Cambridge IGCSE

Cambridge International Examinations
Cambridge International General Certificate of Secondary Education

CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER				

BUSINESS STUDIES **0450/21**

Paper 2 **May/June 2018**

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.

This 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 and **2** blank pages.

CAMBRIDGE International Examinations

© UCLES 2018

[Turn over

1 **(a)** Identify and explain **two** ways a business plan could have helped Peter when setting up Value Gym.

View solution

Way 1:.....

.....

Explanation:.....

.....

.....

.....

.....

.....

Way 2:.....

.....

Explanation:.....

.....

.....

.....

.....

..... [8]

© UCLES 2018

(b) Consider the following **three** roles of marketing in Peter's business. Which one of these is the most important role? Justify your answer.

View solution

Identify customer needs:.....

.....

.....

.....

.....

.....

Satisfy customer needs:.....

.....

.....

.....

.....

.....

Build customer relationships:.....

.....

.....

.....

.....

.....

Conclusion:.....

.....

.....

.....

.....

..... [12]

2 **(a)** Identify and explain **four** reasons why making a profit is important to Peter.

View solution

Reason 1:.....

.....

Explanation:.....

.....

Reason 2:.....

.....

Explanation:.....

.....

Reason 3:.....

.....

Explanation:.....

.....

Reason 4:.....

.....

Explanation:.....

..... [8]

© UCLES 2018

(b) Peter is considering the following **two** options. Recommend which option he should choose. Justify your answer.

View solution

Employ his own personal trainers:.....

.....

.....

.....

.....

.....

.....

.....

Charge a fixed fee to personal trainers who work for themselves to use VG's facilities with their clients:

.....

.....

.....

.....

.....

.....

.....

Recommendation:.....

.....

.....

.....

.....

.....

.....

.....

[12]

3 **(a)** Identify and explain **two** legal controls that could affect Peter when recruiting and employing workers.


View solution

Legal control 1:.....

.....

Explanation:.....

.....

.....

.....

.....

.....

Legal control 2:.....

.....

Explanation:.....

.....

.....

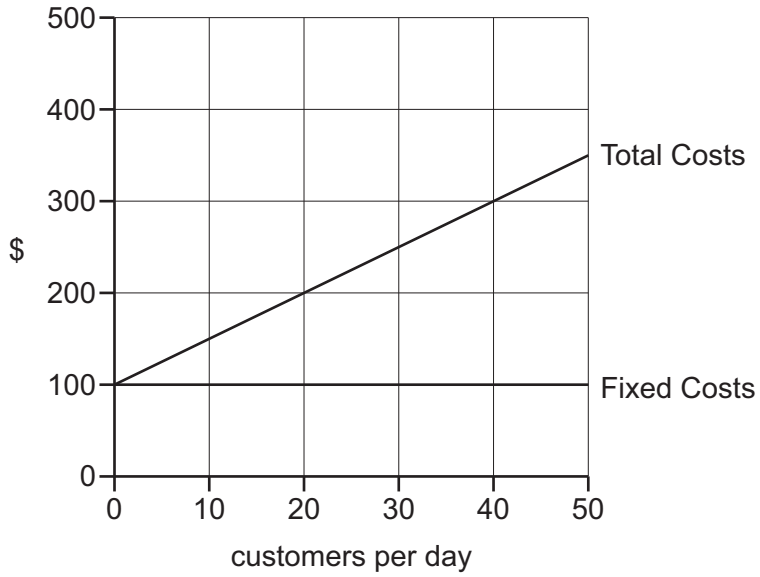
.....

.....

..... [8]

(b) **(i)** Refer to Appendix 2. Complete the break-even chart below by drawing the Total Revenue line.

View solution



[1]

(ii) Identify the break-even number of customers per day.

View solution

..... [1]

(iii) Consider the following **two** ways Peter could use to try to increase profit. Recommend which way he should choose. Justify your answer.

View solution

Increase prices:.....

.....

.....

.....

.....

.....

.....

.....

Reduce variable costs:.....

.....

.....

.....

.....

.....

.....

.....

Recommendation:.....

.....

.....

.....

.....

.....

.....

..... [10]

4 **(a)** Identify and explain **one** advantage and **one** disadvantage of leasing all the equipment used in the business.

View solution

Advantage:.....

.....

Explanation:.....

.....

.....

.....

.....

.....

Disadvantage:.....

.....

Explanation:.....

.....

.....

.....

.....

..... [8]

(b) Consider how the following **three** changes will affect VG. Which one will have the biggest effect on the business? Justify your answer.

View solution

A multinational chain of luxury gyms recently set up in country X:.....

.....

.....

.....

.....

.....

There is an increased proportion of elderly people in the population:.....

.....

.....

.....

.....

.....

Interest rates have increased:.....

.....

.....

.....

.....

.....

Conclusion:.....

.....

.....

.....

.....

..... [12]

© UCLES 2018

BLANK PAGE

© UCLES 2018

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.