Cambridge Assessment International Education
Cambridge International General Certificate of Secondary Education

BUSINESS STUDIES **0450/23**
Paper 2 **May/June 2019**
INSERT **1 hour 30 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.

This syllabus is regulated 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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Van Conversions (VC)

VC is a sole trader business. It was started two years ago by Peter after he lost his job when the car repair business he was working for failed. The owner of this car repair business lacked management experience. The business closed when it was unable to pay its suppliers of car parts.

To start up his new business Peter had a lot of help from the Government. He was given a grant and a free training course on management skills. He hopes not to make the same mistakes as his former employer.

VC changes vans and large cars into specialist vehicles such as motorhomes which people can sleep in. VC uses job production because every vehicle conversion is different and made to each individual customer's design.

Peter's main objective is to expand the business by providing additional services. He has the following two options to choose between.

Option 1: to offer a vehicle repair service

Option 2: to convert buses into mobile shops

Peter intends to carry out a survey using a questionnaire to find out which option is likely to result in the most sales.

When the business expands, it will need additional equipment. Peter is considering whether he should take out a bank loan to pay for this equipment. Peter will also need to recruit three workers. They will need to have many different skills and experience, as each vehicle conversion or repair is different.

Appendix 1

Advertisement for VC



Always wanted the freedom to go wherever you want without the expense of hotels?

Then converting a van into your home on wheels may be the answer!!

Ask Peter for a price – it may be cheaper than you think!

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Appendix 2

To: Peter

From: Excellent People Recruitment Agency

Date: 12 May 2019

Re: Recruiting new workers

Hi Peter

In answer to your recent enquiry, we are pleased to tell you that we can find suitable people to recruit for your business. Details are as follows:

- We send you the names and contact details of 10 people we think will have the necessary skills you require
- You pay a fee of $50 for each person we send you details about
- We will require 5% of the wages paid to successful candidates for the first year they are employed by you.

Our success rate is much higher than online job vacancy websites. Although the cost to advertise on these websites is low, it is difficult to recruit the right people because they cover such a wide variety of jobs.

Appendix 3

Summary of financial statements for VC ($) 2017–2018

	2017	2018
Revenue	100 000	150 000
Cost of Sales	80 000	129 000
Expenses	15 000	15 000
Owner's capital	20 000	25 000
Long-term bank loans	10 000	15 000

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