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

BUSINESS STUDIES **9707/23**

Paper 2 Data Response **October/November 2012**

1 hour 30 minutes

Additional Materials: Answer Booklet/Paper

4799085289

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.
You may use a soft pencil for any diagrams, graphs or rough working.
Do not use staples, paper clips, highlighters, glue or correction fluid.

Answer **all** questions.
The businesses described in this 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 Fastship (FS)

FS is a shipping agent in your country. FS provides services to businesses in your country that want to transport their products around the world. FS adds value by organising and coordinating all stages of the transport process/logistics. This involves organising collections, lorries, ports, shipping companies, deliveries and insurance from the factory to the final destination for each customer.

FS expects world trade to increase. The directors of FS want to use their skills as entrepreneurs to develop the company's services and to open offices in several countries. This will require:

- a more flexible and 'user friendly' booking system using the Internet
- communicating with many more customers and suppliers around the world
- monitoring shipping movements that are far more complex.

FS will need to recruit 10 staff to operate the business in each new country. The staff will need to gain skills in operating computers as well as having good organisation and communication skills. They will need to gain detailed knowledge of FS and of the shipping industry.

Angelos is the Managing Director of FS. He has produced the following cash flow forecasts in the business plan for setting up an office in country A.

Table 1: Cash flow forecasts ($000)

Quarter:	1	2	3	4	5
Opening balance	0	–350	–370	–410	–330
Income	0	0	0	100	500
Expenditure:					
Set-up costs	200				
Wages	20	20	20	20	20
Equipment	30		20		10
Rents	50				50
Training	50				
Closing balance	–350	–370	–410	–330	**X**

(a) Explain the following terms:

(i) adds value (line 2) [3]

(ii) entrepreneurs (line 6). [3]

(b) **(i)** Calculate the value of **X** in Table 1. [2]

(ii) Comment on the usefulness of this cash flow forecast to FS's bank. [4]

(c) Analyse methods of training that could be used to train new staff in each new country. [8]

(d) Discuss the likely impact on FS of using new technology. [10]

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2 Junior Games (JG)

JG produces computer games for children. This is a highly competitive market. The games can be bought by downloading from the Internet and are also available on disk. A director, Buzz, has done some market research into customers' preferences. He has found that for some age groups computer games are becoming less popular. Some older children want the fun of being able to play socially and competitively with traditional board games (such as chess).

Buzz got his son (who is studying A level Business Studies) to produce some more research results (see Figure 1).

Figure 1: Additional research results (showing number of responses)

Question 1: What types of games do you own? Computer 24, Board 2, Other 4
Question 2: What do you think of your computer games? Excellent 5, Average 10, Boring 9
Question 3: What sort of game will you buy next? Computer 3, Board 18, Don't know 9

JG's product development team has produced a new competitive board game called My First Billion (MFB). Players each have their own bank. They have to decide on the bank's interest rates, how much is lent to businesses and what level of risk they will take. When they land on a particular square on the board they can win or lose money depending on the decisions they have taken.

Few companies make board games any more. JG is considering moving into this market with MFB.

At the moment most employees of JG are information technology specialists. The disks are produced automatically using CAM (computer aided manufacture). The only non-automatic part of the process is packaging and despatch to customers.

If JG decides to produce MFB then JG will need to use a production line to make the board game. The work will be a lot less skilled, except for the work done by the design team.

Workers will need to:

- order materials
- manage inventories (materials and finished products)
- load and unload production line machines with the right materials
- service and repair machines
- manage orders and despatch.

(a) Define the following terms:

(i) director (line 2) [3]

(ii) interest rates (lines 13–14). [3]

(b) **(i)** Suggest **two** ways in which the information in Figure 1 could be presented. [2]

(ii) Briefly analyse the benefits of presenting the information in **one** of the ways you have selected. [4]

(c) Analyse the workforce problems that JG could experience when changing production to MFB. [8]

(d) Discuss the factors that JG should consider when marketing MFB. [10]

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