Centre No.					Pape	r Refer	ence			Surname	Initial(s)
Candidate No.			1	5	0	3	/	0	1	Signature	

1503/01

Edexcel GCSE

Business Studies

Paper 1F

Foundation Tier

Thursday 15 June 2006 – Afternoon

Time: 2 hours

Materials	required	for	examination
X T ' 1			

Items included with question papers

Instructions to Candidates

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

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

Information for Candidates

The total mark for this paper is 105. The marks for the various questions are shown in round brackets:

There are 20 pages in this question paper. All blank pages are indicated.

There are 5 marks for the quality of written communication.

You may not use a dictionary.

You may use a calculator.

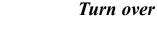
Advice to Candidates

You are reminded that you will be assessed on the quality of written communication. Remember to show all stages in any calculations and to state the units.

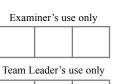
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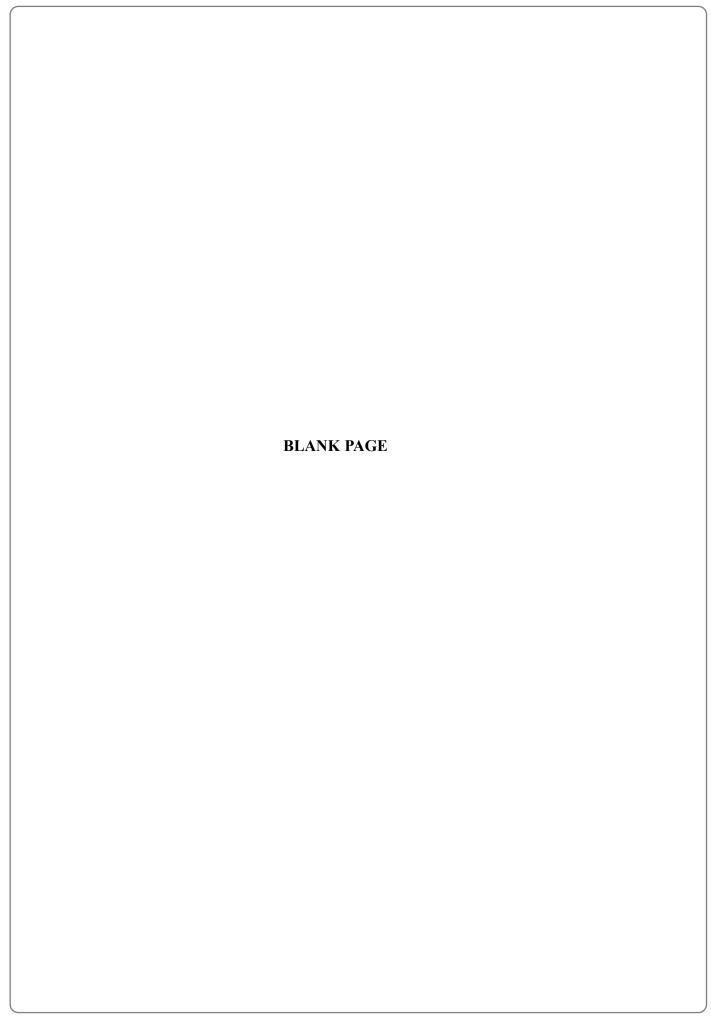




Question Number 2 3 5

QWC

Total



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CONTEXT – EPP

Excel Pictures plc (EPP) is the largest film production and cinema group in the world. Besides studios and cinemas in America it operates cinemas in eleven other countries, including Austria, Japan and Germany. At present it operates 38 cinemas in the UK with a total of 380 screens and is continuing to expand.

EPP's objectives are:

- to create a culture and an environment that eliminates unfair discrimination and promotes productive working relationships based on the unique contribution of the individuals in all of its operation
- to increase sales and maximise profits
- to improve customer satisfaction by maintaining a market-oriented approach
- to increase the size of the business.

The films shown in EPP cinemas are delivered around the UK from a distribution centre in Preston, Lancashire. The distribution centre acts as a wholesaler which stores and distributes all central items such as film posters and name badges.

Currently over 20 million people in the UK visit EPP cinemas every year and another of EPP's objectives is to attract as many of these cinemagoers as possible.

Of its customers, EPP says:

"... we want all our customers to enjoy going to the cinema and we want them to make return visits".

EPP employs 2 700 full-time and part-time staff in the UK to make sure customers who visit its cinemas have an enjoyable time. Each cinema recruits its employees locally. These employees are offered a range of employment opportunities, a training and benefits package which includes a pension and other non-financial incentive schemes.



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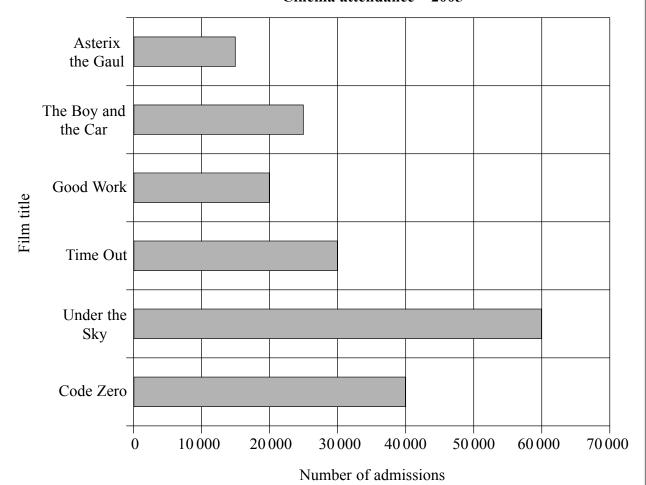
			Answer A	LL questions	
1. (a)			ch of the questions (i)–(v), w Use the boxes provided.	vrite the letter A, B, C or D to	show the correct
	(i)	Wl	nich of these is NOT a curren	nt asset?	
		A	stock		
		В	cash		
		C	debtors		
		D	creditors	Answer	
	(ii)	Pe	ople who go to watch films a	t EPP cinemas are known as	
		A	sellers		
		В	customers		
		C	producers		
		D	employers	Answer	
	(iii)	EP	P cinemas are in the	sector of industry.	
		A	tertiary		
		В	secondary		
		C	primary		
		D	public	Answer	
	(iv)	Sei	nding out invoices to custome	ers would be done by the	department.
		A	Personnel		
		В	Marketing		
		C	Production		
		D	Finance	Answer	
	(v)	Fix	xed and variable costs are sho	own in a	
		A	breakeven chart		
		В	balance sheet		
		C	bank statement		
		D	pie chart	Answer	
					(5)

(ii)	Identify ONE type of desk research.	(1)
(11)	identify ONE type of desk research.	
		(1)
(iii) Define the term job production.	
		(1)
(iv) What is meant by Just In Time (JIT)?	
		(1)
(v)	What is the maximum number of partners allowed in a partnership?	
		(1)
	QUESTION 1 CONTINUES ON THE NEXT PAGE	

Leave blank

Answer the questions using the graph below.





The above chart shows the total number of people in 2005 who went to see the films shown in one EPP cinema.

(c)	(i)	Which was the most popular film?
		(1)
	(ii)	What was the difference between the number of admissions for the most and the least popular films?

(1)

	(1)
(iv)	Suggest how these figures help the manager of this cinema plan which films to show.
	(2)
(v)	Explain ONE way the manager might advertise films to be shown in the future and give reasons for your choice.
	(3)
(vi)	Is there anything else the manager could do to encourage people to come to this cinema?
	(2)
	(Total 20 marks)

(a) (1)	Put the follow	ving into the order they come in the	recruitment process.	
	interview	send out an application form	advertisement	
	short list	induction training	job offer	
	1			
	2			
	3			
	4			
	5			
	6			
				(3)
(11)	Why are job	applicants at EPP invited for an inte	erview?	

	(iii) Explain TWO other questions that might be asked.	
	(iii) Explain 1 wo other questions that might be asked.	
		••
		••
		•••
	(4)	 {)
		-,
All	employees at EPP are given training.	
(b)	Why do you think this training will benefit EPP and its employees?	
	will do you tillik tills trailling will beliefly the and its elliptoyees:	
` '	why do you think this training will beliefit LiT and its employees:	
	willy do you tillik tills training will beliefle LiT and its employees:	
	why do you think this training will beliefle LiT and its employees:	
	why do you think this training will beliefle LiT and its employees:	



EPI	P has the following objectives:
• i	ncrease profit
• i	mprove customer satisfaction
• i	ncrease sales.
(a)	Explain how EPP might try to achieve these objectives.
	(6)

Leave blank om (2)		
(2)	om	Leave blank
(2)		
(2)		
(2)		
(2)		
(2)		
(2)	••••	
	(2)	

b) (i)	What are shareholders?
	(2)
(11)	Why do you think limited liability is seen as a benefit to shareholders?
(11)	why do you think minted hability is seen as a beliefft to shareholders:
(11)	why do you think minted hability is seen as a beliefit to shareholders:
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(11)	willy do you tillik lithited hability is seen as a beliefit to shareholders?

QUESTION 3 CONTINUES ON THE NEXT PAGE

		£	${\mathfrak L}$
	Fixed assets		
	Premises		6 041 000
	Equipment		2 000 000
	Current assets	4 671 000	
	less Current liabilities	2 328 000	
	Working capital		?
	Net assets		10 384 000
	Financed by:		
	Shareholders' funds	6 996 000	
	Reserves	1 728 000	
	Retained profit	1 161 000	
	Long-term liabilities		
	Loan	?	
	Capital employed		10 384 000
, (1)	Calculate the missing figu		
	Return on capital employ	$ed (ROCE) = \frac{Net I}{G_{out} I}$	profit employed × 100
		Capitar C	
(;;	employed (ROCE).	55 was £2 500 000, cai	culate the return on capital
(ii			

(2)

or not? (2) (iv) Suggest what a shareholder might do if they were not happy with this percentage return.	(iii) I	How would EPP know whether the ROCE calculated in (c)(ii) is a good return
(iv) Suggest what a shareholder might do if they were not happy with this percentage return. (2)		
(iv) Suggest what a shareholder might do if they were not happy with this percentage		
(iv) Suggest what a shareholder might do if they were not happy with this percentage return. (2)		
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return		(2)
return	(iv) S	Suggest what a shareholder might do if they were not hanny with this nercentage
		(2)
(Total 20 marks)		
		(Total 20 marks)

1) (1)	What is meant by economies of scale?
	(2)
	(2)
(11)	How might each of the following economies of scale benefit EPP?
	• Purchasing/marketing
	 Managerial Financial
	• I maneral

Leave	
hlank	

Managi	ng such a large organisation can cause communication and motivation problems.
(b) (i)	Explain what the communication problems might be.

(5) (Total 20 marks)	(11)	Consider the effects that poor motivation might have on employees at any EPP cinema.
(5)		
(5)		
(5)		
(5)		
(5)		
(5)		
(5)		
(5)		
(5)		
(5)		
(Total 20 marks)		
		(5)

1 > 7 >	
b) (1)	Explain how the price and place parts of the marketing mix are used in business.
	(4)

(ii) Why does it do this?	
	(0
	(8
	(Total 20 marks
	Quality of Written Communication: 5 mark
	TOTAL FOR PAPER: 105 MARKS

