CAMBRIDGE
International Education

# Cambridge IGCSE™

**BUSINESS STUDIES** **0450/23**

Paper 2 Case Study **May/June 2026**

INSERT **1 hour 30 minutes**

*3776597173-I*

**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.



DC (CJ) 355555/5
© Cambridge University Press & Assessment 2026

**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!

© Cambridge University Press & Assessment 2026 

## 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 |

© Cambridge University Press & Assessment 2026 

**BLANK PAGE**

Permission to reproduce items where third-party owned material protected by copyright is included has been sought and cleared where possible. Every reasonable effort has been made by the publisher (Cambridge University Press & Assessment) to trace copyright holders, but if any items requiring clearance have unwittingly been included, the publisher will be pleased to make amends at the earliest possible opportunity.

To avoid the issue of disclosure of answer-related information to candidates, all copyright acknowledgements are reproduced online in our Copyright Acknowledgements Booklet. This is produced for each series of examinations and is freely available to download at www.cambridgeinternational.org after the live examination series.

Cambridge International Education is the name of our awarding body and a part of Cambridge University Press & Assessment, which is a department of the University of Cambridge.

© Cambridge University Press & Assessment 2026 