UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Ordinary Level

CANDIDATE NAME

CENTRE NUMBER

CANDIDATE NUMBER

BUSINESS STUDIES **7115/22**

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	
2	
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Total	

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

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1 **(a)** Kim and Selina buy food for the restaurant from local farms. Explain **two** factors Kim and Selina should take into account when deciding from which farms to buy the food.

For Examiner's Use

Factor 1: .....

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Factor 2: .....

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(b) Kim and Selina use the services of a number of tertiary businesses including banks, insurance companies, Internet provider and advertising agency. Do you think the restaurant could be successful without each of these services? Justify your answer.

For Examiner's Use

Banks: .....

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Insurance companies: .....

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Internet provider: .....

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Advertising agency: .....

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2 **(a)** Kim and Selina want to increase the number of times the restaurant is hired out for weddings and birthday parties. Identify and explain **four** types of promotion the restaurant could use to increase the number of customers.

For Examiner's Use

Type of promotion 1: .....

Explanation: .....

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Type of promotion 2: .....

Explanation: .....

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Type of promotion 3: .....

Explanation: .....

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Type of promotion 4: .....

Explanation: .....

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(b) Kim and Selina have advertised a job vacancy for a Restaurant Manager. Look at Appendix 2, compare the **two** job applicants and decide which applicant you would choose to employ. Explain the reasons for your choice.

For Examiner's Use

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3 **(a)** The restaurant is located near to several restaurants which are competitors. Identify and explain **two** advantages and **two** disadvantages to the business of being located near to competitors.

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) Kim and Selina could expand the business through the opening of franchised restaurant outlets. Do you think this is a good idea? Justify your answer.

For Examiner's Use

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For Examiner's Use

4 **(a)** The gross profit margin for the family dining area is 68% and the net profit margin for the family dining area is 16%. Using the information in Appendix 1, calculate the gross profit **margin** and net profit **margin** for the expensive dining area. Show your working.

Gross profit margin: .....

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Net profit margin: .....

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(b) Using the information in the case, consider the **three** options for expanding the business and advise Kim and Selina which would be the best option to choose. Justify your answer.

For Examiner's Use

Option 1 (buy a boat to convert to a restaurant): .....

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Option 2 (buy additional restaurant): .....

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Option 3 (relocate to new large restaurant): .....

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Recommendation: .....

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5 **(a)** Explain **two** problems for Kim and Selina's business if the customer service in the expensive dining area was of poor quality.

For Examiner's Use

Problem 1: .....

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Problem 2: .....

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(b) Governments often pass laws to protect consumers and laws to protect the environment. Do you think that consumers and the environment need protection from business activity? Justify your answer.

For Examiner's Use

Consumers: .....

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Environment: .....

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