Cambridge Assessment International Education

# Cambridge O Level

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|---|---|---|---|---|---|---|---|---|---|
| CANDIDATE NAME | | | | | | | | | |
| CENTRE NUMBER | | | | | | CANDIDATE NUMBER | | | | |

*4262478848*

**BUSINESS STUDIES** **7115/22**

Paper 2 Case Study **October/November 2020**

**1 hour 30 minutes**

You must answer on the question paper.

You will need: Insert (enclosed)

**INSTRUCTIONS**

- Answer **all** questions.
- Use a black or dark blue pen. You may use an HB pencil for any diagrams or graphs.
- Write your name, centre number and candidate number in the boxes at the top of the page.
- Write your answer to each question in the space provided.
- Do **not** use an erasable pen or correction fluid.
- Do **not** write on any bar codes.
- You may use a calculator.

**INFORMATION**

- The total mark for this paper is 80.
- The number of marks for each question or part question is shown in brackets [ ].
- The insert contains the case study.

This document has **12** pages. Blank pages are indicated.


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**[Turn over**

**1** **(a)** Explain **two** reasons why finance is needed by CC.

Reason 1:.....

Explanation:.....

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Reason 2:.....

Explanation:.....

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..... [8]

**(b)** Explain the benefits and limitations of the following **two** ways of achieving quality production. Which way should CC use? Justify your answer.

- Quality control
- Quality assurance

Quality control:.....

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Quality assurance:.....

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Recommendation:.....

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..... [12]

**2** **(a)** Explain **two** possible reasons why Aisha set up CC as a business partnership.

Reason 1:.....

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Explanation:.....

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Reason 2:.....

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Explanation: .....

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..... [8]

**(b)** Consider the advantages and disadvantages of the following **three** methods of employee selection. Which method should CC use when recruiting production workers? Justify your answer.

- Application form
- Interview
- Aptitude tests

Application form:.....

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Interview:.....

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Aptitude tests:.....

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Recommendation:.....

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**3** **(a)** Explain **two** reasons why a new business is at a greater risk of failing than an established business.

Reason 1:.....

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Explanation: .....

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Reason 2:.....

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Explanation: .....

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..... [8]

**(b)** Consider the following **three** elements of a suitable marketing mix for CC's new range of personalised mobile phone covers. Justify which element is the most important.

- Pricing method
- Method of promotion
- Place - distribution channel

Pricing method:.....

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Method of promotion:.....

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Place - distribution channel:.....

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Conclusion:.....

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**4** **(a)** Using the data in Appendix 3, calculate the following ratios for CC:

- Gross profit margin
- Profit margin
- Current ratio
- Acid test ratio

Show your workings.

Gross profit margin:.....

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Profit margin:.....

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Current ratio:.....

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Acid test ratio:.....

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..... [8]

**(b)** Consider how the changes in the following **three** government legal controls could affect CC. Which change is likely to have the greatest effect on profit? Justify your answer.

- Increase in the minimum wage
- More controls over what can be stated in advertisements
- No waste plastic can be sent to landfill sites

Increase in the minimum wage:.....

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More controls over what can be stated in advertisements:.....

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No waste plastic can be sent to landfill sites:.....

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Conclusion: .....

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