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**NQF**

**Certificate**

**1.1 IB**

**Introduction to Business**

**Thursday 3 December 2015, Afternoon**

1. **Time allowed: 3 hours.**
2. **Answer any four questions.**
3. **All questions carry 25 marks. Marks for subdivisions of questions are shown in brackets.**
4. **No books, dictionaries, notes or any other written materials are allowed in this examination.**
5. **Calculators, including scientific calculators, are allowed provided they are not programmable and cannot store or recall information. All other electronic devices, including mobile phones, are not permitted.**
6. **Candidates who break ABE Examination Regulations will be disqualified from the examinations.**
7. **Question papers must not be removed from the examination room.**



**Answer any four questions**

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**Q1 (a)** Explain each of the following marketing terms:

- (i) Product promotion **(3 marks)**
- (ii) Secondary market research **(3 marks)**
- (iii) Niche market **(3 marks)**
- (iv) USP **(3 marks)**

**(b)** Define the term 'segmentation'. **(3 marks)**

**(c)** Using examples, explain how the market for shoes could be segmented. **(10 marks)**  
**(Total 25 marks)**

**Q2 (a)** Identify and explain the main objectives of the following organisations:

- (i) A family business **(3 marks)**
- (ii) A PLC (public limited company) **(3 marks)**
- (iii) A not-for-profit organisation **(3 marks)**

**(b)** A developer is planning to build 400 homes, a shopping centre and a sports complex at the edge of a small town. Explain the possible positive and negative opinions of the following stakeholder groups towards the development:

- (i) The population living nearby **(4 marks)**
- (ii) Local retailers in the town **(4 marks)**
- (iii) Local government **(4 marks)**
- (iv) Local suppliers **(4 marks)**

**(Total 25 marks)**

**Q3 (a)** Briefly explain the following financial terms:

- (i) Gearing **(3 marks)**
- (ii) Fixed assets **(3 marks)**
- (iii) Working capital **(3 marks)**
- (iv) Current ratio **(3 marks)**

**(b)** A transport company is planning to replace 10 of its delivery vans. Explain the advantages and disadvantages of using the following methods to finance the renewals:

- (i) Hire purchase
- (ii) Leasing
- (iii) Outright purchase

**(13 marks)**  
**(Total 25 marks)**

**Q4 (a)** Identify and explain the factors that may influence the choice of location for a large retailer, such as a supermarket or department store. **(15 marks)**

**(b)** Retailers such as supermarkets sometimes have large amounts of stock. Explain **five** costs associated with holding such large quantities of stocks. **(10 marks)**  
**(Total 25 marks)**

- Q5 (a)** Define each of the following means of remuneration:
- (i) Piecework (3 marks)
  - (ii) Time based wages (3 marks)
  - (iii) Commission (3 marks)
  - (iv) Salary (3 marks)
- (b)** A business is considering the introduction of a training programme to produce its own supply of skilled labour. Describe the benefits and drawbacks of establishing such a training programme. (13 marks)  
**(Total 25 marks)**
- Q6 (a)** Briefly explain each of the following terms:
- (i) The primary sector (3 marks)
  - (ii) The private sector (3 marks)
  - (iii) The tertiary sector (3 marks)
  - (iv) The public sector (3 marks)
- (b)** Outline the advantages and disadvantages of forming a partnership, as compared to a sole trader. (13 marks)  
**(Total 25 marks)**
- Q7 (a)** Briefly explain each of the following terms:
- (i) Ethical trading (3 marks)
  - (ii) Inflation (3 marks)
  - (iii) The business cycle (3 marks)
  - (iv) PEST analysis (3 marks)
- (b)** Using examples, discuss the advantages and the disadvantages of the technological advances that have affected business in recent years. (13 marks)  
**(Total 25 marks)**
- Q8 (a)** Describe the likely objectives of the following stakeholders in a business:
- (i) An employee (3 marks)
  - (ii) A shareholder (3 marks)
  - (iii) A customer (3 marks)
  - (iv) The government (3 marks)
- (b)** Identify and describe five inputs needed to set up a small retail business. (13 marks)  
**(Total 25 marks)**

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**End of question paper**

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