UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
International General Certificate of Secondary Education

CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER				

2649810090

BUSINESS STUDIES **0450/23**

Paper 2 **October/November 2013**

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 Insert contains the case study.
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.

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1 **(a)** George is thinking of having an additional partner. Identify and explain **four** factors George should consider when choosing a partner for his business.

For Examiner's Use

Factor 1: .....

Explanation: .....

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Factor 2: .....

Explanation: .....

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Factor 3: .....

Explanation: .....

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Factor 4: .....

Explanation: .....

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.....[8]

(b) Consider the advantages and disadvantages to George of choosing to start a new business of his own rather than buying an existing business. Do you think George made the correct decision? Justify your answer.

For Examiner's Use

Starting a new business of his own: .....

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Buying an existing business: .....

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Recommendation: .....

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2 **(a)** George will have to decide on the opening hours for his new shops. Identify and explain **four** factors which will affect the times he chooses to open and close.

For Examiner's Use

Factor 1: .....

Explanation: .....

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Factor 2: .....

Explanation: .....

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Factor 3: .....

Explanation: .....

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Factor 4: .....

Explanation: .....

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(b) George finally decides to choose Option 2. Do you think he made the correct decision? Justify your answer by considering the advantages and disadvantages of Option 1 and Option 2.

For Examiner's Use

Option 1: .....

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Option 2: .....

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Recommendation: .....

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3 **(a)** Identify and explain **two** economies of scale GG might benefit from as the business expands.

For Examiner's Use

Economy of scale 1: .....

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Explanation: .....

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Economy of scale 2: .....

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Explanation: .....

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(b) Do you think George should be happy with the financial position of the business? Justify your answer by calculating liquidity ratios and using other information in Appendix 1.

For Examiner's Use

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4 **(a)** Identify and explain **two** items of market research information George should find out before he opens the shops in the hotels.

For Examiner's Use

Item 1: .....

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Explanation: .....

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Item 2: .....

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Explanation: .....

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(b) Consider **three** different methods that George could use to motivate employees in the shops. Recommend which method you think will be the most effective. Justify your answer.

For Examiner's Use

Method 1: .....

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Method 2: .....

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Method 3: .....

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Recommendation: .....

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5 **(a)** Refer to Appendix 2. Identify and explain **two** ways in which spending on advertising might have affected GG sales.

For Examiner's Use

Way 1: .....

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Explanation: .....

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Way 2: .....

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Explanation: .....

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(b) The following **three** factors will have an effect on the success of GG. Explain how each factor may affect GG. Which factor is likely to have the most effect on the success of GG? Justify your answer.

For Examiner's Use

Unemployment increasing in the area: .....

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Exchange rate of country X depreciates: .....

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New Government regulations restricting where gifts stalls can be located: .....

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Conclusion: .....

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