UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
International General Certificate of Secondary Education

CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER				

8113457984

BUSINESS STUDIES **0450/23**

Paper 2 **October/November 2011**

1 hour 45 minutes

Candidates answer on the Question Paper.

Additional Materials: Insert

READ THESE INSTRUCTIONS FIRST

Write your Centre number, candidate number and name on all the work you hand in.
Write in dark blue or black pen.
Do not use staples, paper clips, highlighters, glue or correction fluid.
DO **NOT** WRITE IN ANY BARCODES.

Answer **all** questions.
The Insert contains the case study.
The businesses described in this question paper are entirely fictitious.

At the end of the examination, fasten all your work securely together.
The number of marks is given in brackets [ ] at the end of each question or part question.

For Examiner's Use	
1	
2	
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Total	

This document consists of **11** printed pages, **1** blank page and **1** Insert.

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1 **(a)** The directors of LL Drinks want to increase its market share. Identify and explain **two** other aims the directors might have for the business.

For Examiner's Use

Aim 1: .....

Explanation: .....

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Aim 2: .....

Explanation: .....

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(b) If LL Drinks follow Option 1 and try to sell their drinks in several new countries they will have a number of problems to overcome. Consider **three** problems for the business when entering a new market in a different country. Do you think each of these problems can be easily solved? Justify your answer.

For Examiner's Use

Problem 1: .....

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Problem 2: .....

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Problem 3: .....

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Conclusion: .....

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For Examiner's Use

2 **(a)** Referring to the information in the case, identify and explain **two** reasons why people might want to become shareholders of LL Drinks.

Reason 1: .....

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Explanation: .....

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Reason 2: .....

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Explanation: .....

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(b) LL Drinks might take over a competitor (Option 2). Identify **four** stakeholders of LL Drinks that would be affected by this takeover. Do you think each of these stakeholders would benefit from the takeover? Justify your answer.

For Examiner's Use

Stakeholder 1: .....

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Stakeholder 2: .....

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Stakeholder 3: .....

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Stakeholder 4: .....

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.....[12]

3 **(a)** LL Drinks sells a wide range of branded drinks. Identify and explain **two** ways that LL Drinks could promote a new fruit drink aimed at young children.

For Examiner's Use

First way: .....

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Explanation: .....

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Second way: .....

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Explanation: .....

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(b) Using the information in Appendix 1 and the rest of the case, consider the **two** options for increasing the market share of LL Drinks. Recommend which one of the two options the directors should choose. Justify your choice using appropriate calculations of profitability ratios.

For Examiner's Use

Option 1 (Sell existing brands in more countries): .....

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Option 2 (Take over competitor): .....

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Recommendation: .....

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For Examiner's Use

4 **(a)** As LL Drinks expands it could gain from economies of scale. Identify and explain **two** examples of economies of scale the business might benefit from as it expands.

Example 1: .....

Explanation: .....

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Example 2: .....

Explanation: .....

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(b) LL Drinks is considering building a new factory to produce and sell fruit drinks in either Country A or Country B. Refer to Appendix 3. Consider the advantages and disadvantages of each country and recommend the country where they should build the new factory. Justify your choice.

For Examiner's Use

Country A: .....

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Country B: .....

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Recommendation: .....

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5 **(a)** If LL Drinks decides to open a new factory in another country, it will need to give the workers an employment contract and obey Health and Safety laws. Identify what is meant by an 'employment contract' and 'Health and Safety laws' and explain why each is important for the employee.

For Examiner's Use

Employment contract: .....

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Explanation of importance to employee: .....

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Health and Safety laws: .....

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Explanation of importance to employee: .....

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(b) LL Drinks is a multinational company. Consider the advantages and disadvantages for a country if LL Drinks opens a factory there. Do you think the Government of that country should encourage LL Drinks to open the factory? Justify your answer.

For Examiner's Use

Advantages: .....

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Disadvantages: .....

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Recommendation: .....

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