

General Certificate of Education
January 2005
Advanced Level Examination



BUSINESS STUDIES
Unit 5

BU5W

Thursday 20 January 2005 Afternoon Session

In addition to this paper you will require:
a 12-page answer book.
You may use a calculator.

Time allowed: 1 hour 30 minutes

Instructions

- Use blue or black ink or ball-point pen.
- Write the information required on the front of your answer book. The *Examining Body* for this paper is AQA. The *Paper Reference* is BU5W.
- Answer the **compulsory** question in **Section A** and **one** question from **Section B**.
- Do all rough work in the answer book. Cross through any work you do not want marked.

Information

- The maximum mark for this paper is 84.
- Mark allocations are shown in brackets.
- You will be assessed on your ability to use an appropriate form and style of writing, to organise relevant information clearly and coherently, and to use specialist vocabulary, where appropriate. The degree of legibility of your handwriting and the level of accuracy of your spelling, punctuation and grammar will also be taken into account.
- Up to 4 marks will be awarded for the quality of your written communication.

BU5W

SECTION A

Answer this question. You should spend up to 50 minutes on this Section.

1**Total for this question: 40 marks****Bret plc**

Bret plc is a manufacturer of sugar confectionery products such as fruit gums and wine gums. These products are consumed mainly by children. In 2001, after several years of disappointing results and following considerable shareholder pressure, the Board of Directors brought in a new management team to make changes within the business, such as restructuring, to turn the company around. The company's performance is now being examined by the business magazine, *21st Century Management*. The magazine regularly assesses the performance of UK companies and rates their success with a score between 0 and 5.

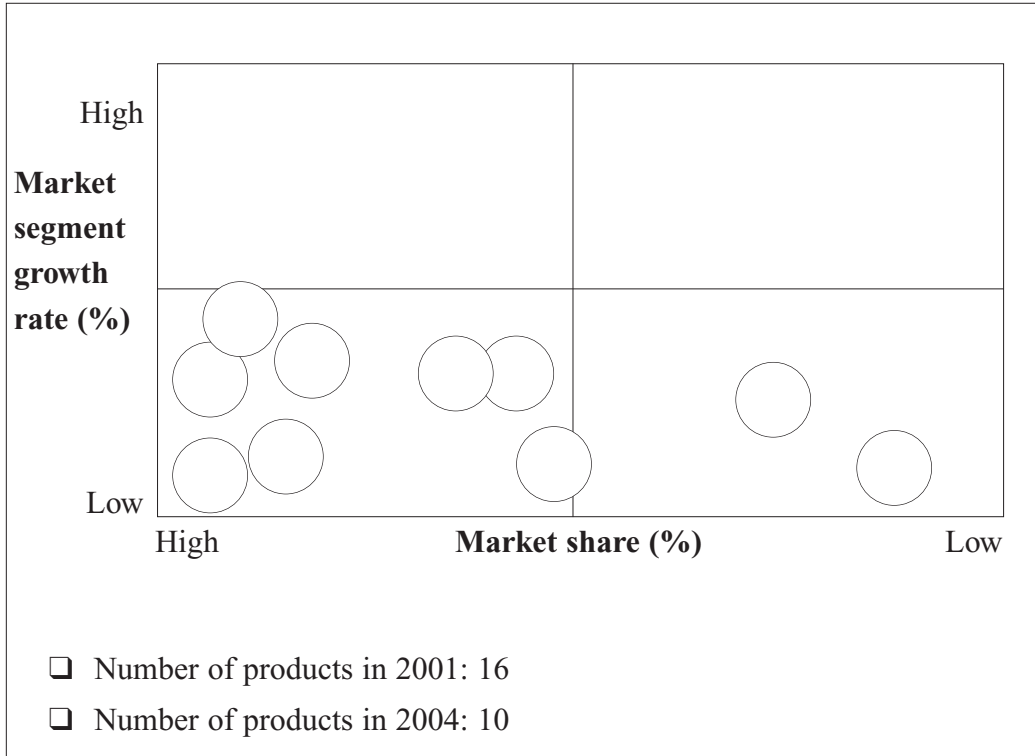
You are a journalist for *21st Century Management*. Write a report to the Editor of the magazine, analysing the strengths and weaknesses of Bret plc in 2004 compared to 2001. Based on this analysis, recommend a single score, between 0 and 5, assessing the overall effectiveness of the changes that have been made at the company (where 5 is very effective, 3 is satisfactory and 0 is ineffective). Justify the score you have chosen. (2 marks are included for appropriate report format.)

Note: there are five Appendices A – E.

Appendix A: People and Operations data for Bret plc

	2001	2004
Average span of control	5	8
Temporary or part-time staff as a proportion of total employees	14%	40%
Labour turnover of full-time staff p.a.	5%	17%
Number of employee working days lost through industrial action	0	120
Capacity	3m tonnes	2m tonnes
Capacity utilisation	59% (1.77m tonnes)	94% (1.88m tonnes)
Number of kaizen groups	3	12
Number of suppliers	48	20
Lead time to retailers	8 days	3 days
Percentage of reject products	1.5%	0.8%
Research and development spending as % of turnover	3.5%	0.2%

Appendix B: Bret plc's Product Portfolio 2004



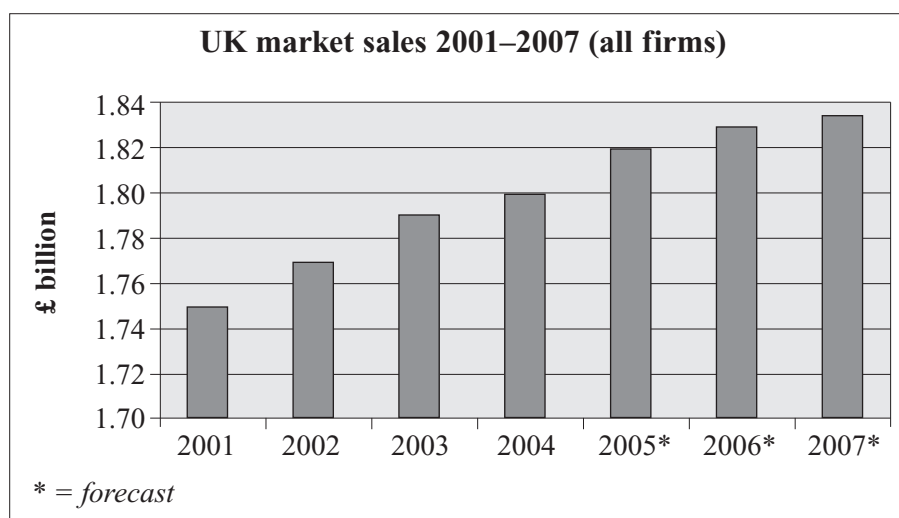
Appendix C: Extracts from Bret plc's annual reports

	2001	2004
Net profit (loss)	(£0.5m)	£2.8m
Asset turnover	1.8	2.4
Net profit margin	-2%	10%
Fixed assets	£2.6m	£0.9m
Depreciation policy for fixed assets	10 years	17 years
Gearing	28%	6%
Acid test	1.4	1.2
Stocks	£1.4m	£0.7m
Debtor days	40	60
Number of non-executive directors	5	2

TURN OVER FOR APPENDIX D, APPENDIX E AND SECTION B

Turn over ►

Appendix D: Sales data



Changes between 2001 and 2004 (by value)

UK market sales growth (all firms)	+2.8%
Total sales of Bret plc	+12%
UK sales of Bret plc	+5.0%
Bret plc's export sales	+40%

Appendix E: Other UK data

	Changes between 2001 and 2004
Number of children aged 0 – 14	–2.5%
Percentage of adults overweight	+2.6%
Value of the £ in Bret plc's export markets	–8%
Average annual inflation	2.7%
New products launched in the sugar confectionery market (all firms)	60

SECTION B

Answer **one** question from this Section.

- 2 In the summer of 2003, some of the staff of British Airways went on strike. Discuss the possible impact of an industrial dispute on an airline such as British Airways. *(40 marks)*

- 3 Discuss whether it is desirable for a leading UK supermarket chain to take over one of its rivals. *(40 marks)*

- 4 When the company Hutchison Whampoa, an international conglomerate, launched its new 3G technology mobile phones, it set a sales target of 1m customers in the UK in the first year. Its actual sales in the UK were significantly less than this. Discuss the possible implications for a firm such as Hutchison Whampoa of failing to hit its sales targets for a new product. *(40 marks)*

- 5 In 2003, the value of the shares of the biggest 100 companies in the UK fell by 24% whilst their directors' pay increased by 23%. During the same period, average company profits in the UK rose by 3%. Discuss the possible implications of this data for UK businesses. *(40 marks)*

END OF QUESTIONS

THERE ARE NO QUESTIONS PRINTED ON THIS PAGE

THERE ARE NO QUESTIONS PRINTED ON THIS PAGE

THERE ARE NO QUESTIONS PRINTED ON THIS PAGE