Cambridge Assessment International Education

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CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER				

BUSINESS STUDIES **0450/21**

Paper 2 Case Study **May/June 2025**

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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1 **(a)** Explain **two** advantages and **two** disadvantages to Philip of changing PF from a sole trader business to a private limited company.

Advantage 1: .....

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Advantage 2: .....

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Disadvantage 1: .....

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Disadvantage 2: .....

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[8]

View solution

(b) Consider each of the following **three** methods PF could use to motivate its employees. Which method should PF use? Justify your answer.

View solution

- Paying bonuses
- Piece-rate
- Job rotation

Paying bonuses: .....

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Piece-rate: .....

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Job rotation: .....

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Recommendation: .....

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[12]

2 **(a)** Explain **one** advantage and **one** disadvantage of PF selling its products in a mass market.

Advantage: .....

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Explanation: .....

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Disadvantage: .....

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Explanation: .....

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[8]

View solution

(b) Consider the following **three** factors that may influence the location of PF's new factory. Which factor is likely to be the most important when deciding on the location? Justify your answer.

View solution

- Availability of raw materials
- Transport links
- Government influence

Availability of raw materials: .....

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Transport links: .....

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Government influence: .....

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Conclusion: .....

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[12]

3 **(a)** Explain **two** advantages and **two** disadvantages to a business of using a bank loan as a source of finance.

Advantage 1: .....

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Advantage 2: .....

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Disadvantage 1: .....

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Disadvantage 2: .....

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[8]

View solution

(b) Consider the advantages and disadvantages of the following **three** methods of promotion PF could use for its new product range. Which is likely to be the best method for PF to use to increase sales? Justify your answer.

View solution

- Leaflets handed out in the street
- Billboards on the side of a main road
- Discounts on first purchase

Leaflets handed out in the street: .....

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Billboards on the side of a main road: .....

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Discounts on first purchase: .....

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Conclusion: .....

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[12]

4 **(a)** Explain **one** effect on PF of the increase in each of the **two** taxes outlined in Appendix 2.

Tax on people's income: .....

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Explanation: .....

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Tax on profit made by businesses: .....

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Explanation: .....

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[8]

View solution

(b) Using Appendix 3 and other information, consider PF's financial position in 2025 and forecast financial position in 2026. Do you think Philip's sister should invest in PF? Justify your answer using suitable calculations.

2025: .....

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2026 (forecast): .....

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Recommendation: .....

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[12]

View solution

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