



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
International General Certificate of Secondary Education

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BUSINESS STUDIES

0450/22

Paper 2

May/June 2011

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 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.

| For Examiner's Use | |
|--------------------|--|
| 1 | |
| 2 | |
| 3 | |
| 4 | |
| 5 | |
| Total | |

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



- 1 (a) The Directors of TT Foods are thinking of introducing machinery into the production and packing process. Identify and explain **two** reasons why the workers might be **happy** with this decision.

Reason 1:

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Explanation:

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Reason 2:

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Explanation:

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..... [8]

(b) For the new machinery TT Foods will need to raise finance. The Directors are considering either taking out a bank loan, leasing the machinery or selling additional shares to family and friends. Consider these **three** possibilities for raising finance and recommend which one they should choose. Justify your choice.

*For
Examiner's
Use*

Bank loan:

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Leasing machinery:

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Selling shares:

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Recommendation:

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[12]

- 2 (a) Identify and explain **two** factors that will affect the pricing decisions of TT Foods when deciding what price to charge large stores for their ready-made meals.

For
Examiner's
Use

Factor 1:

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Explanation:

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Factor 2:

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Explanation:

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..... [8]

(b) TT Foods want to reduce the costs of the food ingredients they buy. They are considering three possibilities:

For
Examiner's
Use

- (i) Keep buying their food from a wholesaler but purchase the food less often in much larger quantities or
- (ii) Buy the food directly from farms or
- (iii) Buy their own farms and grow the food themselves.

Consider the advantages and disadvantages of these **three** possibilities and recommend which one the Directors should choose. Justify your choice.

(i):

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(ii):

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(iii):

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Recommendation:

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[12]

- 3 (a) Appendix 3 suggests that there is increasing demand for airline flights. Identify and explain **two** effects on TT Foods of this increase in the number of passengers.

For
Examiner's
Use

Effect 1:

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Explanation:

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Effect 2:

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Explanation:

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..... [8]

(b) Consider the **two** options outlined in the case for expanding the business of TT Foods. Recommend which of the options the Directors should choose. Justify your choice using appropriate calculations.

*For
Examiner's
Use*

Expansion option 1:

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Expansion option 2:

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Recommendation:

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[12]

- 4 (a) Below is an outline for a job (person) specification for a Production Manager. Refer to Appendix 2. Explain why each requirement shown below should be included in the job specification.

For
Examiner's
Use

Job title: Production Manager

| Requirements | Example of requirement | Why each requirement should be included |
|--------------------------|--|--|
| Qualifications | University degree in Management | Explanation: |
| Skills | Able to lead a team of workers | Explanation: |
| Experience | At least 5 years experience in food processing | Explanation: |
| Personal Characteristics | Well organised | Explanation: |

[8]

(b) When recruiting a new Production Manager the Directors of TT Foods could recruit internally or externally. Consider the advantages and disadvantages of these two different methods of recruiting the Production Manager and recommend which method the Directors should choose. Justify your answer.

*For
Examiner's
Use*

Internal recruitment:

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External recruitment:

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Recommendation:

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[12]

- 5 (a) TT Foods have to follow many consumer protection laws. Identify and explain **four** benefits to consumers of such laws.

For
Examiner's
Use

Benefit 1:

Explanation:

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Benefit 2:

Explanation:

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Benefit 3:

Explanation:

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Benefit 4:

Explanation:

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..... [8]

(b) The case mentions that there are a high number of workers leaving the company each year because of poor motivation. Consider **three** different methods that TT Foods could use to increase motivation of the production workers and recommend which method you think will be the most effective. Justify your answer.

For
Examiner's
Use

Method 1:

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Method 2:

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Method 3:

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Recommendation:

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[12]

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