



Cambridge International AS & A Level

BUSINESS

9609/02

Paper 2 Business Concepts 2

For examination from 2023

SPECIMEN PAPER

1 hour 30 minutes



You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 60.
- The number of marks for each question or part question is shown in brackets [].

This document has **6** pages. Any blank pages are indicated.

1 Barbecue House (BH)

BH is a fast food restaurant and takeaway business, which sells a range of burgers, kebabs, pizzas and side orders. BH also has a delivery service to the local area.

BH is owned by Amir who mortgaged his home to finance the start-up of the business. Amir operates BH as a sole trader. His son also works within the business as a chef. Amir has been advised to change the legal structure of BH and to become a private limited company to protect the business and himself.

BH is located on a busy high street. There are many other similar businesses on the high street and in the surrounding area. Amir knows that the continued success of the business requires him to identify a gap in the market and develop a unique selling point (USP). Amir has carried out some market research (see Table 1.1 and Fig. 1.1).

Table 1.1: Market research data about competitors within 2 km of BH

Total number of competitors	8
Number of competitors who offer delivery services	4
Number of competitors who do not sell Asian food	6

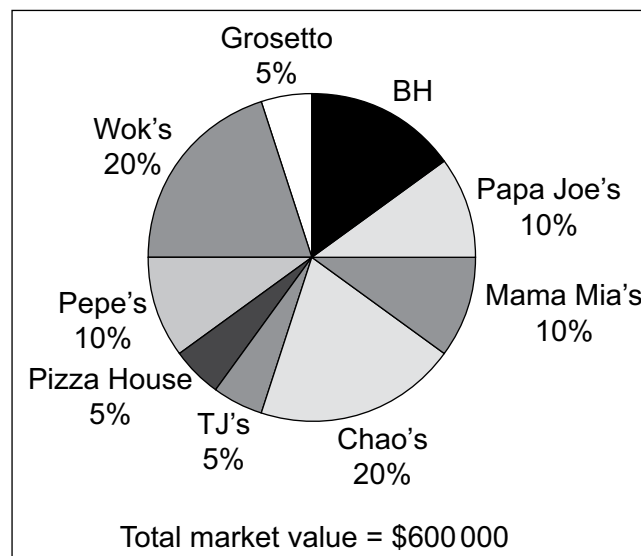


Fig. 1.1: Market share data for competitors within 2 km of BH

The two market leaders are Wok's and Chao's. Both businesses specialise in Asian food but neither has a delivery service. Amir would like to increase BH's market share. He is considering starting to sell Asian food. None of his employees have any experience cooking or selling Asian food but Amir believes that the possible increase in income would be worth any extra costs.

- (a) (i) Identify **one** benefit for a business of a unique selling point (USP). [1]
- (ii) Explain the term 'sole trader' (line 4). [3]
- (b) (i) Refer to Fig. 1.1. Calculate the value in dollars (\$) of BH's share of the market. [3]
- (ii) Explain **one** reason why Amir carried out market research. [3]
- (c) Analyse **one** advantage and **one** disadvantage, to Amir, of BH becoming a private limited company. [8]
- (d) Evaluate whether BH should sell Asian food. [12]

2 Designer Clothing (DC)

DC is a medium sized private limited company. It has been trading for 10 years. DC makes luxury dresses for women using job production methods. DC has an excellent reputation for quality. A DC designer has a meeting with every customer to design a dress that satisfies the customer's individual needs, including choice of fabric and colour. Cost-based pricing is used with 50% added to the average cost of each dress.

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DC's employees are highly skilled and paid hourly rates (a time based method). Ikram, one of the designers, has just had a meeting with a new customer, Lydia. Lydia wants Ikram to design and make a new dress for her. Ikram has worked out the production data shown in Table 2.1 for the dress.

Table 2.1: Production data for the dress for Lydia

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Production time	20 hours
Hourly rate	\$10
Material costs	\$250
Indirect cost allocation	\$25
Other costs such as packaging	\$25

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Jenny, the Managing Director, wants to use DC's excellent reputation and move into a new market. Jenny wants to create a new range of DC branded trousers for women. Jenny has developed some elements of a marketing mix for the new trousers:

- Product: quality trousers aimed at women aged 25–50
- Distribution channel: sold in large shops
- Promotion: branded with the DC logo

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Jenny will develop a business plan when she receives the market research report, which includes feedback from a focus group. Jenny thinks that the pricing strategy DC currently uses will not be appropriate for the new trousers.

The new product range would use a batch production method. The Production Director, Khaleal, has identified the machinery needed for the new production method. Khaleal is worried about the problems that introducing the new production method might cause DC's employees.

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- (a) (i) Identify **one** indirect cost. [1]
- (ii) Explain the term 'business plan' (line 22). [3]
- (b) (i) Refer to Table 2.1 and other information. Calculate the price of the dress for Lydia. [3]
- (ii) Explain **one** payment method, other than time based, that DC could use to pay its employees. [3]
- (c) Analyse **two** human resource problems that DC might experience from the introduction of a new batch production method. [8]
- (d) Evaluate suitable pricing methods that DC could use for the new range of trousers. [12]

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