

The City School

Unified Mid-Year Examinations

2018 - 2019

Class 9



BUSINESS STUDIES

Paper 2 Case Study

7115/22

1 hour 30 minutes

INSERT

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.**

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

Tabansi's Drinks and Smoothies

From an early age Tabansi has displayed many of the characteristics of an entrepreneur. At 13 years old he made soft drinks which he sold by the glass to tourists who visited the ancient sites near to his home. He saved all of the profit from this business and two years later he bought a bicycle and cooler bags so that he could take his drinks to a wider market. When he left school he had enough money to pay for the rent of a stall at a local market. He expanded his product range to include freshly squeezed fruit juices and fruit smoothies. Although he was making a living as a market trader Tabansi knew that to earn the money he wanted to provide for his future and support his parents and younger brother and sister he had to be more ambitious.

Tabansi recently bumped into, Uba, an old school friend. Uba's father had a small business unit for sale in town where Tabansi lived. Tabansi arranged with Uba to visit the property. He saw the potential for converting the premises into a small production unit for his drinks business. Tabansi agreed to buy the business unit. He has produced some financial data for this purchase. See Appendix1.

Tabansi went to see a small business adviser. Following the meeting the adviser has written to Tabansi (see Appendix 2) and told him that he should set clear objectives for his business and that a bank will want to see a business plan before they will consider lending him the money he needs as a start-up-capital. Tabansi has produced financial forecasts for the next three years as part of his business plan. See Appendix3.

Appendix 1

Financial data for purchase and equipping business unit.

Financial Details	\$
Purchase price	10,000
Equipment needed	4,000
Personal savings	6,000
Borrowing required	8,000

Appendix 2

Letter from the business adviser

Dear Tabansi

It was very good seeing you yesterday and I hope you found the meeting useful. I am writing to confirm the main points of our discussions. These are:

1. You need to set clear objectives for your business.
2. You should produce a business plan for the business.
3. You should consider changing your business into a private limited company.

If you need any further assistance from me or one of my colleagues at the small business advisory service then please do not hesitate to get in touch.

Yours sincerely

S.P. Godwin

Appendix 3

Financial forecasts for the next three years.

Years	Revenue	Profit
Year 1	\$13,000	\$7,300
Year 2	\$14,800	\$9,000
Year 3	\$17,300	\$12,000