Cambridge International Examinations
Cambridge International General Certificate of Secondary Education

CANDIDATE NAME		
CENTRE NUMBER		CANDIDATE NUMBER

8877439394

BUSINESS STUDIES **0450/22**

Paper 2 **May/June 2018**

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.
DO **NOT** WRITE IN ANY BARCODES.

Answer **all** questions.
The Insert contains the case study.
The business described in this question paper is 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 approved 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.

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1 (a) Refer to Appendix 1. Identify and explain Hilda's span of control and DH's chain of command.

Hilda's span of control: ....

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DH's chain of command: ....

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.... [8]

(b) Consider **three** methods Hilda could use to communicate with her employees. Recommend which method she should choose if she needs an employee to work late tonight. Justify your answer.

Method 1:...

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Method 2:...

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Method 3:...

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Recommendation:..

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.... [12]

2 (a) Explain the externalities of each of the following:

External cost of large amounts of litter left on the beach:...

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External benefit of a new motorway from Main City to Downtown:.................................

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.... [8]

(b) Consider each of the following business objectives for DH. Which one do you think should be the most important objective for DH in the long run? Justify your answer.

Higher market share:..

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Profit:..

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Survival:..

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Conclusion:..

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.... [12]

3 **(a)** Identify and explain **four** economies of scale DH could benefit from when it takes over a competitor.

Economy of scale 1: ....

Explanation: ....

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Economy of scale 2: ....

Explanation: ....

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Economy of scale 3: ....

Explanation: ....

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Economy of scale 4: ....

Explanation: ....

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.... [8]

(b) Consider the advantages and disadvantages of the **two** businesses Hilda could take over. Recommend which business Hilda should take over. Justify your answer.

ABC Hotel: ....

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XYZ Hotel: ....

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Recommendation: ....

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.... [12]

4 **(a)** Identify and explain **two** reasons why cash flow forecasting is important to Hilda.

Reason 1: ....

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Explanation: ....

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Reason 2: ....

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Explanation: ....

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.... [8]

(b) Consider how each of the following changes could affect DH. Which change is likely to have the biggest impact on the profit of DH? Justify your answer.

Increase in the number of tourists from other countries:..

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Government of country X reduces income tax:..

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Fewer people demanding coach holidays:...

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Conclusion:...

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.... [12]

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