

Surname	Centre Number	Candidate Number
First name(s)		2



## GCE A LEVEL

A510U20-1



**WEDNESDAY, 14 OCTOBER 2020 – MORNING**

## **BUSINESS – A level component 2** **Business Analysis and Strategy**

2 hours 15 minutes

For Examiner's use only		
Question	Maximum Mark	Mark Awarded
1.	8	
2.	16	
3.	17	
4.	10	
5.	12	
6.	17	
<b>Total</b>	<b>80</b>	

### ADDITIONAL MATERIALS

A calculator.

### INSTRUCTIONS TO CANDIDATES

Use black ink or black ball-point pen. Do not use pencil or gel pen. Do not use correction fluid.

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 additional page(s) 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.

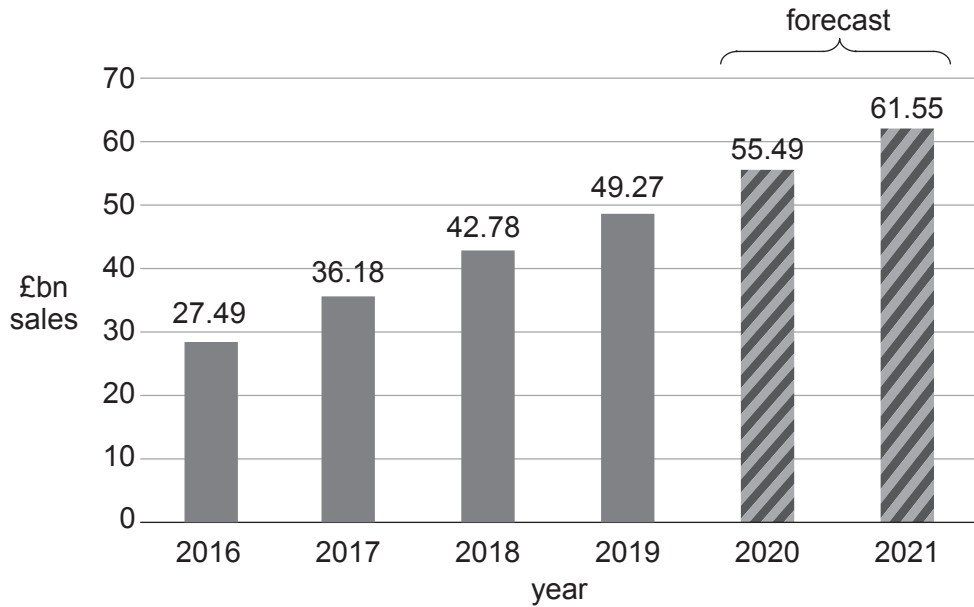


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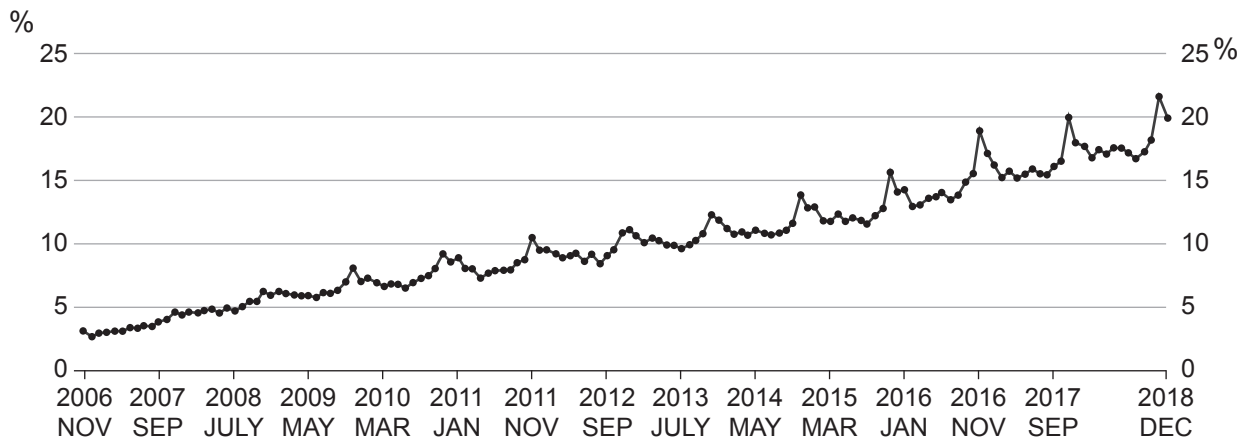
Answer all the questions in the spaces provided.

1. Study **Figure 1** and **Figure 2** below and answer the questions that follow.

**Figure 1:** M-commerce retail sales in the UK



**Figure 2:** Internet sales as a percentage of total retail sales in the UK



(a) Define the term *m-commerce*.

[2]

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(b) Calculate the percentage change in m-commerce retail sales between 2016 and 2021. [2]

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(c) Explain how the information in **Figure 1** and **Figure 2** would impact a retailer. [4]

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2. Green Gardens Ltd is a growing business that maintains large garden spaces such as parks and nature reserves. It is considering getting a loan to invest in a new digger, which would allow the business to complete work at a faster rate and therefore take on more contracts. Green Gardens Ltd is unsure if it is the right decision, especially as interest rates are forecast to rise in the coming years and its long-term liabilities already total £4 600. The digger is estimated to cost £18 000 and the business expects it will have a working life of 10 years, after which it will have a residual value of £2 000. It has been predicted that each year the digger will bring in additional net cash flow of £3 650. The business also has shareholders' funds (equity) totalling £8 400.

(a) Calculate the annual depreciation of the digger using the straight-line method. Show your workings. [2]

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(b) Calculate the average rate of return on the proposed investment. Give your answer to 2 decimal places. [3]

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(c) Calculate the gearing ratio without the proposed investment in the digger. Give your answer to 2 decimal places. [3]

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3. The Health Bar is a health food store in the north west of England that has been trading for 18 months. It produces fresh food and drink to take away. Most of its customers are people who are looking to improve their fitness and are on specific diets. Its best-selling product is a Protein Box, where customers can build their own meal from a selection of individual ingredients.

The Protein Box is currently priced at £6.40, but the owners of The Health Bar are considering increasing this to £7.20 as they suspect this will increase their total revenue. The Health Bar has been advised that the Protein Box has a price elasticity of demand of  $-0.7$ , and it needs to carefully consider this **tactical decision** to change the price.

The Health Bar has also had some difficulty in completing accurate sales forecasting which has led to some problems.

(a) Outline what is meant by a *tactical decision*. [2]

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(b) (i) State the type of price elasticity of demand of a product with a value of  $-0.7$ . [1]

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(ii) Suggest reasons why the Protein Box has a price elasticity level of demand of  $-0.7$ . [2]

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(c) Using the concept of price elasticity of demand, discuss whether it is a good idea to increase the price of the Protein Box. [6]

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Additional space for Question 3(c) only

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Additional space for Question 4 only

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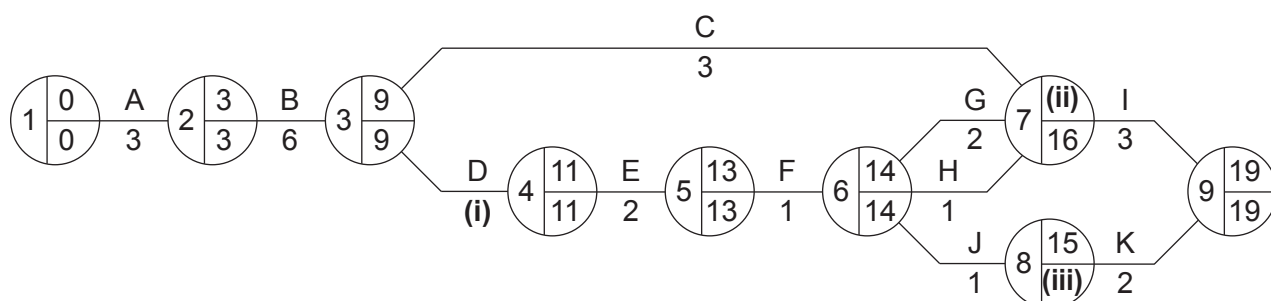
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5. A house building business has been employed to build a one-off, modern, eco-friendly house for a customer. The Project Manager drew up the following list of the planned activities required to build the house and the critical path diagram it will use:

Activity	Description	Preceding activities	Duration (weeks)
A	Confirm exterior design brief	-	3
B	Gain planning permission	A	6
C	Design interior decoration	B	3
D	Lay foundations	B	(i)
E	Build framework and roof including insulation	D	2
F	Install windows and doors	E	1
G	Install electrical system	F	2
H	Install plumbing system	F	1
I	Decorate the interior, including plastering	C,G,H	3
J	Dress the exterior, including laying the driveway	F	1
K	Landscape the garden	J	2

The customer has seen the diagram and has said they would like the project to be completed by an earlier deadline of 17 weeks and is willing to pay a 5% bonus if this is achieved.



- (a) Use the information above to calculate:

(i) The duration of activity D [1]

(ii) The earliest start time (EST) of activity I [1]

(iii) The latest finishing time (LFT) of activity J [1]

(b) Mark the critical path on the diagram. [1]





6. (a) Explain **one** way a business could window-dress its accounts.

[3]

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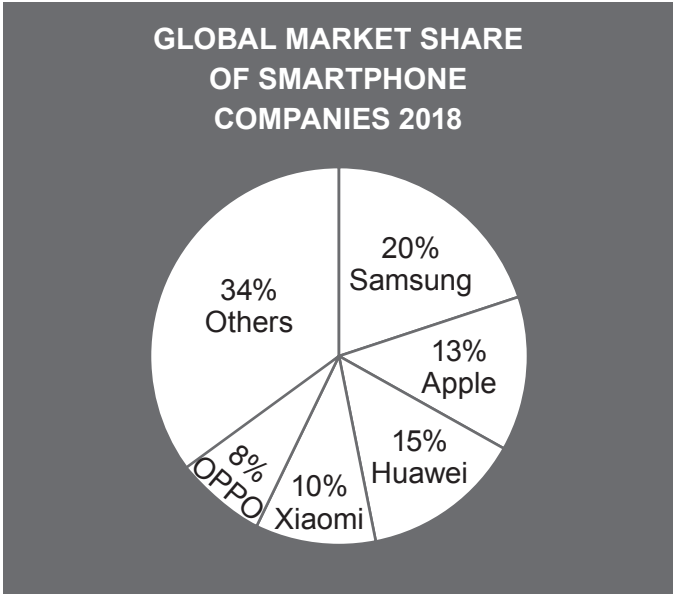
Samsung, known for consumer products such as mobile devices and home entertainment systems, is a leading smartphone company. Since 2012, the South Korean company has held a share of 20-30% of the smartphone market worldwide. Apple has consistently been its closest rival over the years, however brands such as Lenovo and Huawei have increased their smartphone market share.

Samsung’s main range of smartphone products is the Galaxy series, the first of which was released in April 2009. Samsung has increased its sales volume from 2.4 million in 2010 to 74.1 million in 2017. This was despite Samsung receiving negative press when its phone batteries were setting on fire in some phones. In September 2018, Samsung announced plans to develop the first folding smartphone.

Samsung has been in a 7 year dispute with Apple, over a patent on the design of its smartphones. In June 2018, Samsung were ordered to pay £403 m to Apple for copying features of the original iPhone.

Samsung has constantly been seeking growth and has acquired many other technology companies within the last ten years. In 2009 Samsung were ranked as the 19th Best Global Brand, but by 2017 the brand had risen to 6th place.

Source (adapted from): [www.statista.com](http://www.statista.com)









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