of pots, Peter and Stanislav are considering the following:

- spending more on advertising
- reducing prices.

Choose a business you have studied.

Name of business .....

Discuss whether spending more money on advertising or reducing prices would be the best way for your chosen business to increase sales.

..... [6]

**[Total: 16]**

**Turn over**

- 2** Sue makes jars of jam, chutney and cooking sauce at home to sell at local markets. She has now received a large order from a major retail shop.

**(a)** Sue must decide whether to remain a sole trader or set up as a private limited company.

**(i)** What is meant by the term sole trader?

.....

.....

.....

..... [2]

**(ii)** What is meant by the term private limited company?

.....

.....

.....

..... [2]

**(b)** Discuss whether Sue should remain a sole trader or change her business to a private limited company.

.....

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.....

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.....

.....

..... [4]

- (c) If Sue decides to change from sole trader to private limited company, explain **one** difficulty she might face.

.....

.....

.....

..... [2]

- (d) Sue uses batch production to make the jars of jam, chutney and cooking sauce. Explain **two** disadvantages to Sue of using batch production.

1 .....

.....

.....

.....

2 .....

.....

.....

..... [4]

[6+2]

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- 3** Lan is the Managing Director of Plumpton Services plc which supplies office equipment and IT services to a large number of organisations.

**(a)** Explain the role of a Managing Director.

..... [2]

**(b)** Lan believes that her business works best with a tall hierarchical structure.

**(i)** What is meant by a hierarchical structure?

..... [2]

(ii) Discuss whether being part of a tall hierarchical structure would motivate the workers at Plumpton Services plc.

[6]

**[Total: 10]**

4 Emma is the Director of Fedcam Trust, a charity involved in education in East Africa.

- (a) Fedcam Trust is in the tertiary sector of the economy.  
Explain why Fedcam Trust is part of the tertiary sector.

.....

.....

.....

..... [2]

- (b) Emma needs to contact Fedcam Trust's **external** stakeholders.

- (i) Identify **two** possible **external** stakeholders of Fedcam Trust.

1 .....

2 ..... [2]

- (ii) For **one** of these stakeholders, explain **one** reason why Emma, as the Director, might wish to contact them.

Stakeholder .....

Explanation .....

.....

.....

..... [2]



Name of business .....

[6]

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