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BUSINESS STUDIES **0450/23**

Paper 2 Case Study **May/June 2024**

INSERT **1 hour 30 minutes**

INFORMATION

- This insert contains the case study.
- You may annotate this insert and use the blank spaces for planning. **Do not write your answers** on the insert.

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This document has **4** pages. Any blank pages are indicated.

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Recycled Furniture (RF)

Santhosh is a skilled carpenter. He wants to be an entrepreneur and start up a small business called RF. Santhosh will repair and recycle furniture which people no longer want, such as tables and chairs. Santhosh will operate RF as a sole trader.

Santhosh has produced a business plan which includes the business objectives and a forecast break-even chart for RF's first month of trading. Santhosh has calculated he will need $5000 start-up capital for new tools, to rent a workshop and for promotional activities. Santhosh wants to sell the recycled furniture to RF's target market of low-income families. It will be important to keep costs low so the furniture can be sold at a low price.

Santhosh has already employed a Marketing Manager. He will also need to recruit 9 other employees; 3 skilled carpenters and 6 unskilled school leavers. Santhosh and the skilled carpenters will train the unskilled school leavers to repair and recycle the furniture. At the start of each day Santhosh will communicate with his employees to ensure they know their daily work tasks. Santhosh knows that having a well-motivated workforce will be important to RF.

Appendix 1

Email from Santhosh to Marketing Manager

To: Marketing Manager

From: Santhosh

Date: 31 March 2024

I know that we will need to spend some of my start-up capital on promotional activities to raise awareness of the new business and encourage customers to purchase the recycled furniture. I am considering the following two methods of promotion:

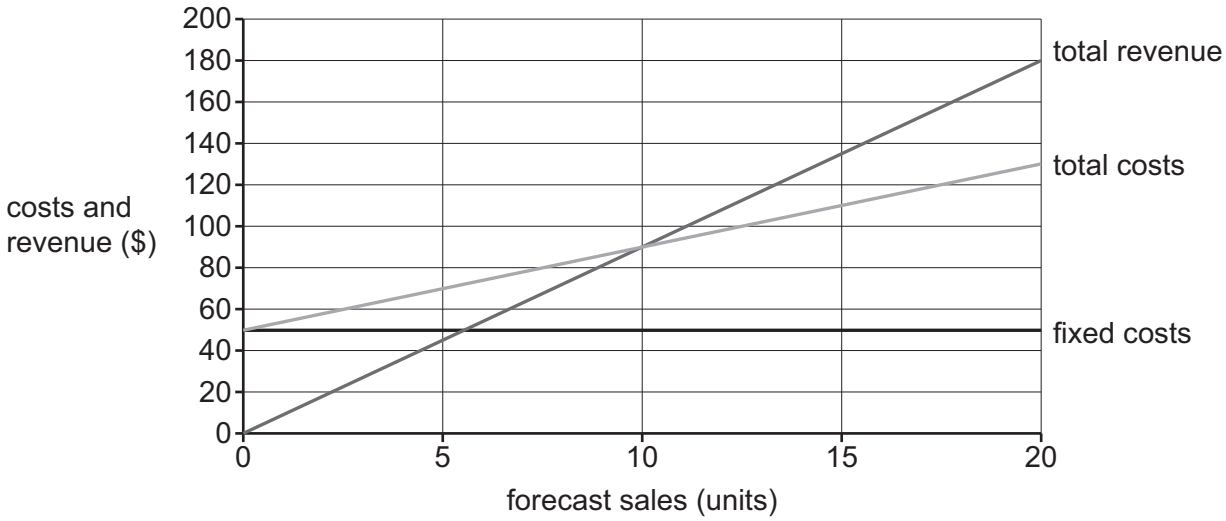
- 10% discount on a customer's first purchase of our recycled furniture
- free delivery on all products purchased - transported directly to customers' homes.

We will need to consider the costs of these methods.

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Appendix 2

Forecast break-even chart for RF's first month of trading



Appendix 3

Extract from Main News

Country goes into a recession

Recent economic data shows that the economy is now in a recession. Unemployment is likely to increase. However, businesses will find there is a difference in the availability of skilled and unskilled workers.

The recession is also likely to have an effect on the level of sales for many businesses.

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