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CONTEXT – EPP

Excel Pictures plc (EPP) is the largest film production and cinema group in the world. Besides studios and cinemas in America it operates cinemas in eleven other countries, including Austria, Japan and Germany. At present it operates 38 cinemas in the UK with a total of 380 screens and is continuing to expand.

EPP's objectives are:

- *to create a culture and an environment that eliminates unfair discrimination and promotes productive working relationships based on the unique contribution of the individuals in all of its operation*
- *to increase sales and maximise profits*
- *to improve customer satisfaction by maintaining a market-oriented approach*
- *to increase the size of the business.*

The films shown in EPP cinemas are delivered around the UK from a distribution centre in Preston, Lancashire. The distribution centre acts as a wholesaler which stores and distributes all central items such as film posters and name badges.

Currently over 20 million people in the UK visit EPP cinemas every year and another of EPP's objectives is to attract as many of these cinemagoers as possible.

Of its customers, EPP says:

'... we want all our customers to enjoy going to the cinema and we want them to make return visits'.

EPP employs 2 700 full-time and part-time staff in the UK to make sure customers who visit its cinemas have an enjoyable time. Each cinema recruits its employees locally. These employees are offered a range of employment opportunities, a training and benefits package which includes a pension and other non-financial incentive schemes.



Answer ALL questions

1. (a) For each of the questions (i)–(v), write the letter A, B, C or D to show the correct answer. Use the boxes provided.

(i) Which of these is NOT a current asset?

- A stock
- B cash
- C debtors
- D creditors

Answer

(ii) People who go to watch films at EPP cinemas are known as

- A sellers
- B customers
- C producers
- D employers

Answer

(iii) EPP cinemas are in the sector of industry.

- A tertiary
- B secondary
- C primary
- D public

Answer

(iv) Sending out invoices to customers would be done by the department.

- A Personnel
- B Marketing
- C Production
- D Finance

Answer

(v) Fixed and variable costs are shown in a

- A breakeven chart
- B balance sheet
- C bank statement
- D pie chart

Answer

(5)



(b) (i) What is cash flow?

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(1)

(ii) Identify ONE type of desk research.

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(1)

(iii) Define the term job production.

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(1)

(iv) What is meant by Just In Time (JIT)?

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(1)

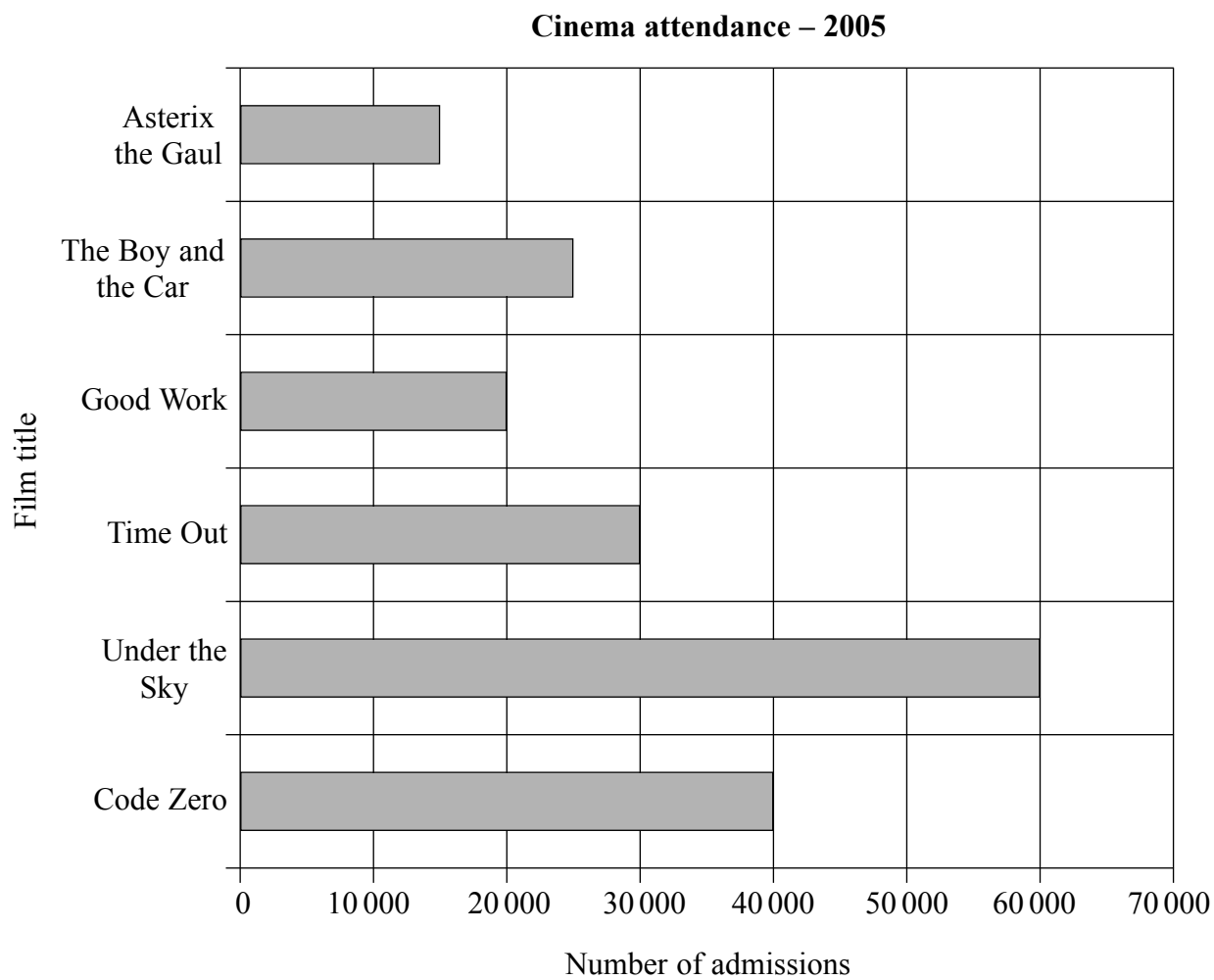
(v) What is the maximum number of partners allowed in a partnership?

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(1)

QUESTION 1 CONTINUES ON THE NEXT PAGE



Answer the questions using the graph below.



The above chart shows the total number of people in 2005 who went to see the films shown in one EPP cinema.

(c) (i) Which was the most popular film?

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(1)

(ii) What was the difference between the number of admissions for the most and the least popular films?

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(1)



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(iii) Calculate the total number of admissions for 2005.

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(1)

(iv) Suggest how these figures help the manager of this cinema plan which films to show.

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(2)

(v) Explain ONE way the manager might advertise films to be shown in the future and give reasons for your choice.

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(3)

(vi) Is there anything else the manager could do to encourage people to come to this cinema?

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(2)

(Total 20 marks)

Q1

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N 2 2 5 8 6 A 0 7 2 0

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EPP would ask an applicant's former employer for a reference. One question on that reference might be about timekeeping.

(iii) Explain TWO other questions that might be asked.

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(4)

All employees at EPP are given training.

(b) Why do you think this training will benefit EPP and its employees?

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(7)

(Total 20 marks)

Q2	
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EPP is a public limited company (plc) which means that its shareholders benefit from limited liability.

(b) (i) What are shareholders?

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(2)

(ii) Why do you think limited liability is seen as a benefit to shareholders?

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(4)

QUESTION 3 CONTINUES ON THE NEXT PAGE



The following is an extract from the balance sheet of EPP for 2005.

	£	£
Fixed assets		
Premises		6 041 000
Equipment		2 000 000
Current assets	4 671 000	
less Current liabilities	<u>2 328 000</u>	
Working capital		?
Net assets		<u>10 384 000</u>
Financed by:		
Shareholders' funds	6 996 000	
Reserves	1 728 000	
Retained profit	1 161 000	
Long-term liabilities		
Loan	<u>?</u>	
Capital employed		<u>10 384 000</u>

(c) (i) Calculate the missing figures and write them below.

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(2)

$$\text{Return on capital employed (ROCE)} = \frac{\text{Net profit}}{\text{Capital employed}} \times 100$$

(ii) If the net profit for 2005 was £2 500 000, calculate the return on capital employed (ROCE).

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(2)



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ROCE measures how profitable a business is and the higher the percentage the better.

(iii) How would EPP know whether the ROCE calculated in (c)(ii) is a good return or not?

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(2)

(iv) Suggest what a shareholder might do if they were not happy with this percentage return.

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(2)

Q3

(Total 20 marks)

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It is important that EPP considers each part of its marketing mix – the 4Ps.

(b) (i) Explain how the price and place parts of the marketing mix are used in business.

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(4)



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