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 2023**

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 Desmond wants to be a successful entrepreneur. He has decided to leave his office job to start up a gardening business cutting grass and planting flowers. It will be an unincorporated business. Desmond is aware that a new business is at greater risk of failure than an established business. He has identified his business objectives for the first year. Desmond has calculated he will need $750 for his start-up capital.

(a) Define 'unincorporated business'.

View solution

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..... [2]

(b) Identify **two** objectives a new business might have.

View solution

Objective 1: .....

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Objective 2: .....

..... [2]

(c) Identify **four** characteristics of a successful entrepreneur.

View solution

Characteristic 1: .....

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Characteristic 2: .....

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Characteristic 3: .....

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Characteristic 4: .....

..... [4]

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(d) Explain **two** reasons (other than lack of finance) why Desmond's new business might be at greater risk of failure than an established business.

View solution

Reason 1: .....

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Explanation: .....

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Reason 2: .....

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Explanation: .....

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(e) Do you think owner's savings are the most suitable source of finance for a start-up business? Justify your answer.

View solution

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2 LCT manufactures cooking pots. It has 16 employees. As a small business LCT uses social media as its method of advertising. The owner, Carole, knows having a good brand image is important. She is analysing LCT's break-even chart. This is shown in Fig. 2.1. Carole is considering possible ways to lower LCT's break-even level of output.

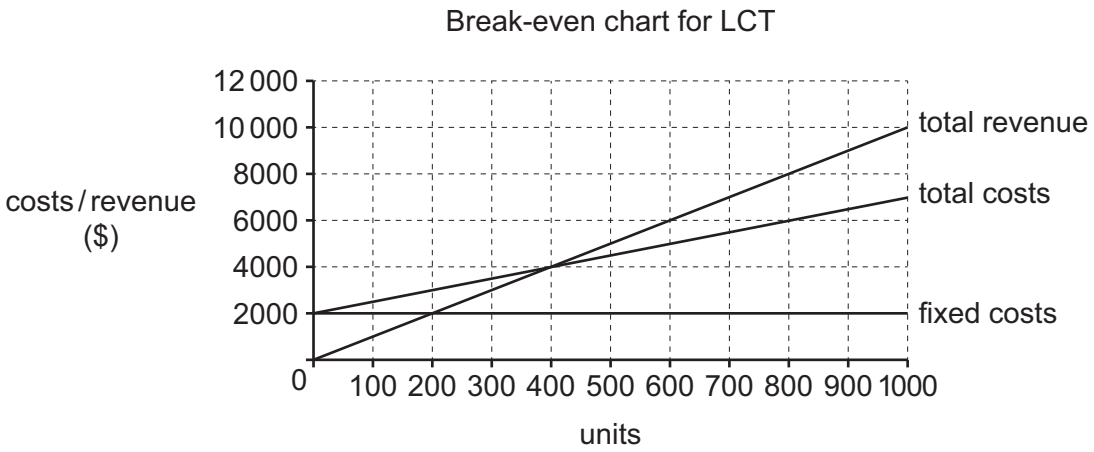

Fig. 2.1

(a) Identify **two** limitations of break-even analysis.

View solution

Limitation 1: .....

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Limitation 2: .....

..... [2]

(b) Calculate LCT's profit if it sells 800 units. Show your working.

View solution

Working: .....

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Final answer: ..... [2]

(c) Outline **two** possible benefits to LCT of having a good brand image.

View solution

Benefit 1: .....

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Benefit 2: .....

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..... [4]

(d) Explain **two** ways LCT might lower its break-even level of output.

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) Do you think social media is the best method of advertising for a small business to use? Justify your answer.

View solution

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3 ACP manufactures computers. Being ethical is important to ACP. The business employs 3000 workers in its factory. ACP imports 65% of its raw materials. As internal users of accounts, the directors plan to analyse ACP's financial performance using profitability ratios. The Finance Director thinks making a profit is more important for a business than managing its cash flow.

(a) Identify **two** external users of accounts.

View solution

User 1: .....

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User 2: .....

..... [2]

(b) Identify **two** profitability ratios.

View solution

Ratio 1: .....

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Ratio 2: .....

..... [2]

(c) Outline **two** possible reasons why ACP imports its raw materials.

View solution

Reason 1: .....

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Reason 2: .....

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(d) Explain **one** benefit and **one** limitation to ACP of being ethical.

View solution

Benefit: .....

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Explanation: .....

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Limitation: .....

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Explanation: .....

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(e) Do you think making a profit is more important for a business than managing its cash flow? Justify your answer.

View solution

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4 MRN is a food retailer. It has 490 shops and 70 000 employees. MRN has announced plans to close 80 of its shops. The Human Resources Director said: '20% of management jobs will be removed. We want to encourage delegation. MRN will continue to follow legal controls over employment.' MRN's directors know it is important that businesses respond to increased competition.

(a) Define 'delegation'.

View solution

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(b) Identify **two** legal controls over employment.

View solution

Legal control 1: .....

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Legal control 2: .....

..... [2]

(c) Outline **two** functions of MRN's shop managers.

View solution

Function 1: .....

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Function 2: .....

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(d) Explain **two** factors MRN should consider when deciding which shops to close.

View solution

Factor 1: .....

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Explanation: .....

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Factor 2: .....

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Explanation: .....

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(e) Explain **two** ways a retail business could respond to increased competition. Which would be the best way to use? Justify your answer.

View solution

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