UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
International General Certificate of Secondary Education

CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER				

7413062398

BUSINESS STUDIES **0450/13**

Paper 1 **October/November 2010**

1 hour 45 minutes

Candidates answer on the Question Paper.
No Additional Materials are required.

READ THESE INSTRUCTIONS FIRST

Write your Centre number, candidate number and name on all the work you hand in.
Write in dark blue or black pen.
Do not use staples, paper clips, highlighters, glue or correction fluid.
DO **NOT** WRITE IN ANY BARCODES.

Answer **all** questions.
The businesses described in this question paper are 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.

For Examiner's Use	
1	
2	
3	
4	
5	
Total	

This document consists of **11** printed pages and **1** blank page.

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1 Gisela and Winny have a business partnership selling children's clothes. The business competes against many large clothing shops. It is difficult for the partnership to hold more stock because the business does not have enough working capital. Gisela and Winny are thinking of converting the business into a private limited company. They agree that the business objectives should be growth and profitability.

(a) What is meant by a 'business partnership'?

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.....[2]

(b) Identify **two** advantages to a business of holding a low level of stock.

Advantage 1: .....

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Advantage 2: .....

.....[2]

(c) Identify and explain **two** reasons why working capital is important to a business.

Reason 1: .....

Explanation: .....

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Reason 2: .....

Explanation: .....

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.....[4]

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(d) Identify and explain **three** reasons why Gisela and Winny's business may find it difficult to compete against larger clothing shops.

For Examiner's Use

Reason 1: .....

Explanation: .....

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Reason 2: .....

Explanation: .....

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Reason 3: .....

Explanation: .....

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(e) Do you think that the business is more likely to achieve its objectives if it converts to a private limited company? Justify your answer.

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For Examiner's Use

2 Nigella is a Human Resources manager of a chain of fast food restaurants. She is planning to recruit a manager of a new restaurant soon to be opened. A job description has been prepared and a job advertisement written.

(a) What is meant by a 'Human Resources manager'?

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.....[2]

(b) Identify **two** factors that Nigella should consider when deciding where to place the job advertisement.

Factor 1: .....

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Factor 2: .....

.....[2]

(c) Identify and explain **two** advantages to the business of producing a job description for the vacancy of restaurant manager.

Advantage 1: .....

Explanation: .....

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Advantage 2: .....

Explanation: .....

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.....[4]

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(d) Identify and explain **three** functions of management in a fast food restaurant.

For Examiner's Use

Function 1: .....

Explanation: .....

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Function 2: .....

Explanation: .....

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Function 3: .....

Explanation: .....

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(e) Nigella thinks that if the right manager is appointed then the restaurant is certain to be successful. Do you agree? Justify your answer.

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3 Roberto is the Finance Director of WWT, a large distribution company. He is looking at the data shown in Table 1.

For Examiner's Use

Table 1: Selected Financial Data WWT ($'000s)

	2008	2009
Sales	8000	6500
Cost of sales	5000	4000
Gross profit	3000	2500
Net profit	1000	400

(a) Calculate the gross profit **margin** for WWT in 2009.

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.....[2]

(b) What is meant by 'net profit'?

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(c) Identify **two** stakeholders who might be interested in the data in Table 1. Explain why each stakeholder would be interested in the data.

Stakeholder 1: .....

Explanation: .....

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Stakeholder 2: .....

Explanation: .....

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.....[4]

(d) Using the data in Table 1, identify and explain **three** possible reasons why the net profit of WWT fell in 2009.

For Examiner's Use

Reason 1: .....

Explanation: .....

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Reason 2: .....

Explanation: .....

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Reason 3: .....

Explanation: .....

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.....[6]

(e) Recommend **two** ways that Roberto could use which might increase the future profits of WWT. Justify your answer.

Way 1: .....

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Way 2: .....

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4 Giovani owns a ladies' hairdressing business. The business cuts and styles hair and also sells a range of beauty products such as hair sprays. The market for ladies' hairdressing is very competitive. Giovani is about to start selling a new range of beauty products with the support of an advertising campaign.

(a) Identify **two** factors Giovani should consider before deciding which new beauty products to sell.

Factor 1: .....

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Factor 2: .....

.....[2]

(b) What is meant by a market being 'very competitive'?

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.....[2]

(c) Identify and explain **two** ways in which advertising might help Giovani launch the new product range successfully.

Way 1: .....

Explanation: .....

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Way 2: .....

Explanation: .....

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.....[4]

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(d) Identify and explain **three** methods, other than advertising, Giovani could use to increase the sales turnover of his hairdressing business.

For Examiner's Use

Method 1: .....

Explanation: .....

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Method 2: .....

Explanation: .....

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Method 3: .....

Explanation: .....

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(e) Do you think that it is important for a business to sell more than one type of product or service? Justify your answer.

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5 LWC is a large multinational mining business with operations throughout the world. The management knows that effective communication is important in such a business. Decision making is centralised at the Head Office of the company.

For Examiner's Use

(a) What is meant by 'effective communication'?

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.....[2]

(b) Identify **two** advantages of using e-mails as a means of communication within a business.

Advantage 1: .....

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Advantage 2: .....

.....[2]

(c) Identify and explain **two** barriers to effective communication that might exist within a business.

Barrier 1: .....

Explanation: .....

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Barrier 2: .....

Explanation: .....

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.....[4]

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(d) Identify and explain **three** consequences to a business of centralising decision making at its Head Office.

For Examiner's Use

Consequence 1: .....

Explanation: .....

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Consequence 2: .....

Explanation: .....

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Consequence 3: .....

Explanation: .....

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(e) Do you think that multinational businesses are of benefit to your own country's economy? Justify your answer.

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