Cambridge IGCSE

Cambridge International Examinations
Cambridge International General Certificate of Secondary Education

CANDIDATE NAME	
CENTRE NUMBER	
CANDIDATE NUMBER	

9612441052

BUSINESS STUDIES **0450/23**

Paper 2 **October/November 2017**

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 **10** printed pages, **2** blank pages and **1** Insert.

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CAMBRIDGE International Examinations

[Turn over

1 **(a)** Identify and explain **one** advantage and **one** disadvantage of BB being a private limited company.

Advantage: .....

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Explanation: .....

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Disadvantage: .....

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Explanation: .....

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[8]

(b) Consider the advantages and disadvantages of the following **three** ways of researching the size of the market for an 'after school care' service. Recommend the best way for BB to use. Justify your answer.

Government population statistics: .....

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Internet research of competitors' websites: .....

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Interviews with parents at local schools: .....

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Recommendation: .....

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[12]

2 **(a)** Identify and explain **two** leadership styles Stella could use.

Leadership style 1: .....

Explanation: .....

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Leadership style 2: .....

Explanation: .....

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[8]

(b) Consider the advantages and disadvantages of the **two** options for BB to expand. Recommend the best option to choose. Justify your answer.

Option 1: .....

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Option 2: .....

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Recommendation: .....

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[12]

3 **(a)** Refer to the organisation chart in Appendix 2. Identify and explain the chain of command for BB and the span of control for Stella.

Chain of command for BB: .....

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Span of control for Stella: .....

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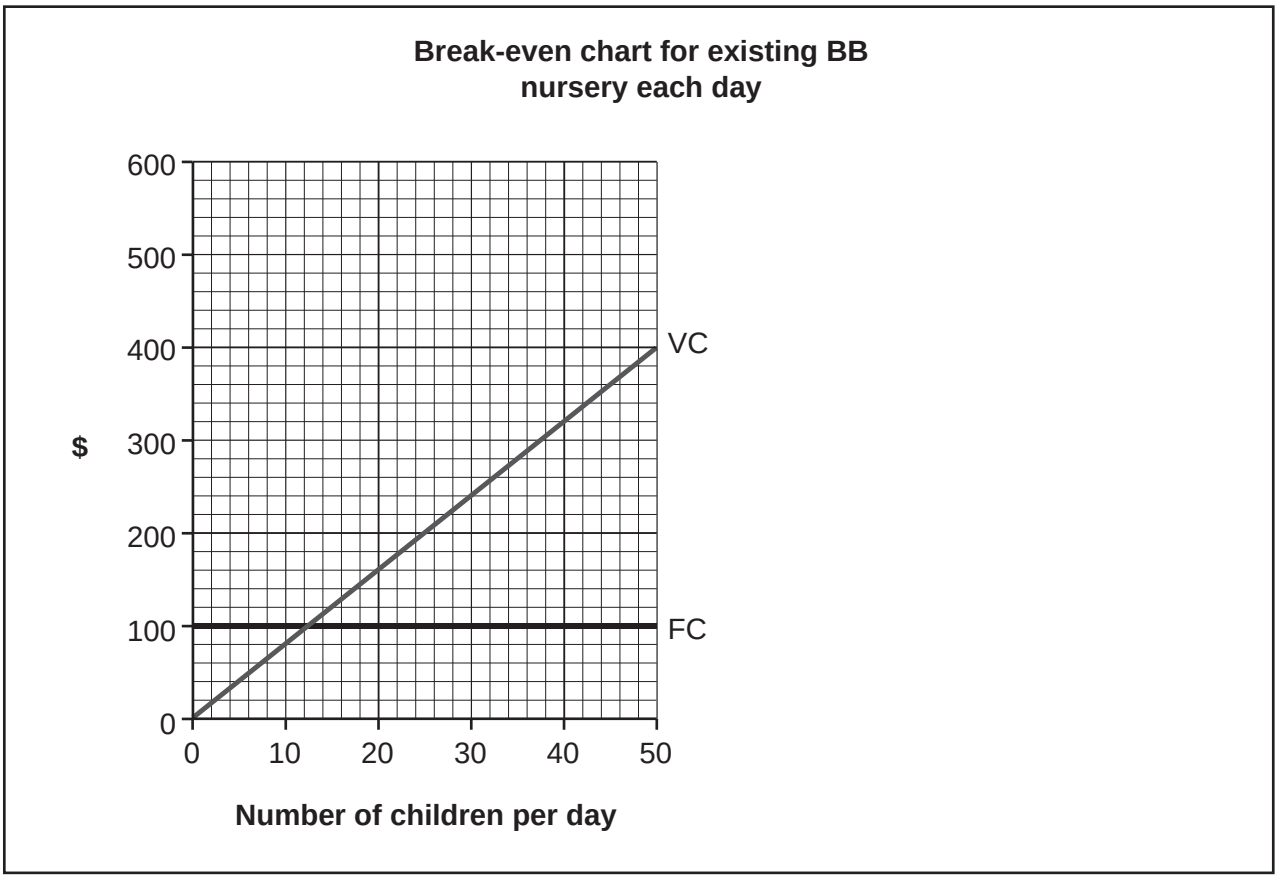
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[8]

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Please turn over.
Question 3 continues on page 8.

(b) (i) Draw on the break-even chart below: Total Cost line, Total Revenue line and the Break-even point.



Price = $12 per child per day

FC = Fixed cost

VC = Variable cost

[3]

(ii) Consider **two** ways BB could use to reduce this break-even output. Recommend the best way to choose. Justify your answer.

Way 1: .....

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Way 2: .....

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Recommendation: .....

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[9]

4 **(a)** Identify and explain **two** reasons why profit is important to BB.

Reason 1: .....

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Explanation: .....

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Reason 2: .....

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Explanation: .....

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[8]

(b) Consider how the following **three** changes might affect BB. Which change is likely to have the biggest effect on BB's profit? Justify your answer.

The economy enters recession: .....

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The Government lowers income tax: .....

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The Government opens nurseries offering free child places to low income families:

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Conclusion: .....

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[12]

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