Cambridge International Examinations
Cambridge International General Certificate of Secondary Education

CANDIDATE NAME

CENTRE NUMBER

CANDIDATE NUMBER

5380132857

BUSINESS STUDIES **0450/22**

Paper 2 **October/November 2017**

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.

The 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, **3** blank pages and **1** Insert.

DC (NF) 143536/1

1 (a) Identify and explain **one** advantage and **one** disadvantage of GS being a partnership.

Advantage: There will be increased capital investm-
-ent

Explanation: Each partner can invest more capital. In this case, each partner invested $5000 each. Thus as less capital was borrowed hence interest payments were reduced. Hence it will become easier for GS to expand.

Disadvantage:

Explanation:

[8]

(b) Consider the advantages and disadvantages of the following **three** sources of finance for the new equipment. Recommend the best source for GS to choose. Justify your answer.

Bank loan: ....

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Lease: ....

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Retained profit: ....

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Recommendation: ....

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[12]

2 **(a)** Identify and explain **two** ways GS can increase added value.

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** pricing strategies GS could use when selling plants and trees to customers. Recommend which is the best pricing strategy to choose to increase GS's profit. Justify your answer.

Cost-plus: ....

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Competitive: ....

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Promotional: ....

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Recommendation: ....

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[12]

3 **(a)** Identify and explain **four** characteristics the partners should include in the person (job) specification when recruiting the new employees.

Characteristic 1: ....

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Characteristic 2: ....

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Characteristic 3: ....

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Characteristic 4: ....

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[8]

(b) Consider the advantages and disadvantages of the **three** sites the brothers are considering buying. Recommend which site is the best one for GS to buy. Justify your answer.

Site X: ....

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Site Y: ....

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Site Z: ....

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Recommendation: ....

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[12]

4 **(a)** Identify and explain **two** problems for GS of having a high level of inventory.

Problem 1: ....

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Explanation: ....

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Problem 2: ....

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Explanation: ....

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[8]

(b) Do you think GS will be as successful as other similar businesses? Justify your answer using the data in Appendix 3 and calculate appropriate ratios.

.... [12]

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