



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS  
General Certificate of Education Ordinary Level

CANDIDATE  
NAME

CENTRE  
NUMBER

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CANDIDATE  
NUMBER

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**BUSINESS STUDIES**

**7115/11**

Paper 1

**October/November 2009**

**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.  
Do not use staples, paper clips, highlighters, glue or correction fluid.  
**DO NOT WRITE IN ANY BARCODES.**

Answer **all** questions.  
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.

For Examiner's Use	
1	
2	
3	
4	
5	
<b>Total</b>	

This document consists of **11** printed pages and **1** blank page.



1 Joel owns a business that specialises in decorating offices. In 2008 Joel's business out a contract to redecorate the offices of Yinvesco. The work took three months complete. Yinvesco then took a further two months to pay the account and deducted 15% because they said that not all the work had been completed satisfactorily. Joel was very unhappy about this because the contract only had a small profit margin. "I base my price on full costs including overheads and add on 10%" he said.

(a) Identify the pricing method used by Joel's business.

..... [2]

(b) Explain what is meant by 'a small profit margin'.

.....  
.....  
.....  
..... [2]

(c) Explain **two** reasons why Joel's business might have experienced cash flow problems when carrying out the Yinvesco contract.

Reason 1: .....  
.....  
.....  
.....

Reason 2: .....  
.....  
.....  
..... [4]

Joel is thinking of changing his supplier of paint.

(d) Identify **three** factors Joel should consider when choosing a paint supplier and explain why each factor is important.

Factor 1: .....

Explanation: .....

.....

.....

Factor 2: .....

Explanation: .....

.....

Factor 3: .....

Explanation: .....

.....

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..... [6]

(e) Do you think that Joel should use a different pricing method for his business? Justify your answer.

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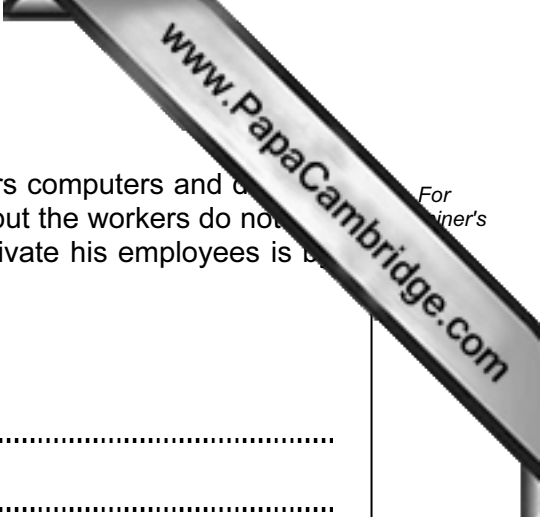
.....

..... [6]









3 Reo is the manager of a computer business. The company repairs computers and develops software for businesses. Reo pays his employees by piece rates but the workers do not like this method. Reo believes that the best way to manage and motivate his employees is by being an autocratic manager.

(a) What is meant by 'piece rates'?

.....  
.....  
.....  
..... [2]

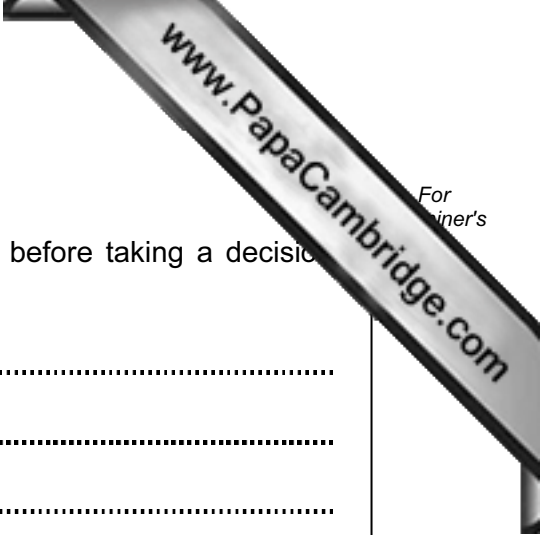
(b) What is meant by an 'autocratic manager'?

.....  
.....  
.....  
..... [2]

(c) Explain **two** possible reasons why Reo's employees do not like being paid by piece rates.

Reason 1: .....  
.....  
.....  
.....

Reason 2: .....  
.....  
.....  
..... [4]



Reo is thinking of introducing new training for his employees.

(d) Identify and explain **three** factors that Reo should consider before taking a decision about new training.

Factor 1: .....

Explanation: .....

.....

.....

Factor 2: .....

Explanation: .....

.....

Factor 3: .....

Explanation: .....

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..... [6]

(e) Recommend how Reo can improve the motivation level of his employees. Justify your answer.

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..... [6]

- 4 Isaiah had been to college to study business. His tutors told him that added value was important if a business was to be successful and profitable. Table 2 shows a task given to Isaiah by his tutors.

**Table 2: The concept of added value**

Type of Business	Raw Material	Process of Added Value	End Product or Service
Petrol Supplier	<i>Oil</i>	<i>Oil Refining</i>	<i>Petrol</i>
Restaurant			<i>Meal</i>

- (a) Complete Table 2 above by **filling in** the **two** gaps for the restaurant business. [2]

- (b) What is meant by 'added value?'

.....  
 .....  
 .....  
 ..... [2]

Isaiah is about to set up a business manufacturing fashionable sports clothes.

- (c) Identify and explain the importance of **two** factors that Isaiah should consider in deciding on the location of his business.

Factor 1: .....

Explanation: .....

.....

.....

Factor 2: .....

Explanation: .....

.....

..... [4]





(d) Identify and explain **three** methods that Isaiah could use in marketing his new business to potential customers.

Method 1: .....

Explanation: .....

.....

.....

Method 2: .....

Explanation: .....

.....

.....

Method 3: .....

Explanation: .....

.....

..... [6]

(e) Do you think that if Isaiah adds value then his business will be successful and profitable? Justify your answer.

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..... [6]

5 The government of country W is concerned about the level of imports. Local producer groups have been asking for import restrictions to be introduced. Other groups want the exchange rate of country W to fall (depreciate).

(a) Identify **two** methods that could be used to restrict imports into country W.

Method 1: .....

Method 2: ..... [2]

(b) What is meant by 'an exchange rate fall'?

.....  
.....  
.....  
..... [2]

(c) Identify and explain **two** reasons why consumers might be disadvantaged by the introduction of import restrictions.

Reason 1: .....

Explanation: .....

.....  
.....

Reason 2: .....

Explanation: .....

.....  
..... [4]



