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

BUSINESS STUDIES **9707/11**

Paper 1 Short Answer and Essay **October/November 2010**

1 hour 15 minutes

Additional Materials: Answer Booklet/Paper

6249795778

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.

This document consists of **2** printed pages.

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Section A (Short Answer)

Answer **all** questions.

1 **(a)** Define the term 'break-even'. [2]

(b) Briefly explain why a manager might use 'break-even' analysis. [3]

2 **(a)** Define the term 'niche marketing'. [2]

(b) Briefly explain **two** possible disadvantages for a company operating in a niche market. [3]

3 Explain how a public limited company might finance a large capital investment project. [5]

4 **(a)** Define the term 'private limited company'. [2]

(b) Explain **two** possible disadvantages to a sole trader of changing to a private limited company. [3]

Section B (Essay)

Answer **one** question only.

5 **(a)** Explain the differences between autocratic and democratic leadership. [8]

(b) Discuss the view that a democratic style of leadership is the most effective leadership style for a business in the competitive business environment of today. [12]

6 Discuss the benefits to a business of setting ethical objectives. [20]

7 **(a)** Explain the differences between 'payback' and 'average rate of return' as methods of investment appraisal. [8]

(b) To what extent should investment decisions be made using only quantitative information? [12]

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