

Surname	Centre Number	Candidate Number
Other Names		2

**GCE AS – NEW**



B510U20-1



**BUSINESS – component 2**  
**Business Functions**

FRIDAY, 26 MAY 2017 – AFTERNOON

2 hours

Section A	For Examiner’s use only		
	Question	Maximum Mark	Mark Awarded
	1.	22	
	2.	14	
	3.	19	
	Section B	4 or 5 or 6	25
Total		80	

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**ADDITIONAL MATERIALS**

In addition to this paper you will require a calculator.

**INSTRUCTIONS TO CANDIDATES**

Use black ink or black ball-point pen.

Write your name, centre number and candidate number in the spaces at the top of this page.

Answer **all** questions in Section A.

Answer **one** question from Section B.

Write your answers in the spaces provided in this booklet.

If you run out of space, use the continuation pages at the back of the booklet, taking care to number the question(s) correctly.

You are advised to spend no more than 80 minutes on Section A.

**INFORMATION FOR CANDIDATES**

The number of marks is given in brackets at the end of each question or part-question.

You are reminded of the necessity for good English and orderly presentation in your answers.

## SECTION A

*Answer all questions from this section.*

## 1. More Maltesers

Mars Inc. is a large multinational company with a presence in more than 74 countries. It produces many well-known brands including Whiskas cat food, Pedigree dog food, Snickers, Starburst, Mars Bars and Maltesers.



Maltesers have a long **product life cycle**, having been first produced by Mars Inc. in 1936. Today, the mature brand is still one of the UK's best loved chocolate varieties with an average of 2 individual bags being sold each second. Every hour, the London factory produces enough Maltesers to fill 10 Olympic sized swimming pools.



Mars Inc. have introduced a number of new flavours of Maltesers over recent years as **extension strategies**, including Maltesers White, Fair-Trade Maltesers and 'Malt Easter' mini bunnies. It has also introduced new sizes of packaging including treat bags and tubs. The sales volume of Maltesers increased by 10.5% between 2013 and 2014.

(a) What is meant by the term *extension strategy*?

[2]

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(b) With reference to the data and with the aid of a clearly labelled diagram, illustrate the *product life cycle* for the Maltesers brand.

[4]

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(c) Evaluate the usefulness of a product life cycle to Mars Inc.

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Mars Inc. has 9 factories and 10 offices in the UK with a total of more than 4 000 employees. As a large employer with many different job roles, including graduate trainees, factory operatives, researchers, sales people and management, it will need to constantly carry out **workforce planning**.

(d) Describe the meaning of the term *workforce planning*.

[2]

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(e) Evaluate the importance of workforce planning to a business.

[8]

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**2. Desk Space**

Deskfurn Ltd is a medium sized manufacturer of office desks, based in the North West of England. The factory has the capacity to produce 80 000 desks a year but recently sales have been poor. The managing director, Sarah Sangha, was worried about the situation and called her production manager to a meeting to discuss capacity utilisation. He informed her that in 2016 output of desks was 48 000.

(a) Calculate Deskfurn Ltd's capacity utilisation for 2016.

[2]

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(b) How might this level of capacity utilisation impact on the company and its workforce? [6]

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One of the reasons for the recent poor sales has been the expansion of Deskfurn Ltd's biggest competitor Officequip plc. After investing heavily in new machinery, Officequip plc has increased sales by 40% in 2016.

(c) Explain the ways in which Officequip plc could have benefited from internal economies of scale as a result of increasing its output. [6]

### 3. Cash Gifts

John Baker owns a large gift shop situated in a town which has several tourist attractions. The shop is well established but John has found that sales vary greatly during the year, with the summer months having high sales figures because of tourists buying souvenirs. November and December also tend to have good sales figures as the local people shop for Christmas presents. John has produced a cash flow forecast for the next six months.

	£	£	£	£	£	£
	July	Aug	Sept	Oct	Nov	Dec
<b>Sales receipts</b>	<b>65 000</b>	<b>67 000</b>	<b>38 000</b>	<b>38 000</b>	<b>65 000</b>	<b>70 000</b>
Stock purchases	40 000	35 000	25 000	25 000	40 000	38 000
Salaries	8 000	9 000	6 000	6 000	7 000	8 000
Marketing	500	1 000	1 000	750	500	500
Rent	8 000	8 000	8 500	8 500	8 500	8 500
Electricity			6 000			
Insurance			5 000			
Loan interest	1 500	1 500	1 500	1 500	1 500	1 500
Business rates	2 000	2 000	2 000	2 000	2 000	2 000
<b>Total payments</b>	<b>60 000</b>	<b>56 500</b>	<b>55 000</b>	<b>43 750</b>	<b>59 500</b>	<b>58 500</b>
Net cash flow	5 000	10 500	(17 000)	(5 750)	5 500	11 500
Opening balance	3 000	8 000	18 500	1 500	(4 250)	1 250
Closing balance	8 000	18 500	1 500	(4 250)	1 250	12 750

- (a) Plans have been announced for a Christmas Market in the town which will bring in extra shoppers. Sales receipts are therefore forecast to increase by 15% in December which will mean stock purchases will increase by 10% in that month.

Using these changes, calculate the following revised figures for December:

- (i) Sales receipts [1]

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- (ii) Stock purchases [1]

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[1]

[1]

[6]

[9]

**SECTION B**

*Answer one question from this section.*

**Either,**

**4. Hi-Tech Hotels**

- (a) Describe the types of new technology that might be used in marketing a chain of hotels such as Travelodge, Premier Inn or Holiday Inn. [10]
- (b) 'No matter what the product or service new technology will never be able to replace more traditional methods of marketing.' Discuss this statement. [15]

**Or,**

**5. Lean Electronics**

- (a) Describe the methods of lean production which might be used in a large electronics manufacturing business such as Sony, Samsung or Apple. [10]
- (b) Discuss the view that all stakeholders of a business will benefit from its use of lean production. [15]

**Or,**

**6. Delivering Training**

- (a) Describe the methods which a national parcel delivery business such as Parcelforce, FedEx or UPS could use to train its staff. [10]
- (b) Evaluate the importance to businesses of carrying out staff training. [15]









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