

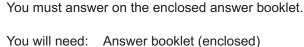
Cambridge International AS & A Level

BUSINESS 9609/23

Paper 2 Business Concepts 2

October/November 2023

1 hour 30 minutes



INSTRUCTIONS

Answer all questions.

Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 60.
- The number of marks for each question or part question is shown in brackets [].



1 Jake's Cakes (JC)

Jake started baking cakes while at university. He baked cakes for friends' birthdays and other celebrations. He posted pictures of his cakes on social media sites where they received very positive feedback and were widely shared.

In 2021 Jake started JC, a small business, using his parents' kitchen. JC bakes cakes and sells them online. Jake created a website where customers design and order unique cakes. Jake uses digital promotion as the main method of promoting his products. JC has only used retained earnings to invest in marketing and new equipment.

In 2023, Jake made a cake for a celebrity who shared JC's social media posts with their social media followers. As a result of this an investor approached Jake. The investor offered to provide a \$25000 capital investment to help Jake grow the business. However, Jake does not want to take on an equal partner.

Jake is considering a different plan for growth. His parents have agreed to let him convert their garage into his commercial kitchen. He has prepared a business plan and applied for a bank loan of \$15000 to finance this growth. He has produced a cash flow forecast for the first quarter of 2024.

Table 1.1: JC's cash flow forecast 2024 (\$000)

	Jan	Feb	March	
Cash inflow				
Bank loan	15	0	0	
Cash sales	2.5	2.6	5	
Total inflow	17.5	2.6	5	
Cash outflow				
Fixed costs	20	1.5	1.5	
Variable costs	0.5	0.6	0.8	
Total outflow	20.5	2.1	2.3	
Net cash flow	(3)	0.5		
Opening balance	2	(1)		
Closing balance	(1)	(0.5)		

(a) (i) Identify **one** element of a business plan.

[1]

(ii) Explain the term variable costs.

[3]

5

10

15

(b) (i) Refer to Table 1.1. Calculate the forecast closing balance in March 2024.

[3]

(ii) Explain one of Jake's human needs that may be satisfied by operating JC.

[3]

(c) Analyse two benefits to JC of using digital promotion.

[8]

(d) Evaluate whether a bank loan is the most appropriate source of finance for JC's growth. [12]

© UCLES 2023 9609/23/O/N/23

2 Custom motorcycles (CM)

CM is a private limited company. It was set up by Joyce, who identified a gap in the market for specialist motorcycle components. CM's engineers make the components using job production. The engineers are highly skilled, trained and motivated and very proud of their high-quality products which are sold using price skimming.

CM was featured in a popular motorcycle magazine in autumn 2022, which has increased CM's reputation for quality unique products. This led to an increase in CM's sales as shown in Fig. 2.1.

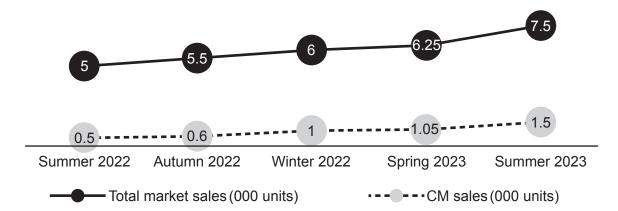


Fig. 2.1: CM's sales data 2022-2023

Lead times for CM's products have increased from 4 weeks to 10 weeks. This has put additional pressure onto CM's engineers, who are salaried employees. They often have to work evenings and weekends.

10

5

Harry, the Sales Manager, thinks demand is going to continue to increase. He wants CM to employ more skilled engineers and continue to use job production. However, Joyce wants CM to invest in new technology and change from using job production to batch production.

- (a) (i) Identify **one** non-financial motivator. [1]
 - (ii) Explain the term demand. [3]
- (b) (i) Refer to Fig. 2.1. Calculate the total market growth between summer 2022 and summer 2023.
 - (ii) Explain **one** benefit to CM of using price skimming. [3]
- (c) Analyse two impacts on CM of its employees having a poor work-life balance. [8]
- (d) Evaluate whether CM should change its method of production. [12]

© UCLES 2023 9609/23/O/N/23

4

BLANK PAGE

Permission to reproduce items where third-party owned material protected by copyright is included has been sought and cleared where possible. Every reasonable effort has been made by the publisher (UCLES) to trace copyright holders, but if any items requiring clearance have unwittingly been included, the publisher will be pleased to make amends at the earliest possible opportunity.

To avoid the issue of disclosure of answer-related information to candidates, all copyright acknowledgements are reproduced online in the Cambridge Assessment International Education Copyright Acknowledgements Booklet. This is produced for each series of examinations and is freely available to download at www.cambridgeinternational.org after the live examination series.

Cambridge Assessment International Education is part of Cambridge Assessment. Cambridge Assessment is the brand name of the University of Cambridge Local Examinations Syndicate (UCLES), which is a department of the University of Cambridge.

© UCLES 2023 9609/23/O/N/23