



Cambridge IGCSE™ (9-1)

CANDIDATE
NAME

CENTRE
NUMBER

--	--	--	--	--

CANDIDATE
NUMBER

--	--	--	--

BUSINESS STUDIES

0986/21

Paper 2 Case Study

May/June 2021

1 hour 30 minutes

You must answer on the question paper.

You will need: Insert (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Use a black or dark blue pen. You may use an HB pencil for any diagrams or graphs.
- Write your name, centre number and candidate number in the boxes at the top of the page.
- Write your answer to each question in the space provided.
- Do **not** use an erasable pen or correction fluid.
- Do **not** write on any bar codes.
- You may use a calculator.

INFORMATION

- The total mark for this paper is 80.
- The number of marks for each question or part question is shown in brackets [].
- The insert contains the case study.

This document has **12** pages. Any blank pages are indicated.



- 1 (a) Explain **four** reasons for changes in the relative importance of the primary, secondary and tertiary sectors in a country.

Reason 1:

.....

.....

.....

Reason 2:

.....

.....

.....

Reason 3:.....

.....

.....

.....

Reason 4:

.....

.....

.....

[8]

(b) Consider the following **three** problems for FO as it grows through takeovers. Which problem will be the easiest for FO to overcome? Justify your answer.

- More difficult to control the business
- Lack of finance
- Clash of business cultures

More difficult to control the business:

.....

.....

.....

.....

.....

Lack of finance:

.....

.....

.....

.....

.....

Clash of business cultures:

.....

.....

.....

.....

.....

Conclusion:

.....

.....

.....

.....

.....

[12]

- 2 (a) Explain **two** reasons why it is important for FO to manage all of its resources effectively when manufacturing products.

Reason 1:

.....

Explanation:.....

.....

.....

.....

.....

.....

Reason 2:

.....

Explanation:

.....

.....

.....

.....

.....

[8]

(b) Consider the benefits and limitations of the following **three** methods of communication FO could use. Which method of communication would be most suitable when contacting suppliers about a late delivery? Justify your answer.

- Email
- Mobile (cell) phone
- Letter

Email:

.....
.....
.....
.....
.....
.....

Mobile (cell) phone:

.....
.....
.....
.....
.....
.....

Letter:

.....
.....
.....
.....
.....
.....

Recommendation:

.....
.....
.....
.....
.....
.....

[12]

- 3 (a) Explain how **one** internal source and **one** external source of finance could be used by FO as it expands.

Internal source of finance:

.....

Explanation:

.....

.....

.....

.....

.....

External source of finance:

.....

Explanation:

.....

.....

.....

.....

.....

[8]

(b) Consider the advantages and disadvantages to FO of using a wholesaler, retailer or selling direct to the customer when distributing its products. Which channel of distribution should FO use? Justify your answer.

Wholesaler:

.....

.....

.....

.....

.....

.....

Retailer:

.....

.....

.....

.....

.....

.....

Selling direct to customer:

.....

.....

.....

.....

.....

.....

Recommendation:

.....

.....

.....

.....

.....

.....

[12]

4 (a) Using the information in Appendix 2:

(i) Calculate the break-even level of output per month

.....
.....
..... [2]

(ii) Calculate the margin of safety per month for tables:

.....
.....
..... [2]

(iii) Identify **four** limitations of using break-even analysis.

Limitation 1:.....
.....
Limitation 2:.....
.....
Limitation 3:.....
.....
Limitation 4:.....
..... [4]

(b) Refer to Appendix 2 and Appendix 3 and other information. Consider the following **three** ways FO could use to contribute to sustainable development:

- only use raw materials from sources that replace what they have used
- only use packaging that can be recycled
- only use electric vehicles to deliver products.

Which way should FO choose to maximise profit? Justify your answer.

Only use raw materials from sources that replace what they have used:

.....

.....

.....

.....

.....

Only use packaging that can be recycled:

.....

.....

.....

.....

.....

Only use electric vehicles to deliver products:

.....

.....

.....

.....

.....

Recommendation:

.....

.....

.....

.....

.....

[12]

BLANK PAGE

BLANK PAGE

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

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