ZIMBABWE SCHOOL EXAMINATIONS COUNCIL

General Certificate of Education Advanced Level

BUSINESS STUDIES 6025/1

PAPER 1

JUNE 2019 SESSION 3 hours

Additional materials:
Answer paper

TIME 3 hours

INSTRUCTIONS TO CANDIDATES

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

Answer **all** questions.

Write your answers on the separate answer paper provided.

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

INFORMATION FOR CANDIDATES

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

You are advised to spend not more than 2 hours on Section A.

The businesses described in this paper are entirely fictitious.

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

Calculators may be used.

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Section A [70 Marks]
Answer **all** questions.

1 **(a)** List any **two** business objectives. [2]

(b) Explain any **two** features of management by objectives (MBO). [4]

2 **(a)** Justify why the government of your country might wish to privatise its transport services. [4]

(b) Suggest reasons why two fuel suppliers would be interested in a horizontal merger. [4]

3 **(a)** Define a sample. [2]

(b) Analyse the differences between primary data and secondary data. [4]

4 **(a)** Describe market segmentation. [2]

(b) Explain why market segmentation is important to a supplier of school uniforms. [4]

5 **(a)** Distinguish leadership from management. [4]

(b) Explain any **one** reason why a manager may delegate work to subordinates. [2]

6 Comment on the importance of training to an organisation. [4]

7 **(a)** State any **two** disadvantages of a balance sheet. [2]

(b) Identify any **two** ways of improving liquidity in a business. [2]

8 **(a)** Explain any **two** advantages of debt financing. [4]

(b) Comment on why the shareholders of XYZ bank Ltd may be interested in the bank's financial statements. [4]

9 **(a)** Evaluate the usefulness of a statistical mode to a toy manufacturer. [4]

(b) Comment on the usefulness of using computers in business accounting. [4]

10 **(a)** Outline any **two** advantages of setting budgets. [2]

(b) Explain any **two** reasons why a business might choose to locate in a particular area. [4]

11 Suggest how a shoe manufacturing business might increase its capacity utilisation. [4]

12 Outline the extent to which a work study programme is important to a fishery business. [4]

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Section B [30 marks]

Read the following case study and answer **all** the questions that follow.

CHARM PACKAGING LTD

Charm Packaging (CP) Ltd manufactures plastic packaging products. It has established factories in four different countries and each factory has a staff compliment of 500 employees.

Employment regulations and requirements vary from country to country. In some countries CP Ltd has to follow very strict rules and regulations governing working conditions.

Technology is changing rapidly in the packaging industry. CP Ltd has also to consider new packaging products to keep pace with modern trends. Meanwhile the firm's research and development team has developed a new environmentally friendly type of packaging product.

John, CP Ltd's accountant, has been assessing the possible impact of the new product on the company's profits. To estimate the following year's profits before the new product is introduced, he draws up a profit and loss account as follows:

Profit and Loss Account

2019	**($ million)**
Sales	20
Less Cost of goods sold	13
Gross profit	7
Less Expenses	3
Net profit	4

Net profit margin 20%

If CP Ltd introduces the new packaging products the following increases are expected.

	($ million)
Sales	12
Cost of goods sold	6
Gross profit	6
Expenses	2

13 **(a)** Assuming that the new product is introduced calculate:

(i) the expected net profit for 2019. [2]

(ii) the expected net profit margin for 2019. [2]

(b) Assess the likely impact of technological changes on Charm Packaging Ltd's employees. [6]

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14 Analyse the factors that Charm Packaging Ltd may consider when launching the new product. [10]

15 Discuss the impact of employment regulations on Charm Packaging Ltd's operations. [10]

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