Cambridge Assessment International Education

Cambridge O Level

BUSINESS STUDIES **7115/22**

Paper 2 Case Study **October/November 2023**

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.

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

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Sports Safety Equipment (SSE)

SSE manufactures sports safety equipment in country Z. It is a public limited company which has been successful for over 30 years. The main product SSE manufactures is safety helmets for different sports, such as bicycle riding, cricket and skateboarding. SSE has one large factory making the safety helmets. The factory uses flow production. The production workers each specialise in one task on the production line. SSE's raw materials are imported.

SSE sells its helmets in several other countries and is planning to expand into many more. It will need to carry out market research before entering new markets in other countries. Each country has different sports that are popular and the style of helmets varies from country to country.

SSE plans to build its own factories in its most important markets in other countries and will need to choose a suitable source of finance. The Human Resources Director has decided to use internal recruitment for the managers of the new factories. There will need to be effective communication between the managers of the new factories and SSE's head office in country Z.

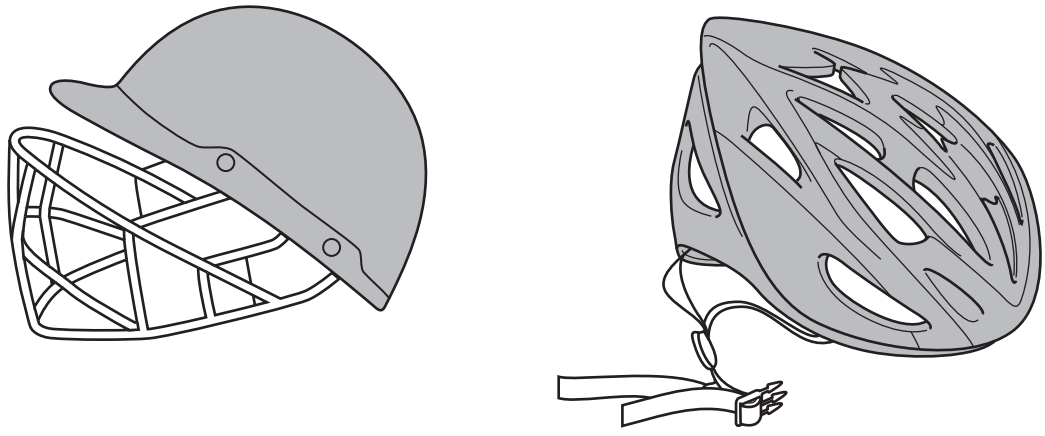
Most of SSE's sales in country Z are through sports equipment shops. Customers like to try on the helmets to check they fit correctly. SSE currently sells its helmets in other countries through its website.

SSE is also increasing its product range. The latest new product being developed is a children's cricket helmet. A break-even chart for this new product is shown in Appendix 3.

Appendix 1

Extract from SSE's website

If you want the best protection when playing sport then buy an SSE safety helmet!



We supply a wide range of safety helmets for you when playing sport.

Whatever the sport - SSE produces a helmet for you.

You can order directly from this website by entering your head measurements below.

Get the perfect fit for you!

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Appendix 2

Email from SSE's Managing Director to SSE's Finance Director

To: Finance Director

From: Managing Director

Date: 1 September 2023

Re: Demand for SSE's products

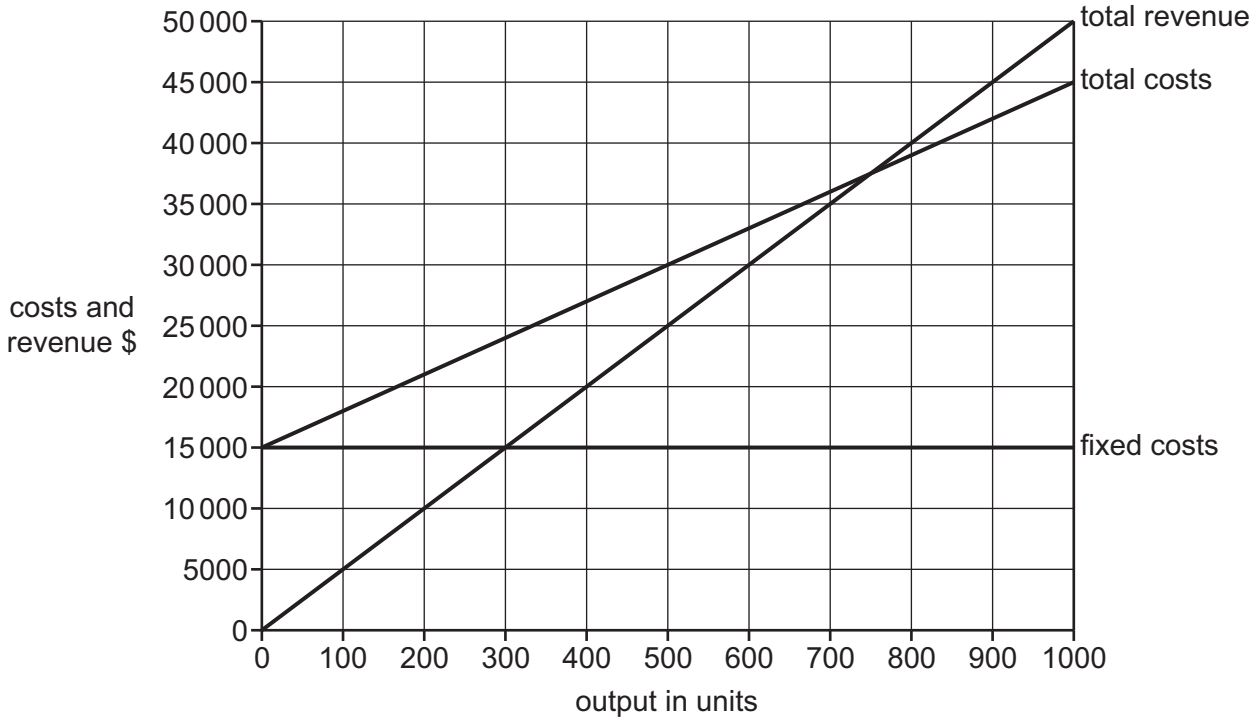
Demand for SSE's products in country Z is forecast to increase. Our government has imposed import tariffs on safety helmets. We may be able to increase our prices.

The exchange rate in country Z is expected to fall. However, other countries have introduced import quotas on safety helmets.

We will have to consider all the likely effects of these changes.

Appendix 3

Projected weekly break-even chart for SSE's new children's cricket helmet



The maximum output and sales for this product is 1000 units per week.

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