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CAMBRIDGE INTERNATIONAL EXAMINATIONS General Certificate of Education Ordinary Level

BUSINESS STUDIES

7115/01

Paper 1

May/June 2003

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.

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TOTAL	

(a) When someone sets up their own business for the first time they often decide to as a sole trader.

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	en someone sets up their own business for the first time they often decide to a sole trader. State and explain two features of a sole trader business.
	State and explain two features of a sole trader business.
	[4]
)	Give three reasons why people may set up their own business.
	[3]

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	3
(b)	The management of a business might set growth as one of the objectives business. Explain why this objective might be set.
	[3]
(c)	In some countries a number of state owned businesses have been sold to the private
	sector (privatisation). State and explain two possible disadvantages to consumers of this.
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(d) Table 1 gives employment data for country A over the last 10 years.

Table 1 Employment data for country A 1993–2002

	1993	2002
% of labour force employed in		
Primary Sector	21	14
Secondary Sector	45	40
Tertiary Sector	30	41
Unemployed as % of labour force	4	5
Labour force (millions)	80	84

(i)	Calculate the number of people employed in secondary business activities in 2002.
	[2]
(ii)	Outline two possible reasons to explain the changes in the pattern of employment between 1993 and 2002 in country A.
	[4]

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nder Singh runs a small business that manufactures office furniture. His best	-
nder Singh runs a small business that manufactures office furniture. His best lucts are office desks and chairs. Sales turnover has risen but profits have stant. The business is also experiencing cash flow problems. Explain two reasons why Gurinder's profit might have stayed the same despite sales turnover increasing.	M
Explain two reasons why Gurinder's profit might have stayed the same despite sales	
turnover increasing.	5
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[4	.]
Identify and explain two possible causes of his cash flow problem.	
	••

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;)		inder's accounts show that the business owns both fixed assets and current ean example of a:
	(i)	inder's accounts show that the business owns both fixed assets and current e an example of a: fixed asset
	(ii)	current asset.
		[2]
d)		inder helps to finance his business activities by borrowing from a bank. His business a secured loan.
		at are the disadvantages to a business of using bank loans to finance their vities?
	•••••	
		[4]
e)		success of a business can be assessed by looking at its final accounts. Explain this can be done.

3 (a) Fig. 1 shows the wage system in company B.

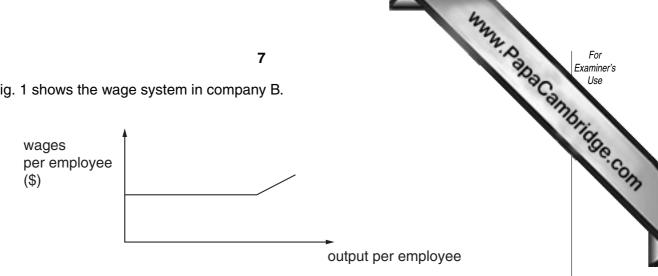


Fig. 1

(I) Describe now the wage system shown in Fig. 1 operates.	
	••
	••
[2	<u>']</u>
(ii) Is the wage system used by company B a good way of motivating staff? Explai your answer.	n
[6	3]

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		8
(b)	Com othe diffic	npany C is finding it difficult to recruit new employees. It pays higher wager companies in the area. Explain two possible reasons why it is finding recruit cult.
		[4]
(c)		management of company D believe that they should increase their spending on training.
	(i)	State and explain two different types of training that could be used by the company.

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(ii)	Describe the benefits for company D of having a more highly trained staff.	Use
		ide
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	[4]	

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[4]

www.PapaCambridge.com (a) (i) Draw an organisational chart in the space below that might be appropria large manufacturing business that operates and sells in many countries.

(ii)	Use your chart to help explain:	
	(A) span of control	
	[2]	
	(B) chain of command.	
	[2]	

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b)	Outline two features of an effective communication system in a business.
	[4
;)	State and explain two functions of the management of a business.
,	State and explain the famoustic of the management of a backness.
	[4]
d)	In many countries governments have introduced laws to stop employees being exploited. Using any examples known to you explain how such laws should help employees.
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(a) A fruit retailer buys his stock from a market wholesaler.

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(a)	A fru	it retailer buys his stock from a market wholesaler.
		it retailer buys his stock from a market wholesaler. State and explain two factors that the fruit retailer should consider before decide the prices to charge his customers.
		[4]
		Apart from advertising, suggest a promotion method that the fruit retailer could use to increase sales. Justify your answer.
		[2]
(b)	The	retailer knows that advertising should help to increase his sales.
	(i)	Explain why advertising can increase sales.
		[4]

	(ii)	Advertising is not always successful. Explain why.
		[4]
(c)	exte	es of even the most successful products reach maturity. Companies often introduce ension strategies to prolong the life of such products. Fig. 2 shows the product life e for a computer game.
		sales
		time
		Fig. 2
	(i)	Show the possible effect of an extension strategy on the product life cycle shown in Fig. 2. Draw your answer on Fig. 2. [2]
	(ii)	Explain one possible extension strategy that the computer game manufacturer could use.

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