

Surname	Centre Number	Candidate Number
Other Names		2



GCE A LEVEL – NEW

1510U30-1



BUSINESS – A2 unit 3
Business Analysis and Strategy

MONDAY, 12 JUNE 2017 – AFTERNOON

2 hours 15 minutes

For Examiner's use only		
Question	Maximum Mark	Mark Awarded
1.	9	
2.	12	
3.	10	
4.	13	
5.	12	
6.	12	
7.	12	
Total	80	

ADDITIONAL MATERIALS

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.

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.

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.

Answer all the questions in the spaces provided.

1. Sian’s Ice Cream Ltd

Sian’s Ice Cream Ltd is a family run manufacturer of quality ice cream. Founded in 1984 by Sian Jones, the company has grown steadily selling to many retail outlets in popular holiday destinations in South Wales, Devon and Cornwall. Recently, Sian had introduced some new flavours to the product range and was keen to see how well they had sold.

At the end of a very hot summer Sian sat down to study the outcome of her budget forecast as shown in the table below.

	Budgeted (£000s)	Actual (£000s)	Variance (£000s)
Sales Revenue	1 550	2 100	(i)
Cost of Sales	950	1 250	(ii)
Gross Profit	600	850	(iii)

(a) Calculate the value of the variances for (i), (ii) and (iii) stating in each case whether the variances are adverse or favourable. [3]

(i)

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(ii)

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(iii)

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(b) Identify and outline possible reasons for the variances in revenue and cost of sales for Sian’s Ice Cream Ltd. [6]

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2. Wipeout Ltd

Wipeout Ltd is a manufacturer of surfboards. Since starting the business in Newquay, Cornwall in 2002 the business has developed a strong brand name in the sport of surfing. During the summer months when sales are at their maximum level, Wipeout Ltd cannot produce surfboards quickly enough to meet demand.

In summer 2017, the town of Newquay will host the UK surfing championships. Steve Summers, Wipeout Ltd's Managing Director, is thinking of increasing the price of their competition level surfboard, 'The Glider', during this time.

'The Glider' has a retail price of £500. However, Steve is considering increasing the price to £600. Steve thinks that because of the extra interest generated from the UK surfing championships, demand will only fall from 120 to 108 boards meaning that the company will not run out of stock during this busy period.

- (a) Calculate the price elasticity of demand for 'The Glider' board. Show your workings. [4]

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- (b) With reference to both the quantitative and qualitative data above, discuss whether Steve Summers should increase the price of 'The Glider' during summer 2017. [8]

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3. Greggs bakery faces up to new challenges

The fast food industry contains thousands of independent outlets as well as large multinationals such as McDonalds, Subway and KFC. This is due to the relatively low costs included in starting this type of business.

Greggs began as an independent bakery. It has now grown into a national chain of 1 671 outlets. Although a successful bakery, competition from supermarkets has led Greggs to diversify from their traditional bread and bun style bakery products. They have re-focused in becoming a provider of affordable takeaway food and drink.

In addition, competition such as Jenkins bakery, has made it more difficult to attract customers in some Welsh towns. However, sales of Greggs convenience foods have grown by 6.4% mainly due to the opening of stores in motorway service stations, airports and train stations where time is at a premium and there are fewer alternatives.

Of course there are many alternatives to the pastry based products made by Greggs including a growing trend for made to order, fresh and healthier alternatives to traditional pies and pasties.

source: www.greggs.co.uk

With reference to Porter's Five Forces Framework and the information in the passage, discuss the present situation for Greggs. [10]

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4. Mine-All-Mine

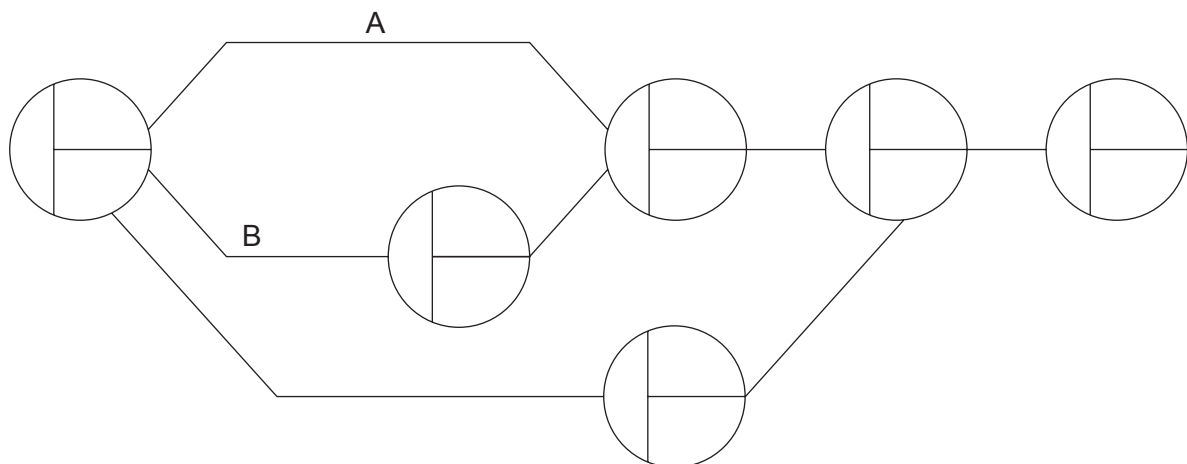
Mine-All-Mine is a specialist shop selling products made from slate, tin and gold found in Welsh mines. In preparation for the grand opening of their new shop in Wrexham in nine weeks' time, Mine-All-Mine need to carry out the following activities:

Activity letter	Activity	Preceded by	Duration (weeks)
A	Adapt shop	–	4
B	Identify suppliers	–	3
C	Negotiate with suppliers	B	2
D	Order goods to stock shop	A, C	2
E	Recruit workers	–	3
F	Train workers	E	2
G	Stock shop	D, F	1

Table 1: Activities for the opening of Mine-All-Mine's new shop in Wrexham.

- (a) Using the data in Table 1, complete the network diagram below, including:
- labelling the activities
 - the time required for each task
 - calculate the earliest start times and the latest finishing times.

[4]



- (b) Mark the critical path on the diagram.

[1]

(c) Discuss the usefulness of critical path analysis to businesses such as Mine-All-Mine. [8]

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5. Garden Glory Ltd

Garden Glory Ltd is a manufacturer of garden sheds and summer houses employing 30 members of staff. Although the company has been quiet during the recession Lucy McWatt, Garden Glory Ltd's Managing Director, hopes that this summer will see sales improve more rapidly as the economic recovery takes hold.

Lucy is excited about the forthcoming spring and summer having finished the development of a new summer house design called Suntrap. The Suntrap is built on a rotating platform therefore it can be moved around so that it always faces the sun. This is ideal for those who want to make the most of the sun throughout the day.

Garden Glory Ltd's market research indicates that one Suntrap can be sold for £400 because of its unique characteristic. One of Lucy's biggest customers, Summer Sun Ltd, has offered to buy 2000 Suntraps from her at a sale price of £225. However, Lucy estimates the manufacturing cost per Suntrap to be £150. She is unsure whether to accept the order.

- (a) Calculate the contribution per Suntrap which would be made if Summer Sun Ltd's order was to be accepted. [2]

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- (b) Advise Lucy as to whether or not she should accept Summer Sun Ltd's order. [10]

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6. Daisy's Dresses Ltd

Daisy's Dresses Ltd is a manufacturer of clothing for women. Since beginning its manufacturing in a small workshop in Newport, the company has seen orders grow over the last ten years. The company now employs 25 workers in various jobs including cutting, stitching and packaging.

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Sales revenue (£000s)	56	(i)	79	110	129	154	173	189	202	215
Three year moving average		67	85	106	(ii)	152	172	188	202	

Figure 1: Clothing sales for Daisy's Dresses Ltd.

(a) Calculate the value of (i) and (ii) in Figure 1.

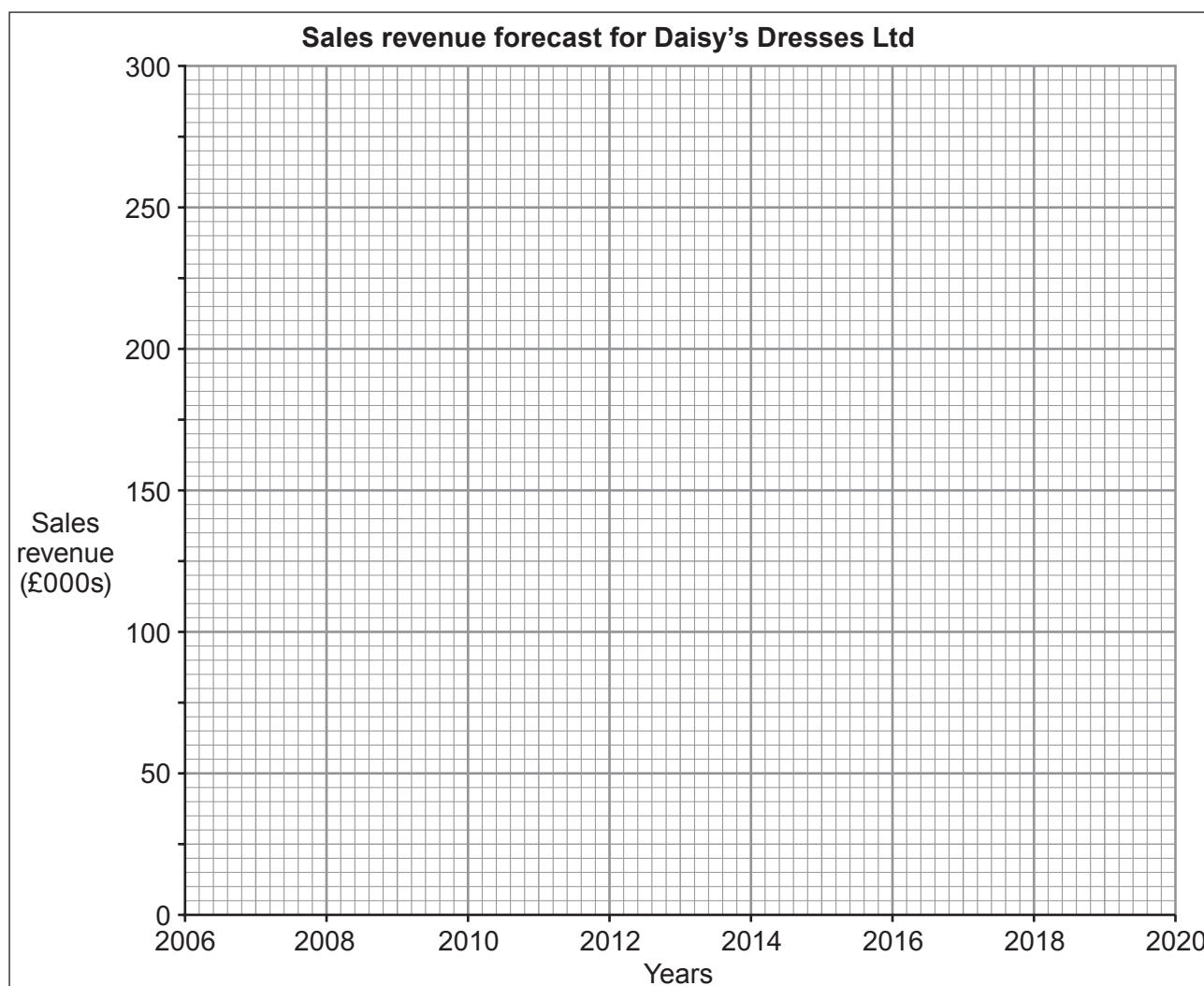
[2]

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(b) Plot all the three year moving averages on the graph provided and draw a line of best fit. [2]



7. NHS Wales

NHS Wales is a large public sector organisation providing health care throughout Wales. In doing so the organisation has set out the following mission statement which links to their key values.

Mission Statement

<p>Our Vision</p>	<p>To be recognised as a world class shared service through the excellence of our people, services and processes</p>	
<p>Our Mission</p>	<p>To enable the delivery of world class Public Services in Wales through customer-focus, collaboration and innovation</p>	

Our Values: The implication is to be the best at what we do. We need to be consistently delivering the best. We will achieve this by:

- (1) **Listening and learning** (to constantly improve the quality, effectiveness and efficiency of all we do)
 - to include Patience, Tolerance, Understanding, Responsiveness, Respect.
- (2) **Working together** (with colleagues, customers and suppliers)
 - to include Trust, Teamwork, Honesty, Loyalty, Openness, Humour, Co-operation, Embracing Diversity, Empowerment, Valuing Others.
- (3) **Taking responsibility** (for decisions and making things happen)
 - to include Commitment, Focus, Dependability, Professionalism, Integrity, Delivery, Quality, Fairness, Leadership.
- (4) **Innovating** (to encourage continuous improvement)
 - to include Courage, Freedom, Support, Creativity, Risk Aware, Vision, Challenge.

Source: www.wales.nhs.uk

Discuss the impact that NHS Wales’s mission statement and values may have on its stakeholders. [12]

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