Cambridge International Examinations
Cambridge International General Certificate of Secondary Education

BUSINESS STUDIES **0450/21**

Paper 2 **October/November 2015**

INSERT

1 hour 30 minutes

7777360338-I

READ THESE INSTRUCTIONS FIRST

This Insert contains the case study material.
Anything the candidate writes on this Insert will not be marked.

The syllabus is approved for use in England, Wales and Northern Ireland as a Cambridge International Level 1/Level 2 Certificate.

This document consists of **3** printed pages and **1** blank page.

DC (LK/AR) 97973/3
© UCLES 2015

CAMBRIDGE
International Examinations

[Turn over

Camper Companions (CC)

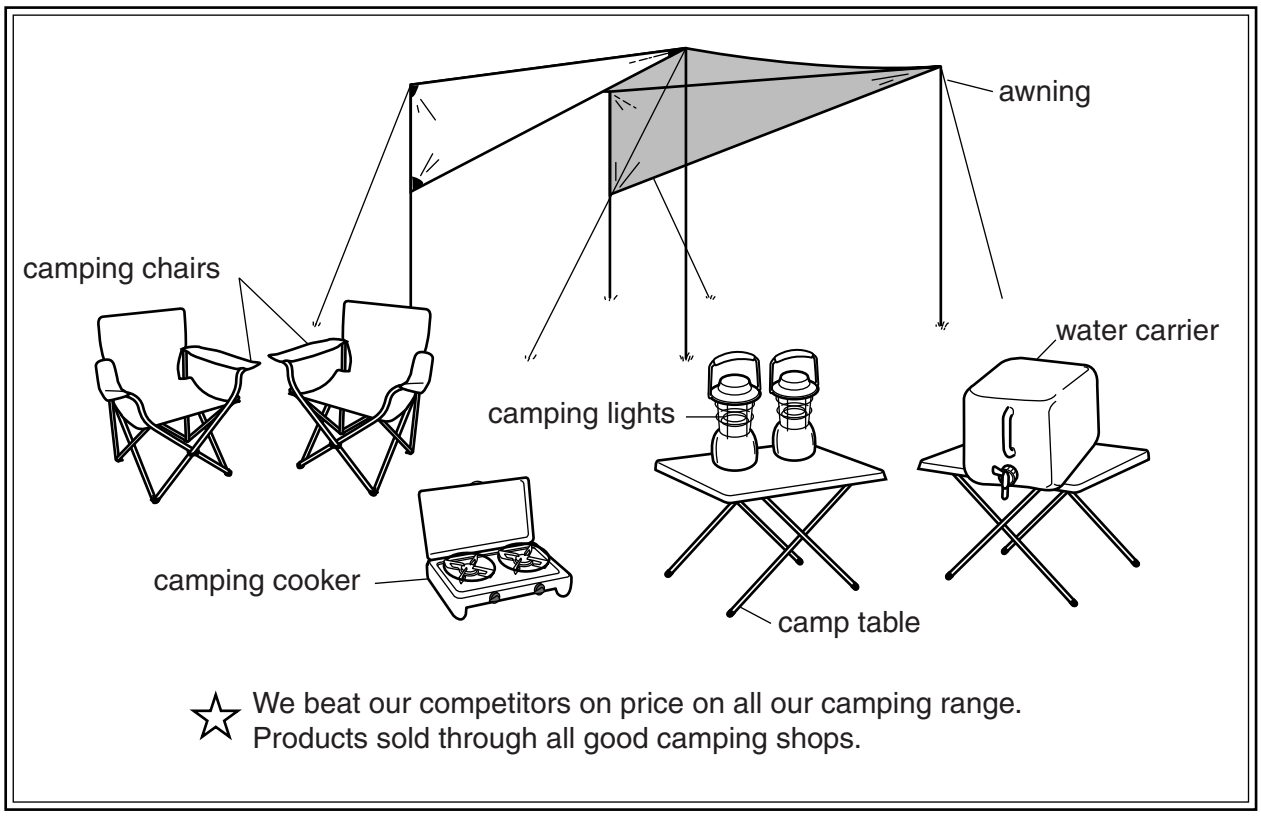
Camper Companions (CC) is a large public limited company set up 20 years ago in country X. It manufactures a wide range of camping equipment. Most of its customers own a tent or caravan.

Originally the company had one factory but now it has expanded to three factories. The directors want the company to continue to expand. Recently the directors of CC have considered merging with a competitor in country Z which manufactures a similar range of camping equipment.

Each of CC's three factories employs 100 skilled workers. Most of these workers are part-time and they are paid lower wage rates than workers in other similar businesses. The factories use many machines in the production of CC's products. The directors have not allowed workers to be members of a trade union but they are thinking of changing this decision.

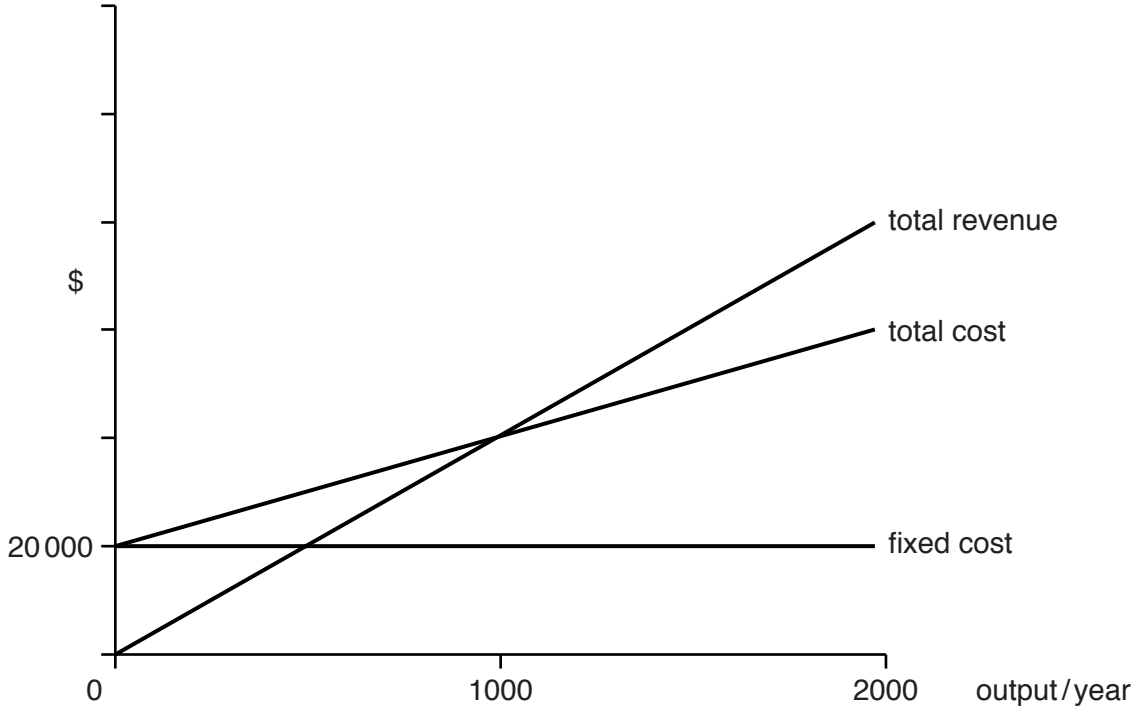
CC only sells its camping equipment in country X but the directors plan to start manufacturing and selling the equipment in several countries including country Z. Government grants are available for building new factories in country Z.

Appendix 1



Appendix 2

Break-even chart of CC's bestselling product – a camping cooker



Price = $40 per cooker
Variable cost = $20 per cooker

Appendix 3

To: Finance Director
From: Managing Director
Date: 10 October 2015
Re: Continued expansion of CC

We have a large number of loyal customers who buy our camping equipment in country X. However, we need to maintain our competitiveness and start to sell in other countries.

As a public limited company we have to maintain profitability. If CC's share price falls we could be at risk of a takeover.

© UCLES 2015

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 International Examinations Copyright Acknowledgements Booklet. This is produced for each series of examinations and is freely available to download at www.cie.org.uk after the live examination series.

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