

Candidate Name _____

Centre Number	Candidate Number

UNIVERSITY OF CAMBRIDGE LOCAL EXAMINATIONS SYNDICATE
Joint Examination for the School Certificate
and General Certificate of Secondary Education

BUSINESS STUDIES

7115/2

PAPER 2

OCTOBER/NOVEMBER SESSION 2001

1 hour 45 minutes

Candidates answer on the question paper.
No additional materials are required.

TIME 1 hour 45 minutes

INSTRUCTIONS TO CANDIDATES

Write your name, Centre number and candidate number in the spaces at the top of this page.

Read the passage and answer **all** questions.

Write your answer in the spaces provided on the question paper.

INFORMATION FOR CANDIDATES

The number of marks is given in brackets [] at the end of each question or part question.

The business described in the case study is entirely fictitious.

FOR EXAMINER'S USE	
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TOTAL	

This question paper consists of 9 printed pages and 3 blank pages.

Bennetti Carbone Ltd

Bennetti Carbone Ltd is a private limited company. It is a specialist clothing manufacturer that designs, makes and sells exclusive products for the retail trade. Its clothes are aimed at young women in the 18 to 30 age range who are interested in fashion. To begin with the business produced only dresses but recently it has diversified into beach and leisure wear and fashion accessories. This has meant that its sales show a seasonal pattern of demand, although the trend is upwards. 5

'Gross profit margins are high' said Bennetti. 'We calculate that a new dress might have a unit direct cost of \$79 and we aim to sell it for \$149.' Figs 1 and 2 (see page 4) give some details about the sales, profits and capital employed by the company.

'The line of business that we are in is high risk. Fashion trends are constantly changing. We try to predict what customers will want and then aim to satisfy their demand. This means that if we get our sales forecasts wrong or we deliver too late we are left with large amounts of stock. This causes all sorts of difficulties for us, particularly cash flow problems.' 10

'Investment in new computerised methods of clothing design is needed to improve our efficiency. We also need to spend a lot more capital on new technology in our factory. Our production methods are now quite old fashioned compared to those of our competitors.' 15

1 Explain the following terms used in the case.

(a) Private limited company (line 1)

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(b) Seasonal pattern of demand (line 6)

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(c) Gross profit margins (line 7)

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(d) Sales forecasts (line 12)

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[12]

2 (a) What is meant by a market orientated company?

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(b) Do you think that Bennetti Carbone Ltd is market orientated? Explain your answer.

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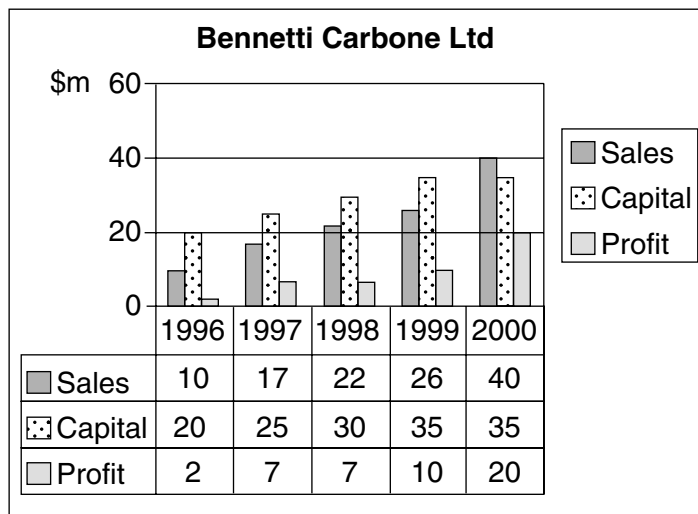


Fig. 1

% of Profits by Product Range

Year	1996	1997	1998	1999	2000
Clothing	90	85	80	70	70
Leisure Wear	9	12	16	25	25
Fashion Accessories	1	3	4	5	5

Fig. 2

5 Businesses sometimes find that their employees do not have the appropriate skills needed for the future.

(a) Explain why this might be a problem for Bennetti Carbone Ltd.

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(b) How would you suggest that the personnel manager might deal with this problem?

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7 Bennetti Carbone Ltd targets its products at a particular market segment.

(a) Why do you think that it does this?

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(b) What **disadvantages** might there be in segmenting a market?

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