Cambridge Assessment International Education

Cambridge O Level

CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER				

0999411117

BUSINESS STUDIES **7115/12**

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 SWB is in the secondary sector. It produces 150 000 wooden bookcases each week using batch production. SWB sells all its output to one customer. Quality control is important. SWB has 240 employees, of which 100 are part-time workers. SWB's managers use noticeboards around the factory and meetings with employees every month to help reduce communication barriers. The Operations Manager is considering introducing just-in-time inventory control to reduce the amount of waste.

(a) Define 'secondary sector'.

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..... [2]

(b) Identify **two** factors a business should consider when deciding whether to introduce just-in-time inventory control.

Factor 1: .....

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Factor 2: .....

..... [2]

(c) Outline **one** advantage and **one** disadvantage to SWB of using quality control.

Advantage: .....

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Disadvantage: .....

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..... [4]

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(d) Explain **two** possible communication barriers that might exist at SWB.

Communication barrier 1: .....

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Explanation: .....

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Communication barrier 2: .....

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Explanation: .....

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..... [6]

(e) Do you think it is a good idea for a business to have only one customer? Justify your answer.

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2 Tom started ALB 5 years ago making trainers (sneakers) out of sustainable materials such as wool. One of ALB's objectives is to protect the environment. As part of his research, Tom calculated some costs which he could use in his break-even analysis. An extract is shown in Figure 2.1. ALB uses retailers to distribute its products. Tom thinks a successful entrepreneur has to be a good manager.

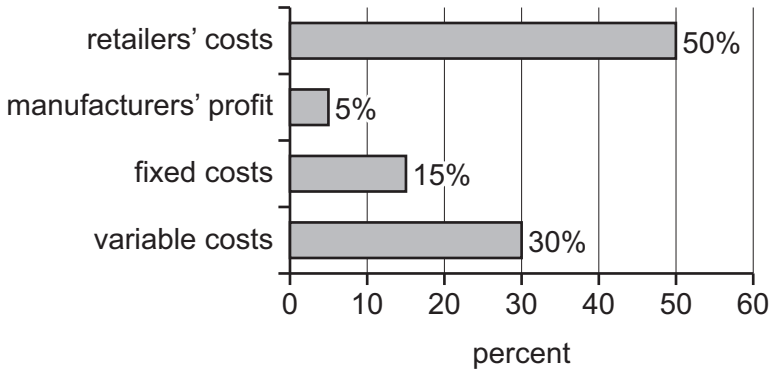


Fig. 2.1

(a) Define 'variable costs'.

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..... [2]

(b) Identify **two** limitations of break-even analysis.

Limitation 1: .....

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Limitation 2: .....

..... [2]

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(c) Outline **two** possible advantages to ALB of using retailers to distribute its products.

Advantage 1: .....

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Advantage 2: .....

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..... [4]

(d) Explain **one** advantage and **one** disadvantage to ALB of trying to protect the environment.

Advantage: .....

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Explanation: .....

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Disadvantage: .....

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Explanation: .....

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..... [6]

(e) Do you think a successful entrepreneur has to be a good manager? Justify your answer.

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3 Aurelie is a sole trader. She started her small hotel 1 year ago using government support. Aurelie knew it would be important to build good customer relationships. Aurelie wants to analyse her financial statements using ratio analysis. An extract is shown in Table 3.1. She is worried about how the Government's plan to introduce a new tourist tax of $1 per tourist per night might affect her business.

Table 3.1

Extract of Aurelie's Income statement for 2020 ($)	
Revenue	5 600
Cost of sales	1 800
Gross profit	**X**
Expenses	2 400
Profit	**Y**

(a) Identify **two** ways a government can support new business start-ups.

Way 1: .....

.....

Way 2: .....

..... [2]

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

X: .....

Y: ..... [2]

(c) State **four** financial ratios a business can use.

Financial ratio 1: .....

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Financial ratio 2: .....

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Financial ratio 3: .....

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Financial ratio 4: .....

..... [4]

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[Turn over

(d) Explain **two** ways that the introduction of a new tourist tax might affect Aurelie's business.

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 offering good customer service is the best way for a small business to build customer relationships? Justify your answer.

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4 GCF is a public limited company. It provides a range of computer services to businesses including designing websites and creating apps. The Human Resources Director use ideas based on Maslow's Hierarchy of Needs to help keep GCF's 250 employees well-motivated. An extract of methods used is shown in Table 4.1. GCF plans to expand by taking over one of its competitors. This will cost $50m. To finance the takeover, GCF is considering issuing new shares.

Table 4.1

Extract of methods used at GCF to motivate employees
'Employee of the month' award
Organises team building courses

(a) Identify **two** features of a public limited company.

Feature 1: .....

.....

Feature 2: .....

..... [2]

(b) Identify the level of Maslow's Hierarchy of Needs each of the following methods belongs to.

'Employee of the month award':.....

Organises team building courses: ..... [2]

(c) Outline **two** advantages to GCF of having well-motivated employees.

Advantage 1: .....

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Advantage 2: .....

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..... [4]

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[Turn over

(d) Explain **one** advantage and **one** disadvantage to GCF of issuing new shares as a source of finance.

Advantage: .....

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Explanation: .....

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Disadvantage: .....

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Explanation: .....

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(e) Do you think the number of employees is the best way to measure the size of a tertiary sector business? Justify your answer.

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