ZIMBABWE SCHOOL EXAMINATIONS COUNCIL

General Certificate of Education Advanced Level

BUSINESS STUDIES 6025/2

PAPER 2

NOVEMBER 2019 SESSION 3 hours

Additional materials:
Answer paper

TIME 3 hours

INSTRUCTIONS TO CANDIDATES

Write your name, centre number and candidate number in the spaces provided on the answer paper/answer booklet.

Answer **all** questions in Section A and any **three** from Section B.

Write your answers on the separate answer paper provided.

If you use more than one sheet of paper, fasten the sheets together.

INFORMATION FOR CANDIDATES

The number of marks is given in brackets [ ] at the end of each question or part question.

You are advised to spend not more than 45 minutes on Section A.

The businesses described in this paper are entirely fictitious.

You are reminded of the need for good English and clear presentation in your answers.

Calculators may be used.

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Section A: Data Response [25 marks]

Answer **all** questions in this section.

1 Read the passage below and answer the questions that follow.

Abatcha Fisheries (Pvt) Ltd

Abatcha Fisheries (Pvt) Ltd is a company that was formed two years ago by four shareholders. The business is involved in the fishing of bass fish and distribution of the fish to small scale retail outlets. The firm runs its own retail shop for supply of fish to local customers.

There has been an increase in demand for bass fish by households and retail outlets. The increase in demand has necessitated the need to rent an additional boat to meet customer expectations.

The firm has also invested in research and development in order to improve its methods of fish harvesting and breeding of fish species. Following research activities, a new breed has been discovered that offers the benefit of early maturity. Feeding costs per fish are bound to decrease due to this major discovery.

The firm's management has recently identified a niche market made up of road-side vendors. The company's management is planning to convert the business into a public limited company.

The managers have a keen interest in achieving a production output that provides the most profitable outcome. The management has compiled some financial data to assist in production planning. The data below shows the current production position of Abatcha Fisheries (Pvt) Ltd.

Breakeven output	300 fish
Margin of safety	100 fish
Monthly rental for retail shop	$1 000
Monthly rental for an additional boat	$2 000
Monthly feeding costs per fish	$2

(a) Explain the following terms as they are used in the passage.

(i) margin of safety, [3]

(ii) niche market. [3]

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(b) Calculate

(i) Abatcha Fisheries (Pvt) Ltd's current output. [2]

(ii) the price that Abatcha Fisheries (Pvt) Ltd should charge in order to breakeven at the output of 300 fish. [3]

(c) Explain how Abatcha Fisheries can reduce its breakeven point. [4]

(d) Discuss the benefits of converting Abatcha Fisheries (Pvt) Ltd into a public limited company. [10]

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Section B: Essays [75 marks]

Answer any **three** questions from this section.

2 (a) Explain the importance of regional economic integration to business in your country. [10]

(b) Assess the contribution of training to a business organisation that sells computer accessories. [15]

3 (a) Explain the financial incentives that can be used to motivate staff by a food outlet located in a busy shopping centre. [12]

(b) Assess the contribution of informal leaders to a business organisation. [13]

4 (a) Explain the importance of effective communication to a business organisation. [10]

(b) Discuss the significance of Small to Medium Enterprises (SMEs) in your country. [15]

5 Evaluate the usefulness of a product life cycle to the production and marketing managers of a furniture manufacturing company. [25]

6 (a) Explain the importance of branding to an ice-cream manufacturer. [10]

(b) Assess the different ways that can be used to improve productivity by any organisation of your choice. [15]

7 (a) Explain the costs associated with holding stocks. [10]

(b) Evaluate the contribution of advertising in the marketing strategy of a company. [15]

8 (a) Explain the importance of effective working capital management to a business organisation. [10]

(b) How useful are decision trees in supporting management decision making? [15]

9 To what extent are financial statements useful to stakeholders of a business? [25]

10 (a) Explain the stages of project formulation. [10]

(b) Evaluate the appropriateness of debt finance as a source of capital. [15]

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