

## Location Entry Codes

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As part of CIE's continual commitment to maintaining best practice in assessment, CIE uses different variants of some question papers for our most popular assessments with large and widespread candidature. The question papers are closely related and the relationships between them have been thoroughly established using our assessment expertise. All versions of the paper give assessment of equal standard.

The content assessed by the examination papers and the type of questions is unchanged.

This change means that for this component there are now two variant Question Papers, Mark Schemes and Principal Examiner's Reports where previously there was only one. For any individual country, it is intended that only one variant is used. This document contains both variants which will give all Centres access to even more past examination material than is usually the case.

The diagram shows the relationship between the Question Papers, Mark Schemes and Principal Examiners' Reports that are available.

Question Paper	Mark Scheme	Principal Examiner's Report
Introduction	Introduction	Introduction
First variant Question Paper	First variant Mark Scheme	First variant Principal Examiner's Report
Second variant Question Paper	Second variant Mark Scheme	Second variant Principal Examiner's Report

### Who can I contact for further information on these changes?

Please direct any questions about this to CIE's Customer Services team at:

[international@cie.org.uk](mailto:international@cie.org.uk)

The titles for the variant items should correspond with the table above, so that at the top of the first page of the relevant part of the document and on the header, it has the words:

- First variant Question Paper / Mark Scheme / Principal Examiner's Report

or

- Second variant Question Paper / Mark Scheme / Principal Examiner's Report

as appropriate.



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International General Certificate of Secondary Education

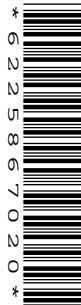
CANDIDATE  
NAME

CENTRE  
NUMBER

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CANDIDATE  
NUMBER

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**BUSINESS STUDIES**

**0450/11**

Paper 1

**May/June 2008**

**1 hour 45 minutes**

Candidates answer on the Question Paper.

No Additional Materials are required.

**READ THESE INSTRUCTIONS FIRST**

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.

DO **NOT** WRITE IN ANY BARCODES.

Answer **all** questions.

The businesses described in this question paper are entirely fictitious.

At the end of the examination, fasten all your work securely together.

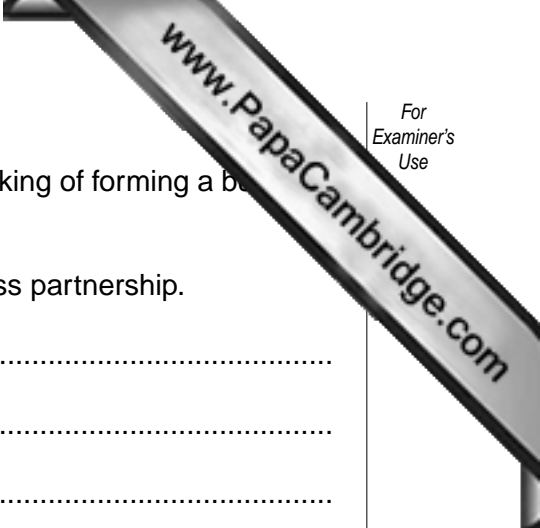
The number of marks is given in brackets [ ] at the end of each question or part question.

For Examiner's Use	
1	
2	
3	
4	
5	
<b>Total</b>	

This document consists of **11** printed pages and **1** blank page.







(d) Lloyd needs to raise capital to expand his business. He is thinking of forming a business partnership with a friend.

(i) Identify and explain **two** advantages of forming a business partnership.

Advantage 1: .....

.....

.....

.....

Advantage 2: .....

.....

.....

.....[4]

(ii) Explain **one** problem Lloyd might face in having a business partner.

.....

.....

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.....

.....

.....[3]

(iii) Apart from forming a partnership, explain **one other** source of finance that Lloyd might use to expand his business.

.....

.....

.....

.....

.....

.....[3]

2 Rose Tuilagi had always wanted to run her own business. She decided to open a restaurant. She knew that competition in the catering industry was strong and that her profit margins might be low. However she believed that her business could make high profits.

(a) (i) What is meant by a 'low profit margin'?

.....  
.....  
.....  
.....[2]

(ii) How could her business make high profits if profit margins were low?

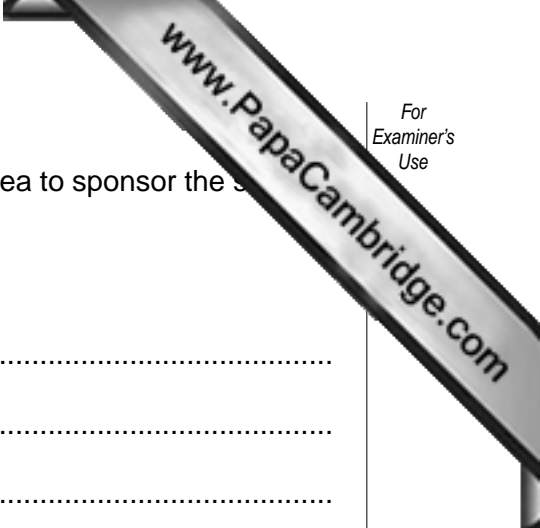
.....  
.....  
.....  
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.....  
.....  
.....[3]

(b) Outline **three** factors that Rose should consider when deciding where to locate her new restaurant.

Factor 1: .....  
.....  
.....  
.....

Factor 2: .....  
.....  
.....  
.....

Factor 3: .....  
.....  
.....  
.....[6]



(c) In order to increase sales, Rose thought it would be a good idea to sponsor the s  
her local football team.

(i) Why might such sponsorship help increase sales?

.....  
.....  
.....  
.....  
.....  
.....  
.....[3]

(ii) A friend suggested that she might use other forms of promotion instead. State and explain **two** other types of promotion that you think would be appropriate for Rose to use. Justify your suggestions.

Promotion type 1: .....  
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.....

Promotion type 2: .....  
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.....  
.....  
.....  
.....[6]

3 'Managing a large company is not easy' said Neelie Kroger, Chief Executive of Kruger Enterprises, a major electronics manufacturing business. 'There is never just one way to organise a business, just different ways.' He made these remarks to Joshua, his deputy, at Kruger Enterprises. Mr Kroger was looking at the organisational charts of two of his competitors [A and B] shown in Fig. 1.

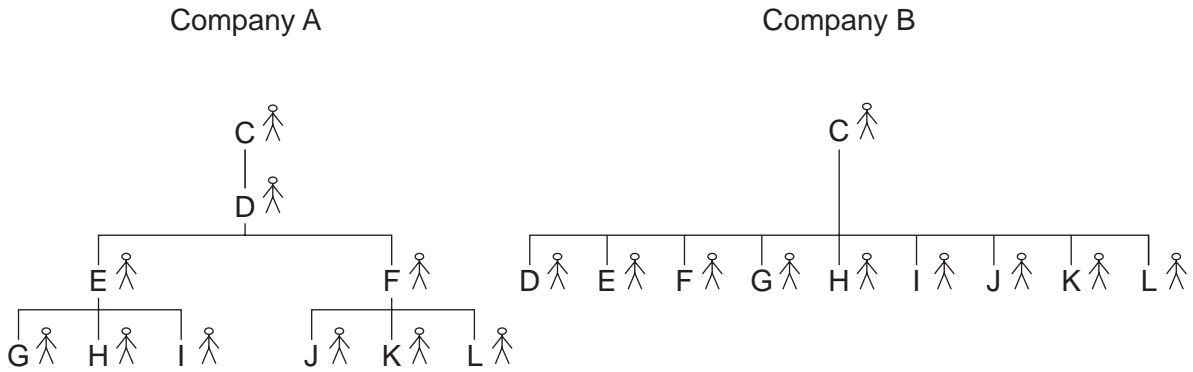


Fig. 1

(a) Identify and explain **two** differences in the way that these two companies are organised.

Difference 1: .....  
.....  
.....

Difference 2: .....  
.....  
.....[4]

As a large Public Limited Company, Kruger Enterprises needs to communicate effectively both internally and externally.

(b) How do Public Limited Companies communicate with their shareholders?

.....  
.....  
.....  
.....  
.....  
.....[4]









5 Kim Chan has recently been on a management training course. He has learnt that 'work helps to satisfy human needs'. Kim went back to his father's business and told his father, 'Work helps to satisfy human needs'. His father laughed and said 'Nonsense, money satisfies human needs. People only work to earn money'.

(a) (i) Explain what is meant by 'work helps to satisfy human needs'.

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....[4]

(ii) Do you think that Kim's father is correct in stating that people only work for money? Explain your answer.

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....[4]

Wu Chan has recently reduced the number of employees in his business by 40%. Despite this, sales and output have not fallen.

(b) (i) How can the output in Mr Chan's company stay the same if the number of employees has fallen by 40%?

.....  
.....  
.....  
.....[2]







UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS  
International General Certificate of Secondary Education

CANDIDATE NAME

CENTRE NUMBER

CANDIDATE NUMBER

\* 6 5 0 5 3 7 0 4 1 9 \*

**BUSINESS STUDIES**

**0450/12**

Paper 1

**May/June 2008**

**1 hour 45 minutes**

Candidates answer on the Question Paper.

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1	
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<b>Total</b>	

This document consists of **11** printed pages and **1** blank page.

- 1 Table 1 shows the incomplete balance sheet for Goldright, a large jewellery manufacturer which is a private limited company.

**Table 1**  
Goldright  
as at April 30 2008  
\$000's

<b>Fixed Assets</b>	
Buildings	150
Machinery	100
	250
<b>Current Assets</b>	
Stock	?
Debtors	85
Cash	10
	140
less	
<b>Current Liabilities</b>	
Creditors	60
Bank overdraft	0
	60
<b>Net Current Assets</b>	?
<b>Net Assets</b>	330
Financed by	
<b>Shareholders Funds</b>	200
Long term Liabilities	?
<b>Capital Employed</b>	330

(a) Calculate the value of the following as at 30th April 2008.

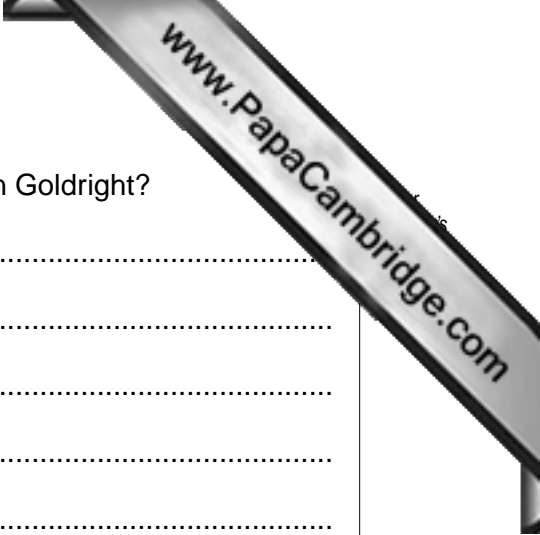
(i) Stock .....

(ii) Net Current Assets .....

(iii) Long term Liabilities ..... [3]

(b) Explain **one** reason why Goldright might make use of creditors.

.....  
 .....  
 .....  
 .....  
 .....  
 .....  
 ..... [3]



(c) What use is a balance sheet to any **two** of the stakeholders in Goldright?

.....  
.....  
.....  
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[4]

(d) When would Goldright find it better to use a bank loan than an overdraft to finance its activities? Explain your answer.

.....  
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.....

[4]

(e) The accounts of Goldright showed that the business paid dividends of \$40 000.

(i) Explain what is meant by 'dividends'.

.....  
.....  
.....  
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[2]

(ii) Do you think that companies should declare high dividends? Explain your answer.

.....  
.....  
.....  
.....  
.....



2 Rose Tuilagi had always wanted to run her own business. She decided to open a restaurant. She knew that competition in the catering industry was strong and that her profit margins might be low. However she believed that her business could make high profits.

(a) (i) What is meant by a 'low profit margin'?

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(ii) How could her business make high profits if profit margins were low?

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(b) Outline **three** factors that Rose should consider when deciding where to locate her new restaurant.

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Factor 2: .....  
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Factor 3: .....  
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(i) Why might such sponsorship help increase sales?

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(ii) A friend suggested that she might use other forms of promotion instead. State and explain **two** other types of promotion that you think would be appropriate for Rose to use. Justify your suggestions.

Promotion type 1: .....  
.....  
.....  
.....  
.....

Promotion type 2: .....  
.....  
.....  
.....  
..... [6]





(c) Last week the management of company B stated that the company was experiencing difficulties and that it was going to stop trading immediately.

(i) Identify and explain **two** reasons why a company might experience difficulties which cause it to stop trading.

Reason 1: .....  
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.....  
.....

Reason 2: .....  
.....  
.....  
..... [4]

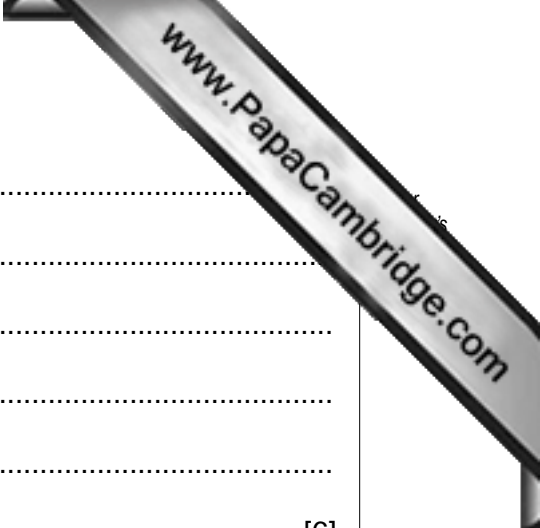
(ii) What money, if any, would the shareholders of company B lose when the company ceases to trade?

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..... [4]

(iii) Do you think governments should give financial aid to failing companies? Justify your answer.

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(ii) A car manufacturer: .....

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..... [6]

(c) The government of country W has also been increasing the size of the public sector.

(i) What is meant by the 'public sector'?

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..... [2]

(ii) State and explain **two** objectives that enterprises in the public sector usually have.

Objective 1: .....

.....

.....

.....

Objective 2: .....

.....

.....

..... [4]

5 Kim Chan has recently been on a management training course. He has learnt that 'work helps to satisfy human needs'. Kim went back to his father's business and told his father, all about the course. His father laughed and said 'Nonsense, money satisfies human needs. People only work to earn money'.

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