



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Ordinary Level

BUSINESS STUDIES

7115/21

Paper 2

October/November 2013

INSERT

1 hour 45 minutes

READ THESE INSTRUCTIONS FIRST

This Insert contains the case study material.
Anything the candidate writes on this Insert will not be marked.

This document consists of **3** printed pages and **1** blank page.



Yum Yum Food

Three years ago Shahila started a food stall called Yum Yum Food. She is a sole trader. The stall sells hot food and is located in the centre of the capital city. This area has a lot of customers from local workers and shoppers, as well as tourists. The business has many competitors in the area, but Shahila has still made a good profit each year.

Shahila works many hours each day. She has three employees to help her serve customers and prepare food. Shahila only buys high quality food ingredients, which are currently purchased from a nearby wholesaler.

She wants to expand the business and has the following two options.

Option 1

Start up another food stall near the main football stadium. There is one football match each week when many thousands of supporters come to the stadium. Forecasted customers are 500 per week and each is forecast to spend an average of \$2.

Option 2

Open a café (restaurant) in the city centre. Forecasted customers per week are 800 and each is forecast to spend an average of \$5.

Appendix 1

Forecast cost information per week (\$)

	Option 1	Option 2
Rent	50	1500
Wage costs	100	500
Food ingredient costs	300	1000
Local tax/licence	100	250

Appendix 2



Appendix 3

Daily News

October 2013

The football stadium in the capital city is to be used for other events. The football club has agreed to rent out the stadium to be used for concerts and other sporting events. This should make better use of the stadium which is currently only used for one football match each week.

It is predicted that the stadium will be used for an extra two or three events each week, even when the football season has finished.

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General Certificate of Education Ordinary Level

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Candidates answer on the Question Paper.

No Additional Materials are required.

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.

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



1 (a) Identify and explain **two** possible reasons why Shahila wants to expand her business.

*For
Examiner's
Use*

Reason 1:

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Explanation:

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Reason 2:

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Explanation:

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..... [8]

- 2 (a) Identify and explain **two** reasons why Shahila wants good quality food products to be served from her stall.

Reason 1:

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Explanation:

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Reason 2:

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Explanation:

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..... [8]

(b) Shahila plans to promote her food stall. Consider the advantages and disadvantages of the following **three** methods of promotion. Recommend which one she should choose. Justify your choice.

For
Examiner's
Use

Competitions with prizes for customers:

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Giving out discount vouchers:

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Posters in local hotels:

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Recommendation:

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[12]

3 (a) Identify and explain **two** reasons why Shahila will have to pay a higher rent for a café in the centre of the city.

Reason 1:

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Explanation:

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Reason 2:

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Explanation:

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..... [8]

(b) Consider the **two** options for expanding the business. Recommend which option Shahila should choose. Justify your choice by calculating the net profit per week for each option.

*For
Examiner's
Use*

Option 1 (food stall near football stadium):

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Option 2 (café in centre of city):

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Recommendation:

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- 4 (a) If Shahila chooses Option 2, then she will have to decide on the café opening hours. Identify and explain **four** factors which will affect the opening hours she chooses.

Factor 1:

Explanation:

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Factor 2:

Explanation:

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Factor 3:

Explanation:

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Factor 4:

Explanation:

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..... [8]

(b) Shahila will need to employ more workers if the business expands. Consider the advantages and disadvantages of the following methods of payment. Recommend which method she should choose. Justify your answer.

*For
Examiner's
Use*

Wage per hour:
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Sharing profits with the employees:
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Payment for each customer served:
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Recommendation:
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[12]

- 5 (a) Identify and explain **two** benefits to Shahila of keeping a short chain of command as the business expands.

Benefit 1:

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Explanation:

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Benefit 2:

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Explanation:

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..... [8]

(b) The following **three** factors affect the success of Yum Yum Food. For each of the factors explain how sales are affected. Which factor do you think is likely to affect sales the most? Justify your answer.

For
Examiner's
Use

Unemployment increasing in the capital city:

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Meat prices increasing:

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Government increases taxes:

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Factor affecting sales the most:

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[12]

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