

Surname	Centre Number	Candidate Number
Other Names		2



GCE AS – NEW

B510U20-1



BUSINESS – component 2
Business Functions

FRIDAY, 26 MAY 2017 – AFTERNOON

2 hours

For Examiner's use only		
Question	Maximum Mark	Mark Awarded
Section A	1.	22
	2.	14
	3.	19
Section B	4 or 5 or 6	25
Total		80

ADDITIONAL MATERIALS

In addition to this paper you will require 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 in Section A.

Answer **one** question from Section B.

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.

You are advised to spend no more than 80 minutes on Section A.

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.

SECTION A

Answer all questions from this section.

1. More Maltesers

Mars Inc. is a large multinational company with a presence in more than 74 countries. It produces many well-known brands including Whiskas cat food, Pedigree dog food, Snickers, Starburst, Mars Bars and Maltesers.



Maltesers have a long **product life cycle**, having been first produced by Mars Inc. in 1936. Today, the mature brand is still one of the UK's best loved chocolate varieties with an average of 2 individual bags being sold each second. Every hour, the London factory produces enough Maltesers to fill 10 Olympic sized swimming pools.



Mars Inc. have introduced a number of new flavours of Maltesers over recent years as **extension strategies**, including Maltesers White, Fair-Trade Maltesers and 'Malt Easter' mini bunnies. It has also introduced new sizes of packaging including treat bags and tubs. The sales volume of Maltesers increased by 10.5% between 2013 and 2014.

(a) What is meant by the term *extension strategy*?

[2]

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(b) With reference to the data and with the aid of a clearly labelled diagram, illustrate the *product life cycle* for the Maltesers brand.

[4]

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3. Cash Gifts

John Baker owns a large gift shop situated in a town which has several tourist attractions. The shop is well established but John has found that sales vary greatly during the year, with the summer months having high sales figures because of tourists buying souvenirs. November and December also tend to have good sales figures as the local people shop for Christmas presents. John has produced a cash flow forecast for the next six months.

	£	£	£	£	£	£
	July	Aug	Sept	Oct	Nov	Dec
Sales receipts	65 000	67 000	38 000	38 000	65 000	70 000
Stock purchases	40 000	35 000	25 000	25 000	40 000	38 000
Salaries	8 000	9 000	6 000	6 000	7 000	8 000
Marketing	500	1 000	1 000	750	500	500
Rent	8 000	8 000	8 500	8 500	8 500	8 500
Electricity			6 000			
Insurance			5 000			
Loan interest	1 500	1 500	1 500	1 500	1 500	1 500
Business rates	2 000	2 000	2 000	2 000	2 000	2 000
Total payments	60 000	56 500	55 000	43 750	59 500	58 500
Net cash flow	5 000	10 500	(17 000)	(5 750)	5 500	11 500
Opening balance	3 000	8 000	18 500	1 500	(4 250)	1 250
Closing balance	8 000	18 500	1 500	(4 250)	1 250	12 750

- (a) Plans have been announced for a Christmas Market in the town which will bring in extra shoppers. Sales receipts are therefore forecast to increase by 15% in December which will mean stock purchases will increase by 10% in that month.

Using these changes, calculate the following revised figures for December:

- (i) Sales receipts [1]

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- (ii) Stock purchases [1]

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SECTION B

Answer one question from this section.

Either,

4. Hi-Tech Hotels

- (a) Describe the types of new technology that might be used in marketing a chain of hotels such as Travelodge, Premier Inn or Holiday Inn. [10]
- (b) 'No matter what the product or service new technology will never be able to replace more traditional methods of marketing.' Discuss this statement. [15]

Or,

5. Lean Electronics

- (a) Describe the methods of lean production which might be used in a large electronics manufacturing business such as Sony, Samsung or Apple. [10]
- (b) Discuss the view that all stakeholders of a business will benefit from its use of lean production. [15]

Or,

6. Delivering Training

- (a) Describe the methods which a national parcel delivery business such as Parcelforce, FedEx or UPS could use to train its staff. [10]
- (b) Evaluate the importance to businesses of carrying out staff training. [15]

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