Centre No.							Pape	er Refer	ence			Surname	Initial(s)
Candidate No.					4	3	3	0	/	1	F	Signature	
		Pane	r Reference	(e)									

4330/1F

Edexcel IGCSE

Business Studies

Unit 1F

Foundation Tier

Tuesday 9 June 2009 – Afternoon

Time: 1 hour 30 minutes

Materials required for examination	Items included with question papers
Nil	Nil

Instructions to Candidates

In the boxes above, write your centre number, candidate number, your surname, initial(s) and signature.

Some questions must be answered with a cross in a box (\boxtimes) .

If you change your mind about an answer, put a line through the box (X) and then mark your new answer with a cross (\boxtimes) .

Check that you have the correct question paper.

Answer ALL the questions. Write your answers in the spaces provided in this question paper.

Do not use pencil. Use blue or black ink.

Information for Candidates

The marks for individual questions and the parts of questions are shown in round brackets: e.g. (2). There are 3 questions in this question paper. The total mark for this paper is 60. There are 12 pages in this question paper. Any blank pages are indicated.

Advice to Candidates

You will be assessed on your ability to organise and present information, ideas, descriptions and arguments clearly and logically, including your use of grammar, punctuation and spelling.

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Turn over

Total



Team Leader's use only

Examiner's use only

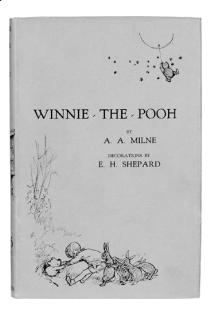
Question Number 1 2 3

W850/4330/57570 6/6/6/6/

Read this page, then answer the questions which follow.

Context

Across the world, people (known as book collectors) buy rare books. These books are often quite old. They can be very valuable if only a few original copies are left. For example, a rare copy of the children's book 'Winnie The Pooh', originally published over 80 years ago for less than £1, was recently bought by a book collector for £3 000.



Hari Petersen buys and sells rare books. *Hari Petersen Books (HP Books)* started in 1959 when Hari's father began selling rare books from a market stall. Hari became a partner in 1967. By 1991 Hari was running the business as a sole trader and had opened a shop in London. There are now over 10000 rare books for sale in the *HP Books* shop.

Specialist employees work in the shop. There is a monthly *Hari Petersen* catalogue containing details of books for sale, which is posted to existing customers, and a website where book collectors can see details of the rare books and buy them.

Some rare books bought by *HP Books* are in poor condition. Therefore, Hari plans to set up another business, *Petersen Bindery*. At *Petersen Bindery*, Hari will employ experts to re-bind (put new covers on) books where the covers need repairing or replacing.

Leave blank

Answer ALL questions.

For each of the questions (i) - (v), indicate your answer by marking the box (\boxtimes) .

]	If you	ı cha	nge	e your mind, put a line through the box (answer with a cross (⊠)		
1.	(a)	(i)	Ha	ri handles all advertising. Which departmen	nt is this an example of?	
			A	Finance		
			В	Marketing		
			C	Personnel (Human Resources)	\boxtimes	
			D	Production		
		(ii)	The	e Finance Department at HP Books deals w	rith	
			A	cash flow forecasting		
			В	sales promotion		
			C	recruitment of staff	\boxtimes	_
			D	research and development		
		(iii)	Ha	ri has a book by Herzberg, the person who	se theory explains	
			A	assets and liabilities		
			В	economies and diseconomies of scale		
			C	EPOS and EFTPOS		
			D	hygiene factors and motivators	\boxtimes	-
		(iv)	Ha	ri gives authority to some employees to car	ry out tasks. This is an example of	
			A	delegation	\boxtimes	
			В	demand	\boxtimes	
			C	depreciation		
			D	dismissal	\boxtimes	

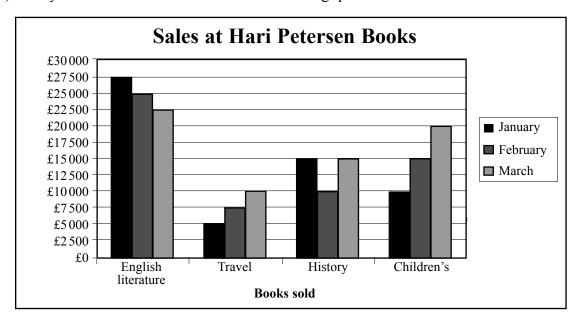
(v) The term chain of command refers to

- A the number of experts working in the shop
- B the laws that Hari and the employees must obey
- C how many employees work in Hari's shop
- D how orders are passed down from Hari

(5)

At HP Books, Hari puts the rare books into the following four groups:

- English literature
- Travel
- History
- Children's.
- (b) Study the chart below and answer the following questions.



(i) Which was the best selling group of books in March?

Group

(1)

(ii) Calculate the total value of travel books sold in the three months.

£

(1)

(iii) In which month did HP Books make the highest sales?	
Month	(1)
(iv) How much income did HP Books receive in February?	
Income £	(1)
(v) Which group of books' sales are increasing most quickly?	
Group	(1)
(vi) By how much do the sales of English literature books fall ea	ch month?
£ each month.	(1)
Hari uses the value of book sales as one way to measure the success of	of <i>HP Books</i> .
(c) State two other ways in which Hari could measure the success o	f his business.
	(2)

That would be two effects for Hari as a result of changing the business from the sole trader?	om a
as thought about changing <i>HP Books</i> to a private limited company.	
utline one advantage to Hari if he changes HP Books to a private lin	(4)
utline one advantage to Hari if he changes HP Books to a private lin	
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- 2. Hari uses the following examples of market research.
 - (a) Show which of the following are examples of **primary** or **secondary** market research.

Place a cross (⋈) against each example of market research to show whether it is primary or secondary. If you change your mind, put a line through the box (⋈) and then indicate your new answer with a cross (⋈).

Example of market research	Primary	Secondary
Hari visits other bookshops to see what type of books they sell	\times	\boxtimes
Hari checks trade statistics on how many books are sold	\times	\boxtimes
Hari telephones a bookseller friend to ask her advice	\times	\boxtimes
Hari asks customers in the shop for their views	×	(4)
Hari wants to see if there is a market for selling rare books writt (b) Discuss the advantages to Hari of using both primary and so to see whether there is a market for books in foreign language	econdary ma	
	•••••	(6)



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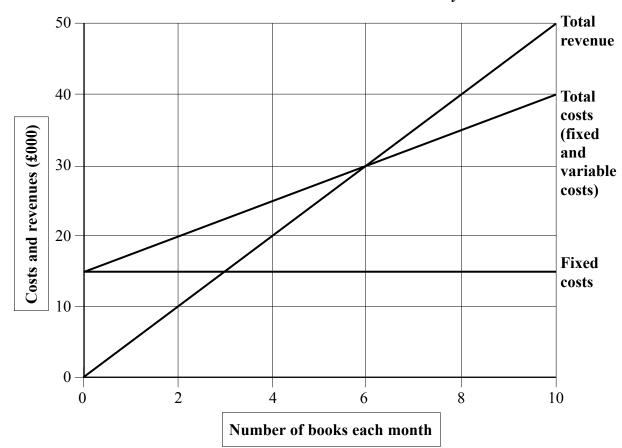
Hari sets up <i>Petersen Bindery</i> , the employees will use job production methods to d (put new covers on) books where the covers need repairing or replacing. Thy will job production be used by the employees at <i>Petersen Bindery</i> ? (2)	tate two likely effects for Hari's business if the employees of Petersen Bindery
Hari sets up <i>Petersen Bindery</i> , the employees will use job production methods to d (put new covers on) books where the covers need repairing or replacing. Thy will job production be used by the employees at <i>Petersen Bindery</i> ?	roduce poor quality work.
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	vily will job production be used by the employees at I elersen Bindery:
	n n

Leave blank The Hari Petersen catalogue of rare books is printed every month for book collectors. It contains details of books for sale. Batch production is used. (e) Explain why batch production, rather than flow production, is suitable for the catalogue. $\mathbf{Q2}$ **(6)** (Total 20 marks)

3. Hari is setting up *Petersen Bindery*, a business that will re-bind (put new covers on) books. This will allow Hari to sell these books at higher prices.

Hari has constructed the break-even chart below for *Petersen Bindery*.





(a) Using the chart,

(i) w	hat would	be the	break-even	number	of books?
-------	-----------	--------	------------	--------	-----------

(1)

(ii) what would be the break-even reve	enue !
--	--------

£(1)

	(iii) what is the profit of loss for Fetersen Bindery if it re-onlids and sens
	• 4 books each month
	• 10 books each month?
	In each case, state whether it is a profit or a loss.
	4 books
	10 books
	(4)
(b)	What is the difference between fixed costs and variable costs?
	(2)
	i is employing experts to re-bind the books, which he will sell in the HP Books shop.
The	new covers for the books will be made from expensive leather.
(c)	Name one likely fixed cost and one likely variable cost for <i>Petersen Bindery</i> .
	(2)
(d)	Name two financial rewards that Hari might give employees of <i>Petersen Bindery</i> .
	(2)

TURN OVER FOR QUESTION 3 (E)



To what extent is budgeting likely to help Hari when setting up <i>Petersen Bindery</i> ? (4) (Total 20 marks)
To what extent is budgeting likely to help Hari when setting up <i>Petersen Bindery</i> ?
To what extent is budgeting likely to help Hari when setting up <i>Petersen Bindery</i> ?
(4)
employees will be fully motivated by financial rewards.