Cambridge Assessment International Education

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CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER				

8737071254

BUSINESS STUDIES **0450/13**

Paper 1 Short Answer and Data Response **May/June 2024**

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 WFT is a primary sector business which harvests timber (wood) from trees. The Operations Manager knows there are many legal controls over business activity affecting the environment. WFT has 30 employees and uses a lot of technology to process the timber. The business is always considering ways to increase added value. WFT often needs finance. An extract from WFT's statement of financial position is shown in Table 1.1.

Table 1.1

Extract from WFT's statement of financial position at 30 April 2024 $	
Non-current assets	600 000
Current assets	120 000
Current liabilities	150 000
Non-current liabilities	320 000

(a) Identify **one** non-current asset and **one** non-current liability.

Non-current asset: .....

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Non-current liability: .....

..... [2]

(b) Calculate WFT's current ratio in 2024. Show your working.

Working: .....

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Final answer: ..... [2]

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(c) Outline **two** ways legal controls over business activity affecting the environment might affect WFT.

Way 1: .....

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Way 2: .....

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..... [4]

(d) Explain **two** factors WFT should consider when deciding on a source of finance.

Factor 1: .....

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Explanation: .....

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Factor 2: .....

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Explanation: .....

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..... [6]

(e) Explain **two** ways a business might increase added value. Which do you think is the best way? Justify your answer.

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2 Alana opened a restaurant in the city centre 5 years ago. The restaurant provides plant-based meals using a range of vegetables. Alana uses primary market research to help identify changes in consumer spending patterns. Market research can also be used to help segment a market. The restaurant has 16 employees. Each employee is paid the legal minimum wage. In 2023 the business made a profit of $80 000. Alana wants to know how an increase in interest rates might affect her business.

(a) Define 'profit'.

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..... [2]

(b) Identify **two** reasons why consumer spending patterns might change.

Reason 1: .....

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Reason 2: .....

..... [2]

(c) Outline **two** methods of primary market research Alana might use.

Method 1: .....

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Method 2: .....

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..... [4]

(d) Explain **two** possible effects of an increase in interest rates on Alana's business.

Effect 1: .....

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Explanation: .....

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Effect 2: .....

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Explanation: .....

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(e) Do you think income is the best way for a business to segment a market? Justify your answer.

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3 CQT is a public limited company. It manufactures paint using flow production. This method of production allows CQT to benefit from economies of scale. CQT employs 50 workers. All CQT's raw materials are currently bought from local suppliers. However, the Operations Director knows there are many reasons for globalisation. He has been asked to explain factors a business should consider when deciding whether to relocate its factory to another country.

(a) Define 'public limited company'.

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..... [2]

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

Reason 1: .....

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Reason 2: .....

..... [2]

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

Economy of scale 1: .....

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Economy of scale 2: .....

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(d) Explain **two** limitations for CQT of using flow production.

Limitation 1: .....

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Explanation: .....

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Limitation 2: .....

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Explanation: .....

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(e) Explain **two** factors a business should consider when deciding whether to relocate its factory to another country. Which factor is likely to be the most important? Justify your answer.

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4 MTO is a bank. It provides loans and other financial services to 1 million customers. MTO has 70 branches and 2800 employees. Many of its employees work part-time. The business has a tall organisational structure and its managers have a narrow span of control. Effective internal communication is important. One of MTO's objectives is growth and the Human Resources Director has been asked to recruit a new manager. Information about applicant A is shown in Table 4.1.

Table 4.1

Information about applicant A	
Qualifications	University degree in Business
Skills	Good at decision-making
Experience	18 months working at another business including 3 months as a manager

(a) Identify **two** advantages to a business of having part-time employees.

Advantage 1: .....

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Advantage 2: .....

..... [2]

(b) Define 'organisational structure'.

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..... [2]

(c) Identify **four** reasons why effective internal communication is important for a business.

Reason 1: .....

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Reason 2: .....

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Reason 3: .....

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Reason 4: .....

..... [4]

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(d) Using Table 4.1, explain **two** reasons why MTO should select applicant A as its new manager.

Reason 1: .....

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Explanation: .....

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Reason 2: .....

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Explanation: .....

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(e) Explain **two** reasons why a business might want to grow. Which reason is likely to be the most important? Justify your answer.

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