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Cambridge International Examinations
Cambridge International General Certificate of Secondary Education

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BUSINESS STUDIES

0450/11

Paper 1

October/November 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 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.

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.



CAMBRIDGE
International Examinations





- 1** SOLS makes 5 styles of luxury shoes for men, using job production. SOLS operates in a niche market. Quality assurance is important. All materials, including leather, are imported. SOLS uses cost plus pricing. The shoes are sold directly to customers through its website. The Managing Director said: 'We can sell our shoes for \$100 less a pair than our competitors because we have no shops.' Demand is increasing and the Managing Director has to decide whether to change to batch production.

(a) What is meant by 'niche market'?

.....

.....

.....

..... [2]

(b) Identify **two** advantages to SOLS (other than lower prices) of using a website to sell its products.

Advantage 1:

.....

Advantage 2:

..... [2]

(c) Explain, with reference to SOLS, the difference between quality assurance and quality control.

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..... [4]





(d) Identify and explain **one** advantage and **one** disadvantage to SOLS of using cost plus pricing.

Advantage:

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Explanation:

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.....

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Disadvantage:

.....

Explanation:

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[6]

(e) Do you think SOLS should change its method of production? Justify your answer.

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[6]



- 3 Filltium is the brand name for a chain of vegetarian restaurants. It has 28 restaurants, 16 of which are operated by franchisees. The Managing Director is pleased with its fast rate of growth at a time when many businesses are failing. She said: 'Having a well-motivated workforce is important to our success. All new employees are given on-the-job training.' Filltium plans to have 10 more restaurants in the next year. The Managing Director has to decide whether to sell additional franchises or open its own restaurants.

(a) What is meant by 'brand name'?

.....

.....

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.....

[2]

(b) Identify **two** reasons why a business might fail.

Reason 1:

.....

Reason 2:

.....

[2]

(c) Identify and explain **two** ways in which having a well-motivated workforce can help Filltium achieve success.

Way 1:

.....

Explanation:

.....

Way 2:

.....

Explanation:

.....

[4]





(d) Identify and explain **two** advantages to Filltium of using on-the-job training.

Advantage 1:

Explanation:

Advantage 2:

Explanation:

[6]

(e) Do you think selling more franchises is the best way for Filltium to expand? Justify your answer.

[6]



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