

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS International General Certificate of Secondary Education

CANDIDATE NAME			
CENTRE NUMBER		CANDIDATE NUMBER	
BUSINESS ST	UDIES		0450/02

Paper 2

October/November 2009 1 hour 45 minutes

Candidates answer on the Question Paper. Additional Materials: Insert

READ THESE INSTRUCTIONS FIRST

Write your Centre number, candidate number and name on all the work you hand in.

Write in dark blue or black pen.

Do not use staples, paper clips, highlighters, glue or correction fluid. DO **NOT** WRITE IN ANY BARCODES.

Answer **all** questions.

The Insert contains the case study.

The businesses described in this question paper are 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.

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Total	

This document consists of 11 printed pages, 1 blank page and 1 insert.



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(a)	Dilip is a sole trader. Identify and explain one advantage and one disadvantage to Dilip of being a sole trader.
	Advantage:
	Explanation:
	Disadvantage:
	Explanation:
	[8]

Dilip wants to raise \$50,000 to convert the old farm buildings into holiday houses. He is considering three options for financing this:

- bank loan
- forming a partnership
- overdraft.

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(b)	Consider the advantages and disadvantages of the three options and advise Dilip on	For
	which would be the most suitable source of finance to use. Justify your recommendation.	Examiner's Use
	Option 1 (bank loan):	
	Option 2 (forming a partnership):	
	Option 3 (overdraft):	
	Recommendation:	
	[12]	

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2 (a) Dilip needs to recruit employees to look after the tourists who would stay at the holiday houses (see Appendix 3). Identify **four** questions Dilip should ask when interviewing applicants for these jobs. Explain why each question should be asked.

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(b) Dilip wants well motivated employees. Do you think the leadership style used by Dilip will be the most effective way to achieve well motivated employees? Justify your Examiner's answer.

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Primary research was carried out, using interviews, to research the market (see Examiner's Appendix 3).

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(a) Identify and explain two advantages of using interviews to research the market for 3 Dilip's holiday houses.

Advantage 1:	
Explanation:	
Advantage 2:	
Explanation:	
	[8]

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(b) In what ways do you think the market research results will affect the 'product' **and** 'promotion' parts of the marketing mix for Dilip's holiday houses? Justify your answer.

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promotion parts of the marketing mix for Dilip's holiday houses? Justify your answer.
Effects on product:
Effects on promotion:
Effects on promotion:
[12]

4 (a) Dilip keeps the financial accounts for the business. Identify **three** stakeholders who would be interested in the business' accounts and explain why each would be interested in the accounts.

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Stakeholder 1:	
Explanation:	,
Stakeholder 2:	
Explanation:	
Stakeholder 3:	,
	[8]

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(b) Do you think Dilip should sign a contract to supply vegetables to the European supermarket chain? Justify your answer using the information in the break-even charts in Appendix 2 and other information in the case.

... [12]

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(a)	Identify and explain two disadvantages to the farmers in country A of an increase (an appreciation) in country A's exchange rate.
	Disadvantage 1:
	Explanation:
	Disadvantage 2:
	Explanation:

.....

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.....

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[8]

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The government of country A wants to encourage small farmers to grow 'fair trade' products.

(b) Do you think that all farmers in country A should produce only 'fair trade' products? Justify your answer.

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[12]

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