

**GENERAL CERTIFICATE OF SECONDARY EDUCATION
 BUSINESS STUDIES A**

Case Study – Paper 8 (Higher Tier)

FRIDAY 23 MAY 2008

Morning
 Time: 1 hour 30 minutes

Candidates answer on the question paper

Additional materials (enclosed): Clean copy Case Study

Additional materials (required):

Calculators may be used



Candidate Forename

Candidate Surname

Centre Number

Candidate Number

INSTRUCTIONS TO CANDIDATES

- Write your name in capital letters, your Centre Number and Candidate Number in the boxes above.
- Use blue or black ink. Pencil may be used for graphs and diagrams only.
- Read each question carefully and make sure that you know what you have to do before starting your answer.
- Answer **all** the questions.
- Do **not** write in the bar codes.
- Write your answer to each question in the space provided.
- The spaces should be sufficient for your answers but if you require more space, use the lined pages at the end of the booklet and number your answers carefully.
- Make sure that all your answers relate to the pre-released case study material.

INFORMATION FOR CANDIDATES

- The number of marks for each question is given in brackets [] at the end of each question or part question.
- The total number of marks for this paper is **90**.
- The quality of your written communication will be taken into account when marking your answers to questions labelled with an asterisk (*).

FOR EXAMINER'S USE	
1	
2	
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4	
5	
TOTAL	

This document consists of **12** printed pages and **4** lined pages.

Answer **all** questions.

MAKE SURE THAT ALL YOUR ANSWERS RELATE TO THE PRE-RELEASED CASE STUDY MATERIAL.

1 Use the case study to answer the following questions.

(a) (i) State and explain **one** possible reason why Alan first set up Link Spas as a private limited company.

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.....[2]

*(ii) Link Spas plc's objectives have changed (see case study lines 6–9) and are **now**:

- to make a profit
- to expand
- to gain greater market share.

Why have Link Spas plc's objectives had to change over the last 20 years?
Give reasons for your answer.

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.....[6+2]

QWC

(b) (i) Explain why the provision of a quality service (see case study line 46) is important to a business such as Link Spas plc.

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(ii) Explain **two** methods which Link Spas plc could use to achieve quality assurance within the services provided by the health spas.

1

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2

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[Total mark : 18]

2 (a) The permanent staff at Link Spas plc belong to a trade union. Explain how a trade union might be involved in the potential closure of one of the spas.

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.....[3]

(b) Use the case study and Resource Sheet 2 to answer the following questions.

(i) Link Spas plc needs to recruit a manager for its spa in Scotland. Identify **two** personal qualities that Link Spas plc may feel essential to include in the person specification. Explain why each quality is important in a spa manager.

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.....[4]

*(ii) The Assistant Manager (Buildings and Maintenance) wishes to contact the grounds and buildings maintenance supervisors to organise performance appraisal meetings. He could use:

- telephone
- letter
- email
- intranet
- noticeboard
- interview.

Advise the Assistant Manager on the **two** most effective methods of communication to use to organise the performance appraisal meetings with the grounds and buildings maintenance supervisors. Give reasons for your choices.

Choice 1

Choice 2

Reasons

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.....[6+2]

QWC

(c) Link Spas plc must take account of the following legislation:

- **health and safety**
- **minimum wage.**

Which of the two is likely to have the **most** effect on the operation of Link Spas plc? Give reasons for your answer.

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.....[4]

[Total mark : 19]

3 (a) Explain how the golf courses have added value to Link Spas plc.

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(b) Use Resource Sheet 1 to answer the following question.

Calculate the percentage increase in total revenue between year ended 31.8.06 and year ended 31.8.07. Show your working.

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.....[3]

(c) (i) Leonie and May are considering the following proposals to increase sales revenue:

- providing free minibus transport from the nearest bus and railway stations to Link Spas plc
- reduced subscription prices for local residents
- reduced subscription prices during low season.

Which proposal should Link Spas plc introduce to increase sales revenue? Give reasons for your recommendation.

Choice

Reasons

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.....[4]

*(ii) May Wong needs to improve Link Spas plc’s methods of advertising to further increase the number of corporate days sold to businesses (see case study lines 73–76). Advise May on the most suitable advertising strategy to achieve this objective. Give reasons for your answer.

Choice

Reasons

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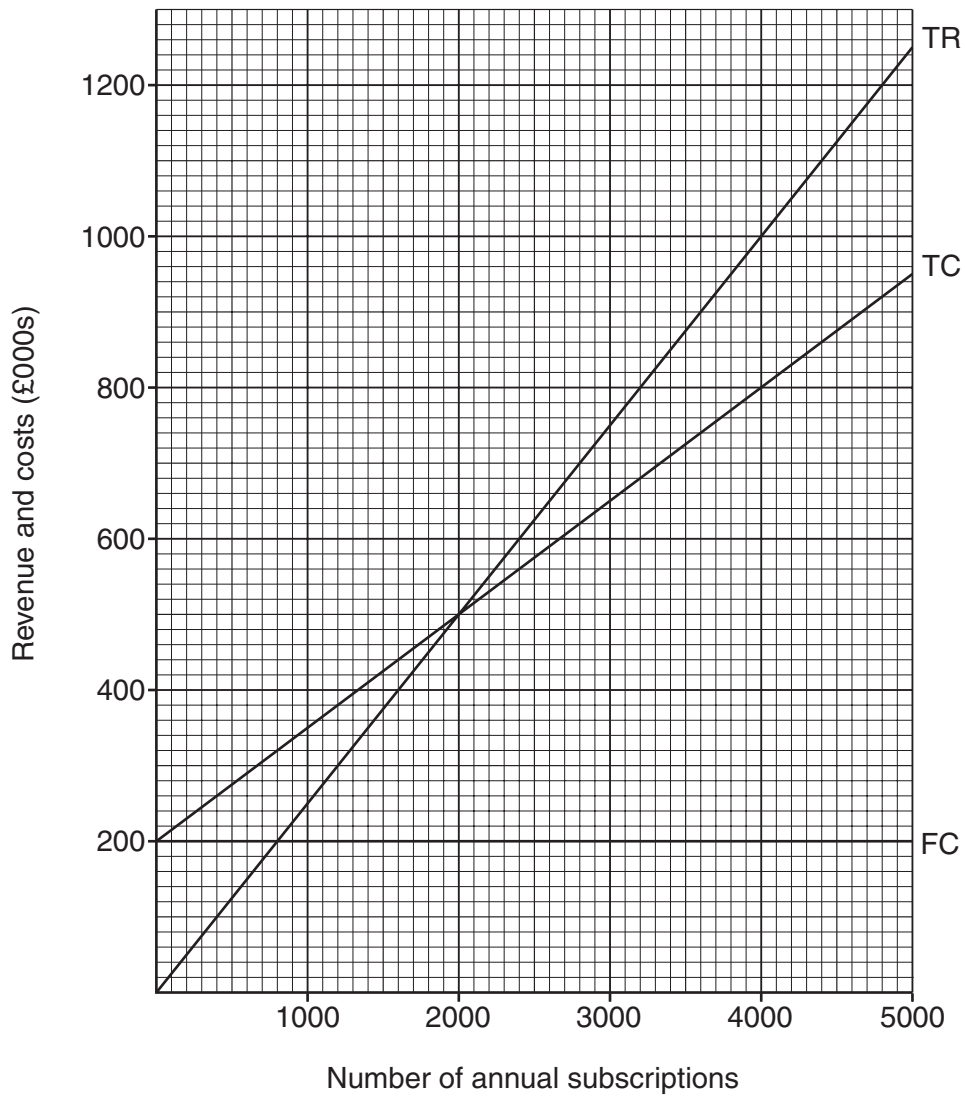
.....[6+2]

QWC

[Total mark : 18]

- 4 Leonie has been asked to calculate how many annual subscriptions are needed at the spa in Poland for it to break-even. To help her calculate this she has prepared a break-even chart.

Break-even for spa in Poland



- (a) (i) Based on the information in the break-even chart, if 4000 annual subscriptions were sold, how much profit would be made?

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- (ii) The fixed cost of the spa in Poland has increased to £0.3m The variable cost per subscription is £200 and the selling price for each annual subscription is £300.

The formula for calculating break-even is

$$\frac{\text{fixed cost}}{\text{selling price} - \text{variable cost}}$$

Using the formula above, calculate the new break-even point. Show your working.

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- (iii) To what extent is break-even a reliable method for Link Spas plc to use to set a selling price for annual subscriptions for the spa in Poland? Give reasons for your answer.

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.....[4]

Use the information in Resource Sheet 3 to answer the following questions.

- (d) Using Chart A, identify **one** segment of the market that would be **most** likely to want a personal trainer to visit their home.

.....[1]

- (e) Using Chart F, advise May Wong on which **area** of the country Link Spas plc should sell and install hot tubs and saunas. Give reasons for your answer.

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[Total mark : 25]

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A series of horizontal dotted lines spanning the width of the page, providing a guide for handwriting practice.

Dotted lines for writing.

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