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 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	
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Total	

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

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1 **(a)** The Directors of TT Foods are thinking of introducing machinery into the production and packing process. Identify and explain **two** reasons why the workers might be **happy** with this decision.

For Examiner's Use

Reason 1: .....

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Explanation: .....

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Reason 2: .....

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Explanation: .....

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.....[8]

For Examiner's Use

(b) For the new machinery TT Foods will need to raise finance. The Directors are considering either taking out a bank loan, leasing the machinery or selling additional shares to family and friends. Consider these **three** possibilities for raising finance and recommend which one they should choose. Justify your choice.

Bank loan: .....

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Leasing machinery: .....

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Selling shares: .....

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Recommendation: .....

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.....[12]

2 **(a)** Identify and explain **two** factors that will affect the pricing decisions of TT Foods when deciding what price to charge large stores for their ready-made meals.

For Examiner's Use

Factor 1: .....

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Explanation: .....

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Factor 2: .....

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Explanation: .....

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(b) TT Foods want to reduce the costs of the food ingredients they buy. They are considering three possibilities:

For Examiner's Use

(i) Keep buying their food from a wholesaler but purchase the food less often in much larger quantities or

(ii) Buy the food directly from farms or

(iii) Buy their own farms and grow the food themselves.

Consider the advantages and disadvantages of these **three** possibilities and recommend which one the Directors should choose. Justify your choice.

(i): .....

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(ii): .....

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(iii): .....

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Recommendation: .....

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.....[12]

3 **(a)** Appendix 3 suggests that there is increasing demand for airline flights. Identify and explain **two** effects on TT Foods of this increase in the number of passengers.

For Examiner's Use

Effect 1: .....

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Explanation: .....

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Effect 2: .....

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Explanation: .....

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(b) Consider the **two** options outlined in the case for expanding the business of TT Foods. Recommend which of the options the Directors should choose. Justify your choice using appropriate calculations.

For Examiner's Use

Expansion option 1: .....

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Expansion option 2: .....

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Recommendation: .....

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4 **(a)** Below is an outline for a job (person) specification for a Production Manager. Refer to Appendix 2. Explain why each requirement shown below should be included in the job specification.

For Examiner's Use

Job title: Production Manager

Requirements	**Example of requirement**	**Why each requirement should be included**
Qualifications	University degree in Management	Explanation: ....
Skills	Able to lead a team of workers	Explanation: ....
Experience	At least 5 years experience in food processing	Explanation: ....
Personal Characteristics	Well organised	Explanation: ....

[8]

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(b) When recruiting a new Production Manager the Directors of TT Foods could recruit internally or externally. Consider the advantages and disadvantages of these two different methods of recruiting the Production Manager and recommend which method the Directors should choose. Justify your answer.

For Examiner's Use

Internal recruitment: .....

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External recruitment: .....

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Recommendation: .....

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5 **(a)** TT Foods have to follow many consumer protection laws. Identify and explain **four** benefits to consumers of such laws.

For Examiner's Use

Benefit 1: .....

Explanation: .....

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Benefit 2: .....

Explanation: .....

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Benefit 3: .....

Explanation: .....

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Benefit 4: .....

Explanation: .....

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.....[8]

(b) The case mentions that there are a high number of workers leaving the company each year because of poor motivation. Consider **three** different methods that TT Foods could use to increase motivation of the production workers and recommend which method you think will be the most effective. Justify your answer.

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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