UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Ordinary Level

BUSINESS STUDIES **7115/22**

Paper 2 **October/November 2011**

INSERT

1 hour 45 minutes

READ THESE INSTRUCTIONS FIRST

This Insert contains the case study material.
Anything the candidate writes on this Insert will not be marked.

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BB Boat Tours

BB Boat Tours was set up 15 years ago as a partnership between three brothers, Abdul, Bruce and Carlos. The business owns three boats and it takes tourists for day boat trips out to sea.

The business offers three types of trips:

- to look at the dolphins and other sea life (used mainly by foreign tourists)
- to go fishing with skilled local fishermen (used mainly by local tourists)
- to go diving with qualified diving instructors (used mainly by foreign tourists).

All the boats owned by the business are of good quality. Food and drinks are provided for the tourists throughout the day.

The business grew rapidly and made good profits, with the boats usually fully booked. However, last year the business made a loss as the boats were only half full each day.

The problem for the brothers is that they do not have much money and are thinking of selling one of the boats. Carlos says: 'We need to offer only two types of boat trips so we can reduce expenses'. Abdul thinks they should make some of their employees redundant. They need different skilled employees for each type of trip and he thinks they employ too many people.

The foreign tourists come mainly from the European Union where the euro is the currency used. BB Boat Tours buys most of its boats and equipment from countries in the European Union. The local currency has been depreciating against the euro.

Appendix 1

Cost and revenue information for BB Boat Tours (when the boats are half full)

Type of day trip	Price of trip per person	Number of passengers per day trip	Variable costs per passenger (food, hire of equipment and wages of employees)
Dolphin watching	$20	20	$10
Fishing	$30	15	$15
Diving	$60	10	$30

The fixed costs for each boat are $300 per day.

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Appendix 2

A competitor's website advertisement for boat tours for tourists

Cheap Boat Tours

If you want to go on a boat tour then come and let us take you out for the day. It will be an experience you will remember forever.

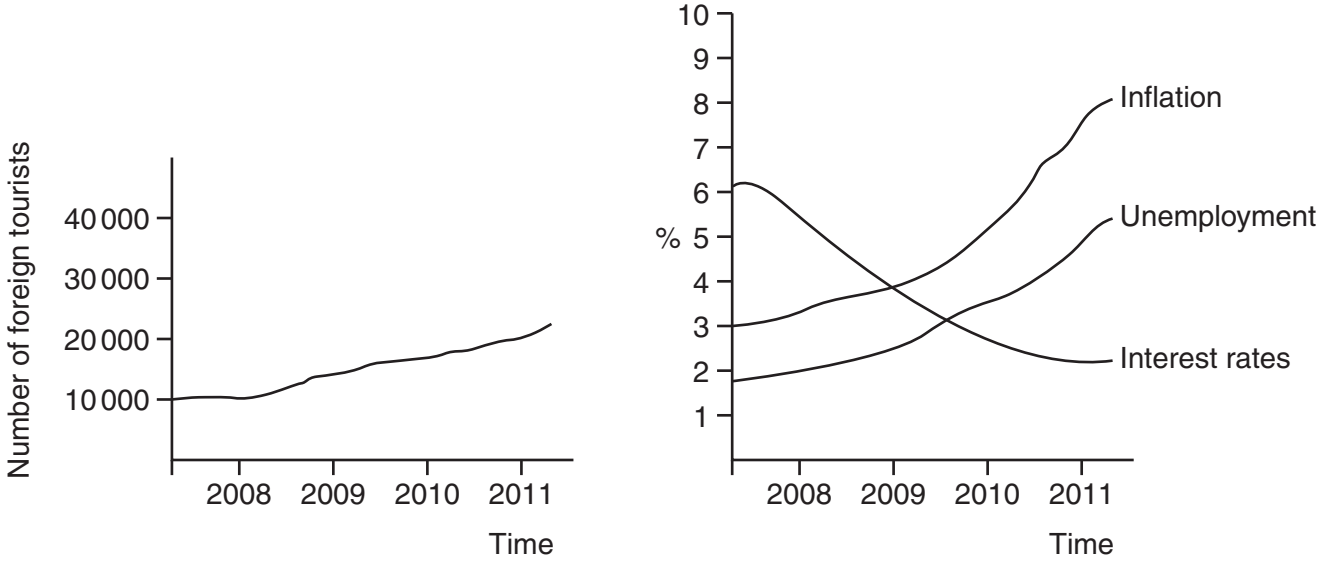
We charge just $10 for dolphin watching, $20 for fishing and $40 for diving. Food and drinks are available onboard the boat for you to buy.

We are so much cheaper than many of the other boat tour businesses.

Email: cheapboattours@gotmail.com for further information or fill in the booking form on the website.

Appendix 3

Government Economic Data



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