Cambridge Assessment International Education

Cambridge IGCSE™

CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER				

BUSINESS STUDIES **0450/13**

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 DBR is a mining business. It is a large public limited company which operates in the primary sector. DBR has 8 diamond mines and has 3000 employees. Specialisation is important. DBR has grown quickly over the past 5 years. The Managing Director is worried about possible diseconomies of scale as the business continues to grow. In 2022 DBR's profit was $600 million.

(a) Identify **two** benefits to a business of specialisation.

View solution

Benefit 1: .....

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Benefit 2: .....

..... [2]

(b) Identify **two** ways a business can grow.

View solution

Way 1: .....

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Way 2: .....

..... [2]

(c) Outline **one** possible advantage and **one** possible disadvantage of DBR being a public limited company.

View solution

Advantage: .....

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Disadvantage: .....

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..... [4]

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(d) Explain **two** diseconomies of scale DBR might experience.

View solution

Diseconomy of scale 1: .....

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Explanation: .....

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Diseconomy of scale 2: .....

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Explanation: .....

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(e) Explain **two** ways the size of a primary sector business can be measured. Which do you think is the best way? Justify your answer.

View solution

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2 NPZ is a pizza restaurant. It has 35 part-time employees. The owner, Trent, is interested in different methods to improve motivation as he thinks having well-motivated employees is important. Trent is analysing NPZ's financial statements. An extract is shown in Table 2.1. Trent is also considering ways to increase NPZ's profit.

Table 2.1

Extract from NPZ's financial statements 2022 $000s	
Revenue	600
Gross profit	240
Profit for the year	60
Current liabilities	75
Capital employed	300

(a) Define 'current liabilities'.

View solution

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(b) Calculate NPZ's return on capital employed (ROCE). Show your working.

View solution

Working: .....

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Final answer: ..... [2]

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(c) Outline **two** possible benefits to NPZ of having well-motivated employees.

View solution

Benefit 1: .....

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Benefit 2: .....

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..... [4]

(d) Explain **two** methods NPZ could use to improve employee motivation.

View solution

Method 1: .....

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Explanation: .....

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Method 2: .....

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Explanation: .....

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(e) Do you think reducing variable costs is the best way for a business to improve profit? Justify your answer.

View solution

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3 BKS is a manufacturer which makes a range of food products. Having a good brand image is important. Most of BKS's products are sold directly to large retailers. The business is always developing new products. The Marketing Manager knows that the stage of the product life cycle will influence BKS's marketing decisions about promotion. She is also aware of the reasons why the business should respond to environmental pressures.

(a) Define 'brand image'.

View solution

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(b) Identify **one** benefit and **one** limitation for a business of developing new products.

View solution

Benefit: .....

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Limitation: .....

..... [2]

(c) Outline **two** possible reasons why BKS might respond to environmental pressures.

View solution

Reason 1: .....

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Reason 2: .....

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(d) Explain how BKS's marketing decisions about promotion might be affected if a product is in the following stages of the product life cycle.

View solution

Introduction stage: .....

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Explanation: .....

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Maturity stage: .....

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Explanation: .....

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(e) Do you think selling direct to retailers is the best channel of distribution for a manufacturer to use? Justify your answer.

View solution

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4 FXN manufactures mobile phones. It is a multinational company. FXN plans to build a new factory in country Y. One reason for this is the decision by the government of country Y to introduce import quotas. The Managing Director said: 'The new factory will create 1200 jobs and help lower the level of unemployment in country Y. FXN will start the recruitment process as soon as a decision has been made about a suitable location for the new factory.'

(a) Define 'import quota'.

View solution

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(b) Identify **two** advantages to a country of having lower levels of unemployment.

View solution

Advantage 1: .....

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Advantage 2: .....

..... [2]

(c) Identify **four** possible drawbacks for a country of having a multinational company located there.

View solution

Drawback 1: .....

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Drawback 2: .....

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Drawback 3: .....

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Drawback 4: .....

..... [4]

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(d) Explain **two** factors FXN should consider when deciding on a suitable location for the new factory.

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) Do you think a recruitment website, which advertises jobs, is the best method for a business to use when recruiting a large number of employees? Justify your answer.

View solution

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