Cambridge
O Level

Cambridge International Examinations
Cambridge Ordinary Level

BUSINESS STUDIES **7115/22**

Paper 2 **October/November 2015**

INSERT

1 hour 30 minutes

7117274412-I

READ THESE INSTRUCTIONS FIRST

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

This document consists of **3** printed pages and **1** blank page.

DC (GB) 116835
© UCLES 2015

CAMBRIDGE
International Examinations

Rafael's Reliable Motorbikes (RRM)



RRM was set up by Rafael in Downtown, a town 100 km from Main City in country X. Rafael is a sole trader. He started the business 15 years ago.

RRM sells new and used (second-hand) motorbikes to local people who live in Downtown. Rafael is going to pass the control of the business to his son next year. He wants to keep the business owned by the family and does not want anyone else to own part of it.

RRM customers are mainly young men. Many of them are married with families and they cannot afford to buy a car. Rafael thinks he could increase his sales by using market segmentation. Rafael imports some of the motorbikes he sells and buys others from local manufacturers. Imported motorbikes are of higher quality than locally produced ones.

Rafael employs 10 workers to repair, sell and deliver motorbikes. They have worked for Rafael for many years. They are paid high wages and receive health and safety training. The leadership style used by Rafael is democratic, but the workers are worried that things may change when Rafael's son takes control. Rafael has told his son that having well motivated workers is important to the business. Rafael is considering opening another showroom in Main City.

© UCLES 2015

Appendix 1

Downtown population data in 000's

Age	0–16	17–40	41–65	66+
Number of people	125	250	500	125

Appendix 2

Financial information for RRM $

	2013	2014
Revenue	3 000 000	4 000 000
Gross profit	2 000 000	3 000 000
Fixed costs	1 500 000	2 500 000
Capital employed	2 000 000	2 000 000

Appendix 3

Location information for opening another showroom

Option A – near Main City	Option B – in the centre of Main City
• Low rent • Housing nearby • No other shops nearby • Government grants available • High unemployment • High crime rate	• High rent • Near to other shops including competitors • Good transport links • Free car parking nearby • Good security/low crime

© UCLES 2015

BLANK PAGE

Permission to reproduce items where third-party owned material protected by copyright is included has been sought and cleared where possible. Every reasonable effort has been made by the publisher (UCLES) to trace copyright holders, but if any items requiring clearance have unwittingly been included, the publisher will be pleased to make amends at the earliest possible opportunity.

To avoid the issue of disclosure of answer-related information to candidates, all copyright acknowledgements are reproduced online in the Cambridge International Examinations Copyright Acknowledgements Booklet. This is produced for each series of examinations and is freely available to download at www.cie.org.uk after the live examination series.

Cambridge International Examinations is part of the Cambridge Assessment Group. Cambridge Assessment is the brand name of University of Cambridge Local Examinations Syndicate (UCLES), which is itself a department of the University of Cambridge.