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BUSINESS STUDIES **0450/21**

Paper 2 Case Study **October/November 2024**

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

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Chosen Cookies (CC)

Sam started CC 5 years ago in country P. He set up as a sole trader because he wanted to keep the business small. CC makes different types of cookies and sells them in its own shop in the city centre.

Sam's cookies are high-quality and often purchased by customers for special occasions such as birthdays or weddings. Sam is reviewing the pricing method he uses as he wants to sell more cookies. Sam also knows packaging used for the cookies is important.

CC's cookies are produced by batch production using specialised baking equipment. The ingredients are purchased regularly so they are fresh. CC has 10 employees producing the cookies and 5 employees in its shop. Sam wants to recruit an Operations Manager to oversee the production of the cookies to give him more time to be with his family.

Sam is developing new cookies. He has two options to choose between. These are outlined in Appendix 3. He plans to start selling these new cookies to other retail shops in country P. These retail shops already sell a variety of cookies from different manufacturers.

There are many reasons why a business might need finance. Sam is reviewing CC's finances and is considering taking out a bank loan.

Appendix 1

Advert for CC's cookies



Treat your family and friends to high-quality CC cookies to celebrate a special occasion.

Personalised messages can be added to your cookie.

The cookies can be purchased in CC's shop in the city centre.

Appendix 2

Newspaper article in Main News, 1 October 2024

The government has announced that interest rates will decrease from 1st November 2024. The decrease will affect many businesses and consumers in country P.

Taxes will also change and will increase from 1st April 2025. The government plans to use some of the additional tax revenue to increase payments to people on the lowest incomes.

Appendix 3

Forecast information for CC's two options for the new cookies

	Option 1	Option 2
Forecast sales of cookies per month	8000	1500
Variable costs per cookie	$0.50	$2
Additional fixed costs per month	$3000	$3000
Possible price per cookie	$1	$5
Forecast sales growth	High	Low

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