

# **O-Level Business Studies**

## **Paper 1**

### **Unsolved Topical**

**Past Papers With Marking Scheme**  
**According to New Syllabus (2023-2025)**

**2015-2022**

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<b>Title</b>	O-LEVEL Business Studies Paper 1
<b>Published by</b>	MS Books (042-35774780)
<b>Legal Advisor</b>	Ashir Najeeb Khan (Advocate) <b>AKBAR LAW CHAMBERS</b> 39-40, 1 <sup>st</sup> Floor, Sadiq Plaza, The Mall, Lahore. 0307-4299886, 042-36314839
<b>For Complaints/Order</b>	<b>MS Books</b> 83-B Ghalib Market Gulberg III Lahore <a href="mailto:info@msbooks.pk">info@msbooks.pk</a> (042-35774780), (03334504507), (03334548651)
<b>Price</b>	<b>Rs. 2250/-</b>

## **PREFACE**

Excellence in learning cannot be claimed without application of concepts in a dexterous way. In this regard one of the logical approach is to start in chunks; like chapter wise learning and applying the concept on exam based questions.

This booklet provides an opportunity to candidates to practice topic wise questions from previous years to the latest. Extensive working of Team MS Books has tried to take this booklet to perfection by collaborating with top of the line teachers.

We have added answer key / marks scheme at the end of each topic for the candidate to compare the his/her answer to the best.

MS Books strives to maintain actual spacing between consecutive questions and within options as per CAIE format which gives students a more realistic feel of attempting question.

Review, feedback and contribution in this booklet by various competent teachers of a subject belonging to renowned school chains make it most valuable resource and tool for both teachers and students.

With all belief in strength of this resource material I can confidently claim that it is worth in achieving brilliance.

Our sincere thanks and gratification to **Mr. Tayyab Elahi** who took out special time to help compile and manage this booklet. We would also like to appreciate **Business Studies** faculty for reviewing and indorsing it.

### **REVIEWED & RECOMMENDED BY**

**Tayyab Elahi**

LGS, KIMS, GACS, SICAS

0300-8461922

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### OPPORTUNITY COST

Q1(a)/12/O/N/16

1 APQ is a multinational company. It makes chemicals that are sold to farmers which help increase the amount of food produced. It plans to open a factory in country X, a developing country with low interest rates. The Finance Director said: 'This factory will create many external benefits. APQ is a public limited company which tries to act in an ethical way with all its stakeholder groups.' The new factory will cost \$100m and there will be an opportunity cost for APQ. The Finance Director cannot decide which source of finance to use for the new factory.

(a) What is meant by 'opportunity cost'?

.....  
.....  
.....  
.....

[2]

Q4(b)/12/M/J/22

2 Tom wants to leave his job to become an entrepreneur. He and his sister plan to start a window cleaning business. Tom has been told that new businesses are at a greater risk of failure than established businesses. Tom has to decide whether a partnership is a suitable form of business organisation for the new business. He has calculated the business will need \$700 as start-up capital. Tom knows that every decision he makes will have an opportunity cost.

(b) Define 'opportunity cost'.

.....  
.....  
.....  
.....

[2]

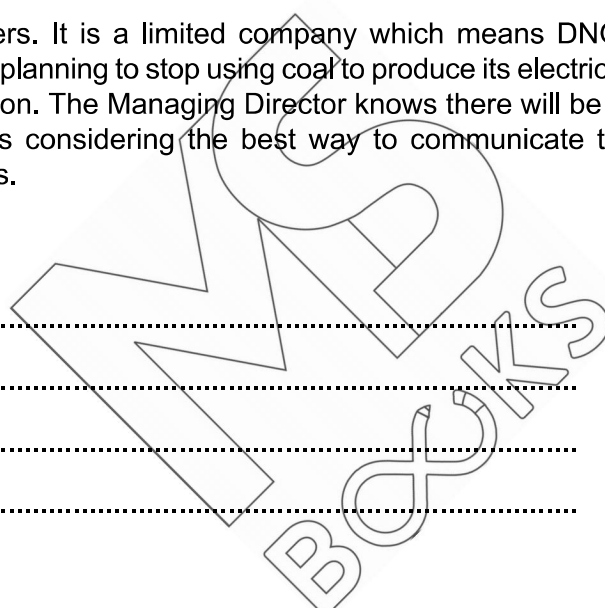
Q2(a)/11/O/N/22

3 DNG provides electricity to 16 million customers. It is a limited company which means DNG's shareholders benefit from limited liability. DNG is planning to stop using coal to produce its electricity. Pressure groups had an influence on this decision. The Managing Director knows there will be an opportunity cost to making this change. She is considering the best way to communicate this important information to DNG's 6500 employees.

(a) Define 'opportunity cost'.

.....  
.....  
.....  
.....

[2]



Q1(a)/12/O/N/16 Q1

1(a) **What is meant by 'opportunity cost'?**

2

Clear understanding [2], e.g. next best alternative forgone  
OR next best alternative given up (by choosing another item) [2]

Some understanding [1], e.g. what had to give up OR option not chosen

Q4(b)/12/M/J/22 Q2

4(b) **Define 'opportunity cost'.**

Award 2 marks for a full definition. Award 1 mark for a partial definition.

OR The next best alternative given up by choosing another item [2]

OR The benefit that could have been gained from an alternative use of the same resource [2]

OR A benefit, profit or value that a firm has to give up in order to achieve something else [2]

Partial definition e.g. what you have to give up / forgo [1]

Q2(a)/11/O/N/22 Q3

2(a) **Define 'opportunity cost'.**

2

Award 2 marks for a full definition. Award 1 mark for a partial definition.

The next best alternative foregone / given up [2]

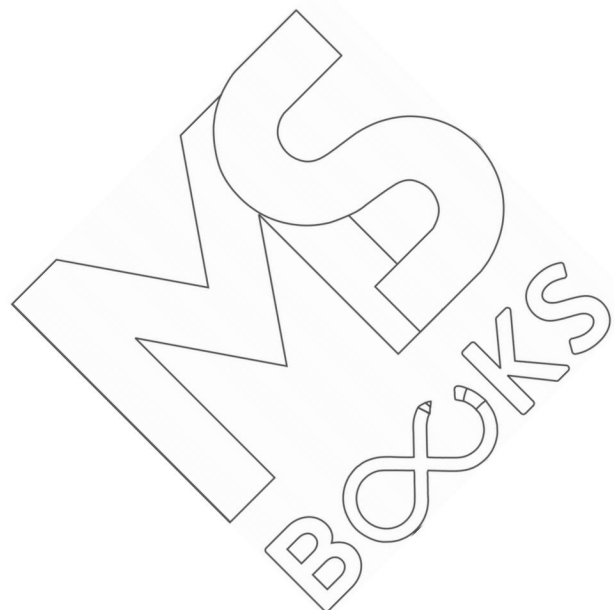
OR

The benefit that could have been gained from an alternative use of the same resource [2]

OR

A benefit, profit, or value that a firm gives up in order to achieve something else [2]

Partial definition e.g. what you must give up / forgo [1]



ENTREPRENUERSHIP

Q1(a)/11/O/N/17

- 1 Ella has just left college and wants to start up her own business. She has designed a new bicycle light with a safety feature not found in any rival products. Ella knows obtaining finance will be difficult. She plans to have the lights produced in another country. Each light will cost \$8 to produce. Ella cannot decide whether to use price skimming. She said: 'I have received orders for 300 lights and I have not even started promoting them'. Ella wants to be a successful entrepreneur.

**Table 1: Information on possible promotion options for Ella’s bicycle light.**

	Option 1: Set up her own website	Option 2: Advertise in specialist magazine
Cost information	\$500 for web page to show product specifications and contact details	\$300 for full page colour advertisement
Other information	For extra \$750 website would allow customers to order online	One of the most popular cycling magazines in the country.

- (a) Identify **two** characteristics of a successful entrepreneur.

Characteristic 1:.....

.....

Characteristic 2:.....

.....

[2]

Q2(a)/11/M/J/19

- 2 Kate is an entrepreneur. Two years ago she left her job as a fashion designer at a multinational company. She started up BBB, a women’s sportswear clothing business. BBB targets a market segment of high income consumers. BBB’s products are sold in 3 retail shops and also through its website. Kate said: 'I saw a gap in the market and took the risk. Obtaining the finance I needed from the bank was not easy. I enjoy making decisions such as using leaflets to promote the clothes.' BBB’s revenue target for next year is \$500 000.

- (a) What is meant by ‘entrepreneur’?

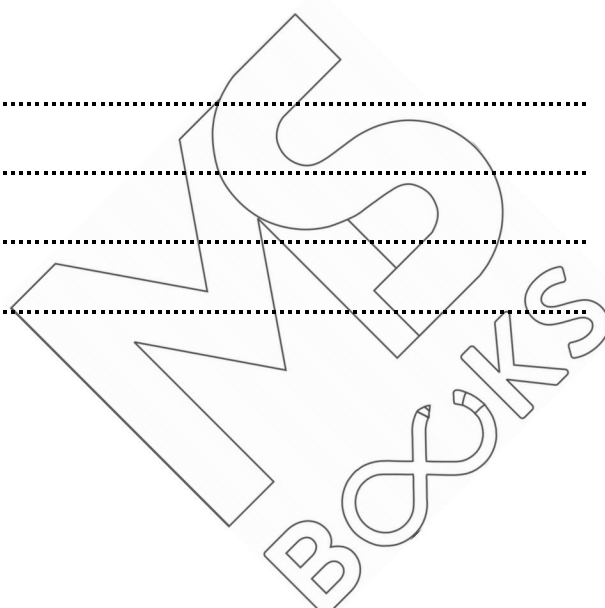
.....

.....

.....

.....

[2]











## Q1(a)/11/O/N/17 Q1

1(a) **Identify two characteristics of a successful entrepreneur.** 2

Knowledge [2 · 1] – award 1 mark for each relevant characteristic

Points could include: risk taker, innovator, creative, self-confident, optimistic, hardworking, independent, effective communicator, leadership, initiative, self-motivating/determined, results driven, good at networking, multi-skilled

## Q2(a)/11/M/J/19 Q2

2(a) **What is meant by ‘entrepreneur’?** 2

Clear understanding [2]: A person who organises/ operates/ takes the risk for a new business venture.

A person who combines all factors of production to make a product or service

Some understanding [1] : e.g. Someone who starts a business

## Q3(e)/12/O/N/20 Q3

3(e) **Do you think being creative is the most important characteristic of being a successful entrepreneur? Justify your answer.** 6

Award up to 2 marks for identification of relevant issues.

Award up to 2 marks for relevant development of points.

Award 2 marks for justified decision as to whether being creative is the most important characteristic of being a successful entrepreneur.

Points might include:

Creative:

- New/unique ideas [k] to help gain sales/attract customers/maintain customer loyalty [an]
- Can open up new opportunities [k]
- Customers may not like the products [k]

Other characteristics include:

- Risk taker [k] as needs to be able to make decisions that might fail [an] otherwise will not know whether an idea is good or not [an]
- Perseverance/determination [k] as will need to be prepared to keep going when faced with problems/issues that any new business is likely to have [an]
- Effective communicator [k] as will need to convince to supplies/finance providers/customers to provide supplies/finance/buy goods otherwise business will not succeed [an]
- Good decision-maker/management skills [k] as increases in costs/or reduction prices charged by rivals will require a response from the business [an] otherwise sales/profits may fall [an]
- Hard-working [k] as must be ready to do everything themselves [an]
- Optimistic [k]
- Self-confident [k]
- Independent [k]

3(e) Other appropriate responses should also be credited.

Justification might include:

Being creative can result in ideas that make a business stand out from its competitors [k] leading to increased sales [an]. But it is also important to be a risk taker [k] as they need to be willing to make decisions that might fail [an]. Creativity is important but not the most important characteristic. A creative but risk averse entrepreneur may miss the opportunity to be first to market [eval] so losing the chance to gain a competitive advantage so reducing their chances of success. [eval]

Q2(e)/12/O/N/21 Q4

2(e) **Do you think a successful entrepreneur has to be a good manager? Justify your answer.**

6

Award up to 2 marks for identification of relevant points.

Award up to 2 marks for relevant development of points.

Award 2 marks for justified decision as to whether a successful entrepreneur has to be a good manager.

Points might include:

Entrepreneur:

- Must be creative / innovate / provide new / unique ideas [k] to help gain sales / attract customers [an]
- Need to be willing to take risks [k] to benefit from the reward / profit generated from the business [an]
- Perseverance / determination [k] as will need to be prepared to keep going when faced with problems / issues that any new business is likely to have [an]
- Can hire someone to manage the business (if you don't possess these skills) [k] but this will cost money [an]

Manager:

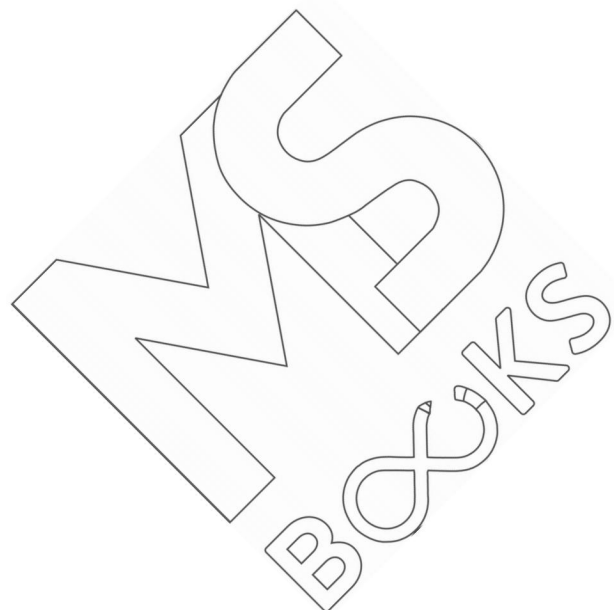
- Need to be able to organise operations [k] so able to get supplies / deliver on time to get repeat orders [an]
- Must be able to plan [k] so production runs efficiently [an]
- Ability to control employees [k] so they are all on task [an]
- Help motivate employees [k] to maintain efficiency / reduce absenteeism / ensure retain employees [an]
- Activities must be coordinated [k] so time is not wasted [an]
- An ineffective manager can make the wrong decisions [k] which will cost money / damage reputation [an]

Other appropriate responses should also be credited.

2(e) Justification might include:

An entrepreneur is someone willing to take risks [k] to benefit from the profit made by the business. [an] Being a good manager is important as planning is needed [k] so that production runs efficiently [an].

However, I think a successful entrepreneur does not have to be a good manager because they can always recruit someone if they cannot do this role [eval], and without taking the initial risk there is no business to manage. [eval]



Q1(e)/11/M/J/22 Q5

1(e) **Do you think being a risk-taker is a more important characteristic of a successful entrepreneur than being creative? Justify your answer.** 6

Award up to 2 marks for identification of relevant points.

Award up to 2 marks for relevant development of points.

Award 2 marks for a justified decision as to whether being a risk-taker is a more important characteristic of a successful entrepreneur than being creative.

Points might include:

Risk-taker:

- A successful entrepreneur must take risks otherwise there is no business [k]
- Entrepreneurs take the risk of investing their own money [k] this may bring high rewards [an] however they may fail and lose their personal possessions [an]
- Taking risks is a way to learn [k] if an idea is good or not [an]

Creative:

- New ideas [k] leading to increased sales/revenue [an]
- Creativity adds value [k] so higher prices can be charged [an].
- Creativity alone does not guarantee success [k] if customers do not purchase [an]

Other appropriate responses should also be credited.

Justification might include:

Entrepreneurs take the risk of investing their own money [k] this may bring high rewards [an]. Being creative maybe a more important characteristic as making a business different to its competitors [k] can lead to increased sales [an]. In a competitive market creativity is especially important because it helps the business stand out from competitors. [eval] An entrepreneur can take risks, but if customers will not buy, they will not be successful. [eval]

Q4(a,)/12/M/J/22 Q6

4(a) **Define 'entrepreneur'.** 2

Award 2 marks for a full definition. Award 1 mark for a partial definition.

A person who takes the risk for a new business venture [2]

OR

An individual who takes the financial risk of starting and managing a new business [2]

Partial definition e.g. person who starts up a business [1]

