ZIMBABWE SCHOOL EXAMINATIONS COUNCIL

General Certificate of Education Advanced Level

BUSINESS STUDIES 6025/2

PAPER 2

NOVEMBER 2021 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.

This question paper consists of 3 printed pages and 1 blank page.

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[Turn over

Section A: Data Response [25 marks]

Answer **all** questions in this section.

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

TEKLA LTD

TEKLA LTD has distinguished itself as a manufacturer of quality leather shoes. For a prolonged period, the company has enjoyed a dominant market share and high profit margins. However, in the past five years the company has experienced a change in fortunes as profits have been declining. This is as a result of intense competition from both local and foreign firms. Another threat has been the increase in imported shoes from South Africa following the appreciation of the local currency against the South African Rand. While the local shoes remain superior in quality, customers prefer buying imported shoes from South Africa which are relatively cheaper.

The Chief Executive Officer (C.E.O), Susan Young has highlighted the need to change the method of production from batch to flow production in order to improve the performance of the company in the foreseeable future. In her justification, she emphasised the need to increase economies of scale and reduce prices in order to regain competitive advantage in the shoe manufacturing industry.

The C.E.O has provided the following data that will result from the requisite investment in new equipment for flow production and the cash flows expected in the first four years of the new investment. The project will require an initial investment of $600 000. The cash flows expected in the first four years are as follows:

	$
Year 1	100 000
Year 2	100 000
Year 3	200 000
Year 4	300 000

The policy of the company is to accept projects which payback within a period of 3 years.

(a) Define the term *appreciation of currency* as it is used in the passage. [3]

(b) **(i)** Calculate the payback period for TEKLA LTD if it proceeds with the proposed change. [3]

(ii) Using the result in **b(i)**, comment on whether TEKLA LTD should accept the project. [3]

(c) Explain any other methods that can be employed by TEKLA LTD to regain its competitive advantage. [6]

(d) Evaluate the likely implications to TEKLA LTD of changing from batch to flow production method. [10]

Section B: Essays [75 marks]

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

2	**(a)**	Explain the need for business activities to the economy of your country.	[10]
	(b)	Evaluate the relevance of Abraham Maslow's hierarchy of needs theory to an organisation of your choice.	[15]
3	**(a)**	Explain the importance of job evaluation to an organisation.	[10]
	(b)	Discuss the measures that may be adopted by a government to assist companies engaged in export trade.	[15]
4	**(a)**	How can management assess the effectiveness of communication within the organisation?	[10]
	(b)	Discuss the appropriateness of any **two** investment appraisal techniques that may be used when appraising projects.	[15]
5		Evaluate the importance of Information Communication Technologies (ICTs) in a business of your choice.	[25]
6	**(a)**	Discuss the factors that influence the quantities of stock to be held by a firm.	[12]
	(b)	Evaluate the contribution of value analysis (value engineering) to a business of your choice.	[13]
7	**(a)**	Distinguish between management accounting and financial accounting.	[10]
	(b)	Evaluate the significance of Cost Benefit Analysis (CBA) in the construction of a dam.	[15]
8	**(a)**	Explain the reasons why a business should make a provision for depreciation in the books of accounts.	[10]
	(b)	Discuss the contribution of privatisation to the economy of your country.	[15]
9	**(a)**	Explain any **four** components of a business plan.	[10]
	(b)	Discuss the methods of conflict resolution that may be employed by a manager of a retail shop to improve industrial relations.	[15]
10		"Assisting small businesses is not important because it goes against the concept of economies of scale." Discuss.	[25]