1 (a) Identify and explain **four** reasons why Kolo might want to set up his own business rather than work for an employer.

Reason 1: ........................................................................................................................

Explanation: .....................................................................................................................
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Reason 2: ........................................................................................................................

Explanation: .....................................................................................................................
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Reason 3: ........................................................................................................................

Explanation: .....................................................................................................................
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Reason 4: ........................................................................................................................

Explanation: .....................................................................................................................
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[8]
(b) Kolo will need money to finance the stock of parts used in car repairs. Consider the advantages and disadvantages of the following options for raising finance. Recommend which option he should choose. Justify your choice.

Trade credit: ....................................................................................................................
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Owner’s savings: ..............................................................................................................
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Bank overdraft: .................................................................................................................
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Recommendation: ............................................................................................................
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2 (a) Kolo wants to get information about his competitors. Identify and explain **four** ways Kolo could research this information.

Way 1: ...........................................................................................................................................

Explanation: ....................................................................................................................................
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Way 2: ...........................................................................................................................................

Explanation: ....................................................................................................................................
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Way 3: ...........................................................................................................................................

Explanation: ....................................................................................................................................
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Way 4: ...........................................................................................................................................

Explanation: ....................................................................................................................................
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(b) Kolo plans to promote his new business. Consider the advantages and disadvantages of the following methods of promotion. Recommend which method he should choose. Justify your choice.

Advertising in local newspapers: ..........................................................................................................................................
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Free car repairs for a year with every car purchase: ..........................................................................................................
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Offering price reductions to the first 100 customers: ..........................................................................................................
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Recommendation: .................................................................................................................................................................
3 (a) Kolo needs to buy parts to repair cars. He plans to buy these parts directly from large manufacturers. Identify and explain one advantage and one disadvantage for a small business of buying from large companies.

Advantage: ................................................................................................................................................
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Explanation: ..........................................................................................................................................
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Disadvantage: .........................................................................................................................................
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Explanation: ..........................................................................................................................................
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(b) There are three possible sites for the new garage. Consider the advantages and disadvantages of each site. Recommend which site Kolo should choose. Justify your choice.

Site A: ..........................................................................................................................................
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Site B: ..........................................................................................................................................
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Site C: ..........................................................................................................................................
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Recommendation: ....................................................................................................................
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4 (a) Explain how the economic data from Appendix 3 could affect the success of Kolo’s new garage.

Unemployment: ................................................................................................................
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(b) Do you think Leslie should be satisfied with the financial position of his business? Justify your answer using profitability ratios calculated from the information in Appendix 1.

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(a) Kolo plans to use different methods of payment for mechanics (car repair workers) and sales staff. Identify and explain a suitable method of payment for mechanics and a suitable method of payment for sales staff.

Payment method for mechanics: .................................................................
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Explanation: ......................................................................................................
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Payment method for sales staff: .................................................................
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Explanation: ......................................................................................................
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(b) Kolo is considering importing some of the cars he wants to sell. Consider three problems Kolo could have if he imports cars. Recommend whether Kolo should import cars. Justify your answer.

Problem 1: ..........................................................................................................................................
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Problem 2: ..........................................................................................................................................
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Problem 3: ..........................................................................................................................................
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Recommendation: ..................................................................................................................
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