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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.



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

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.

- 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]

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

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 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.

- 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.

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.

Wholesaler:

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Retailer:

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Selling direct to customer:

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Recommendation:

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[12]

4 (a) Using the information in Appendix 2:

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

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..... [2]

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

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.....
..... [2]

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

Limitation 1:.....
.....
Limitation 2:.....
.....
Limitation 3:.....
.....
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:

- 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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[12]

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