Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/22**

Paper 2 Data Response **May/June 2022**

1 hour 30 minutes

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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 **4** pages.

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1 Farm Produce (FP)

FP is a primary sector co-operative made up of six farms in country G. Each farm grows a range of fruit and vegetables. FP employs 26 workers across the farms and distribution centre. Each farm transports its fruit and vegetables to the distribution centre where they are packaged and sent to customers' homes. Table 1.1 contains data about the farming industry in country G.

Table 1.1: Data about the farming industry in country G

- Farms producing fruit and vegetables are given an annual government grant.
- Most farms are labour intensive.
- The government promotes the importance of eating fresh fruit and vegetables.
- Most farms are small family businesses.
- Minimum wage for farm workers will increase by 10% next year.

FP's customers pay for a box of seasonal fruit and vegetables that is delivered each week. Data about the different box sizes sold by FP is shown in Table 1.2.

Table 1.2: FP's cost and price data

Box size	Variable cost per box ($)	Allocated monthly fixed costs ($)	Price per box ($)	Sales in April 2022
Small	8	2000	10	400
Medium	10	2000	20	300
Large	15	2000	35	150

FP is concerned about the profitability of the small box size. It believes it should stop selling this product.

Please ensure text is fully justified throughout.

(a) (i) Define the term 'labour intensive' (line 8). [2]

(ii) Explain the term 'co-operative' (line 1). [3]

(b) (i) Refer to Table 1.2. Calculate the profit made by FP in April 2022. [4]

(ii) Explain **one** problem FP may have when deciding how to allocate fixed costs to each box size. [2]

(c) Analyse how **two** stakeholders of FP might be affected by a decision to stop selling the small box size. [8]

(d) Evaluate the most important factor affecting the supply of FP's boxes of fruit and vegetables to customers. [11]

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2 Seaside Hotel (SH)

SH is a large hotel located in a tourist area of country H. SH has 120 rooms and employs 42 workers during the peak (busiest) season which is from April to September. Table 2.1 shows employee data for SH's peak season.

Table 2.1: Employee data for SH's peak season

Type	Number	Main tasks
Manager	3	• decision making • supervising other employees
Cleaner	12	• cleaning rooms, corridors and reception area to required standard • maintaining a clean and safe working environment
Customer service	16	• greeting guests upon arrival • making sure guests are satisfied
Marketing	7	• designing promotional materials • promoting hotel to increase number of guests
Other	4	• various

SH makes half of the cleaners and customer service employees redundant at the end of the peak season.

To break even, the hotel must sell 72 rooms per night. The hotel offers good views of the sea and it is very busy in the peak season when the weather is hot. Table 2.2 shows SH's sales of rooms.

Table 2.2: SH's sales of rooms 2021–2022

Time period	Average percentage of rooms sold per night
April 2021 – September 2021	95%
October 2021 – March 2022	45%

SH does not have a restaurant. It has a joint venture with a restaurant close to the hotel where SH's customers receive a discount on their food and drink. The hotel advertises the restaurant on social media and the restaurant advertises the hotel on its menu.

Tia is one of the managers of SH. She has an autocratic leadership style and is responsible for the cleaners and marketing employees.

The directors of SH aim to increase the value added to the service that SH provides.

(a) (i) Define the term 'redundant' (line 16). [2]

(ii) Explain the term 'joint venture' (line 25). [3]

(b) (i) Refer to Table 2.2 and any other information. Calculate the average margin of safety from April to September 2021. [2]

(ii) Explain **two** possible limitations to SH of using break-even analysis. [4]

(c) Analyse **one** possible advantage and **one** possible disadvantage to SH of Tia's autocratic leadership style. [8]

(d) Recommend how SH could increase the value added to its service. Justify your recommendation. [11]

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