Cambridge Assessment International Education

Cambridge O Level

CANDIDATE NAME

CENTRE NUMBER

CANDIDATE NUMBER

6515140388

BUSINESS STUDIES **7115/11**

Paper 1 Short Answer and Data Response **October/November 2021**

1 hour 30 minutes

You must answer on the question paper.

No additional materials are needed.

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 [ ].

This document has **12** pages. Any blank pages are indicated.

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[Turn over

1 After identifying a gap in the soft drinks market, Jerome developed a low sugar drink. He borrowed $5 000 from family and friends to start-up a business and to provide working capital. Jerome operates as a sole trader. To promote his product, Jerome handed out free samples in the town centre. In the first year, Jerome's business sold 10 000 units. This is 200 units more than his break-even output. Jerome is considering ways to increase added value.

(a) Identify **two** features of a sole trader.

Feature 1: .....

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Feature 2: .....

..... [2]

(b) Define 'working capital'.

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..... [2]

(c) Outline **two** ways that break-even information can help Jerome's business.

Way 1: .....

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Way 2: .....

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..... [4]

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(d) Explain how each of the following can help Jerome increase added value:

Change the packaging: .....

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Use cheaper materials: .....

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..... [6]

(e) Do you think giving out free samples is the best method of sales promotion for a business to use when promoting a new food product? Justify your answer.

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2 NSN is a multinational company. It makes cars. Over the years, technology has changed production methods. NSN uses just-in-time inventory control in all its factories. NSN plans to open a new factory in country Z creating 7 000 jobs. Country Z's Government has offered an $80m grant to NSN. A spokesperson for NSN said: 'Governments should support business activity. There were also other factors that influenced our decision to build the new factory there including the possible effects of economic growth.'

(a) Define 'multinational company'.

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..... [2]

(b) Identify **two** reasons why a government might support business activity.

Reason 1: .....

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Reason 2: .....

..... [2]

(c) Outline **one** advantage and **one** disadvantage to NSN of using just-in-time inventory control.

Advantage: .....

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Disadvantage: .....

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..... [4]

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(d) Explain **two** ways in which an increase in economic growth might affect NSN's decision to build a new factory in country Z.

Way 1: .....

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Explanation: .....

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Way 2: .....

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Explanation: .....

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..... [6]

(e) Do you think the ways technology has changed production methods benefits all employees? Justify your answer.

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3 SBG makes a range of products including specialist paints. It has 6 factories and 700 employees. All SBG's employees are encouraged to be involved in decision-making. SBG's products are exported to 16 countries using wholesalers as its main channel of distribution. The Managing Director said: 'Our objectives are to grow and make a profit.' He also recognises that all business activity creates externalities for SBG's stakeholder groups.

(a) Define 'externalities'.

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..... [2]

(b) Define 'stakeholder groups'.

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..... [2]

(c) Outline **two** reasons why profit might be important to SBG.

Reason 1: .....

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Reason 2: .....

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..... [4]

(d) Explain **two** ways SBG can involve its employees in decision-making.

Way 1: .....

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Explanation: .....

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Way 2: .....

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Explanation: .....

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(e) Do you think using wholesalers is the best way for a large business to distribute its products? Justify your answer.

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4 BGR is a private limited company. It operates 6 cinemas in different towns. Effective internal communication is important for BGR. The Finance Director has been analysing BGR's accounts and an extract is shown in Table 4.1. BGR plans to open another cinema and will need to recruit 10 new employees. The new cinema will cost $8m. The Finance Director has to decide whether BGR should issue new shares or use a bank loan to finance the expansion.

Table 4.1

Extract from BGR's Income statement for year ending 2020 ($000's)	
Revenue	**X**
Cost of sales	180
Gross profit	720
Expenses	**Y**
Profit	400

(a) Define 'cost of sales'.

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..... [2]

(b) Calculate **X** and **Y**.

X: .....

Y: ..... [2]

(c) Identify **four** stages of the recruitment process.

Stage 1: .....

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Stage 2: .....

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Stage 3: .....

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Stage 4: .....

..... [4]

(d) Explain **two** reasons why effective communication might be important to BGR.

Reason 1: .....

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Explanation: .....

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Reason 2: .....

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Explanation: .....

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..... [6]

(e) Do you think issuing new shares is a better way for a limited company to finance expansion than using a bank loan? Justify your answer.

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