

General Certificate of Secondary Education
June 2005



BUSINESS STUDIES SPECIFICATION B 3133/9/2F
BUSINESS STUDIES SPECIFICATION B (SHORT COURSE)
Paper 2

F

Tuesday 21 June 2005 1.30 pm to 2.30 pm

CASE STUDY BOOKLET

Read this case study before attempting to answer the questions.

Study **all** the information before attempting to answer the questions.

DATA 1**Discussion at a board meeting at *Shaikh Shoes Ltd***

Date of meeting: 5 April 2005

Present: Syrah Shaikh (Managing Director), Tom Smith (Marketing Director),
Adam Browning (Production Director), Angela Evans (Finance Director)

Apologies for absence: None

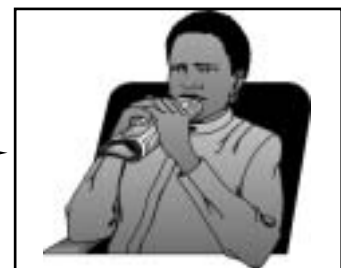
Mr Smith felt that the possibility of selling Shaikh Shoes in Asco supermarkets presented a tremendous opportunity for the company. He pointed out that they would get nationwide exposure of their name and the chance to have all of their advertising paid for by someone else.

However, he also drew attention to the risks of losing their brand image and of possibly losing loyal customers who liked to own relatively exclusive shoes.



Mrs Evans asked other directors to think about the positive effects such a deal could have on their financial position.

Mrs Shaikh agreed that there would be a number of financial and other advantages if they decided to increase the scale of their production.



Mr Browning expressed concerns over the amount of production space available for such a large increase in output but was optimistic that with some reorganisation they would meet the new production targets. He also added that some production workers were already worried about the possibility that they might have to move to a different factory if the company expanded production.

DATA 2**Press release from Asco supermarkets***Asco steps into new era*

Asco is delighted to announce that it is very close to securing a contract with a highly reputable shoe producer. This will add another range of shoes to those already available at affordable prices. Asco continues to introduce new product lines that help us to compete in a wider variety of markets. This latest development reflects our mission statement of 'Quality products at affordable prices served by expert staff'.

DATA 3**Extract from a recent newspaper article****Shaikh Shoes spreads**

Customers at Asco stores were thrilled to hear that the shops would now be selling designer shoes.

"I'll definitely buy them" said a Mrs Widdrington, shopping at the Leeds Asco, "and I'm sure all my friends will." When told that it is rumoured that the shoes will actually be the famous "Shaikh" brand, Mrs Widdrington said "That would be brilliant".

Not only is it good news for customers but the directors of Shaikh Shoes also realise that this development could present a number of advantages if they changed the scale of their production.

Turn over ►

DATA 4**Extract from a balance sheet of *Shaikh Shoes Ltd* as at 31.12.04**

	£ 000s	£ 000s	£ 000s
Fixed Assets			20 000
Current Assets			
Stock	2 000		
Debtors	200		
Cash	<u>500</u>		
		2 700	
Current Liabilities			
Creditors	300		
Overdraft	<u>700</u>		
		1 000	
Net current assets			<u>1 700</u>
Net assets employed			<u>21 700</u>

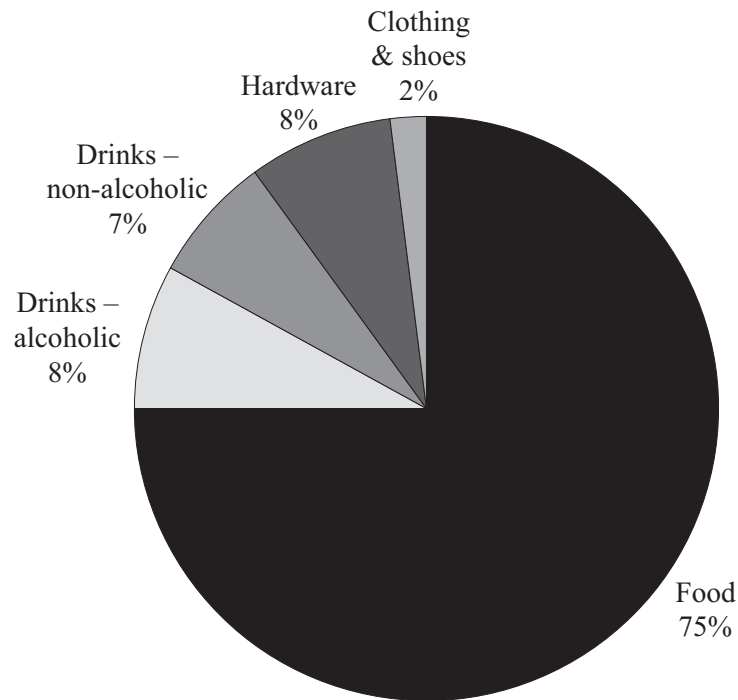
DATA 5**Breakdown of unit costs (£)**

	Designer shoe	Supermarket shoe (Projected)
Labour	5	4
Materials	4	3
Advertising	1	0
Packaging	0.5	0.2
Other expenses	9.5	7.8
Profit mark-up (%)	400	50

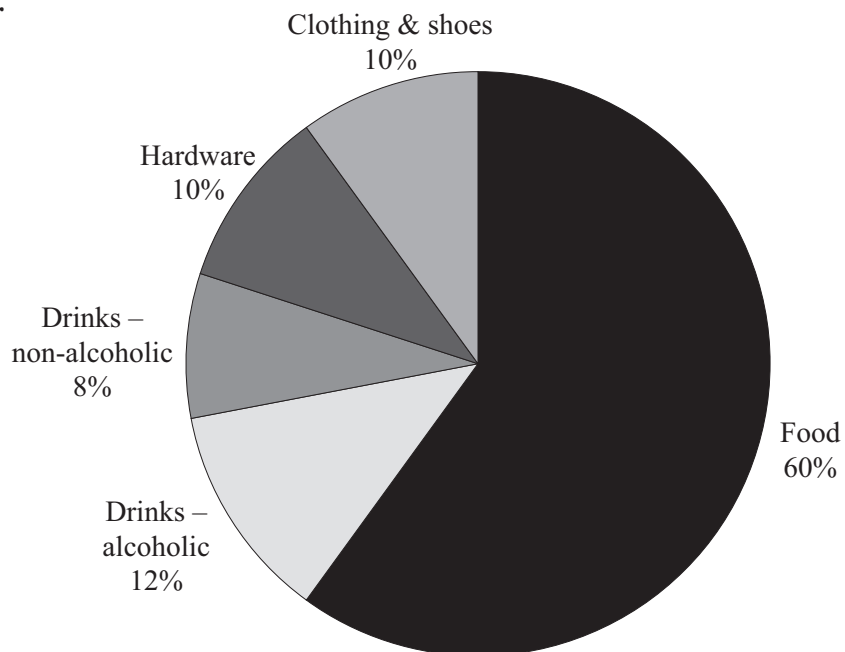
DATA 6

Sales figures for Asco supermarkets (% of total sales)

1994



Last year

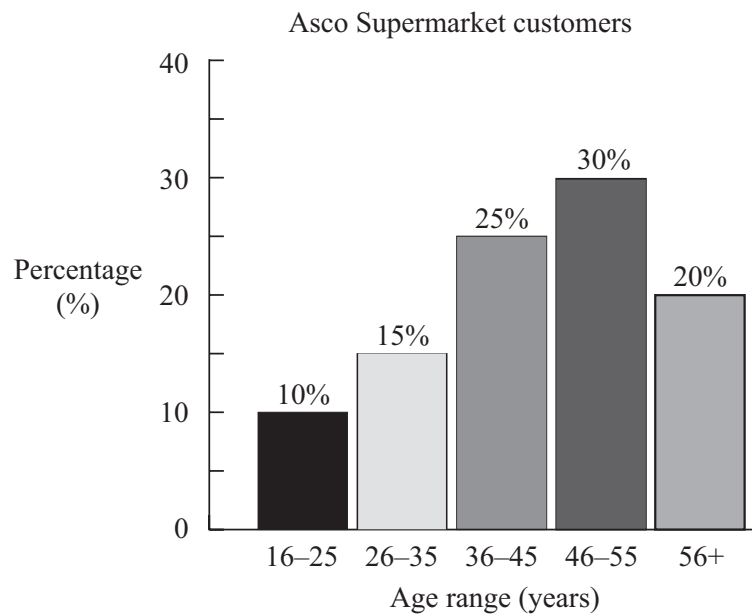
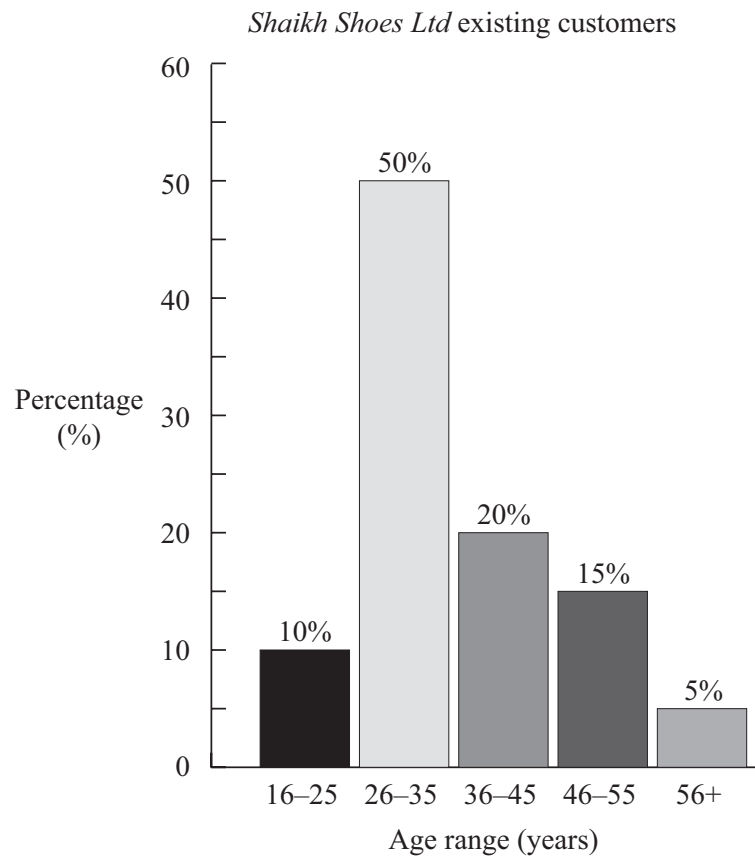


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DATA 7

Market research information

Age distribution of shoe buyers



DATA 8**Questionnaire answers from a sample of production employees at *Shaikh Shoes Ltd***

Are you happy in your work?

Yes	80
No	20

How would you describe the way in which your manager deals with his/her employees?

Very bossy	25
Open to suggestions	75

What do you most like about working for *Shaikh Shoes Ltd*?

Pay	20
Chance to be creative	25
Relaxed, friendly environment	25
Job security	15
Chance of promotion	15

What do you most dislike about working for *Shaikh Shoes Ltd*?

Poor pay	40
Working conditions	20
Management	15
Lack of variety in your job	25

Would you be prepared to move to a new factory in the north of England?

Yes	30
No	70

Would you be prepared to undergo re-training?

Yes	20
No	80

Would you be willing to work more overtime?

Yes	60
No	40

TURN OVER FOR DATA 9

DATA 9

END OF CASE STUDY