Cambridge International Examinations
Cambridge International General Certificate of Secondary Education

BUSINESS STUDIES **0450/23**

Paper 2 **May/June 2016**

INSERT

1 hour 30 minutes

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READ THESE INSTRUCTIONS FIRST

This Insert contains the case study material.
Anything the candidate writes on this Insert will not be marked.

The syllabus is approved for use in England, Wales and Northern Ireland as a Cambridge International Level 1/Level 2 Certificate.

This document consists of **3** printed pages and **1** blank page.

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Danielle and Anthony's Dance Studio (DADS)

Danielle is a qualified teacher of ballet and modern dance. Anthony is a fitness instructor. They decided to set up their own business as a partnership 5 years ago with $5000 each. They rented a building on the edge of their town and changed it to a dance studio and gymnasium. The studio has dance classes during the day and evening for all abilities and all ages.

Danielle teaches some of the classes but she has 3 well qualified dance teachers who also teach. Anthony helps dancers use the gymnasium to improve their strength and fitness. He also has 2 well qualified gym instructors to help him.

Danielle and Anthony have little time to do all the management tasks involved in operating the business. They have little experience of doing this so they have decided to employ a Finance manager. Danielle and Anthony will delegate the tasks of accounting and marketing to this new manager.

Appendix 1

To: Anthony@gotmail.com
From: Danielle@gotmail.com
Date: 3 May 2016
Re: Relocation

I think we should move to a larger building as many classes are full. We have to say 'no' to new customers who want to join the classes. There is not much space when the classes are full. This reduces the quality of the class as each dancer receives less individual attention from the teacher.

Our customers come from a wide area around the town but most customers live near the studio. There are also shops in the area near to the studio which sell dance clothing and shoes.

We could add new classes when we move to larger premises. At the moment we have classes for beginners which are mainly for children. However, many adults wish to join but they would want to be in a different class to children. Some classes have a wide range of abilities and it would be better to separate these into different classes for different abilities. More classes will mean more revenue, as well as an improvement in quality.

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Appendix 2

Financial Information for DADS balance sheet

	2014	2015
Non-current assets ($)	10 000	10 000
Inventories ($)	500	300
Trade receivables ($)	900	200
Cash ($)	100	100
Current liabilities ($)	500	600
Current ratio	?	?
Acid test ratio	?	?

Appendix 3

City News May 2016

Healthy living benefits us all

The Government wants to encourage people to get fit and become healthier. It is encouraging people to take more exercise and eat less fat and sugar in their food. A Government spokesperson said: 'Spending on the Health Service could be reduced if people were healthier – and businesses will benefit too'.

The Government wants to support any business which will help it achieve this aim.

If you think your business will qualify for a grant then apply to the Government's Small Business Support Department for an application form.

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