Cambridge
O Level

Cambridge International Examinations
Cambridge Ordinary Level

CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER			

* 4 1 4 7 4 2 7 4 1 2 *

BUSINESS STUDIES **7115/21**

Paper 2 **October/November 2015**

1 hour 30 minutes

Candidates answer on the Question Paper.

No Additional Materials are required.

READ THESE INSTRUCTIONS FIRST

Write your Centre number, candidate number and name in the spaces at the top of this page.
Write in dark blue or black pen.
You may use an HB pencil for any diagrams, graphs or rough working.
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 business described in this question paper is 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.
The total number of marks for this paper is 80.

This document consists of **10** printed pages, **2** blank pages and **1** Insert.

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CAMBRIDGE
International Examinations

[Turn over

1 **(a)** Identify and explain **one** advantage and **one** disadvantage to CC of being a public limited company.

Advantage: .....

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Explanation: .....

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Disadvantage: .....

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Explanation: .....

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.....[8]

(b) CC needs to communicate a new health and safety regulation to its factory workers. Consider the advantages and disadvantages of each of the following **three** ways CC could use. Recommend the most effective way to use. Justify your answer.

Posters on factory noticeboards: .....

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CC website: .....

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Text (mobile phone message) to factory workers: .....

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Recommendation: .....

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.....[12]

2 **(a)** CC's Marketing manager wants to carry out market research. Identify and explain **two factors** which could influence the accuracy of the market research data.

Factor 1: .....

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Explanation: .....

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Factor 2: .....

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Explanation: .....

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(b) CC's bestselling product is a good quality camping cooker which is similar to those produced by competitors. Explain how each of the following **three** elements of the marketing mix could be used to market CC's camping cooker. Justify why each element is important to the success of this product.

Price: .....

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Promotion: .....

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Place: .....

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3 **(a)** Identify and explain **two** benefits to CC workers of joining a trade union.

Benefit 1: .....

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Explanation: .....

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Benefit 2: .....

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Explanation: .....

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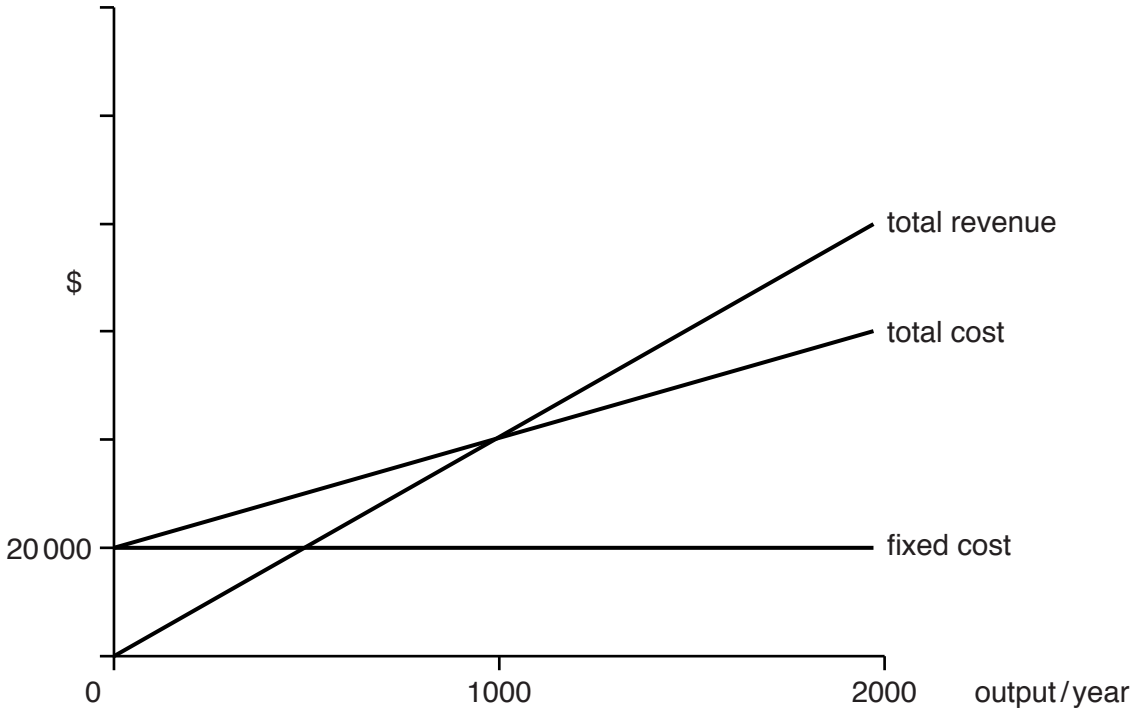
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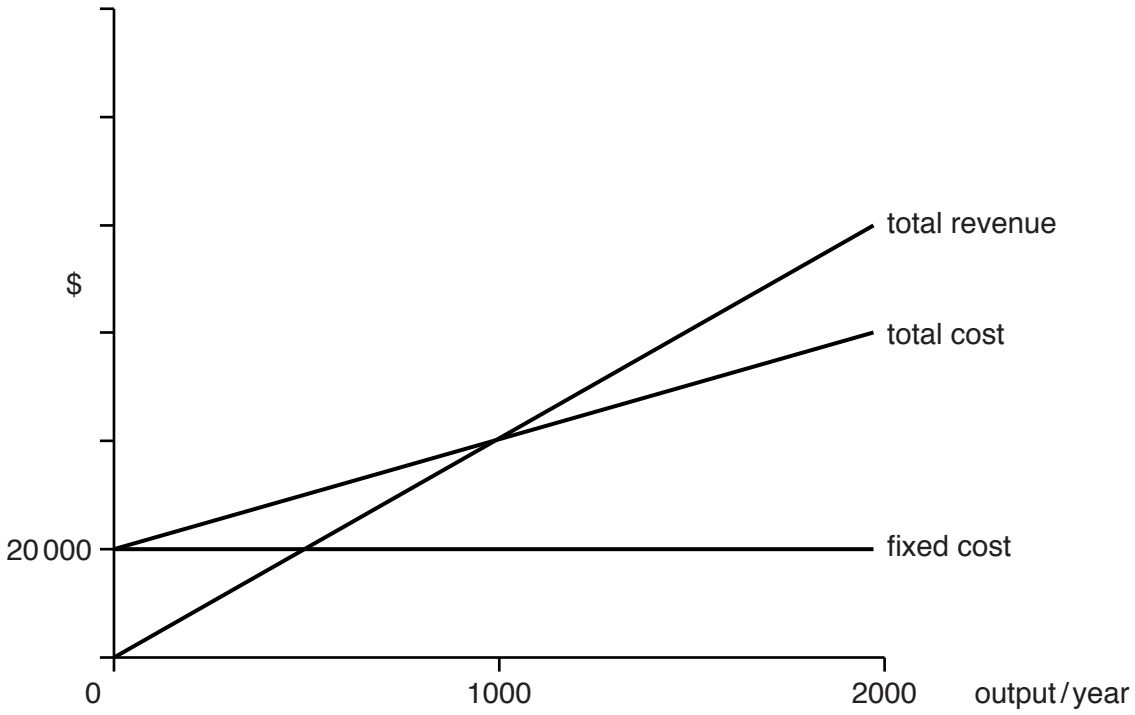
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Option 1 – Increase the price of the cooker to $60



Option 2 – Decrease the variable cost of the cooker to $10



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(b) The charts on the opposite page show the break-even point using a price of $40 per cooker and variable cost of $20 per cooker.

Show what happens to the break-even point for **each** of the following options by **drawing** on each chart on the opposite page:
- Option 1 – Increase the price of the cooker to $60
- Option 2 – Decrease the variable cost of the cooker to $10

Consider these **two** options for increasing the profitability of the cooker. Recommend which option the directors should choose. Justify your answer.

Option 1: .....

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Option 2: .....

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Recommendation: .....

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.....[12]

4 **(a)** Identify and explain **one** advantage and **one** disadvantage to CC of employing skilled workers in the factories.

Advantage: .....

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Explanation: .....

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Disadvantage: .....

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Explanation: .....

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.....[8]

(b) CC wants to expand into country Z and has the choice of merging with a competitor in country Z or setting up its own factory in country Z. Consider these two options and recommend which one CC should choose. Justify your answer.

Merging with a competitor in country Z: .....

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Setting up its own factory in country Z: .....

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Recommendation: .....

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