UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Ordinary Level

CANDIDATE NAME

CENTRE NUMBER

CANDIDATE NUMBER

8269438799

BUSINESS STUDIES **7115/12**

Paper 1 **May/June 2012**

1 hour 45 minutes

Candidates answer on the Question Paper.

No Additional Materials are required.

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 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.

For Examiner's Use	
1	
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Total	

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

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For Examiner's Use

1 Made Fresh is a company that manufactures high quality organic foods. The company uses ingredients that have been grown by local farmers in country J. Market research has shown that branding has helped the company to achieve its objectives. Recent bad weather in country J has led to many of the farm crops failing. Made Fresh is thinking about importing organic food ingredients from other countries nearby.

(a) What is meant by 'market research'?

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..... [2]

(b) Identify **two** possible objectives Made Fresh could have.

Objective 1: .....

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Objective 2: .....

..... [2]

(c) Identify and explain **two** advantages to a business of branding.

Advantage 1: .....

.....

Explanation: .....

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Advantage 2: .....

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Explanation: .....

..... [4]

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(d) Identify and explain **three** possible problems Made Fresh might face if they have to import organic ingredients for the foods they manufacture.

For Examiner's Use

Problem 1: .....

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Explanation: .....

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Problem 2: .....

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Explanation: .....

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Problem 3: .....

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Explanation: .....

..... [6]

(e) The Government in country J wants to encourage international trade. Do you think this would be an advantage to Made Fresh? Justify your answer.

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For Examiner's Use

2 Bray Electrics is a large manufacturing company. The company makes engine parts for the car industry using batch production. The Managing Director is always looking for ways to introduce new technology in the business. He believes 'our workers like change'. He is interested in using lean production methods.

(a) What is meant by 'batch production'?

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..... [2]

(b) Identify **two** ways of measuring the size of a company.

Way 1: .....

Way 2: ..... [2]

(c) Identify and explain **two** benefits of lean production for a business.

Benefit 1: .....

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Explanation: .....

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Benefit 2: .....

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Explanation: .....

..... [4]

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(d) Identify and explain **three** advantages to the management of Bray Electrics of introducing new technology in the business.

For Examiner's Use

Advantage 1: .....

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Explanation: .....

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Advantage 2: .....

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Explanation: .....

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Advantage 3: .....

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Explanation: .....

..... [6]

(e) The Managing Director believes 'our workers like change'. Do you think that all the workers at Bray Electrics would like the introduction of new technology? Justify your answer.

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For Examiner's Use

3 HTB is a public limited company. It manufactures a range of computers. HTB spends a lot of money on advertising as it is in a competitive market. The management believes that the product is the most important element in their marketing mix. To meet increasing demand HTB is looking to expand their business. It plans to raise extra capital by issuing more shares. The Finance Director has been looking at the data in Table 1.

Table 1: Selected financial data from HTB ($m)

	2011	2012
Sales	400	520
Net Profit	40	75
Long Term Liabilities	200	220
Capital Employed	400	500

(a) What is meant by 'public limited company'?

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..... [2]

(b) Calculate the Return on Capital Employed for 2012.

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(c) Identify and explain **two** reasons why shareholders might be interested in the accounts of HTB.

Reason 1: .....

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Explanation: .....

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Reason 2: .....

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Explanation: .....

..... [4]

(d) Identify and explain **three** factors that HTB should consider before issuing more shares.

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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Factor 3: .....

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Explanation: .....

..... [6]

(e) Do you think that the product is the most important element of the marketing mix for HTB? Justify your answer.

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For Examiner's Use

4 Cole Brokers is a medium sized company. The company provides a range of insurance products to customers around the world. It operates in a highly competitive market. Many insurance businesses are now using the Internet as a way to sell their products. The management of Cole Brokers has been looking at its current organisational structure. They think the span of control and chain of command need to be changed.

(a) What is meant by 'organisational structure'?

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(b) What is meant by 'chain of command'?

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(c) Identify and explain **two** possible disadvantages for a business of having a wide span of control.

Disadvantage 1: .....

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Explanation: .....

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Disadvantage 2: .....

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Explanation: .....

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(d) Identify and explain **three** reasons why effective communication within a business is important to the management.

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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Reason 3: .....

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Explanation: .....

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(e) The management of Cole Brokers think that the disadvantages of e-commerce are greater than the advantages to their business. Do you agree? Justify your answer.

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For Examiner's Use

5 Sachs-Tech makes parts for the mobile phone industry. Sales have risen very quickly. The company needs a new factory to meet demand. The management is not sure where to build the factory. The company is currently looking to recruit three new production supervisors. The Human Resources manager, Manuel, is busy writing a job description and person specification for these supervisor roles.

(a) What is meant by a 'job description'?

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..... [2]

(b) Identify **two** possible features of a person specification.

Feature 1: .....

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Feature 2: .....

..... [2]

(c) Identify and explain **two** suitable places where Manuel could advertise the vacancies.

Place 1: .....

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Explanation: .....

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Place 2: .....

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Explanation: .....

..... [4]

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(d) Identify and explain **three** factors that Sachs-Tech should consider when deciding where to locate a new factory.

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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Factor 3: .....

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Explanation: .....

..... [6]

(e) The Finance manager is worried that the business might be growing too quickly. Do you think he is right to be worried? Justify your answer.

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