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BUSINESS STUDIES**0450/23**

Paper 2 Case Study

May/June 2026

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.



This document has **4** pages. Any blank pages are indicated.

Kitty's Homeshoes (KH)

KH is a private limited company. It manufactures shoes for people with large feet. People with large feet often find it difficult to buy shoes to fit them. KH started producing shoes for this niche market 10 years ago.

KH has a good brand image and charges a high price for its shoes. The marketing director has produced an advertisement for its current products shown in Appendix 1. She knows it is important that the advertisement meets all the legal controls on marketing.

KH's shoes are made from imported high-quality natural rubber extracted from trees. KH's suppliers have cleared forests to grow their rubber trees. Pressure groups have been posting their concerns on social media.

KH has started to sell its shoes online which has increased its sales. KH's managing director wants to expand the business and plans to build a second factory. A new operations manager will need to be recruited. Internal or external recruitment could be used for this position. All KH's managers are encouraged to use delegation.

KH's marketing director is considering whether to produce shoes of all sizes and to start selling to a mass market. If KH starts selling to a mass market many changes will need to be made.

Appendix 1

Proposed advertisement for KH's shoes



Do you find it difficult to buy shoes big enough for your feet? Well look no further than KH.

KH only makes shoes in larger sizes which we sell at competitive prices.

All our shoes are made from high-quality natural rubber and we have many satisfied customers.

Visit our website for more information and order your next shoes from us today!

Appendix 2

Email from operations manager to managing director

To: Managing director
 From: Operations manager
 Date: 1 March 2026

We now have 200 production employees using batch production to manufacture our shoes. I am happy to report that specialisation in the production process is working well.

We want to contribute to sustainable development. There are two ways we might do this:

- using solar panels to generate the electricity for production in our factory – government grants are available
- only buying natural rubber from suppliers which do not damage the environment.

Let me know what you think of these suggestions.

Appendix 3

Selected data from the financial statements for KH and KH's main competitor for 2025

	KH (\$000)	main competitor (\$000)
inventories	300	100
trade receivables	500	300
cash	100	0
trade payables	400	320
bank overdraft	0	20
long-term bank loan	400	100
current ratio	?	?
acid test ratio	?	?
revenue for 2025	3000	1000

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