Cambridge
O Level

Cambridge International Examinations
Cambridge Ordinary Level

BUSINESS STUDIES **7115/22**

Paper 2 **October/November 2016**

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1 hour 30 minutes

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READ THESE INSTRUCTIONS FIRST

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GJ Partnership

Ghaziz and Jasmin set up a gardening and house cleaning business as GJ Partnership (GJ) 5 years ago in country X. The business has grown each year. Ghaziz thinks this is because incomes are rising in country X and employment is increasing.

Jasmin thinks that GJ is successful because it employs workers who are honest, reliable and hardworking. Customers can book cleaners or gardeners directly with GJ and they always arrive on time and do their job well. However, Ghaziz thinks the success of the business is mainly because finances are managed well and the cash flow is always positive.

The business employs 50 part-time workers who all work 20 hours per week. They provide GJ's cleaning and gardening services. There are also 2 office workers who arrange for the cleaners and gardeners to do the work at customers' houses. GJ's services are advertised in the local newspaper. GJ charges prices similar to those of competitors.

Jasmin plans to start a new service which will look after elderly people. There are many elderly people who are left on their own during the day because their adult children are at work. Jasmin understands that getting the marketing mix right for the new service is going to be very important.

Appendix 1

Summary of financial information for the two main services offered by GJ

Number of cleaners employed	30
Average time spent in each house	3 hours
Price charged	$10 per hour
Cleaners' wages	$5 per hour
Weekly fixed costs of the business (50% for house cleaning and 50% for gardening)	$300

Note: Assume one cleaner is used per house.

Break-even output for the gardening service = 5 gardens per week
Weekly profit for the gardening service = $2250

Appendix 2

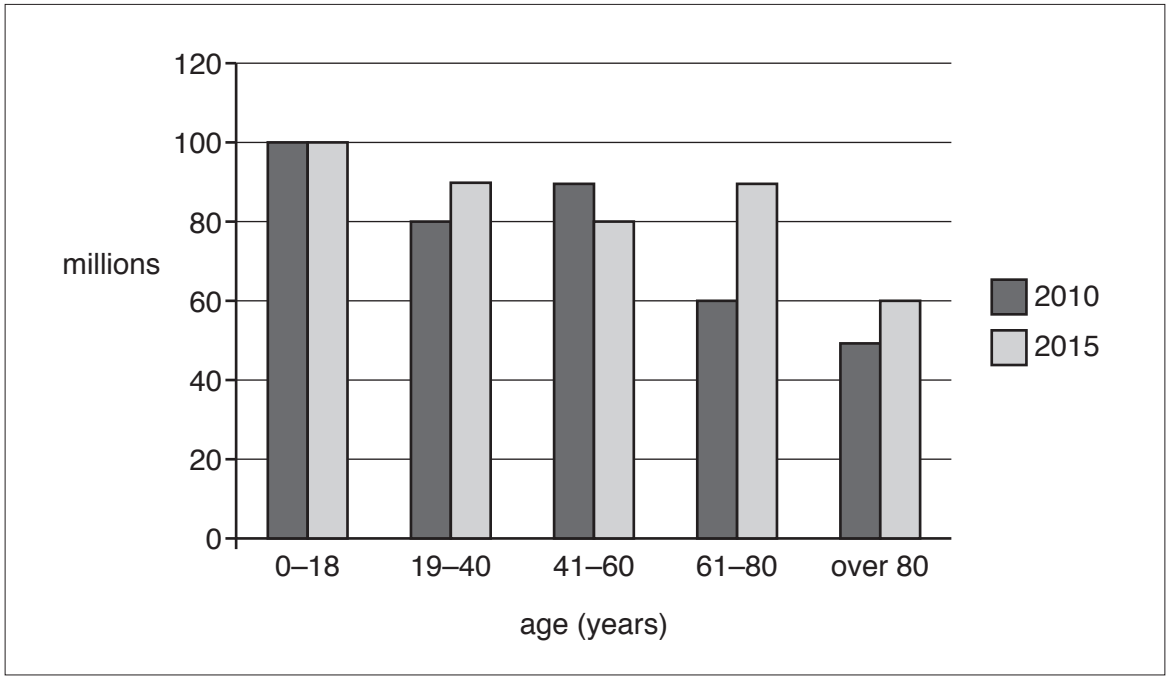
Main News **12 October 2016**

The Government of country X plans to increase the rate of tax on services. This will help to slow down the rate of economic growth in the country. The Government is worried that rapid economic growth and increasing employment might lead to higher inflation.

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Appendix 3

Population statistics for country X in millions of people



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