	Centre Number	Candidate Number
Candidate Name		

International General Certificate of Secondary Education UNIVERSITY OF CAMBRIDGE LOCAL EXAMINATIONS SYNDICATE BUSINESS STUDIES 0450/1

PAPER 1

OCTOBER/NOVEMBER SESSION 2001

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 EXAM	NER'S USE
1	
2	
3	
4	
5	
TOTAL	

1

\ te	levision manufacturer is looking for a suitable location for a new factory.
a)	Identify two factors you think should be considered before a decision is taken. Explain your answer.
	[4
,	Why do governments often pass laws that restrict businesses from locating factories in certain areas?
	[5
	A major television manufacturer faces increasing competition. State and explain two ways by which it could try and maintain its market share.
	[6]

	(a)	an industry? Explain your answer.
		[5]
2	(a)	State two methods of communication that could be used within a business.
		[2]
	(b)	When would you advise the management of a business to use the methods of communication that you have stated in part (a)? Explain your answer.
		[4]

. ,	(1)	What is meant by span of control?
		[2]
	(ii)	Do you think that a span of control can become too large? Explain your answer.
		[3]
(d)	In la	arge organisations tasks often need to be delegated.
	(i)	Explain what is meant by delegation.
	(i)	
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		Explain what is meant by delegation. [2] Give an example of a task that a shop manager might delegate to a sales assistant. Explain why you think your example is appropriate.
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(e)	Wh	at functions should the management of ar	y business perform?
			[4]
		Table 1	
		Costs incurred by busine	ss X (\$000s)
		Advertising expenditure	20
		Stock purchased	100
		Rent Wages	40 80
		Salaries	50
		Maintenance expenditure	35
		Distribution costs	40
		Insurance	35
(a)	(i)	Identify one direct cost and one indirect	cost from Table 1 above.
			[2]
	(ii)	Explain the difference between direct and	d indirect costs.
			[4]
((iii)	What percentage of total cost is account	ed for by labour costs?
			[2]

3

(b)	What is meant by diseconomies of scale?
	[3]
(c)	Explain the differences between the gross profit and net profit of a business.
	[4]
(d)	A profit and loss account is one of the main financial statements that has to be produced by a company. Identify one other major financial statement and explain what it shows about a company.
	[5]

4 The railway system in a country used to be state owned (in the public sector). In 1998 it was sold by the government to the private sector (privatised). Table 2 below gives some information about the railway system before and after privatisation.

Table 2

	1997	2000
Number of passengers	20 m	18 m
Average fare per journey (\$)	3	4.5
Number of employees (000's)	14	8
Profit / (loss)	(\$5 m)	\$6 m

	Profit / (loss)	(\$5 m)	\$6 M	
(a)	Identify the main changes that have oc	curred since privat	sation.	
				[4]
(b)	Are the changes that you have identified your answer.	ed in (a) what you v	vould have expected?	' Explain
				•••••
				[6]
				[0]

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[Turn over

(c)	Why might the management of the railway system wish to carry out market research?
	[4]
(d)	Explain two methods that the management of the railway system could use in its attempt to increase passenger numbers.
	[6]

5 ((a)	Sug	gest three reasons why people might leave their jobs.
		•••••	
		•••••	
			[3]
((b)	Wha	at problems might a company have if a high percentage of its work force left each r?
		•••••	
		•••••	
			[5]
((c)	Exp	lain what is meant by:
`	. ,		
		(i)	overtime rate of pay,
			[2]
		(ii)	productivity bonus.
			[2]

(d)	'A n	notivated work force is a productive one.'
	(i)	What is meant by motivation?
		[2]
	(ii)	Why might improved work force motivation increase productivity?
		[3]
((iii)	State and explain one method a business could use which might increase the motivation of its work force.
		[3]

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