Cambridge
O Level

Cambridge Assessment International Education
Cambridge Ordinary Level

CANDIDATE NAME	
CENTRE NUMBER	CANDIDATE NUMBER

7281930559

BUSINESS STUDIES **7115/21**

Paper 2 **October/November 2019**

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 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.
The total number of marks for this paper is 80.

This document consists of **9** printed pages and **3** blank pages.

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1 **(a)** Identify and explain **one** benefit and **one** cost to MF of developing the new product.

Benefit: .....

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Explanation: .....

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Cost: .....

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Explanation: .....

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..... [8]

(b) Consider how the following **three** elements of the marketing mix could help to make the new product successful. Which do you think is the most important element for the success of the new product? Justify your answer.

Price: .....

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Place: .....

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Promotion: .....

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Conclusion: .....

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..... [12]

2 **(a)** Identify and explain how the following **two** stakeholder groups of MF will be affected by the production of this new product.

Employees: .....

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Explanation: .....

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Customers: .....

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Explanation: .....

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(b) Consider how each of the following might use MF's financial statements as shown in Appendix 1. Which user would find the information most helpful? Justify your answer.

Government: .....

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Bank: .....

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Shareholders: .....

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Conclusion: .....

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..... [12]

3 **(a)** Identify and explain how the following **four** departments of MF are likely to be affected by the development of its new product.

Marketing: .....

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Human Resources (HR): .....

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Operations: .....

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Finance: .....

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(b) Using the information provided in Appendix 3, consider the following **two** options for MF's new product. Recommend which option MF should choose to ensure the highest profit for the new product. Justify your answer.

Option 1 - raise the price per carton from $5 to $7.50: .....

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Option 2 - reduce the variable cost per carton from $2.50 to $2.00: .....

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Recommendation: .....

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4 **(a)** Identify and explain **two** differences between:

(i) MF and unincorporated businesses:

Difference 1: .....

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Difference 2: .....

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..... [4]

(ii) MF and public sector organisations:

Difference 1: .....

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Difference 2: .....

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(b) Consider the possible external costs and external benefits resulting from MF's new product. Recommend whether the Government should encourage MF to produce this new product. Justify your answer.

External costs: .....

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External benefits: .....

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Recommendation: .....

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