Cambridge IGCSE

Cambridge International Examinations
Cambridge International General Certificate of Secondary Education

CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER				

BUSINESS STUDIES **0450/22**

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 **9** printed pages and **3** blank pages.

CAMBRIDGE International Examinations

© UCLES 2018

[Turn over

1 **(a)** Refer to Appendix 1. Identify and explain Hilda's span of control and DH's chain of command.

View solution

Hilda's span of control:.....

.....

.....

.....

.....

.....

.....

.....

DH's chain of command:.....

.....

.....

.....

.....

.....

.....

..... [8]

(b) Consider **three** methods Hilda could use to communicate with her employees. Recommend which method she should choose if she needs an employee to work late tonight. Justify your answer.

View solution

Method 1:.....

.....

.....

.....

.....

.....

Method 2:.....

.....

.....

.....

.....

.....

Method 3:.....

.....

.....

.....

.....

.....

Recommendation:.....

.....

.....

.....

.....

..... [12]

© UCLES 2018

2 **(a)** Explain the externalities of each of the following:

View solution

External cost of large amounts of litter left on the beach:.....

.....

.....

.....

.....

.....

.....

.....

External benefit of a new motorway from Main City to Downtown:.....

.....

.....

.....

.....

.....

.....

..... [8]

(b) Consider each of the following business objectives for DH. Which one do you think should be the most important objective for DH in the long run? Justify your answer.

View solution

Higher market share:.....

.....

.....

.....

.....

.....

Profit:.....

.....

.....

.....

.....

.....

Survival:.....

.....

.....

.....

.....

.....

Conclusion:.....

.....

.....

.....

.....

..... [12]

3 **(a)** Identify and explain **four** economies of scale DH could benefit from when it takes over a competitor.

View solution

Economy of scale 1:.....

Explanation:.....

.....

.....

Economy of scale 2:.....

Explanation:.....

.....

.....

Economy of scale 3:.....

Explanation:.....

.....

.....

Economy of scale 4:.....

Explanation:.....

.....

..... [8]

© UCLES 2018

(b) Consider the advantages and disadvantages of the **two** businesses Hilda could take over. Recommend which business Hilda should take over. Justify your answer.

View solution

ABC Hotel:.....

.....

.....

.....

.....

.....

.....

.....

XYZ Hotel:.....

.....

.....

.....

.....

.....

.....

.....

Recommendation:.....

.....

.....

.....

.....

.....

.....

..... [12]

4 **(a)** Identify and explain **two** reasons why cash flow forecasting is important to Hilda.

View solution

Reason 1:.....

.....

Explanation:.....

.....

.....

.....

.....

.....

Reason 2:.....

.....

Explanation:.....

.....

.....

.....

.....

..... [8]

(b) Consider how each of the following changes could affect DH. Which change is likely to have the biggest impact on the profit of DH? Justify your answer.

View solution

Increase in the number of tourists from other countries:.....

.....

.....

.....

.....

.....

Government of country X reduces income tax:.....

.....

.....

.....

.....

.....

Fewer people demanding coach holidays:.....

.....

.....

.....

.....

.....

Conclusion:.....

.....

.....

.....

.....

..... [12]

BLANK PAGE

© 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.