



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS  
International General Certificate of Secondary Education

CANDIDATE  
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**BUSINESS STUDIES**

**0450/22**

Paper 2

**October/November 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 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.

For Examiner's Use	
<b>1</b>	
<b>2</b>	
<b>3</b>	
<b>4</b>	
<b>5</b>	
<b>Total</b>	

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



- 1 (a) Carlos thinks that good customer service is very important to the business. Explain **two** reasons why this might be true for BB Boat Tours.

*For  
Examiner's  
Use*

Reason 1: .....

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Reason 2: .....

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.....[8]

(b) Abdul wants to change the pricing strategy used by the business. It currently uses cost plus pricing. Consider **three** other pricing strategies that could be used and recommend which pricing strategy you think would be the best one. Justify your answer.

*For  
Examiner's  
Use*

Pricing strategy 1: .....  
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Pricing strategy 2: .....  
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Pricing strategy 3: .....  
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Recommendation: .....  
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[12]

- 2 (a) Bruce is thinking of leaving the partnership. Identify and explain **two** factors Bruce might consider when deciding whether or not to leave the partnership.

Factor 1: .....

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Explanation: .....

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Factor 2: .....

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Explanation: .....

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..... [8]

(b) The brothers want to reduce the size of the business to reduce their losses. Using the information in Appendix 1, calculate the net profit per day for each of the **three** boat tours. Using these results and other information from the case, recommend which boat tour they should stop operating. Justify your answer.

Net profit for dolphin watching: .....

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Net profit for fishing: .....

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Net profit for diving: .....

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Recommendation: .....

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[12]

3 (a) Appendix 2 shows the website of one of BB Boat Tours' competitors. Identify and explain **four** ways that BB Boat Tours could make use of the Internet.

1. ....

Explanation: .....

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2. ....

Explanation: .....

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3. ....

Explanation: .....

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4. ....

Explanation: .....

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..... [8]

(b) The brothers have decided to reduce the number of employees. Explain **three** factors they should consider when deciding which employees to make redundant. Which do you think is the most important factor? Justify your answer.

*For  
Examiner's  
Use*

Factor 1: .....  
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Factor 2: .....  
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Factor 3: .....  
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Most important factor: .....  
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[12]

- 4 (a) BB Boat Tours made a loss last year and this worried the brothers. Identify and explain **two** reasons why converting the partnership to a private limited company might be better for Abdul, Bruce and Carlos.

Reason 1: .....

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Explanation: .....

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Reason 2: .....

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Explanation: .....

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..... [8]





- 5 (a) The local currency has fallen in value (depreciated) against the euro. This means each unit of the local currency buys fewer euros than last year. Identify and explain **two** effects this might have on BB Boat Tours.

Effect 1: .....

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Explanation: .....

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Effect 2: .....

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Explanation: .....

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..... [8]



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