UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
International General Certificate of Secondary Education

BUSINESS STUDIES **0450/22**

Paper 2 **October/November 2013**

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1 hour 45 minutes

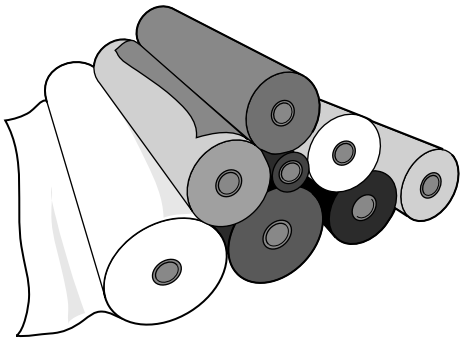
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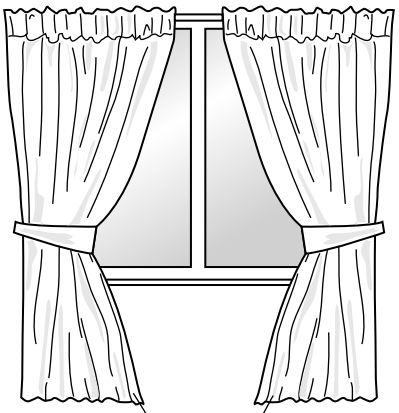
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Cagan Cloth (CC)



cloth



curtains

Cagan opened a shop selling cloth (fabric) 5 years ago. The business is a private limited company. Cagan buys cloth from a local wholesaler and then sells it to customers who make their own curtains for their windows. CC's sales have grown quickly.

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

Option 1
Open a second shop to sell cloth. This would be a large shop in a nearby city centre. There are no shops selling cloth in this city centre. There are several shops selling curtains. There would be one shop manager and five shop workers. Sales are forecast to be $4000 per month but are not expected to grow.

Option 2
Open a factory to start making curtains for customers. It would make curtains to the exact requirements of customers. It would only use high quality imported cloth. There would be one factory manager and 10 workers. Sales are forecast to be $5800 per month. Sales could increase if new markets are found using the Internet.

Appendix 1

Cost information per month ($)

	Option 1 (shop)	Option 2 (factory)
Rent of building	1000	2000
Wages per worker	100	150
Cost of cloth	900	950
Manager's salary	400	400
Other fixed costs	800	700

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Appendix 2

Part of the Application Form for CC Manager

Qualifications:
Experience:
Previous employer:
Interests/hobbies:

Appendix 3

List of employees CC would need for a factory

1 production supervisor
1 factory manager
1 finance office worker
1 machine maintenance worker
6 production workers
1 finance office supervisor

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