UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
International General Certificate of Secondary Education

CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER				

1068873502

BUSINESS STUDIES **0450/13**

Paper 1 **October/November 2012**

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	
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Total	

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

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For Examiner's Use

1 Rafa is a sole trader who owns a successful business selling fruit and vegetables. He started with just one shop, but now he owns many shops in the local area. Each shop has its own manager. 'I spend most of my time communicating with my managers now, not customers' Rafa said.

(a) What is meant by a 'sole trader'?

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..... [2]

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

Measure 1: .....

Measure 2: ..... [2]

(c) Identify and explain **two** appropriate methods of communication between Rafa and his shop managers.

Method 1: .....

.....

Explanation: .....

.....

Method 2: .....

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Explanation: .....

..... [4]

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(d) Identify and explain **three** main functions that a manager of a shop performs.

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Function 1: .....

.....

Explanation: .....

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Function 2: .....

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Explanation: .....

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Function 3: .....

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Explanation: .....

..... [6]

(e) Rafa thinks that if he continues to open more shops his business will become more profitable. Do you agree? Justify your answer.

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..... [6]

2 Table 1 shows a summary of the Balance Sheet for C & C.

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Table 1: C & C Balance Sheet ($m)

	2010		2011	
Fixed Assets		900		1200
Current Assets	500		500	
Current Liabilities	600		400	
Net Assets		800		1300
Long-term liabilities	600		1100	
Shareholders' Funds	200		200	
Capital Employed		800		1300

(a) What is meant by 'current assets'?

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..... [2]

(b) Calculate the current ratio for C & C in 2011.

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..... [2]

(c) Identify and explain **two** situations when a business might use an overdraft to finance its activities.

Situation 1: .....

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Explanation: .....

.....

Situation 2: .....

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Explanation: .....

..... [4]

For Examiner's Use

(d) Identify and explain **three** changes that occurred in the financial position of C & C between 2010 and 2011.

Change 1: .....

.....

Explanation: .....

.....

Change 2: .....

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Explanation: .....

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Change 3: .....

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Explanation: .....

..... [6]

(e) How useful are the accounts of a business to any **two** stakeholder groups? Justify your answer.

Stakeholder group 1: .....

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Stakeholder group 2: .....

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..... [6]

For Examiner's Use

3 Koni Travel sells holidays to customers in niche markets in country Y. Most of its holidays are expensive and are aimed at high income customers. Over 80% of Koni Travel's customers have used the company before. The holiday market in country Y is large and is divided into a number of segments. Many of Koni Travel's competitors spend money on market research and advertising.

(a) What is meant by 'niche markets'?

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..... [2]

(b) Identify **two** ways of segmenting a market.

Way 1: .....

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Way 2: .....

.....[2]

(c) Identify and explain **two** reasons why market research information might **not** be useful to a business in making decisions.

Reason 1: .....

.....

Explanation: .....

.....

Reason 2: .....

.....

Explanation: .....

..... [4]

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(d) Identify and explain **three** reasons why a holiday company would spend money on advertising.

For Examiner's Use

Reason 1: .....

.....

Explanation: .....

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Reason 2: .....

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Explanation: .....

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Reason 3: .....

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Explanation: .....

..... [6]

(e) Do you think offering cheaper holidays would be a good idea for Koni Travel? Justify your answer.

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For Examiner's Use

4 J and K is a large business that uses flow production methods. Productivity in its factories is high and the business benefits from economies of scale. Output per employee continues to rise, although labour turnover has increased recently. The management thinks that unit costs will continue to fall if the business gets larger.

(a) What is meant by 'flow production methods'?

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..... [2]

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

Measure 1: .....

Measure 2: ..... [2]

(c) Identify and explain **two** reasons why measuring 'output per employee' is important to the management of a business.

Reason 1: .....

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Explanation: .....

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Reason 2: .....

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Explanation: .....

..... [4]

(d) Identify and explain **two** reasons why a high labour turnover might occur in a business such as J and K.

For Examiner's Use

Reason 1: .....

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Explanation: .....

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Reason 2: .....

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Explanation: .....

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..... [6]

(e) The management of J and K thinks that unit costs will continue to fall if the business gets larger. Do you think they are right? Justify your answer.

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For Examiner's Use

5 'Too many entrepreneurs and businesses are only interested in making profits' said a Government official. 'The Government wants to make sure that the rights of workers are protected. We have passed employment laws and health and safety laws.' Some employers think that too many laws have reduced companies' profits and harmed the economy.

(a) What is meant by 'entrepreneur'?

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..... [2]

(b) Identify **two** examples of discrimination at work.

Example 1: .....

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Example 2: .....

..... [2]

(c) An employment contract includes the personal details of the employee. Identify and explain **two other** features of an employment contract.

Feature 1: .....

.....

Explanation: .....

.....

Feature 2: .....

.....

Explanation: .....

..... [4]

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(d) Identify and explain **three** ways in which laws can protect workers.

For Examiner's Use

Way 1: .....

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Explanation: .....

.....

Way 2: .....

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Explanation: .....

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Way 3: .....

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Explanation: .....

..... [6]

(e) Do you think that company profits can be damaged by employment laws and health and safety laws? Justify your answer.

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