Cambridge
O Level

Cambridge International Examinations
Cambridge Ordinary Level

CANDIDATE NAME	
CENTRE NUMBER	
CANDIDATE NUMBER	

3983604521

BUSINESS STUDIES **7115/22**

Paper 2 **May/June 2014**

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, 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)** Identify and explain **two** disadvantages to Manuel of operating as a sole trader.

Disadvantage 1: .....

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Explanation: .....

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Disadvantage 2: .....

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Explanation: .....

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.....[8]

(b) Consider **three** ways Manuel could use to improve the cash flow of his business. Recommend which way would be the best one to choose. Justify your answer.

Way 1: .....

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Way 2: .....

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Way 3: .....

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Recommendation: .....

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.....[12]

2 **(a)** Identify and explain **four** reasons why customers may prefer to buy fruit and vegetables from Manuel's shop rather than from large supermarkets.

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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Reason 4: .....

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Explanation: .....

.....[8]

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(b) Manuel is considering how to transport his stock of fruit and vegetables to the shop. Consider the costs and benefits of the following **three** options. Recommend which is the best one to choose. Justify your answer.

Buy his own truck (lorry): .....

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Pay the supplier a delivery charge: .....

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Rent a truck when needed: .....

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Recommendation: .....

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.....[12]

3 **(a)** Identify and explain **two** reasons why many Governments help small businesses such as Manuel's.

Reason 1: .....

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Explanation: .....

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Reason 2: .....

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Explanation: .....

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.....[8]

(b) Manuel needs to order fruit and vegetables on a regular basis from his supplier. Consider the advantages and disadvantages of **three** methods of communication he could use to place orders with his supplier. Recommend the best method for him to use. Justify your answer.

Method 1: .....

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Method 2: .....

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Method 3: .....

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Recommendation: .....

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.....[12]

4 **(a)** Having well motivated employees is very important to Manuel. Identify and explain **two** ways Manuel could use to motivate his shop employees.

Way 1: .....

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Explanation: .....

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Way 2: .....

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Explanation: .....

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.....[8]

(b) Manuel plans to deliver a box of fruit and vegetables every week to each of his regular customers. Consider the advantages and disadvantages of the following **three** promotional methods he could use for this new service. Recommend which promotional method he should use. Justify your answer.

Advertising on local radio: .....

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Leaflets: .....

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Posters/billboards: .....

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Recommendation: .....

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.....[12]

5 **(a)** Identify and explain **four** factors that affect how much stock of fruit and vegetables Manuel's shop should have.

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: .....

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Factor 4: .....

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Explanation: .....

.....[8]

(b) Manuel has been operating his successful fruit and vegetable shop for 10 years. He wants to expand by either opening more shops or becoming a franchisor and selling franchises to other people. Consider these two methods of expansion. Recommend which method he should choose. Justify your answer.

Opening more shops of his own: .....

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Becoming a franchisor and sell franchises to other people: .....

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Recommendation: .....

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.....[12]

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