



Cambridge IGCSE® (9–1)

BUSINESS STUDIES

0986/02

Paper 2 Case Study

For examination from 2020

SPECIMEN 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.



This document has 4 pages. Blank pages are indicated.

The BB Health Spa (BB)

Bethany owns The BB Health Spa in Main City in country X. Economic growth has been high for the last few years. The government of country X wants this growth to continue so it has reduced income tax. However, it is also worried about inflation becoming a problem so it has increased interest rates.

The BB Health Spa is very busy and Bethany is considering taking on a partner to help manage the business and give her more free time. However, she has been a sole trader for 10 years and wants the business to stay small.

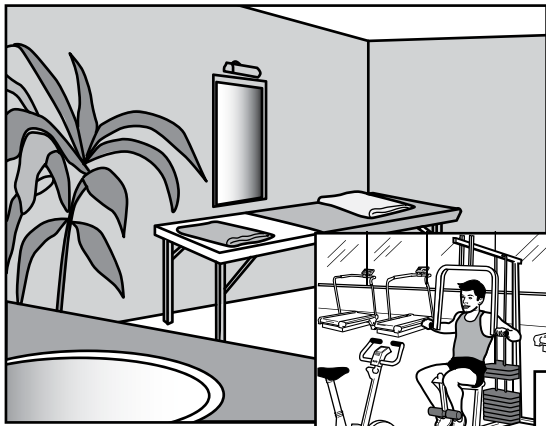
The customers of The BB Health Spa are people of all ages who are interested in their health. Bethany employs two qualified workers to provide the treatments for customers. Bethany herself also provides customers with treatments. In addition, she does all the administration such as ordering inventory, accounts and paying invoices when the spa is closed.

The BB Health Spa still uses the original treatment equipment which was purchased when the business started. Some spas nearby have the latest equipment but these spas charge much higher prices than The BB Health Spa. Bethany records all the financial transactions by filling in accounts books by hand. This takes her a long time. Customers book appointments using the telephone and Bethany later telephones them to remind them when an appointment is due.

Appendix 1

Advert for treatments at The BB Health Spa


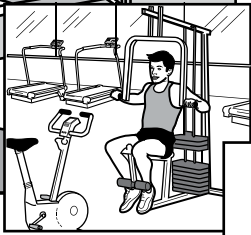
Come to The BB Health Spa



Sports Therapies

Gym

Yoga



Appendix 2**Weekly forecasts for two possible additional services**

| | Steam room | Hair cuts |
|------------------------------------|------------|-----------|
| Additional customers | 200 | 50 |
| Average price charged per customer | \$5 | \$25 |
| Wages | \$60 | \$400 |
| Cost of sales | \$40 | \$125 |
| Lease of equipment | \$400 | \$175 |

Appendix 3**Daily News****September****New equipment now available in many health spas to make skin look younger**

There have been a number of changes in technology for health spas which allow the treatments to be much more effective in making skin look younger. Many people are keen to try these treatments using the latest equipment to get younger looking skin. This equipment is very expensive for health spas to buy or lease.

The news of these treatments has appeared on social media sites and on mobile phone Apps leading to higher demand. 'Some customers will pay high prices for such treatments', said a local health spa owner who is keen to promote his health spa as being one of the first to use the new equipment.

There have also been developments in software which make customer bookings and accounts much easier, quicker and with fewer mistakes. Automatic text (sms) messages are used to remind customers of their appointments – so no need to miss an appointment again.

Look out for these changes in health spas near you!

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