



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 2010

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.**

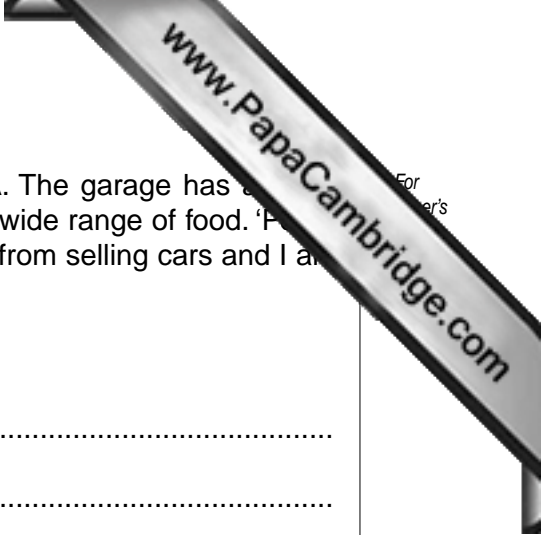
Answer **all** questions.  
The businesses described in this paper are entirely fictitious.

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	
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<b>Total</b>	

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





1 Leo owns a garage in the centre of a town located in country A. The garage has a stock of cars for sale. It also sells petrol and has a shop selling a wide range of food. 'Petrol is a loss-leader for my garage' said Leo. 'Most of my profit comes from selling cars and I am looking for ways to increase the profits of the rest of my business.'

(a) What is meant by a loss leader?

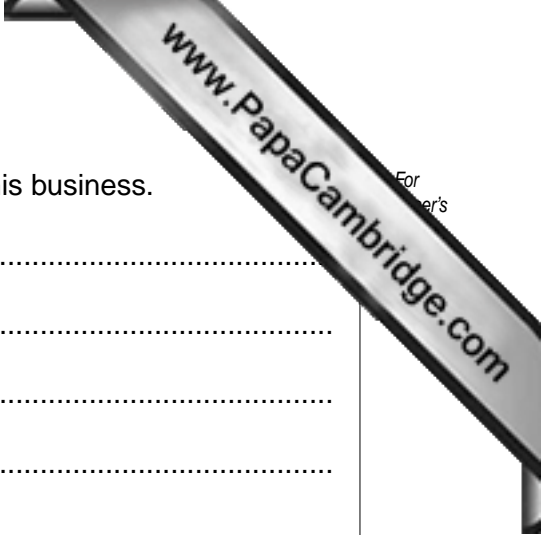
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..... [2]

(b) Identify **two** overhead costs that you think Leo's garage would have to pay.

Overhead 1:.....  
Overhead 2:..... [2]

(c) The Government in country A has raised interest rates. Explain the impact that this increase might have on the profits of Leo's garage.

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..... [4]



(d) Identify and explain **three** ways in which Leo could promote his business.

Way 1:.....

Explanation:.....

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Way 2:.....

Explanation:.....

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Way 3:.....

Explanation:.....

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..... [6]

(e) Although Leo's business is profitable it has a cash flow problem. Recommend **two** methods that Leo could use to help solve the problem. Justify your recommendations.

Method 1:.....

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Method 2:.....

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..... [6]

2 Suki is the manager of a department in a large retail shop. Her job is varied and she is responsible for the recruitment and motivation of the staff who work in her department. Suki enjoys her job but sometimes finds it hard. 'Finding the right staff is difficult and motivating some of them is almost impossible!' she said.

(a) Identify **two** examples of fringe benefits that shop workers are likely to receive.

Fringe benefit 1: .....

Fringe benefit 2: ..... [2]

(b) Identify **two** reasons why recruiting shop workers might be difficult.

Reason 1: .....

.....

Reason 2: .....

..... [2]

(c) Identify and explain **two** reasons why shop workers might lack motivation.

Reason 1: .....

Explanation: .....

.....

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Reason 2: .....

Explanation: .....

.....

..... [4]







(d) BTX wants to raise new funds in 2010 to help finance its growth plans. Identify and explain **three** ways it could do this.

Way 1:.....

Explanation:.....

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Way 2:.....

Explanation:.....

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Way 3:.....

Explanation:.....

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..... [6]

(e) Do you think that the management of BTX should be worried about the performance of the company in 2009? Justify your answer.

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4 Sweet Scent is a company that manufactures toiletries such as soap, sun cream, toothpaste. Fig.1 and Fig. 2 show the product life cycles of two of its brands of face cream coded W and X.

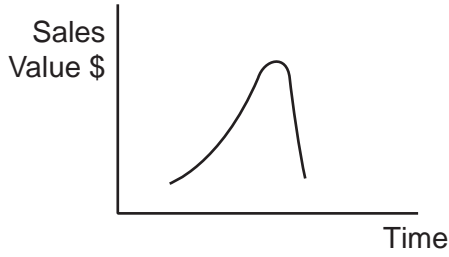


Fig. 1: Product W

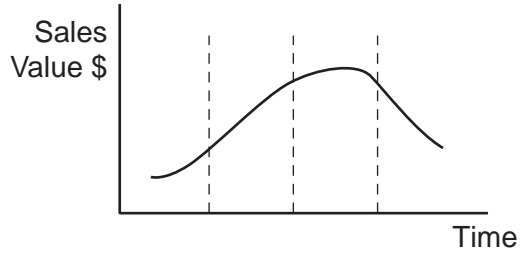


Fig. 2: Product X

(a) What is meant by a product life cycle?

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..... [2]

(b) Identify the four stages of the product life cycle of product X.

Stage 1: .....

Stage 2: .....

Stage 3: .....

Stage 4: ..... [2]

(c) Identify and explain **two** main differences in the life cycles of the two products shown in Fig. 1 and Fig. 2.

Difference 1: .....

Explanation: .....

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Difference 2: .....

Explanation: .....

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..... [4]





5 ATC is a very large exporting company with many offices throughout the world. The management know that effective communication is vital in such a large business. Recently, management held a meeting to consider the ways communication operates in the business. Discussion focused on the ideas of one-way communication and communication feedback.

(a) What is meant by communication feedback?

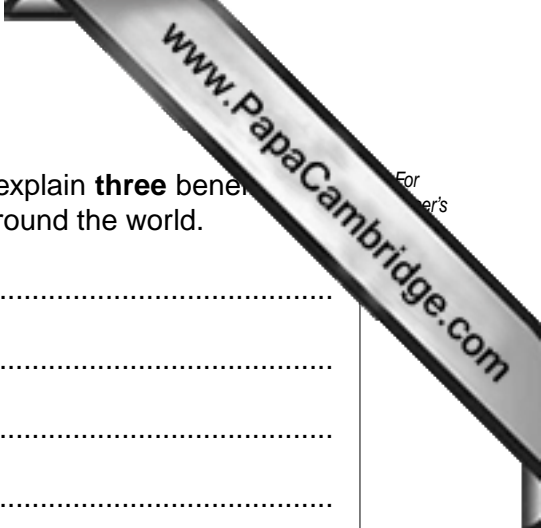
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..... [2]

(b) Identify **two** business situations in which one-way communication would be suitable.

Situation 1:.....  
.....  
Situation 2:.....  
..... [2]

(c) Identify and explain **two** ways in which information technology has affected how a business communicates with its stakeholders.

Way 1:.....  
Explanation:.....  
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Way 2:.....  
Explanation:.....  
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..... [4]



(d) ATC employs 10 000 staff throughout the world. Identify and explain **three** benefits that ATC might gain from delegating decision-making to its staff around the world.

Benefit 1:.....

Explanation:.....

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Benefit 2:.....

Explanation:.....

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Benefit 3:.....

Explanation:.....

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..... [6]

(e) ATC has a policy of recruiting staff for the senior jobs from within the business. It is changing its policy so that external recruitment will be used to recruit senior staff in the future. Do you think that the change will benefit ATC? Justify your answer.

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