



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS  
General Certificate of Education  
Advanced Subsidiary Level and Advanced Level

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**BUSINESS STUDIES**

**9707/12**

Paper 1 Short Answer and Essay

**May/June 2012**

**1 hour 15 minutes**

Additional Materials: Answer Booklet/Paper

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**READ THESE INSTRUCTIONS FIRST**

If you have been given an Answer Booklet, follow the instructions on the front cover of the Booklet.

Write your Centre number, candidate number and name on all the work you hand in.

Write in dark blue or black pen.

Do not use staples, paper clips, highlighters, glue or correction fluid.

**Section A**

Answer **all** questions.

**Section B**

Answer **one** question.

You are advised to spend no more than 35 minutes on Section A.

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.



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This document consists of **2** printed pages.



**Section A (Short Answer)**Answer **all** questions.

- 1 (a) Define the term 'economies of scale'. [2]  
(b) Briefly explain **two** economies of scale a retail business could achieve as it expands. [3]
- 2 (a) State **two** methods of staff recruitment. [2]  
(b) Distinguish between 'job description' and 'person specification'. [3]
- 3 Explain the main qualities of a successful entrepreneur. [5]
- 4 (a) Define the term 'cash flow forecast'. [2]  
(b) Briefly explain **two** uses for a business of cash flow forecasts. [3]

**Section B (Essay)**Answer **one** question only.

- 5 (a) Explain the advantages of a 'co-operative' as a form of business. [8]  
(b) Discuss the factors that could influence the success of a small business. [12]
- 6 Discuss the uses and limitations of 'break-even analysis' for business decision-making. Use an appropriate diagram in your answer. [20]
- 7 (a) Explain the benefit to an airline of using price discrimination for ticket sales. [8]  
(b) Discuss the importance of 'branding' for product promotion. [12]

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