UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Ordinary Level

CANDIDATE NAME

CENTRE NUMBER

CANDIDATE NUMBER

5420639650

BUSINESS STUDIES **7115/22**

Paper 2 **October/November 2013**

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.

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

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1 **(a)** Identify and explain **one** advantage and **one** disadvantage to Cagan of his business being a private limited company.

For Examiner's Use

Advantage: .....

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Explanation: .....

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Disadvantage: .....

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Explanation: .....

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.....[8]

(b) Cagan buys cloth from a local wholesaler but he could buy directly from foreign manufacturers. Consider the advantages and disadvantages of buying from each of these two sources of supply. Recommend which source of supply you think Cagan should choose. Justify your answer.

For Examiner's Use

Local wholesaler: .....

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Foreign manufacturers: .....

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Recommendation: .....

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.....[12]

2 **(a)** Cagan uses an accountant and a website designer to help him with his business. Explain how each of these people help Cagan's business.

For Examiner's Use

Accountant: .....

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Website designer: .....

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(b) Cagan has decided on Option 2. Do you think he was right to choose Option 2 and not Option 1? Justify your answer by considering the advantages and disadvantages of each option.

For Examiner's Use

Option 1: .....

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Option 2: .....

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Conclusion: .....

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.....[12]

3 **(a)** Identify and explain **four** suitable sources of finance that Cagan could use to buy equipment for making curtains.

For Examiner's Use

Source 1: .....

Explanation: .....

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Source 2: .....

Explanation: .....

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Source 3: .....

Explanation: .....

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Source 4: .....

Explanation: .....

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.....[8]

(b) Cagan needs to choose a method of production for his factory. Consider the advantages and disadvantages of job, batch and flow production. Recommend which would be the best method to use in this factory. Justify your answer.

For Examiner's Use

Job production: .....

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Batch production: .....

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Flow production: .....

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Recommendation: .....

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.....[12]

4 **(a)** Cagan is going to use market research to find out what type of curtains to make. Identify **two** items of information Cagan might want to find out. Explain why each of these items of information might be useful.

For Examiner's Use

Item 1: .....

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Explanation: .....

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Item 2: .....

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Explanation: .....

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.....[8]

(b) Appendix 2 has **four** items of information requested on Cagan's application form for recruiting a manager. Explain **why** each item of information is important to Cagan in selecting the most suitable applicant.

For Examiner's Use

Qualifications: .....

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Experience: .....

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Previous employer: .....

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Interests/hobbies: .....

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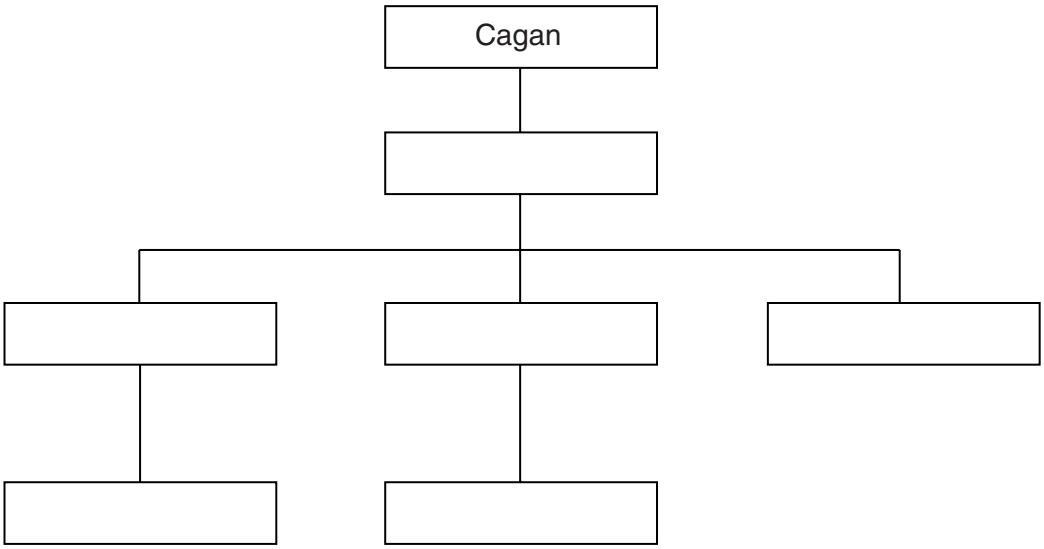
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5 **(a)** **(i)** Using the information in Appendix 3, complete the organisation chart shown below for the factory. [4]

For Examiner's Use



(ii) Use the organisation chart to explain the term 'span of control'.

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(b) Consider how each of the following changes might affect the future demand for Cagan's curtains. Which factor do you think will be the most important? Justify your answer.

For Examiner's Use

Price of Cagan's raw materials increases: .....

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Price of competitors' products decreases: .....

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Unemployment falls: .....

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Conclusion: .....

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.....[12]

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