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Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/22**

Paper 2 Business Concepts 2 **February/March 2025**

1 hour 30 minutes

6759231293

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 Frank's Fruits (FF)

Frank grows fruit, including oranges, on his farm in country J. He sells his fruit at a market in a local city one day a week. Frank is a sole trader and operates in the primary and tertiary sectors. He set up FF using all of his redundancy money from a previous job with a large company.

Frank's business objective is to increase profit by 10% by the end of 2026. He also has a target profitability of 25% by the same date. He uses the data from break-even analysis to make business decisions.

Table 1.1 shows forecast data for the sale of oranges in July 2025.

Table 1.1 Forecast data for FF – July 2025

Sales (number of oranges)	5650
Total allocated fixed costs ($)	1350
Total variable costs ($)	2825
Selling price per orange ($)	0.80

Frank has two main competitors:

- a national supermarket with stores locally
- a shop in the local city selling fruit.

Frank's business is very successful as the fruit he sells is fresher than products sold by his competitors. This is Frank's USP. His fruit is sold only a few hours after it is picked. However, the fruit sold by Frank's competitors is grown hundreds of kilometres away. Customers also enjoy the range of fruit sold by Frank as it varies throughout the year.

Frank currently uses competitive pricing but is thinking of introducing price skimming in the future.

(a) (i) Identify **one** method of measuring the size of a business. [1]

(ii) Explain the term *primary sector*. [3]

(b) (i) Refer to Table 1.1. Calculate the number of oranges that Frank needs to sell to break even in July 2025. [3]

(ii) Explain **one** limitation for Frank of using break-even analysis. [3]

(c) Analyse **two** benefits to Frank of operating as a sole trader. [8]

(d) Evaluate whether Frank should introduce price skimming. [12]

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2 Reliable Car Repairs (RCR)

Reliable Car Repairs (RCR) is owned by Freya and her brother Kye as a partnership. The business was set up five years ago in city B and repairs a wide range of cars.

Freya recently carried out some primary market research. The qualitative data from the market research showed that customers like the speed of RCR's service as many repairs were completed within 24 hours.

RCR's market share has increased annually over the past five years. The total sales in the market in 2023 were $700 000. Table 2.1 shows RCR's data for 2024.

Table 2.1 RCR's market share and sales

	Market share	RCR's total sales
2024	17%	$123 165

The owners are always looking to improve the performance of the business and have an objective of increasing efficiency.

Freya and Kye have no experience of repairing cars and so employ two mechanics to carry out this work. The mechanics have both been employed by the business since it was set up. Kye supervises the mechanics using a democratic management style.

The business holds a large quantity of inventory as different cars need different components. The business buys components from two suppliers which have both supplied RCR since it was set up. The partners are thinking of introducing Just in Time (JIT).

(a) (i) Identify **one** method of primary market research. [1]

(ii) Explain the term *qualitative data*. [3]

(b) (i) Refer to Table 2.1 and other information. Calculate the market growth for car repairs in city B between 2023 and 2024. [3]

(ii) Explain **one** reason why RCR's objectives may change over time. [3]

(c) Analyse **two** advantages to RCR of Kye using a democratic management style. [8]

(d) Evaluate whether RCR should introduce Just in Time (JIT). [12]

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