



**Cambridge International Examinations**  
Cambridge International General Certificate of Secondary Education

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**BUSINESS STUDIES**

**0450/21**

Paper 2

**October/November 2015**

INSERT

**1 hour 30 minutes**

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**READ THESE INSTRUCTIONS FIRST**

This Insert contains the case study material.  
Anything the candidate writes on this Insert will not be marked.



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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 **3** printed pages and **1** blank page.

## Camper Companions (CC)

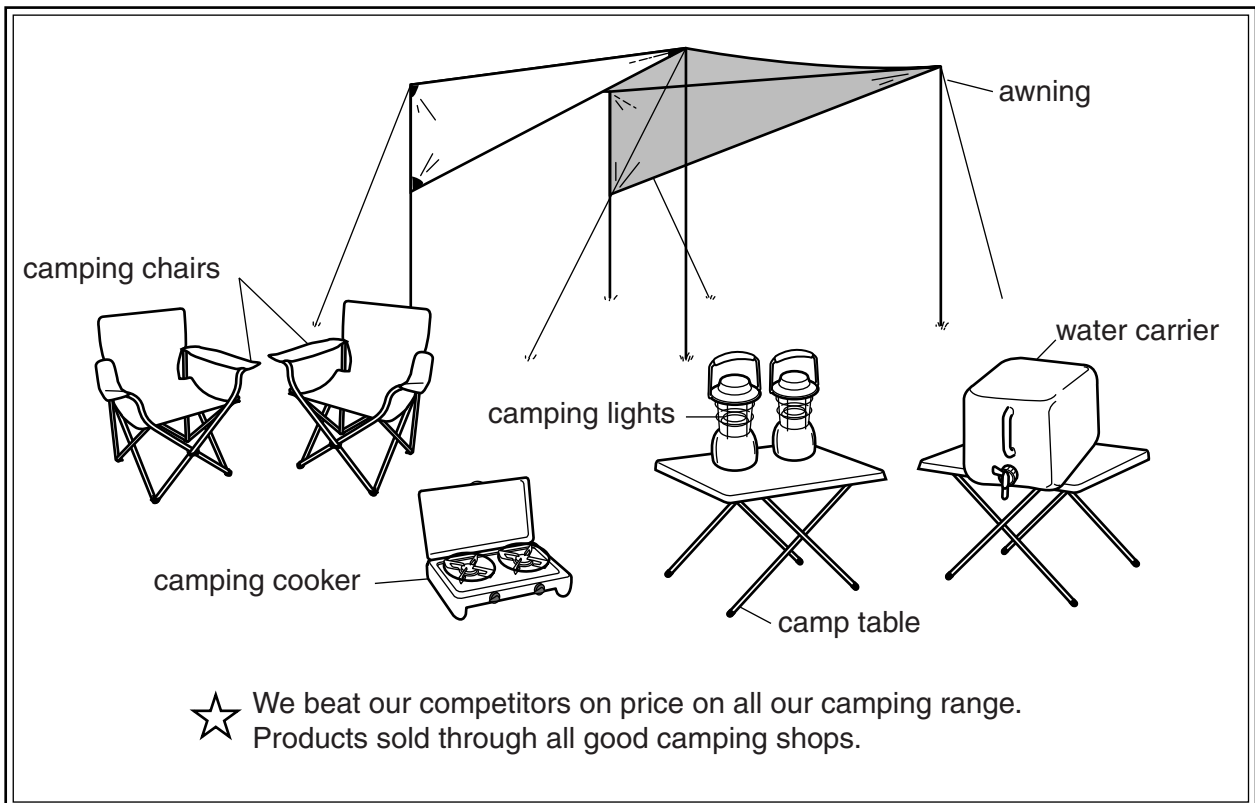
Camper Companions (CC) is a large public limited company set up 20 years ago in country X. It manufactures a wide range of camping equipment. Most of its customers own a tent or caravan.

Originally the company had one factory but now it has expanded to three factories. The directors want the company to continue to expand. Recently the directors of CC have considered merging with a competitor in country Z which manufactures a similar range of camping equipment.

Each of CC's three factories employs 100 skilled workers. Most of these workers are part-time and they are paid lower wage rates than workers in other similar businesses. The factories use many machines in the production of CC's products. The directors have not allowed workers to be members of a trade union but they are thinking of changing this decision.

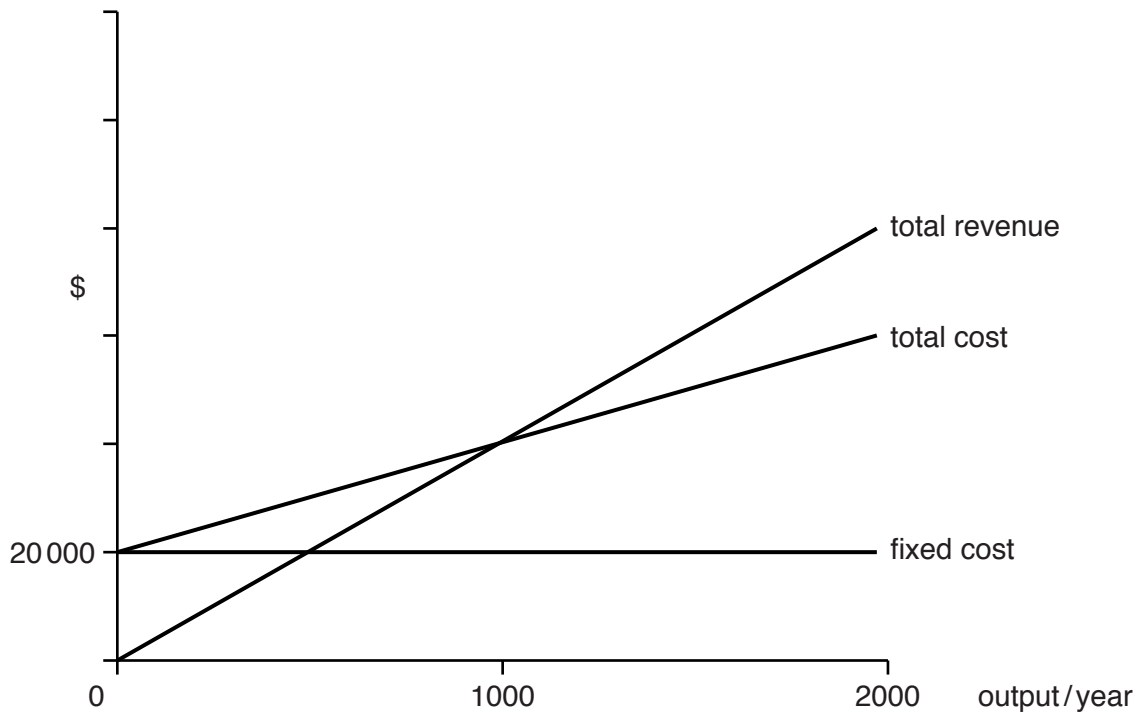
CC only sells its camping equipment in country X but the directors plan to start manufacturing and selling the equipment in several countries including country Z. Government grants are available for building new factories in country Z.

### Appendix 1



### Appendix 2

Break-even chart of CC's bestselling product – a camping cooker



**Price** = \$40 per cooker

**Variable cost** = \$20 per cooker

### Appendix 3

To: Finance Director  
 From: Managing Director  
 Date: 10 October 2015  
 Re: Continued expansion of CC

We have a large number of loyal customers who buy our camping equipment in country X. However, we need to maintain our competitiveness and start to sell in other countries.

As a public limited company we have to maintain profitability. If CC's share price falls we could be at risk of a takeover.

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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.

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This document consists of **10** printed pages, **2** blank pages and **1** Insert.

- 1 (a) Identify and explain **one** advantage and **one** disadvantage to CC of being a public limited company.

Advantage: .....

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Explanation: .....

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Disadvantage: .....

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Explanation: .....

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.....[8]

(b) CC needs to communicate a new health and safety regulation to its factory workers. Consider the advantages and disadvantages of each of the following **three** ways CC could use. Recommend the most effective way to use. Justify your answer.

Posters on factory noticeboards: .....

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CC website: .....

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Text (mobile phone message) to factory workers: .....

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Recommendation: .....

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[12]

- 2 (a) CC's Marketing manager wants to carry out market research. Identify and explain **two factors** which could influence the accuracy of the market research data.

Factor 1: .....

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Explanation: .....

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Factor 2: .....

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Explanation: .....

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3 (a) Identify and explain **two** benefits to CC workers of joining a trade union.

Benefit 1: .....

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Explanation: .....

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Benefit 2: .....

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Explanation: .....

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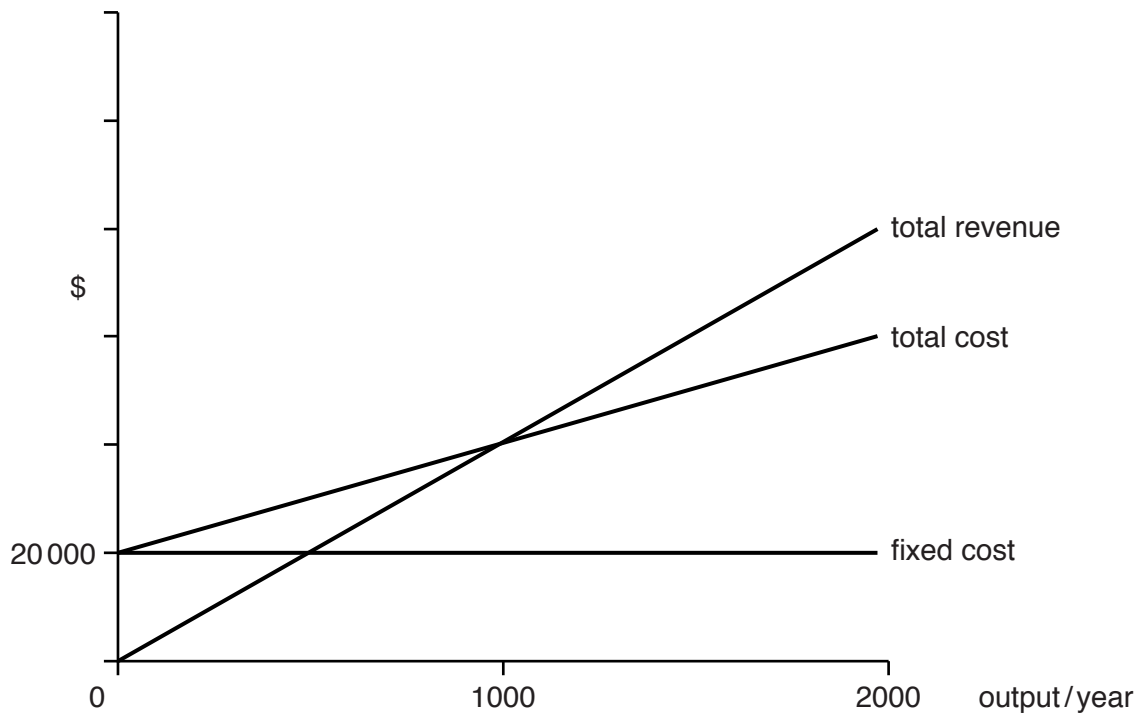
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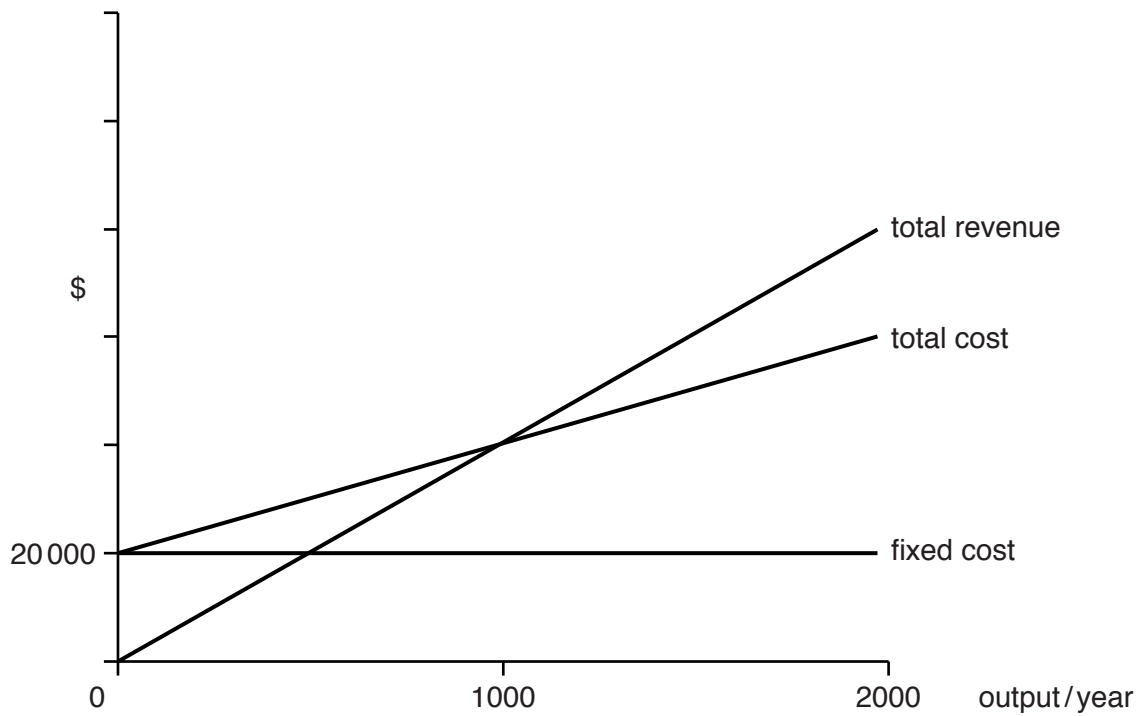
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### Option 1 – Increase the price of the cooker to \$60



### Option 2 – Decrease the variable cost of the cooker to \$10



(b) The charts on the opposite page show the break-even point using a price of \$40 per cooker and variable cost of \$20 per cooker.

Show what happens to the break-even point for **each** of the following options by **drawing** on each chart on the opposite page:

- Option 1 – Increase the price of the cooker to \$60
- Option 2 – Decrease the variable cost of the cooker to \$10

Consider these **two** options for increasing the profitability of the cooker. Recommend which option the directors should choose. Justify your answer.

Option 1: .....

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Option 2: .....

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Recommendation: .....

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[12]

- 4 (a) Identify and explain **one** advantage and **one** disadvantage to CC of employing skilled workers in the factories.

Advantage: .....

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Explanation: .....

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Disadvantage: .....

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Explanation: .....

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.....[8]

- (b) CC wants to expand into country Z and has the choice of merging with a competitor in country Z or setting up its own factory in country Z. Consider these two options and recommend which one CC should choose. Justify your answer.

Merging with a competitor in country Z: .....

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Setting up its own factory in country Z: .....

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Recommendation: .....

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