Cambridge International Examinations
Cambridge International General Certificate of Secondary Education

BUSINESS STUDIES **0450/23**

Paper 2 **May/June 2014**

INSERT

1 hour 45 minutes

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READ THESE INSTRUCTIONS FIRST

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

The syllabus is approved for use in England, Wales and Northern Ireland as a Cambridge International Level 1/Level 2 Certificate.

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

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Selina's Jewellery Shop

Selina rents a small shop selling jewellery in the main city in country X. She is a sole trader. She makes most of the jewellery herself but she also buys some items from large manufacturers of jewellery. Most of the jewellery is handmade using silver and gold.

Selina employs 5 workers who serve customers in the shop and 2 office workers who order jewellery and record the accounts for the shop.

Selina only has $5 000 in savings. She wants to expand by opening another shop. She does not know whether to buy or rent a shop. She has seen two shops which would be suitable.

Shop 1:
This shop is for sale for $100 000. It is a small shop in a shopping mall in the centre of the city. There are many other jewellery retailers in this shopping mall. Many people visit the mall each day and it is open 7 days a week. There is no room at the back of the shop to make jewellery. Selina thinks that making the jewellery in the shop, so that customers can watch, might attract customers to buy jewellery. Jewellery can be made to the customer's own design while they watch.

Shop 2:
This shop is for rent at $5 000 per year. It is located on a main road leading to the city centre. There are many shops nearby but none of them sell jewellery. The shop is large and there is plenty of room at the back of the shop for making jewellery. The shops in this area open 6 days a week.

Appendix 1

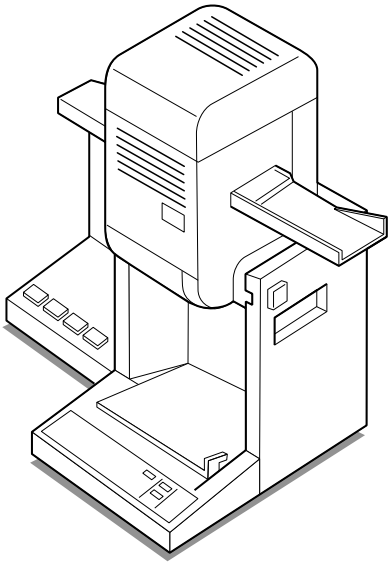
Financial information about Selina's existing Jewellery Shop ($)

	2012	**2013**
Price per item of jewellery (average)	100	200
Variable cost per item of jewellery	75	150
Fixed cost per month	500	500
Contribution per item of jewellery	25	50
Break-even sales per month	20	?

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Appendix 2

Advert for machine to make jewellery



- Speeds up production
- Much more productive than handmade techniques
- Annual leasing charge of $1200
- Fewer mistakes than handmade techniques
- Needs an area of 2 square metres
- Produces a standardised product

Appendix 3

Information about two people who have applied for the job of jewellery maker for Selina's business

	Petra	Misha
Experience of making jewellery	Worked for 10 years for a large jewellery manufacturer	No experience but has worked in a shop selling paintings and pottery
Training	Trained in using machinery to produce standard jewellery	No training in jewellery manufacturing but wants to learn
Previous wage	$20 per hour	$5 per hour
Education	No formal qualifications	Qualifications in art and creative subjects

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