



Business lesson 3 – Student worksheet

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Learning aim:

To consider the impact financial decision making can have on business stakeholders.

Scenario:

Fitness Heroes Leisure Centre is a not-for-profit organisation which operates the Pennymorgan leisure centres on the council's behalf.

The organisation is facing a £650,000 funding gap in the next financial year.

The council is being asked to support this shortfall by providing the organisation with an additional £350,000 in funding, to help keep the centres running.

The council is also being asked to support a one-off investment of £450,000 to replace ageing boilers and make them more energy efficient, which will save at least £140,000 per year.

The organisation also intends to seek permission from the council to raise prices for customers by 9.5% and approve cost saving measures which will save £50,000 per year.

If the council approves these requests, then cuts will need to be made in other areas of the council's budget such as education, housing etc.

Career spotlight:

Public finance accountants make sure money is spent properly in public sector organisations. Their responsibilities include preparing financial records and statements; estimating the cost of new projects and allocating funds; analysing the effectiveness of services, and monitoring spending and cashflow. They need to have knowledge of maths, economics and accounting, and possess excellent analytical and problem-solving skills.

Question 1 - What is a stakeholder?

Question 2 - How will suppliers be affected if all of the requests from Fitness Heroes Leisure Centres are approved?

Question 3 - How will employees be affected if all of the requests from Fitness Heroes Leisure Centres are approved?

Question 4 - How will managers be affected if all of the requests from Fitness Heroes Leisure Centres are approved?

Question 5 – How will customers be affected if all of the requests from Fitness Heroes Leisure Centres are approved?

Question 6 – How will the local community be affected if all of the requests from Fitness Heroes Leisure Centres are approved?

Written Task

Should Pennymorgan Town Council approve all of the requests which Fitness Heroes Leisure Centres have requested?

Extension Task

Sales revenue

Cost of sales

Gross profit

Expenses

Net profit

