Cambridge Assessment International Education

Cambridge IGCSE™

CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER			

7067409899

BUSINESS STUDIES **0450/12**

Paper 1 Short Answer and Data Response **February/March 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 CXN manufactures glass bottles using flow production. The business has a number of stakeholder groups including its 130 employees. CXN has benefitted from globalisation. Its products are exported to 39 countries. The Managing Director knows that depreciation of an exchange rate can affect business activity. She thinks all manufacturing businesses should contribute to sustainable development.

(a) Identify **two** reasons for globalisation.

Reason 1: .....

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Reason 2: .....

..... [2]

(b) Define 'depreciation of an exchange rate'.

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..... [2]

(c) Outline **one** possible objective for each of the following stakeholder groups of CXN.

Government: .....

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Employees: .....

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..... [4]

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(d) Explain **one** advantage and **one** disadvantage to CXN of using flow production.

Advantage: .....

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Explanation: .....

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Disadvantage: .....

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Explanation: .....

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(e) Do you think using renewable energy is the best way for a manufacturing business to contribute to sustainable development? Justify your answer.

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..... [6]

2 Nancy wants to be an entrepreneur. She has analysed market research data and decided to start up a book shop. Nancy has identified a suitable location and prepared a business plan. Nancy is calculating her total costs. She will use this information to help her complete a break-even chart as shown in Figure 2.1. Nancy is also considering using e-commerce.

Break-even chart for Nancy's new business

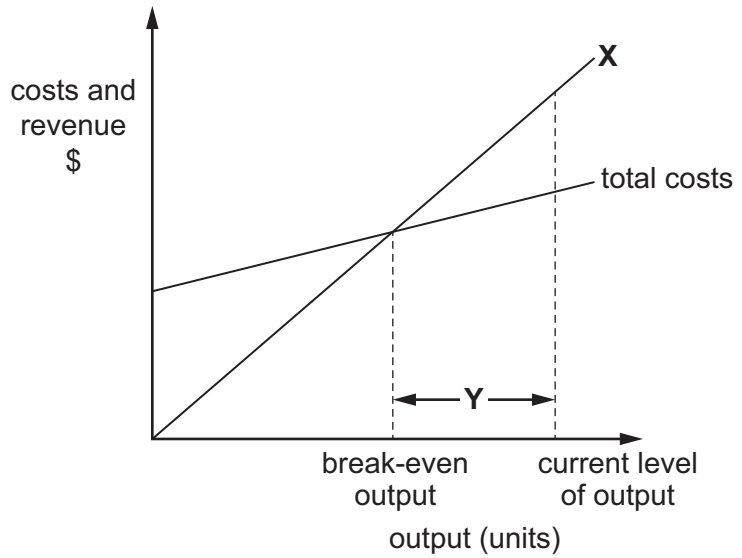

Fig. 2.1

(a) Identify **X** and **Y**.

X: .....

Y: ..... [2]

(b) Define 'total cost'.

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..... [2]

(c) Identify **four** factors a service business should consider when deciding on a suitable location.

Factor 1: .....

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Factor 2: .....

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Factor 3: .....

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Factor 4: .....

..... [4]

(d) Explain **two** ways having a business plan could help Nancy.

Way 1: .....

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Explanation: .....

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Way 2: .....

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Explanation: .....

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..... [6]

(e) Do you think the threats of e-commerce are greater than the opportunities for a new business? Justify your answer.

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3 D2G is a driving school. Mattan started D2G 3 years ago to teach people to drive a car. As the business has been successful Mattan plans to buy a new vehicle. He has been analysing D2G's income statement. An extract is shown in Table 3.1. Mattan wants to understand the difference between profit and cash. He also wants to know how an increase in competition and changes in the business cycle might affect D2G.

Table 3.1

Extract from D2G's income statement for the year ending 31 December 2021 ($)	
Revenue	20 000
Gross profit	12 000
Profit for the year	2000

(a) State **two** stages of the business cycle.

Stage 1: .....

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Stage 2: .....

..... [2]

(b) Calculate D2G's gross profit margin. Show your working.

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..... [2]

(c) Outline, with reference to D2G, the difference between profit and cash.

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(d) Explain **two** ways D2G might respond to an increase in competition.

Way 1: .....

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Explanation: .....

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Way 2: .....

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Explanation: .....

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..... [6]

(e) Do you think leasing is the best source of finance for a small business to use for a new vehicle? Justify your answer.

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4 WTB is a private limited company. It manufactures breakfast cereals. WTB has 600 production workers in its factory. Many of its employees are part-time. All employees receive training and managers use delegation. The Human Resources Director is interested in using motivational theories to help improve employee motivation. The directors plan to expand the business and are considering whether to convert WTB into a public limited company.

(a) Define 'delegation'.

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..... [2]

(b) Identify **two** motivational theories.

Theory 1: .....

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Theory 2: .....

..... [2]

(c) Outline **two** benefits to WTB of having part-time employees.

Benefit 1: .....

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Benefit 2: .....

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..... [4]

(d) Explain **two** reasons why training might be important to WTB.

Reason 1: .....

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Explanation: .....

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Reason 2: .....

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Explanation: .....

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..... [6]

(e) Do you think a public limited company is a better form of business organisation for a growing business than a private limited company? Justify your answer.

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..... [6]

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