

Centre Number	Candidate Number	Name
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UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Ordinary Level

BUSINESS STUDIES

7115/01

Paper 1

October/November 2005

1 hour 45 minutes

Candidates answer on the Question Paper.
No Additional Materials are required.

READ THESE INSTRUCTIONS FIRST

Write your Centre number, candidate number and name on all the work you hand in.
Write in dark blue or black pen in the spaces provided on the Question Paper.
Do not use staples, paper clips, highlighters, glue or correction fluid.

Answer **all** questions.
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 businesses described in this question paper are entirely fictitious.

For Examiner's Use	
1	
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5	
Total	

1 Omar owns and manages a small business making carpets. He knows that the market for carpets is very competitive. His business is not very profitable so he is thinking of changing some of his marketing policies. Fig. 1 shows the revenue that he gains from selling his main product.

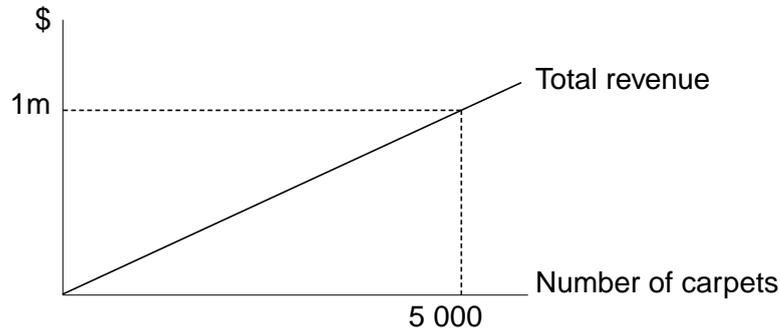


Fig. 1

(a) (i) Calculate the price that Omar is charging for one carpet.

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..... [2]

(ii) Plot the new revenue line if Omar raises his price by \$20.

- 3 The Lyons family set up their business over 50 years ago. Over time the business changed and it is now a public limited company. Table 2 is a summary of their most recent Profit/Loss account.

Table 2

Profit/Loss Account
[year ending Oct. 2005]
Lyons

	\$000's
Sales	950
Cost of Sales	500
Gross Profit	450
Overhead Costs	?
Net Profit before tax	300
Tax	?
Net profit after Tax	220
Dividends	150
Retained profit	70

(a) Calculate

(i) Overhead costs;

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[1]

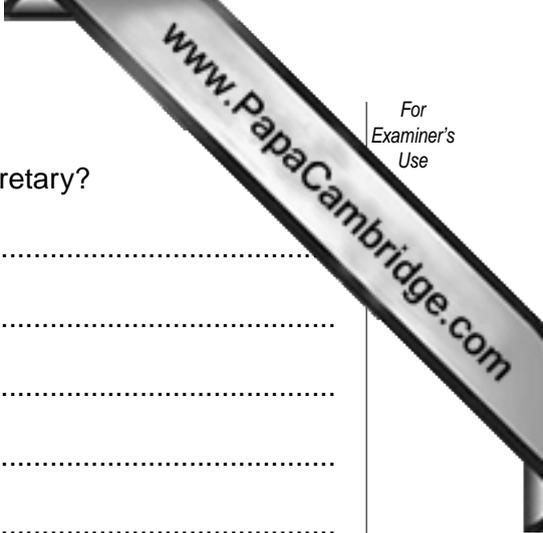
(ii) Tax.

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[1]

(b) (i) Explain what is meant by 'dividends'.

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[2]



(ii) Why might a job description help when recruiting the secretary?

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(c) Tara is a specialist in employment law while Gowri is qualified in consumer protection law.

(i) Do you think that their different skills will help the partnership be successful? Explain your answer.

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(ii) Explain **two** problems that can occur in any business partnership.

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