Cambridge
O Level

Cambridge International Examinations
Cambridge Ordinary Level

CANDIDATE NAME	
CENTRE NUMBER	
CANDIDATE NUMBER	

4062928959

BUSINESS STUDIES **7115/22**

Paper 2 **October/November 2016**

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 **9** printed pages, **3** blank pages and **1** Insert.

© UCLES 2016

CAMBRIDGE International Examinations

1 **(a)** Identify and explain **one** advantage and **one** disadvantage to Ghaziz and Jasmin of being in a business partnership.

Advantage: .....

.....

Explanation: .....

.....

.....

.....

.....

.....

Disadvantage: .....

.....

Explanation: .....

.....

.....

.....

.....

.....[8]

(b) Consider the effects of each of the following changes on the success of GJ. Which change do you think will have the biggest effect on the profit of the business? Justify your answer.

Increasing level of employment in country X: .....

.....

.....

.....

.....

.....

Increase in tax on all services in country X: .....

.....

.....

.....

.....

.....

Increase in the number of people buying large houses with gardens in country X: .....

.....

.....

.....

.....

.....

.....

Conclusion: .....

.....

.....

.....

.....

.....[12]

2 (a) (i) Calculate the break-even level of output for the house cleaning service using the information in Appendix 1.

.....

.....

.....

.....

.....

.....

.....

.....[4]

(ii) Calculate the weekly profit for the house cleaning service using the information in Appendix 1.

.....

.....

.....

.....

.....

.....

.....

.....[4]

© UCLES 2016

(b) Consider **why** the following financial information is important to a bank manager when deciding whether to give Ghaziz and Jasmin a loan to launch the new service. Which do you think is the most important information to the bank manager? Justify your answer.

Break-even level of output: .....

.....

.....

.....

.....

.....

Profitability of the business: .....

.....

.....

.....

.....

.....

Liquidity of the business: .....

.....

.....

.....

.....

.....

Conclusion: .....

.....

.....

.....

.....

.....[12]

3 **(a)** Ghaziz and Jasmin plan to expand their business. Identify and explain **one** economy of scale and **one** diseconomy of scale for the business as it expands.

Economy of scale: .....

.....

Explanation: .....

.....

.....

.....

.....

.....

Diseconomy of scale: .....

.....

Explanation: .....

.....

.....

.....

.....

.....[8]

© UCLES 2016

(b) GJ is introducing a new service. Jasmin wants to recruit a manager. Consider the advantages and disadvantages of internal and external recruitment. Recommend which recruitment method Jasmin should use. Justify your answer.

Internal recruitment: .....

.....

.....

.....

.....

.....

.....

.....

External recruitment: .....

.....

.....

.....

.....

.....

.....

.....

Recommendation: .....

.....

.....

.....

.....

.....

.....

.....[12]

4 **(a)** Identify and explain **two** reasons why market research is important to GJ before starting the new service.

Reason 1: .....

.....

Explanation: .....

.....

.....

.....

.....

.....

Reason 2: .....

.....

Explanation: .....

.....

.....

.....

.....

.....[8]

(b) Explain the following **two** elements of the marketing mix for the new service Jasmin is introducing. Which element do you think is more important when the service is in the introduction phase of the product life cycle? Justify your answer.

Price: .....

.....

.....

.....

.....

.....

.....

.....

Promotion: .....

.....

.....

.....

.....

.....

.....

.....

Conclusion: .....

.....

.....

.....

.....

.....

.....

.....[12]

BLANK PAGE

© UCLES 2016

BLANK PAGE

© UCLES 2016

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.

© UCLES 2016