

Skerrow Buses: whose interests come first?

Student workbook | Pearson Edexcel A level Business (9BS0), Theme 3 | Original TBS three-lesson project case

Over three lessons you will advise the board of a family-founded bus company. Lesson 1: compare short-term and long-term thinking, use evidence rather than hunches, and judge the culture of two depots. Lesson 2: decide how to share out a year's profit between shareholders and other stakeholders. Lesson 3: weigh profit against ethics, pay and corporate social responsibility, and write a recommendation of about 180 words.

Skerrow Buses Ltd, the Valley Growth Fund, Hallowmere Council and every person, price and figure in this case are fictional. You need a calculator. This is original classroom practice, not an exam paper.

The business

Skerrow Buses Ltd runs 46 buses on local routes in a market area in the north of England. Walter Penhale founded it in 1978 and opened the Market Thornby depot, still the head office. In 2019 it bought a small firm, Dunmore Coaches, which became the Brindle Cross depot. Skerrow has 120 staff, including 96 drivers: 62 at Market Thornby and 34 at Brindle Cross. Last year buses made 1,400,000 passenger journeys at an average fare of £2.00.

Who owns it

Skerrow has 500,000 shares. Last year it paid a dividend of £420,000 (84p a share).

Shareholder	Shares held	Share of the company
The Penhale family	200,000	40%
Valley Growth Fund (an investment fund)	175,000	35%
30 local investors	75,000	15%
Staff share scheme (open to all employees)	50,000	10%

Ellen Penhale, Walter's daughter, is Managing Director. Walter is Chair. Rana Qureshi sits on the board for the Fund. Marcus Doyle is Finance Director and Joy Alder is Engineering Manager. Tess Ingram manages Market Thornby and Sam Okafor manages Brindle Cross.

Free sample

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Contents of the full pack

Lesson 1: Short term, long term, and how we decide

Lesson 2: Shareholders and stakeholders

Lesson 3: Profit, ethics, pay and responsibility

Student workbook and teacher guide, as PDF and as editable Word files.

The teacher guide has lesson plans, full worked answers and indicative guidance.

This sample is the cover and the first two pages of Lesson 1 of the student workbook. It contains no answers. The pages that follow are exactly as in the full pack.

Lesson 1: Short term, long term, and how we decide

Short-termism means putting this year's results first. Long-termism means choosing what is best over several years, even if this year's profit is lower. Decisions can be evidence-based (made from data) or subjective (made from opinion or instinct). Culture is the shared way of doing things in a business; strong cultures are widely understood and shared, weak cultures are not.

Starter: key words (5 minutes)

Write the word or words that match each meaning: short-termism, long-termism, evidence-based, subjective, strong culture, weak culture.

Meaning	Word
1. Judging a decision mainly by this year's profit	
2. Choosing what is best over many years, even at some cost now	
3. A decision made from data such as passenger counts	
4. A decision made from a hunch or a personal opinion	
5. Most staff understand and share the way the firm does things	
6. Staff do not agree on, or hardly know, the firm's way of doing things	

Reading (6 minutes)

Read the case file (pages 1 and 2) and the box on this page. Ask about anything unclear before Task 1.

Task 1: keep or replace the old buses? (individual, 9 minutes)

Skerrow has 12 old diesel buses. Joy Alder gives two plans for the next six years. Plan Keep: keep repairing them. Repairs cost £14,000 per bus in year 1 and £2,000 more per bus each year, and breakdowns lose fares (the table gives both, in £000, so 168 means £168,000). Plan Replace: hire 12 newer buses at £13,500 per bus per year, with repairs of £3,000 per bus per year and £10,000 a year of lost fares. Assume every cost is paid evenly through each year.

a. Work out the yearly cost of Plan Replace in £000. Show the three parts.

b. Complete the table (£000). Yearly total = repairs + lost fares. Cumulative = running total of the yearly totals.

Year	Keep: repairs, 12 buses	Keep: lost fares	Keep: yearly total	Keep: cumulative	Replace: yearly total	Replace: cumulative
1	168	30				
2	192	60				
3	216	90				
4	240	120				
5	264	150				
6	288	180				

Working space: