



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 plus your additional time allowance

**You must have:
a clean copy of the pre-release
(Insert C424)**

**You may use:
a calculator**

Modified Enlarged 18 pt

Please write clearly in black ink.

**Centre
number**

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Candidate
number

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First name(s)

Last name

Date of Birth

D	D	M	M	Y	Y	Y	Y
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INSTRUCTIONS

The Insert will be found with 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 [].

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. [2]

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	

- (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. [2]**

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

[2]

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

[2]

- 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**. [2]

Show your workings

Margin of safety = _____ members

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

Explain **ONE** action SLC could take to lower its break-even point. [2]

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

[2]

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

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

[1]

(b) Analyse ONE negative impact on SLC of high labour turnover. [3]

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

1

2

[2]

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.

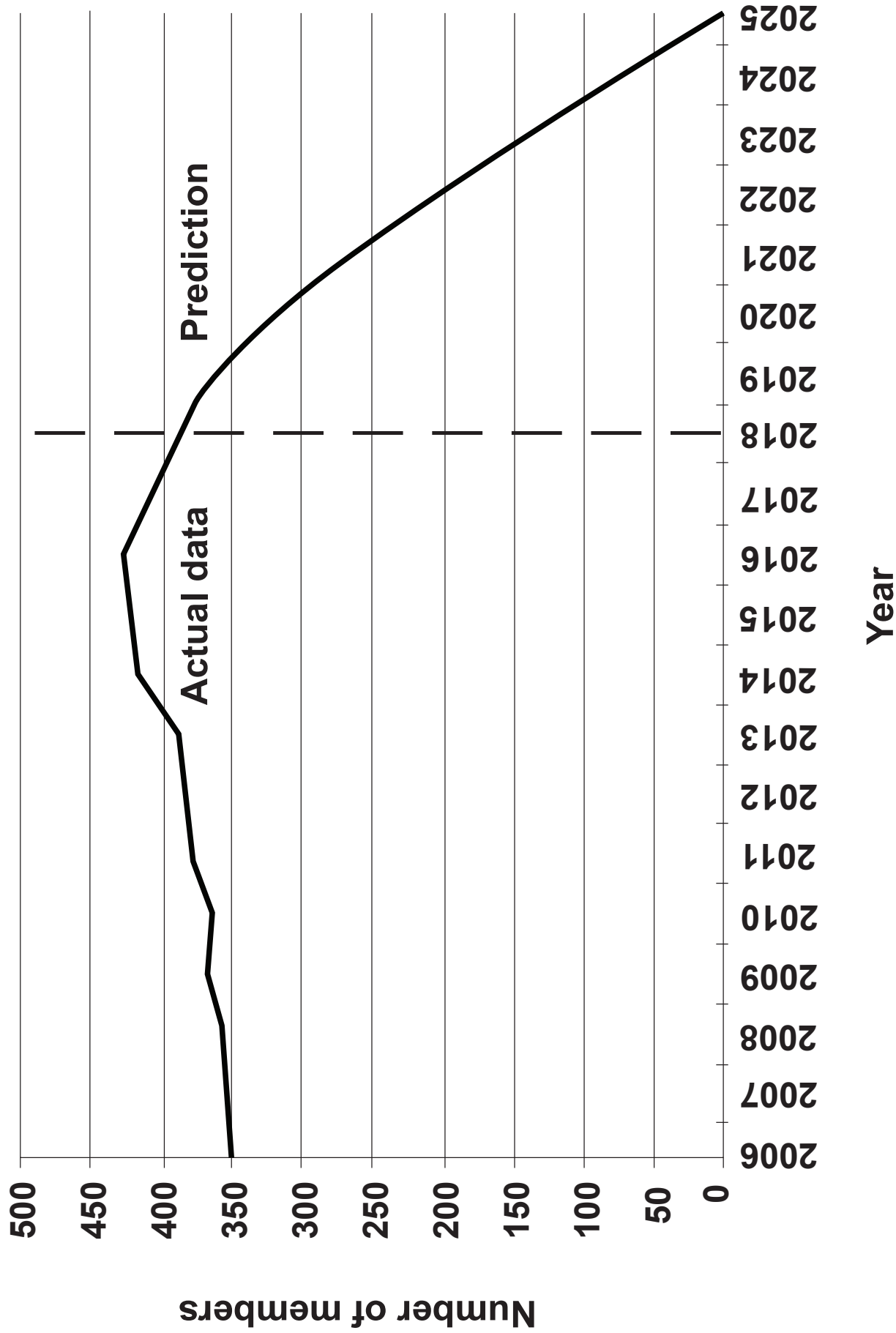
(i) Outline what the graph opposite predicts will happen to membership between 2019 and 2025.

[2]

(ii) Explain why this prediction might be unrealistic.

[2]

Membership at Seaview Leisure Centre 2006-2025



- (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.

[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. [12]

- 6 Tania has produced a production schedule for
OPTION 1: GYM AND STUDIO REFURBISHMENT.
This is shown in Table 1, below.**

Table 1

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

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

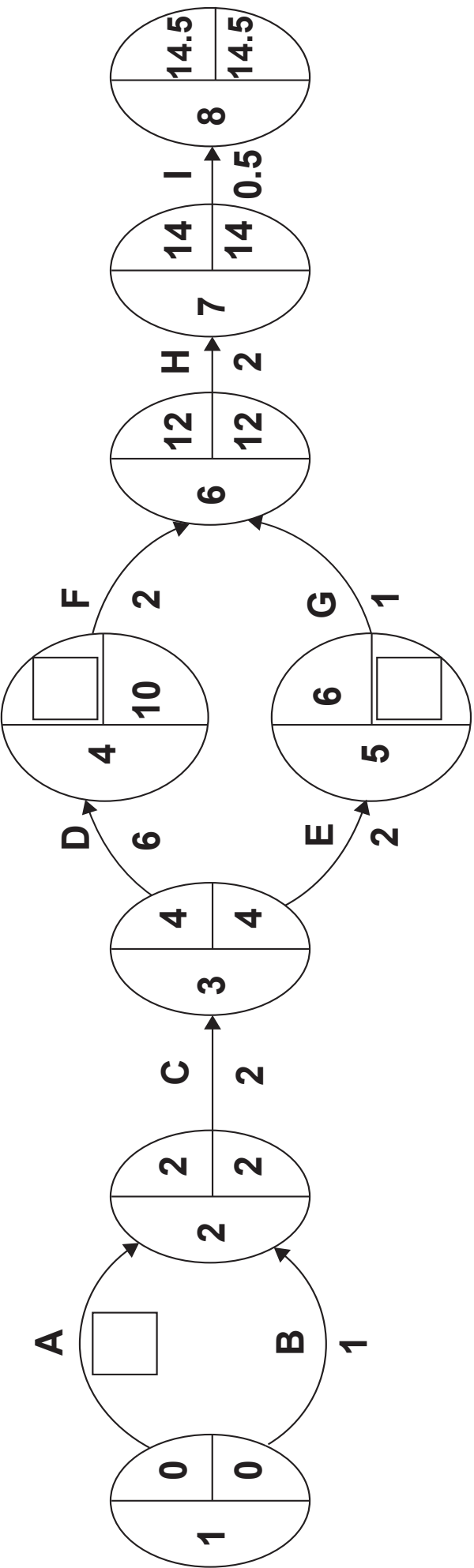
the duration of activity A

the EST (earliest start time) for node 4

the LFT (latest finish time) for node 5.

Insert your answers in the blank boxes in the diagram opposite. [3]

Critical path network diagram for OPTION 1: GYM AND STUDIO REFURBISHMENT



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

[3]

7 Analyse the three options available to SLC. Which option would best secure its long-term future? Justify your view. [16]

END OF QUESTION PAPER

ADDITIONAL ANSWER SPACE

If additional answer space is required, you should use the following lined page(s). The question number(s) must be clearly shown in the margin(s) – for example 2(b) or 3(a).

[illegible]



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