Cambridge Assessment International Education

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CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER				

BUSINESS STUDIES **0450/11**

Paper 1 Short Answer and Data Response **October/November 2022**

1 hour 30 minutes

You must answer on the question paper.

No additional materials are needed.

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 [ ].

This document has **12** pages. Any blank pages are indicated.

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[Turn over

1 SSG manufactures mobile (cell) phones using batch production. Quality control is important. SSG has 130 employees who all receive on-the-job training. The Marketing Manager is analysing cost and output data for product X. An extract is shown in Table 1.1. As product X is in the maturity stage of the product life cycle SSG is considering possible extension strategies.

Table 1.1

Extract from SSG's cost and output data for product X	
Rent and other expenses per month	$300 000
Variable cost per unit	$80
Output per month	12 000

(a) Define 'on-the-job training'.

View solution

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(b) Calculate total variable cost per month. Show your working.

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(c) Identify **four** factors a business should consider when deciding which method of production to use.

View solution

Factor 1: .....

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Factor 2: .....

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Factor 3: .....

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Factor 4: .....

..... [4]

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(d) Explain **one** advantage and **one** disadvantage to SSG of using quality control.

View solution

Advantage: .....

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Explanation: .....

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Disadvantage: .....

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Explanation: .....

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(e) Do you think adding new features to a product is the best extension strategy for a manufacturing business to use? Justify your answer.

View solution

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2 DNG provides electricity to 16 million customers. It is a limited company which means DNG's shareholders benefit from limited liability. DNG is planning to stop using coal to produce its electricity. Pressure groups had an influence on this decision. The Managing Director knows there will be an opportunity cost to making this change. She is considering the best way to communicate this important information to DNG's 6500 employees.

(a) Define 'opportunity cost'.

View solution

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(b) Identify **two** limitations of using the number of employees to measure the size of a business.

View solution

Limitation 1: .....

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Limitation 2: .....

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(c) Outline how having limited liability might benefit DNG's shareholders.

View solution

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(d) Explain **two** ways a pressure group might influence DNG's decisions.

View solution

Way 1: .....

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Explanation: .....

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Way 2: .....

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Explanation: .....

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(e) Explain **two** methods of internal communication a large business could use to share important information with its employees. Justify which method should be used.

View solution

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3 CPK operates 5 sports clubs. Each club offers a range of activities including gym and yoga classes. CPK uses job enrichment to keep its 60 employees well-motivated. Having the right marketing mix is important to CPK's success. The Finance Director is analysing CPK's financial statements. An extract is shown in Table 3.1. He wants to know how an increase in taxation might affect CPK's business.

Table 3.1

Extract from CPK's financial statements		
	2020	**2021**
Current ratio	1.6	1.3
Profit margin	12%	10%
Non-current assets	$2m	$2m

(a) Define 'non-current assets'.

View solution

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(b) State **two** elements of the marketing mix.

View solution

Element 1: .....

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Element 2: .....

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(c) Outline **two** ways CPK might be affected by an increase in taxation.

View solution

Way 1: .....

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Way 2: .....

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(d) Explain **one** possible effect on CPK of the change in each of the following ratios as shown in Table 3.1:

View solution

Change in current ratio: .....

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Explanation of effect on CPK: .....

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Change in profit margin: .....

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Explanation of effect on CPK: .....

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(e) Do you think job enrichment is a better way for a business to motivate its employees than profit sharing? Justify your answer.

View solution

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4 Following the end of a recession in country X, Beena wants to start up a hairdressing business. One option is to purchase a franchise from an established hairdressing business. Beena has $800 in savings and knows having enough working capital will be important for her business. She plans to use market research to help her decision-making. Beena knows there are many ways to segment a market.

(a) Define 'recession'.

View solution

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(b) Identify **two** ways of segmenting a market.

View solution

Way 1: .....

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Way 2: .....

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(c) Outline **two** reasons why having enough working capital might be important for Beena's business.

View solution

Reason 1: .....

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Reason 2: .....

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(d) Explain **two** possible advantages to Beena of buying a franchise.

View solution

Advantage 1: .....

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Explanation: .....

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Advantage 2: .....

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Explanation: .....

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(e) Do you think it is always better for a start-up business to use primary market research, rather than secondary market research, when making decisions? Justify your answer.

View solution

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