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Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/24**

Paper 2 Data Response **May/June 2021**

1 hour 30 minutes

1557409640

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

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 [ ].

This document has **4** pages. Any blank pages are indicated.

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1 Apple Farm (AF)

AF is owned by Desi. Desi is a sole trader. AF specialises in growing and packaging apples which the business sells to a supermarket chain. AF specialises in one type of apple. The apples are sold to the supermarket chain in packs of six. AF sells each pack to the supermarkets for $1. The variable cost of growing, picking and packaging each pack of apples is $0.50. AF has fixed costs of $5000 per year. *5*

A high proportion of AF's apples are of poor quality. These are mainly apples too small for the supermarket or apples which have been damaged but are still good to eat. Desi would like to find a profitable use for these poor-quality apples.

Desi has an idea to use the poor-quality apples to produce an apple juice which he could sell to the same supermarket chain. This would require the purchase of new machinery *10* to make the juice and to package it into individual containers. The machinery would cost $10 000 if Desi purchased it, but there is an option to lease it for $4000 per year.

Desi wants the juice product to be different from the competition. He plans to package the juice using recycled materials and make it clear on the label that AF's apple juice is 100% organic with no added chemicals. The supermarket chain is insisting that the packaging *15* must be strong enough for the apple juice to be transported from its warehouse to individual supermarkets.

(a) (i) Define the term 'fixed costs' (line 5). [2]

(ii) Briefly explain the term 'sole trader' (line 1). [3]

(b) (i) Calculate the break-even output for packs of apples sold by AF. [3]

(ii) Explain **one** possible use to Desi of break-even analysis. [3]

(c) Analyse **one** advantage and **one** disadvantage to AF of leasing the new machinery for producing apple juice. [8]

(d) Evaluate the importance of appropriate packaging for the new apple juice. [11]

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2 Delicious Chicken (DC)

DC is a fast-food restaurant that specialises in fried chicken and chips (fried potatoes). DC is a small business and only has one shop in a busy town. DC's main competitors are large multinational companies which have hundreds of shops in the same country as DC.

DC is owned and managed by Kate. Kate is proud of the business that she has built up and she has a loyal group of customers who return two or three times a week to eat in her restaurant. Being a small business, DC has always been customer orientated. Kate only uses ethically produced chicken meat purchased from a local farm. These factors, Kate believes, give DC a Unique Selling Point (USP).

DC's employees work in two teams (see Table 1).

Table 1: DC's Afternoon Team and Night Team employee data

	Afternoon Team	Night Team
Hours of work	12:00–20:00	20:00–03:00
Absenteeism	3%	8%
Total number of workers	10	16
Workers who left during the year	1	4
Average number of customers served per hour	40	80

Employees in both of the teams are paid the same hourly rate and are not allowed to switch between teams. Each team is managed by a team leader. Kate is concerned about the high absenteeism and high labour turnover in the Night Team. She had a meeting with Bill, the Night Team leader. During the meeting she suggested that the poor motivation of the Night Team might be caused by Bill's autocratic leadership style. However, Bill was convinced that it was more to do with other issues.

(a) (i) Define the term 'Unique Selling Point (USP)' (line 8). [2]

(ii) Briefly explain the term 'customer orientated' (line 6). [3]

(b) (i) Calculate the labour turnover for the Night Team. [3]

(ii) Explain **one** problem for DC of high labour turnover. [3]

(c) Analyse **two** disadvantages to DC of being a small business. [8]

(d) Discuss ways in which DC could solve the motivation problems in the Night Team. [11]

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