ZIMBABWE SCHOOL EXAMINATIONS COUNCIL

General Certificate of Education Advanced Level

BUSINESS STUDIES 6025/2

PAPER 2

NOVEMBER 2018 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.

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

E & K Fisheries

Emma and Kero worked for an airliner for eight years. Upon retrenchment, they decided to run a fishery business under the partnership name E & K Fisheries. By the end of the third year, E & K Fisheries had become a force to reckon with in the fishing industry.

Motivated by their current market position, Emma and Kero are now considering the idea of opening a second branch. The forecasted cash flows and discounting factors for the first four years of operation of this branch are shown below.

Year	Cash flows ($)	Discount factors at 10%
0	(300 000)	1.00
1	120 000	0.91
2	130 000	0.83
3	100 000	0.75
4	90 000	0.68

These are forecasted cash flows which will be used to determine the Net Present Value and Payback Period for the venture.

To raise the $300 000 initial capital needed for the second branch, Emma and Kero have agreed to incorporate.

(a) With the aid of an appropriate example, explain the meaning of the term *payback period*. [3]

(b) **(i)** Using information from the passage, calculate the Net Present Value (NPV) of opening a second branch. [3]

(ii) Comment on the usefulness of Net Present Value to E & K Fisheries when making investment decisions. [5]

(c) Explain other factors that might influence Emma and Kero's final decision on whether or not to open the new branch. [4]

(d) Assess the benefits to E & K Fisheries of incorporation. [10]

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Section B: Essays [75 marks]

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

2 Discuss the importance of delegation to an expanding business. [25]

3 (a) Why might management be concerned with the motivation of its workforce? [10]

(b) Evaluate measures management might employ to involve its workforce in decision making. [15]

4 "Price is the single most important factor in the marketing of a product." Evaluate this statement. [25]

5 (a) Explain the ways an Operations Manager might use to improve capacity utilisation. [10]

(b) Discuss the benefits of employing a capital intensive production process to a cellphone manufacturer. [15]

6 (a) Why might some firms present window-dressed accounts? [10]

(b) Critically examine the significance of a business' published accounts to its stakeholders. [15]

7 To what extent is the concept of elasticity of demand useful to a manufacturer of kitchen appliances? [25]

8 (a) Explain the main elements of a network diagram. [8]

(b) Evaluate the relevance of critical path analysis in production planning and control. [17]

9 (a) Account for the survival of small businesses in markets dominated by large businesses. [10]

(b) Examine the impact of the growth of multinational companies to the economy of your country. [15]

10 (a) Analyse the factors a business might consider when deciding whether or not to use primary research. [10]

(b) Discuss the appropriateness of the main methods used for visual presentation of information. [15]

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