Cambridge Assessment International Education

Cambridge IGCSE™

CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER			

7620510515

BUSINESS STUDIES **0450/12**

Paper 1 Short Answer and Data Response **February/March 2021**

1 hour 30 minutes

You must answer on the question paper.

No additional materials are needed.

INSTRUCTIONS

- Answer **all** questions.
- Use a black or dark blue pen. You may use an HB pencil for any diagrams or graphs.
- Write your name, centre number and candidate number in the boxes at the top of the page.
- Write your answer to each question in the space provided.
- Do **not** use an erasable pen or correction fluid.
- Do **not** write on any bar codes.
- You may use a calculator.

INFORMATION

- The total mark for this paper is 80.
- The number of marks for each question or part question is shown in brackets [ ].

This document has **12** pages. Any blank pages are indicated.

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[Turn over

1 RJJ manufactures women's shoes. It sells the shoes to a niche market using e-commerce. RJJ is a public limited company and its shareholders benefit from limited liability. The Managing Director is planning to expand the business. RJJ could take over a competitor. Last year profit decreased by $50 000. The Finance Director has to decide on a source of finance to fund the expansion.

(a) Define 'limited liability'.

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..... [2]

(b) Define 'niche market'.

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..... [2]

(c) Outline **two** opportunities for consumers of using e-commerce when purchasing RJJ's products.

Opportunity 1: .....

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Opportunity 2: .....

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..... [4]

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(d) Explain **two** factors RJJ's Finance Director should consider when deciding on a source of finance for the expansion.

Factor 1: .....

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Explanation: .....

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Factor 2: .....

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Explanation: .....

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..... [6]

(e) Do you think a takeover of a competitor is the best way for a large business to grow? Justify your answer.

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..... [6]

2 ABA provides short-distance flights between 60 countries. It is a multinational company based in country X. ABA uses market segmentation when deciding on its pricing method. The marketing department is carrying out market research to gain feedback on customer experiences. ABA is considering ways in which it can contribute to sustainable development.

(a) Define 'market segmentation'.

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..... [2]

(b) Identify **two** pricing methods.

Method 1: .....

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Method 2: .....

..... [2]

(c) Outline **two** factors which could affect the accuracy of ABA's market research.

Factor 1: .....

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Factor 2: .....

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(d) Explain **two** benefits to ABA of being a multinational company.

Benefit 1: .....

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Explanation: .....

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Benefit 2: .....

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Explanation: .....

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(e) Do you think using renewable energy is the best way for a tertiary sector business to contribute to sustainable development? Justify your answer.

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3 SMR produces snack food using batch production. The snacks are sold to people watching sporting events in city Y. SMR pays bonuses to motivate its 3 part-time employees. SMR has received complaints from customers about the quality of the snacks. The business has forecast cash-flow problems in the coming months. An extract from this cash-flow forecast is found in Table 3.1.

Table 3.1

Extract from SMR's cash-flow forecast ($)

	April	May	June
Total inflows	1000	900	900
Total outflows	1400	1400	1300
Net cash flow	(400)	(500)	**Y**
Opening balance	100	**X**	(800)
Closing balance	(300)	(800)	(1200)

(a) Calculate the values of **X** and **Y**.

X: .....

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Y: .....

..... [2]

(b) Define 'batch production'.

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(c) Identify **four** methods a business could use to ensure the quality of its products.

Method 1: .....

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Method 2: .....

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Method 3: .....

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Method 4: .....

..... [4]

(d) Explain **two** ways SMR could overcome its cash-flow problems.

Way 1: .....

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Explanation: .....

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Way 2: .....

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Explanation: .....

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(e) Do you think paying bonuses is the best way to motivate employees in a small business? Justify your answer.

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4 SCT is a small business that manufactures handmade tables. SCT has 50 trained employees. The Operations Manager uses an autocratic leadership style when making decisions. Some of SCT's employees are demotivated and the business has a high rate of labour turnover. SCT is planning to relocate to a new factory in the same country.

(a) Identify **two** ways of measuring the size of a business.

Way 1: .....

Way 2: ..... [2]

(b) Identify **two** methods of training employees.

Method 1: .....

Method 2: ..... [2]

(c) Outline **two** effects of a high rate of labour turnover to SCT.

Effect 1: .....

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Effect 2: .....

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..... [4]

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(d) Explain **two** factors SCT should consider when deciding on the location of a new factory in the same country.

Factor 1: .....

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Explanation: .....

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Factor 2: .....

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Explanation: .....

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..... [6]

(e) Do you think autocratic leadership is the best style for a small business to use? Justify your answer.

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