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BUSINESS STUDIES **0450/22**

Paper 2 Case Study **February/March 2026**

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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Coffee, Tea and Desserts (CTD)

Nadia started CTD 4 years ago in the centre of Main City. CTD is a successful café that sells coffee, tea and desserts. Nadia operates as a sole trader. When she opened her café she wanted the business to remain small. Nadia has 3 employees serving customers in the café.

CTD has a reputation for selling high-quality desserts. Nadia has 8 employees making the desserts in the café kitchen. Each worker carries out a task and then passes the part-finished product on to the next employee until the dessert is finished. Nadia knows that CTD's good reputation could be lost if the high quality of her desserts is not maintained. Nadia is considering the best way to continue to produce high-quality desserts in her kitchen.

Nadia uses cost-plus pricing for all the food and drinks CTD sells. She knows promotion is important for CTD as she wants to encourage new customers and create brand loyalty amongst her existing customers. Most of CTD's customers are people working or shopping in the city centre who walk past the café.

Nadia is now planning to expand and open a second café in Main City. Nadia is considering whether to set up a new café or to take over a competitor's café. Nadia is recruiting a café manager for the second café whichever option she chooses. She has three applicants to choose between. Information about these applicants is shown in Appendix 3.

Appendix 1

Advertisement for the CTD café



Do you want wonderful desserts? Then look no further than the CTD café.

We are located in the centre of Main City and are easy to find.

We serve high-quality desserts at affordable prices.

Come and try us today and we guarantee you will return for more.

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Appendix 2

Email from Nadia's accountant to Nadia

To: Nadia
From: Nadia's accountant
Date: 1 February 2026

Hi Nadia

I have reviewed CTD's accounts and assessed the short-term and long-term financial needs of the business.

I have noticed that at certain times of the year the café has a cash flow problem. You need to carefully plan when to buy ingredients for the café. Have you thought about asking for trade credit from your suppliers?

I know you plan to expand the business by opening a second café in Main City. Please be aware that the government will increase interest rates from 2% to 6% in the next two months.

Appendix 3

Information about the 3 applicants for the job of café manager

CTD's new café manager is expected to work 150 hours each month. The successful applicant will be paid the expected hourly wage.

	Anaya	Bella	Saahan
qualifications	10 IGCSEs	7 IGCSEs	3 IGCSEs
experience	4 years serving customers in CTD's café	10 years working as the manager of a restaurant	8 years helping manage the kitchen in a competitor's café
expected hourly wage	$10	$14	$12
training costs	$6000	$0	$2000

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