Cambridge IGCSE

Cambridge International Examinations
Cambridge International General Certificate of Secondary Education

BUSINESS STUDIES **0450/23**

Paper 2 **October/November 2015**

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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.

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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Tentastic Partnership (TP)

Joey and Jennifer designed a new type of tent two years ago. The new tent is very easy to put up and take down and is made of a lightweight fabric material. They formed Tentastic Partnership (TP) to produce tents.

Joey manages the production. Jennifer manages the finance, human resources and the marketing of the tents. There are 20 workers in the factory and 2 workers in the office to help Jennifer. 10 of the factory workers are experienced and well-motivated, but the other 10 are new recruits who need constant supervision and on-the-job training.

The tent is aimed at young people who are backpacking (travelling around the world with bags on their backs). These young people often do not have much money to spend. This means they will often stay in tents instead of hotels or hostels. The tents need to be easy to carry because young travellers will have to carry all their clothes and camping equipment in the bags on their backs.

Joey and Jennifer want to make the factory larger as quickly as possible because sales are increasing. They think their tent is much better than competitors' tents. They are planning to change the pricing strategy. At present the tents are sold at a price just above the average cost of production. Some tents are sold on credit.

The tent manufacturing process uses new technology. Jennifer has to train workers in the production process.

Appendix 1

Tentastic Partnership's Outdoor Tent

The best tent available for backpackers travelling around the world

Two-person and four-person tents available

Quick and easy to put up and take down

Lightweight fabric material

Easy to carry

Folds down to a small size

Suits all weather conditions



Appendix 2

Cash flow forecast for TP for the first half of 2016 ($000)

	January	February	March	April	May	June
Cash inflows:						
Cash from sales	60	60	40	30	15	15
Total cash inflows	60	60	40	30	15	15
Cash outflows:						
Payment to suppliers	10	10	10	10	10	10
Fixed costs	40	40	40	40	40	40
Total cash outflows	50	50	50	50	50	50
Net cash flow	10	10	**X**	(20)	(35)	(35)
Opening bank balance	50	60	70	60	40	**Y**
Closing bank balance	**W**	70	60	40	5	**Z**

Note: Figures in brackets are negative.

Appendix 3

Daily News September 2015

A Government report states that there are an increasing number of young people backpacking and travelling around the world. They finish full-time education and want to travel before they get a permanent job.

Campsites and hostels have seen an increase in demand and their profits are high. More and more hostels and campsites are opening up to take advantage of this growing demand. Businesses in the camping industry forecast that the increasing popularity of camping will encourage older people to try this type of holiday.

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