Cambridge International Examinations
Cambridge International General Certificate of Secondary Education

CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER				

8185354056

BUSINESS STUDIES **0450/23**

Paper 2 **May/June 2018**

1 hour 30 minutes

Candidates answer on the Question Paper.

No Additional Materials are required.

READ THESE INSTRUCTIONS FIRST

Write your Centre number, candidate number and name in the spaces at the top of this page.
Write in dark blue or black pen.
You may use an HB pencil for any diagrams, graphs or rough working.
Do not use staples, paper clips, glue or correction fluid.
DO **NOT** WRITE IN ANY BARCODES.

Answer **all** questions.
The Insert contains the case study.
The business described in this question paper is entirely fictitious.

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.
The total number of marks for this paper is 80.

This syllabus is approved for use in England, Wales and Northern Ireland as a Cambridge International Level 1/Level 2 Certificate.

This document consists of **9** printed pages and **3** blank pages.

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[Turn over

1 **(a)** Identify and explain **four** characteristics that have made the two partners successful entrepreneurs.

Characteristic 1:.....

Explanation:.....

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Characteristic 2:.....

Explanation:.....

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Characteristic 3:.....

Explanation:.....

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Characteristic 4:.....

Explanation:.....

.....

..... [8]

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(b) Consider the advantages of working for AH and the advantages of working for BB Heating. Recommend whether AH employees should apply to work for BB Heating. Justify your answer.

Working for AH:.....

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Working for BB Heating:.....

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Recommendation:.....

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..... [12]

2 **(a)** Identify and explain **one** advantage and **one** disadvantage to AH of being a business partnership rather than a private limited company.

Advantage:.....

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Explanation:.....

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Disadvantage:.....

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Explanation:.....

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..... [8]

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(b) Consider the advantages and disadvantages of the **two** locations for AH. Recommend which location should be chosen. Justify your answer.

Location A:.....

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Location B:.....

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Recommendation:.....

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..... [12]

3 **(a)** Calculate for 2017:

(i)

Gross profit margin.....

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..... [2]

(ii)

Profit margin.....

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..... [2]

(iii)

Explain why these profitability ratios have changed between 2016 and 2017.....

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..... [4]

(b) Consider the effects of the following **three** changes in legal controls on AH. Which change is likely to have the biggest impact on AH? Justify your answer.

Heating engineers must now have health and safety qualifications:.....

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Employees are now protected against unfair dismissal:.....

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Increase in the minimum wage:.....

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Conclusion:.....

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..... [12]

4 **(a)** Refer to Appendix 3. Identify and explain how the change in the exchange rate could affect:

AH:.....

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AH's customers:.....

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..... [8]

(b) Consider the following **three** methods of promotion AH could use for its new service. Recommend the best method of promotion for AH. Justify your answer.

Hand out fliers in the street:.....

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Email existing business customers:.....

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Billboard adverts by the side of main roads:.....

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Recommendation:.....

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..... [12]

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