ZIMBABWE SCHOOL EXAMINATIONS COUNCIL

General Certificate of Education Advanced Level

BUSINESS STUDIES 6025/2

PAPER 2

SPECIMEN PAPER 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 4 printed pages.

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Section A: Data response [25 marks]

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

Mobread Bakery produces bread, cakes, scones and buns for both domestic and export market. The bakery sources most of its raw materials locally, except packaging materials, which are imported. Mobread bakery management is contented with its rich product portfolio that has been generating high sales and profits over the years.

However, recent fluctuations in the exchange rate have led to a fall in sales and profit. In an attempt to reduce the negative impact of the exchange rate fluctuations management is contemplating revising the bakery's marketing strategy. Management can either reduce the price of its bread or increase promotional effort.

If management reduces the price of bread, the effect on sales is shown in **Table 1**.

Table 1

Price($)	Sales(Units)
1	200 000
0,8	230 000

On the other hand, if management increases its promotional effort, the effect on sales is as shown in **Table 2**.

Table 2

Promotional Expenditure ($)	Sales (Units)
50 000	200 000
55 000	250 000

Management intends to use the above information to come up with an appropriate marketing strategy.

(a) Define the meaning of the term product portfolio as used in the passage. [3]

(b) Calculate:

(i) price elasticity of demand from **Table 1**. [3]

1 **(b)** **(ii)** promotional elasticity of demand from **Table 2**. [3]

(c) Explain how management might use calculations in **(b)** above to make decisions. [6]

(d) Discuss the effect of exchange rate fluctuations on businesses such as Mobread Bakery. [10]

Section B: [75 Marks]

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

2 Discuss the impact of government economic policies on businesses. [25]

3 Two clothes manufacturing are proposing to merge.

(a) Explain the possible reasons that could be put forward to justify this merger. [10]

(b) Critically examine how stakeholders of the two firms might view this proposed merger. [15]

4 To what extent is the human resource function important to a business? [25]

5 Examine the extent to which financial incentives constitute the most important factor in determining worker productivity. [25]

6 A Multinational manufacturer of cell phones is about to launch a new smart phone in your country.

(a) Explain the factors that might affect the success of the launch of the smart phone. [10]

(b) Evaluate a marketing strategy the manufacturer might use to successfully launch the smart phone. [15]

7 **(a)** Analyse the factors that influence stock levels a firm might hold. [10]

(b) Evaluate the significance of the Just-in Time production system. [15]

8 **(a)** "Profitable firms do not have cash flow problems."

Explain why this statement is not necessarily true. [12]

(b) Evaluate the usefulness of ratio analysis to managers and shareholders. [13]

9 A large car-manufacturing business is considering purchasing new state of the art machinery.

(a) Examine the factors that might influence management's choice of sources of finance. [10]

(b) Discuss the appropriateness of equity finance to the car manufacturer. [15]

10 Assess the importance of the following decision making techniques to a business:

(a) network analysis, [9]

(b) value analysis, [8]

(c) blending. [8]