UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education
Advanced Subsidiary Level and Advanced Level

BUSINESS STUDIES **9707/21**

Paper 2 Data Response **May/June 2013**

1 hour 30 minutes

Additional Materials: Answer Booklet/Paper

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READ THESE INSTRUCTIONS FIRST

If you have been given an Answer Booklet, follow the instructions on the front cover of the Booklet.
Write your Centre number, candidate number and name on all the work you hand in.
Write in dark blue or black pen.
Do not use staples, paper clips, highlighters, glue or correction fluid.

Answer **all** questions.
The businesses described in this question paper are entirely fictitious.

At the end of the examination, fasten all your work securely together.
The number of marks is given in brackets [ ] at the end of each question or part question.

This document consists of **3** printed pages and **1** blank page.

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1 The Harbour Hotel (HH)

HH is a family business, owned as a partnership.

In 2012 revenue from HH was $60 000 and in 2013 it is forecast to be $80 000. Saima, the Finance Director, estimates that revenue in the hotel market in the town will grow from $500 000 per year in 2012 to $600 000 per year for 2013.

At the moment the main market for HH is tourists. HH is marketed mainly through the Internet. It is advertised on the town's tourist office website and there are links with websites of companies that organise holidays. Prices are set low to meet the demands of the holiday companies. The hotel focuses mainly on facilities people use on holiday – swimming pools, lounges, the restaurant – as well as comfortable rooms.

The tourist market is very seasonal. Therefore, Saima would like to target the market for business customers. An international conference on trade will be held in the town next year. Saima thinks that this conference will provide good opportunities to enter the business market. This will require HH to provide additional conference facilities such as meeting rooms and information technology (IT) equipment.

HH employs 10 full-time and 5 part-time employees. There have been few workforce problems in recent years but Mike, the hotel manager, has noticed the following worrying developments.

- Two new employees often do not arrive at work on time and they have been absent several times recently.
- One very experienced employee left to work at another hotel for higher pay.
- Some employees complain that the amount of work they do has already increased.
- Several employees are expressing concerns that business customers will be more demanding than people on holiday.
- Some employees are complaining that they have not had a pay rise for two years.
- There have been complaints about the laissez faire attitude of the new manager of the restaurant – 'there are no standards any more, anything goes!' said the Chef.

(a) Explain the following terms:

(i) partnership (line 1) [3]

(ii) revenue (line 2). [3]

(b) **(i)** Calculate the forecast growth rate for the hotel market between 2012 and 2013. [2]

(ii) Comment on HH's forecast growth between 2012 and 2013 relative to the market as a whole. [4]

(c) Analyse how HH could change its marketing mix if the target market is changed to business customers. [8]

(d) Discuss methods for solving the human resource problems at HH. [10]

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2 Bright Glass (BG)

BG is a public limited company in the secondary sector. BG manufactures glass for use in windows. BG uses the brand name 'CleanG' for its most successful product. This is because of the special way it treats the surface of the glass – it stops the windows getting dirty. BG has grown rapidly in its own country, largely by taking risks and seeing opportunities early on. BG now wants to expand its operations into other countries. BG is considering two different countries for its new factory.

Table 1: Possible locations for a new factory

Country A	Small but rapidly growing economy	High unemployment, but the available workers are largely unskilled	Low rents, low building costs	Few employment laws/ regulations. High trade restrictions	Country very reliant on one major industry
Country B	Large developed economy, low growth	Low unemployment, but highly skilled workers available	Empty factories available but high rents	Many employment laws/ regulations. No trade restrictions	Economy with many different industries

Mebo, the Finance Director, has just received the following financial information for BG.

Table 2: Extract from Balance Sheet as at May 2013 ($m)

	May 2012	May 2013
Inventories	20	10
Accounts receivable	10	10
Cash	30	10
Accounts payable	40	60
Other current liabilities	0	0
Non-current assets	200	200

Mebo thinks that BG's financial situation should be improved before building a new factory.

(a) Explain the following terms:

(i) secondary sector (line 1) [3]

(ii) brand (line 2). [3]

(b) **(i)** Calculate BG's current ratio for May 2013. [3]

(ii) BG's current ratio for 2012 was 1.5. Comment on the change in BG's liquidity. [3]

(c) Analyse the benefits to BG of being a public limited company if it decides to expand to another country. [8]

(d) Recommend to BG the best location for the new factory. Use Table 1 and other information. Justify your answer. [10]

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