



Cambridge Assessment International Education

Cambridge Ordinary Level

CANDIDATE NAME				
CENTRE NUMBER		CANDIDATE NUMBER		



BUSINESS STUDIES

7115/12

Paper 1

October/November 2019

1 hour 30 minutes

Candidates answer on the Question Paper.

No Additional Materials are required.

READ THESE INSTRUCTIONS FIRST

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

Write in dark blue or black pen.

You may use an HB pencil for any diagrams, graphs or rough working.

Do not use staples, paper clips, glue or correction fluid.

DO **NOT** WRITE IN ANY BARCODES.

Answer all questions.

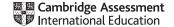
The businesses described in this question paper are entirely fictitious.

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.

The total number of marks for this paper is 80.

This document consists of 9 printed pages and 3 blank pages.



GOP is an oil producer based in country X. It is a public corporation. GOP plans to build a 200km

peri for (eline across the country using retained profits to pay for it. The pipeline will need plant mission from the Government. Environmental pressure groups are concerned. A spokespet GOP said: 'GOP's objectives are different to businesses in the private sector. This pipeline ate 2000 skilled construction jobs and reduce the need for other businesses to import oil.'	rson
(a)	What is meant by 'public corporation'?	
		[2]
(b)	Identify two economic objectives of country X's government.	
	Objective 1:	
	Objective 2:	
		[2]
(c)	Identify and explain two ways a pressure group might try to influence the actions of GOP).
	Way 1:	
	Explanation:	
	Way 2:	
	Way 2:	
	Explanation:	
		[<i>1</i>]

1

(d)	Identify and explain two ways in which the objectives of GOP might be different if it was in private sector.	the
	Way 1:	
	Explanation:	
	Way 2:	
	Way 2:	
	Explanation:	
		[6
(e)	Do you think the Government should allow GOP to build the pipeline? Justify your answer	r.
		[6

2 Samira owns a successful business selling takeaway fried food. She employs 2 part-time workers. Last year revenue fell for the first time in 10 years. This was because of increased competition from a well-known franchise. To respond to this, Samira could lower her prices, as shown in Table 1. Another option is to start a delivery service. Samira plans to do some market research. She has to decide whether to use secondary research or set up a focus group with some of her customers.

Table 1: Price and variable cost information for Samira's business

	Current price	New price
Average price per item	\$4	\$3
Average variable cost per item	\$2	\$2
Forecast average number of customers per week	200	300

(a)	What is meant by 'franchise'?	
		[2]
(b)	Calculate Samira's forecast weekly revenue if she lowered the price of her products.	
		[2]
(c)	Identify and explain two reasons why revenue is important for Samira's business.	
	Reason 1:	
	Explanation:	
	Reason 2:	
	Explanation:	
		[4]

Explanation: .							
Factor 2:							
Explanation: .							
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LBM is an online fashion clothing retailer. LBM's target market is 18-35 year olds. Last year revenue increased by 25% to \$600m. The Marketing Director said: 'All businesses have to satisfy customer needs. Customer service is important which is why all employees receive induction training. LBM

net	ers customers a wider range of products than its competitors. Promotion is through social me works. Is there any reason to open our own shops?' LBM plans to add 3500 new styles eatek and will need to arrange finance for the additional inventory.	
(a)	What is meant by 'induction training'?	
		101
4.		[2]
(b)	Identify two reasons why it is important for LBM to satisfy customer needs.	
	Reason 1:	
	Reason 2:	
		[2]
(c)	Identify and explain two problems for LBM of having a wide range of products available to customers.)
	Problem 1:	
	Explanation:	
	Problem 2:	
	Evalenation	
	Explanation:	

3

Explanation:		 				
Disadvantage	۸-					
Disadvaritage		 				
Explanation:		 				
·						
Explain two s		nce that LB	M could us		nse additio	
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NBV is a multinational company. It makes building products such as bricks. Last year NBV's financial accounts showed capital employed as \$144 billion. NBV has operations in 18 countries and a total workforce of 400 000. NBV experiences some diseconomies of scale. All raw materials are purchased from the countries it operates in to avoid problems with exchange rates. NBV plans to open a factory

	Country B for the first time. Some people think this decision will only bring drawbacks for onlinesses in country B.	ther
(a)	What is meant by 'exchange rate'?	
		[2]
(b)	What is meant by 'capital employed'?	
		[2]
(c)	Identify and explain two ways NBV's managers could use its financial accounts to help managers.	
	Way 1:	
	Explanation:	
	Way 2:	
	Explanation:	
	•	[4]

d)	Identify and explain two diseconomies of scale that NBV might experience.	
	Diseconomy of scale 1:	
	Evaluation:	
	Explanation:	
	Diseconomy of scale 2:	
	Explanation:	
		[6
e)	Do you think NBV's decision to set up a factory will only bring drawbacks to other busines in country B? Justify your answer.	sse

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