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0450/22

February/March 2019

1 hour 30 minutes

Candidates answer on the Question Paper.

No Additional Materials are required.

READ THESE INSTRUCTIONS FIRST

Write your centre number, candidate number and name in the spaces at the top of this page.

Write in dark blue or black pen.

You may use an HB pencil for any diagrams, graphs or rough working.

Do not use staples, paper clips, glue or correction fluid.

Answer **all** questions.

The Insert contains the case study.

The businesses described in this question paper are entirely fictitious.

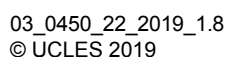
At the end of the examination, fasten all your work securely together.

The number of marks is given in brackets [] at the end of each question or part question.

The total number of marks for this paper is 80.

This syllabus is regulated for use in England, Wales and Northern Ireland as a Cambridge International Level 1/Level 2 Certificate.

This document consists of **9** printed pages and **3** blank pages.



[Turn over

- 1 (a) Identify and explain **two** ways a business plan could help Peter when expanding his business.

Way 1:

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Explanation:

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Way 2:

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Explanation:

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[8]

- (b) Consider the following **three** ways Peter could use to motivate his employees in the new restaurant. Recommend which way he should choose. Justify your answer.

Pay a higher wage rate than competing restaurants:

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Use job rotation:

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Offer free food for the employees to take home each day:

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Recommendation:

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[12]

- 2 (a) Identify and explain **two** ways in which the results from the questions in Appendix 1 might affect Peter's decisions about the new service.

Way 1:

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Explanation:

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Way 2:

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Explanation:

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[8]

- (b) Consider how the following **three** economies of scale might benefit Peter's business. Which economy of scale is likely to have the biggest effect on profits? Justify your answer.

Purchasing:

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Technical:

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Financial:

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Conclusion:

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[12]

- 3 (a) Identify and explain **two** methods of sales promotion Peter could use for the new service.

Sales promotion method 1:

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Explanation:

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Sales promotion method 2:

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Explanation:

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[8]

- (b)** Consider the **two** options for the location of the new business. Recommend which option Peter should choose. Justify your answer.

Option 1:

[illegible]

Option 2:

[illegible]

Recommendation:

This image shows a single sheet of white paper with ten evenly spaced horizontal dotted lines, typical of primary school handwriting practice paper. The lines are black and extend across the full width of the page. There is no text or other markings on the paper.

- 4 (a) Identify and explain how the following **four** changes might affect the success of the new business.

The economic cycle in country Z moves from boom into recession:

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Government in country Z lowers income tax:

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New legal controls so all packaging for takeaways must be able to be recycled:

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New legal controls that all menus must contain full information on the ingredients used: .

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[8]

- (b) Consider the advantages and disadvantages of the **three** sources of finance outlined in Appendix 3 for the new business. Recommend which source of finance Peter should choose. Justify your choice using cost comparisons for each source.

1 year bank loan:

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3 year bank loan:

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Retained profit:

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Recommendation:

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..... [12]

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