Cambridge IGCSE

Cambridge International Examinations
Cambridge International General Certificate of Secondary Education

CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER				

2515493167

BUSINESS STUDIES **0450/23**

Paper 2 **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 Insert contains the case study.
The business described in this question paper is 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, **3** blank pages and **1** Insert.

© UCLES 2016

1 **(a)** Identify and explain **two** possible reasons why Bethany wants the business to remain small.

Reason 1: .....

.....

Explanation: .....

.....

.....

.....

.....

.....

Reason 2: .....

.....

Explanation: .....

.....

.....

.....

.....

.....[8]

(b) Bethany is thinking of forming a business partnership. Explain the following **three** factors Bethany should consider when choosing a partner. Which factor do you think is most important? Justify your answer.

Knowledge of new technology: .....

.....

.....

.....

.....

.....

Experience in managing a beauty salon: .....

.....

.....

.....

.....

.....

Capital to invest: .....

.....

.....

.....

.....

.....

Conclusion: .....

.....

.....

.....

.....

.....[12]

2 **(a)** Identify and explain **two** reasons why it is important for Bethany to identify changes in customer preferences.

Reason 1: .....

.....

Explanation: .....

.....

.....

.....

.....

.....

Reason 2: .....

.....

Explanation: .....

.....

.....

.....

.....

.....[8]

(b) Bethany wants to offer a quality service. Consider the following **three** ways she could use to achieve good quality service at the salon. Which do you think is the most important way? Justify your answer.

Only employ highly trained workers: .....

.....

.....

.....

.....

.....

Record all customer complaints: .....

.....

.....

.....

.....

.....

Buy only the best quality materials to use in the salon: .....

.....

.....

.....

.....

.....

.....

Conclusion: .....

.....

.....

.....

.....

.....[12]

3 **(a)** Identify **two** fixed costs and **two** variable costs of BB and explain why the costs are fixed or variable.

Fixed cost 1: .....

Fixed cost 2: .....

Explanation: .....

.....

.....

.....

.....

.....

Variable cost 1: .....

Variable cost 2: .....

Explanation: .....

.....

.....

.....

.....

.....[8]

(b) Consider the weekly forecasts in Appendix 2 for the possible additional services. Recommend which service Bethany should choose. Justify your answer using profit calculations for the two services.

Sun tan beds: .....

.....

.....

.....

.....

.....

.....

.....

Hairdressing:.....

.....

.....

.....

.....

.....

.....

.....

Recommendation: .....

.....

.....

.....

.....

.....

.....

.....[12]

4 **(a)** Identify and explain **two** reasons why effective communication between Bethany and her employees is important.

Reason 1: .....

.....

Explanation: .....

.....

.....

.....

.....

.....

Reason 2: .....

.....

Explanation: .....

.....

.....

.....

.....

.....[8]

(b) Consider **three** ways new technology could help Bethany improve her business. Recommend which way is likely to have the most effect on profit. Justify your answer.

Way 1: .....

.....

.....

.....

.....

.....

Way 2: .....

.....

.....

.....

.....

.....

Way 3: .....

.....

.....

.....

.....

.....

Recommendation: .....

.....

.....

.....

.....

.....[12]

BLANK PAGE

BLANK PAGE

© UCLES 2016

BLANK PAGE

Permission to reproduce items where third-party owned material protected by copyright is included has been sought and cleared where possible. Every reasonable effort has been made by the publisher (UCLES) to trace copyright holders, but if any items requiring clearance have unwittingly been included, the publisher will be pleased to make amends at the earliest possible opportunity.

To avoid the issue of disclosure of answer-related information to candidates, all copyright acknowledgements are reproduced online in the Cambridge International Examinations Copyright Acknowledgements Booklet. This is produced for each series of examinations and is freely available to download at www.cie.org.uk after the live examination series.

Cambridge International Examinations is part of the Cambridge Assessment Group. Cambridge Assessment is the brand name of University of Cambridge Local Examinations Syndicate (UCLES), which is itself a department of the University of Cambridge.

© UCLES 2016