International General Certificate of Secondary Education CAMBRIDGE INTERNATIONAL EXAMINATIONS BUSINESS STUDIES

PAPER 1

0450/1

OCTOBER/NOVEMBER SESSION 2002

1 hour 45 minutes

Candidates answer on the question paper. No additional materials are required.

TIME 1 hour 45 minutes

INSTRUCTIONS TO CANDIDATES

Write your name, Centre number and candidate number in the spaces at the top of this page. Answer all questions.

Write your answers in the spaces provided on the question paper.

INFORMATION FOR CANDIDATES

The number of marks is given in brackets [] at the end of each question or part question. The businesses mentioned in the questions are entirely fictitious.

FOR EXAMINER'S USE			
1			
2			
3			
4			
5			
TOTAL			

(a)	Give	e an example of a business activity that would be classified as: a primary activity,
	(i)	
	(ii)	a secondary activity.
		[1
(b)		ntify and explain two advantages of a partnership form of business organisation appared to a sole trader.
		[4
(c)	Wha	at is meant by the term limited liability?
		[2
(d)	(i)	Explain the purpose of the Annual General Meetings held by Public Limited Companies (plc).

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		3 Exal	For aminer's
	(ii)	Public Limited Companies have to publish their annual financial accounts can be learned from the analysis of such accounts?	Use
			Se.
			1
		[5]	
(e)	Ехр	plain why profits are important to businesses in the private sector.	
		[4]	

2	(a)	Hov	v could a sports shoe manufacturer segment its market?
			Office And Andrews
			T.4.1
			[4]
	(b)	(i)	Define the term advertising.
			[2]
		(ii)	Explain why some advertising might not be cost effective.
			[3]

r	notel. Giving your reasons, suggest where you think they should advertise their hou	Andridge.
		36
	[4]
	"The only way to compete with rival businesses is to charge lower prices." Do you agree with this statement?	9
	with this statement?	
		•
	[4	1
	State three functions that packaging performs.	

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Eχ	an	nii	nei	9

	Give three ex	amples of cur	rent assets fou	nd on a balance	sheet.	Cam	54.
						Ya Canna	Tage C
							9
						[3]	
(b)	Explain the di	fference betwe	een profit and	evenue.			
						[4]	
(c)	Company	Α (\$00	B				
(c)	Profit	(\$00 10	0's) 5				
(c)		(\$00	0's)				
	Profit Capital Sales	(\$00 10 50 100	0's) 5 20 60	v in your view ha	s the better perf	ormance.	
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	Profit Capital Sales	(\$00 10 50 100	0's) 5 20 60	v in your view ha	s the better perf	ormance.	

	7 Using an example explain the concept of economies of scale.	
	7	For Examiner's
(d)	Using an example explain the concept of economies of scale.	Use
		Orido
		36.6
	[3]	
	[0]	
(e)	Under what circumstances might a business sell a product for less than its unit cost?	
	[4]	

X and Y are two car manufacturing companies. The wage rates in X are 25% high in Y.

8	1
8 ' are two car manufacturing companies. The wage rates in X are 25% high and the second part of the second	10.
y might these companies be paying different wage rates?	
	.
[[4]
ould a business pay its workers the lowest wage possible? Justify your answer.	
[[4]
metimes a business will give fringe benefits to their employees.	
meumee a sacmece viii give minge semente te unen empreyees.	
Give two examples of fringe benefits.	

	Why might businesses give such benefits?	Mo
		-
		•
	[3]]
Fig.	1 shows a simplified organisational chart for a company.	
	Fig. 1	
	В М	
	p2 p3 p4 p5 p6 p7 p8 p9 p10 p11 p12 p13	3
2 w3	3 w4 w5 w6 w7 w8	
(i)	Identify the span of control of manager M.	1
	[1] What advantages and disadvantages can a wide span of control cause manager N?	
	[1]	
	[1] What advantages and disadvantages can a wide span of control cause manager N?	
(ii)	[1] What advantages and disadvantages can a wide span of control cause manager N?	
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(ii)	What advantages and disadvantages can a wide span of control cause manager N?	
(ii)	What advantages and disadvantages can a wide span of control cause manager N?	
(ii)	What advantages and disadvantages can a wide span of control cause manager N?	

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For
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(a) The planning authorities in country Y are considering a proposal for a major no 5 development. Some people have objected to the scheme. The building contractors multinational company.

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	10	⊢or Examiner's
dev	planning authorities in country Y are considering a proposal for a major neelopment. Some people have objected to the scheme. The building contractors tinational company. Outline the likely social benefits and costs that such a development could be expected to cause.	O _H o _H o _H
(i)	Outline the likely social benefits and costs that such a development could be expected to cause.	Se.Com
	[8]	
(ii)	Explain what is meant by a multinational company.	
	rat	
	[2]	

	11	For Examiner's
ii)	The What disadvantages might country Y experience in using a multinational country to build the road?	Use St.
		age.
nar	computer manufacturer based in Singapore wants to export its products to new rkets in South Africa.	
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