

Write your name here

Surname

Other names

Centre Number

Candidate Number

Edexcel GCE

Business Studies

Advanced

Unit 4A: Making Business Decisions

Monday 1 February 2010 – Afternoon

Time: 1 hour 30 minutes

Paper Reference

6BS04/01

You must have:

Insert containing all source material (enclosed)

Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** the questions in Section A and Section B.
- Answer the questions in the spaces provided
– *there may be more space than you need.*
- You may use a calculator.

Information

- The total mark for this paper is 80.
- The marks for **each** question are shown in brackets
– *use this as a guide as to how much time to spend on each question.*
- Quality of written communication will be taken into account in the marking of your response to Questions 7 (a) and 7 (b) in Section B. These questions are indicated with an asterisk*
– *you should take particular care with your spelling, punctuation and grammar, as well as the clarity of expression.*
- Candidates are expected to be familiar with Evidence A to H for this paper before the examination.

Advice

- Read each question carefully before you start to answer it.
- Keep an eye on the time.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

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Section A

Evidence A to H was pre-issued before the date of the examination.

Using the evidence and your own knowledge, answer all six questions (total 30 marks).

Time allowed (35 minutes).

Additional Evidence I

Brompton corporate culture

The various components and painted frame parts are pre-assembled then assembled to create the bikes themselves. We do not have an assembly line: every bike is hand-built to order by one of our bike builders, meaning that they take real responsibility for the work they do; this increases accountability (deficient work is returned to the assembler responsible to put right) and enhances job satisfaction.

5

We are uncompromisingly an engineering-led company, and marketing waffle is given short shrift here. It is the only way to ensure a truly well-crafted bicycle.

Every bike that leaves the factory is given a final, thorough check over by our experienced inspectors; they conduct over 100 checks, make sure that nothing was overlooked in any of the earlier checks and that the bike is worthy of the Brompton name, before putting our logo on it and packing the bike ready for despatch to the four corners of the globe.

10

We really have little option but to take this trouble, as there is a lot more to a folding bike than a conventional machine. If the bike is to ride and to fold properly, every engineered detail has to be right. The final 30 minute inspection brings the average time spent on building a Brompton to over 6 hours; it's very labour-intensive, but we feel it's the only way to guarantee the kind of hand-built quality that is the hallmark of our bicycles.

15

(Source: adapted from <http://www.brompton.co.uk>)

1 What is meant by the term 'stakeholder' (see Evidence B, line 41)?

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(Total for Question 1 = 2 marks)



2 What is meant by the term 'corporate culture' (see Additional Evidence I, title)?

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(Total for Question 2 = 2 marks)

3 Explain how the BCG (Boston) Matrix can contribute to Brompton's **corporate planning**.

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(Total for Question 3 = 5 marks)



4 Briefly comment on the suitability of adopting a “power” corporate culture in helping Brompton to succeed in the folding bicycle market.

(Total for Question 4 = 4 marks)



5 (a) Using **Evidence F**, calculate the gross profit margin for 2006 and 2007.

(4)

Dotted lines for writing the answer to part (a).

(b) Comment on results of your calculations.

(4)

Dotted lines for writing the answer to part (b).

(Total for Question 5 = 8 marks)



6 Assess the likely impact on Brompton Bicycle Limited of contingency planning for the US \$ falling against the £ sterling.

A series of horizontal dotted lines for writing the answer.



(Total for Question 6 = 9 marks)

TOTAL FOR SECTION A: 30 MARKS



Section B

Decision making report

Read the following evidence carefully.

Using ALL the evidence and your own knowledge, answer both parts of the question (total 50 marks).

Time allowed (55 minutes).

*7 Brompton Bicycle Limited is considering installation of a computer aided machine at a capital cost of £120,000. This would replace four trained workers, though as Brompton is currently expanding production, no redundancies are required. The company earns 7% p.a. on a 12 month fixed-term money market deposit and is assuming this can be renewed.

(a) Using **net present value plus one other** investment appraisal technique **and other evidence**, evaluate whether Brompton Bicycle Limited should proceed with this investment.

(20)

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(b) Critically examine and evaluate Brompton's decision to base its manufacturing in West London.

(30)

A series of horizontal dotted lines for writing the answer.



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(Total for Question 7 = 50 marks)

TOTAL FOR SECTION B: 50 MARKS
TOTAL FOR PAPER: 80 MARKS



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