



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

7115/21

Paper 2

October/November 2010

1 hour 45 minutes

Candidates answer on the Question Paper.

Additional Materials: Insert

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 Insert contains the case study.
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	
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Total	

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



1 (a) (i) What is meant by the term 'fixed costs'? Give **two** examples of fixed costs for the hotel.

Meaning of 'fixed costs':
.....
.....
.....

Example 1:
.....

Example 2:
..... [4]

(ii) What is meant by the term 'variable costs'? Give **two** examples of variable costs for the hotel.

Meaning of 'variable costs':
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.....

Example 1:
.....

Example 2:
..... [4]

2 (a) Communication is important in any business. Identify and explain **four** communication methods the hotel could use.

Method 1:

Explanation:

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Method 2:

Explanation:

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Method 3:

Explanation:

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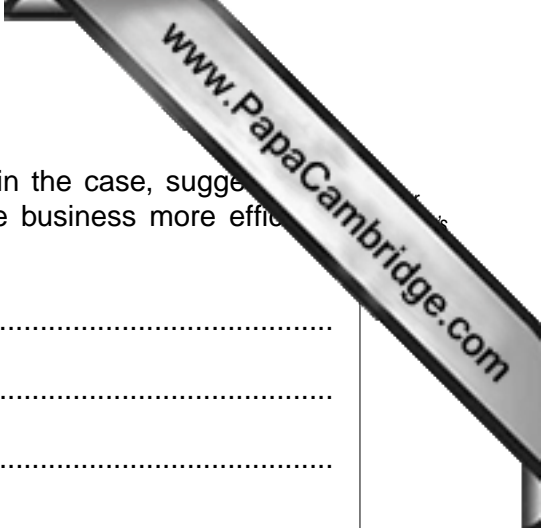
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Method 4:

Explanation:

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.....[8]



(b) Using the information in Appendix 2 and other information in the case, suggest ways the organisation chart could be changed to make the business more efficient. Justify why you think efficiency will be increased.

Way 1:

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Explanation:

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Way 2:

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Explanation:

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Way 3:

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Explanation:

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Way 4:

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Explanation:

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.....[12]

3 (a) Explain **two** advantages and **two** disadvantages to Jenn and Kiang of the business being a partnership.

Advantage 1:

Explanation:

.....

Advantage 2:

Explanation:

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Disadvantage 1:

Explanation:

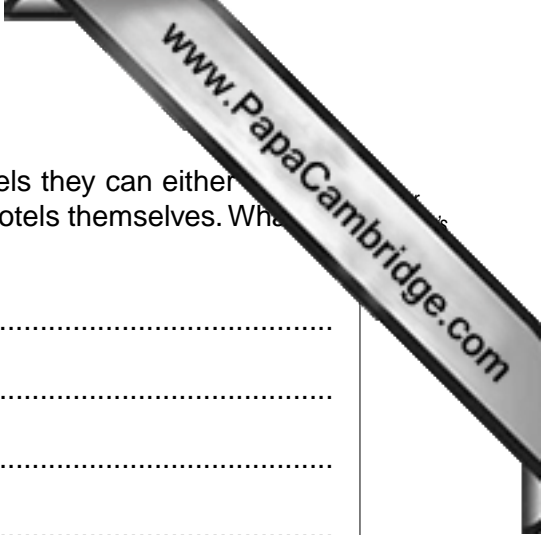
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Disadvantage 2:

Explanation:

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.....[8]



(b) If Jenn and Kiang want to expand the number of Dream Hotels they can either franchise the hotel name to other hotel owners or open new hotels themselves. What do you think they should do? Justify your answer.

Franchise the hotel name:

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Open new hotels themselves:

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Recommendation:

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- 4 (a) Identify and explain **two** reasons why providing a quality service in the restaurant is important to the Dream Hotel.

Reason 1:

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Explanation:

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Reason 2:

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Explanation:

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[8]

- 5 (a) Identify and explain **two** ways the Dream Hotel could use the Internet to help increase the number of guests staying at the hotel.

Way 1:

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Explanation:

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Way 2:

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Explanation:

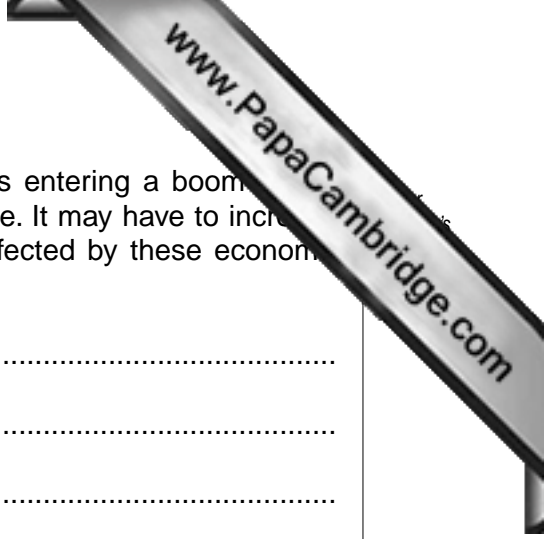
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.....[8]



(b) The Government has recently reported that the economy is entering a boom with falling unemployment and an appreciating exchange rate. It may have to increase interest rates. Do you think that the hotel will be greatly affected by these economic changes? Justify your answer.

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