Cambridge Assessment International Education

Cambridge IGCSE™

CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER				

BUSINESS STUDIES **0450/21**

Paper 2 Case Study **October/November 2020**

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. Blank pages are indicated.

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[Turn over

1 **(a)** Explain **two** reasons why having business objectives is important to Gemma.

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]

(b) Consider the advantages and disadvantages of buying the Beautywise franchise. Do you think Gemma was right to buy the franchise? Justify your answer.

View solution

Advantages: .....

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Disadvantages: .....

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Conclusion: .....

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2 **(a)** Explain **four** requirements for the new manager that Gemma should include in the job specification below.

View solution

Job specification for the shop manager

Job title: Shop manager
Location: New shop
Details of job: Manage the shop and the employees

Requirement 1: .....

Explanation:.....

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Requirement 2: .....

Explanation:.....

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Requirement 3: .....

Explanation:.....

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Requirement 4: .....

Explanation:.....

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..... [8]

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(b) Consider the advantages and disadvantages of the **three** towns for the new shop shown in Appendix 3. Recommend which town Gemma should choose for the location of the new shop. Justify your answer.

View solution

Town A: .....

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Town B: .....

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Town C: .....

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Recommendation: .....

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3 **(a)** Explain why liquidity and profitability are important to a business.

View solution

Liquidity: .....

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Profitability: .....

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(b) Consider the advantages and disadvantages of the following **three** sales promotion methods Gemma could use for the new shop. Recommend which method Gemma should choose to maximise revenue. Justify your answer.

View solution

- Buy one, get 50% off second purchase
- 10% off everything in the shop for one week after opening
- Pay a celebrity to open the shop

Buy one, get 50% off second purchase:.....

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10% off everything in the shop for one week after opening:.....

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Pay a celebrity to open the shop:.....

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Recommendation:.....

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..... [12]

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4 **(a)** Explain the effect of the following changes on GJ.

View solution

- Depreciation in the exchange rate of country Z
- Increase in income tax in country Z

Depreciation in the exchange rate of country Z: .....

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Increase in income tax in country Z: .....

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(b) Consider how the following **three** changes might affect GJ. Which change is likely to have the most effect on GJ's profit? Justify your answer.

View solution

- All jewellery packaging must state in which country the product has been made
- Country Z has entered a boom phase of the business cycle
- A higher percentage of people in country Z use mobile (cell) phones

All jewellery packaging must state in which country the product has been made:.....

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Country Z has entered a boom phase of the business cycle: .....

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A higher percentage of people in country Z use mobile (cell) phones:.....

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Conclusion: .....

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