Candidate Name ____________________

Centre Numb[er] | Candi[date] ...

CAMBRIDGE INTERNATIONAL EXAMINATIONS

Joint Examination for the School Certificate and General Certificate of Education Ordinary Level

BUSINESS STUDIES

7115/1

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 EXAMINER'S USE	
1	
2	
3	
4	
5	
TOTAL	

For Examiner's Use

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

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For Examiner's Use

(ii) Public Limited Companies have to publish their annual financial accounts. What can be learned from the analysis of such accounts?

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....[5]

(e) Explain why profits are important to businesses in the private sector.

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....[4]

For Examiner's Use

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

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....[4]

(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]

For Examiner's Use

(c) The management of a hotel aims to increase the number of business guests us[...] hotel. Giving your reasons, suggest where you think they should advertise their ho[...]

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(d) "The only way to compete with rival businesses is to charge lower prices." Do you agree with this statement?

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(e) State **three** functions that packaging performs.

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....[3]

For Examiner's Use

3 (a) Give **three** examples of current assets found on a balance sheet.

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(b) Explain the difference between profit and revenue.

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(c)

Company	A		B
		($000's)	
Profit	10		5
Capital	50		20
Sales	100		60

Using profitability ratios explain which company in your view has the better performance.

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For Examiner's Use

(d) Using an example explain the concept of economies of scale.

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(e) Under what circumstances might a business sell a product for less than its unit cost?

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For Examiner's Use

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

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

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(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]

For Examiner's Use

(ii) Why might businesses give such benefits?

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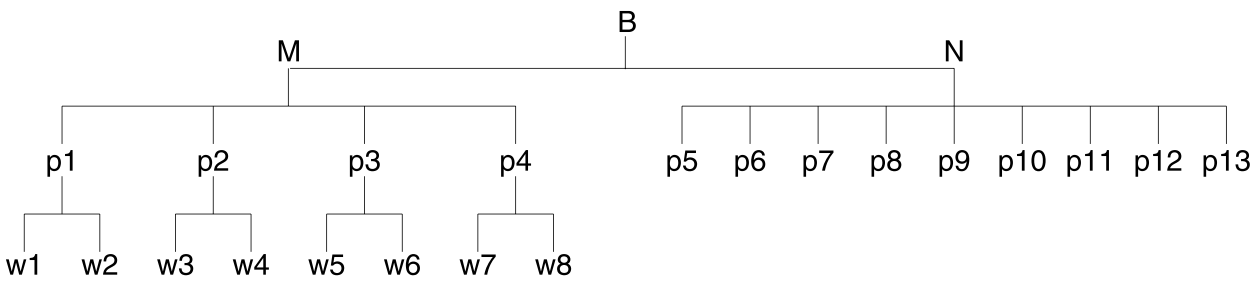
(d) Fig. 1 shows a simplified organisational chart for a company.

Fig. 1



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

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

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For Examiner's Use

5 **(a)** The planning authorities in country Y are considering a proposal for a major ne development. Some people have objected to the scheme. The building contractors a multinational 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]

For Examiner's Use

(iii) What disadvantages might country Y experience in using a multinational co to build the road?

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....[4]

(b) A computer manufacturer based in Singapore wants to export its products to new markets in South Africa.

Identify and explain **two** problems that they might face in entering a new export market.

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