Cambridge IGCSE

Cambridge International Examinations
Cambridge International General Certificate of Secondary Education

CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER				

4375973482

BUSINESS STUDIES **0450/13**

Paper 1 **October/November 2016**

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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[Turn over

1 UDig is a large mining company in the private sector. It supplies businesses in country B with 30% of the coal they need. UDig now has eight mines but plans to close two of them and this will threaten 1800 employees with redundancy. The Managing Director said: 'I blame the appreciation of country B's exchange rate and new legal controls including those to protect the environment. The Government should help UDig keep these mines open.'

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

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..... [2]

(b) What is meant by 'redundancy'?

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..... [2]

(c) Identify and explain **two** ways an appreciation of country B's exchange rate might affect UDig.

Way 1:.....

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Explanation:.....

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Way 2:.....

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Explanation:.....

..... [4]

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(d) Identify and explain **two** ways in which legal controls might affect UDig.

Way 1:.....

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Explanation:.....

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Way 2:.....

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Explanation:.....

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(e) The Managing Director thinks 'the Government should help UDig keep these mines open'. Do you agree? Justify your answer.

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2 GBU is a public limited company. It makes a range of beauty products including shampoo and soaps for the mass market. Last year GBU's revenue fell. The Marketing Director has been looking at the results from its primary market research based on a sample of 2000 consumers. An extract is shown in Fig. 1. She believes maintaining customer loyalty is more important than attracting new customers.

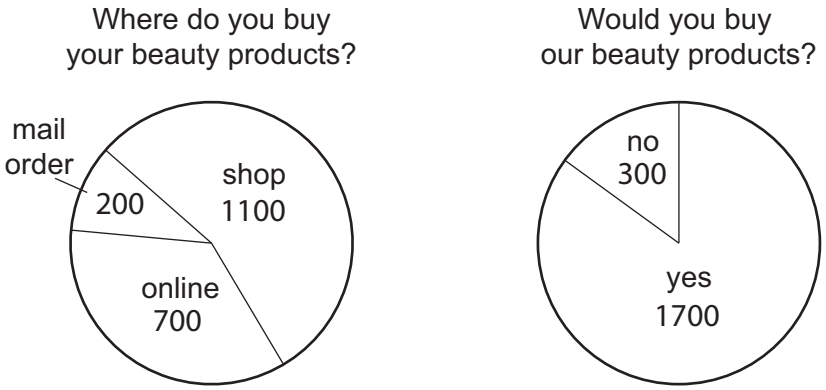


Fig. 1: Extract from GBU's market research

(a) What is meant by 'mass market'?

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..... [2]

(b) Calculate the percentage (%) of consumers who buy beauty products online.

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..... [2]

(c) Identify and explain **two** possible reasons why GBU's market research might **not** be useful to the Marketing Director.

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** advantages to GBU of using shops as a channel of distribution.

Advantage 1:.....

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Explanation:.....

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Advantage 2:.....

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Explanation:.....

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..... [6]

(e) Do you think maintaining customer loyalty should be more important to GBU than attracting new customers? Justify your answer.

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3 Izaak owns a small fish restaurant. He employs two chefs (cooks) and three workers who serve in the restaurant. He has been trying to increase added value to improve profits. Izaak has been looking at the business accounts as shown in Table 1. He thinks fixed costs are too high. Izaak has received a number of complaints about food and service. He knows he must improve quality but cannot decide the best way to do this.

Table 1: Extract from income statements for years ending 30 September 2015 and 2016 ($000)

	2015	2016
Revenue	300	300
Cost of sales	180	150
Gross profit	120	150
Expenses	90	135
Profit	30	15

(a) What is meant by 'added value'?

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..... [2]

(b) What is meant by 'cost of sales'?

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..... [2]

(c) Identify and explain **two** ways Izaak could increase revenue.

Way 1:.....

.....

Explanation:.....

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Way 2:.....

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Explanation:.....

..... [4]

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(d) Identify and explain **two** problems that low quality might cause for Izaak's business.

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 Izaak should be pleased with the financial performance of his business? Justify your answer using appropriate ratios.

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4 ReBag is a social enterprise. Asha started the business three years ago using micro-finance. ReBag employs 30 women in four small towns in different parts of the country. They work from home and make a range of bags from pieces of old fabric (cloth). Last year ReBag's revenue was $700. Asha said: 'Our external stakeholders want ReBag to employ women in five more towns. Getting a bank loan to expand the business will be a problem. What will I do about management? How will I communicate? I cannot keep visiting everyone.'

(a) What is meant by a 'social enterprise'?

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..... [2]

(b) Identify **two** functions of management (other than communication) that Asha performs.

Function 1:.....

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Function 2:.....

..... [2]

(c) Identify **two** external stakeholder groups of ReBag. Explain **why** each stakeholder group might be interested in this business.

External stakeholder group 1:.....

Explanation:.....

.....

.....

External stakeholder group 2:.....

Explanation:.....

.....

..... [4]

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(d) Identify and explain **two** possible reasons why it might be difficult for ReBag to get a bank loan.

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** possible methods Asha could use to communicate with ReBag workers. Recommend which method she should choose. Justify your answer.

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