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

BUSINESS STUDIES **9707/01**

Paper 1 Short Answer and Essay **May/June 2008**

1 hour 15 minutes

Additional Materials: Answer Booklet/Paper

2320207414

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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Section A (Short Answer)

Answer **all** questions

1 **(a)** State **two** objectives a business might set in the short run. [2]

(b) Briefly explain the importance to a business of setting objectives. [3]

2 **(a)** Define the term 'quality control'. [2]

(b) Describe **two** ways in which a manufacturing company might control the quality of its products. [3]

3 Explain how **two** different stakeholder groups might use the published accounts of a business. [5]

4 **(a)** Define the term 'working capital'. [2]

(b) Describe **one** method a business might use to manage its working capital. [3]

Section B (Essay)

Answer **one** question only

5 **(a)** Explain how a business might be affected by political and legal constraints. [8]

(b) Discuss how the objectives of a manufacturing business might be affected by ethical issues. [12]

6 Discuss the qualities required by effective business leaders. [20]

7 **(a)** Explain how the product life cycle might be used by the finance manager of a business. [8]

(b) Discuss how and why promotional activity might change at different stages of a product's life cycle. [12]

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