


Additional notes

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Cambright Solved Paper

Tags	2023	Business Studies	CIE IGCSE	May/June	P1	V1
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Status	Done					

- 1 WLT manufactures carpets. It exports 40% of its products. Globalisation has created opportunities and threats for WLT. Its method of production allows WLT to use specialisation. All of its 60 employees understand that quality assurance is important. WLT's directors are considering the best way to increase efficiency.

(a) Define 'specialisation'.

- When people , businesses or countries concentrate on what they are best at.

(b) Identify **two** methods of production.

- Job (production)
 - Batch (production)
 - Flow/mass (production)
- Only need to answer 2 points.

(c) Outline **two** advantages to WLT of using quality assurance.

- Reduces faults and errors at all stages of production which lead to fewer mistakes when making carpets.
- Less waste and less rework (of faulty products) which could help improve efficiency.
- Encourages teamwork which may motivate worker among its 60 employees.

- Fewer customer complaints.
 - Better brand image/improve which maintain reputation.
- Only need to answer 2 points.

(d) Explain **one** opportunity and **one** threat of globalisation for WLT.

Opportunity:

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Explanation:

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Threat:

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Explanation:

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[6]

Opportunities

- Increase potential sales and access to more markets as it exports 40% of its products increasing revenue.
 - Cheaper raw materials from other countries to manufacture which can improve the profit margin.
 - Labour may be cheaper reducing (labour) costs.
- Only need to answer 1 points.

Threats

- Increased competition leading to a reduction in market share.
- Employees may leave if WLT cannot pay as much as international competitors so may lose some of its 60

employees increasing recruitment costs.

- Over dependent on supplies from other countries .
Only need to answer 1 points.

(e) Do you think improving labour skills is the best way for a manufacturing business to increase efficiency? Justify your answer.

Improving labour skills

- Able to work faster which will increase output per worker.
- Fewer mistakes are made leading to less rework and wastage.
- Training takes employees time which will lower output in the short-term.

- - - - Justification needed - - - -

- 2 LMA is a family-owned restaurant. The business was started 20 years ago and has remained small. LMA is a partnership. The partners are considering whether LMA should become a private limited company. The Finance Manager is analysing LMA's cash-flow forecast. An extract is shown in Table 2.1.

Table 2.1

Extract from LMA's cash-flow forecast 2023 (\$000)			
	July	August	September
Cash inflow	420	300	330
Cash outflow	410	320	360
Net cash flow	X	(20)	(30)
Opening balance	60	70	50
Closing balance	70	50	Y

(a) Identify **two** reasons why a business might have cash-flow problems.

- Too much inventory
- Growing too quickly
- Allow customers/ trade receivables too long to pay

- Paying suppliers/ trade payables too quickly
- Poor (financial) planning
Only need to answer 2 points.

(b) Calculate **X** and **Y**.

X = \$10 000 or 10

Y = \$20 000 or 20

(c) Identify **four** examples of a cash inflow.

- (Cash) sales/revenue
- Payments from trade receivables or money from credit sales
- Grants
- Bank loan
- Sponsorship
- Sale of non-current assets
Only need to answer 4 points.

(d) Explain **one** advantage and **one** disadvantage to LMA of becoming a private limited company.

Advantages:

- Limited liability so personal assets are not at risk if the business is not able to repay its debts/ only liable for the amount invested.
- Able to raise finance by selling shares to fund expansion if the business decides it does not want to remain small.
- Can choose who buys shares.
Only need to answer 1 points.

Disadvantages

- More legal formalities which takes time away from other activities in the restaurant.
- Separation of ownership and control so the owners may not be involved or agree with business decisions taken as the directors may not listen to the family
- Accounts must be made available.
Only need to answer 1 points.

(e) Explain **two** reasons why a business might remain small. Which reason is likely to be most important? Justify your answer.

- Lack of finance which makes it difficult to fund expansion
- Small market so there is not sufficient demand
- Lack of skills or knowledge to expand. Larger business is more difficult to manage so more likely to make mistakes if expand
- Market dominated/controlled by a few large competitors so will struggle to attract more customers
Only need to answer 2 points.

- - - - Justification needed - - - -

3 DZD is a large parcel delivery business. Many of its employees work part-time. DZD's directors are planning to expand the business and have to decide on a suitable source of finance for 20 new vehicles. DZD will also recruit 60 new employees. The Human Resources Director is preparing a job description for the new employees. She is considering using Maslow's hierarchy of needs to increase the motivation of DZD's employees.

(a) Define 'job description'.

- A list of the key points about a job, job title, key duties, responsibilities, and accountabilities.

(b) Identify **two** levels from Maslow's hierarchy of needs.

- Physiological/physical
- Safety/security

- Social/(love and) belonging
 - Esteem
- Only need to answer 2 points.

(c) Outline **two** factors DZD should consider when deciding which applicants to recruit.

- Experience of delivering parcels
 - Qualifications or relevant examples such as do they have a driving licence to drive the (20) vehicles
 - Skills or examples such as good at communication as will work in a large business
- Only need to answer 2 points.

(d) Explain **two** sources of finance DZD might use for the new vehicles.

- Bank loan as able to purchase immediately so there is no delay to the planned expansion
 - Retained profit as it's a large business as no need to repay
 - Hire purchase
 - Grant
 - Selling of assets
 - Owner's capital/share issue
- Only need to answer 2 points.

(e) Do you think a service business should only employ part-time workers? Justify your answer.

Part-time:

- When not working no need to pay wages helping to reduce labour costs
- Could allow the business to recruit wider range of skills
- Easier to extend worker hours at busy times

Full-time:

- Able to offer consistency of service so could improve reputation and increase customers
- Workers may be committed to business which could increase the productivity of the business
- Easier to communicate and update
- Less workers needed

- 4 NLR manufactures a range of branded skincare products including hand cream. Packaging of the products is important. Like many businesses, NLR makes use of market segmentation. The Marketing Director knows the stage of the product life cycle can influence NLR's pricing decisions. He is analysing market research data. This shows 85% of consumers expect businesses to respond to environmental pressures.

(a) Identify **two** factors that might affect the accuracy of market research.

- Sample size
- Sample chosen/who is asked
- Interviewer experience/interviewer bias
- Wording of the questions
- Who carried out research
- Anonymity
- Bots or use of AI

Only need to answer 2 points.

(b) Identify **two** benefits to a business of using market segmentation.

- Able to tailor goods to specific needs of segment and know what to produce
- Identify gaps in the market
- To help decide best place to sell
- Research is simpler
- Help set prices

Only need to answer 2 points.

(c) Outline **two** ways NLR might respond to environmental pressures.

- Reduce amount of materials used/wastage when making its skincare products
- Use recycled materials for the packaging
- Develop environmentally friendly products based on its market research

Only need to answer 2 points.

(d) Explain how NLR's pricing decisions might be affected at **two** different stages of the product life cycle.

- During introductory stage the business may set a low price to attract customers [an] to their hand cream
- At growth stage prices may be lowered due to increased competition
- Penetration pricing in some market segments
- Cost plus pricing
- Competitive pricing

Only need to answer 2 points.

(e) Do you think promoting the brand image is the most important role of packaging? Justify your answer.

- This can help the product attract customers and stand out against competitor's products which can help increase/maintain sales leading to higher revenue
- Protect the product so the product does not get damaged/can be kept fresh which can help reduce the amount of wastage
- Ease of storage/transport which could lead to lower storage/transport costs
- Provide information about the product

- - - - Justification needed - - - -