UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Ordinary Level

CANDIDATE NAME

CENTRE NUMBER

CANDIDATE NUMBER

BUSINESS STUDIES **7115/22**

Paper 2 **May/June 2010**

1 hour 45 minutes

Candidates answer on the Question Paper.

Additional Materials: Insert

READ THESE INSTRUCTIONS FIRST

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.
DO **NOT** WRITE IN ANY BARCODES.

Answer **all** questions.
The Insert contains the case study.
The business described in this question paper is 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.

For Examiner's Use	
1	
2	
3	
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5	
Total	

This document consists of **11** printed pages, **1** blank page and **1** Insert.

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1 **(a)** Bashir wants to continue to expand the business. Identify and explain **two** other aims Bashir might have for the business.

For Examiner's Use

Aim 1: .....

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Explanation: .....

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Aim 2: .....

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Explanation: .....

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.....[8]

(b) To expand the business Bashir will need to raise finance. He is considering either selling assets owned by the business, taking on a business partner or selling shares by forming a private limited company. Consider these **three** options for raising finance and recommend which one he should choose. Justify your choice.

For Examiner's Use

Selling assets: .....

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Take on a partner: .....

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Sell shares: .....

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Recommendation: .....

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.....[12]

2 **(a)** Explain **four** reasons why employees at Bashir Baskets might want to be members of a trade union.

For Examiner's Use

Reason 1: .....

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Reason 2: .....

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Reason 3: .....

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Reason 4: .....

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(b) Job description → job specification → advertisement → interviews

For Examiner's Use

Why are each of these stages of the recruitment and selection process important to Bashir when choosing suitable employees? Justify your answer for each stage.

Job description: .....

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Job specification: .....

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Advertisement: .....

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Interviews: .....

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.....[12]

3 **(a)** Bashir could expand into the market for baskets of flowers for the home. He wants to carry out primary market research using questionnaires. Explain **how** he should carry out this research.

For Examiner's Use

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(b) Consider the **two** options for expanding Bashir's business outlined in the case. Recommend which one of the two options he should choose. Justify your choice using appropriate calculations.

For Examiner's Use

Option 1 (Baskets for the home): .....

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Option 2 (Baskets for restaurants): .....

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Recommendation: .....

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For Examiner's Use

4 **(a)** Bashir Baskets is in the secondary sector but Bashir also uses many services from businesses in the tertiary sector, such as insurance. Identify **four** other examples of tertiary sector businesses that Bashir might use and explain how each will help his business.

Example 1: .....

Explanation: .....

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Example 2: .....

Explanation: .....

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Example 3: .....

Explanation: .....

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Example 4: .....

Explanation: .....

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.....[8]

(b) Suppose Bashir decided to start making flower baskets for the home. Explain **three** methods of promotion that Bashir could use. Recommend which one you think would be the best method to use. Justify your choice.

For Examiner's Use

Method 1: .....

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Method 2: .....

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Method 3: .....

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Recommendation: .....

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5 **(a)** Bashir buys flowers from other countries. Explain how an appreciation in the exchange rate and the introduction of a tariff on imported flowers might affect his business.

For Examiner's Use

Appreciation in the exchange rate: .....

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Introduction of a tariff: .....

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(b) Financial accounts are important to all businesses. Why are producing a cash flow forecast, a profit and loss account and a break even chart important to the successful financial management of Bashir Baskets? Justify your answers.

For Examiner's Use

Cash flow forecast: .....

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Profit and loss account: .....

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Break even chart: .....

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