

Candidate Name \_\_\_\_\_

Centre Number	Candidate Number

**International General Certificate of Secondary Education  
CAMBRIDGE INTERNATIONAL EXAMINATIONS**

**0450/1**  
**MAY/JUNE SESSION 2002**

**BUSINESS STUDIES**  
**PAPER 1**

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 provided at the top of this page.

Answer **all** questions.

Write your answers in the spaces provided on the question paper.

**INFORMATION FOR CANDIDATES**

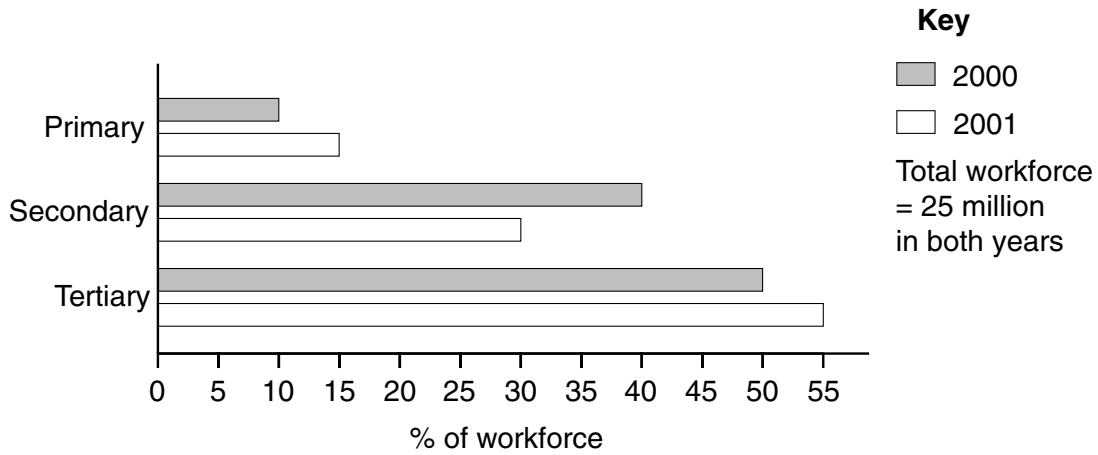
The number of marks is given in brackets [ ] at the end of each question or part question.

The businesses mentioned in the questions are entirely fictitious.

FOR EXAMINER'S USE	
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<b>TOTAL</b>	

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**This question paper consists of 12 printed pages.**



**Fig. 1**

(a) Using the data given in Fig. 1,

(i) state the % of the workforce employed in primary activities in 2000,

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.....[1]

(ii) calculate the number of people employed in tertiary activities in 2001.

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.....[2]

(b) Explain why, in many countries, the percentage of the workforce employed in tertiary activities is increasing.

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(c) Two large drink manufacturing companies have just merged creating a monopoly.

(i) What is meant by a monopoly?

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(ii) Explain what advantages the companies would expect to gain from this merger.

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(iii) Consumer groups objected to the creation of this monopoly. Why do you think they did this?

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(d) A market economy exists in many countries. Identify the main features of such a system.

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2 A balance sheet records the assets and liabilities of a business.

(a) (i) Give an example of an asset usually found in a balance sheet.

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(ii) Explain what is meant by a liability.

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(iii) Why do businesses often make use of trade credit?

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(iv) Explain what is meant by shareholders' funds.

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(b) 'Company Y made a profit of \$200 million in 2001. This is far too large,' said the Bombay Evening News.

(i) What might a company do with the profits that it makes?

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(ii) \$200 million seems like a large profit. How might the Government judge if this profit was 'far too large'?

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(c) When a company borrows money from a bank it sometimes has to give security for the loan.

(i) Explain what this means.

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(ii) Why might the bank require such security?

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3 (a) (i) Identify **two** pricing methods that a business could use.

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(ii) Explain the advantages to a business of each of your two chosen methods.

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**(ii)** Explain why you think that the information that you have added is important.

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**(iii)** Explain where you think the business should place such an advertisement.

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**(b)** Some businesses want to reduce the number of employees. Explain the difference between dismissal and redundancy (retrenchment).

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(c) Trade unions often try to increase the wages of their members. What arguments might they use to justify such increases during their wage negotiations?

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(d) 'If wages increase, profits must fall.' Do you agree with this statement? Justify your answer.

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5 (a) (i) What are the characteristics of a multinational (transnational) company?

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