



Cambridge International Examinations
Cambridge International General Certificate of Secondary Education

CANDIDATE
NAME

CENTRE
NUMBER

--	--	--	--	--

CANDIDATE
NUMBER

--	--	--	--



BUSINESS STUDIES

0450/22

Paper 2

May/June 2017

1 hour 30 minutes

Candidates answer on the Question Paper.

No Additional Materials are required.

READ THESE INSTRUCTIONS FIRST

Write your Centre number, candidate number and name in the spaces at the top of this page.

Write in dark blue or black pen.

You may use an HB pencil for any diagrams, graphs or rough working.

Do not use staples, paper clips, glue or correction fluid.

DO **NOT** WRITE IN ANY BARCODES.

Answer **all** questions.

The Insert contains the case study.

The business described in this question paper is entirely fictitious.

At the end of the examination, fasten all your work securely together.

The number of marks is given in brackets [] at the end of each question or part question.

The total number of marks for this paper is 80.

The syllabus is approved for use in England, Wales and Northern Ireland as a Cambridge International Level 1/Level 2 Certificate.

This document consists of **9** printed pages, **3** blank pages and **1** Insert.

2

- 1 (a) Identify **two** financial statements the directors will need to see before expanding CC. Explain why they will want to see each of these statements.

Financial statement 1:

.....

Explanation:

.....

.....

.....

.....

.....

Financial statement 2:

.....

Explanation:

.....

.....

.....

.....

.....[8]

(b) Consider the following **three** factors that affect CC when importing all of its ingredients. Which is the most important factor when deciding whether to import ingredients? Justify your answer.

Exchange rate:
.....
.....
.....
.....
.....

Import tariffs:
.....
.....
.....
.....
.....

Delivery time:
.....
.....
.....
.....
.....

Conclusion:
.....
.....
.....
.....
.....

[12]

4

- 2 (a)** Identify and explain **two** reasons why on-the-job training is important for new employees at CC.

Reason 1:

.....

Explanation:

.....

.....

.....

.....

.....

Reason 2:

.....

Explanation:

.....

.....

.....

.....

.....[8]

(b) Consider how the following **three** stakeholders will be affected by the introduction of a new automated production line at CC. Which stakeholder will be most affected by this decision? Justify your answer.

Employees:

.....

.....

.....

.....

.....

Shareholders:

.....

.....

.....

.....

.....

Bank:

.....

.....

.....

.....

.....

Conclusion:

.....

.....

.....

.....

.....[12]

3 (a) Identify and explain **one** advantage and **one** disadvantage to CC if it changes to a public limited company.

Advantage:
.....

Explanation:
.....
.....
.....
.....
.....

Disadvantage:
.....

Explanation:
.....
.....
.....
.....
.....

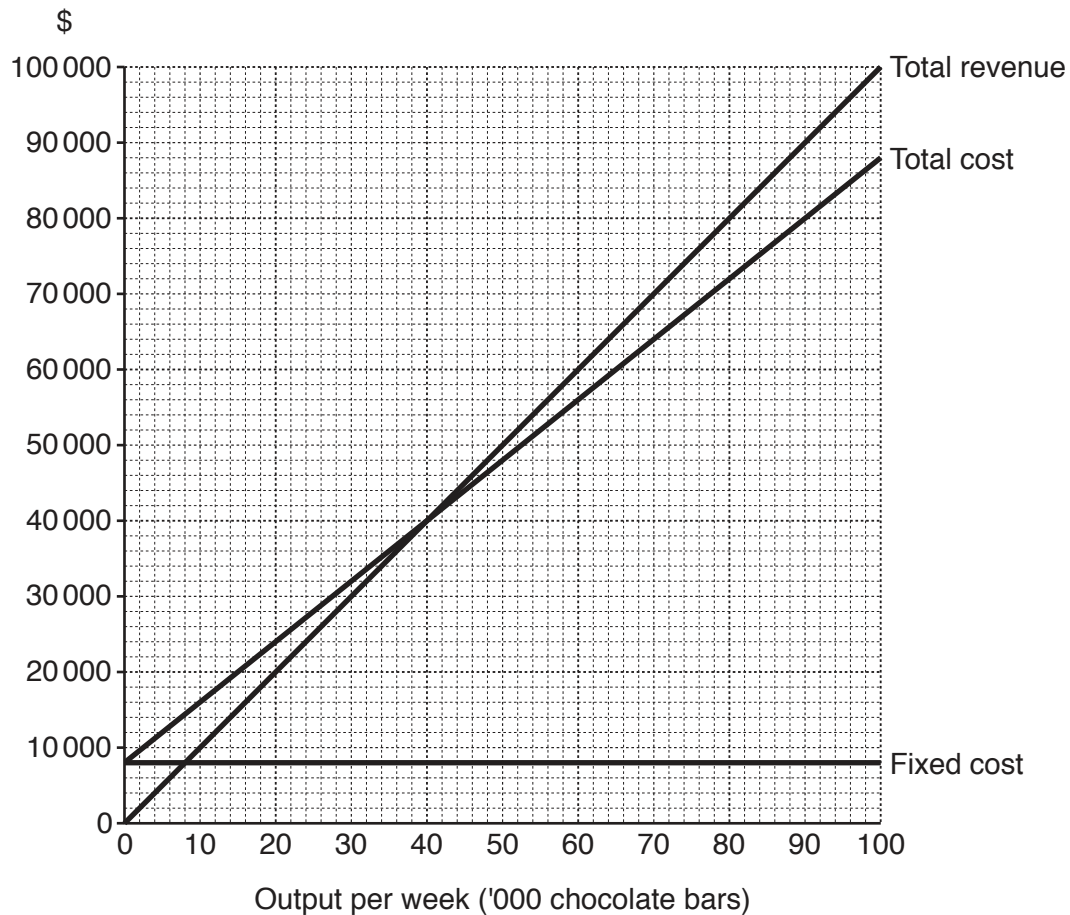
[8]

7

- (b)** Refer to Appendix 2 and other information in the case.
Draw on the graph below the break-even output of Fizz Bomm if the variable cost is reduced to \$0.60.
Do you think this would be the **best** way for CC to gain the highest profit for Fizz Bomm?
Justify your answer.

Variable cost = \$0.80 per chocolate bar.

Predicted sales = 100 000 chocolate bars per week at a price of \$1 per unit



Conclusion:

.....[12]

8

- 4 (a) Fizz Bomm is in the development stage of the product life cycle. Identify and explain **four** other stages of Fizz Bomm's product life cycle.

Stage 1:

.....

Explanation:

.....

Stage 2:

.....

Explanation:

.....

Stage 3:

.....

Explanation:

.....

Stage 4:

.....

Explanation:

.....[8]

(b) Consider the suitability of the **three** elements of the marketing mix outlined for Fizz Bomm in Appendix 3. Recommend whether any of these elements should be changed. Justify your answer.

Price:
.....
.....
.....
.....
.....

Promotion:
.....
.....
.....
.....
.....

Place:
.....
.....
.....
.....
.....

Recommendation:
.....
.....
.....
.....
.....[12]

BLANK PAGE

BLANK PAGE

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 International Examinations Copyright Acknowledgements Booklet. This is produced for each series of examinations and is freely available to download at www.cie.org.uk after the live examination series.

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