UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Ordinary Level

CANDIDATE NAME

CENTRE NUMBER

CANDIDATE NUMBER

5298969550

BUSINESS STUDIES **7115/21**

Paper 2 **October/November 2010**

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 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, **1** blank page and **1** insert.

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For Examiner's Use

1 (a) (i) What is meant by the term 'fixed costs'? Give **two** examples of fixed costs for the hotel.

Meaning of 'fixed costs': .....

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Example 1: .....

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Example 2: .....

.....[4]

(ii) What is meant by the term 'variable costs'? Give **two** examples of variable costs for the hotel.

Meaning of 'variable costs': .....

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Example 1: .....

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Example 2: .....

.....[4]

(b) Using the information in Appendix 1 and Appendix 3, do you agree with Jenn that 'the best way to increase profits is to increase the number of guests staying at the hotel'? Justify your answer.

For Examiner's Use

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2 **(a)** Communication is important in any business. Identify and explain **four** different communication methods the hotel could use.

For Examiner's Use

Method 1: .....

Explanation: .....

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Method 2: .....

Explanation: .....

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Method 3: .....

Explanation: .....

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Method 4: .....

Explanation: .....

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(b) Using the information in Appendix 2 and other information in the case, suggest **four** ways the organisation chart could be changed to make the business more efficient. Justify why you think efficiency will be increased.

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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Way 3: .....

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Explanation: .....

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Way 4: .....

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Explanation: .....

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3 **(a)** Explain **two** advantages and **two** disadvantages to Jenn and Kiang of the business being a partnership.

For Examiner's Use

Advantage 1: .....

Explanation: .....

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Advantage 2: .....

Explanation: .....

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Disadvantage 1: .....

Explanation: .....

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Disadvantage 2: .....

Explanation: .....

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(b) If Jenn and Kiang want to expand the number of Dream Hotels they can either offer to franchise the hotel name to other hotel owners or open new hotels themselves. What do you think they should do? Justify your answer.

For Examiner's Use

Franchise the hotel name: .....

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Open new hotels themselves: .....

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Recommendation: .....

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For Examiner's Use

4 **(a)** Identify and explain **two** reasons why providing a quality service in the restaurant is important to the Dream Hotel.

Reason 1: .....

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Explanation: .....

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Reason 2: .....

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Explanation: .....

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(b) Restaurant employees in the hotel are paid by time rate with no non-financial rewards. Do you think other methods of financial and/or non-financial rewards would be better in encouraging employees to be more efficient and motivated? Justify your answer.

For Examiner's Use

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5 **(a)** Identify and explain **two** ways the Dream Hotel could use the Internet to help increase the number of guests staying at the hotel.

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 Government has recently reported that the economy is entering a boom period with falling unemployment and an appreciating exchange rate. It may have to increase interest rates. Do you think that the hotel will be greatly affected by these economic changes? Justify your answer.

For Examiner's Use

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