ZIMBABWE SCHOOL EXAMINATIONS COUNCIL

General Certificate of Education Advanced Level

BUSINESS STUDIES 6025/1

PAPER 1

SPECIMEN PAPER 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 45 minutes 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.

This question paper consists of 4 printed pages.

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Section A: [70 marks]

Answer **all** questions.

1 **(a)** Define management by objectives. [2]

(b) Identify any **two** internal economies of scale. [2]

2 **(a)** State any **two** forms of assistance given to small businesses by the government of your country. [2]

(b) Assess the importance of parastatals to the economy of your country. [4]

3 Explain any **three** qualities of a good leader. [6]

4 **(a)** Name any **two** methods of communication. [2]

(b) Discuss the impact of informal communication to a clothing manufacturing firm. [5]

5 **(a)** What is meant by the term demand? [2]

(b) To what extent is the Product Life Cycle (PLC) concept useful to a marketing manager? [4]

6 **(a)** Why might a firm find it beneficial to carry out market research? [4]

(b) Discuss the importance of market segmentation to a sportswear supplier. [5]

7 Distinguish between Last In First Out (LIFO) and First In First Out (FIFO) methods of stock valuation. [4]

8 **(a)** Explain any **two** factors which influence the choice of source of finance to be used by a business. [4]

(b) Analyse the possible drawbacks to a firm of increasing cash inflows by selling idle assets. [4]

9 **(a)** A textile firm is considering to undertake a project whose initial outlay and future cashflows are given below:

YEAR	NET CASHFLOW($)
0	(100 000)
1	20 000
2	20 000
3	30 000
4	50 000
5	25 000

(i) Calculate the Average Rate of Return (ARR). [4]

(ii) If their criterion rate is 10%, advise the textile firm on whether or not it should accept the project. [2]

10 Show the importance of critical path analysis to a construction company. [5]

11. Evaluate the significance to a car manufacturer of adopting the Just-In-Time system of stock control [4]

12. How useful is rationalisation to a firm operating in a recessionary economy? [5]

Section B [30 Marks]

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

Better Trading Enterprises

Banga is a former employee of a large reputable supermarket in Bulawayo. He worked there for fifteen years as a buyer. In 2004, he was retrenched and decided to use his retirement package and vast experience in supermarket activities to open a general dealer`s shop trading as Better Trading Enterprises (BTE).

BTE was opened to members of the public ten years ago. Jean and John, Mr Banga`s children, who were school leavers, were the shop assistants. The business enjoyed monopoly during the first five years with sales and profits increasing. Banga managed to expand his business and is now operating four other shops in rented premises in different locations. The business now has a staff complement of sixteen employees, mainly school leavers from the local communities.

BTE is now reeling from stiff competition exerted by recently established supermarkets in addition to increasing operational costs.

Mr Banga has then consulted experts from the Ministry of Small and Medium Enterprises on strategic business ideas which will enable the business to continue thriving despite stiff competition. The experts advised him to cut on rental costs by constructing own buildings and either continue trading as Better Trading Enterprises or opt for a franchise.

13 **(a)** Explain the advantages that Better Trading Enterprises enjoy as a small business. [6]

(b) Discuss the benefits that will be enjoyed by Better Trading Enterprises if Mr Banga decides to opt for a franchise. [8]

14. Analyse other strategies that Better Trading Enterprises can employ to survive stiff competition. [8]

15. Evaluate the sources of finance that can be used by Mr Banga to construct buildings for his business. [8]