Cambridge O Level

Cambridge International Examinations
Cambridge Ordinary Level

CANDIDATE NAME

CENTRE NUMBER | CANDIDATE NUMBER

6458816112

BUSINESS STUDIES **7115/22**

Paper 2 **May/June 2017**

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 Insert contains the case study.
The business described in this question paper is 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, **3** blank pages and **1** Insert.

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CAMBRIDGE International Examinations

1 **(a)** Identify **two** financial statements the directors will need to see before expanding CC. Explain why they will want to see each of these statements.

Financial statement 1: ....

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Explanation: ....

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Financial statement 2: ....

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Explanation: ....

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....[8]

(b) Consider the following **three** factors that affect CC when importing all of its ingredients. Which is the most important factor when deciding whether to import ingredients? Justify your answer.

Exchange rate: ....

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Import tariffs: ....

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Delivery time: ....

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Conclusion: ....

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....[12]

2 **(a)** Identify and explain **two** reasons why on-the-job training is important for new employees at CC.

Reason 1: ....

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Explanation: ....

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Reason 2: ....

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Explanation: ....

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(b) Consider how the following **three** stakeholders will be affected by the introduction of a new automated production line at CC. Which stakeholder will be most affected by this decision? Justify your answer.

Employees: ....

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Shareholders: ....

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Bank: ....

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Conclusion: ....

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....[12]

3 (a) Identify and explain **one** advantage and **one** disadvantage to CC if it changes to a public limited company.

Advantage: ....

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Explanation: ....

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Disadvantage: ....

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Explanation: ....

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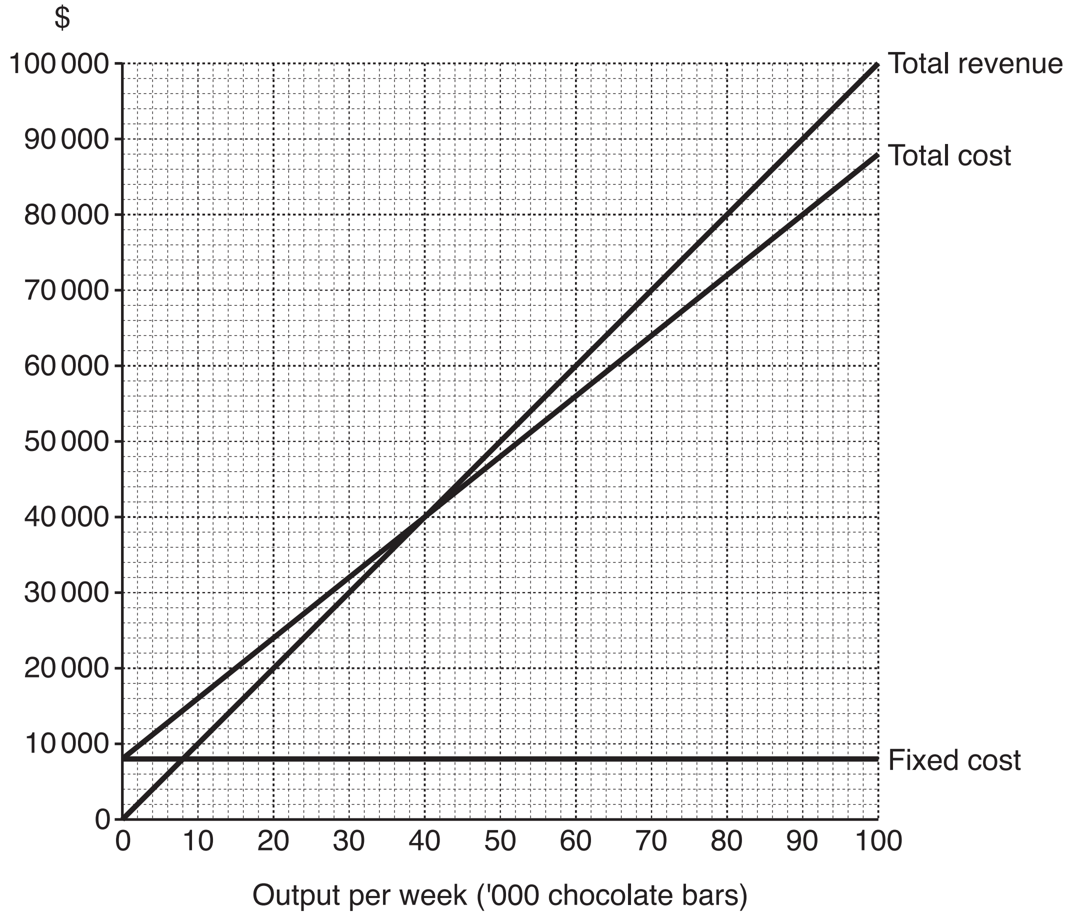
(b) Refer to Appendix 2 and other information in the case.
Draw on the graph below the break-even output of Fizz Bomm if the variable cost is reduced to $0.60.
Do you think this would be the **best** way for CC to gain the highest profit for Fizz Bomm? Justify your answer.

Variable cost = $0.80 per chocolate bar.
Predicted sales = 100 000 chocolate bars per week at a price of $1 per unit



Conclusion: ....

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....[12]

4 **(a)** Fizz Bomm is in the development stage of the product life cycle. Identify and explain **four** other stages of Fizz Bomm's product life cycle.

Stage 1: ....

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Explanation: ....

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Stage 2: ....

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Explanation: ....

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Stage 3: ....

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Explanation: ....

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Stage 4: ....

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Explanation: ....

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(b) Consider the suitability of the **three** elements of the marketing mix outlined for Fizz Bomm in Appendix 3. Recommend whether any of these elements should be changed. Justify your answer.

Price: ....

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Promotion: ....

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Place: ....

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Recommendation: ....

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....[12]

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