



General Certificate of Secondary Education
2009

Candidate Name

Centre Number

Candidate Number

Business Studies B

Foundation Tier

[G3701]



G3701

TUESDAY 9 JUNE, AFTERNOON

TIME

2 hours.

INSTRUCTIONS TO CANDIDATES

Write your Candidate Name, Centre Number and Candidate Number in the spaces provided at the top of this page.

Write your answers in the spaces provided in this question paper.

Complete in blue or black ink only. Do not write in pencil or with a gel pen.

Do not use correction fluid to correct errors in your answers.

Answer **all five** questions.

INFORMATION FOR CANDIDATES

The total mark for this paper is **105**, including 5 marks for quality of written communication.

Figures in brackets printed down the right-hand side of pages indicate the marks awarded to each question or part question.

You are reminded of the need for accurate spelling, punctuation and grammar.

For Examiner's use only	
Question Number	Marks
1	
2	
3	
4	
5	
QWC	

Total Marks	
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5655

Examiner Number



M A Y 0 9 G 3 7 0 1

CONTEXT

John Lally and Theo Kaloumenos set up a private limited company, JLTK Ltd, in 1972 manufacturing dishwashers. In the 1990s JLTK diversified by manufacturing mobile phones. JLTK became a public limited company in 2001.

In 2002 JLTK broadened its product range by becoming the first and only UK mobile phone manufacturer to also offer a phone network. This was a market already dominated by O2, Vodafone and Orange. JLTK remains the smallest UK provider of mobile phone network services. The manufacture of dishwashers has continued but only accounted for 8% of company sales revenue in 2008. However, JLTK dishwashers have a good reputation and the brand name is well respected by its customers.

Currently, JLTK manufactures basic mobile phones that are at the bottom-end of the market. These are moderately priced and the latest models do not provide any additional facilities such as a built-in camera, MP3 player or access to the Internet. JLTK has factories in the UK and abroad.

JLTK's current target market for mobile phones are those consumers who prefer simple, straightforward phones without expensive 'add-ons'. 85% of sales are customers in the 50+ age bracket. This market segment is sometimes referred to as 'the silver surfer generation'.

The majority of customers that purchase a mobile phone from JLTK plc also sign up for the phone network, with 95% opting for 'Pay-As-You-Go'.

JLTK also has a niche market in manufacturing mobile phones for the partially sighted and hard of hearing.

Profits and sales revenues in 2007 and 2008 were disappointing.

Sales of white goods can be severely affected by a downturn in the housing market and there is a growing concern that the UK housing market is set for a prolonged downturn.

The Directors are considering:

- the launch of a new range of mobile phones aimed at different market segments
- their position in the 'white goods' market
- raising finance for expansion.

The Directors will use SWOT analysis to assess these issues.



Question 1

For the following questions (a) to (f) write the letter A, B, C or D in the boxes provided to show the correct answer.

(a) Which one of the following is a **want** rather than a **need**?

- A Shelter
- B Clean water
- C Coca Cola
- D Clothing

[1]

(b) Which one of the following is an **internal** stakeholder in a business?

- A A bank
- B An employee
- C A customer
- D A supplier

[1]

(c) Select from the following list of documents one that a limited company must complete as part of its formation procedure.

- A A Deed of Partnership
- B A Contract of Employment
- C Higher Purchase Agreement
- D A Memorandum of Association

[1]

(d) Which one of the following statements about private limited companies is correct?

- A Shareholders have limited liability
- B The shares can be bought and sold on the stock exchange
- C The company's accounts can be kept secret
- D The maximum number of shareholders is 20

[1]

(e) Which one of the following is a tax on products entering the UK from abroad?

- A Income tax
- B Customs duty
- C Corporation tax
- D VAT

[1]

Examiner Only	
Marks	Remark



Question 1 continued

Examiner Only

Marks Remark

(f) What do the letters TQM stand for?

- A Total Quality Management
- B Total Quality Manpower
- C Time Queued Methods
- D Total Quality Materials

[1]

(g) What is the meaning of the term 'fixed cost'?

_____ [1]

(h) Give an example of a social cost that could be caused by the building of a new factory in a rural area.

_____ [1]

In 2008 JLTK plc made £950m net profit.

(i) State **two** ways that JLTK plc could make use of this £950m profit. For each way give a reason.**1** _____ [1]**Reason** _____

_____ [1]

2 _____ [1]**Reason** _____

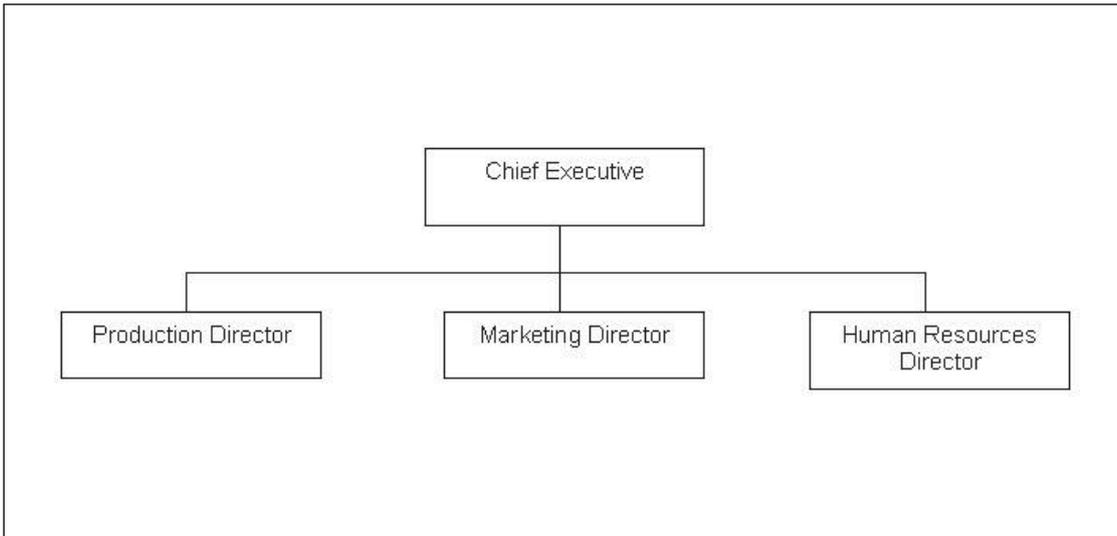
_____ [1]



Question 1 continued

Examiner Only

Marks Remark



- (j) By referring to the extract from the organisational chart above explain the meaning of 'span of control'.

_____ [2]



Question 1 continued

JLTK plc prides itself on good communication throughout the business.

Below are three methods of communication and three situations.

Examiner Only	
Marks	Remark

Communication Methods
A e-mail
B meetings
C video conferencing

Situations
1. Directors based in 5 countries need to discuss, this afternoon, an important issue that arose this morning, during a meeting at Head Office.
2. The Company wants to inform existing customers of special offers.
3. A manager in one of JLTK plc's factories wants to discuss possible redundancies with departmental supervisor next week.

(k) Match the situations to the communication methods in the boxes below.

Communication Methods	Situations
A	<input type="checkbox"/> [1]
B	<input type="checkbox"/> [1]
C	<input type="checkbox"/> [1]



During an industrial dispute a trade union may call on its members to take industrial action.

(l) State **two** forms of industrial action that the trade union members might take.

1 _____ [1]

2 _____ [1]



Question 2

Applicants for jobs in JLTK plc have to complete an application form and provide a Curriculum Vitae (CV).

(a) State **two** items, other than name and contact details, which should be included in a Curriculum Vitae.

1 _____

2 _____ [2]

In 2008 JLTK plc closed down a small factory in Scotland making 75 members of staff redundant.

(b) State the meaning of the term 'redundancy'.

_____ [2]

In 2008 a total of 15 members of staff were dismissed throughout the company.

(c) From the list below select **two** reasons for dismissing a member of staff that could be considered to be fair:

- Caught stealing from the workplace
- Pregnancy
- Late for work on one occasion
- Over 50 years of age
- Repeatedly absent from work

1 _____ [1]

2 _____ [1]

Examiner Only	
Marks	Remark



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Question 2 continues overleaf



Question 2 continued

Below are extracts from advertisements for three vacancies in JLTK plc.

**Cleaner
for the Chester Office**

Mornings 6am to 8am
Evenings 6pm to 7pm

Wage - £6.15 per hour

**Specialist Computer
Programmer**

Applicant will have
at least 5 years
experience. He/she
will have specialised
in Web based
applications.

A Degree in computer
programming is
desirable.

A relocation grant is
available.

Post is based in the
Midlands.

Salary £45,000 pa

Production Director

Responsible for all
aspects of production
across 8 factories in
the UK.

Successful applicant
will become a member
of the Board of
Directors.

This post is based in
Central London

Salary £290,000 pa

Examiner Only	
Marks	Remark



Question 2 continued

Examiner Only

Marks Remark

Some of the places JLTK plc uses to advertise its vacancies are:

- Local newspapers
- National Newspapers i.e. The Times, Guardian, Telegraph, Independent
- Job centre
- Specialist Magazines / Journals

(d) From the list above choose the most appropriate place to advertise each job. **You must choose a different place for each advertisement.** Give a reason for your choice in each case.

Place to advertise the **cleaner** vacancy _____ [1]

Reason for choice _____

_____ [1]

Place to advertise the **computer programmer** vacancy _____ [1]

Reason for choice _____

_____ [1]

Place to advertise the **production director** vacancy _____ [1]

Reason for choice _____

_____ [1]

(e) State a place, other than those listed for (d) that would be appropriate for JLTK plc to advertise the vacancy for its Senior Computer Programmer. Give a reason why this place is appropriate.

Place _____ [1]

Reason _____ [1]



Question 3

Examiner Only	
Marks	Remark

(a) From the following list of finance methods tick the **two** that are short term.

Debentures

Shares

Overdraft

Sale and lease back

Trade credit

[2]

JLTK plc insist that customers ‘top-up’ their phones on-line at JLTK plc’s website using a credit or debit card.

(b) Explain **two** reasons why JLTK plc insist customers pay by credit card or debit card.

1 _____

_____ [2]

2 _____

_____ [2]

(c) Explain why some customers may be concerned about paying by credit card or debit card over the Internet.

_____ [2]



Question 3 continued

To finance their expansion plans in 2010 the Directors of JLTK plc need to raise £1500m. This will be used to finance a take-over bid for a telecoms company based in Germany.

Below are five potential forms of finance:

- Overdraft
- Bank Loan
- Share Issue
- Trade Credit
- Hire Purchase

(d) (i) From the list above choose the **most appropriate** form of finance for the proposed take-over bid.

_____ [1]

(ii) State **two** reasons why this form of finance is appropriate.

Reason 1 _____

_____ [1]

Reason 2 _____

_____ [1]

Examiner Only	
Marks	Remark



Question 3 continued

- (e) (i) From the list opposite choose the **least appropriate** form of finance for the proposed take-over bid.

_____ [1]

- (ii) State **two** reasons why this form of finance is least appropriate.

Reason 1 _____

_____ [1]

Reason 2 _____

_____ [1]

Examiner Only	
Marks	Remark



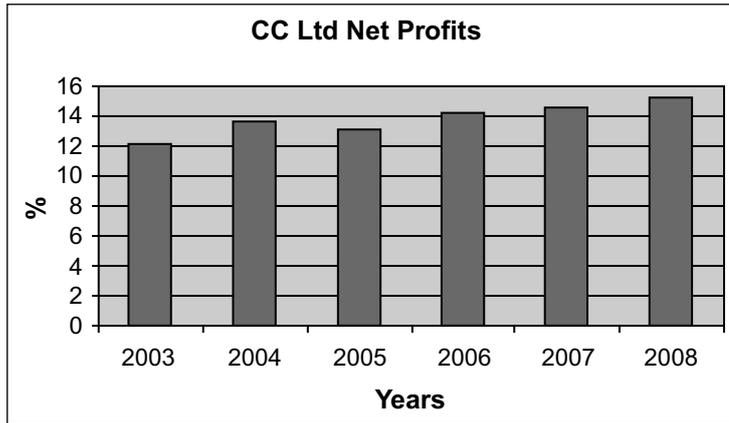
Question 3 continued

JLTK plc's Directors have decided that any firm they take over must, **between 2006-2007** have:

- sales that have risen by at least 10% per year
- an increase each year in net profits
- an increase each year in its market share

Below are performance details of CC Ltd, a company JLTK plc is considering taking over.

CC Ltd	Sales (£m)
2003	120
2004	140
2005	150
2006	170
2007	200
2008	230



CC Ltd Market Share					
2003	2004	2005	2006	2007	2008
13.2%	13.9%	14.5%	14.3%	14.1%	14.9%

(f) Using the information above explain whether or not JLTK plc should take over CC Ltd.

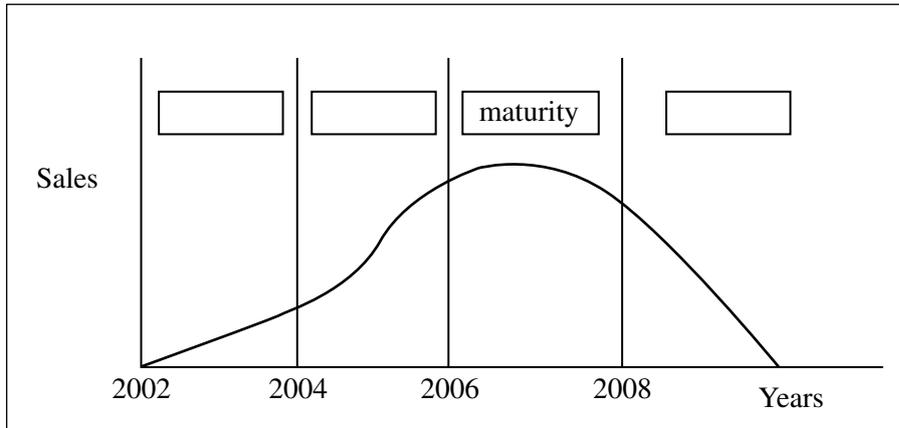
[6]

Examiner Only	
Marks	Remark
Total Question 3	



Question 4

- (a) Complete the product life cycle below by labelling the three missing stages.



[3]

Some products have a life cycle lasting 50 years or more, others last only a few years.

- (b) (i) Would the product life cycle of a new mobile phone be short or long?

_____ [1]

- (ii) State **two** reasons for your choice to 4b(i).

1 _____ [1]

2 _____ [1]

JLTK plc spends £m's each year on asking consumers their opinions.

- (c) Is JLTK plc market or product orientated?

_____ [1]

Examiner Only	
Marks	Remark

[Turn over]



Question 4 continued

Examiner Only

Marks Remark

(d) State **two** reasons why JLTK plc spends such large sums of money on market research each year.

1 _____
 _____ [1]

2 _____
 _____ [1]

The marketing mix consists of 4Ps. One of these is Product.

(e) State the other 3Ps in the marketing mix.

_____ [1]

_____ [1]

_____ [1]

JLTK plc's marketing department are conducting market research on the idea of 'family phones'. These are phones that allow free calls and texts between family members.

Two of the research techniques they could use are:

- **random sampling:** they stop and interview the first 100 people that they meet in the shopping centre.
- **quota sampling:** interviewers are told which group(s) of people to interview e.g. women, people over 65, young adults, teenagers, family groups.

JLTK plc's marketing department decided to use Quota Sampling for its research.

(f) Describe why random sampling wasn't chosen.

 _____ [2]

5655



Question 4 continued

JLTK plc have decided to launch a new range of family phones.

The Marketing Director has decided to advertise these new phones through the media as follows:

- On its website
- On TV
- In newspapers / magazines
- On the radio

(g) Choose **two** of the above media and explain why you think these are suitable methods.

1 _____

 _____ [3]

2 _____

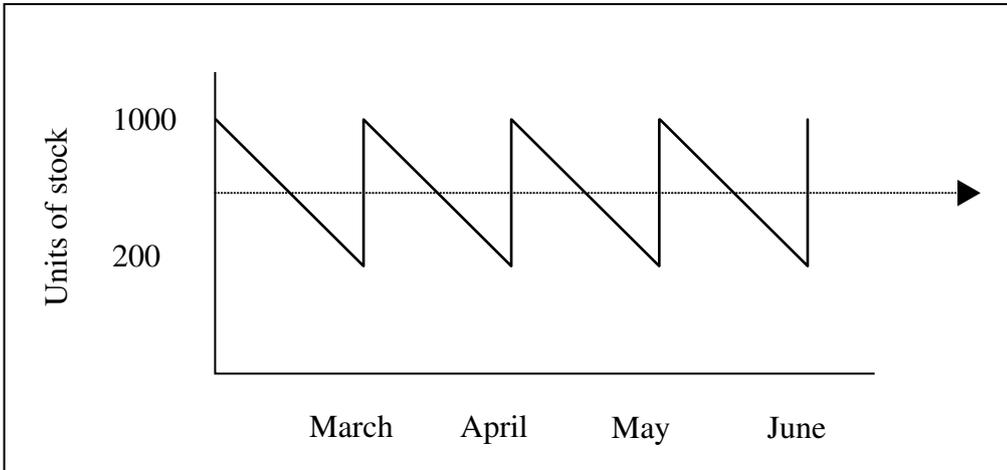
 _____ [3]

Examiner Only	
Marks	Remark
Total Question 4	



Question 5

Until 2001 JLTK plc ordered stock for delivery each month. An example of the pattern of stock delivery and usage during that period is shown below.



(a) How much stock does JLTK plc receive with each delivery?

_____ [1]

(b) What are the **maximum** and **minimum** stock levels held during this period?

Maximum _____ [1]

Minimum _____ [1]

In 2002 JLTK plc decided to switch to a JIT system of stock control.

(c) What do the letters JIT stand for?

_____ [1]

Examiner Only	
Marks	Remark



Question 5 continued

(d) Explain **two** benefits that JLTK plc gained by adopting a JIT system of stock control.

Benefit 1 _____

 _____ [2]

Benefit 2 _____

 _____ [2]

Examiner Only	
Marks	Remark



