



Cambridge O Level

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BUSINESS STUDIES

7115/21

Paper 2 Case Study

October/November 2025

1 hour 30 minutes

You must answer on the question paper.

You will need: Insert (enclosed)

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 [].
- The insert contains the case study.

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

1 (a) Explain **two** advantages and **two** disadvantages of a business being a private limited company.

Advantage 1:

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Advantage 2:

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Disadvantage 1:

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.....

Disadvantage 2:

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.....

[8]

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(b) Consider the following **three** economies of scale for LB. Which economy of scale is likely to have benefited LB the most? Justify your answer.

- Financial
- Purchasing
- Managerial

Financial:

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Purchasing:

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Managerial:

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Conclusion:

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[12]



2 (a) Explain **two** advantages and **two** disadvantages to LB of using primary market research.

Advantage 1:

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Advantage 2:

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Disadvantage 1:

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Disadvantage 2:

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[8]

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- Selling to specialist retail shops
- Selling directly to customers through LB's website

Selling to specialist retail shops:

Selling directly to customers through LB's website:

Recommendation:

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3 (a) Explain **two** reasons why working capital is important to LB.

Reason 1:

Explanation:

Reason 2:

Explanation:

[8]



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(b) Using Appendix 2 and other information, consider the **three** employees that LB could make redundant. Which employee should LB choose? Justify your answer.

- Naga
- Reeta
- Amy

Naga:

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Reeta:

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Amy:

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Recommendation:

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[12]

[Turn over



4 (a) Explain **two** factors LB's managers should consider when deciding which method of communication to use to inform its employees about the expansion plans.

Factor 1:

Explanation:

Factor 2:

Explanation:

[8]



Benefits:

Drawbacks:

Conclusion:

[12]



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