UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Ordinary Level

CANDIDATE NAME

CENTRE NUMBER

CANDIDATE NUMBER

5362389230

BUSINESS STUDIES **7115/21**

Paper 2 **October/November 2012**

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)** Identify and explain **four** reasons why Kolo might want to set up his own business rather than work for an employer.

For Examiner's Use

Reason 1: .....

Explanation: .....

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Reason 2: .....

Explanation: .....

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Reason 3: .....

Explanation: .....

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Reason 4: .....

Explanation: .....

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..... [8]

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(b) Kolo will need money to finance the stock of parts used in car repairs. Consider the advantages and disadvantages of the following options for raising finance. Recommend which option he should choose. Justify your choice.

For Examiner's Use

Trade credit: .....

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Owner's savings: .....

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Bank overdraft: .....

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Recommendation: .....

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2 **(a)** Kolo wants to get information about his competitors. Identify and explain **four** ways Kolo could research this information.

For Examiner's Use

Way 1: .....

Explanation: .....

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Way 2: .....

Explanation: .....

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Way 3: .....

Explanation: .....

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Way 4: .....

Explanation: .....

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(b) Kolo plans to promote his new business. Consider the advantages and disadvantages of the following methods of promotion. Recommend which method he should choose. Justify your choice.

For Examiner's Use

Advertising in local newspapers: .....

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Free car repairs for a year with every car purchase: .....

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Offering price reductions to the first 100 customers: .....

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Recommendation: .....

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3 **(a)** Kolo needs to buy parts to repair cars. He plans to buy these parts directly from large manufacturers. Identify and explain **one** advantage and **one** disadvantage for a small business of buying from large companies.

For Examiner's Use

Advantage: .....

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Explanation: .....

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Disadvantage: .....

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Explanation: .....

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(b) There are three possible sites for the new garage. Consider the advantages and disadvantages of each site. Recommend which site Kolo should choose. Justify your choice.

For Examiner's Use

Site A: .....

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Site B: .....

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Site C: .....

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Recommendation: .....

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4 **(a)** Explain **how** the economic data from Appendix 3 could affect the success of Kolo's new garage.

For Examiner's Use

Unemployment: .....

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Economic growth: .....

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(b) Do you think Leslie should be satisfied with the financial position of his business? Justify your answer using profitability ratios calculated from the information in Appendix 1.

For Examiner's Use

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Conclusion: .....

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5 **(a)** Kolo plans to use different methods of payment for mechanics (car repair workers) and sales staff. Identify and explain a suitable method of payment for mechanics and a suitable method of payment for sales staff.

For Examiner's Use

Payment method for mechanics: .....

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Explanation: .....

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Payment method for sales staff: .....

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Explanation: .....

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(b) Kolo is considering importing some of the cars he wants to sell. Consider **three** problems Kolo could have if he imports cars. Recommend whether Kolo should import cars. Justify your answer.

For Examiner's Use

Problem 1: .....

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Problem 2: .....

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Problem 3: .....

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Recommendation: .....

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