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

Paper Reference(s)

1503/01

Edexcel GCSE

Business Studies

Paper 1F

Foundation Tier

Tuesday 9 June 2009 – Afternoon

Time: 2 hours

Materials required for examination	Items included with question paper
Calculator	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.

Some questions must be answered with a cross in a box (\mathbb{N}) .

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

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 5 questions in this question paper. The total mark for this paper is 105.

There are 24 pages in this question paper. Any 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

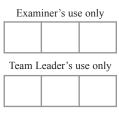
You are reminded that you will be assessed on the quality of written communication. Remember to show all stages in any calculations and to state the units.

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Question Number	Leave Blank
1	
2	
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4	
5	



OWC

Total



Context – B & R Engineering Ltd

James Broadfield founded Broadfield Engineering, just outside Birmingham, in 1946. In 1962, Paul Rose joined the flourishing business as a partner and it was renamed B & R Engineering. It is near to its main customers, the Midland car industry and its raw material suppliers, the steel industry, making this an ideal location.

In 1984, Paul's son, Andrew, joined the business straight from school at 16. Today, following the retirement of both James and Paul, Andrew is the Managing Director and sole shareholder of B & R Engineering Ltd at its new bigger factory also just outside Birmingham.

B & R Engineering Ltd specialises in the manufacture of machine press tools and prototype parts. Its main customers are component companies that produce components, such as gear boxes, clutches and brake assemblies, for the motor car industry nationally and internationally (see chart).

B & R Engineering Ltd employs a Works Manager, Accountant, 5 machine tool makers, 3 CNC operators, 1 workshop technician and 1 part-time office clerk.

Specialist machine press tool making is in a highly competitive worldwide market. In recent years, many British companies have looked to the Far East, China and Korea, to purchase their machine press tools but some companies are returning to manufacturers in the UK.

B & R Engineering Ltd has invested heavily in CAD/CAM using American software which has been specially developed for its needs. It believes in and operates TQM.

Its mission statement is – 'to become a market leader by continuous investment in the most advanced technology in the world.' It has a 20-year plan to achieve this aim through the objectives of increasing profits and growth of its market share.

Andrew Rose says: "We have very high staff retention and while this is partly due to the good salaries paid, a lot of this is down to our approach to the business. We believe that our staff share our values and are proud of the quality of their work. This is very important because without their support we would not be as successful as we are. We are one of the quiet little businesses just getting on with things. Our success is based on successfully marrying new technology with a happy workforce".

B & R Engineering Ltd tries to attract well qualified machine tool makers. It offers apprenticeships and sponsorship as well as attending graduate job fairs.



The following chart shows where the business fits into the chain of production for the car manufacturing industry.

Raw Steel Stockists

B & R Engineering Ltd

SPECIALIST MACHINE PRESS TOOL AND PROTOTYPE PARTS MAKERS DESIGNS AND PRODUCES THE TOOLS THAT WORK IN THE MACHINES THAT MAKE THE CAR PARTS

Component Manufacturer

eg MAKES PARTS FOR CARS USING THE TOOLS DESIGNED AND PRODUCED BY B & R ENGINEERING LTD

Car Plant

ASSEMBLES CARS



Answer ALL questions.

For each question, choose an answer A, B, C or D and put a cross in the box (\boxtimes) . Mark only one answer for each question. If you change your mind about an answer, put a line through the box (\boxtimes) and then mark your new answer with a cross (\boxtimes) .

1.	(a)	(i)	Re	venue	and overheads are shown in a
1.	(u)	(1)	X	A	bank statement
			X	В	invoice
			×	C	balance sheet
			X	D	profit and loss account
		(ii)	If I	3 & R	Engineering Ltd wanted to buy steel it could use
			X	A	trade credit
			X	В	a salary
			X	C	capital
			X	D	shares
		(iii)		& R l	Engineering Ltd's costs that stay the same when output increases are
			×	A	variable
			X	В	total
			X	C	direct
			X	D	fixed
		(iv)) The	e depa	artment responsible for recruitment is
			X	A	human resources (personnel)
			X	В	finance
			×	C	marketing



production

 \mathbf{X} **D**

(v) An organisation which represents employees is a

A credit union

B trade union

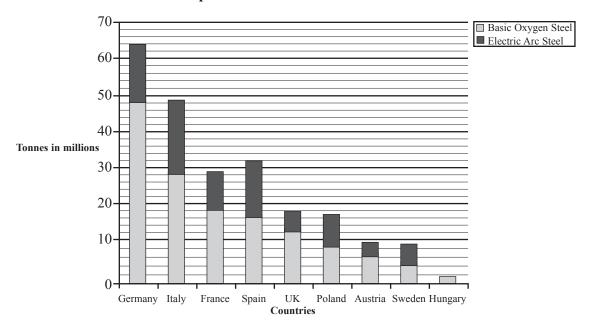
C labour union

D customs union

(5)

(i)	What is meant by a bonus?	
		(1)
(ii)	Give an example of a start-up cost for a business.	
		••••
		(1)
(iii)	What is a receipt?	
		••••
		(1)
(iv)	What do the letters 'plc' at the end of a business name stand for?	
		(1)
(v)	Name ONE example of an industrial action that could be carried out workers.	by
		(1)
	(ii) (iv)	(ii) What is meant by a bonus? (iii) Give an example of a start-up cost for a business. (iii) What is a receipt? (iv) What do the letters 'plc' at the end of a business name stand for? (v) Name ONE example of an industrial action that could be carried out workers.

European Steel Production 2008



The above chart shows the total number of tonnes of steel produced in Europe in 2008.

(c)	(i)	Which country produced the most basic oxygen steel?
		(1)
	(ii)	Which country produced 6 million tonnes of electric arc steel?
		(1)
	(iii)	Calculate the total electric arc steel produced in Germany, Italy, France, Spain and the UK.
		(1)

Leave
blank

buys this steel from other countries. (iv) Why might B & R Engineering Ltd have bought steel from another country? **(4)**

B & R Engineering Ltd uses steel to make the machine press tool parts it sells. It sometimes



(3) (Total 20 marks)	(3)	(3)	(3)	(3)	other countries.
(3)	(3)	(3)	(3)	(3)	
(3)	(3)	(3)	(3)	(3)	
(3)	(3)	(3)	(3)	(3)	
(3)	(3)	(3)	(3)	(3)	
(3)	(3)	(3)	(3)	(3)	
(3)	(3)	(3)	(3)	(3)	
(3)	(3)	(3)	(3)	(3)	
(3)	(3)	(3)	(3)	(3)	
(3)	(3)	(3)	(3)	(3)	
(3)	(3)	(3)	(3)	(3)	
(3)	(3)	(3)	(3)	(3)	
(Total 20 marks)	(Total 20 marks)	(Total 20 marks)	(Total 20 marks)	(Total 20 marks)	
(Total 20 marks)	(Total 20 marks)	(Total 20 marks)		(Total 20 marks)	
					(Total 20 marks

a)	Why is it important for customers to be happy with the quality of the machine prestools they buy from B & R Engineering Ltd?



B & R Engineering Ltd buys its steel in bulk. This means it can keep its costs down	
(b) How would buying steel in bulk help B & R Engineering Ltd keep its costs dow	n?
	•••••
	(3)

B & R Engineering Ltd has invested a lot of money in CAD (Computer Aided Design) and CAM (Computer Aided Manufacture). (c) (i) Discuss **ONE** advantage of using CAD. **(3)** (ii) Discuss ONE advantage of using CAM. **(3)**





(i)	Name TWO motivation theories you have studied.
	(2)
(ii)	Explain TWO ways Andrew Rose could motivate his employees.



One machine press tool costs £10 000 to produce with a mark up of 25%. (b) (i) Calculate the price of this machine press tool to the customer. **(2)** (ii) Identify why businesses use cost plus pricing. **(2)**

B & R Engineering Ltd uses the cost plus pricing method when pricing its products.

Price and product are important parts of the marketing mix of B & R Engineering Ltd.
(c) (i) Identify TWO other parts of the marketing mix.
(2)

	(6) Q3
(Total 20 r	narks)

		C
Calag ma	vyoma a	£
Sales re Cost of		900 000
		400 000
Gross p Expense		380 000
Net pro		?
vet pro	111	•
Gross p	rofit	Net profit
Sales re	v 100	Sales revenue x 100
Jaies ie	venue	Sales revenue
(a) (i)	Using the above Profit of for B & R Engineering I	& Loss Account, calculate the gross profit and net pr Ltd.
(ii)	Using the above Profit	& Loss Account calculate the gross profit ratio and
(ii)		& Loss Account, calculate the gross profit ratio and ngineering Ltd.
(ii)	Using the above Profit profit ratio for B & R E	
(ii)		



111)	How might B & R Engineering Ltd improve BOTH ratios?

(i)	What is meant by retained profit?
	(2)
R E	Engineering Ltd prefers to use retained profit rather than a bank loan.
(ii)	Consider TWO drawbacks of using retained profit.

equipment and software, apart from taking out a bank loan and using retained profit?	in) what hight be ONE other source of infance	available to purchase the capital
	equipment and software, apart from taking or profit?	at a bank loan and using retained
(Total 20 marks)		

(a) (i)	Discuss TWO benefits to B & R Engineering Ltd of having increased profits.





(6)

END

TOTAL FOR PAPER: 105 MARKS