	Candidate
Centre Number	Number

Candidate Name		
Canoloale Name		

International General Certificate of Secondary Education CAMBRIDGE INTERNATIONAL EXAMINATIONS BUSINESS STUDIES 0450/1

PAPER 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 EXAMI	NER'S USE
1	
2	
3	
4	
5	
TOTAL	

(a)	Giv	e an example of a business activity that would be classified as:
	(i)	a primary activity,
		[1]
	(ii)	a secondary activity.
		[1]
(b)		ntify and explain two advantages of a partnership form of business organisation appared to a sole trader.
	••••	
		[4]
	14/1	
(c)	vvn	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).
		[0]
		[3]

	(ii)	Public Limited Companies have to publish their annual financial accounts. What can be learned from the analysis of such accounts?
		[5]
(e)	Ехр	lain why profits are important to businesses in the private sector.
		[4]

2	(a)	Hov	w could a sports shoe manufacturer segment its market?
			[4]
	(b)	(i)	Define the term advertising.
			[2]
		/ii\	Explain why some advertising might not be cost effective.
		(,	Explain why come deversioning might not be doct encoure.
			[3]

••	
•	
•	
·-	
	The only way to compete with rival businesses is to charge lower prices." Do you agre vith this statement?
vv	with this statement?
••	
•	
••	
S	State three functions that packaging performs.
_	ranounce and pashaging performer
•	

(b)	Explain the dif	ference betwe	en profit and reve	enue.	
(c)	Company	A (\$000	B 's)		
	Profit Capital Sales	10 50 100	5 20 60		
	G 4.66				
Usi	ng profitability ra	atios explain w	hich company in	your view has the better performa	ance
Usi				your view has the better performa	
Usi					

(d)	Using an example explain the concept of economies of scale.
	[3]
(e)	Under what circumstances might a business sell a product for less than its unit cost?
	[4]

4

,	Wh	y might these companies be paying different wage rates?
	••••	
		[4
(b)	Sho	ould a business pay its workers the lowest wage possible? Justify your answer.
. ,		
(c)	 	netimes a business will give fringe benefits to their employees.
(c)		netimes a business will give fringe benefits to their employees.
(c)	 Sor	_
(c)		netimes a business will give fringe benefits to their employees.
(c)		

- (ii) Why might businesses give such benefits?
- (d) Fig. 1 shows a simplified organisational chart for a company.

Fig. 1

B

N

p2 p3 p4 p5 p6 p7 p8 p9 p10 p11 p12 p13

(i) Identify the span of control of manager M.

w6

w5

p1

w2

w3

.....[1]

What advantages and disadvantages can a wide span of control cause manager N?

.....

5	(a)	deve	planning authorities in country Y are considering a proposal for a major new road elopment. Some people have objected to the scheme. The building contractors are a tinational company.
		(i)	Outline the likely social benefits and costs that such a development could be expected to cause.
			[8]
		(ii)	Explain what is meant by a multinational company.
			[2]

	(111)	What disadvantages might country Y experience in using a multinational company to build the road?
		[4]
(b)		omputer manufacturer based in Singapore wants to export its products to new kets in South Africa.
	lden	tify and explain two problems that they might face in entering a new export market.
		[6]

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