



date

Centre Number

Candidate Name _____

**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.

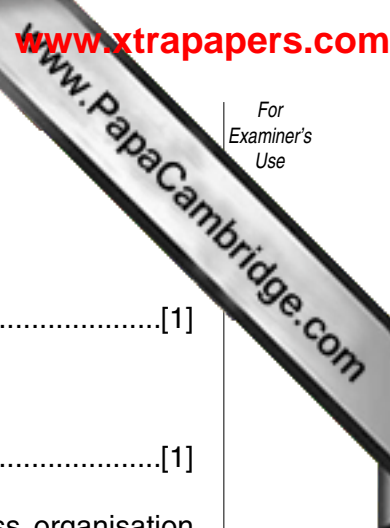
Write your answers in the spaces provided on the question paper.

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	
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5	
TOTAL	



1 (a) Give an example of a business activity that would be classified as:

(i) a primary activity,

.....[1]

(ii) a secondary activity.

.....[1]

(b) Identify and explain **two** advantages of a partnership form of business organisation compared to a sole trader.

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.....[4]

(c) What is meant by the term limited liability?

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.....[2]

(d) (i) Explain the purpose of the Annual General Meetings held by Public Limited Companies (plc).

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.....[3]

2 (a) How could a sports shoe manufacturer segment its market?

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(b) (i) Define the term advertising.

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.....[2]

(ii) Explain why some advertising might not be cost effective.

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.....[3]

4 X and Y are two car manufacturing companies. The wage rates in X are 25% higher than in Y.

(a) Why might these companies be paying different wage rates?

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.....[4]

(b) Should a business pay its workers the lowest wage possible? Justify your answer.

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.....[4]

(c) Sometimes a business will give fringe benefits to their employees.

(i) Give **two** examples of fringe benefits.

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.....[2]

