Cambridge Assessment International Education

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BUSINESS STUDIES **0450/23**

Paper 2 Case Study **October/November 2025**

INSERT **1 hour 30 minutes**

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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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Exceptional Sailing (ES)

Tim worked at a large boat manufacturer in country X for 20 years. He is highly skilled in building boats. Tim decided to start his own business, called ES, 4 years ago. He currently operates as a sole trader.

ES only makes and sells boats in country X. It has become established as a well-known brand with a reputation for high quality. ES has 12 skilled employees including an assistant who helps Tim to run the business. ES has a flat organisational structure with a short chain of command.

ES has grown quickly and Tim plans to expand the business further by selling his boats to customers in other countries. He is aware that there are opportunities and threats of globalisation, especially as tariffs and quotas on boats and their component parts have been removed both in country X and in other countries.

Tim plans to take out a bank loan to help fund the expansion. His two brothers will also invest in the business. One of his brothers has experience of financial management and the other is skilled in IT. Tim will need to decide whether ES should become a partnership or a private limited company.

Tim wants to manufacture a new boat and he will need to choose between Product A and Product B. Information about the two new boats is shown in Appendix 2. ES currently promotes its boats in sailing magazines. Tim is considering using social media to promote his new boat to a wider market.

Tim will need to recruit 4 new employees. These new employees will require training and Tim has to decide whether to train them at ES or send them to college two days a week.

Appendix 1

Advertisement for ES

Choose ES to build your boat



Excellent quality workmanship and boats built to your design.

We have been voted the third best boat builder in country X.

You could use a larger company to build your boat, but we offer so much more!

Contact us for further information.

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Appendix 2

Information about the two new products ES could produce

	Product A (large boat)	Product B (small boat)
Price	$500 000	$200 000
Additional fixed cost per year	$400 000	$400 000
Variable costs per boat	$450 000	$180 000
Forecast number of sales in first year	9	24
Sales forecast	Growth in other countries	Growth in country X

Appendix 3

Email from Tim to his two brothers

To: My two brothers
From: Tim
Date: 1 October 2025

I am pleased that you have both decided to invest in the business. I know that it will be good to work together and make decisions about the growth of ES.

I have included some financial information for 2024.

- Revenue increased by 50%
- Gross profit margin was 65%
- Profit was $100 000
- Current ratio was 2
- Acid test ratio was 0.5

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