Cambridge
O Level

Cambridge International Examinations
Cambridge Ordinary Level

CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER				

5146621601

BUSINESS STUDIES **7115/21**

Paper 2 **May/June 2018**

1 hour 30 minutes

Candidates answer on the Question Paper.

No Additional Materials are required.

READ THESE INSTRUCTIONS FIRST

Write your Centre number, candidate number and name in the spaces at the top of this page.
Write in dark blue or black pen.
You may use an HB pencil for any diagrams, graphs or rough working.
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.
The total number of marks for this paper is 80.

This document consists of **10** printed pages and **2** blank pages.

CAMBRIDGE
International Examinations

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[Turn over

1 **(a)** Identify and explain **two** ways a business plan could have helped Peter when setting up Value Gym.

Way 1:.....

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Explanation:.....

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Way 2:.....

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Explanation:.....

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..... [8]

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(b) Consider the following **three** roles of marketing in Peter's business. Which one of these is the most important role? Justify your answer.

Identify customer needs:.....

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Satisfy customer needs:.....

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Build customer relationships:.....

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Conclusion:.....

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..... [12]

2 **(a)** Identify and explain **four** reasons why making a profit is important to Peter.

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) Peter is considering the following **two** options. Recommend which option he should choose. Justify your answer.

Employ his own personal trainers:.....

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Charge a fixed fee to personal trainers who work for themselves to use VG's facilities with their clients:

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Recommendation:.....

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[12]

3 **(a)** Identify and explain **two** legal controls that could affect Peter when recruiting and employing workers.

Legal control 1:.....

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Explanation:.....

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Legal control 2:.....

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Explanation:.....

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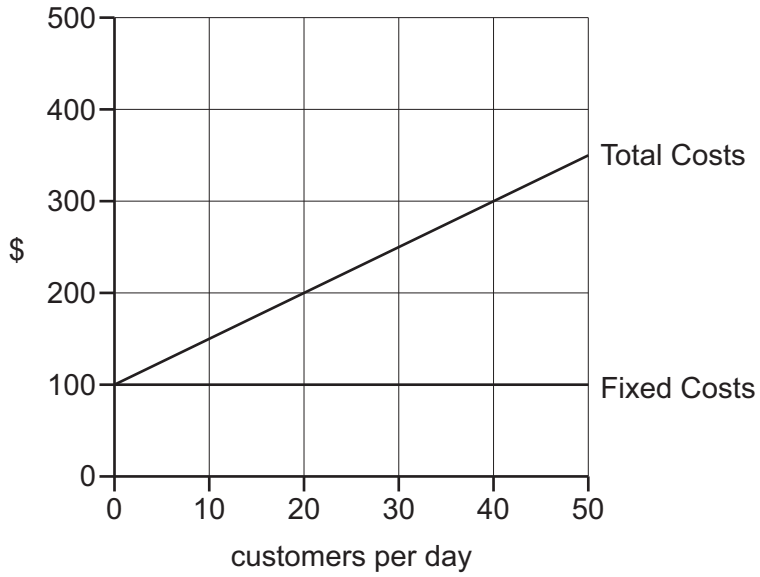
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(b) **(i)** Refer to Appendix 2. Complete the break-even chart below by drawing the Total Revenue line.



[1]

(ii) Identify the break-even number of customers per day.

..... [1]

(iii) Consider the following **two** ways Peter could use to try to increase profit. Recommend which way he should choose. Justify your answer.

Increase prices:.....

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Reduce variable costs:.....

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Recommendation:.....

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..... [10]

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4 **(a)** Identify and explain **one** advantage and **one** disadvantage of leasing all the equipment used in the business.

Advantage:.....

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Explanation:.....

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Disadvantage:.....

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Explanation:.....

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..... [8]

(b) Consider how the following **three** changes will affect VG. Which one will have the biggest effect on the business? Justify your answer.

A multinational chain of luxury gyms recently set up in country X:.....

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There is an increased proportion of elderly people in the population:.....

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Interest rates have increased:.....

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Conclusion:.....

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..... [12]

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