Centre No.						Pape	er Refer	ence			Surname	Initial	l(s)
Candidate No.				4	3	3	0	/	1	F	Signature	•	
	•	4	er Reference	_	•		70					Examiner's use	only

Edexcel IGCSE

Business Studies

Unit 1F

Foundation Tier

Friday 11 May 2007 - Morning

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, initials 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

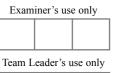
The marks for individual questions and the parts of questions are shown in round brackets: e.g. (2). There are 3 questions in this question paper. The total mark for this paper is 60. There are 12 pages in this question paper. Any blank pages are indicated.

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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1				
2 3				
3				

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Read this page, then answer the questions which follow.

Context

Comet Cars plc (CC plc) is a manufacturer of cars. The Head Office and one of its factories are located in the city of Bristol (UK). There are two other UK factories in Coventry and Wolverhampton.

There are many car manufacturers in Europe and the rest of the world. This means that *CC plc* has to survive and operate in a very competitive market. As a result, the directors of *CC plc* realise that the company must produce a quality range of cars in order to stay competitive with other manufacturers.

The directors realise how important it is to keep making and selling new cars that appeal to customers.





		Answer ALL questions.	Leave
1.	(a)	For each of the questions (i) – (v), indicate your answer by marking the box (\boxtimes). If you change your mind, put a line through the box (\boxtimes) and then indicate your new answer with a cross (\boxtimes).	
		(i) Batch and Flow are methods of	
		A administration B finance C marketing D production	
		(ii) CAD is the abbreviation used in business for	
		A Capital And Debentures B Cash And Delivery C Computer Aided Design D Credit Allowed Discount □	
		(iii) CC plc will use stock control when	
		A buying shares in other businesses B issuing items from factory stores C judging the amount of tax it owes D paying invoices owed to its suppliers	
		(iv) CC plc uses lean production methods. One advantage of this to CC plc is	
		A costs fall leading to higher profits B costs fall leading to lower profits C costs rise leading to higher profits D costs rise leading to lower profits	
		(v) The efficiency of <i>CC plc</i> 's employees can be measured by their	
		A accountability B hierarchy C liability D productivity	

3

Turn over

(5)

Leave
blank

(2)

 $\it CC~\it plc$ has different departments. These include

- Finance
- Personnel (Human Resources)
- Production

(b)		we one example of an activity in each department that would help <i>CC plc</i> carry out work.
	(i)	Finance Department
		(2)
	(11)	Personnel (Human Resources) Department
		(2)
	(iii)) Production Department



blank CC plc's Personnel (Human Resources) Department is based at its Bristol Head Office. (c) How will this Department work closely with the Production Departments in each factory? **(4)** CC plc has a quality control system. (d) (i) What is meant by quality control? **(2)** (ii) Analyse **one** problem that *CC plc* will have if it makes poor quality cars. Q1 **(3)** (Total 20 marks)



Turn over

Leave

Leave blank

- **2.** Each type of car made by *CC plc* has a product life-cycle. The product life-cycle starts with its Development stage. This is shown as number 1 on the chart below. The other stages of the product life-cycle are numbered on the chart below.
 - (a) Name each of the four stages of the product life-cycle numbered 2, 3, 4 and 5.

Product life-cycle

Sales Revenue (£)

1	2	3	4	5
				`
	<u></u>	Time		

1 Development

2

3

4

5 **(4)**

6

Leave blank

CC plc has just made a new car, shown below. The advertising for this new car is to be aimed at families with young children.



The Marketing Department has a choice of media to use when advertising the new car. Two pairs of advertising media can be used.

- Pair 1: Cinema and television.
- Pair 2: Newspapers and posters.

(b)	Select one of these pairs to advertise the new car. Explain why you have selected this pair and not the other one.
	(6)

/

Turn over

Leave blank

(2)

The directors have been given a summary of the most recent Balance Sheet for $CC\ plc$. This summary is shown below.

Balance Sheet for CC plc at 5 April 2007

	£million	£million	
Fixed Assets		400	
Current Assets	150		
Current Liabilities	_90		
Working Capital		_60	
		460	
Bank Loan		_40	
		<u>420</u>	
Share Capital		300	
Undistributed Profi	t	<u>120</u>	
		<u>420</u>	
(c) (i) How much shareholde		<i>plc</i> reinvested in the	company, rather than paid to its
			(1)
(ii) Give two (examples of asset	ts that <i>CC plc</i> is likely	y to have.

M 2 5 7 1 0 A 0 8 1 2

	scribe two differences between share capital and a bank loan.
1) DC.	scribe two differences between share capital and a bank loan.
••••	
•••••	
	(4)
e) Hov mal	w can CC plc's directors use the information in this Balance Sheet for decision king?
e) Hov mal 	w can CC plc's directors use the information in this Balance Sheet for decision king?
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Turn over

Leave blank **3.** *CC plc* is in the secondary sector of the UK economy. (a) What is meant by secondary sector? **(2)** (b) (i) Which **two** types of business in the **tertiary** sector could *CC plc* trade with? **(2)** (ii) For each type of business named in (i), give **one** example of how *CC plc* will trade with it. **(2)**

		Leave
The dire	ectors of CC plc have set objectives for the company.	
(c) (i)	State why it is important for a business such as CC plc to set business objectives.	
	(2)	
(ii)	From the list below, select the two objectives that <i>CC plc</i> is most likely to set. Tick two boxes.	
	To cut the costs of making each car.	
	To sell cars at a financial loss.	
	To make cars with fewer safety features.	
	To pay higher rates of interest on money borrowed.	
	To have an effective marketing strategy.	
	To stop making spare parts for each car.	
	(2)	

TURN OVER FOR QUESTION 3 (d)



11

Turn over

	(1)
(ii)	Consider how this Act of Parliament or other law will affect the work of CC plc.
	(5)
(iii)	(5) Analyse one way, other than through Acts of Parliament, that the UK Government affects the work of <i>CC plc</i> .
(iii)	Analyse one way, other than through Acts of Parliament, that the UK Government
(iii)	Analyse one way, other than through Acts of Parliament, that the UK Government
(iii)	Analyse one way, other than through Acts of Parliament, that the UK Government
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