Cambridge Assessment International Education

Cambridge IGCSE™

CANDIDATE NAME			
CENTRE NUMBER		CANDIDATE NUMBER	

6251666735

BUSINESS STUDIES **0450/13**

Paper 1 Short Answer and Data Response **May/June 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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1 TDG is a bicycle retailer. It has 3 employees. TDG needs to maintain customer loyalty as the business sells in a mass market. Simon, the manager, knows managing cash flow is important. He is analysing TDG's cash-flow forecast. An extract is shown in Table 1.1. Simon is considering ways for TDG to overcome its short-term cash-flow problem in September.

Table 1.1

Extract from TDG's cash-flow forecast 2023 ($000)			
	July	**August**	**September**
Cash inflow	**X**	50	40
Cash outflow	50	50	**Y**
Net cash flow	10	0	(40)
Opening balance	20	30	30
Closing balance	30	30	(10)

(a) Define 'mass market'.

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.... [2]

(b) Calculate **X** and **Y**.

X: ....

Y: .... [2]

(c) Outline **two** reasons why managing cash flow might be important for TDG.

Reason 1: ....

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Reason 2: ....

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.... [4]

(d) Explain **two** ways TDG could overcome its short-term cash-flow problem in September.

Way 1: ....

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Explanation: ....

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Way 2: ....

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Explanation: ....

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(e) Explain **two** methods a retailer could use to maintain customer loyalty. Which would be the best method to use? Justify your answer.

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2 KCL manufactures paper which is used in the production of newspapers and books. KCL holds a high level of inventory and buys all its raw materials, including wood, from local suppliers. Quality control is important. The Operations Director is considering ways to increase efficiency in the factory. Pressure groups are trying to influence KCL's decisions to ensure that the business does not create more external costs than external benefits.

(a) Define 'quality control'.

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(b) Identify **two** ways a pressure group might try to influence business decisions.

Way 1: ....

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Way 2: ....

.... [2]

(c) State **four** benefits to a business of increasing efficiency.

Benefit 1: ....

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Benefit 2: ....

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Benefit 3: ....

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Benefit 4: ....

.... [4]

(d) Explain **one** external cost and **one** external benefit that may be created by KCL's business.

External cost: ....

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Explanation: ....

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External benefit: ....

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Explanation: ....

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(e) Explain **two** factors a manufacturing business should consider when deciding how much inventory to hold. Which factor is likely to be the most important? Justify your answer.

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3 PCY provides insurance services for businesses such as farms and factories. Being ethical is important to PCY. The business has 4 offices and 500 employees. Managers use different leadership styles. The Managing Director is planning to change how PCY is organised and managed. He said: 'I want to reduce communication barriers within the business. Delegation will be encouraged. The span of control could change.'

(a) Define 'span of control'.

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(b) Identify **two** leadership styles.

Leadership style 1: ....

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Leadership style 2: ....

.... [2]

(c) Outline **two** benefits to PCY of encouraging its managers to use delegation.

Benefit 1: ....

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Benefit 2: ....

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(d) Explain **two** possible reasons why being ethical is important to PCY.

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 lack of feedback is the main barrier to effective communication in a business? Justify your answer.

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4 Meena wants to leave her job as a teacher to become a successful entrepreneur. Her business will produce handmade jewellery. Meena knows that there is government support for business start-ups. She plans to use market research to help identify a market segment for her jewellery. Meena's brother has offered to become her business partner but she cannot decide whether it would be better to operate as a sole trader.

(a) Identify **two** ways a government might support business start-ups.

Way 1: ....

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Way 2: ....

.... [2]

(b) Identify **two** ways a market can be segmented.

Way 1: ....

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Way 2: ....

.... [2]

(c) Outline **two** characteristics Meena will need to become a successful entrepreneur.

Characteristic 1: ....

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Characteristic 2: ....

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.... [4]

(d) Explain **one** advantage and **one** disadvantage to Meena of operating as a sole trader rather than being in a partnership.

Advantage: ....

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Explanation: ....

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Disadvantage: ....

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Explanation: ....

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(e) Do you think accessing government sources, such as statistics, is the best method of market research for a start-up business to use? Justify your answer.

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