

General Certificate of Education  
June 2005  
Advanced Level Examination



**BUSINESS STUDIES**  
**Unit 5**

**BU5W**

Thursday 16 June 2005 Morning 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 from **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**

### Regal Britain Ltd

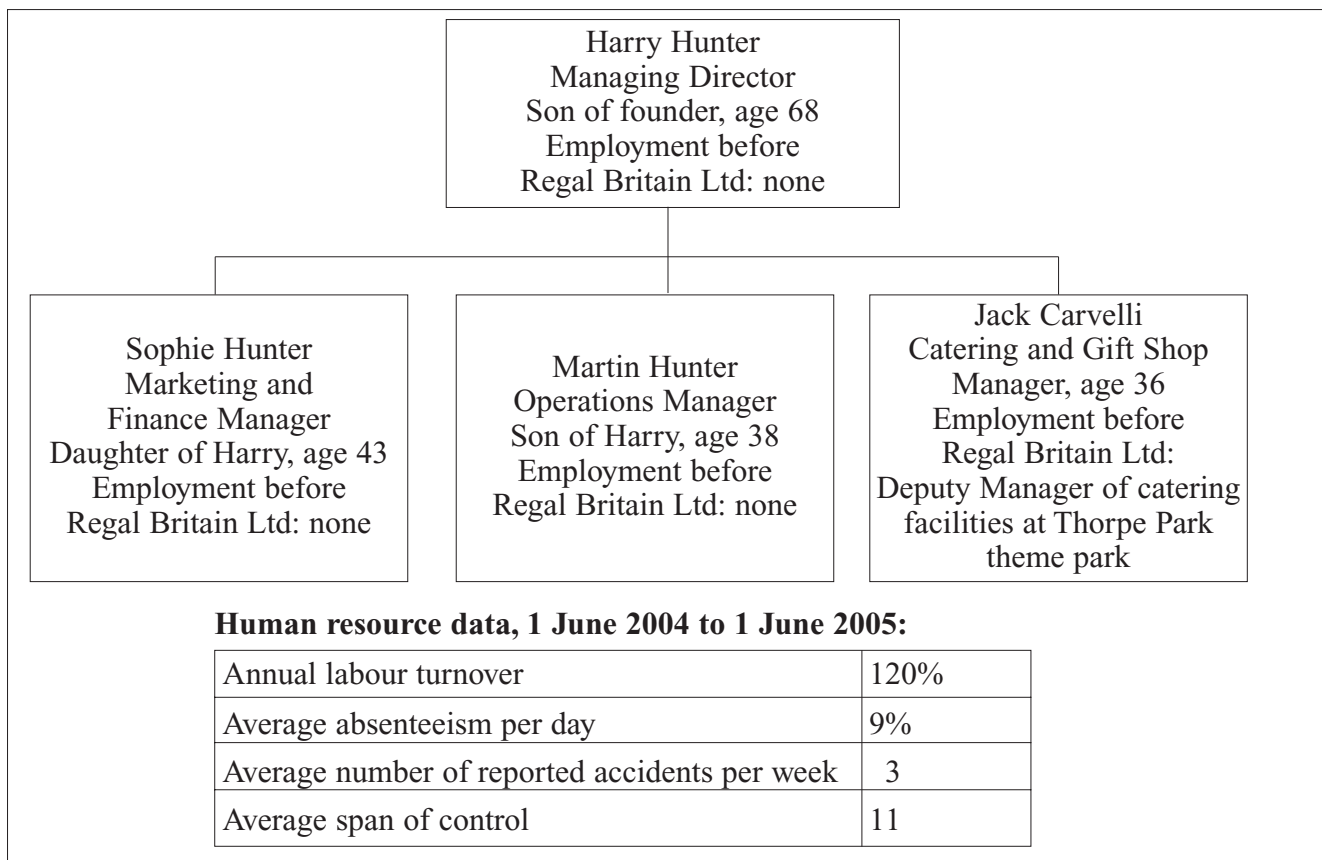
Regal Britain Ltd owns a theme park in the South East of England that is open between March and October each year. The park has been owned by the Hunter family for two generations and includes a number of attractions based around famous events in British history and past kings and queens. It also includes a gift shop, a café and a restaurant. Last year, Regal Britain Ltd's position in a league table of theme parks produced by a national newspaper (based on the number of visitors, customer satisfaction ratings and profits) was 15th out of 19.

Jack Carvelli, one of the senior managers at Regal Britain Ltd, joined the business from a competitor in 2002. Since he started with the company, Jack has been eager to make changes. He has finally convinced the other managers to employ an external consultant to advise them on ways in which they could significantly improve the firm's performance.

**As a management consultant, write a report to the senior managers of Regal Britain Ltd, analysing the main strengths and weaknesses of the firm's position. Based on this analysis recommend a strategy the managers should adopt to make the theme park one of the top five in the newspaper's league table by 2010.**

*(2 marks are included for appropriate report format.)*

#### Appendix A: Organisational structure and human resource data, 2005



**Appendix B: Marketing and operations data for Regal Britain Ltd for the year ending 1 June 2005**

Percentage of attractions that are indoors	10%
Average age of the attraction equipment	10 years
Number of visitors	434 783 (down 11.3% on previous year)
Average wait for a ride on an attraction	55 minutes (up 7 minutes on previous year)
Average spend per visitor	£22 (up 10% on previous year)
Entrance price relative to the average price of other UK theme parks	5% lower
Change in marketing expenditure relative to previous year	+2%

**Appendix C: Extracts from Regal Britain Ltd's accounts for the financial year ending 1 June 2005**

	£m
Net profit	0.38
Dividends	0.4
Capital expenditure on new attractions	0.1
Working capital as at 1 June 2005	0.6
Long-term loans as at 1 June 2005	2.0
Capital employed as at 1 June 2005	12.0

Profit centre	Turnover £m	Change in turnover relative to previous year
Attractions	5.1	-13.6%
Catering	3.56	+14.8%
Gift shop	0.9	+12.5%
<b>Overall</b>	<b>9.56</b>	<b>-2.4%</b>

**Appendix D: Market research findings****How far have you travelled to visit the Regal Britain theme park?**

Less than 50 miles	18%
Over 50 miles but within the UK	36%
From abroad	46%

**Have you ever visited the Regal Britain theme park before?**

Yes	24%
No	76%

**What do you think of the attractions at the Regal Britain theme park?**

Very satisfied	6%
Satisfied	54%
Not satisfied	40%

(Sample size: 100; visitors interviewed in the first week of June 2005)

**Appendix E: External data produced by a local economic forecasting consultancy for the UK  
Forecast changes between 2005 and 2008**

Foreign exchange value of the pound	- 10%
Real GDP	+ 2% p.a.
Number of 15-24 year olds in the UK	+ 4%
Interest rates	-0.5%

TURN OVER FOR SECTION B

Turn over ►

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**SECTION B**

Answer **one** question from this Section.

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- 2 The UK market for desktop personal computers is maturing. Evaluate the possible ways in which major producers in this market, such as Packard Bell and Dell, may react to this. *(40 marks)*
  
- 3 At the end of 2003, the directors of the multinational drinks and chocolate producer, Cadbury Schweppes plc, set a target to cut costs by £400m a year by 2007. Discuss the possible implications of this target for the business. *(40 marks)*
  
- 4 The leading UK banks have been criticised for charging small business customers too much and making “excessive profits”. Discuss whether it is acceptable for these banks to make high levels of profits from their small business customers. *(40 marks)*
  
- 5 The combined market share of the major UK supermarkets has increased significantly in the past twenty years. Evaluate the possible consequences of this for the manufacturers who supply them. *(40 marks)*

**END OF QUESTIONS**