Cambridge IGCSE

Cambridge International Examinations
Cambridge International General Certificate of Secondary Education

CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER				

1942440033

BUSINESS STUDIES **0450/13**

Paper 1 **October/November 2015**

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

The 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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1 PYG is a private limited company based in country A. PYG makes metal cans for food products using flow production. The Operations Director has been looking at the operations data in Table 1. Last year PYG found it difficult to replace the 15 production workers who left the company. Most of PYG's output is exported. The Operations Director thinks there could be more advantages than disadvantages to relocating production to another country.

Table 1: Operations data

	2013	2014
Output per week	660 000	800 000
Number of employees	20	25

(a) What is meant by a 'private limited company'?

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(b) Calculate the output per employee per week in 2014.

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(c) Identify and explain **two** reasons why calculating output per employee is important for PYG.

Reason 1: .....

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Explanation: .....

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Reason 2: .....

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Explanation: .....

.....[4]

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(d) Identify and explain **two** possible problems for PYG of using flow production.

Problem 1: .....

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Explanation: .....

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Problem 2: .....

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Explanation: .....

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(e) Do you think that the advantages of relocating production to another country would be greater than the disadvantages for PYG? Justify your answer.

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2 Toddles is a children's nursery. It is a tertiary sector business which provides childcare for children aged 2–5 years. It is a sole trader business. The business employs 4 full-time workers, who are all fully trained and well-motivated. Each employee looks after 3 children. Last year, Toddles made a loss. 'I don't understand it, we have fantastic employees and a good location' said the owner. 'I need to find ways to make the business profitable.'

(a) What is meant by 'tertiary sector'?

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(b) Identify **two** ways (other than training) that Toddles could use to motivate its employees.

Way 1: .....

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Way 2: .....

.....[2]

(c) Identify and explain **two** advantages to Toddles of having fully trained employees.

Advantage 1: .....

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Explanation: .....

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Advantage 2: .....

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Explanation: .....

.....[4]

(d) Identify and explain **two** possible reasons why profit is important for businesses like Toddles.

Reason 1: .....

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Explanation: .....

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Reason 2: .....

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Explanation: .....

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(e) Explain **two** ways in which Toddles could become profitable. Recommend which way Toddles should use. Justify your answer.

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3 QF Group manufactures a range of electrical products such as computers and televisions. All QF managers have a wide span of control so delegation is important. The main objective of QF Group is growth. The Finance Director has been looking at the accounting data in Table 2. She is pleased about the performance of the business.

Table 2: Extract from accounts

	2013	2014
Revenue (sales) ($m)	600	600
(Net) profit ($m)	72	90
Capital employed ($m)	720	750
Gross profit margin	50%	45%
(Net) profit margin	12%	?
Return on Capital Employed	10%	?

(a) What is meant by 'span of control'?

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(b) What is meant by 'delegation'?

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(c) Identify and explain **two** reasons why delegation might be important to businesses like QF Group.

Reason 1: .....

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Explanation: .....

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Reason 2: .....

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Explanation: .....

.....[4]

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(d) Identify **two** stakeholder groups. Explain **why** each of these stakeholder groups might support QF Group's objective of growth.

Stakeholder group 1: .....

Explanation: .....

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Stakeholder group 2: .....

Explanation: .....

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(e) Do you think the Finance Director is right to be pleased about the performance of QF Group? Justify your answer using the data in Table 2 and appropriate ratios.

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4 Xiolom is a mining business in the private sector. It is a large company employing over 100 000 employees. It has operations in 10 countries. The Operations Director has announced plans to open a new mine in country G. He is angry. 'First it is new legal controls over employment and now I have to deal with pressure groups. The mine will create 8000 jobs. Xiolom creates external benefits so it should be allowed to expand!'

(a) What is meant by the 'private sector'?

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.....[2]

(b) Identify **two** limitations of using 'number of employees' as a method of measuring business size.

Limitation 1: .....

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Limitation 2: .....

.....[2]

(c) Identify and explain **two** ways a pressure group might try to influence Xiolom's decision to open the new mine in country G.

Way 1: .....

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Explanation: .....

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Way 2: .....

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Explanation: .....

.....[4]

(d) Identify and explain **two** ways in which Xiolom might be affected by new legal controls over employment.

Way 1: .....

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Explanation: .....

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Way 2: .....

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Explanation: .....

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(e) The Operations Director believes that because Xiolom creates external benefits it should be allowed to expand. Do you agree? Justify your answer.

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