UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Ordinary Level

CANDIDATE NAME

CENTRE NUMBER

CANDIDATE NUMBER

BUSINESS STUDIES **7115/21**

Paper 2 **May/June 2011**

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	
4	
5	
Total	

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

© UCLES 2011

UNIVERSITY of CAMBRIDGE International Examinations

1 **(a)** The Directors of Chocolate Delight think the business is successful.
Identify and explain **four** ways they could use to measure the success of the business.

For Examiner's Use

Way 1: .....

.....

Explanation: .....

.....

Way 2: .....

.....

Explanation: .....

.....

Way 3: .....

.....

Explanation: .....

.....

Way 4: .....

.....

Explanation: .....

.....[8]

(b) The Directors of Chocolate Delight want to build a new factory and will need to raise $5m. Do you think the Managing Director is right in suggesting Chocolate Delight should become a public limited company, or is the Finance Manager right in suggesting retained profit should be used? Justify your answer using information in the case.

For Examiner's Use

Becoming a public limited company: .....

.....

.....

.....

.....

.....

.....

.....

Using retained profit: .....

.....

.....

.....

.....

.....

.....

.....

Recommendation: .....

.....

.....

.....

.....

.....

.....

.....[12]

2 **(a)** Appendix 1 shows plain chocolate bars are in the decline stage of the product life cycle. Identify and explain **four** ways in which the Directors of Chocolate Delight might respond to this problem.

For Examiner's Use

Way 1: .....

.....

Explanation: .....

.....

Way 2: .....

.....

Explanation: .....

.....

Way 3: .....

.....

Explanation: .....

.....

Way 4: .....

.....

Explanation: .....

.....[8]

(b) The Managing Director believes that the Sales Department is more important for the success of the company than the Production, Research and Development (R & D) and Human Resources Departments. Do you agree with him? Justify your answer.

For Examiner's Use

Sales Department: .....

.....

.....

.....

.....

.....

Production Department: .....

.....

.....

.....

.....

.....

R & D Department: .....

.....

.....

.....

.....

.....

Human Resources Department: .....

.....

.....

.....

.....

.....[12]

3 **(a)** Chocolate Delight has a website which gives customers information about the products it sells. Identify and explain **two** other ways that Chocolate Delight could use the Internet for business purposes.

For Examiner's Use

Way 1: .....

.....

Explanation: .....

.....

.....

.....

.....

.....

Way 2: .....

.....

Explanation: .....

.....

.....

.....

.....

.....[8]

(b) Appendix 3 gives information on **two** machines that the owners of Chocolate Delight could buy. Compare these two machines and recommend which machine they should buy. Justify your answer using calculations of output per worker and labour costs per chocolate bar.

For Examiner's Use

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....[12]

4 **(a)** The Finance Director says that break-even charts are useful when analysing the different products that Chocolate Delight produce. Identify and explain **two** ways break-even charts can be useful to the Finance Director of Chocolate Delight.

For Examiner's Use

Way 1: .....

.....

Explanation: .....

.....

.....

.....

.....

.....

Way 2: .....

.....

Explanation: .....

.....

.....

.....

.....

.....[8]

(b) After buying the new machinery, Chocolate Delight will need to train workers how to use it. Do you think that on-the-job training will be better than off-the-job training for Chocolate Delight? Justify your answer by considering both the business and the employees of Chocolate Delight.

For Examiner's Use

On-the-job training: .....

.....

.....

.....

.....

.....

.....

.....

Off-the-job training: .....

.....

.....

.....

.....

.....

.....

.....

Recommendation: .....

.....

.....

.....

.....

.....

.....

.....[12]

5 **(a)** Identify and explain **two** possible reasons Chocolate Delight buys its cocoa from Fair Trade cocoa farmers.

For Examiner's Use

Reason 1: .....

.....

Explanation: .....

.....

.....

.....

.....

.....

Reason 2: .....

.....

Explanation: .....

.....

.....

.....

.....

.....[8]

(b) Consider how the economic forecasts shown in Appendix 2 might affect the sales, costs and profits of Chocolate Delight over the next few years. Do you think these economic trends will be good or bad for the company? Justify your answer.

For Examiner's Use

Economic growth: .....

.....

.....

.....

.....

.....

Inflation: .....

.....

.....

.....

.....

.....

Unemployment: .....

.....

.....

.....

.....

.....

Conclusion: .....

.....

.....

.....

.....

.....[12]

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.

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

© UCLES 2011