

WWW. Papa Cambridge.com From the June 2007 session, as part of CIE's continual commitment to maintaining best practice in assessment, CIE has begun to use different variants of some question papers for our most popular assessments with extremely large and widespread candidature, The question papers are closely related and the relationships between them have been thoroughly established using our assessment expertise. All versions of the paper give assessment of equal standard.

The content assessed by the examination papers and the type of questions are unchanged.

This change means that for this component there are now two variant Question Papers, Mark Schemes and Principal Examiner's Reports where previously there was only one. For any individual country, it is intended that only one variant is used. This document contains both variants which will give all Centres access to even more past examination material than is usually the case.

The diagram shows the relationship between the Question Papers, Mark Schemes and Principal Examiner's Reports.

Question Paper

Introduction First variant Question Paper Second variant Question Paper

Mark Scheme

Introduction
First variant Mark Scheme
Second variant Mark Scheme

Principal Examiner's Report

Introduction
First variant Principal Examiner's Report
Second variant Principal Examiner's Report

Who can I contact for further information on these changes?

Please direct any questions about this to CIE's Customer Services team at: international@cie.org.uk





7115/01



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS General Certificate of Education Ordinary Level

CANDIDATE NAME					
CENTRE NUMBER			CANDIDATE NUMBER		

BUSINESS STUDIES

Paper 1 May/June 2007 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.

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1	
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Total	

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This document consists of 14 printed pages and 2 blank pages.

www.PapaCambridge.com Country X has a mixed economy. It also has businesses in the primary, secondary 1 tertiary sectors. (a) Give an example of a business in: The primary sector (ii) The tertiary sector **(b)** Explain what is meant by the term 'mixed economy'.[4] (c) All public limited companies have to hold an Annual General Meeting. Explain two functions (purposes) of such a meeting. Function 1: Function 2:

(d) A number of public limited companies in country X have recently failed and

www.PapaCambridge.com Why do some companies fail? (i)[4] Do you think that the government of country X should provide financial help to failing companies? Explain your answer.

Biograph is a business that manufactures cosmetics. Table 1 gives data concerning it 2 market share and advertising expenditure.

Table 1

va	riant Question Pap	er		Way.	
			4	13.0	For Examiner's Use
	• .	s that manufactures ertising expenditure	cosmetics. Table 1 give .	es data concerning it.	For Examiner's Use
		Ta	able 1		age C.
	Year	Sales [\$m]	Market share [%]	Advertising expenditure [\$m]	N ON
	2005	300	10	25	
	2006	350	8	35	

(a) (i) Calculate the value of the total market sales for cosmetics in 2005.

	[2]
(ii)	Explain why Biograph's market share has fallen in 2006 even though the value of its sales has increased.
	[4]
(iii)	Recommend one way in which Biograph could increase its market share, other than by spending more on advertising.

Board of Directors of the company want to see a detailed advertising budget as the

(b) Biograph's Marketing Director wants to increase advertising spending in 200

not think that past advertising spending has been very cost effective.

www.PapaCambridge.com (i) What is meant by an 'advertising budget'? [2] Do you think that Biograph's advertising expenditure was cost effective in 2006?[4] (c) Some members of Biograph's Board of Directors think that the business needs to segment its market more effectively. Explain how market segmentation might help increase sales for a business manufacturing cosmetics.[4]

www.PapaCambridge.com Puregloss is a public limited company that manufactures paint. Table 2 shows an incompany that manufactures paint. 3 Profit/Loss Account for the business in 2006.

Table 2

Profit/Loss Account Pureglos	ss 2006
-	\$m
Sales	?
Cost of Sales	350
Gross Profit	150
Overheads	?
Net Profit	40

(a)	Cal	culate the value of:
	(i)	Sales
	(ii)	Overheads
		[2]
(b)	Ехр	lain two reasons why profit is important for a company like Puregloss.
	Rea	ason 1:
	Rea	ason 2:
		F 43

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(c)	\$40ı	Managing Director of Puregloss thought that if the company made a net makes in the bank would also rise by \$40m. Explain why she have by the bank would also rise by \$40m.
		[4]
(d)		npanies such as Puregloss have to produce financial statements each year including ance Sheets and Profit and Loss accounts.
	(i)	Give an example of each of the following that would be found in the Balance Sheet of Puregloss:
		A current asset
		A fixed asset
		[2]
	(ii)	The Balance Sheet of Puregloss also showed that the business had creditors valued at \$2m. Explain what this means.
		[2]

	4	
nt	Question Paper	
	8	For Examiner's
ii)	Question Paper 8 In 2006 sales of the business rose by \$100m and net profit by \$5m compactors. Do these figures suggest that Puregloss was successful in 2006?	Use
		Tage
		COM
	[6]	

www.PapaCambridge.com 'The number of managers in our business seems to grow every year. If there were them the business would be able to pay us more' said Jimba, a shop assistant in Colour clothing retailers. 'I don't think they contribute much to the business. All they do is to critical everything the employees do! This makes us all feel very demotivated. They are only interested in profits.'

(a)	Exp	lain two functions (purposes) that the management of ColourYarn should carry out.
	Fun	ction 1:
	Fun	ction 2:
		[4]
(b)	(i)	Explain what is meant by 'demotivated'.
		[3

var	iant (Ouestion Paper 10 How do you think the management of ColourYarn could increase en motivation other than by increasing wages?	
		10	For
	/:: \	How do you think the management of ColourNam could increase	Examiner's Use
	(ii)	How do you think the management of ColourYarn could increase en motivation other than by increasing wages?	
		montanen eurer man 2, meredenig negeer	Orio
			36
			COM
			'
		[6]	
c)	Usir	ng an example, outline how a customer shopping in ColourYarn might benefit from	
	Cor	sumer Protection laws.	
		[3]	

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(d)	Do you think that Health and Safety laws are needed to protect shop workers companies such as ColourYarn?
	[4]

For Examiner's

5 Abioli is the Managing Director of a company that makes batteries for cars. Abioli we business to grow so that it can benefit from economies of scale. He thinks that the busineds to become more efficient.

	Table 3
(c)	Abioli gathered data concerning the productivity of his workforce. Use Table 3 to help answer the questions that follow.
	[2]
(b)	What is meant by 'to become more efficient'?
	[4]
	Economy of scale 2:
	Economy of scale 1:
(a)	State and explain two economies of scale that Abioli's business could achieve if the business grows larger.

Year	Total labour-hours worked per week	Output per week [units]	Output per employee per week [units]
2005	80 000	240 000	?
2006	100 000	270 000	108

iant	Question Paper
	13
The	e factory employees each worked 40 hours per week in both years. Calculate
(i)	The number of employees in 2005
(-)	The state of the s
	Question Paper 13 If factory employees each worked 40 hours per week in both years. Calculate The number of employees in 2005
	[2]
(ii)	The output per employee in 2005
(")	The dalpat per employee in 2000
	[2]
(iii)	State and explain two possible reasons why the productivity of the workforce changed in 2006.
	Reason 1:
	Reason 1
	Reason 2:
	[4]

	14
) Abi	Question Paper 14 oli has recently heard of a production method known as lean production. Explain what is meant by 'lean production'.
,	
(i)	Explain what is meant by 'lean production'.
	[2]
	•
(ii)	Do you think lean production methods would help improve efficiency in the factory? Explain your answer.
	[4]

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First variant Question Paper

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CANDIDATE NAME

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS General Certificate of Education Ordinary Level

www.PapaCambridge.com **CANDIDATE NUMBER**



BUSINESS STUDIES

7115/01

Paper 1

CENTRE NUMBER

May/June 2007

1 hour 45 minutes

Candidates answer on the Question Paper.

No Additional Materials are required.

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(d) A number of public limited companies in country X have recently failed and

www.PapaCambridge.com (i) Why do some companies fail?[4] Do you think that the government of country X should provide financial help to failing companies? Explain your answer.

2

Superbrek is a business that makes a range of breakfast cereals. 2006 had been

www.PapaCambridge.com year for the business with total sales value growing by 20% from the 2005 value of \$3 Its best selling product is Crunchy Flakes which accounted for 25% of the total sales of the business in 2006. (a) Calculate the value of the sales of Crunchy Flakes in 2006.[3] Crunchy Flakes is reaching the maturity stage of its product life cycle. (b) State and explain two extension strategies that the business could use to help increase sales of this product. Strategy 1: Strategy 2:[6] Superbrek wanted to add a new product to its range. The management thought it would be useful to carry out some market research. (c) (i) Explain what is meant by 'market research'.

Examiner 1
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F 41
[4] ch money

www.PapaCambridge.com Puregloss is a public limited company that manufactures paint. Table 1 shows an incorprofit/Loss Account for the business in 2006. 3

Table 1

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		[4]
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arian	t Question Paper
	8
(iii)	In 2006 sales of the business rose by \$100m and net profit by \$5m comp 2005. Do these figures suggest that Puregloss was successful in 2006?
	[6]

(a)

www.Papa Cambridge.com Happy Dreams is a luxury hotel situated in the tourist holiday resort of Cape management want to recruit extra staff to work in the hotel's kitchen and restaurant. Human Resources Manager produced a job description for the vacancies as she felt that would help in recruitment.

(i)	Explain what is meant by a 'job description'.	
	[2	<u>?]</u>
(ii)	Explain how a job description might help in the recruitment of new staff.	
	[4	ŀ]

d v	ariant Question Paper
	10
(b)	Some of the management thought that the existing staff should be given more. However the hotel's General Manager disagreed saying 'training is a waste of me that simply reduces our profits.' Do you think that training staff 'simply reduces profits'? Justify your answer.
	Do you think that training staff 'simply reduces profits'? Justify your answer.
(0)	Describe the hetal had an authreak of food paiganing.
(6)	Recently the hotel had an outbreak of food poisoning.
	How would you advise the management of the hotel to react to this problem?
	[4]

the style of management.

(d) A number of the staff complained that they did not like working in the hotel bed

For Examiner's

Explain how the style of management might affect the level of staff motivation.

For Examiner's

5 Abioli is the Managing Director of a company that makes batteries for cars. Abioli was business to grow so that it can benefit from economies of scale. He thinks that the busineeds to become more efficient.

(a)	State and explain two economies of scale that Abioli's business could achieve if the business grows larger.
	Economy of scale 1:
	Economy of scale 2:
	[4]
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(c)	Abioli gathered data concerning the productivity of his workforce. Use Table 2 to help answer the questions that follow.

Table 2

Year	Total labour-hours worked per week	Output per week [units]	Output per employee per week [units]
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	Reason 1:
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	[4]

(d) Abioli has recently heard of a production method known as lean production.

	14
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	`
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