UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Ordinary Level

BUSINESS STUDIES **7115/21**

Paper 2 **May/June 2013**

INSERT

1 hour 45 minutes

READ THESE INSTRUCTIONS FIRST

This Insert contains the case study material.
Anything the candidate writes on this Insert will not be marked.

This document consists of **3** printed pages and **1** blank page.

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Ted's Tools (TT)

TT is a chain of shops which sell tools such as hammers, screwdrivers, electric drills and saws. The business was started 20 years ago as a partnership between 2 friends, Ted and Mustafa.

TT has 10 shops. There are 2 shops in each main city in country A. The business has grown by reinvesting profits and opening a new shop every 2 years. Each shop employs a shop manager and 5 shop assistants. The shops open 10 hours a day for 6 days a week.

Most of TT's customers are people who are building or repairing their own houses. The tools and equipment TT sells are cheap but low quality. As a result of this, few building firms and construction companies buy from TT. Most building firms only buy high quality tools and equipment that will last a long time.

Appendix 1

Competitor's Advertisement – Ed's Equipment

Tools and equipment for home and business use – we sell or rent!

Tired of buying tools that you only use a few times? Tired of buying tools which break after using them a few times? Then here is the answer…. For all your needs when building or repairing your house come to **Ed's Equipment**.

- Rent the tools you need for half the cost of buying them.
- All high quality tools as used by construction companies.
- Tools are reliable and high quality.
- Trade credit is available to business customers.
- Large range of tools in our big shop.

Visit us at our shop on Main Road, New City, 3210997. Telephone: 377228665.

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Appendix 2

Cash flow forecast for TT ($000s) for the second half of 2013

	July	August	September	October	November	December
Opening bank balance	1000	1100	1650	1550	1350	**y**
Cash inflows:						
Cash sales	1000	1100	400	300	300	500
Credit sales	100	100	100	100	100	100
Total cash inflows	1100	1200	500	400	400	600
Cash outflows:						
Stock	600	250	200	200	300	500
Wages	100	100	100	100	100	100
Overheads	300	300	300	300	300	300
Total cash outflows	1000	650	600	600	700	900
Net cash flow	100	550	**x**	(200)	(300)	(300)
Closing bank balance	**w**	1650	1550	1350	1050	**z**

Figures in brackets are negative.

Appendix 3

Daily News May 2013

The recent bad weather has caused much damage to buildings in all of the main cities in country A. Strong winds are unusual at this time of year.

The Government estimates that the repairs will cost several million dollars. Many construction companies will welcome the increased number of customers, as the economy has been going through a recession and this has affected the building industry. Several new businesses might set up in the industry.

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