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BUSINESS STUDIES

0450/23

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** factors that may influence the location of a tertiary sector business.

Factor 1:

Explanation:

.....

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Factor 2:

Explanation:

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Factor 3:

Explanation:

.....

.....

Factor 4:

Explanation:

.....

.....

[8]

(b) Explain how the following **three** factors could cause Ruben's new business to fail:

- Lack of management experience
- Insufficient working capital
- Poor planning

Which factor do you think is most important to Ruben? Justify your answer.

Lack of management experience:

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Insufficient working capital:

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Poor planning:

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Conclusion:

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[12]

2 (a) Using Appendix 2, explain **one** external cost and **one** external benefit of Ruben’s business.

External cost:

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Explanation:

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External benefit:

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Explanation:

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[8]

(b) Consider the following **three** possible ethical issues for Ruben's business:

- Advertising aimed at children
- Seeking profit maximisation by paying low wages
- Only buying from local suppliers.

Which do you think will have the greatest effect on Ruben's business? Justify your answer.

Advertising aimed at children:

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Seeking profit maximisation by paying low wages:

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Only buying from local suppliers:

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Conclusion:

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[12]

- 3 (a) Explain the possible effect of **four** legal controls over employment on Ruben's business.

Legal control 1:

Effect on Ruben's business:

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Legal control 2:

Effect on Ruben's business:

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Legal control 3:

Effect on Ruben's business:

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Legal control 4:

Effect on Ruben's business:

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[8]

(b) Consider the benefits of having part-time employees or full-time employees. Which do you think Ruben should choose for his business? Justify your answer.

Part-time employees:

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Full-time employees:

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Recommendation:

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[12]

- 4 (a) Explain **two** ways the market research data shown in Appendix 1 could help Ruben make business decisions.

Way 1:

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Explanation:

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Way 2:

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Explanation:

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[8]

- (b) Consider the advantages and disadvantages of the **three** sources of finance outlined in Appendix 3 if Ruben chooses to buy the franchise. Which source of finance should Ruben choose? Justify your choice using cost calculations for each source.

Bank loan 1 year:

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Bank loan 3 years:

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Inheritance from grandparents:

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Recommendation:

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[12]

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