



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS  
International General Certificate of Secondary Education

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**BUSINESS STUDIES**

**0450/13**

Paper 1

**October/November 2010**

**1 hour 45 minutes**

Candidates answer on the Question Paper.  
No Additional Materials are required.

**READ THESE INSTRUCTIONS FIRST**

Write your Centre number, candidate number and name on all the work you hand in.  
Write in dark blue or black pen.  
Do not use staples, paper clips, highlighters, glue or correction fluid.  
**DO NOT WRITE IN ANY BARCODES.**

Answer **all** questions.  
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.

| For Examiner's Use |  |
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| 1                  |  |
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| <b>Total</b>       |  |

This document consists of **11** printed pages and **1** blank page.



1 Gisela and Winny have a business partnership selling children's clothes. The business competes against many large clothing shops. It is difficult for the partnership to hold more stock because the business does not have enough working capital. Gisela and Winny are thinking of converting the business into a private limited company. They agree that the business objectives should be growth and profitability.

(a) What is meant by a 'business partnership'?

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.....  
.....  
.....[2]

(b) Identify **two** advantages to a business of holding a low level of stock.

Advantage 1: .....  
.....  
Advantage 2: .....  
.....[2]

(c) Identify and explain **two** reasons why working capital is important to a business.

Reason 1: .....  
Explanation: .....  
.....  
.....  
Reason 2: .....  
Explanation: .....  
.....  
.....[4]

(d) Identify and explain **three** reasons why Gisela and Winny's business may find it difficult to compete against larger clothing shops.

Reason 1: .....

Explanation: .....

.....

.....

Reason 2: .....

Explanation: .....

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Reason 3: .....

Explanation: .....

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..... [6]

(e) Do you think that the business is more likely to achieve its objectives if it converts to a private limited company? Justify your answer.

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..... [6]

2 Nigella is a Human Resources manager of a chain of fast food restaurants. She is planning to recruit a manager of a new restaurant soon to be opened. A job description has been prepared and a job advertisement written.

(a) What is meant by a 'Human Resources manager'?

.....  
.....  
.....  
..... [2]

(b) Identify **two** factors that Nigella should consider when deciding where to place the job advertisement.

Factor 1: .....  
.....  
Factor 2: .....  
..... [2]

(c) Identify and explain **two** advantages to the business of producing a job description for the vacancy of restaurant manager.

Advantage 1: .....  
Explanation: .....  
.....  
.....  
Advantage 2: .....  
Explanation: .....  
.....  
..... [4]

(d) Identify and explain **three** functions of management in a fast food restaurant.

Function 1: .....

Explanation: .....

.....

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Function 2: .....

Explanation: .....

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Function 3: .....

Explanation: .....

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..... [6]

(e) Nigella thinks that if the right manager is appointed then the restaurant is certain to be successful. Do you agree? Justify your answer.

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- 3 Roberto is the Finance Director of WWT, a large distribution company. He is looking at the data shown in Table 1.

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**Table 1: Selected Financial Data WWT (\$'000s)**

|               | 2008 | 2009 |
|---------------|------|------|
| Sales         | 8000 | 6500 |
| Cost of sales | 5000 | 4000 |
| Gross profit  | 3000 | 2500 |
| Net profit    | 1000 | 400  |

- (a) Calculate the gross profit **margin** for WWT in 2009.

.....  
 ..... [2]

- (b) What is meant by 'net profit'?

.....  
 .....  
 .....  
 ..... [2]

- (c) Identify **two** stakeholders who might be interested in the data in Table 1. Explain why each stakeholder would be interested in the data.

Stakeholder 1: .....

Explanation: .....

.....  
 .....

Stakeholder 2: .....

Explanation: .....

.....  
 ..... [4]

(d) Using the data in Table 1, identify and explain **three** possible reasons why the net profit of WWT fell in 2009.

Reason 1: .....

Explanation: .....

.....

.....

Reason 2: .....

Explanation: .....

.....

.....

Reason 3: .....

Explanation: .....

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..... [6]

(e) Recommend **two** ways that Roberto could use which might increase the future profits of WWT. Justify your answer.

Way 1: .....

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Way 2: .....

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..... [6]

4 Giovanni owns a ladies' hairdressing business. The business cuts and styles hair and also sells a range of beauty products such as hair sprays. The market for ladies' hairdressing is very competitive. Giovanni is about to start selling a new range of beauty products with the support of an advertising campaign.

(a) Identify **two** factors Giovanni should consider before deciding which new beauty products to sell.

Factor 1: .....

.....

Factor 2: .....

..... [2]

(b) What is meant by a market being 'very competitive'?

.....

.....

.....

..... [2]

(c) Identify and explain **two** ways in which advertising might help Giovanni launch the new product range successfully.

Way 1: .....

Explanation: .....

.....

.....

Way 2: .....

Explanation: .....

.....

..... [4]



(d) Identify and explain **three** methods, other than advertising, Giovanni could use to increase the sales turnover of his hairdressing business.

Method 1: .....

Explanation: .....

.....

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Method 2: .....

Explanation: .....

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Method 3: .....

Explanation: .....

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..... [6]

(e) Do you think that it is important for a business to sell more than one type of product or service? Justify your answer.

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..... [6]

5 LWC is a large multinational mining business with operations throughout the world. The management knows that effective communication is important in such a business. Decision making is centralised at the Head Office of the company.

(a) What is meant by 'effective communication'?

.....  
.....  
.....  
..... [2]

(b) Identify **two** advantages of using e-mails as a means of communication within a business.

Advantage 1: .....  
.....  
Advantage 2: .....  
..... [2]

(c) Identify and explain **two** barriers to effective communication that might exist within a business.

Barrier 1: .....  
Explanation: .....  
.....  
.....  
Barrier 2: .....  
Explanation: .....  
.....  
..... [4]

(d) Identify and explain **three** consequences to a business of centralising decision making at its Head Office.

Consequence 1: .....

Explanation: .....

.....

.....

Consequence 2: .....

Explanation: .....

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Consequence 3: .....

Explanation: .....

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..... [6]

(e) Do you think that multinational businesses are of benefit to your own country's economy? Justify your answer.

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