Cambridge Assessment International Education

Cambridge IGCSE™

CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER			

2111597861

BUSINESS STUDIES **0450/12**

Paper 1 Short Answer and Data Response **February/March 2024**

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 TCH is a small bakery producing pastries and cakes. It operates in the secondary sector. The added value of TCH's products has increased since it opened 3 years ago. TCH uses non-financial methods to motivate its 6 employees. TCH's business objectives have changed since it started up. One of its new objectives is to expand. Many businesses use external recruitment when they expand.

(a) Define 'added value'.

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(b) Define 'secondary sector'.

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(c) Outline **two** reasons why TCH's business objectives might have changed.

Reason 1: .....

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Reason 2: .....

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..... [4]

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(d) Explain **two** non-financial methods of motivation TCH could use.

Method 1: .....

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Explanation: .....

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Method 2: .....

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Explanation: .....

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..... [6]

(e) Explain **two** methods of external recruitment a business could use. Which is likely to be the best method to use? Justify your answer.

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2 PLY manufactures hats in its factory in country X. The economy of country X is in a recession. PLY sells its hats online to the mass market. It uses email to communicate with its customers. PLY uses market research when making decisions. The Managing Director is considering ways for PLY to become more environmentally friendly as she is aware of new legal controls over business activity. She is also aware of the role of pressure groups.

(a) Identify **two** characteristics of a recession.

Characteristic 1: .....

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Characteristic 2: .....

..... [2]

(b) Define 'pressure group'.

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..... [2]

(c) Outline **two** ways PLY could be affected by legal controls over business activity affecting the environment.

Way 1: .....

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Way 2: .....

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(d) Explain **one** advantage and **one** disadvantage of PLY using email to communicate with its customers.

Advantage: .....

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Explanation: .....

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Disadvantage: .....

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Explanation: .....

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..... [6]

(e) Explain **two** reasons why a business uses market research. Which reason is likely to be the most important? Justify your answer.

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3 FR is a multinational company. It has hotels in 18 countries. FR wants to expand into a new market and is planning to build another hotel. FR's Marketing Director is considering how the market can be segmented. FR's Financial Director is considering which source of finance to use to fund the expansion. He is also constructing a cash-flow forecast for the new hotel's first year of trading.

(a) Identify **one** cash inflow and **one** cash outflow for a business.

Cash inflow: .....

.....

Cash outflow: .....

..... [2]

(b) Identify **two** factors which might affect the source of finance a business chooses to use.

Factor 1: .....

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Factor 2: .....

..... [2]

(c) Identify **four** ways a market can be segmented.

Way 1: .....

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Way 2: .....

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Way 3: .....

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Way 4: .....

..... [4]

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(d) Explain **two** advantages to FR of being a multinational company.

Advantage 1: .....

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Explanation: .....

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Advantage 2: .....

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Explanation: .....

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(e) Explain **two** ways a cash-flow forecast could be used by a business. Which is likely to be the most important way? Justify your answer.

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[Turn over

4 Suliman owns a small business which sells t-shirts on its website. He operates as a sole trader. Suliman is analysing data for his existing business. An extract from this data is shown in Table 4.1. Suliman wants to open his first shop and needs to decide on a suitable location. He is considering which type of sales promotion to use for the new shop.

Table 4.1

Extract from Suliman's data for his existing business	
Break-even output	500 t-shirts
Current sales	550 t-shirts
Selling price per t-shirt	$3.99
Variable cost per t-shirt	$1.99

(a) Define 'break-even output'.

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..... [2]

(b) Calculate the margin of safety. Show your working.

Working: .....

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Final answer: ..... [2]

(c) Outline **two** methods of sales promotion Suliman could use for the new shop.

Method 1: .....

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Method 2: .....

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..... [4]

(d) Explain **two** factors Suliman should consider when deciding on a suitable location for the new shop.

Factor 1: .....

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Explanation: .....

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Factor 2: .....

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Explanation: .....

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(e) Do you think operating as a sole trader is the best type of organisation for a small business? Justify your answer.

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