Cambridge Assessment International Education

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CENTRE NUMBER						CANDIDATE NUMBER				

BUSINESS STUDIES **0450/12**

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 Paolo wants to start up a business making cakes. He plans to sell all of his products to a wholesaler. Paolo knows the packaging for his products will be important. He has prepared some financial and sales data. An extract from this data is shown in Table 1.1. Paolo is considering using crowdfunding as a source of finance. He knows the business will also need working capital.

Table 1.1

Extract from Paolo's financial and sales data	
Average price per cake	$6
Average cost per cake	$4
Forecast average number of cake sales per day	50

(a) Define 'working capital'.

View solution

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..... [2]

(b) Calculate the average revenue per day. Show your working.

View solution

Working: .....

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Final answer: ..... [2]

(c) Outline **two** reasons why packaging will be important for Paolo's business.

View solution

Reason 1: .....

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Reason 2: .....

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(d) Explain **one** advantage and **one** disadvantage to Paolo's business of using crowdfunding as a source of finance.

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 selling to a wholesaler is the best channel of distribution for a start-up business to use? Justify your answer.

View solution

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2 TBX manufactures high-quality steel which is used to build railways. The method of production used allows TBX to benefit from economies of scale. The business holds a high level of inventory including iron ore. The Managing Director knows business activity could have an impact on the environment and is considering ways the business can contribute to sustainable development.

(a) Identify **two** ways business activity could have an impact on the environment.

View solution

Way 1: .....

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Way 2: .....

..... [2]

(b) Identify **two** ways a business could contribute to sustainable development.

View solution

Way 1: .....

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Way 2: .....

..... [2]

(c) Outline **two** possible economies of scale TBX might benefit from.

View solution

Economy of scale 1: .....

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Economy of scale 2: .....

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(d) Explain **two** possible problems for TBX of holding a high level of inventory.

View solution

Problem 1: .....

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Explanation: .....

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Problem 2: .....

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Explanation: .....

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(e) Do you think quality control is the best method for a manufacturing business to use to achieve quality production? Justify your answer.

View solution

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3 Country X has a mixed economy with both private and public sector organisations. These organisations are involved in different sectors of economic activity. In the last 20 years the primary sector has become less important to country X's economy. A summary of the changes is shown in Table 3.1. The government is planning to encourage multinational companies to set up factories in country X.

Table 3.1

Economic sectors in country X as a percentage of GDP			
Year	**Primary**	**Secondary**	**Tertiary**
2000	60%	15%	25%
2020	20%	30%	50%

(a) Define 'public sector'.

View solution

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(b) Define 'gross domestic product' (GDP).

View solution

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(c) Identify **four** types of business organisation in the private sector.

View solution

Type 1: .....

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Type 2: .....

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Type 3: .....

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Type 4: .....

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(d) Using the data from Table 3.1, explain **two** possible reasons for the changing importance of the primary sector in country X.

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 the benefits to a country of having a multinational company located there are always greater than the drawbacks? Justify your answer.

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4 TFN is a travel business which sells holidays. It has 37 shops and 1000 employees. Last year TFN's profit increased to $46 million. The Managing Director knows that good customer service has helped maintain customer loyalty. He said: 'TFN's managers use ideas from Herzberg's two-factor theory to help motivate employees. All employees are provided with off-the-job training and each manager has a wide span of control.'

View solution

(a) Identify **two** advantages to a business of maintaining customer loyalty.

Advantage 1: .....

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Advantage 2: .....

..... [2]

View solution

(b) Identify **two** hygiene factors from Herzberg's two-factor theory.

Hygiene factor 1: .....

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Hygiene factor 2: .....

..... [2]

View solution

(c) Outline **two** reasons why profit might be important to TFN.

Reason 1: .....

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Reason 2: .....

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(d) Explain **one** advantage and **one** disadvantage to TFN of its managers having a wide span of 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 off-the-job training is the best method of training for a service sector business to use? Justify your answer.

View solution

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