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BUSINESS STUDIES **0450/22**

Paper 2 Case Study **May/June 2023**

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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Everyone Theatre (ET)

Zane and Zaara are both actors. They plan to start up a theatre in a low-income area of Main City. Zane and Zaara believe that helping the community is as important as being successful entrepreneurs.

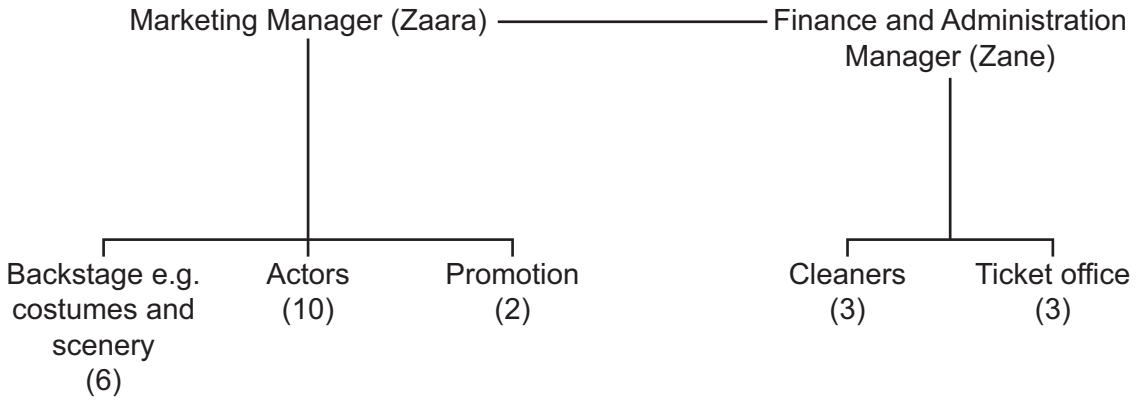
The theatre will be a private sector business and Zane and Zaara have to decide whether to start up as an unincorporated business (partnership) or as a limited company. Zane is planning to prepare a cash-flow forecast for the first year. Zaara knows they will need to set business objectives for the theatre and also decide on a leadership style to use when managing employees. ET will have 24 part-time employees as shown in the organisational chart in Appendix 1.

Zane and Zaara plan to put on performances in the evenings for local people and tourists. There will be 100 seats in the theatre but not all the seats will be sold if the price is too high. The Marketing Manager, Zaara, will need to decide which performances to put on, what price to charge and which refreshments to sell. Zaara will also need to decide between the two possible options for the first performance when the theatre opens. Information on the two options is shown in Appendix 2.

In the daytime the theatre building will be used by Daycare, a local social enterprise. Daycare takes care of young children up to the age of 5 so that low-income family members can go out to work. It also provides education for the children which helps their development and progress before they start school. Some of Daycare's objectives are different to those of ET.

Appendix 1

Proposed organisational chart for the theatre



Note: The numbers in brackets are the number of part-time employees who work in each department.

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Appendix 2

Forecast data for the two possible options for ET's first performance at the theatre

For each performance	Option 1	Option 2
Number of actors/employees	7	24
Average wage cost per actor/employee	$30	$10
All other costs including scenery, costumes and promotion	$1000	$2000
Forecast revenue assuming all 100 seats are sold	$1000	$2500

Appendix 3

Email from Zane to Zaara

To: Zaara

From: Zane

Date: 1 April 2023

We want to support the local community and we need to make decisions about the following.

Should we:

- Pay fair wages even though they may be higher than those paid by competing theatres?
- Only buy costumes produced in the local community?
- Purchase all refreshments from suppliers that do not pollute the environment?

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