Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/22**

Paper 2 Business Concepts 2 **May/June 2023**

1 hour 30 minutes

7332650600

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 **8** pages. Any blank pages are indicated.

© UCLES 2023

1 Office Furniture Designs (OFD)

Markus is an entrepreneur and is planning to set up a private limited company called OFD in four weeks' time. OFD will be an online retailer selling office furniture directly to business customers. Products will be sent directly to customers from OFD's warehouse. OFD's product range will include office chairs, desks and filing cabinets.

Markus will have limited start-up funds. OFD will operate in a competitive market and Markus is keen to offer high-quality customer service. He also will have to think carefully about opportunity cost.

As part of his business planning, Markus has prepared a cash flow forecast (see Table 1.1).

Table 1.1 OFD's cash flow forecast June – August 2023 ($ 000)

	June	July	August
Cash inflow			
Cash sales	8	12	15
Credit sales	0	15	24
Total inflow	8	27	39
Cash outflow			
Supplies	25	32	34
Utilities	3	3	4
Rent	15	15	15
Salaries	10	11	11
Operating expenses	5	7	8
Total outflow	58	68	72
Net cash flow	(50)	(41)	
Opening balance	10	(40)	
Closing balance	(40)	(81)	

Markus plans to offer all customers one month trade credit. However, as OFD is a new business, suppliers may insist on payment on delivery. Markus is currently researching sources of finance to improve OFD's cash flow.

OFD will need five employees who will work in the warehouse and three customer service assistants. Markus plans to offer two weeks of induction training to all employees.

© UCLES 2023

(a) (i) Identify **one** quality an entrepreneur needs for success. [1]

(ii) Explain the term *opportunity cost*. [3]

(b) (i) Refer to Table 1.1. Calculate the forecast closing balance for August 2023. [3]

(ii) Explain **one** factor that will influence Markus' choice of a source of finance. [3]

(c) Analyse **two** benefits to OFD of offering induction training to all employees. [8]

(d) Evaluate whether Markus needs accurate cost information before setting up OFD. [12]

2 MX Bikes (MXB)

MXB is a successful public limited company with many stakeholders. It has been trading for 15 years. It makes a range of bicycles and is currently the market leader for mountain bikes in country J. MXB's high-quality mountain bikes are sold at a high price to high-income leisure users. They are sold in a limited number of specialist bicycle shops.

Fig. 2.1 shows the annual revenue of mountain bike manufacturers in country J for 2022. *5*

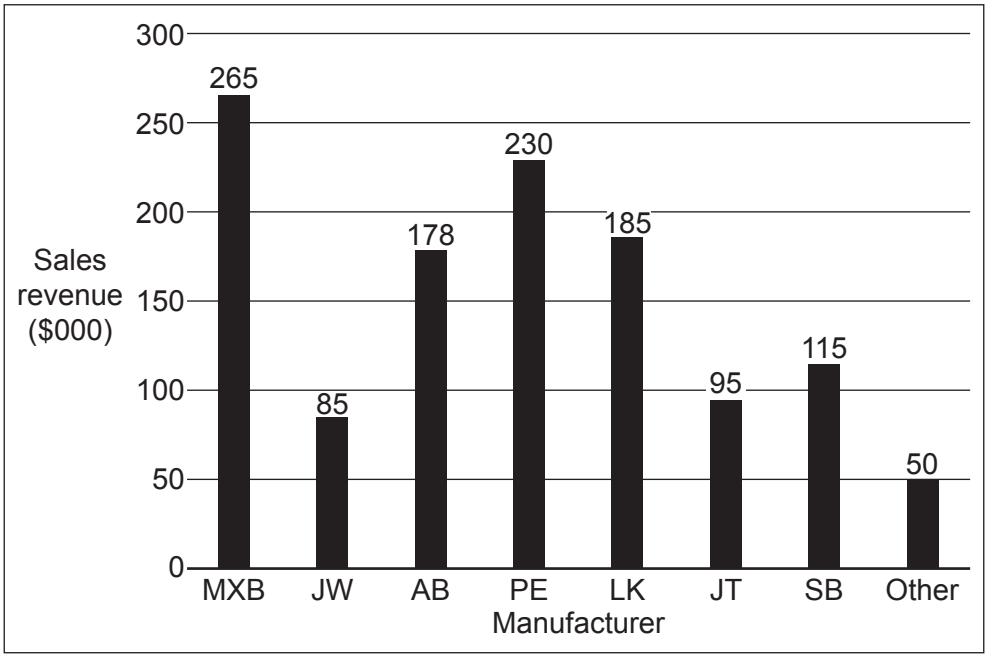


Fig. 2.1 Annual revenue of mountain bike manufacturers in country J for 2022

To grow the business and improve the sustainability of operations, MXB expanded its product portfolio by launching a range of electric scooters. This is a new and expanding market in country J, targeting the urban youth market.

MXB's business objectives are reviewed regularly by Rani, the Managing Director.

Rani is concerned that MXB's sales of mountain bikes have declined by 12% over the past year. Demand for mountain bikes in country J has remained static. She has asked the Marketing Director to recommend extension strategies to increase MXB's market share. *10*

(a) (i) Identify **one** stakeholder of a business. [1]

(ii) Explain the term *sustainability*. [3]

(b) (i) Refer to Fig. 2.1. Calculate MXB's market share of the mountain bike market in country J. [3]

(ii) Explain **one** reason why MXB's objectives may change. [3]

(c) Analyse **one** advantage and **one** disadvantage to MXB of growing by launching a new product range of electric scooters. [8]

(d) Evaluate how MXB can change its marketing mix to extend the product life cycle of its range of mountain bikes. [12]

© UCLES 2023

BLANK PAGE

© UCLES 2023

BLANK PAGE

© UCLES 2023

BLANK PAGE

© UCLES 2023

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 after the live examination series.

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

© UCLES 2023