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| Centre No.    |  |  |  |  |  | Paper Reference |   |   |   |   |   | Surname | Initial(s) |  |
| Candidate No. |  |  |  |  |  | 4               | 3 | 3 | 0 | / | 0 | 3       | Signature  |  |

Paper Reference(s)

**4330/03**

# Edexcel IGCSE

## Business Studies

Paper 3

COMMON

Monday 14 May 2007 – Afternoon

Time: 1 hour

Examiner's use only

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Team Leader's use only

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| Question Number | Leave Blank |
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| Total           |             |

Materials required for examination

Nil

Items included with question papers

Nil

**Instructions to Candidates**

In the boxes above, write your centre number, candidate number, your surname, initials and signature.

Some questions must be answered with a cross in a box (⊗).

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

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 2 questions in this paper. The total mark for this paper is 40.

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

**Advice to Candidates**

You are reminded of the importance of using good English in your answers.

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Answer ALL the questions.

Indicate your answer by marking the box (☒). If you change your mind, put a line through the box (☒) and then indicate your new answer with a cross (☒)

1. As a business grows it can be affected by economies of scale and diseconomies of scale.

(a) In the table below, place **one** cross against each phrase to show if it is an economy of scale or a diseconomy of scale.

|  | Economy of scale         | Diseconomy of scale      |
|--|--------------------------|--------------------------|
| Too large bureaucracy                  | <input type="checkbox"/> | <input type="checkbox"/> |
| Bulk buying                            | <input type="checkbox"/> | <input type="checkbox"/> |
| Difficulty with internal communication | <input type="checkbox"/> | <input type="checkbox"/> |
| Skilled workers are available          | <input type="checkbox"/> | <input type="checkbox"/> |
| Lower interest rates                   | <input type="checkbox"/> | <input type="checkbox"/> |

(5)

A job specification gives details of the sort of person who would be ideal for a job. It would normally include:

- job details
- qualifications
- skills
- physical fitness
- personal characteristics

(b) For each bullet point, give **one** detail that would be correct in a job specification for a senior chef working in a large five-star hotel.

- .....
- .....
- .....
- .....
- .....

(5)



Tesco plc, a major UK supermarket company, also operates supermarkets in Europe and Asia. The data below details the developments for **Europe** and **Asia** only.

|                            | 2001  | 2002  | 2003  | 2004  | 2005  |
|----------------------------|-------|-------|-------|-------|-------|
| Turnover (£m)              | 2 597 | 3 579 | 4 695 | 6 054 | 6 828 |
| Operating profit (£m)      | 74    | 119   | 212   | 306   | 370   |
| Number of stores           | 283   | 352   | 461   | 634   | 827   |
| Return On Capital Employed | 11.0% | 10.8% | 10.2% | 10.4% | 11.5% |

(Source: adapted from [www.tesco.com](http://www.tesco.com))

(c) Analyse the success of this operation, using the data provided.

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**(5)**



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Some multinational businesses, such as McDonalds, use franchising.

(d) Discuss **one** of the benefits below for the **franchisor** in a franchise operation.

- Expansion
- Commitment of franchisee
- Finance

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(5)

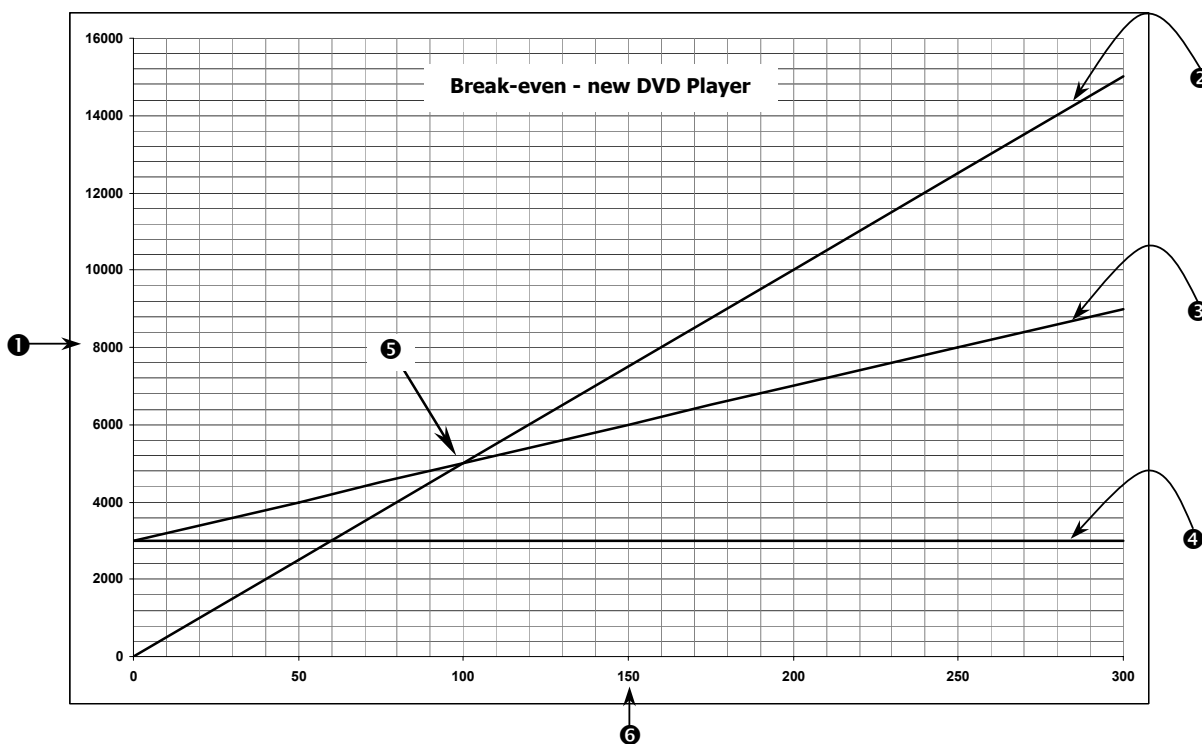
(Total 20 marks)

Q1

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2. Break-even analysis is used by some businesses as part of the decision-making process. Below is a simple break-even chart.



(a) Name the numbered labels in the break-even chart. (The first one has been done for you.)

- 1 Costs and Revenue (£)
- 2 .....
- 3 .....
- 4 .....
- 5 .....
- 6 .....

(5)



M 2 5 7 0 9 A 0 5 0 8

Some UK manufacturers now locate their factories in China.

(b) What would be the reasons for such a decision?

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**(5)**

Financial ratios are used to measure the performance of a business. Two liquidity ratios are the current ratio and the acid test ratio.

(c) Explain, for both these ratios, the financial information they provide for business managers.

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**(5)**



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London's Savile Row is the home of expensive tailors who make bespoke suits. Prices for a Savile Row bespoke suit start at £1 500 and rise to over £4 000.

A bespoke suit is handmade from start to finish. The customer will make at least three visits to the tailor for fittings.

Bespoke suits are made using job production.

(d) Analyse why job production is used to produce a bespoke suit.

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(5)

Q2

(Total 20 marks)

**TOTAL FOR PAPER: 40 MARKS**

**END**



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