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BUSINESS STUDIES

0450/02

Paper 2 Case Study

For examination from 2020

SPECIMEN PAPER

1 hour 30 minutes

You must answer on the question paper.

You will need: Insert (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Use a black or dark blue pen. You may use an HB pencil for any diagrams or graphs.
- Write your name, centre number and candidate number in the boxes at the top of the page.
- Write your answer to each question in the space provided.
- Do **not** use an erasable pen or correction fluid.
- Do **not** write on any bar codes.
- You may use a calculator.

INFORMATION

- The total mark for this paper is 80.
- The number of marks for each question or part question is shown in brackets [].
- The insert contains the case study.

This document has **10** pages. Blank pages are indicated.

1 (a) Explain **two** possible reasons why Bethany wants the business to remain small.

Reason 1:

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Explanation:

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Reason 2:

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Explanation:

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..... [8]

(b) Explain why the following **three** factors are important to Bethany when choosing a business partner:

- knowledge of new technology
- experience in managing a health spa
- capital to invest.

Which factor do you think is most important? Justify your answer.

Knowledge of new technology:

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Experience in managing a health spa:

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Capital to invest:

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Conclusion:

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..... [12]

- 2 (a) Explain **two** reasons why it is important to Bethany to identify changes in customer preferences.

Reason 1:

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Explanation:

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Reason 2:

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Explanation:

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..... [8]

(b) State the advantages and disadvantages of the following **three** ways to achieve good quality service at the health spa:

- only employ highly trained workers
- record all customer complaints
- buy only the best quality materials to use in the health spa.

Which do you think is the most important way? Justify your answer.

Only employ highly trained workers:

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Record all customer complaints:

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Buy only the best quality materials to use in the health spa:

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Conclusion:

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..... [12]

3 (a) Explain **four** reasons why effective communication between the owner and employees in a business is important.

Reason 1:

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Explanation:

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Reason 2:

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Explanation:

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Reason 3:

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Explanation:

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Reason 4:

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Explanation:

..... [8]

(b) Consider the weekly forecasts in Appendix 2 for the **two** additional services Bethany could choose:

- hair cuts
- steam room.

Include calculation of profit for the two services in your response.

Which additional service should Bethany choose to offer? Justify your answer.

Hair cuts:

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Steam room:

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Recommendation:

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- 4 (a) Explain **four** ways the new technology identified in Appendix 3 could help Bethany improve her business.

Way 1:

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Explanation:

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Way 2:

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Explanation:

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Way 3:

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Explanation:

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Way 4:

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Explanation:

..... [8]

(b) Explain how the following **two** changes are likely to affect The BB Health Spa:

- lower income tax in country X
- increase in interest rates in country X.

Which change is likely to have the most effect on profit? Justify your answer.

Lower income tax in country X:

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Increase in interest rates in country X:

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Conclusion:

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[12]

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