



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS General Certificate of Education Ordinary Level

CANDIDATE NAME					
CENTRE NUMBER			CANDIDATE NUMBER		

BUSINESS STUDIES

7115/02

Paper 2

October/November 2009

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 Exam	iner's Use
1	
2	
3	
4	
5	
Total	

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



1	(a)	Dilip is a sole trader. Identify and explain one advantage and one disadvantage to Dilip of being a sole trader.
		Advantage:
		Explanation:
		Disadvantage:
		Explanation:
		[8]
		Dilip wants to raise \$50 000 to convert the old farm buildings into holiday houses. He is considering three options for financing this:
		bank loan

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forming a partnership

overdraft.

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)	Consider the advantages and disadvantages of the three options and advise Dilip on which would be the most suitable source of finance to use. Justify your recommendation.	For Examiner's Use
	Option 1 (bank loan):	
	Option 2 (forming a partnership):	
	Ontion 2 (avanduati):	
	Option 3 (overdraft):	
	Recommendation:	
	[12]	

•	(a)	houses (see	Appendix 3). Identify four questions Dilip should ask when interviewing these jobs. Explain why each question should be asked.	,
		Question 1:		••
		Explanation:		
				••
		Question 2:		
		Explanation:		
				••
				••
		Question 3:		
		Explanation:		
				••
				••
		Question 4:		
		Explanation:		
			3]	81

(b)	Dilip wants well motivated employees. Do you think the leadership style used by Dilip will be the most effective way to achieve well motivated employees? Justify your answer.	Exa
	[12]	

3

Primary research was carried out, using interviews, to research the market (see Appendix 3).

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(a)	Identify and explain two advantages of using interviews to research the market for Dilip's holiday houses.
	Advantage 1:
	Explanation:
	Advantage 2:
	Explanation:
	[8]

(b)	In what ways do you think the market research results will affect the 'product' and 'promotion' parts of the marketing mix for Dilip's holiday houses? Justify your answer.	For Examiner's Use
	Effects on product:	
	Effects on promotion:	
	[12]	

•	(a)	Dilip keeps the financial accounts for the business. Identify three stakeholders who would be interested in the business' accounts and explain why each would be interested in the accounts.	
		Stakeholder 1:	
		Explanation:	
		Stakeholder 2:	
		Explanation:	
		Stakeholder 3:	
		Explanation:	
		[8]	

(b)	Do you think Dilip should sign a contract to supply vegetables to the European supermarket chain? Justify your answer using the information in the break-even charts in Appendix 2 and other information in the case.	For Examiner's Use
	[12]	

5	(a)	Identify and explain two disadvantages to the farmers in country A of an increase (an appreciation) in country A's exchange rate.
		Disadvantage 1:
		Explanation:
		Disadvantage 2:
		Explanation:
		[8]

The government of country A wants to encourage small farmers to grow 'fair trade' products. (b) Do you think that all farmers in country A should produce only 'fair trade' products? Justify your answer.

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