



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

7115/02

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 Examiner's Use	
1	
2	
3	
4	
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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 of being a sole trader.

Advantage:

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Explanation:

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Disadvantage:

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Explanation:

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..... [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
- forming a partnership
- overdraft.

- (b) Consider the advantages and disadvantages of the three options and advise which would be the most suitable source of finance to use. Justify your recommendation.

Option 1 (bank loan):

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Option 2 (forming a partnership):

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Option 3 (overdraft):

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Recommendation:

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- 2 (a) Dilip needs to recruit employees to look after the tourists who would stay at the houses (see Appendix 3). Identify **four** questions Dilip should ask when interviewing applicants for these jobs. Explain why each question should be asked.

Question 1:

Explanation:

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Question 2:

Explanation:

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Question 3:

Explanation:

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Question 4:

Explanation:

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[8]

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

[12]

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

- 3 (a) Identify and explain **two** advantages of using interviews to research the market for Dilip's holiday houses.

Advantage 1:

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Explanation:

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Advantage 2:

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Explanation:

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[8]

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[12]

- 4 (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:

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Stakeholder 2:

Explanation:

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Stakeholder 3:

Explanation:

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[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 chart in Appendix 2 and other information in the case.

[12]

- 5 (a) Identify and explain **two** disadvantages to the farmers in country A of an increase in (country A's exchange rate appreciation) in country A's exchange rate.

Disadvantage 1:

Explanation:

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Disadvantage 2:

Explanation:

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[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.

[12]

