



# Cambridge IGCSE™

CANDIDATE  
NAME

CENTRE  
NUMBER

--	--	--	--	--	--

CANDIDATE  
NUMBER

--	--	--	--

## BUSINESS STUDIES

0450/21

Paper 2 Case Study

October/November 2020

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 **12** pages. Blank pages are indicated.



1 (a) Explain **two** reasons why having business objectives is important to Gemma.

Reason 1: .....

.....

Explanation: .....

.....

.....

.....

.....

.....

Reason 2: .....

.....

Explanation: .....

.....

.....

.....

.....

.....

[8]

(b) Consider the advantages and disadvantages of buying the Beautywise franchise. Do you think Gemma was right to buy the franchise? Justify your answer.

Advantages: .....

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

Disadvantages: .....

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

Conclusion: .....

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

[12]

- 2 (a) Explain **four** requirements for the new manager that Gemma should include in the job specification below.

**Job specification for the shop manager**

Job title: Shop manager  
Location: New shop  
Details of job: Manage the shop and the employees

Requirement 1: .....

Explanation:.....

.....

.....

Requirement 2: .....

Explanation:.....

.....

.....

Requirement 3: .....

Explanation:.....

.....

.....

Requirement 4: .....

Explanation:.....

.....

.....

[8]

- (b) Consider the advantages and disadvantages of the **three** towns for the new shop shown in Appendix 3. Recommend which town Gemma should choose for the location of the new shop. Justify your answer.

Town A: .....

.....

.....

.....

.....

.....

.....

Town B: .....

.....

.....

.....

.....

.....

.....

Town C: .....

.....

.....

.....

.....

.....

.....

Recommendation: .....

.....

.....

.....

.....

.....

.....

[12]

3 (a) Explain why liquidity and profitability are important to a business.

Liquidity: .....

.....

.....

.....

.....

.....

.....

.....

.....

.....

Profitability: .....

.....

.....

.....

.....

.....

.....

.....

.....

.....

[8]

(b) Consider the advantages and disadvantages of the following **three** sales promotion methods Gemma could use for the new shop. Recommend which method Gemma should choose to maximise revenue. Justify your answer.

- Buy one, get 50% off second purchase
- 10% off everything in the shop for one week after opening
- Pay a celebrity to open the shop

Buy one, get 50% off second purchase:.....

.....

.....

.....

.....

.....

10% off everything in the shop for one week after opening:.....

.....

.....

.....

.....

.....

Pay a celebrity to open the shop:.....

.....

.....

.....

.....

.....

Recommendation:.....

.....

.....

.....

.....

.....

[12]

4 (a) Explain the effect of the following changes on GJ.

- Depreciation in the exchange rate of country Z
- Increase in income tax in country Z

Depreciation in the exchange rate of country Z: .....

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

Increase in income tax in country Z: .....

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

[8]



(b) Consider how the following **three** changes might affect GJ. Which change is likely to have the most effect on GJ's profit? Justify your answer.

- All jewellery packaging must state in which country the product has been made
- Country Z has entered a boom phase of the business cycle
- A higher percentage of people in country Z use mobile (cell) phones

All jewellery packaging must state in which country the product has been made:.....

.....

.....

.....

.....

.....

Country Z has entered a boom phase of the business cycle: .....

.....

.....

.....

.....

.....

A higher percentage of people in country Z use mobile (cell) phones:.....

.....

.....

.....

.....

.....

Conclusion: .....

.....

.....

.....

.....

.....

[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.