Cambridge Assessment International Education

Cambridge IGCSE™

CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER				

BUSINESS STUDIES **0450/23**

Paper 2 Case Study **October/November 2020**

1 hour 30 minutes

You must answer on the question paper.

You will need: Insert (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Use a black or dark blue pen. You may use an HB pencil for any diagrams or graphs.
- Write your name, centre number and candidate number in the boxes at the top of the page.
- Write your answer to each question in the space provided.
- Do **not** use an erasable pen or correction fluid.
- Do **not** write on any bar codes.
- You may use a calculator.

INFORMATION

- The total mark for this paper is 80.
- The number of marks for each question or part question is shown in brackets [ ].
- The insert contains the case study.

This document has **12** pages. Blank pages are indicated.

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[Turn over

1 **(a)** Explain **two** benefits and **two** limitations to a business of becoming a public limited company.

View solution

Benefit 1:.....

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Benefit 2: .....

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Limitation 1:.....

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Limitation 2:.....

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..... [8]

(b) Explain the objectives of the following **three** AD stakeholder groups. Which of these objectives are most likely to be in conflict with each other? Justify your answer.

View solution

- Shareholders
- Employees
- Customers

Shareholders:.....

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Employees:.....

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Customers:.....

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Conclusion:.....

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..... [12]

2 **(a)** Explain **four** responsibilities of AD's Operations Director.

View solution

Responsibility 1:.....

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Responsibility 2:.....

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Responsibility 3:.....

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Responsibility 4:.....

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..... [8]

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(b) Using Appendix 3, consider how the changes in profitability and liquidity might affect AD. Which change is likely to have the most effect on AD's objective of expansion? Justify your answer.

View solution

Profitability:.....

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Liquidity:.....

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Conclusion:.....

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3 **(a)** Explain **one** economy of scale and **one** diseconomy of scale for AD as it grows.

View solution

Economy of scale:.....

Explanation:.....

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Diseconomy of scale:.....

Explanation: .....

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..... [8]

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(b) Consider the following **three** problems for AD when entering new markets in other countries. Which problem will be the easiest to overcome? Justify your answer.

View solution

- Language differences
- Lack of knowledge of the market
- Changes in exchange rates

Language differences:.....

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Lack of knowledge of the market:.....

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Changes in exchange rates:.....

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Conclusion: .....

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4 **(a)** Explain **one** advantage and **one** disadvantage to AD of selling to a niche market.

View solution

Advantage:.....

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Disadvantage: .....

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(b) Consider how the following **three** changes may affect AD. Which change will have the greatest effect on AD's profit? Justify your answer.

View solution

- Increase in the rate of inflation
- Increase in government grants to farmers
- Decrease in tariffs on imported food

Increase in the rate of inflation:.....

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Increase in government grants to farmers:.....

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Decrease in tariffs on imported food:.....

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Conclusion:.....

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..... [12]

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