

**ADVANCED SUBSIDIARY GCE  
LEISURE STUDIES**

Unit 3: Leisure Industry Practice

**CASE STUDY**

**TUESDAY 3 JUNE 2008**

**G182/CS**

Morning

Time: 1 hour 30 minutes



**INFORMATION FOR CANDIDATES**

- This is a clean copy of the Case Study which you should already have seen.
- You should refer to it when answering the examination questions which are printed in a separate booklet.
- You may **not** take your previous copy of the case study into the examination.
- You may **not** take notes into the examination.

This document consists of **4** printed pages.

## Extreme Adventure

*Extreme Adventure* is an outdoor activity centre located in the Lake District National Park, sitting on the shoreline of one of the many lakes. The centre is closely linked to the motorway system, which allows access from all areas of the country. The last ten miles approaching the centre, however, are along winding country lanes, with breathtaking views of the mountains and lake. 5

*Extreme Adventure* has been located in the same building for the last 15 years, a former country house in large private grounds with access to the outdoors and the lake, which forms a major attraction to all those attending courses at the centre. It was initially run by a local education authority to provide adventurous activities for less privileged children. Five years ago the centre was seen as no longer financially viable by the local education authority and was sold to a group of private investors. They re-branded the centre under the name *Extreme Adventure*. 10

The centre still offers adventurous activities to children and young people, and this group continues to be the largest part of its customer base. The remainder of the customer base is made up from corporate team-building groups, family bookings and stag and hen parties, as shown in **Fig. 1**. One issue for the centre is the proportion of customers who are from schools and colleges. This is seen as limiting, both in terms of customer numbers and income, as *Extreme Adventure* has to offer a very competitive price to get schools and colleges to use the centre, and this can cause some cash flow problems, **see Fig. 2**. This is an aspect which *Extreme Adventure* would like to address in order to make its customer base more diverse than at present. 15 20

*Extreme Adventure* offers a wide range of water and land-based activities using the natural resources around the centre. One unique selling point of the centre is its location and its access to the natural environment. This allows a wide range of activities including: sailing; kayaking; Canadian canoeing; windsurfing and raft building on the water, as well as climbing, abseiling, gorge walking and hill walking. The courses available can be from one day to one week in duration, with many of the visitors enjoying the log cabin accommodation provided around the site. The communal parts of the centre are based in the country house, which has a dining room, lounge with TV, bar and a range of vending machines selling drinks and snacks. 25

The centre employs a range of full-time, part-time and seasonal casual staff and prides itself on the levels of instruction and service it provides for its customers. *Extreme Adventure* has a very low staff turnover, with many of the instructors being with the facility for over five years. *Extreme Adventure* sees its staff as the most important resource it has, and is very proactive in terms of staff development. *Extreme Adventure* has achieved the Investors in People quality standard, and uses this to maintain its staffing at the high standard it expects. 30 35

*Extreme Adventure* undertakes all of the usual safety checks and risk assessments as specified by law. As an outdoor centre the safety of its customers and staff are very important and monitored closely, with all new pieces of legislation acted on as appropriate.

The centre actively promotes its products and services. *Extreme Adventure* retains all customer details on a database, and then all former customers are invited to an open day each year to inform them about changes made. It operates its own website, which has a gallery of pictures of activities and testimonies of previous customers, along with details of how to contact the centre for further information. This is one of the few areas in which *Extreme Adventure* uses IT, with many of its systems presently being paper-based. Nevertheless it still remains efficient. 40 45

*Extreme Adventure* is made up of a number of cost centres, including catering, accommodation, marketing, water-based equipment and land-based equipment, each of which has a budget

allocated to it. *Extreme Adventure* is active in monitoring its progress and success in all areas and with all customers. It uses a wide range of methods to allow this to happen including both qualitative and quantitative data.

50

The future for *Extreme Adventure* looks mixed, and it needs to take action to ensure it continues to make a profit. It is looking to expand what facilities it offers. One proposed area of expansion is to build an aerial ropes course. This is a series of ropes and activities that take place high in the air, with the intention of pushing people out of their comfort zones, whilst helping to develop trust and communication skills.

55

### Customer Groups using *Extreme Adventure*

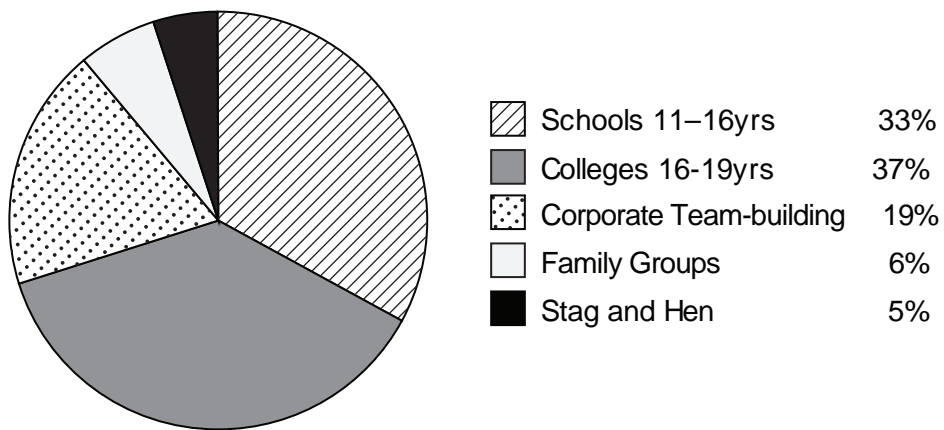


Fig. 1

Extract from projected cash flow for *Extreme Adventure*

|                             | Jan–Feb       | Mar–Apr       | May–Jun        | Jul–Aug       | Sep–Oct       | Nov–Dec        |
|-----------------------------|---------------|---------------|----------------|---------------|---------------|----------------|
| <b>Income</b>               |               |               |                |               |               |                |
| Sales                       | 56 000        | 78 000        | 100 000        | 78 225        | 62 000        | 48 000         |
| Other Income                | 1 500         | 8 250         | 22 500         | 11 250        | 1 500         | 1 500          |
| <b>Total Revenue</b>        | <b>57 500</b> | <b>86 250</b> | <b>122 500</b> | <b>89 475</b> | <b>63 500</b> | <b>49 500</b>  |
|                             |               |               |                |               |               |                |
| <b>Expenditure</b>          |               |               |                |               |               |                |
| Wages                       | 16 000        | 38 400        | 38 400         | 12 800        | 12 800        | 9 600          |
| Rates/<br>Insurance         | 2 500         | 2 500         | 2 500          | 2 500         | 2 500         | 2 500          |
| Stock                       | 1 000         | 5 500         | 15 000         | 7 500         | 1 000         | 1 000          |
| Equipment                   | 60 000        | 15 000        | 0              | 0             | 0             | 135 000        |
| Catering Costs              | 10 000        | 12 000        | 22 000         | 10 000        | 9 000         | 8 000          |
| Marketing                   | 2 000         | 2 000         | 2 000          | 2 000         | 2 000         | 2 000          |
| <b>Total Expenditure</b>    | <b>91 500</b> | <b>75 400</b> | <b>79 900</b>  | <b>34 800</b> | <b>27 300</b> | <b>158 100</b> |
|                             |               |               |                |               |               |                |
| <b>Net Cash Flow</b>        | (34 000)      | 10 850        | 42 600         | 54 675        | 36 200        | (108 600)      |
| <b>Opening Cash Balance</b> | (35 655)      |               |                |               |               |                |
| <b>Closing Cash Balance</b> |               |               |                |               |               |                |

Fig. 2

Permission to reproduce items where third-party owned material protected by copyright is included has been sought and cleared where possible. Every reasonable effort has been made by the publisher (OCR) to trace copyright holders, but if any items requiring clearance have unwittingly been included, the publisher will be pleased to make amends at the earliest possible opportunity.

OCR is part of the Cambridge Assessment Group. Cambridge Assessment is the brand name of University of Cambridge Local Examinations Syndicate (UCLES), which is itself a department of the University of Cambridge.