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Cambridge Assessment International Education

Cambridge O Level

CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER				

8456307313

BUSINESS STUDIES **7115/12**

Paper 1 Short Answer and Data Response **May/June 2024**

1 hour 30 minutes

You must answer on the question paper.

No additional materials are needed.

INSTRUCTIONS

- Answer **all** questions.
- Use a black or dark blue pen. You may use an HB pencil for any diagrams or graphs.
- Write your name, centre number and candidate number in the boxes at the top of the page.
- Write your answer to each question in the space provided.
- Do **not** use an erasable pen or correction fluid.
- Do **not** write on any bar codes.
- You may use a calculator.

INFORMATION

- The total mark for this paper is 80.
- The number of marks for each question or part question is shown in brackets [ ].

This document has **12** pages. Any blank pages are indicated.

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1 Nicky wants to be a successful entrepreneur. She plans to start up a travel business specialising in walking holidays. Nicky will be operating in a niche market. She is preparing a business plan to help with her decision-making. Nicky has been told government support is available for business start-ups. She knows building customer relationships will be important.

(a) Identify **two** reasons why a government might support business start-ups.

Reason 1: .....

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Reason 2: .....

..... [2]

(b) Identify **two** ways a business can build customer relationships.

Way 1: .....

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Way 2: .....

..... [2]

(c) Outline **one** benefit and **one** limitation to Nicky's business of operating in a niche market.

Benefit: .....

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Limitation: .....

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..... [4]

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(d) Explain **one** way each of the following sections in the business plan might be helpful to Nicky.

Business objectives: .....

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Explanation: .....

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Data about the market: .....

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Explanation: .....

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..... [6]

(e) Explain **two** characteristics of a successful entrepreneur. Which characteristic is likely to be the most important? Justify your answer.

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2 GTB is a business which operates in the tertiary sector. It owns 5 cafés selling food and drinks. The business uses social media as its method of promotion. The Finance Manager, Moeen, is analysing GTB's financial statements. An extract is shown in Table 2.1. He is considering ways to improve GTB's profit margin. Moeen knows there are other users that are interested in the accounts of a business.

Table 2.1

Extract from GTB's financial statements 2023	
Revenue	$600 000
Profit	$150 000
Capital employed	$750 000
Profit margin	25%

(a) Define 'tertiary sector'.

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..... [2]

(b) Calculate GTB's Return on Capital Employed (ROCE). Show your working.

Working: .....

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Final answer: ..... [2]

(c) Outline **two** ways GTB could improve its profit margin.

Way 1: .....

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Way 2: .....

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..... [4]

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(d) Explain **two** advantages to GTB of using social media as its method of promotion.

Advantage 1: .....

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Explanation: .....

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Advantage 2: .....

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Explanation: .....

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(e) Do you think banks are the main external users of the accounts of a business? Justify your answer.

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3 RBG is an oil company. It has operations in 6 countries. RBG has 2000 employees including 60 managers. Some of its managers use a laissez-faire leadership style. All of RBG's internal communication uses information technology (IT) based methods. The Managing Director knows RBG's business activities can create external costs and external benefits. She says: 'Pressure groups often try to influence business decisions.'

(a) Define 'laissez-faire leadership style'.

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..... [2]

(b) Identify **two** roles of a manager.

Role 1: .....

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Role 2: .....

..... [2]

(c) Outline **one** external cost and **one** external benefit RBG's business activities might create.

External cost: .....

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External benefit: .....

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(d) Explain **two** methods of IT based communication RBG might use with its employees.

Method 1: .....

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Explanation: .....

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Method 2: .....

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Explanation: .....

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(e) Explain **two** ways a pressure group might try to influence business decisions. Which way do you think is likely to be the most effective? Justify your answer.

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4 DLT manufactures cups and plates in country X. Its factory uses flow production and has 75 employees. The Human Resources Director is aware that there are many legal controls over employment. DLT exports 30% of its products to country Y where it benefits from lower rates of taxation and no import quotas. DLT's Managing Director is considering relocating its factory to another part of country X to meet the increased demand for its exports.

(a) Define 'import quota'.

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..... [2]

(b) Identify **two** benefits to a business of lower rates of taxation.

Benefit 1: .....

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Benefit 2: .....

..... [2]

(c) Identify **four** legal controls over employment.

Legal control 1: .....

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Legal control 2: .....

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Legal control 3: .....

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Legal control 4: .....

..... [4]

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(d) Explain **one** reason why DLT needs to consider each of the following factors when deciding where to relocate in country X:

Suppliers: .....

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Explanation: .....

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Suitability of land: .....

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Explanation: .....

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(e) Do you think the advantages for a manufacturing business of using flow production are greater than the disadvantages? Justify your answer.

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