UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education
Advanced Subsidiary Level and Advanced Level

BUSINESS STUDIES **9707/12**

Paper 1 Short Answer and Essay **May/June 2011**

1 hour 15 minutes

Additional Materials: Answer Booklet/Paper

8605842289

READ THESE INSTRUCTIONS FIRST

If you have been given an Answer Booklet, follow the instructions on the front cover of the Booklet.
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.

Section A
Answer **all** questions.
Section B
Answer **one** question.
You are advised to spend no more than 35 minutes on Section A.

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.

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Section A (Short Answer)

Answer **all** questions.

1 **(a)** State **two** advantages of using secondary market research data. [2]

(b) Briefly explain why a business might choose to conduct primary market research. [3]

2 **(a)** Define the term 'current ratio'. [2]

(b) Explain why liquidity ratios are important to the management of a business. [3]

3 Briefly explain the main functions of management. [5]

4 **(a)** Define the term 'job production'. [2]

(b) Outline **two** benefits to a business of using job production. [3]

Section B (Essay)

Answer **one** question only.

5 **(a)** With the aid of an appropriate diagram, explain the stages of a product life cycle. [8]

(b) Discuss how a business might use a product life cycle to plan the marketing of a product. [12]

6 Discuss how the management of an airline might motivate its cabin crew*. You should make reference to relevant motivation theories you have studied. [20]

7 **(a)** Explain the usefulness to a new business of cash flow forecasts. [8]

(b) Discuss the importance of published accounts to **three** stakeholder groups in assessing the performance of a company which is planning to expand. [12]

*cabin crew: in an aircraft, the people whose job it is to take care of the passengers.

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