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 2011**

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, 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	
3	
4	
5	
Total	

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

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1 **(a)** Carlos thinks that good customer service is very important to the business. Explain **two** reasons why this might be true for BB Boat Tours.

For Examiner's Use

Reason 1: .....

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Reason 2: .....

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.....[8]

(b) Abdul wants to change the pricing strategy used by the business. It currently uses cost plus pricing. Consider **three** other pricing strategies that could be used and recommend which pricing strategy you think would be the best one. Justify your answer.

For Examiner's Use

Pricing strategy 1: .....

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Pricing strategy 2: .....

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Pricing strategy 3: .....

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Recommendation: .....

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.....[12]

2 **(a)** Bruce is thinking of leaving the partnership. Identify and explain **two** factors Bruce might consider when deciding whether or not to leave the partnership.

For Examiner's Use

Factor 1: .....

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Explanation: .....

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Factor 2: .....

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Explanation: .....

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(b) The brothers want to reduce the size of the business to reduce their losses. Using the information in Appendix 1, calculate the net profit per day for each of the **three** boat tours. Using these results and other information from the case, recommend which boat tour they should stop operating. Justify your answer.

Net profit for dolphin watching: .....

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Net profit for fishing: .....

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Net profit for diving: .....

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Recommendation: .....

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.....[12]

3 **(a)** Appendix 2 shows the website of one of BB Boat Tours' competitors. Identify and explain **four** ways that BB Boat Tours could make use of the Internet.

For Examiner's Use

1. .....

Explanation: .....

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2. .....

Explanation: .....

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3. .....

Explanation: .....

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4. .....

Explanation: .....

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(b) The brothers have decided to reduce the number of employees. Explain **three** factors they should consider when deciding which employees to make redundant. Which do you think is the most important factor? Justify your answer.

For Examiner's Use

Factor 1: .....

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Factor 2: .....

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Factor 3: .....

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Most important factor: .....

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.....[12]

4 **(a)** BB Boat Tours made a loss last year and this worried the brothers. Identify and explain **two** reasons why converting the partnership to a private limited company might be better for Abdul, Bruce and Carlos.

For Examiner's Use

Reason 1: .....

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Explanation: .....

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Reason 2: .....

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Explanation: .....

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(b) BB Boat Tours will need to communicate with its employees about reducing the size of the business. Explain **three** suitable methods of internal communication the brothers could use to consult with and inform the employees about the job losses. Recommend the best communication method to use. Justify your answer.

For Examiner's Use

Method 1: .....

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Method 2: .....

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Method 3: .....

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Recommendation: .....

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5 **(a)** The local currency has fallen in value (depreciated) against the euro. This means each unit of the local currency buys fewer euros than last year. Identify and explain **two** effects this might have on BB Boat Tours.

For Examiner's Use

Effect 1: .....

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Explanation: .....

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Effect 2: .....

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Explanation: .....

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(b) Appendix 3 shows economic information about the country in which BB Boat Tours is based. Do you think the current economic situation of the country is helpful for BB Boat Tours' business? Justify your answer.

For Examiner's Use

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