



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

CANDIDATE  
NAME

--

CENTRE  
NUMBER

--	--	--	--	--

CANDIDATE  
NUMBER

--	--	--	--



**BUSINESS STUDIES**

**0450/21**

Paper 2

**October/November 2019**

**1 hour 30 minutes**

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 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.

The total number of marks for this paper is 80.

This syllabus is regulated for use in England, Wales and Northern Ireland as a Cambridge International Level 1/Level 2 Certificate.

This document consists of **9** printed pages and **3** blank pages.



1 (a) Identify and explain **one** benefit and **one** cost to MF of developing the new product.

Benefit: .....

.....

Explanation: .....

.....

.....

.....

.....

.....

Cost: .....

.....

Explanation: .....

.....

.....

.....

.....

.....

[8]

(b) Consider how the following **three** elements of the marketing mix could help to make the new product successful. Which do you think is the most important element for the success of the new product? Justify your answer.

Price: .....

.....

.....

.....

.....

.....

.....

Place: .....

.....

.....

.....

.....

.....

.....

Promotion: .....

.....

.....

.....

.....

.....

.....

Conclusion: .....

.....

.....

.....

.....

.....

.....

..... [12]

- 2 (a) Identify and explain how the following **two** stakeholder groups of MF will be affected by the production of this new product.

Employees: .....

.....

Explanation: .....

.....

.....

.....

.....

.....

Customers: .....

.....

Explanation: .....

.....

.....

.....

.....

.....

[8]

(b) Consider how each of the following might use MF's financial statements as shown in Appendix 1. Which user would find the information most helpful? Justify your answer.

Government: .....

.....  
.....  
.....  
.....  
.....  
.....

Bank: .....

.....  
.....  
.....  
.....  
.....  
.....

Shareholders: .....

.....  
.....  
.....  
.....  
.....  
.....

Conclusion: .....

.....  
.....  
.....  
.....  
.....  
.....

.....  
.....

[12]

- 3 (a) Identify and explain how the following **four** departments of MF are likely to be affected by the development of its new product.

Marketing: .....

.....

.....

.....

Human Resources (HR): .....

.....

.....

.....

Operations: .....

.....

.....

.....

Finance: .....

.....

.....

.....

[8]

(b) Using the information provided in Appendix 3, consider the following **two** options for MF's new product. Recommend which option MF should choose to ensure the highest profit for the new product. Justify your answer.

Option 1 - raise the price per carton from \$5 to \$7.50: .....

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....

Option 2 - reduce the variable cost per carton from \$2.50 to \$2.00: .....

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....

Recommendation: .....

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....

[12]

4 (a) Identify and explain **two** differences between:

(i) MF and unincorporated businesses:

Difference 1: .....  
.....  
.....

Difference 2: .....  
.....  
.....  
.....

[4]

(ii) MF and public sector organisations:

Difference 1: .....  
.....  
.....

Difference 2: .....  
.....  
.....  
.....

[4]



(b) Consider the possible external costs and external benefits resulting from MF's new product. Recommend whether the Government should encourage MF to produce this new product. Justify your answer.

External costs: .....

.....

.....

.....

.....

.....

.....

.....

.....

.....

External benefits: .....

.....

.....

.....

.....

.....

.....

.....

.....

.....

Recommendation: .....

.....

.....

.....

.....

.....

.....

.....

.....

.....

[12]

**BLANK PAGE**

**BLANK PAGE**

**BLANK PAGE**

---

Permission to reproduce items where third-party owned material protected by copyright is included has been sought and cleared where possible. Every reasonable effort has been made by the publisher (UCLES) to trace copyright holders, but if any items requiring clearance have unwittingly been included, the publisher will be pleased to make amends at the earliest possible opportunity.

To avoid the issue of disclosure of answer-related information to candidates, all copyright acknowledgements are reproduced online in the Cambridge Assessment International Education Copyright Acknowledgements Booklet. This is produced for each series of examinations and is freely available to download at [www.cambridgeinternational.org](http://www.cambridgeinternational.org) after the live examination series.

Cambridge Assessment International Education is part of the Cambridge Assessment Group. Cambridge Assessment is the brand name of the University of Cambridge Local Examinations Syndicate (UCLES), which itself is a department of the University of Cambridge.