Cambridge Assessment International Education

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CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER				

BUSINESS STUDIES **0450/21**

Paper 2 Case Study **May/June 2021**

1 hour 30 minutes

You must answer on the question paper.

You will need: Insert (enclosed)

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 [ ].
- The insert contains the case study.

This document has **12** pages. Any blank pages are indicated.

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[Turn over

1 **(a)** Explain **four** reasons for changes in the relative importance of the primary, secondary and tertiary sectors in a country.

View solution

Reason 1: .....

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Reason 2: .....

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Reason 3:.....

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Reason 4: .....

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..... [8]

(b) Consider the following **three** problems for FO as it grows through takeovers. Which problem will be the easiest for FO to overcome? Justify your answer.

View solution

- More difficult to control the business
- Lack of finance
- Clash of business cultures

More difficult to control the business: .....

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Lack of finance: .....

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Clash of business cultures: .....

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Conclusion: .....

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..... [12]

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2 **(a)** Explain **two** reasons why it is important for FO to manage all of its resources effectively when manufacturing products.

View solution

Reason 1: .....

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Explanation:.....

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Reason 2: .....

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Explanation: .....

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..... [8]

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(b) Consider the benefits and limitations of the following **three** methods of communication FO could use. Which method of communication would be most suitable when contacting suppliers about a late delivery? Justify your answer.

View solution

- Email
- Mobile (cell) phone
- Letter

Email: .....

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Mobile (cell) phone: .....

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Letter: .....

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Recommendation: .....

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..... [12]

3 **(a)** Explain how **one** internal source and **one** external source of finance could be used by FO as it expands.

View solution

Internal source of finance: .....

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Explanation: .....

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External source of finance: .....

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Explanation: .....

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..... [8]

(b) Consider the advantages and disadvantages to FO of using a wholesaler, retailer or selling direct to the customer when distributing its products. Which channel of distribution should FO use? Justify your answer.

View solution

Wholesaler: .....

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Retailer: .....

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Selling direct to customer: .....

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Recommendation: .....

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4 **(a)** Using the information in Appendix 2:

View solution

(i) Calculate the break-even level of output per month

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..... [2]

View solution

(ii) Calculate the margin of safety per month for tables:

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View solution

(iii) Identify **four** limitations of using break-even analysis.

Limitation 1:.....

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Limitation 2:.....

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Limitation 3:.....

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Limitation 4:.....

..... [4]

(b) Refer to Appendix 2 and Appendix 3 and other information. Consider the following **three** ways FO could use to contribute to sustainable development:

View solution

- only use raw materials from sources that replace what they have used
- only use packaging that can be recycled
- only use electric vehicles to deliver products.

Which way should FO choose to maximise profit? Justify your answer.

Only use raw materials from sources that replace what they have used: .....

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Only use packaging that can be recycled: .....

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Only use electric vehicles to deliver products: .....

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Recommendation: .....

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