Cambridge Assessment International Education

Cambridge IGCSE™

CANDIDATE NAME

CENTRE NUMBER

CANDIDATE NUMBER

5239302002

BUSINESS STUDIES **0450/13**

Paper 1 Short Answer and Data Response **October/November 2021**

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.

1 VDN is a private limited company. One of VDN's objectives is to be ethical. VDN produces office products including pens and paperclips. All raw materials are imported. The Managing Director plans to introduce new machinery to help lower average costs. This will require training for VDN's 380 employees. The Managing Director also wants to introduce Kaizen into the factory.

(a) Define 'private limited company'.

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(b) Define 'average cost'.

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(c) Outline **two** ways VDN could be ethical when producing its products.

Way 1: ....

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Way 2: ....

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(d) Explain **one** advantage and **one** disadvantage to VDN of introducing Kaizen**.**

Advantage: ....

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Explanation: ....

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Disadvantage: ....

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Explanation: ....

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(e) Do you think off-the-job training is the best method for a large business to use when introducing new machinery? Justify your answer.

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2 Asmaa used a government grant to set up a small car repair business 4 years ago. Asmaa now has 3 full-time employees. Keeping her employees well-motivated is important to Asmaa. She thinks her business has benefited from a low rate of unemployment in the economy. Asmaa is reviewing her cash-flow forecast. An extract is shown in Table 2.1. She wants to know how the closure of a competitor and an increase in the minimum wage rate might affect her forecast.

Table 2.1

Extract of Asmaa's cash-flow forecast ($000's)			
	January	February	March
Cash inflow	40	55	40
Cash outflow	50	35	35
Net cash flow	(10)	20	5
Opening balance	50	40	60
Closing balance	40	60	65

(a) Define 'unemployment'.

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(b) Identify **one** cash inflow and **one** cash outflow a business might have.

Cash inflow:...

Cash outflow:... [2]

(c) Outline **one** advantage and **one** disadvantage to Asmaa of using a government grant as a source of finance.

Advantage: ....

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Disadvantage: ....

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(d) Explain how the following changes might affect Asmaa's cash-flow forecast.

Closure of a competitor: ....

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Increase in the minimum wage rate: ....

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(e) Explain **two** non-financial methods a small tertiary sector business could use to keep its employees well-motivated. Justify which method should be chosen.

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3 The economy of country C is experiencing economic growth. Based on secondary market research data, Samuel started a plumbing business. His business installs and repairs bathroom equipment. Samuel operates as a sole trader. He used all his $500 savings to buy the tools needed. Samuel had to decide on a suitable pricing method to use. He thinks that providing a good quality service could help his business to increase added value.

(a) Define 'economic growth'.

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(b) Define 'secondary market research'.

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(c) Outline how providing a good quality service could help Samuel's business increase added value.

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(d) Explain **two** possible disadvantages to Samuel of operating as a sole trader business.

Disadvantage 1: ....

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Explanation: ....

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Disadvantage 2: ....

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Explanation: ....

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(e) Do you think penetration pricing is a better method for a new business to use than cost-plus pricing? Justify your answer.

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4 BEF is a large business based in country X. It uses flow production to manufacture a wide range of products including toothpaste and shampoo. All BEF's products are currently sold in country X. BEF knows that having effective methods of internal communication are important. The Operations Director is analysing production data. An extract is shown in Table 4.1. BEF is considering exporting its products to country Y.

Table 4.1

Extract of BEF's production data for one of its products		
	2019	**2020**
Average number of production workers	240	250
Total output per week	300 000	310 000

(a) Define 'flow production'.

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(b) Calculate output per worker per week in 2020. Show your working.

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(c) State **four** factors a business should consider when selecting an appropriate method of internal communication.

Factor 1: ....

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Factor 2: ....

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Factor 3: ....

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Factor 4: ....

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(d) Explain **one** reason why the following factors might be important to BEF when deciding whether to export to country Y.

Import tariffs: ....

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Language: ....

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(e) Do you think it is better for a large business to produce a wide range of products than a small range of products? Justify your answer.

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