Centre No.						Paper Reference							Surname	Initial(s)
Candidate No.						4	3	3	0	/	2	H	Signature	

Paper Reference(s)

4330/2H

Edexcel IGCSE

Business Studies

Paper 2H

Higher Tier

Tuesday 9 June 2009 – Afternoon

Time: 1 hour 30 minutes

Examiner's use only

Team Leader's use only

Question Number	Leave Blank
1	
2	
3	
Total	

Materials required for examination
Nil

Items included with question papers
Nil

Instructions to Candidates

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

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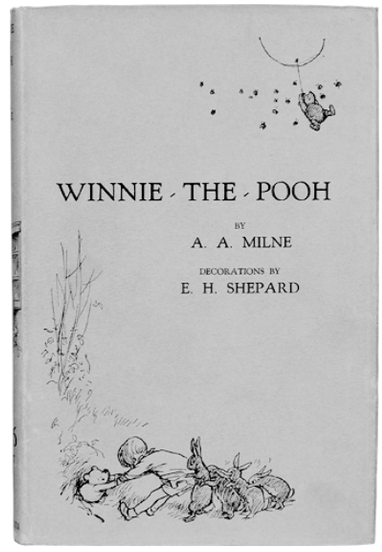
Read this page, then answer the questions which follow.

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 10 000 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.

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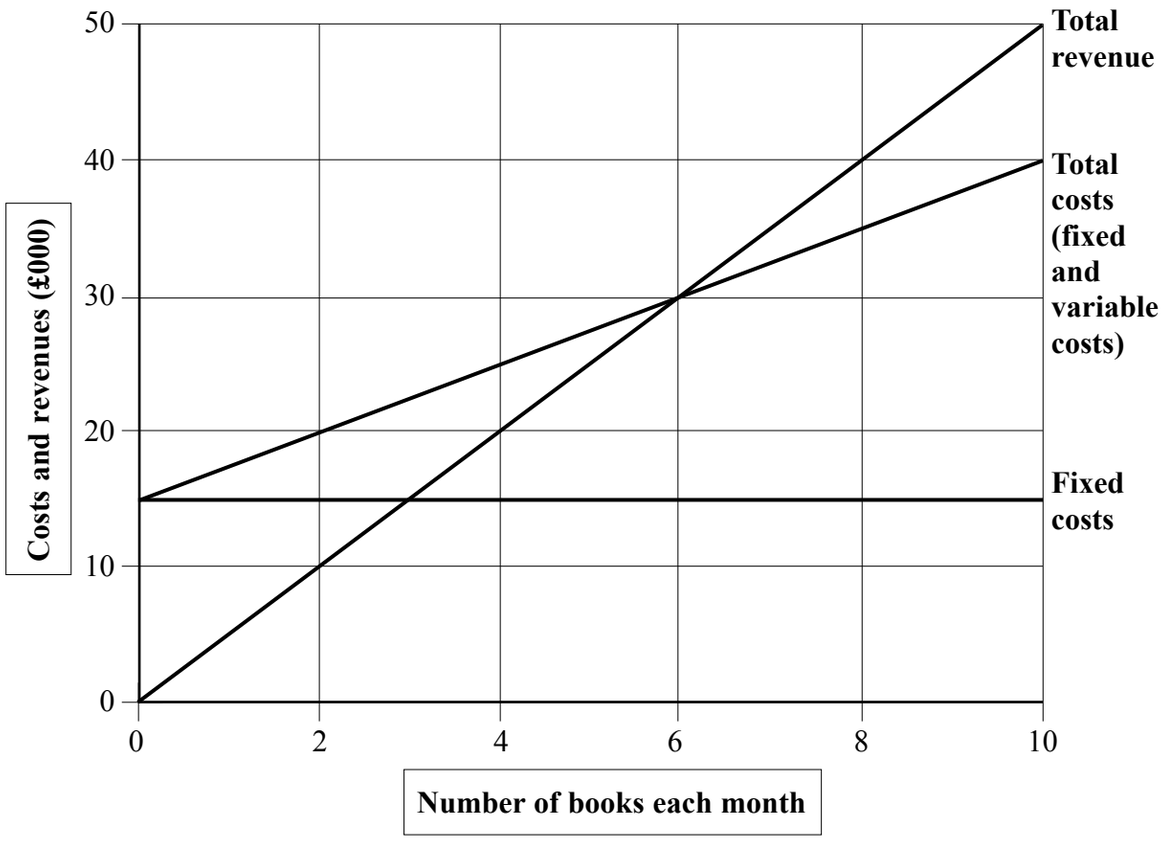
1. Hari is setting up *Petersen Bindery*, a business that will re-bind (put new covers on) books. This will allow Hari to sell these books at higher prices.

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

Break-even chart for *Petersen Bindery*



(a) Using the chart

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

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(1)

(ii) what would be the break-even revenue?

£ .....

(1)

H 3 3 9 8 0 A 0 4 1 2

Leave blank

(iii) what is the profit or loss for *Petersen Bindery* if it re-binds and sells

- 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?

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(2)

Hari 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 *Petersen Bindery*.

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(2)

(d) Name **two** financial rewards that Hari might give employees of *Petersen Bindery*.

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(2)

Leave blank

(e) Outline how Maslow's theory of motivation suggests that not all *Petersen Bindery* employees will be fully motivated by financial rewards.

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(4)

(f) To what extent is budgeting likely to help Hari when setting up *Petersen Bindery*?

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(4)

Q1

(Total 20 marks)

Leave blank

2. The *Hari Petersen* catalogue is printed every month for book collectors. It contains details of books for sale.

There have been some problems this month at the printers with the quality of the catalogue. Some photographs have not been copied clearly, and some of the information about the books is wrong.

(a) What would be the likely effects on *HP Books* if the catalogue's quality does not improve?

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(6)

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Batch production is used to print the catalogue.

(b) To what extent is batch production suitable for printing the catalogue?

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(6)

Leave blank

Although *HP Books* does not have any separate departments, employees specialise in different business functions. For example:

- Hari is responsible for finance and updating the bookshop's website
- Doug controls marketing and sales, and creates the book catalogue
- Misha will deal with the production at *Petersen Bindery*.

(c) Analyse the ways in which Hari (finance), Doug (marketing and sales) and Misha (production) work together at *HP Books*.

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(8)

(Total 20 marks)

Q2

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3. Hari and his father used to be in partnership. However, Hari's father died in 1991. Hari now runs *HP Books* as a sole trader.

Hari considered the following factors when deciding to run *HP Books* as a sole trader.

- Control
- Use of profits.

(a) Analyse how **one** of the above factors might have encouraged Hari to run *HP Books* as a sole trader rather than to look for another partner.

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(4)

Leave blank

Hari could measure the success of *HP Books* by the following.

- Profits made
- Customer satisfaction.

(b) Justify why **each** of these is important for Hari to use as a measure of success.

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(6)

TURN OVER FOR QUESTION 3(c)

Leave blank

Hari wants to expand the business by selling old and valuable maps.

The shop next door to *HP Books* is now available to rent. If Hari rents this shop, it will give him more storage space for *HP Books*, and a place to sell the maps.

(c) To what extent will primary **and** secondary market research help Hari decide whether to

- sell the maps
- rent the shop next door?

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(10) Q3

(Total 20 marks)

TOTAL FOR PAPER: 60 MARKS

END OF PAPER