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BUSINESS STUDIES **0450/23**

Paper 2 Case Study **October/November 2023**

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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Benjy's Builders (BB)

Benjy is experienced in building houses. He worked for a building company for 15 years in country X. Benjy has decided to start his own house-building business which will be called BB. His main objective is to make a profit. He plans to invite his father and sister to invest in the business partnership. All three of them will each invest $30 000 to start BB. However, Benjy thinks BB may need more investment as it expands. Benjy will be the manager as his father and sister do not want to be involved in the running of BB.

Benjy's son has a physical disability. As there were not many houses suitable for his son's needs, he decided to build a specially designed house. This gave Benjy the idea to specialise in building houses designed to meet the needs of people with disabilities. He does not know the demand for this type of house and plans to carry out market research to estimate the size of the market. There are currently no other businesses in country X which specialise in building houses for people with disabilities.

The houses will be designed for the individual needs of each customer. BB will use job production. The houses will be built of timber and have metal roofs. The timber BB uses will be imported. Good-quality materials will always be used so the houses are of the highest quality. Benjy needs to decide which pricing method to use when selling the houses.

Benjy plans to employ 8 workers with specialist building skills and 2 unskilled workers, who will need to be told what to do. He will need to decide which leadership style to use with his employees.

Benjy also has to decide which type of house to build first. He has two options. The first house to be built will be used in advertising and will be available for potential customers to visit. House A is designed for people with visual difficulties and House B is designed for people with physical difficulties. Appendix 2 contains financial information about these two options.

Appendix 1

Search results for the number of people with disabilities in country X

The population in country X is 50 million.

- 1 in 4 of the population has a disability.
- 10% have visual difficulties.
- 30% have physical difficulties and may have restrictions in their movement or are wheelchair users.

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Appendix 2

Financial information for the two options for BB's first house ($000s)

	House A for people with visual difficulties	**House B** for people with physical difficulties
Timber costs	10	20
Labour costs	15	20
All other costs	38	60
Forecast selling price	70	110

Appendix 3

Newspaper article from Main News, September 2023

The exchange rate for the currency of country X has depreciated. This has resulted in a change in the price of imported food and manufactured goods, such as wheelchairs. The depreciation of the exchange rate will also have a big effect on spending, especially for people with disabilities who purchase imported specialist equipment to help them.

The price of imported building materials, such as timber, may also change due to the depreciation in the exchange rate.

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