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Edexcel GCE

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Business Studies

Advanced

Unit 4A: Making Business Decisions

Wednesday 18 June 2014 – Morning

Time: 1 hour 30 minutes

Paper Reference

6BS04/01

You must have:

Insert containing all source material (enclosed)

Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** the questions in Section A and Section B.
- Answer the questions in the spaces provided – *there may be more space than you need.*
- You may use a calculator.

Information

- The total mark for this paper is 80.
- The marks for **each** question are shown in brackets – *use this as a guide as to how much time to spend on each question.*
- Quality of written communication will be taken into account in the marking of your response to Questions 7 (a) and 7 (b) in Section B. These questions are indicated with an **asterisk*** – *you should take particular care on these questions with your spelling, punctuation and grammar, as well as the clarity of expression.*
- Candidates are expected to be familiar with Evidence A to H for this paper before the examination.

Advice

- Read each question carefully before you start to answer it.
- Keep an eye on the time.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

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SECTION A

Evidence A to H was pre-issued before the date of the examination.

Using ALL the evidence and your own knowledge, answer all six questions (total 30 marks).

Time allowed (35 minutes).

Additional Evidence I

Greggs continues its rapid growth



Greggs' vision is to be '... the number one for sandwiches and savouries from a united team who are passionate about being the best in bakery'.

Greggs has made a seamless transition from being a series of regional businesses to a single national company. This growth has been achieved without experiencing diseconomies of scale.

5

Access to a lot of cash makes Greggs plc unusual. In addition, it has a market opportunity to be able to plan for significant organic growth, despite the weakness of the UK economy.

10

Greggs' financial performance is likely to benefit significantly from its continued expansion. In addition to revenues and profits from increasing the number of retail outlets, the company is investing to ensure that these extra shops will be supplied by the existing 10 bakeries. The production efficiencies gained could result in a highly attractive payback period.

15

(Source: adapted from <http://www.nebusiness.co.uk/business-news> Nov 18 2010 by John Hill, *The Journal*)



1 What is meant by the term 'diseconomies of scale'? (See Additional Evidence I, line 9)

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(Total for Question 1 = 2 marks)

2 What is meant by the term 'payback period'? (See Additional Evidence I, line 19)

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(Total for Question 2 = 2 marks)



3 Explain **one** benefit to Greggs of having a strategy of 'organic growth'. (See Additional Evidence I line 13)

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(Total for Question 3 = 4 marks)



4 Explain **one** reason why Greggs' corporate culture could be important during its expansion.

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(Total for Question 4 = 4 marks)



5 (a) Using Evidence B, calculate Greggs' Return on Capital Employed (ROCE) for 2010 and 2011.

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(b) Assuming the typical ROCE of Greggs' competitors is 10%, comment on the results of your calculations.

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(Total for Question 5 = 8 marks)



6 Assess whether Greggs' current staff benefits are likely to improve its human resource competitiveness.

(10)

A series of horizontal dotted lines for writing the answer to question 6.



(Total for Question 6 = 10 marks)

TOTAL FOR SECTION A = 30 MARKS



Handwriting practice area with 25 horizontal dotted lines.



Handwriting practice area with 20 horizontal dotted lines.



Handwriting practice area with 20 horizontal dotted lines.



Handwriting practice area with 25 horizontal dotted lines.



(Total for Question 7 = 50 marks)

TOTAL FOR SECTION B = 50 MARKS
TOTAL FOR PAPER = 80 MARKS

