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Cambridge Assessment International Education

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CANDIDATE NAME

CENTRE NUMBER

CANDIDATE NUMBER

BUSINESS STUDIES **0450/13**

Paper 1 Short Answer and Data Response **October/November 2024**

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 BPT manufactures bicycles in country A. It uses batch production. The Operations Director is preparing a break-even chart for one of BPT's bicycles, as shown in Fig. 1.1. The directors are considering ways to lower BPT's break-even level of output. BPT imports 60% of its raw materials and exports its bicycles to 8 countries. The Managing Director wants to know how a depreciation in country A's exchange rate and the introduction of import tariffs might affect BPT.

Partly completed break-even chart for one of BPT's bicycles

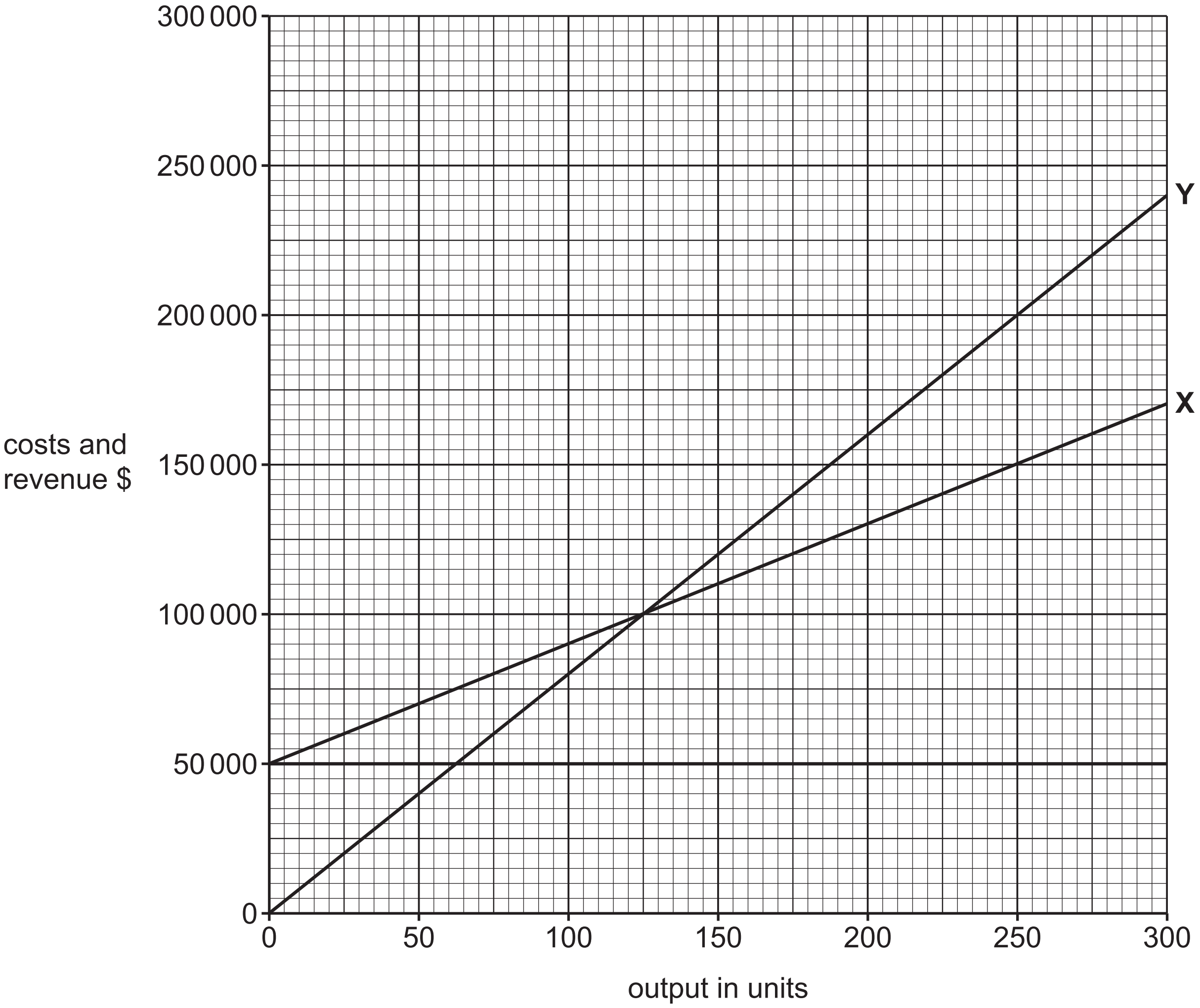

Fig. 1.1

(a) Identify the lines labelled **X** and **Y** in Fig. 1.1.

X: ....

....

Y: ....

.... [2]

(b) Define 'import tariff'.

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.... [2]

(c) Outline **two** ways BPT could lower its break-even level of output.

Way 1: ....

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Way 2: ....

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.... [4]

(d) Explain **two** ways a depreciation in country A's exchange rate might affect BPT.

Way 1: ....

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Explanation: ....

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Way 2: ....

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Explanation: ....

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.... [6]

(e) Do you think batch production is the best method of production for a business to use? Justify your answer.

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.... [6]

2 Ramon is an entrepreneur. He plans to start up a home tutoring service to provide students with extra help to learn maths. Ramon is considering buying a franchise. He has prepared a business plan but is concerned about how an increase in the rate of inflation might affect his business. Ramon wants to know whether crowdfunding is the best source of finance for a start-up business to use.

(a) Define 'inflation'.

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.... [2]

(b) Identify **two** characteristics of a successful entrepreneur.

Characteristic 1: ....

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Characteristic 2: ....

.... [2]

(c) Outline **two** ways a business plan might help Ramon.

Way 1: ....

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Way 2: ....

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.... [4]

(d) Explain **one** advantage and **one** disadvantage to Ramon of buying a franchise.

Advantage: ....

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Explanation: ....

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Disadvantage: ....

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Explanation: ....

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.... [6]

(e) Do you think crowdfunding is the best source of finance for a start-up business to use? Justify your answer.

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.... [6]

3 LRL makes skincare products including face cream. It is a private sector business in country X. One of LRL's objectives is to contribute to sustainable development. Maintaining customer loyalty is important and the Marketing Director knows a business must have an appropriate marketing mix. He is analysing data to calculate the value of LRL's market share. An extract is shown in Fig. 3.1. The total value of sales of skincare products in country X for 2023 was $120 million.

Market share data for skincare products in country X in 2023 (%)

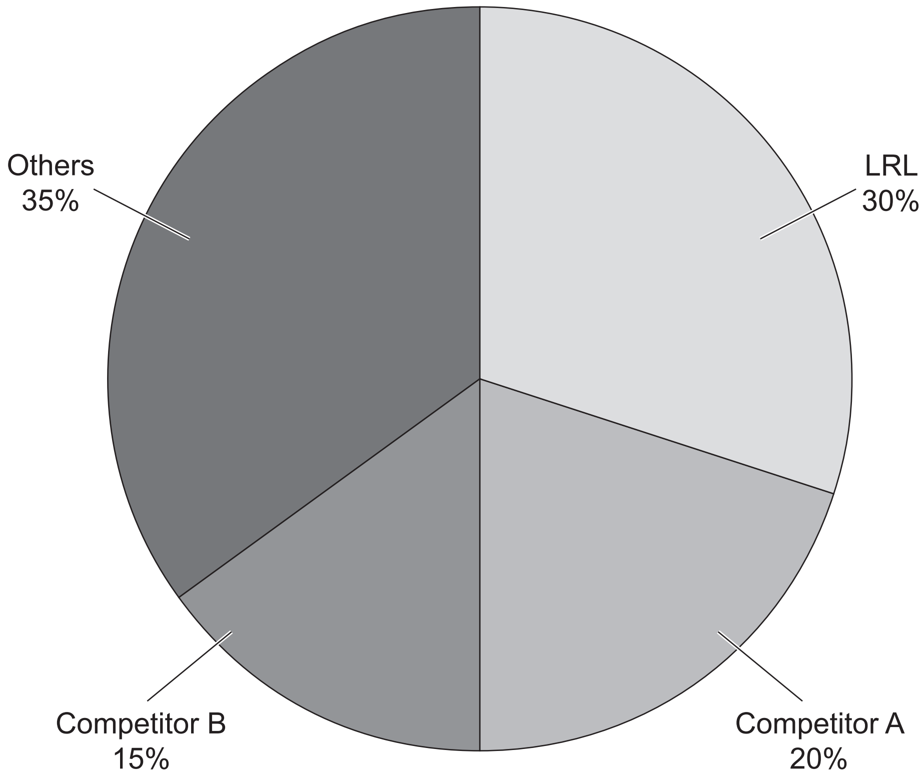

Fig. 3.1

(a) Define 'private sector'.

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.... [2]

(b) Calculate the value of LRL's market share in 2023.

Working: ....

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Final answer: .... [2]

(c) Outline **two** ways LRL could contribute to sustainable development.

Way 1: ....

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Way 2: ....

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.... [4]

(d) Explain **two** advantages to LRL of maintaining customer loyalty.

Advantage 1: ....

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Explanation: ....

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Advantage 2: ....

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Explanation: ....

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.... [6]

(e) Explain **two** elements of the marketing mix. Which do you think is the most important element for a business? Justify your answer.

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4 RHN is a clothing retailer. It has 50 shops and 290 employees. All RHN's employees are provided with training. Commission is used as one method of financial reward. The business often uses internal recruitment when there is a job vacancy. Last year RHN made a profit of $1.5 million. The Managing Director, as an internal user of accounts, has been analysing RHN's statement of financial position.

(a) Define 'commission'.

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.... [2]

(b) Identify **two** external users of accounts.

External user 1: ....

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External user 2: ....

.... [2]

(c) Identify **four** ways the information in a statement of financial position can be used.

Way 1: ....

....

Way 2: ....

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Way 3: ....

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Way 4: ....

.... [4]

(d) Explain **two** possible reasons why providing training for its employees is important to RHN.

Reason 1: ....

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Explanation: ....

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Reason 2: ....

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Explanation: ....

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.... [6]

(e) Do you think the advantages for a business of using internal recruitment are greater than the disadvantages? Justify your answer.

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