

CAMBRIDGE INTERNATIONAL EXAMINATIONS

**General Certificate of Education Advanced Subsidiary Level
and Advanced Level**

9707/1

MAY/JUNE SESSION 2002

BUSINESS STUDIES

PAPER 1 Short Answer and Essay

1 hour 15 minutes

Additional materials:
Answer paper

TIME 1 hour 15 minutes

INSTRUCTIONS TO CANDIDATES

Write your name, Centre number and candidate number in the spaces provided on the answer paper/answer booklet.

Section A

Answer **all** questions.

Section B

Answer **one** question.

Write your answers on the separate answer paper provided.

If you use more than one sheet of paper, fasten the sheets together.

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

INFORMATION FOR CANDIDATES

The number of marks is given in brackets [] at the end of each question or part question.

You are reminded of the need for good English and clear presentation in your answers.

This question paper consists of 2 printed pages.



Section A (Short Answer)

Answer **all** questions.

- 1 (a) Distinguish between private and public limited companies. [2]
(b) Explain the significance for companies of limited liability. [3]
- 2 (a) Define the term "span of control". [2]
(b) Explain the advantages of a broad "span of control". [3]
- 3 (a) Why is break-even analysis a useful tool for managers? [2]
(b) By use of a diagram, show how break-even quantity is established by graphical method. Label the axes and lines. [3]
- 4 (a) Briefly explain the difference between a Balance Sheet and a Profit and Loss Account. [2]
(b) What additional information does the Cash Flow Statement give about the financial position of a business? [3]

Section B (Essay)

Answer **one** question only.

- 5 Discuss how government policies may affect business decision making in your country. [20]
- 6 (a) Why might firms choose to undertake both primary and secondary market research before entering a new market? [10]
(b) Discuss how knowledge of the product life cycle is important for a business in deciding on its marketing strategy. [10]
- 7 (a) Why might a manufacturer change from batch to flow production? [8]
(b) Discuss the human relations problems which the manufacturer might face if it changed from batch to flow production. [12]