Cambridge Assessment International Education

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CENTRE NUMBER						CANDIDATE NUMBER				

BUSINESS STUDIES **0450/23**

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** factors that may influence the location of a tertiary sector business.

View solution

Factor 1: .....

Explanation: .....

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Factor 2: .....

Explanation: .....

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Factor 3: .....

Explanation: .....

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Factor 4: .....

Explanation: .....

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..... [8]

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(b) Explain how the following **three** factors could cause Ruben's new business to fail:

View solution

- Lack of management experience
- Insufficient working capital
- Poor planning

Which factor do you think is most important to Ruben? Justify your answer.

Lack of management experience: .....

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Insufficient working capital: .....

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Poor planning: .....

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Conclusion: .....

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2 **(a)** Using Appendix 2, explain **one** external cost and **one** external benefit of Ruben's business.

View solution

External cost: .....

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Explanation: .....

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External benefit: .....

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Explanation: .....

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(b) Consider the following **three** possible ethical issues for Ruben's business:

View solution

- Advertising aimed at children
- Seeking profit maximisation by paying low wages
- Only buying from local suppliers.

Which do you think will have the greatest effect on Ruben's business? Justify your answer.

Advertising aimed at children: .....

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Seeking profit maximisation by paying low wages: .....

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Only buying from local suppliers: .....

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Conclusion: .....

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3 **(a)** Explain the possible effect of **four** legal controls over employment on Ruben's business.

View solution

Legal control 1: .....

Effect on Ruben's business: .....

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Legal control 2: .....

Effect on Ruben's business: .....

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Legal control 3: .....

Effect on Ruben's business: .....

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Legal control 4: .....

Effect on Ruben's business: .....

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(b) Consider the benefits of having part-time employees or full-time employees. Which do you think Ruben should choose for his business? Justify your answer.

View solution

Part-time employees: .....

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Full-time employees: .....

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Recommendation: .....

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4 **(a)** Explain **two** ways the market research data shown in Appendix 1 could help Ruben make business decisions.

View solution

Way 1: .....

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Explanation: .....

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Way 2: .....

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Explanation: .....

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(b) Consider the advantages and disadvantages of the **three** sources of finance outlined in Appendix 3 if Ruben chooses to buy the franchise. Which source of finance should Ruben choose? Justify your choice using cost calculations for each source.

View solution

Bank loan 1 year: .....

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Bank loan 3 years: .....

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Inheritance from grandparents: .....

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Recommendation: .....

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