Cambridge
O Level

Cambridge International Examinations
Cambridge Ordinary Level

CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER			

2965916199

BUSINESS STUDIES **7115/22**

Paper 2 **October/November 2014**

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, 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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CAMBRIDGE
International Examinations

1 **(a)** Identify and explain **two** advantages to ACE of being a public limited company.

Advantage 1: .....

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Explanation: .....

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Advantage 2: .....

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Explanation: .....

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(b) The directors of ACE want to introduce lean production. Consider the advantages and disadvantages of **two** methods of lean production the directors of ACE could use. Recommend which would be the best method to use. Justify your answer.

Method 1: .....

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Method 2: .....

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Recommendation: .....

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2 **(a)** Identify and explain **one** advantage and **one** disadvantage to ACE of all of its employees being members of a trade union.

Advantage: .....

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Explanation: .....

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Disadvantage: .....

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Explanation: .....

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(b) Consider the advantages and disadvantages of **two** management styles which could be used by managers at ACE. Recommend which would be the best style for the managers to use if they want to improve motivation. Justify your answer.

Management style 1: .....

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Management style 2: .....

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Recommendation: .....

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3 **(a)** Identify and explain **two** suitable pricing strategies ACE could use when selling its products in new markets in other countries.

Pricing strategy 1: .....

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Explanation: .....

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Pricing strategy 2: .....

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Explanation: .....

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(b) ACE needs to communicate with a foreign supplier because there is a problem with the delivery of electrical components. Consider the advantages and disadvantages of **three** methods of communicating with the foreign supplier. Recommend which method should be used. Justify your answer.

Method 1: .....

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Method 2: .....

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Method 3: .....

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Recommendation: .....

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4 **(a)** Identify **four** stakeholder groups of ACE and explain why each group will be interested in the published accounts.

Stakeholder 1: .....

Explanation: .....

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Stakeholder 2: .....

Explanation: .....

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Stakeholder 3: .....

Explanation: .....

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Stakeholder 4: .....

Explanation: .....

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(b) Refer to Appendix 1. Consider the profitability of ACE by calculating the profitability ratios for 2013. Do you think the directors of ACE should be pleased with the profitability of the company? Justify your answer.

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5 **(a)** Refer to Appendix 2.

(i) Identify and explain **one** effect on businesses in country Z of changes in the agricultural sector.

Effect: .....

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Explanation:.....

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(ii) Identify and explain **one** effect on businesses in country Z of changes in the secondary sector.

Effect: .....

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Explanation:.....

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(b) Consider how the following changes might affect ACE as it starts to export its products to another country (called country X). How important do you think each of these changes will be to ACE? Justify your answer.

Unemployment rises in country X: .....

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Subsidies introduced for domestic businesses in country X: .....

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Country X's currency depreciates: .....

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