UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Ordinary Level

CANDIDATE NAME

CENTRE NUMBER

CANDIDATE NUMBER

2052663356

BUSINESS STUDIES **7115/21**

Paper 2 **May/June 2013**

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 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.

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

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1 **(a)** Country A is a market economy where there is little Government regulation. Identify and explain **one** advantage and **one** disadvantage to TT of trading in this type of economy.

For Examiner's Use

Advantage: .....

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Explanation: .....

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Disadvantage: .....

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Explanation: .....

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.....[8]

(b) TT has 10 small shops. Consider the advantages and disadvantages of operating several small shops rather than 1 large shop. Do you think Ted was right to open 10 small shops rather than 1 large shop? Justify your answer.

For Examiner's Use

Several small shops: .....

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One large shop: .....

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Recommendation: .....

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.....[12]

2 **(a)** TT buys stock from manufacturers in other countries. Identify and explain **two** possible advantages to TT of importing its stock.

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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For Examiner's Use

(b) Ted and Mustafa want to increase the sales revenue from TT shops. There are **three** options listed below. Consider the advantages and disadvantages of each of these options and recommend which option you think Ted and Mustafa should choose. Justify your answer.

Rent tools to customers instead of selling the tools: .....

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Sell high quality tools to construction businesses: .....

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Start to also sell paint and decorating equipment in the shops: .....

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Recommendation: .....

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.....[12]

For Examiner's Use

3 **(a)** Ted and Mustafa want to open another shop. Identify and explain **four** factors they should consider when choosing a location for the new shop.

Factor 1: .....

Explanation: .....

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Factor 2: .....

Explanation: .....

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Factor 3: .....

Explanation: .....

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Factor 4: .....

Explanation: .....

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.....[8]

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(b) Refer to the cash flow forecast in Appendix 2.

For Examiner's Use

(i) Calculate the values of **w**, **x**, **y** and **z** and write your answers below.

w: .....

x: .....

y: .....

z: .....[4]

(ii) Comment on **two** ways the cash flow position could be improved. Recommend the best way for Ted and Mustafa to improve the cash flow over the next 6 months. Justify your answer.

Way 1: .....

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Way 2: .....

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Recommendation: .....

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.....[8]

4 **(a)** Governments can pass laws to protect employees. Identify and explain **two** ways employment laws might benefit employees in TT's shops.

For Examiner's Use

Way 1: .....

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Explanation: .....

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Way 2: .....

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Explanation: .....

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(b) The job of shop manager for a new shop will be advertised either in the national newspaper, on posters in TT shops or on TT's website. Consider the advantages and disadvantages of each of these options to advertise the job. Recommend which option you think will be the best. Justify your answer.

For Examiner's Use

National newspaper: .....

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Posters in TT shops: .....

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TT's website: .....

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Recommendation: .....

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.....[12]

5 **(a)** Refer to Appendix 3. Identify and explain **two** possible effects on TT's business of the recent bad weather.

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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.....[8]

(b) Mustafa wants to leave the partnership next year. Ted is considering **three** options listed below. Consider the advantages and disadvantages of each of these options. Recommend which option you think Ted should choose. Justify your answer.

For Examiner's Use

Start a new partnership with another partner: .....

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Become a sole trader: .....

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Form a private limited company: .....

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Recommendation: .....

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.....[12]

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