

Barry Stent has owned and run the Bellington Fitness Centre for five years. He started as a Sole Proprietor but later formed a business partnership with his girlfriend, Janet. The business began on a very small scale, with only two exercise bikes, one treadmill, a range of gym equipment and four rowing machines.

When the business started in 1998, customers paid every time they attended the Fitness Centre; there was no annual membership. Over the last five years, the number of customers has grown steadily and more facilities and activities have been added. However, the Fitness Centre is not generating enough profit to support both Barry and Janet and also to maintain the quality of its equipment.

If Barry and Janet are to continue running the Fitness Centre, they will need to attract more customers. In order to do this, they will need to finance expansion, which may include new facilities, activities and promotions. Before approaching a bank for finance they ask for advice from a Business Adviser.

You have been appointed to act as the Business Adviser.

Use the data in the Case Study booklet and your knowledge and understanding of business studies to answer the questions on the following pages.

General Certificate of Secondary Education
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BUSINESS STUDIES SPECIFICATION B 3133/9/2
BUSINESS STUDIES SPECIFICATION B (SHORT COURSE)
Paper 2

F&H

Monday 16 June 2003 1.30 pm

CASE STUDY BOOKLET

Read this case study before attempting to answer the questions.

Study all the information before attempting to answer the questions.

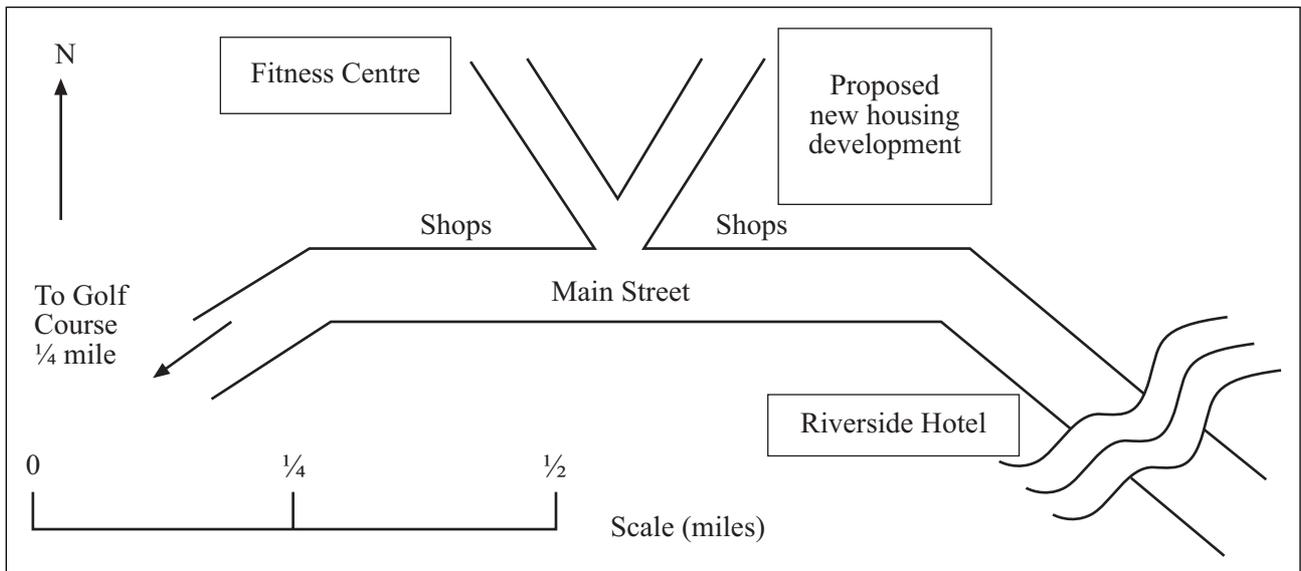
Data 1

Comments from Stephanie Midgely, owner of the Riverside Hotel

“Barry and Janet have done a lot for the town and they work really hard. We have always been good friends and they regularly have meals at my hotel. However, I’ve also got a business to run and, as we’ve already got a 15-metre swimming pool, I am tempted to clear some outbuildings and put in fitness equipment for our customers. All the big hotel chains offer these facilities and I need to stay competitive. I could also let the locals use the fitness equipment; they already pay to use the pool.”

Data 2

Location of Bellington Fitness Centre



Data 3

Typical advertising costs for the Bellington Area

Local Free Weekly Newspaper	Half-page advertisement – £200
Regional Evening Paper	Half-page advertisement – £1000
Local Commercial Radio	Broadcasting a 30-second advertisement – £500
Print run of 1000 colour leaflets	£50
Local Bus Company	Side of bus advertisement for one month – £500

Data 4

Key Financial Figures for Bellington Fitness Centre

	Financial Year Ended			
	2002	2001	2000	1999
Sales Revenue	£40 000	£35 000	£28 000	£25 000
Gross Profit	£36 000	£31 000	£24 000	£22 000
Net Profit	£18 000	£18 000	£15 000	£14 000

Business savings £8000
Amount left to pay on existing business loan £4000

Data 5

Membership and playing costs at Bellington Golf Club (2002)

Full Adult Membership	£270 pa
Junior Membership (Under 18)	£30 pa
Special Weekday-Only Membership	£150 pa
Midweek – 18 holes of golf	£20
Weekend – 18 holes of golf	£25

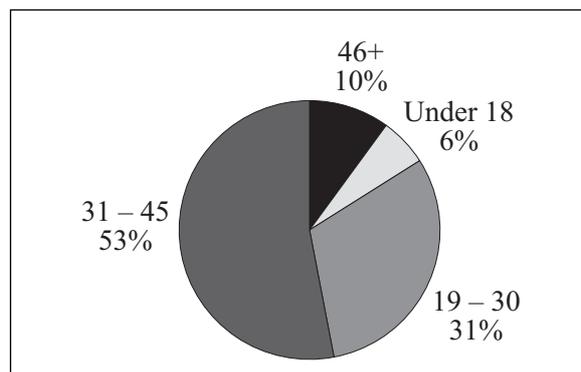
Data 6

Comparative wage levels (2002)

Average annual income in Bellington area £15 000
Average annual income in the UK £20 000
Average annual income for Fitness Centre Managers in the UK £25 000

Data 7

Age of members (male and female) at Bellington Fitness Centre (2002)



Turn over ►

Data 8

Membership details at Bellington Fitness Centre (2002)

- Adults – £50 per annum and £3 per visit
- or
- Adults with unlimited usage – £360 per annum
- Under 18s – £2.20 per visit
- Those members paying per visit can buy a 10-visit card for £25 (Under 18s £20).
- Those members paying for unlimited usage can pay in instalments at £35 per month.
- There is no annual membership charge for under 18s, nor can they join on an unlimited usage basis.

Opening hours

Monday – Friday 9.00 am – 2.00 pm and 5.00 pm – 9.00 pm
 Saturday Closed
 Sunday 9.00 am – 12 noon

Basic Facilities: gym equipment, sunbeds, rowing machines, treadmills.

Data 9

Population of Bellington and surrounding area (2002)

Bellington is a small rural town of 8000 inhabitants.

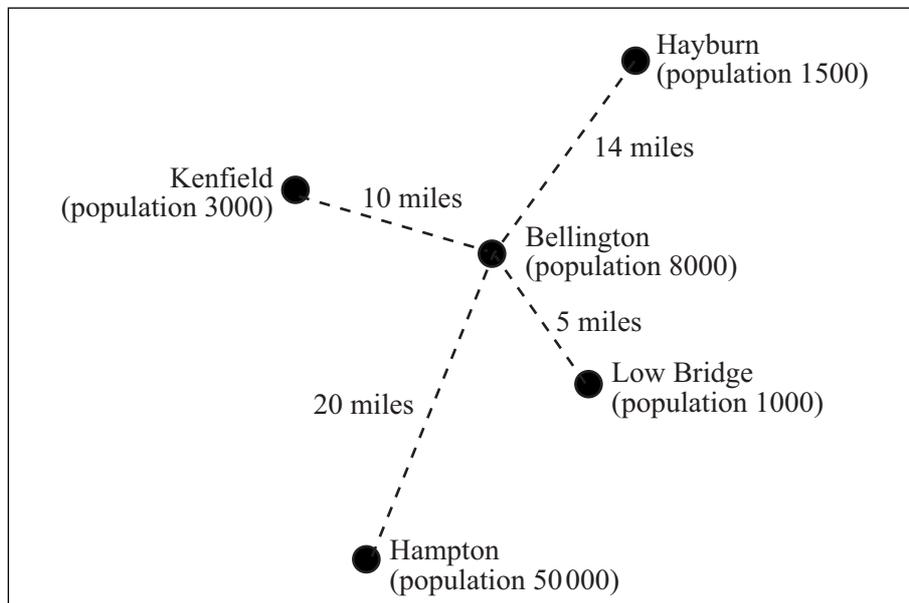
Age structure	0 – 18	1500
	19 – 30	2000
	31 – 45	2500
	46+	2000

Population of surrounding area is 2000.

The nearest town is 20 miles away.

Predicted population of the town of Bellington by 2005 = 9000 inhabitants.

Predicted population of the town of Bellington by 2010 = 10000 inhabitants.



Data 10

Extracts from a promotional leaflet for Bellington Fitness Centre posted out to local households

New Activities for Bellington Fitness Centre

We are now able to offer even more variety for the people of Bellington and the surrounding area.

Our Latest Activity

Aromatherapy Massage
using concentrated essential oils with
body massage to help you relax or uplift
emotions and ease physical complaints
in a gentle way.

Delivered by Josie Dawson,
a fully qualified practitioner
who has recently moved into our area.

Data 11

Results of a questionnaire completed by existing members of Bellington Fitness Centre attending on a Monday night

1. Gender Male 20
 Female 5

2. Age 0 – 18 5
 19 – 30 10
 31 – 45 6
 46+ 4

3. Would you like to see the Fitness Centre increase in size?

Yes 22
No 3

4. What would you like to see changed?

More treadmills 2
New gym equipment 2
Swimming facilities 12
Longer opening hours 10
More activities 20

