

Candidate Name _____

Centre Number

Candidate
Number

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UNIVERSITY OF CAMBRIDGE LOCAL EXAMINATIONS SYNDICATE

**Joint Examination for the School Certificate
and General Certificate of Secondary Education**

BUSINESS STUDIES

7115/1

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 EXAMINER'S USE	
1	
2	
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TOTAL	

This question paper consists of 10 printed pages and 2 blank pages.

1 A television 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.

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(b) Why do governments often pass laws that restrict businesses from locating factories in certain areas?

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(c) A major television manufacturer faces increasing competition. State and explain **two** ways by which it could try and maintain its market share.

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(d) Do you think that governments should encourage competition between businesses in an industry? Explain your answer.

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2 (a) State **two** methods of communication that could be used within a business.

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(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.

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(c) (i) What is meant by span of control?

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(ii) Do you think that a span of control can become too large? Explain your answer.

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(d) In large organisations tasks often need to be delegated.

(i) Explain what is meant by delegation.

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(ii) 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) What functions should the management of any business perform?

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Table 1

Costs incurred by business X (\$000s)

Advertising expenditure	20
Stock purchased	100
Rent	40
Wages	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.

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(ii) Explain the difference between direct and indirect costs.

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(iii) What percentage of total cost is accounted for by labour costs?

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(b) What is meant by diseconomies of scale?

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(c) Explain the differences between the gross profit and net profit of a business.

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(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.

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(c) Why might the management of the railway system wish to carry out market research?

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(d) Explain **two** methods that the management of the railway system could use in its attempt to increase passenger numbers.

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5 (a) Suggest **three** reasons why people might leave their jobs.

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(b) What problems might a company have if a high percentage of its work force left each year?

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(c) Explain what is meant by:

(i) overtime rate of pay,

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(ii) productivity bonus.

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(d) 'A motivated work force is a productive one.'

(i) What is meant by motivation?

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(ii) Why might improved work force motivation increase productivity?

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(iii) State and explain **one** method a business could use which might increase the motivation of its work force.

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