Name

www.PapaCambridge.com

# UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS International General Certificate of Secondary Education

## **BUSINESS STUDIES**

0450/01

Paper 1

May/June 2004

1 hour 45 minutes

Candidates answer on the Question Paper. No Additional Materials are required.

#### **READ THESE INSTRUCTIONS FIRST**

Write your Centre number, candidate number and name on all the work you hand in. Write in dark blue or black pen in the spaces provided on the Question Paper. Do not use staples, paper clips, highlighters, glue or correction fluid.

Answer all questions.

At the end of the examination, fasten all your work securely together.

The number of marks is given in brackets [ ] at the end of each question or part question.

The businesses described in this question paper are entirely fictitious.

If you have been given a label, look at the details. If any details are incorrect or missing, please fill in your correct details in the space given at the top of this page.

Stick your personal label here, if provided.

For Examiner's Use		
1		
2		
3		
4		
5		
TOTAL		

www.PapaCambridge.com 1 Classic Computers manufactures computers. Some of its products are in the maturity of their product life cycle. The market for computers is very competitive. The manager know that sales depend on the right marketing mix decisions. The Marketing Manage believes that the demand for computers is price elastic. Table 1 gives some data about Classic Computers.

#### Table 1

## Classic Computers Sales Data 2003

Sales volume (units) 500 Sales revenue (\$) 400 000

The total market value of computer sales in 2003 was \$2 million.

(a)	Cal	culate for Classic Computers:
	(i)	the unit selling price,
		[2]
	(ii)	its market share.
		[2]
(b)	(i)	Draw and label the stages of a product life cycle.

(ii)	Explain what is meant by the maturity stage of a product life cycle.
	Explain what is meant by the maturity stage of a product life cycle.
e) (i)	The demand for Classic Computers' products is price elastic. Do you think that the Marketing Manager should increase the prices of computers? Explain your answer.
	[4]
(ii)	Explain how <b>two</b> elements of a marketing mix other than price might help the sales of Classic Computers' products.
	[8]

www.PapaCambridge.com 2 Anesh Patel's business makes toys. His business has been successful. However sales and profits have been falling. 'Things seem to be getting worse,' he said.' government is raising interest rates and introducing new health and safety laws. I may have to make some workers redundant if my costs rise any more. What the government should be doing is keeping out cheap imports.'

(a)

(i)	Give <b>two</b> examples of health and safety problems that government laws might try to solve.
	[4]
(ii)	Do you think that governments should introduce health and safety laws? Explain your answer.
	[6]

		5
b)	(i)	5 Why does Anesh believe that the government should keep out cheap important the government should keep out cheap impor
(	(ii)	Explain <b>one</b> method that could be used to protect Anesh's business from cheap
		imports.
(c)	Why	might a rise in interest rates affect the profits of Anesh's business?
		[5]

www.PapaCambridge.com Titaya Fabrics is a sole trader business that manufactures a range of clothing. It sells 3 to retail shops. Sabina, the owner, is looking at the accounts of the business. A summa these is given in Table 2.

## Table 2

Profit/Loss Account (\$000's) Titaya Fabrics for year ending 31 December 2003

120
70
?
40
10

(a)	Cal	Calculate:			
	(i)	gross profit,			
		[1]			
	(ii)	net profit margin.			
		[2]			
(b)	Ехр	lain why profits matter to a business such as Titaya Fabrics.			
		[0]			

	ina is planning to change the business into a limited company. Would you
er	to do this? Explain your answer.
	oina is planning to change the business into a limited company. Would you to do this? Explain your answer.
	[6]
	oina was unsure of the meaning and importance of several items found in her ounts.
)	What is meant by a fixed asset?
,	
,	
,	
,	
•	
	[2]
	Explain why business accounts often include debtors.
, ()	

	8 For Examiner's	
)	Identify and explain <b>one</b> ratio other than net profit margin that could be judge the financial success of her business.	
	age,	-
		3
	[4]	

www.PapaCambridge.com Manfred Lorenz manages an insurance office. He is worried about the large number 4 staff who have left to work for other companies. He has collected the following information

Starting salary

Average salary after 5 years

#### Table 3

### Information about office staff

Average

\$10 000

\$17 000

Manfred's company \$11000

\$15 000

	Average time before first promotion Average number of years in job Average hours worked per week	3 years 6 years 40	5 years 2.5 years 46	
(a)	Does the information show that Manfred	d has a problen	n in keeping his staff?	
				[2]
(b)	Explain the possible reasons why Manfe	red's staff are le	eaving their jobs.	
				[6]

pro	nfred is planning to increase staff salaries. Do you think that this will reduce blem of staff leaving? Explain your answer.	Brig
		36
•••••		
	[6]	
 Wh	en Manfred recruits new staff they are given induction training.	
 Wh (i)		
	en Manfred recruits new staff they are given induction training.	
	en Manfred recruits new staff they are given induction training.	
	en Manfred recruits new staff they are given induction training.  What is meant by induction training?	
	en Manfred recruits new staff they are given induction training.  What is meant by induction training?	
(i)	en Manfred recruits new staff they are given induction training.  What is meant by induction training?	
(i)	en Manfred recruits new staff they are given induction training.  What is meant by induction training?	
(i)	en Manfred recruits new staff they are given induction training.  What is meant by induction training?	
(i)	en Manfred recruits new staff they are given induction training.  What is meant by induction training?	
(i)	en Manfred recruits new staff they are given induction training.  What is meant by induction training?	
(i)	en Manfred recruits new staff they are given induction training.  What is meant by induction training?	
(i)	en Manfred recruits new staff they are given induction training.  What is meant by induction training?	
(i)	en Manfred recruits new staff they are given induction training.  What is meant by induction training?	

	For
Ex	aminer's
	11

www.PapaCambridge.com 5 Balltop plc is an engineering company based in England. It manufactures a ra industrial products. The U.S.A. is its main market. It has been reported in newspapers the company dumps its industrial waste near to its factory. (a) Which level of business activity best describes Balltop plc: Primary, Secondary or Tertiary? Explain your answer. (b) How do the objectives of public sector activities often differ from those of the private sector?

(c) The exchange rate of the £ to the U.S.A. \$ is £1 = \$1.5.

the U.S.A.? Show your calculations.	
101	

If a Balltop plc product is priced at £200 what price would you expect it to sell for in

,	,11 <i>)</i>	exports to the U.S.A.? Explain your answer.
		[3]
	Pres issu	ssure groups, such as Greenpeace, are a group of people who feel strongly about es.
(	(i)	How might a pressure group attempt to get a company like Balltop plc to change some of its policies?
		[4]
(	ii)	Many people believe that it is the role of governments to pass laws to stop firms damaging the environment. Do you agree?
		[5]