

## Monday 20 May 2019 – Afternoon

### LEVEL 3 CAMBRIDGE TECHNICAL IN BUSINESS

05834/05835/05836/05837/05878 Unit 3: Business decisions

Time allowed: 1 hour 30 minutes

C423/1906



**You must have:**

- a clean copy of the pre-release (Insert C424)

**You may use:**

- a calculator

Please write clearly in black ink.

Centre number

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Candidate number

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First name(s)

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Last name

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Date of Birth

D	D	M	M	Y	Y	Y	Y
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#### INSTRUCTIONS

- The Insert will be found inside this document.
- Use black ink.
- Answer **all** the questions.
- Write your answer to each question in the space provided.
- If additional answer space is required, you should use the lined page(s) at the end of this booklet. The question number(s) must be clearly shown.

#### INFORMATION

- The total mark for this paper is **60**.
- The marks for each question are shown in brackets [ ].
- This document consists of **12** pages.

FOR EXAMINER USE ONLY	
Question No	Mark
1	/8
2	/6
3	/6
4	/6
5	/12
6	/6
7	/16
<b>Total</b>	<b>/60</b>

Answer **all** the questions.

- 1 (a) *Seaview Leisure Centre (SLC)* has a number of objectives, including being ethical.

Tick (✓) the **two** ethical objectives from the table below.

You should only tick two boxes.

Objective	Tick (✓)
All gym equipment should be safe to use	
Not pressuring customers into buying fitness accessories	
Supplying free WiFi to café customers	
Paying employees more than the national minimum wage	

[2]

- (b) Tania is aware that her ability to make the best decision for the leisure centre could be influenced by many different factors.

Explain how each of the following factors could influence the ability of Tania to make an effective decision.

- (i) Tania has been given only three weeks to present a proposal to Beachside District Council.

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[2]

- (ii) Tania has no experience of using project-planning software.

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[2]

(iii) Tania has recently received training in how to analyse data when making business decisions.

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2 (a) Tania has estimated that **Option 1: Gym and studio refurbishment** would need 470 members to break-even.

Tania has also estimated that **Option 1: Gym and studio refurbishment** is likely to increase membership to 500.

Assuming that Tania's figures are correct, calculate the margin of safety for **Option 1: Gym and studio refurbishment**.

Show your workings

Margin of safety = ..... members

[2]

(b) Tania is concerned that the margin of safety is too small.

Explain **one** action *SLC* could take to lower its break-even point.

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(c) Explain **one** limitation of using break-even analysis when making decisions about *SLC*.

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3 Tania has estimated that the rate of labour turnover at *SLC* is 15%.

(a) State what is meant by the term 'labour turnover'.

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(b) Analyse **one** negative impact on *SLC* of high labour turnover.

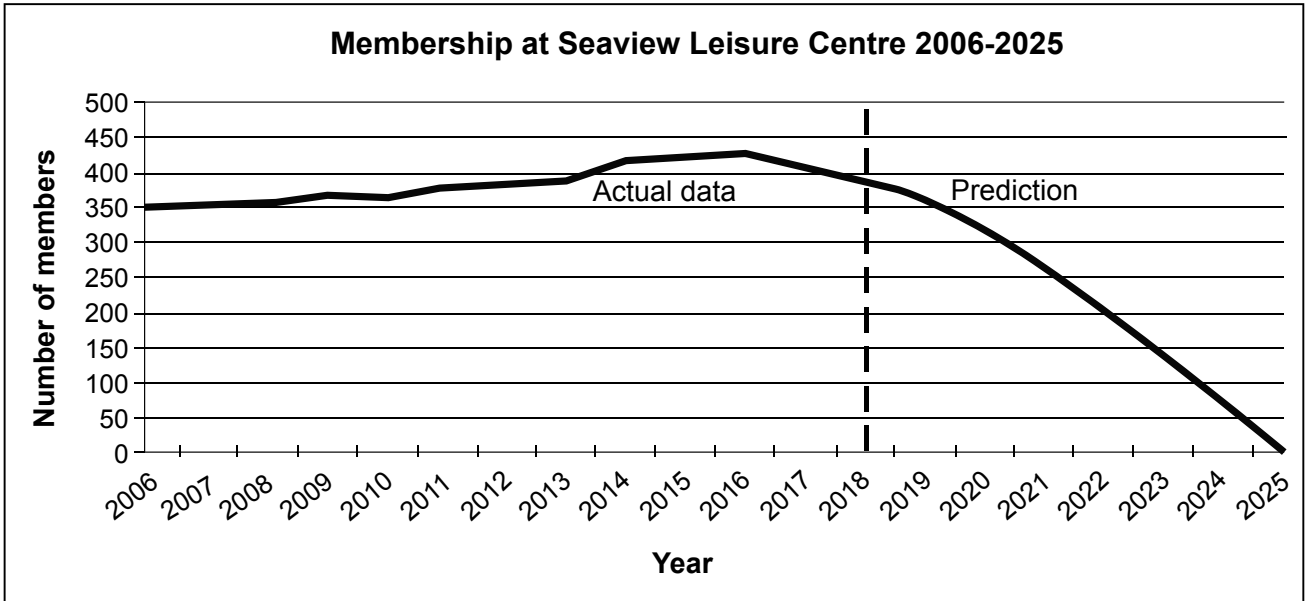
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(c) State **two** actions that could be taken by a business such as *SLC* to improve labour turnover.

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4 Mansoor Khan, the Director of Leisure Services at Beachside District Council, is reviewing SLC's membership levels and marketing policy.

(a) Mansoor has extrapolated SLC's membership data from 2016-2018 to predict the change in membership from 2019 onwards.



(i) Outline what the graph predicts will happen to membership between 2019 and 2025.

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(ii) Explain why this prediction might be unrealistic.

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(b) A gym instructor has suggested that *SLC* uses the following slogan in its publicity materials: ‘Using Seaview Leisure Centre will make you healthy’.

Explain why *SLC* should **not** use this slogan in publicity materials.

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[2]

5 As part of the decision-making process, Tania has decided to consult with *SLC*'s stakeholders.

Evaluate the benefits and drawbacks to *SLC* of consulting with its stakeholders when choosing between Options 1, 2 and 3.

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6 Tania has produced a production schedule for **Option 1: Gym and studio refurbishment**. This is shown in Table 1, below.

Activity	Description
A	Remove existing equipment and fittings from the gym
B	Remove existing equipment and fittings from the studio
C	Upgrade air-conditioning system in the gym and studio
D	Redecorate the gym (including drying time)
E	Redecorate the studio (including drying time)
F	Install new fittings and equipment in the gym
G	Install new fittings and equipment in the studio
H	Test new fittings and equipment
I	Take publicity photos

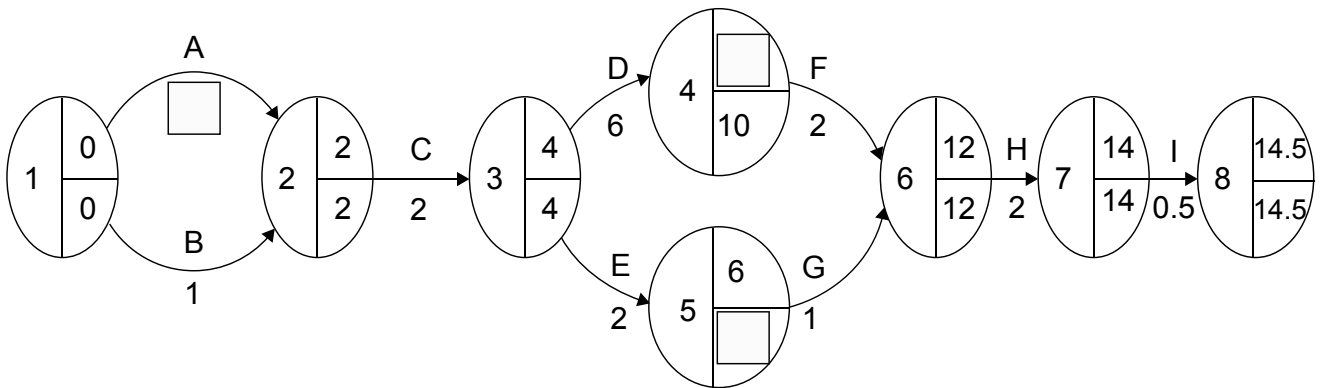
Table 1

(a) Complete the critical path network diagram by inserting:

- the duration of activity A
- the EST (earliest start time) for node 4
- the LFT (latest finish time) for node 5.

Insert your answers in the shaded boxes in the diagram below.

**Critical path network diagram for Option 1: Gym and studio refurbishment**



[3]

(b) Explain **one** way critical path analysis could be useful to SLC.

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[3]









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