

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	
1	
2	
3	
4	
5	
TOTAL	

This question paper consists of 11 printed pages and 1 blank page.



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.

.....
.....
.....
.....
.....
.....
.....
.....
.....
.....[4]

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

.....
.....
.....
.....[2]

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

.....
.....
.....
.....
.....
.....[3]

2 (a) How 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.

.....
.....
.....
.....
.....
.....
.....[3]

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

.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....[4]

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

.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....[4]

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

.....
.....
.....
.....
.....
.....
.....
.....[3]

(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 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?

.....
.....
.....
.....
.....
.....
.....
.....
.....[4]

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

.....
.....
.....
.....
.....
.....
.....
.....
.....[4]

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

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

.....
.....
.....[2]

