

IGCSE

London Examinations IGCSE

Business Studies (4330)

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Specimen Papers and Mark Schemes

London Examinations IGCSE

Business Studies (4330)

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Read this page, then answer the questions which follow.

Context

Bears Ltd is a limited company founded in 1930 by Mr Samuel Cox and Mr Andrew Driver. The business has remained under family control and Andrew's grand-daughter, Mrs Julia Clements, is now the managing director. *Bears Ltd* has grown in terms of output and number of employees, but the business remains at the original factory site in Stoneybridge, Shropshire, England.

Bears Ltd is best known in the United Kingdom and across the world for the production of teddy bears for children. The company has also diversified by producing other traditional soft toys and dolls. More recently, increasing numbers of limited-edition bears for adult collectors have been produced.

In 1952, *Bears Ltd* set up a shop on the Stoneybridge site to sell products made in the factory. This shop is visited every year by thousands of bear lovers. In 1999, a Collectors' Club was started which now has over 3,000 members worldwide. Since then, an annual members' day has been held annually at Stoneybridge. The day includes factory tours, competitions and an auction of 12 specially-made, 'one-off' bears.

When the business was founded its products were only sold in the United Kingdom but now they are sold throughout Europe and the rest of the world. There are *Bears Ltd* agents in seven countries, including the USA, Australia and Japan. Its products are also supplied to an increasing number of retail outlets specialising in the sale of bears.

Bears produced by *Bears Ltd* are designed by Miss Nina Klaus, the company's in-house designer. Other skilled production and administrative staff are employed. The whole process of bear making, from pattern cutting, sewing and stuffing to finishing is carried out in the Stoneybridge factory. Outworkers (all former full-time employees) are also used when demand is heavy. The production process is labour intensive because all products are hand-made. The products must meet safety requirements laid down by the European Union and all the other countries where the bears are sold.

In 2000, in preparation for the Olympics, a full financial review was undertaken to ensure that the company would have the necessary financial resources for its planned expansion in 2000-2003.

To celebrate the 2004 Olympics, Mrs Clements has decided that *Bears Ltd* will produce a limited edition of Olympic Bears for collectors. A budget has been agreed. The project will be supported by producing other 'spin-off' items as souvenirs.

Stoneybridge has many historical attractions and is visited by large numbers of tourists from the United Kingdom and abroad, every year. In the centre of Stoneybridge is a shop called *Teddies on the Circle* which sells bears and bear-related items to tourists. It also specialises in selling expensive bears to adult collectors.

Answer ALL questions.

1

(a) For questions (i)-(v), write the letter A, B, C or D to show the correct answer. Use the boxes provided.

(i) *Bears Ltd* buys raw materials to make bears. These are

- A fixed costs
- B total costs
- C capital costs
- D variable costs

Answer

(ii) If *Bears Ltd* were the only company making bears in the United Kingdom it would be a

- A hierarchy
- B delegation
- C monopoly
- D pressure group

Answer

(iii) Bears are often sold by mail order. This is a suitable

- A type of production
- B span of control
- C channel of distribution
- D chain of command

Answer

(iv) A financial statement prepared by the *Bears Ltd* accountant is a

- A balance sheet
- B bank statement
- C stock inventory
- D job description

Answer

(v) Machinery owned by *Bears Ltd* reduces in value each year. This is known as

- A depreciation
- B dividend
- C interest
- D mortgage

Answer

(5)

Turn over

Business objectives are the targets set by a company. The directors of *Bears Ltd* have set business objectives to

- increase profit
- increase market share
- increase sales income.

(b) (i) Define the term *profit*.

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.....

(2)

(ii) Explain what is meant by *market share*.

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(3)

(c) To increase sales income, *Bears Ltd* is producing a new collectors' bear. Why would they use cost plus pricing for this new bear?

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(4)

Bears Ltd is situated in an area which is popular with tourists. The directors considered relocating but have decided not to.

(d) (i) Apart from keeping the same workforce, identify TWO OTHER benefits to the directors of *Bears Ltd*, of staying in the same place.

- 1.
- 2.

(2)

One reason for not relocating was the present workforce.

(ii) Explain why the workforce would be a reason for **not** relocating.

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(4)

Total for Question 1: 20 marks

Turn over

2 One of the shops selling *Bears Ltd* products is called *Teddies on the Circle*. It is a partnership.

(a) The following are features of some business organisations

- between 2-20 owners
- unlimited liability
- shares bought and sold by the public
- have a separate legal existence
- shared responsibility.

(i) From the list, identify THREE features of a partnership.

1.
2.
3.

(3)

(ii) Two advantages of a partnership are

- profits and losses are shared
- partners specialise.

Explain why these are advantages.

1.
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2.
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(4)

The owners of *Teddies on the Circle* need to borrow money to buy more stock for the summer tourist season.

(b) Describe TWO ways in which a bank might help the owners of *Teddies on the Circle*.

- 1.
.....
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- 2.
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(4)

(c) State FIVE reasons why a bank might **not** lend money to a partnership.

- 1.
- 2.
- 3.
- 4.
- 5.

(5)

Partnerships often become limited companies.

(d) Explain why a partnership might become a limited company.

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-

(4)

Total for Question 2: 20 marks

Turn over

3

Bears Ltd produces bears in two different ways, one-off bears and limited editions such as the Olympic Bear.

(a) (i) Why are one-off bears more expensive to make than limited editions?

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(2)

(ii) *Bears Ltd* and *Teddies on the Circle* advertise in specialist magazines. Why do they do this?

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(4)

Teddies on the Circle also uses point-of-sale advertising.

(iii) What is point-of-sale advertising?

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(2)

The directors of *Bears Ltd* are advertising their newest bear on the Internet.

(b) Why is the Internet an appropriate method?

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(3)

Extracts from *Bears Ltd* financial statements for 2002 and 2003 are given below.

	2003	2002
	£	£
Turnover	2 121 920	2 074 621
Expenses	1 878 924	2 018 285
Fixed Assets	275 833	131 062
Current Assets	902 440	822 969
Current Liabilities	366 413	344 912
Capital & Reserves	811 860	609 119

(c) (i) Give another name for *Turnover*.

.....

(1)

(ii) List THREE expenses.

1.
2.
3.

(3)

(iii) Which item, in the financial statement above, would show debtors?

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.....

(1)

Turn over

- (d) What problems would the directors of *Bears Ltd* face, if they ran out of working capital?

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(4)

Total for Question 3: 20 marks

TOTAL FOR PAPER: 60 MARKS

E N D

Read this page, then answer the questions which follow.

Context

Bears Ltd is a limited company founded in 1930 by Mr Samuel Cox and Mr Andrew Driver. The business has remained under family control and Andrew's granddaughter, Mrs Julia Clements, is now the managing director. *Bears Ltd* has grown in terms of output and number of employees, but the business remains at the original factory site in Stoneybridge, Shropshire, England.

Bears Ltd is best known in the United Kingdom and across the world for the production of teddy bears for children. The company has also diversified by producing other traditional soft toys and dolls. More recently, increasing numbers of limited-edition bears for adult collectors have been produced.

In 1952, *Bears Ltd* set up a shop on the Stoneybridge site to sell products made in the factory. This shop is visited every year by thousands of bear lovers. In 1999, a Collectors' Club was started which now has over 3,000 members worldwide. Since then, an annual members' day has been held at Stoneybridge. The day includes factory tours, competitions and an auction of 12 specially-made, 'one-off' bears.

When the business was founded its products were only sold in the United Kingdom but now they are sold throughout Europe and the rest of the world. There are *Bears Ltd* agents in seven countries, including the USA, Australia and Japan. Its products are also supplied to an increasing number of retail outlets specialising in the sale of bears.

Bears produced by *Bears Ltd* are designed by Miss Nina Klaus, the company's in-house designer. Other skilled production and administrative staff are employed. The whole process of bear making, from pattern cutting, sewing and stuffing to finishing is carried out in the Stoneybridge factory. Outworkers (all former full-time employees) are also used when demand is heavy. The production process is labour intensive because all products are hand-made. The products must meet safety requirements laid down by the European Union and all the other countries where the bears are sold.

In 2000, in preparation for the Olympics, a full financial review was undertaken to ensure that the company would have the necessary financial resources for its planned expansion in 2000-2003.

To celebrate the 2004 Olympics, Mrs Clements has decided that *Bears Ltd* will produce a limited edition of 2004 Olympic Bears for collectors. A budget has been agreed. The project will be supported by producing other 'spin-off' items as souvenirs.

Stoneybridge has many historical attractions and is visited by large numbers of tourists, from both the United Kingdom and abroad every year. In the centre of Stoneybridge is a shop called '*Teddies on the Circle*' which sells bears and bear-related items to tourists. It also specialises in selling expensive bears to adult collectors.

Answer ALL questions.

1

A business objective set by the directors of *Bears Ltd* has been to expand into new markets, other than the traditional children's teddy bear market.

(a) (i) Explain how the directors might achieve this objective.

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(4)

(ii) Describe ONE OTHER business objective the directors of *Bears Ltd* are likely to have.

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(3)

(iii) Explain how the business objective you have just described links with the directors' OTHER business objectives.

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(3)

Turn over

Bears Ltd makes bears for specialist collectors and charges very high prices for them.

(b) Explain why higher prices can be charged for these bears.

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(4)

(c) Explain the possible effects on *Bears Ltd*, if selling prices are lowered.

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(6)

Total for Question 1: 20 marks

2

Overseas markets for *Bears Ltd* products, include two European Union countries (Ireland and Germany), the USA and Japan. The directors wish to export more bears, and want to select one of these countries for their 'export sales push'.

- (a) Which of these countries should the directors select? Explain the business reasons for your choice.

Country

Reasons

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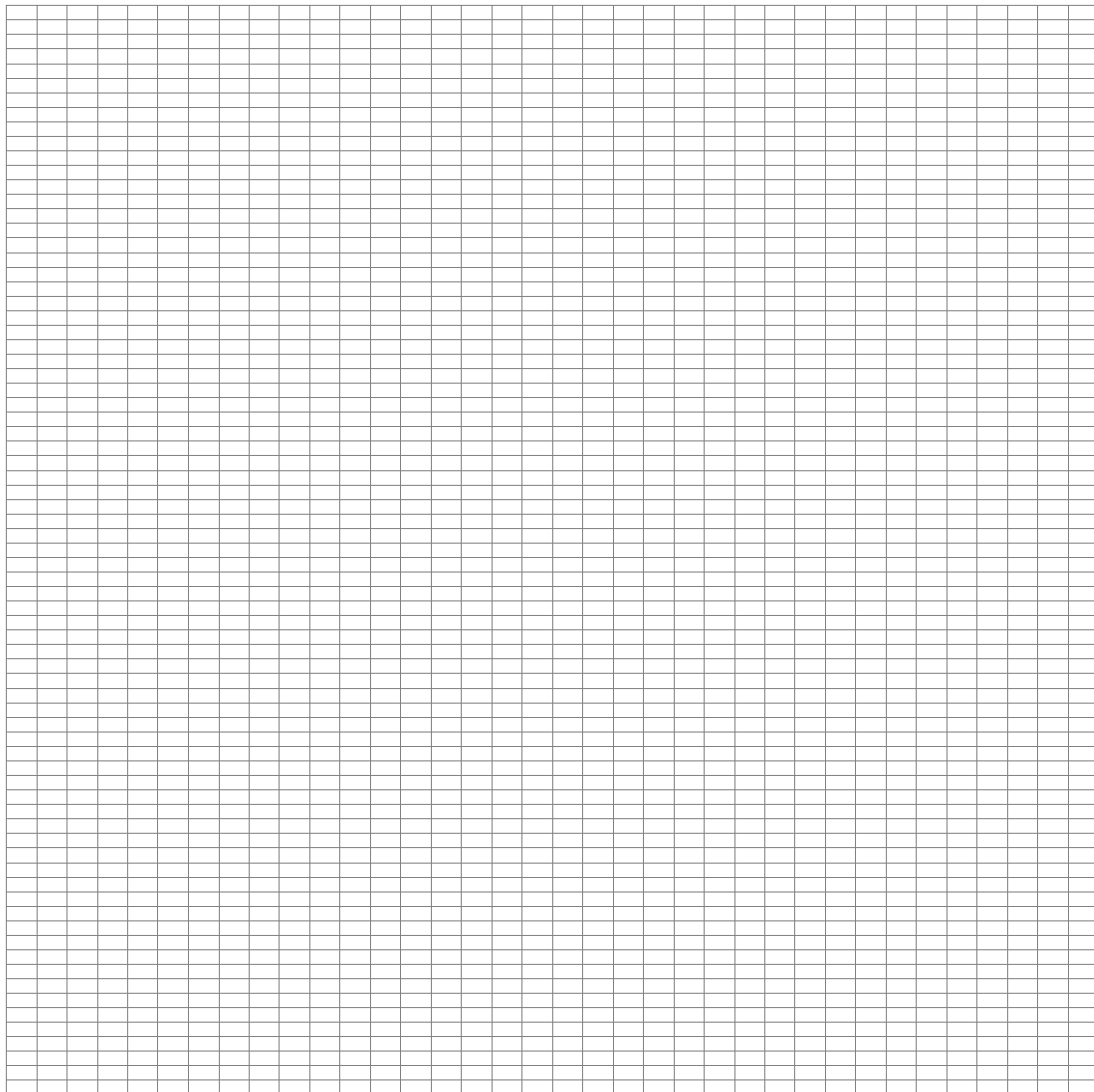
(5)

Turn over

As part of the 'export sales push' *Bears Ltd* are producing limited editions of 2000 bears exclusively for those countries already selling their bears. The table below shows the data for the bears for one country. The variable cost per bear is £95 and the planned selling price is £175.

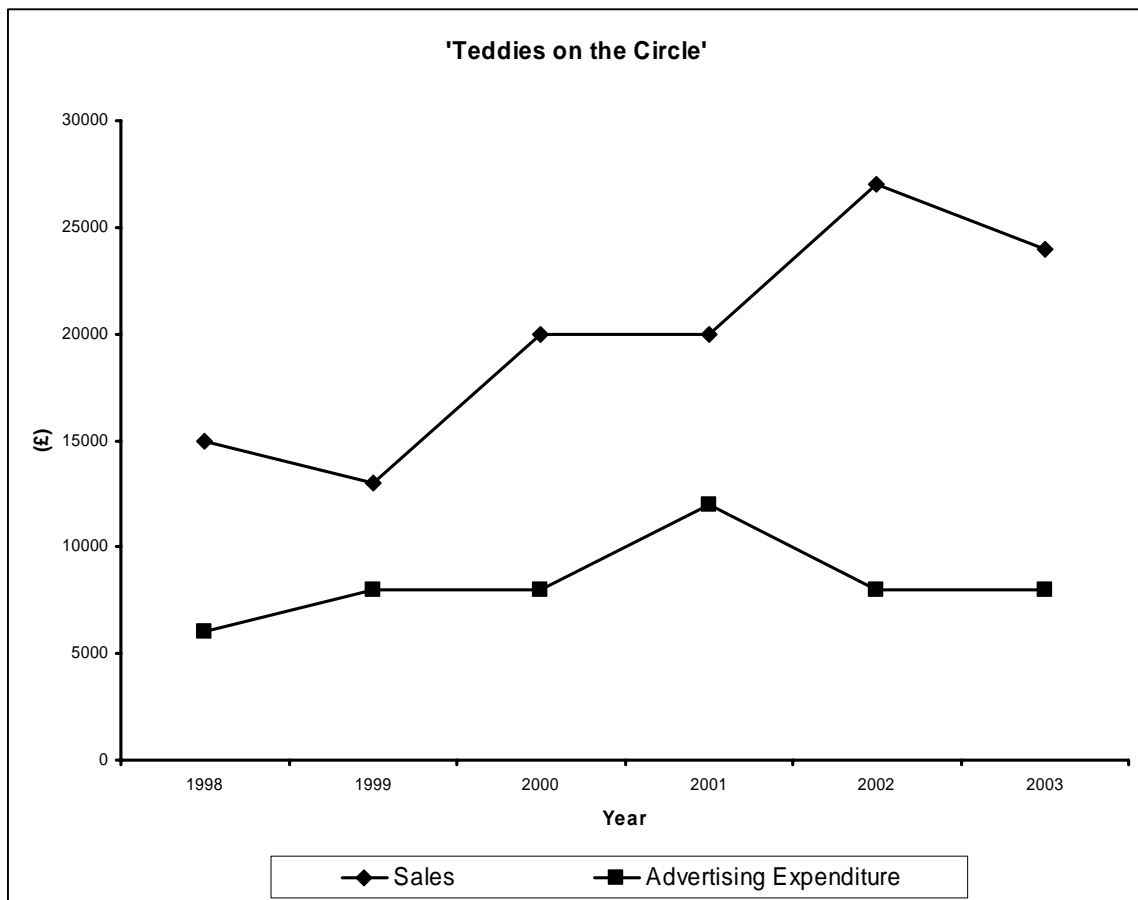
(b) Using the information above, complete the table and plot a fully labelled break-even chart.

Units	0	400	800	1200	1600	2000
Fixed costs	120 000	120 000	120 000	120 000	120 000	120 000
Variable costs						
Total costs						
Revenue						



(7)

The graph below shows advertising and sales information for *Teddies on the Circle*.



(c) (i) Analyse the trend for sales and advertising expenditure.

Sales.....

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Advertising expenditure.....

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(4)

Turn over

(ii) What conclusions can you draw from the evidence shown on the graph?

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(4)

Total for Question 2: 20 marks

3

The employees of *Bears Ltd* have finished making the 2004 Olympic Bear collection. They have made the bears within the budget set by the directors.

(a) Explain why the directors of *Bears Ltd* set a budget for the Collection.

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(4)

The directors are selling the Collection in the United Kingdom using these outlets

- the mail order catalogue of the national department store, *Edwards*
- the *Teddies on the Circle* shop
- the factory shop.

(b) Evaluate the strengths and weaknesses of each of these outlets for selling the Collection.

Edwards' mail order catalogue

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Turn over

Teddies on the Circle shop

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Bears Ltd factory shop.....

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(16)

Total for Question 3: 20 marks

TOTAL FOR PAPER: 60 MARKS

END

Centre No.					
Candidate No.					

Paper Reference (complete below)					
			/		

Surname	Initial(s)
Signature	

Paper Reference(s)

4330/03

**London Examinations
IGCSE**

Business Studies

Paper 03

Common Paper

Specimen Paper

Time: 1 hour

Examiner's use only

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Team Leader's use only

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Question Number	Leave Blank
1	
2	
Total	

Materials required for examination

None

Items included with question papers

None

Instructions to Candidates

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

The paper reference is shown at the top of this page. Check that you have the correct question paper and write the paper reference for which you have been entered in the boxes at the top of this page.

Answer **ALL** the questions in the spaces provided in this question paper.

Dictionaries may **not** be used in this examination.

Information for Candidates

There are 8 pages in this question paper. All blank pages are indicated.

The total mark for this paper is 40. The marks for the various parts of questions are shown in round brackets, e.g. (2).

Advice to Candidates

You are reminded of the importance of clear English and careful presentation in your answers.

You are advised to spend an equal amount of time, about 30 minutes, on each question.

Answer ALL the questions.

1

(a) (i) There are three business sectors – primary, secondary and tertiary. Complete the table below with an example of each type of business sector.

Primary	
Secondary	
Tertiary	

(3)

(ii) List **TWO** of the four factors of production.

- 1.
- 2.

(2)

“The primary and secondary sectors are becoming less important, as the tertiary sector expands.”

(b) What actions may businesses have to take, because of this statement?

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(5)

The table shown below contains data relating to one business.

Year	Turnover (£m)	Shareholders	Employees
1999	14.6	550 147	1 365
2000	13.7	499 998	1 354
2001	12.4	550 300	1 332
2002	14.5	551 800	1 251
2003	15.1	551 100	1 189

(c) (i) Analyse the trends shown in the table.

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(3)

(ii) Describe ONE reason why businesses need to take note of trends.

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(2)

Turn over

(d) Explain why market share is important to any business.

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(5)

Total for Question 1: 20 marks

2

Five stages of recruitment and selection are

appoint advertise draw up job description
 interview shortlist

(a) Put the above stages in the correct order.

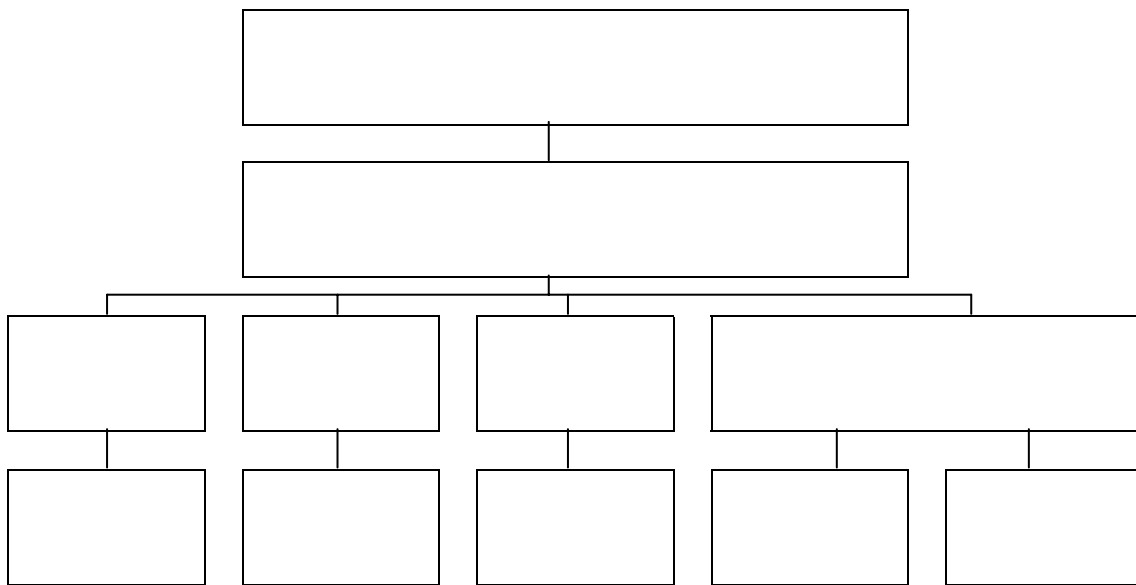
1.
2.
3.
4.
5.

(5)

A business has the following organisation structure

- a managing director
- four departmental directors - personnel, finance, sales/marketing and operations
- its operations department is divided into two divisions - home and abroad - each with a deputy
- a board of directors
- deputy managers for personnel, finance and sales/marketing.

(b) Using the information above, complete the organisation chart below.



(5)

Turn over

(c) Analyse the extent to which off-the-job training is an advantage to the **employer**.

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(5)

A Personnel Director believes in Maslow’s hierarchy.

- (d) Assess which part of the hierarchy would be important for an employee in their **first** job.

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(5)

Total for Question 2: 20 marks

TOTAL FOR PAPER: 40 MARKS

END

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IGCSE Business Studies (4330)

Mark Schemes for Specimen Papers

Paper 1F (Foundation Tier)

QUESTION 1

- (a) For each of the questions write the letter A, B, C or D
(AO1 Demonstrate = 5)

- (i) D
 - (ii) C
 - (iii) C
 - (iv) A
 - (v) A
- 5

- (b) (i) Define the term profit.
(AO1 Demonstrate = 2)

revenue (1) minus costs (1) 2

- (ii) Explain what is meant by market share.
(AO1 Demonstrate = 3)

proportion (1) of total sales (1) of a given market (1) 3

- (c) To increase sales income *Bears Ltd* is producing a new collector bear.
Why would they use cost plus pricing for this new bear?
(AO2 Apply = 4)

Basic Statement
e.g. most common method
mark-up added to costs 2

Extended Statement
e.g. (common) – simple to use, includes fixed and variable costs
(mark-up) – can take market conditions into account, can be changed 2

- (d) (i) Apart from keeping the same workforce, identify TWO OTHER benefits to the directors of *Bears Ltd* of staying in the same place.
(AO3 Analyse/Select = 2)

e.g. tourist industry/guaranteed market
increased revenue/tourists spend money
business reputation/become better known
free advertising/appear in tourist information 2

- (ii) Explain why the workforce would be a reason for not relocating.
(AO2 Apply = 2; AO4 Evaluate = 2)

e.g. loyalty – low recruitment costs and low labour turnover
skills – do own training and high standards of quality
workers will not/cannot move – shortage of skilled workers elsewhere 4

Total 20 marks

QUESTION 2

- (a) (i) **From the above list, identify THREE features of a partnership.**
(AO3 Analyse/Select = 3)
- 2-20 owners
unlimited liability
shared responsibility 3
- (ii) **Explain why these are advantages.**
(AO3 Analyse/Select = 2; AO4 Evaluate = 2)
- Basic statement
e.g. set up quickly and cheaply
raise more capital problems shared
costs/profits/losses shared
partners specialise 2
- Expanded statements
e.g. (more capital) – number of partners involved
(shared problems) – discussion, range of experience
(costs shared) – dependent upon number of partners
(partners specialise) – accountants, solicitors etc 2
- (b) **Describe TWO ways in which a bank might help the owners of *Teddies on the Circle*.**
(AO2 Apply = 4)
- Basic statements
e.g. bank loan
overdraft 2
- Expanded statements
e.g. (bank loan) – borrowed for a set period of time, set number of instalments and interest repayments known
(overdraft) - draw more than in current account, agreed limit, daily interest charges 2
- (c) **State FIVE reasons why a bank may not lend money to a partnership.**
(AO1 – Demonstrate = 5)
- e.g. not in business long
not known to the bank
no security
poor credit rating
no business plan
bad debts 5
- (d) **Explain why a partnership might become a limited company.**
(AO2 – Apply = 4)
- Basic statements
e.g. raise more capital
gain limited liability 2
- Expanded statements
e.g. (raise capital) – sell shares
(limited liability) – reduce risk to shareholders 2

Total 20 marks

QUESTION 3

(a) (i) **Why are one-off bears more expensive to make than limited editions?**
(AO4 – Evaluate – 2)

e.g. economies of scale do not work
time
special handling/treatment/material 2

(ii) **Bears Ltd and Teddies on the Circle advertise in specialist magazines. Why do they do this?**
(AO2 – Apply = 4)

e.g. target audience – bought by people who buy bears
regular advertisers – discount of cost of advertisements
colour – can use photographs of bears
regular publication – monthly/weekly, planned advertising 4

(iii) **Describe the term ‘point of sale’ advertising.**
(AO2 – Apply = 2)

e.g. where the product is sold to the consumer (1)
use of medium, e.g. leaflet, poster, dumpbin, product (1) 2

(b) **Why is the Internet an appropriate method?**
(AO3 – Analyse/Select = 3)

Basic statements
e.g. 24-hour selling
low cost
ease of communication (ordering) 2

Expanded statements
e.g. (24) – in UK and the world
(low cost) – after initial set up of system
(ease) – electronically/design 1

(c) (i) **Give another name for ‘Turnover’.**
(AO1 – Demonstrate = 1)

e.g. sales
income
revenue 1

- (ii) **List THREE expenses.**
(AO1 – Demonstrate = 3)
- e.g. wages, salaries
raw materials, purchases
advertising, promotions
Collectors Club
depreciation
post, stationery, power, rent, mortgage, business rates **3**
- (iii) **Which item in the financial statement above would show debtors?**
(AO1 – Demonstrate = 1)
- (debtors) – current assets **1**
- (d) **What problems would the directors of *Bears Ltd* face if they ran out of working capital?**
(AO4 – Evaluate = 4)
- Basic statement
e.g. could not run the business **1**
- Expanded statement
e.g. could not buy raw materials
loss of product
could not pay bills
loss of credit
loss of reputation **2**
- Conclusion
e.g. will face possibility of liquidation **1**
- Total 20 marks**

Assessment Grid

Question	AO1	AO2	AO3	AO4	Total
1 (a)	5				
1 (b) (i)	2				
1 (b) (ii)	3				
1 (c)		4			
1 (d) (i)			2		
1 (d) (ii)		2		2	20
2 (a) (i)			3		
2 (a) (ii)			2	2	
2 (b)		4			
2 (c)	5				
2 (d)		4			20
3 (a) (i)				2	
3 (a) (ii)		4			
3 (a) (iii)		2			
3 (b)			3		
3 (c) (i)	1				
3 (c) (ii)	3				
3 (c) (iii)	1				
3 (d)				4	20
	20	20	10	10	60

Content Grid

Question						
1	1.4	1.6	2.1	3.4	4.1	4.2
2	1.2	3.1				
3	3.1	3.4	4.2	5.2		

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IGCSE Business Studies (4330)

Mark Schemes for Specimen Papers

Paper 2H (Higher Tier)

QUESTION 1

- (a) (i) **Explain how the directors might achieve this objective.**

(AO3 Analyse/Select = 4)

e.g. diversify - by producing other traditional soft toys and dolls
produce an increasing number of limited edition bears - adult collectors
start a club - for collectors
now they are sold across the world
will produce 2004 Olympic Bears - for collectors/visitors

4

- (ii) **Describe ONE OTHER business objective the directors of *Bears Ltd* are likely to have.**

(AO1 – Demonstrate = 3)

Name or identify an appropriate objective

e.g. profit(ability), survival

1

Description of objective

e.g. (profit) – revenue minus costs, different types of profit: gross; net; trading; pre-tax; after tax; retained

(survival) – remain in business, larger share of market, expansion

2

- (iii) **Explain how the business objective you have just described links with the directors' other business objectives.**

(AO2 – Apply = 3)

Basic statement showing knowledge of other objectives

e.g. increased sales and/or expansion

1

Application of objective

e.g. (profit) links to expansion, increased by expansion into new areas
links to sales, more sales, more profits

e.g. (survival) more likely through diversification, selling in different markets
also greater sales, more likely to survive through cashflow and/or regular customers

2

- (b) **Explain why higher prices can be charged for these bears.**

(AO3 – Analyse/Select = 4)

e.g. limited edition bears – appeals to specialist/niche market
one-off (Olympic) bears – unique to mark special events/charities
'exclusive' price elastic
labour intensive/handmade specialist skills
high production costs – passed on in higher price

4

- (c) **Explain the possible effects of *Bears Ltd* if selling prices are lowered.**

(AO1 – Demonstrate = 2; AO2 – Apply = 4)

Basic statement

e.g. more bears sold

although less revenue from each bear sold

2

Expanded statement
e.g. success will depend on elasticity of demand
also affect trading/competitive position in market **2**

Conclusion
e.g. no guarantee of financial gain
competitor action/reaction may affect directors' plans **2**

Total 20 marks

QUESTION 2

- (a) **Which of these countries should the directors select? Explain the business reasons for your choice.**

(AO1 – Demonstrate = 2; AO2 – Apply = 2; AO3 – Analyse/Select = 1)

Basic statement for selection

e.g. Ireland and Germany – in EU, closeness
 USA – size of market, language the same
 Japan – wealth, distance

2

Expanded statements

e.g. Ireland – fewer export formalities, same language, Euro, small market
 Germany – fewer export formalities, large market, Euro, language barrier
 USA – no language problem, similar culture, not in EU
 Japan – high per capita GDP, language/culture problem

3

- (b) **Using the information above, complete the table and plot a fully labelled break-even chart.**

(AO3 – Analyse/Select = 7)

VC, TC and Rev rows correct

3

Units	0	400	800	1200	1600	2000
Fixed costs	120 000	120 000	120 000	120 000	120 000	120 000
Variable costs	0	38 000	76 000	114 000	152 000	190 000
Total costs	120 000	158 000	196 000	234 000	272 000	310 000
Revenue	0	70 000	140 000	210 000	280 000	350 000

title

1

both axes correctly labelled

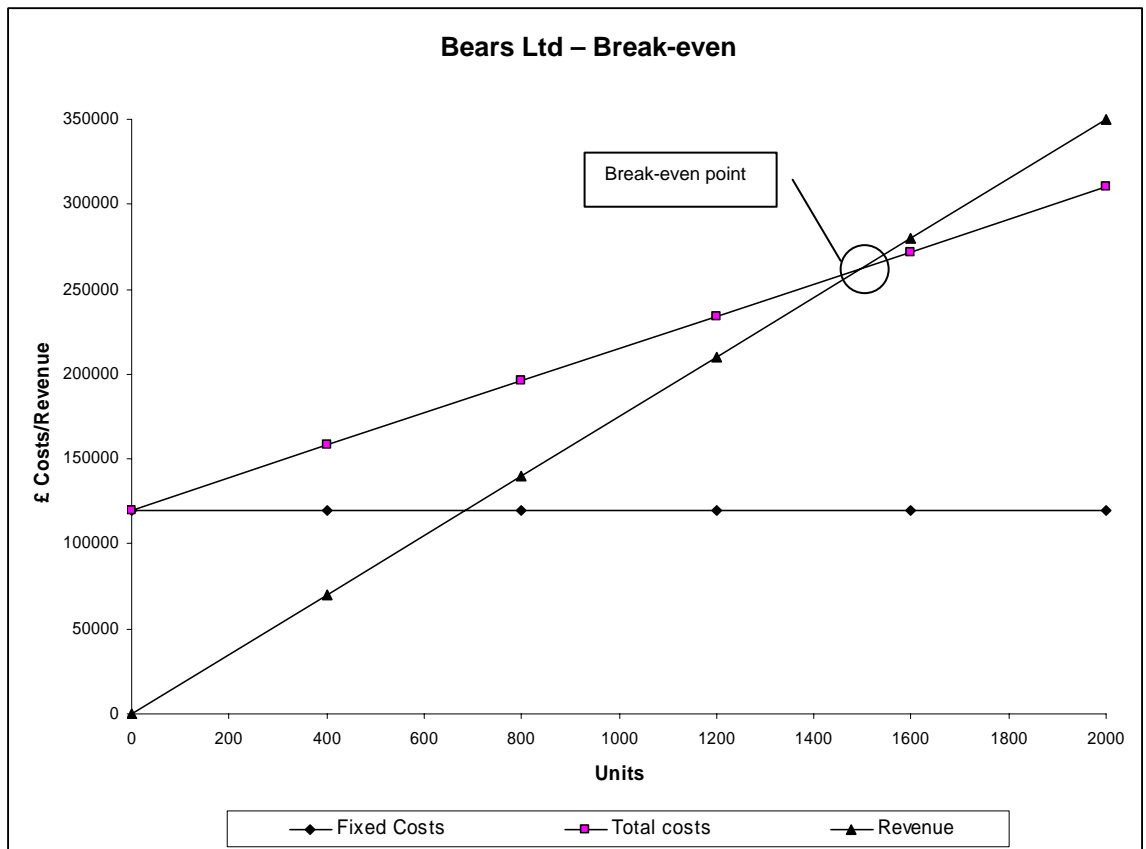
1

break-even point labelled

1

REV, TC and FC correctly labelled

1



- (c) (i) **Analyse the trends for sales and advertising expenditure.**
(AO3 – Analyse/Select = 4)
- e.g. sales
 overall trend shows an increase
 reference to data **2**
- e.g. Advertising
 trend is static
 reference to data **2**
- (ii) **What conclusions can you draw from the evidence shown on the graph?**
(AO4 – Evaluate = 4)
- Basic statement
 e.g. noting relationship between advertising expenditure and sales **1**
- Expand statements (judgements/conclusions)
 e.g. apparent increase in sales when advertising expenditure rises
 advertising expenditure increases when sales fall/static
 lack of planning, advertising reacts to sales **3**
- Total 20 marks**

QUESTION 3

- (a) **Explain why the directors of *Bears Ltd* set a budget for the collection.**
(AO1 *Demonstrate* = 3; AO2 *Apply* =1))

Basic definition
e.g. budget is a financial plan 1

Expanded statement
e.g. helps directors forecast/plan ahead for the Collection
helps control cost of making the Collection 2

Application to directors/situation
e.g. helps price the Collection 1

- (b) **Evaluate the strengths and weaknesses of each of these outlets for selling the collection.**
(AO4 *Evaluate* = 16)

Basic application
e.g. mail order – national coverage
factory shop – specialists/local
Teddies on the Circle – also specialist and local/additional location in Stoneybridge
members' day – interested clientele 4

Expanded analysis/evaluation
e.g. mail order – good name of store, recognised method, buyer cannot see/handle
no direct control, percentage of price paid to store 3
shops – bear is directly available, can market the linked items, give specialist advice, point-of-sale specialist promotion, comparison between the two shops (control) 3
members' day – focused promotion, target in advance, bids/special offers, easier to sell linked items 3

Concluding overall evaluation presented such as
e.g. overall arguments such as:
suitable range of outlets (direct control; direct and indirect contact with buyers)
suitable geographical coverage (national/local)
range of clientele covered (targeted and general buying public) 3

Total 20 marks

Assessment Grid

Question	AO1	AO2	AO3	AO4	Total
1 (a) (i)			4		
1 (a) (ii)	3				
1 (a) (iii)		3			
1 (b)			4		
1 (c)	2	4			20
2 (a)	2	2	1		
2 (b)			7		
2 (c) (i)			4		
2 (c) (ii)				4	20
3 (a)	3	1			
3 (b)				16	20
	10	10	20	20	60

Content Grid

Question	
1	1.1 4.2
2	3.3 3.5 4.1
3	3.2 4.2

Edexcel International

London Examinations

IGCSE

IGCSE Business Studies (4330)

Mark Schemes for Specimen Papers

Paper 03 (Common to both Tiers)

QUESTION 1

- (a) (i) **There are three business sectors – primary, secondary and tertiary. Complete the table below with a business example of each.**

(AO1 – Demonstrate = 3)

three appropriate business types or name
e.g. (primary) – coal mining/Rio Tinto Zinc
(secondary) – manufacturer/Sony
(tertiary) – doctor/Deutsche Bank

3

- (ii) **List TWO of the four factors of production.**

(AO1 – Demonstrate = 2)

any two from:
capital
labour
land
enterprise

2

- (b) **What actions may businesses have to take because of this statement?**

(AO2 – Apply = 5)

Basic statements
e.g. location
training
legislation
labour

2

Expanded statements

e.g. (location) – change of business may lead to re-location
(training) – new challenges within sector may require new skills
(legislation) – respond to new laws relating to existing business
(labour) – more/less skilled required, new people skills

3

- (c) (i) **Analyse the trends as shown.**

(AO3 – Analyse/Select = 3)

turnover – has increased
shareholders – have remained static
employees – are falling

3

- (ii) **Describe ONE reason why businesses need to look at trends.**

(AO3 Analyse/Select = 2)

e.g. give an indication of performance – within own business/against other businesses
aid in planning new products/services – is there a need/want
budgeting – allocation of financial resources to departments

2

- (d) **Explain why market share is important to any business.**
(AO4 – Evaluate = 5)

e.g. relationship between market share, number of customers, sales,
revenue and effect on profitability explored
applied to a business

4
1

Total 20 marks

QUESTION 2

- (a) **Put the above stages in the correct order.**

(AO1 - Demonstrate = 5)

job description
 advertise
 shortlist
 interview
 appoint

(1 mark for each item in the correct order)

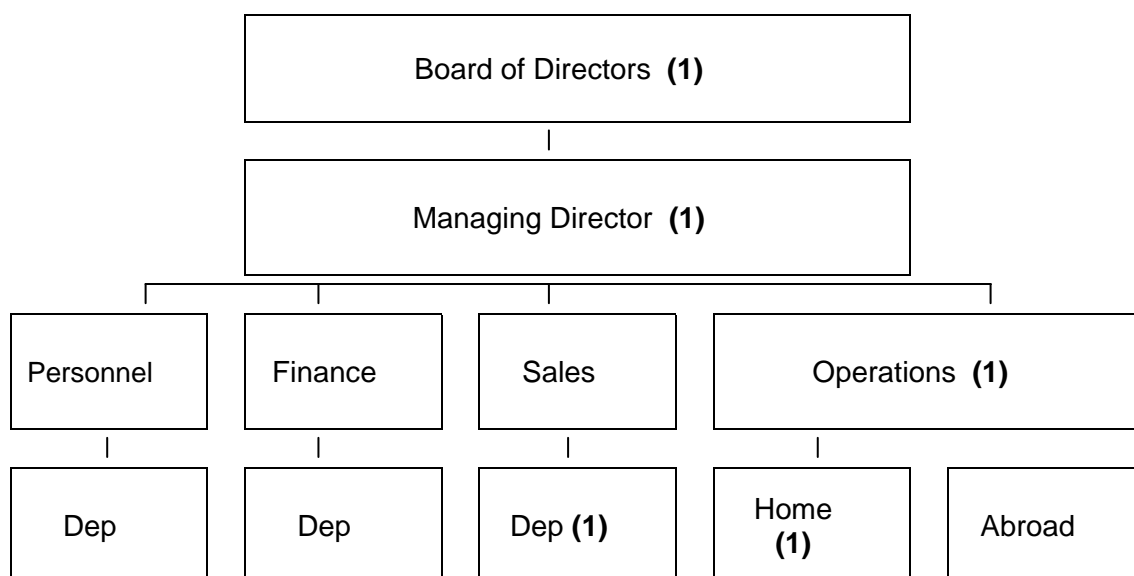
5

- (b) **Using the information above, complete the organisation chart below.**

(AO2 – Apply = 5)

each correct placement – 1 mark

5



- (c) **Analyse the extent to which off-the-job training is an advantage to the employer.**

(AO3 – Analyse/Select = 5)

Basic statements

e.g. cost
 targeted
 business plan

2

Expanded statements

e.g. (cost) – cost is known, can be budgeted for
 (targeted) – specifically aimed at certain employees, promotion
 (business plan) – meet needs of expansion/business development

3

- (d) **Assess which part of the hierarchy would be important for an employee in their first job.**

(AO4 – Evaluate = 5)

(physiological) – wages enough to meet weekly bills, e.g. food, shelter, recreation

(safety) – job security, safe working conditions

(social) – support from other employees/managers

NB if higher needs (esteem, self-actualisation) are mentioned give a maximum of 1 mark if reference is valid

e.g. these would be something to aim for at a later work stage

5

Total 20 marks

Assessment Grid

Question	AO1	AO2	AO3	AO4	Total
1 (a) (i)	3				
1 (a) (ii)	2				
1 (b)		5			
1 (c) (i)			3		
1 (c) (ii)			2		
1 (d)				5	20
2 (a)	5				
2 (b)		5			
2 (c)			5		
2 (d)				5	20
	10	10	10	10	40

Content Grid

Question	
1	1.3 1.4 1.6 1.8 4.1
2	2.1 2.3 2.4 2.5

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