

**Advanced GCE
BUSINESS STUDIES**

F297 QP

Unit F297: Strategic Management

Specimen Paper

Additional Materials: Answer Booklet (12 pages)

Time: 2 hours



INSTRUCTIONS TO CANDIDATES

- Answer **all** the questions.

INFORMATION FOR CANDIDATES

- The number of marks is given in brackets [] at the end of each question or part of question.
- The total number of marks for this paper is **90**.

ADVICE TO CANDIDATES

- Read each question carefully and make sure you know what you have to do before starting your answer.

QUALITY OF WRITTEN COMMUNICATION

The quality of your written communication will be assessed in questions that are indicated accordingly (*). Marks will be awarded for spelling, punctuation and grammar, use of appropriate form and style of writing, and for organising work clearly and coherently.

This document consists of **10** printed pages and **2** blank pages.

Answer **all** the questions

- 1 (a) Determine, and show, the critical path for the new stand project. [13]
- (b)* The summer break is 14 weeks. Recommend whether SCL should build a new stand for the 2007 – 2008 season. [18]
- 2* Evaluate which stakeholder group will be most influential in SCL's achievement of its 2006-07 objectives. [18]
- 3* David Rees states that "There is no point worrying about what goes on outside the club; it'll happen anyway. It's what we do on the pitch that matters and determines whether we are successful" (lines 60-62).
- To what extent might a recession impact upon the strategic decisions taken by SCL? [18]
- 4* Should SCL takeover Littleborough Ladies AFC? Justify your view. [23]

Sporting Club Littleborough, SCL

Alistair Burnell is Managing Director, MD, of Sporting Club Littleborough (SCL) a private company located in the East Midlands. SCL's core business is rugby union, with squash, cycling and fitness being important complementary activities. Like most MDs, Alistair's typical working day is both long and dominated by meetings. Looking through his diary he saw that today would be no exception. By the end of the day he hoped that a number of key strategic decisions will have been taken which will secure the club's future success well into the second half of the first decade of the 21st century. 5

Rugby football has dominated Alistair's entire life. In his younger days he played first class and international rugby with great team and personal success. When he retired from playing he spent a short time in journalism before returning to SCL, joining the coaching staff to establish a youth development programme. Today, this has been replaced by The Academy; a scheme by which SCL develops U16 and U19 players, supporting them through their education. Always aware of his lack of formal management qualifications, he was pleasantly surprised when he was invited to become MD in 2002. He was told his charismatic approach to leadership more than compensated for certificates, especially in an industry in which individual motivation is so important. 10 15

A decision about rebuilding the club's Harborough Road stand was one that Alistair knew could not be delayed. Ideally, a decision is needed today if there is to be any chance of the project being completed for the start of the 2007-2008 season. SCL owns two sites in Littleborough. The main site, situated in the city centre, is the rugby ground, Gunthorpe Park, see Table 1. The second site is The Vale. 20

Table 1

Gunthorpe Park details

Stand	Capacity	Built	Notes
Harborough Road	6,353	1920	Manageable health and safety risk; timber construction, high public liability insurance cost. Restricted views. Seating and terraces. No disabled access
Canal End	4,494	1924	Manageable health and safety risk; timber construction, high public liability insurance cost. Seating and terraces. Limited disabled access
Park	3,736	1956	Hospitality suite. Media rooms. Family seating area. Limited disabled access
Webb-Ellis Stand	5,250	1996	Player and official changing. Administrative offices. Club shop. Disabled facilities

The local authority, which is very supportive of the club given the positive impact it has on the town, has already indicated that planning permission will be granted. The estimated capital requirement is £7.5m. SCL's project management consultants have provided a diagram for the rebuilding work, see Fig. 1. Due to health and safety issues, the second phase of the refurbishment of the Harborough Road stand requires the closure of the entire ground. Once commissioned, the new stand will have an all seat capacity of 6,920. It is projected that average ticket income for Gunthorpe Park will rise to £225 per seat per annum. The new stand will incorporate a media centre to reflect the increased popularity of rugby football. This will enable SCL to raise the price of its TV coverage rights, as well as give the potential to penetrate markets beyond Europe. Alistair is meeting Louise Harris, SCL's PR Officer and Andre Tarabanov, Finance Director at 11.00.

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Two possible routes to securing the £7.5m have been identified. The first is to float the company. The second route is via a combination of a supporters' bond and Directors' Loans (see Appendix 1). After discussion with SCL's bankers, Alistair believes that if the company is floated the probability of a successful bond issue increases from 60% to 75%, whilst the probability of the issue failing falls from 20% to 10%. An issue that raises just £2.0m would be regarded as a failure, whilst £5.0m would be seen as unacceptable. Alistair believes a public floatation could cost up to £0.5m for prospectuses, legal fees and associated PR work.

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The club's training ground, The Vale, has a state-of-the-art gymnasium and fitness centre in addition to several practice pitches. It is on the outskirts of the city and has poor public transport links. All of SCL's non-rugby activities are located at The Vale. A few years ago a feasibility study of selling Gunthorpe Park, and relocating the entire club into a purpose built 45,000 all seat multi-purpose stadium at The Vale, was conducted. Exploratory meetings between SCL and the local authority revealed opposition from the council which is very keen to preserve SCL's presence in the town. Hints were made that, should SCL try to sell Gunthorpe Park, the local authority would not co-operate in re-zoning the land for alternative uses, and as such the site's value would be much lower than what was needed to finance the move.

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The prime motivation for the move to The Vale was to increase ticket revenues by expanding capacity. The proportion of sellout games at Gunthorpe Park has steadily risen in line with the club's sporting success. In the last three years full attendance has grown from 64% to 72% of games. On average, during the season, 1.5 games a fortnight are played at Gunthorpe Park. Andre is concerned that ticket prices cannot continue to rise faster than both inflation and average earnings. In the last three years average earnings in Littleborough have risen 8% and ticket prices have risen by 12%. Andre fears a recession could seriously jeopardise SCL's future because players' salaries, most of which are contractually fixed, represent one of the club's biggest costs. His worry was compounded recently when in a meeting David Rees, Head Coach, said "There is no point worrying about what goes on outside the club; it'll happen anyway. It's what we do on the pitch which matters and determines whether we are successful". Andre is staggered that commercial realities have yet to penetrate fully throughout what he views as an entertainment business.

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Scheduled for 14.00, Alistair has a meeting with Seb Taylor, the agent of recently signed player, Hyun-Young Cho. Cho, nick named HY, is Korean. Since his arrival at the club last year SCL has managed to secure a lucrative three year sponsorship deal with a Korean white goods manufacturer, Won World Electrics, WWE. The sponsorship contract is subject to an annual review and is worth a six-figure sum each year. Alistair is aware, from the coaching staff, that following the arrival of HY's first child, HY feels his commitment to SCL is too demanding. Consequently, Alistair was unsurprised that a recently received letter from Taylor stated that he wanted to discuss "the issue of HY's work-life balance... and how his duties might be re-arranged so he can spend more time with his young family".

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In common with all first team squad players, HY is required to attend training four mornings per week. In addition, players are required to spend the afternoon engaged in club-based activities. These typically include coaching at local schools and clubs, PR and media events. Many of the latter take place in the evening. Irrespective of whether selected to play or not, the whole squad has to attend all competitive games so as to foster an esprit-de-corps. In an average week, during the 38 week season, a player could expect to be engaged in club business for 50 hours. Taylor's proposal is that HY is committed to hours, i.e. attend training and travel to those matches for which he has been selected to play. 75 80

Many of the international players in the squad are able to earn considerable fees through private media work and product endorsements. This income supplements a salary of anywhere from £24,000 to £80,000, depending on individual contracts. This lower figure is below with many of SLC's non-playing staff, but in excess of the salaries paid to ground and maintenance staff. Many such staff supplement their incomes by acting as Safety Stewards on match days provided they have passed the required training courses. Several perceive the working conditions enjoyed by the playing staff as being 'cushy', and consequently can be obstructive of any changes to their work arrangements, unless supported with increased pay. 85 90

The most intriguing meeting of the day, scheduled for 15.00 is with Gabriella Romeo, Chair of Littleborough Ladies AFC, LLAFC. Alistair became aware of women's soccer when his granddaughter started playing at school. What started as a passing interest has now grown into a serious proposal; a takeover of LLAFC. Although women's soccer is still a largely amateur game, Gabriella is convinced that professionalism is inevitable. It is here, the rise of professionalism, that Alistair can see clear parallels between rugby and women's soccer. As such SCL's experience could well be used to gain advantage over other clubs if it were to acquire LLAFC before the next stage of soccer's development. Gabriella has told Alistair that she is confident she can persuade the other members of LLAFC's board, a company limited by guarantee, to agree to merge with SCL. Alistair's thinking is that the takeover could be achieved via a share swap, obviating the need to raise cash. LLAFC's only asset, its ground, was valued in 1998 at £100,000. 95 100

Women's soccer is one of the UK's fastest growing sports, with over 80,000 registered participants in 2003, an increase of over 300% pa in five years. In the ten years between 1989 and 1999 the number of women's clubs registered with the Football Association, FA, rose from 263 to over 1,000. Much of this growth is attributed to introducing girls to soccer at primary school, whilst increasing numbers of secondary schools run teams. In addition, many senior Premiership and Nationwide league clubs have affiliated women's sides playing in a highly competitive national league supported by the FA. Likewise, there are women's teams at international level. The media attention given to the women's World Cup, which in 2003 was held in California, surprised many outside of the game. Participation rates in the US are particularly high, with over 7.2m registered players in 1998. The 2005 UEFA championship, hosted by the FA, gained extensive, non-specialist, media coverage. This is likely to further boost participation rates and spectator numbers. In Italy, crowds of more than 10,000 at women's games are regularly reported in *Gazzetta Dello' Sport*, a specialist sports newspaper. 105 110

Alistair is aware that not everyone at SCL is in favour of his proposed takeover of LLAFC. Some board members, and several staff, think that SCL should focus its scarce resources on rugby. For example, the Head Groundsman is anxious that the differing needs of the two games will make pitch preparation nigh on impossible. David Rees is similarly opposed, and believes that many of SCL core supporters would hold the same view. In contrast, Louise Harris is very supportive, arguing that it would generate considerable interest in the club. Andre Tarabanov agrees, citing better use of Gunthorpe Park which, even in the full season, typically records asset utilisation of barely 10%. The possibility of tapping into a new market for club merchandise is a further positive. 115 120

[Turn Over

Rebuilding work schedule for the
Harborough Road Stand.

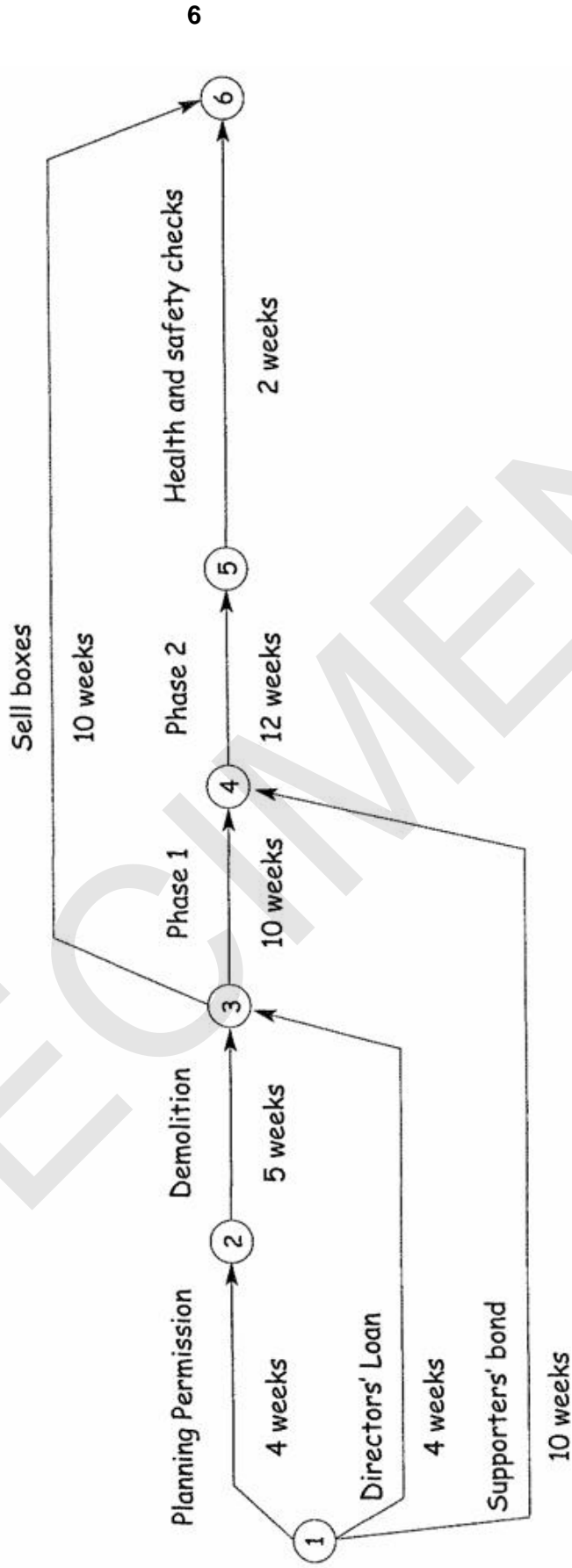


Fig. 1

Appendix 1:

Mission Statement

SCL's mission is to sustain a successful sporting club, and in whatever sports we compete in, we do so with passion, flair and integrity so that each season a major honour is achieved.

2007 Objectives

In the 2006-07 season we will

- win at least one major honour, whether league, domestic or European cup
- secure financial sponsorships and business partnerships
- grow the value of the SCL brand
- ensure all stakeholders understand their role in achieving the SCL vision.

Core values

As a leisure-based organisation we recognise we compete in a competitive environment and that in order to do so we must be customer focused, innovative and adaptive to change regardless of the direction from which it comes.

We believe that our success is built upon people, whether customers, players or staff. To this end we must provide the highest standards of facilities at competitive prices, attract, retain and develop players to their full potential and provide staff with an honest and stimulating environment in which to work.

Our success as a sporting club can only be assured through prudent, long-term, financial management that allows for replacement or regeneration of facilities so providing a first class environment for the pursuit of enjoyable and successful sporting endeavour.

We are proud of our role as an inclusive key-stone of the community and recognise the importance that sport can play in building partnerships between different groups by offering a common focus, whether through playing or support.

[Turn over

Appendix 2:

Balance Sheets as at end of financial year

	2006	2009
	£s	£s
Fixed assets		
Tangible assets	4,394,800	14,400,000
Intangible assets	219,740	1,000,000
	<u>4,614,540</u>	<u>15,400,000</u>
Current assets		
Stock	33,319	37,000
Debtors	761,198	888,000
Cash	1,485,700	65,000
	<u>2,280,217</u>	<u>990,000</u>
Current liabilities		
Creditors and pre-payments	2,219,430	2,230,000
Supporters' bond	-	3,000,000
Net Current assets	60,787	(4,240,000)
Total assets less current liabilities	<u>4,675,327</u>	<u>11,160,000</u>
Creditors due after one year	315,600	110,000
Directors' loans	-	5,500,000
Net Assets	<u>4,359,727</u>	<u>5,550,000</u>
Share Capital	500,000	500,000
Share Premium account	1,944,400	1,944,400
Profit and loss account	1,915,327	3,105,600
Equity shareholders' funds	<u>4,359,727</u>	<u>5,550,000</u>

NB. 2006 Unaudited

2009 Projected assuming stand is
financed through bond issue

Profit and Loss Account

	2006	2009
	£s	£s
Income		
Ticket sales	3,528,500	4,586,400
Sponsorship & media	5,926,800	8,890,000
Merchandising	724,370	833,000
Conference & banqueting	878,124	1,000,000
Other	50,056	52,500
	<u>11,107,850</u>	<u>15,361,900</u>
Expenditure		
Players	4,321,950	6,270,000
Ground staff	726,770	808,500
Administration	4,908,900	6,135,500
Colts	195,000	450,000
Other	650,841	848,000
	<u>10,803,461</u>	<u>14,512,000</u>
Operating profit	<u>304,389</u>	<u>849,900</u>
Contingency	200,000	-
Interest	9,468	468,500
Profit before tax	<u>94,921</u>	<u>381,400</u>

NB. 2006 Unaudited

2009 Projected assuming stand is
financed through bond issue and
Directors' loans.

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The maximum mark for this paper is **90**.

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SPECIMEN

This document consists of **10** printed pages.

Question Number	Answer									Marks	
1(a)	Determine, and show, the critical path for the new stand project.									[13]	
	<i>Activity</i>		<i>Duration/ weeks</i>	<i>EST</i>	<i>EFT</i>	<i>LST</i>	<i>LFT</i>	<i>TF</i>	<i>FF</i>		<i>Critical Path</i>
	1 - 2	<i>Planning permission</i>	4	0	4	0	4	0	0		*
	1 - 3	<i>Directors' Loan</i>	4	0	4	5	9	5	5		
	1 - 4	<i>Supporters' bond</i>	10	0	10	9	19	9	9		
	2 - 3	<i>Demolition</i>	5	4	9	4	9	0	0		*
	3 - 4	<i>Phase 1</i>	10	9	19	9	19	0	0		*
	3 - 6	<i>Sell boxes</i>	10	9	19	23	33	14	14		
	4 - 5	<i>Phase 2</i>	12	19	31	19	31	0	0		*
5 - 6	<i>H&S checks</i>	2	31	33	31	33	0	0	*		
Level 3 The answer contains analysis of the technique to determine the critical path.										[9-13]	
Level 2 Applies understanding of the technique in attempting to determine the critical path.											[4-8]
Level 1 Demonstrates some knowledge of the technique.											[1-3]

Question Number	Answer	Marks
1(b)*	<p>The summer break is 14 weeks. Recommend whether SCL should build a new stand for the 2007 – 2008 season</p> <p><i>New stand increases capacity by 567 seats, just under 2.9%. Cost is £7.5m, seems like a lot of money for very little marginal revenue. Income from ticket sales rises from £3.5 m to £4.5m (£1.058m). These figures give a PBP of 7.1 years, and an ARR of 14.1% assuming that no fall in incomes during construction.</i></p> <p><i>However, figure 1 shows that Harborough Road stand needs to be closed for 15weeks of the season so really need to factor in the lost income during this time. 15 weeks means 11.25 games. Further 15 weeks from 38 playing weeks is 39.5% Different assumptions could be used to show that average seat yields £178 pa, occupancy 72%. Harborough Road stand is 32% of capacity is lost income during closure is £250. Makes PBP 7.3 years and ARR of 13.7%. Is ARR in excess of SCL's cost of capital? If not, then financially it's not worthwhile. Other financial issues include reduced insurance premiums, less risk of being sued for inadequate disabled access. Would replacing an 85 year old stand reduce maintenance costs?</i></p> <p><i>How to pay for it? A Decision Tree suggests the best is a flotation; (EMVs of 6.08 v 5.90, so very close) but does the club want to float at this time. Loss of autonomy/ increased public scrutiny from the investment community if go public. Is the culture within the board appropriate for the rigours of PLC status? But, access to more capital and so could use this as a springboard to grow the club. If don't float then how secure is the capital used, could directors/ public demand their capital back. NB. Public bond is accounted for as a current liability – what are the chances of all of the bondholders wanting their money back at one time?</i></p> <p><i>Impact of new stand other than financial. Marketing, boost ticket process, and makes the ground more appealing. Bigger crowds more opportunities for associated sales of food and merchandise on match day. Also, better media centre and so more chance of income from this source. Also, improve employees place of work and so may reduce demotivation (Herzberg) and so boost output. New stand an opportunity to build specific facilities of SCL acquires LLAFC. How reliable is the critical path diagram. Close season is 14 weeks, phase 2 is 12 weeks, so little room for error. Further, phase 2 is critical so no slippage possible. If there is a construction snag where will SCL lay their fixtures? Might they be subject to a penalty from the RFU?</i></p> <p><i>Even to retain its current market position worn out assets need to be replaced. New stand says a lot about the club's confidence. Wouldn't embark on this idea if the board were not optimistic about the future, so big lift to the whole club, community and supporters. In a limited way the stand is an increase in capacity, but even more so it is important for what it says about the club.</i></p>	[18]

Question Number	Answer	Marks
<p>1(b)* cont'd</p>	<p>Level 4 Discussion is balanced in evaluating recommendation Complex ideas have been expressed clearly and fluently using a style of writing appropriate to the complex subject matter. Sentences and paragraphs, consistently relevant, have been well structured, using appropriate technical terminology. There may be few, if any, errors of spelling, punctuation and grammar.</p> <p>Level 3 Analyses case material in support of recommendation Relatively straight forward ideas have been expressed with some clarity and fluency. Arguments are generally relevant, though may stray from the point of the question. There will be some errors of spelling, punctuation and grammar, but these are unlikely to be intrusive or obscure meaning.</p> <p>Level 2 Recommendation is supported by descriptive sue of the material Some simple ideas have been expressed in an appropriate context. There are likely to be some errors of spelling, punctuation and grammar of which some may be noticeable and intrusive.</p> <p>Level 1 Offers a view without support Some simple ideas have been expressed. There will be some errors of spelling, punctuation and grammar which will be noticeable and intrusive. Writing may also lack legibility.</p>	<p>[12-18]</p> <p>[8-11]</p> <p>[4-7]</p> <p>[1-4]</p>
<p>2*</p>	<p>Evaluate which stakeholder group will be most influential in SCL's achievement of its 2006-07 objectives.</p> <p><i>Stakeholders, any party with an interest in the business. Key stakeholders here are employees, especially the players, local authority/ community, sponsors, owners and customers (supporters).</i></p> <p><i>Owners will want a reasonable return on their investment (analysis of ROE etc). Given the nature of the business this return need not be solely financial, rather emotional reward may play a significant part of their positive disposition to the business. 2004 figure suggest ROCE of just 2.39% so owners may want the firm to cut costs and / or generate more income. This may mean a reduction in, or no increase in, wages. As owners, this group has the power to supply or withhold resources required for strategic actions. This means without their support the growth objectives are unlikely to be achieved (presumably, being a Ltd the owners have been heavily involved in the formulation of the objectives and so will be committed to them)</i></p> <p><i>Employees are essentially two types. Players, given their short careers will want to maximise their income even if that jeopardises the long-term future of the business (they will have less interest in an on-going relationship). Hence, they may be willing to promote risky strategies because their skills will be in high demand and readily transportable. Clearly, without this key group sporting success cannot be achieved.</i></p>	<p>[18]</p>

Question Number	Answer	Marks
<p>2* cont'd</p>	<p><i>However, they will have a less immediate impact upon securing the other three objectives. In contrast, managers/ administrators may be more risk averse and be more aware of the long-term viability of the business (see mission statement). Their focus may be on growing the business and communicating its values. As manager/ coaches etc they have the ability to select teams and as such influence directly the first objective. Likewise, without management efforts objective 2 will not be forthcoming. Managers set objectives and control allocation of resources so will have two significant influences.</i></p> <p><i>Supporters represent a significant portion of income (expect analysis of P&L) and as such their continued attendance is a key in achieving objective 3. Might argue their reaction at matches as a crowd will influence players' behaviour/ motivation / industry on the pitch and as such objective 1.</i></p> <p><i>Community play a major role through facilitating the operation of the club. Clear evidence that local authority have influenced the behaviour of the club – cancelled closure of Gunthorpe Park – and as such they have a direct bearing on objective 2, long term financial security. If the club is financially insecure they are less well placed to attract support from partner organisations and sponsorships</i></p> <p><i>The issue is not to pick the most influential, rather achieve a reasoned position.</i></p> <p>Level 4 Discussion is evaluative in balancing different possibilities Complex ideas have been expressed clearly and fluently using a style of writing appropriate to the complex subject matter. Sentences and paragraphs, consistently relevant, have been well structured, using appropriate technical terminology. There may be few, if any, errors of spelling, punctuation and grammar.</p> <p>Level 3 Case material is subject to analysis in considering stakeholders influence on objectives Relatively straight forward ideas have been expressed with some clarity and fluency. Arguments are generally relevant, though may stray from the point of the question. There will be some errors of spelling, punctuation and grammar, but these are unlikely to be intrusive or obscure meaning.</p> <p>Level 2 Describes how stakeholders might affect SCL's ability to met its objectives Some simple ideas have been expressed in an appropriate context. There are likely to be some errors of spelling, punctuation and grammar of which some may be noticeable and intrusive.</p>	<p>[12-18]</p> <p>[8-11]</p> <p>[4-7]</p>

Question Number	Answer	Marks
2* cont'd	<p>Level 1 Demonstrates knowledge of stakeholders and/ or stakeholders Some simple ideas have been expressed. There will be some errors of spelling, punctuation and grammar which will be noticeable and intrusive. Writing may also lack legibility.</p>	[1-3]
3*	<p>David Rees states that “There is no point worrying about what goes on outside the club; it’ll happen anyway. It’s what we do on the pitch that matters and determines whether we are successful”. To what extent might a recession impact upon the strategic decisions taken by SCL?</p> <p><i>Case specifically mentions a recession; a downturn in economic activity (two or more consecutive quarters of GDP growth below the long trend).</i></p> <p><i>Can be argued that SCL is in the entrainment/ leisure industry. Typically such business are income sensitive. As such a fall in incomes due to recession would cause a greater fall in demand. The data here is that Demand has risen from 12,693 (64% of 19,833) to 14,280 (72% of 19,833), an increase of 12.5% when incomes have risen 8%, suggesting YED of +1.56. So possibly SCL’s market is income sensitive. However, the change in demand has happened at a time when sporting success has also happened, so to what extent has the change in demand been caused by income or by an increased preference for rugby? That demand has risen 12.5% at a time when prices have risen 12% suggests that either rugby has a positive PED or that the changes in demand seen cannot be attributed to a single factor. Ticket sales represent 31.8% of income in 2004, projected to fall to 29.8% in 2007. So, maybe a recession would not be too harmful regarding ticket sales as the club is set to rely less on this source of income.</i></p> <p><i>Impact upon strategy depends upon whether SCL is indeed in an income sensitive market. Note though that SCL also has income from non-ticket sources. Recession could cause a fall in sales of</i></p> <p><i>Conference trade (7.9% of income in 2004 projected to be 6.5% in 2007)</i></p> <p><i>Sponsorship (53.3% 2004 57.9% in 2007)</i></p> <p><i>Merchandising (6.5% 2004 5.4% in 2007)</i></p> <p><i>So, biggest source of income, and the one set to grow, is sponsorship. Thus, impact on SCL depends upon the nature of their sponsorship deals. If the sponsor is tied in then little immediate impact on SCL. But, there might be a big impact when deal ends. So, can sponsors walk away if times get tough for them? Remember that SCL has non-core activities such as squash, cycling and fitness. Recession might cause an increase in demand for these forms of leisure, especially if membership is 12-month contract then the marginal cost is zero so at a time of falling/ static income these activities represent cheap leisure! So recession might mean</i></p>	[18]

Question Number	Answer	Marks
	<i>greater demand for these activities, requiring additional re-sourcing.</i>	
<p data-bbox="185 360 277 427">3* cont'd</p>	<p data-bbox="328 360 1294 427"><i>Other issues; the nature of the recession, local or national? Anticipated or sudden? severe or mild?</i></p> <p data-bbox="328 472 1257 573"><i>Candidates should be able to link the external change with a change in strategic decisions such as ground development, moving into other markets etc.</i></p> <p data-bbox="328 622 432 651">Level 4</p> <p data-bbox="328 663 1273 869">Discussion of impact(s) is supported by analysis of case material Complex ideas have been expressed clearly and fluently using a style of writing appropriate to the complex subject matter. Sentences and paragraphs, consistently relevant, have been well structured, using appropriate technical terminology. There may be few, if any, errors of spelling, punctuation and grammar.</p> <p data-bbox="328 880 432 909">Level 3</p> <p data-bbox="328 920 1214 981">Case material is subject to analysis impact of recession on strategic decisions Relatively straight forward ideas have been expressed with some clarity and fluency. Arguments are generally relevant, though may stray from the point of the question. There will be some errors of spelling, punctuation and grammar, but these are unlikely to be intrusive or obscure meaning.</p> <p data-bbox="328 1171 432 1200">Level 2</p> <p data-bbox="328 1211 1262 1350">Describes possible impact(s) of the state of the economy Some simple ideas have been expressed in an appropriate context. There are likely to be some errors of spelling, punctuation and grammar of which some may be noticeable and intrusive.</p> <p data-bbox="328 1361 432 1391">Level 1</p> <p data-bbox="328 1402 1278 1574">Identifies ways recession impact(s) on strategy or knowledge of the state of the economy Some simple ideas have been expressed. There will be some errors of spelling, punctuation and grammar which will be noticeable and intrusive. Writing may also lack legibility.</p>	<p data-bbox="1326 835 1425 864">[12-18]</p> <p data-bbox="1326 1126 1425 1155">[8-11]</p> <p data-bbox="1326 1317 1425 1346">[4-7]</p> <p data-bbox="1326 1536 1425 1565">[1-3]</p>

Question Number	Answer	Marks
4*	<p>Should SCL takeover Littleborough Ladies AFC? Justify your view.</p> <p><i>Lots of issues to consider! Depends upon the price; book value is £100,000 in 1998, what is the current market value of LL AFC only asset some 7 years later. Might there be an opportunity to asset strip? Buy the club, wind it up and sell the land for a worthwhile capital gain? Is such an approach ethical and in line with SCL's mission statement? What is it that SCL are actually buying – unless there is some contractual link between the players and the club a football team has no real value. Share swap, so what is the real costs of SCL of the acquisition?</i></p> <p><i>Operational costs – what does it cost to run the team, what level of liabilities is SCL letting itself in for? What income stream might SCL expect from the acquisition? Can normal business models of evaluating investments be used in this context? Indeed, does LL AFC generate any income, otherwise SCL is paying out for a net increase in costs! Would need some market research to estimate match attendances and other income streams.</i></p> <p><i>Are the two organisational cultures compatible? There is an issue of “rugger buggers” v “mamby bamby soccer”, made worse by the gender issue! It is possible that SCL reputation may be impacted upon, affecting its ability to acquire top players, sponsors and crowds. Is SCL a rugby club, a leisure conglomerate? This might create a confused message to the outside world. Impact on staff morale/ groundsman. Arguably larger issues of work life balance in an expanded club. Also, SCL are talking takeover, LL AFC merger. Might this lack of consistency be an issue in seeking to integrate the two operations?</i></p> <p><i>Expect reference to Ansoff; new market & new product – diversification? High risk, but SCL do acquire the expertise in the market assuming LL AFC's staff stay and as such reduces risk to some degree. Market is set to grow, arguably faster than core market of rugby. Easier to grow in a growing market than in a mature market – but is growth a major issue for SCL? How does SCL assess its performance? If it is in trophies then acquiring LL AFC might distract management attention away from the core business unless LL AFC are successful in their own right.</i></p> <p><i>Is lure of better use of Gunthorpe Park real or illusory? Would LL AFC play at Gunthorpe Park or at The Vale? Can a stadium be used for both games on a consistent basis? If LL AFC play at The Vale what impact does this have on the training regime of SCL and the other activities there?</i></p> <p><i>Are there any synergies here for both? It is challenging to see what is in it for SCL other than it fits in with their stated core values of being inclusive in a wide range of sports. Comes down to the central decision as to what SCL want to be.</i></p>	[23]

Question Number	Answer	Marks
<p>4* cont'd</p>	<p>Level 4 Achieves an overall view having evaluated different sides. Complex ideas have been expressed clearly and fluently using a style of writing appropriate to the complex subject matter. Sentences and paragraphs, consistently relevant, have been well structured, using appropriate technical terminology. There may be few, if any, errors of spelling, punctuation and grammar.</p> <p>Level 3 Analysis of material supports recommendation. Relatively straight forward ideas have been expressed with some clarity and fluency. Arguments are generally relevant, though may stray from the point of the question. There will be some errors of spelling, punctuation and grammar, but these are unlikely to be intrusive or obscure meaning.</p> <p>Level 2 Recommendation supported by the application of case material. Some simple ideas have been expressed in an appropriate context. There are likely to be some errors of spelling, punctuation and grammar of which some may be noticeable and intrusive.</p> <p>Level 1 Offers an unsupported recommendation. Some simple ideas have been expressed. There will be some errors of spelling, punctuation and grammar which will be noticeable and intrusive. Writing may also lack legibility.</p>	<p>[17-23]</p> <p>[11-16]</p> <p>[5-10]</p> <p>[1-4]</p>
Paper Total		[90]

Assessment Objectives Grid (includes QWC)

Question	AO1	AO2	AO3	AO4	Total
1(a)	3	5	5	-	13
1(b)*	3	4	4	7	18
2*	3	4	4	7	18
3*	3	4	4	7	18
4*	4	6	6	7	23
Totals	16	23	23	28	90

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