Cambridge Assessment International Education

Cambridge O Level

BUSINESS STUDIES **7115/22**

Paper 2 Case Study **October/November 2021**

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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Playsafe Playground Equipment (PPE)

Kaari has always been creative and made wooden toys for her two children when they were young. Her children are now at school, so Kaari decided to start her own business making wooden playground equipment.

Kaari started PPE as a sole trader business three years ago in country Z. She wants an income from the business but also wants to spend time with her children. Kaari wants the business to remain small. However, if the business grows Kaari may need to change to another type of business organisation. Kaari carries out all the management roles in the business.

Kaari uses job production to produce high quality, individually designed playground equipment. Kaari designs all the equipment herself and she employs 3 skilled workers to help her make the products. PPE currently makes both large and small items of playground equipment each week.

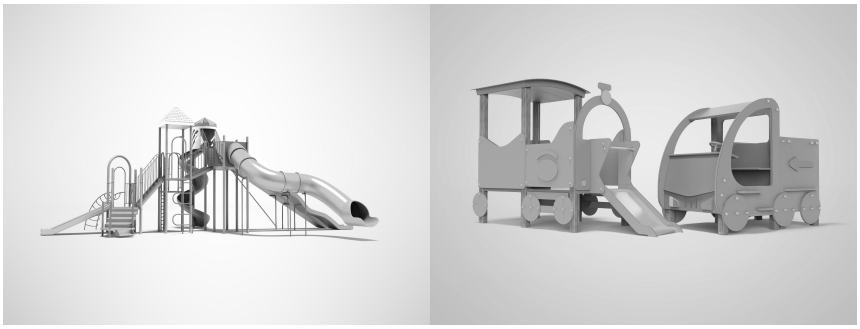
Kaari uses cost-plus pricing as every item of playground equipment uses different quantities of raw materials. She sells small items of playground equipment to retailers and large items of playground equipment to the Government. There are many competitors in this market.

Kaari plans to obtain new machinery which will cost $20 000. She is considering using crowd-funding as this is one way to raise capital for new business investment. Other options include leasing the machinery or asking the bank for a loan.

Kaari has developed a new unique product this year. There are no other similar products in the market.

Appendix 1

Advertisement for PPE



Buy your playground equipment from us.

At PPE we manufacture high quality playground equipment and have better designs than our competitors.

All our equipment has been fully tested and is guaranteed to meet legal safety standards. We are the main supplier of playground equipment to the Government for public parks - so you know our equipment can be trusted!

Contact us today for a price list.

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Appendix 2

Cost and revenue information for PPE in 2021

	Small item of playground equipment	**Large item of playground equipment**
Average selling price	$100	$1 000
Average cost of manufacture	$25	$500
Output each week	15	3

Appendix 3

Newspaper article – Main News 1st October 2021

Children need to get more exercise and play outside

Research suggests that playing outside helps children relax after school and improves their health.

The Government in country Z has allocated $10m to spend on improving children's playgrounds in public places. This means there will be $5 000 to spend on equipment for each public playground.

Retailers have reported increasing demand for small items of playground equipment as parents want to have these products at home. This trend is expected to continue.

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