Surname	Centre Number	Candidate Number
Other Names		2

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S16-B510U20-1

BUSINESS – Component 2
Business Functions

P.M. TUESDAY, 24 May 2016

2 hours

	For Examiner's use only		
	Question	**Maximum Mark**	**Mark Awarded**
Section A	**1.**	**8**	
	2.	**9**	
	3.	**12**	
	4.	**26**	
Section B	**5 or 6 or 7**	**25**	
	Total	**80**	

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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.

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SECTION A

Answer **all** *questions from this section.*

1. Flexible Working Success

British Telecom (BT) has 72 000 employees in the UK, and most of them work flexibly.

A spokesman said, 'Flexible working lets our people find solutions so that they can work in a way that fits in for them and the business. It's not just working mothers, dads and partners also have a role to play, and want more time to spend with their children. At BT they have the opportunity to request flexible working and benefit from such arrangements. Our people choose to work flexibly for a number of other reasons too, such as interests outside of BT, caring responsibilities or to achieve a better work life balance.'

Source: www.flexibleworks.co.uk

(a) Identify **two** examples of flexible working. [2]

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(b) Explain the advantages of flexible working to both British Telecom and its employees. [6]

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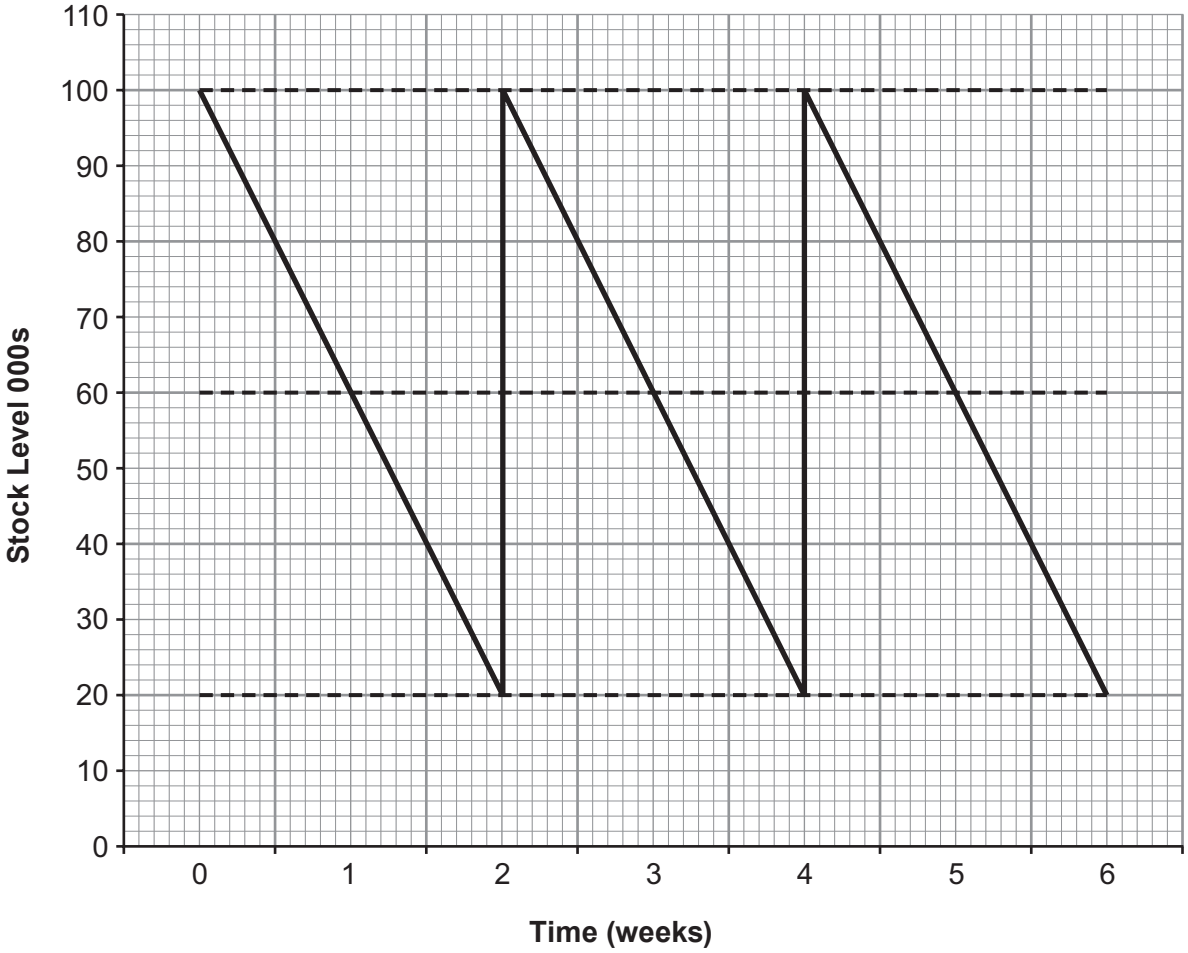
2. Rainy Days Ltd

Rainy Days Ltd manufactures umbrellas which it sells over the internet, as well as to various retailers. It specialises in top quality umbrellas for weddings and sports events such as horse racing.

(a) Rainy Days Ltd keeps a stock of handles used in the manufacture of umbrellas. Study the stock control diagram.

(i) Label the **re-order** level and **minimum stock level** on the diagram. [2]

Table 1 Rainy Days Ltd's stock control diagram for umbrella handles



(ii) Calculate the **lead time**. [1]

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(b) Evaluate the importance to businesses of holding the correct level of stock. [6]

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3. Performance at Allen Ltd

Allen Ltd is a medium sized business based in the Midlands which manufactures exhaust pipes for the car industry. The Managing Director, Molly Allen, has been concerned about the performance of the business for some months and has recently been given the following data:

The Human Resources Manager has informed her that 5 employees left in 2015, giving an average total number of employees of 40. The Production Manager reported that total output for 2015 was 216 000 exhaust pipes.

(a) (i) Calculate productivity for Allen Ltd for 2015. (Show your workings.) [2]

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(ii) Calculate labour turnover for Allen Ltd for 2015. (Show your workings) [2]

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(b) Discuss methods by which productivity in the business could be increased. [8]

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4. An Exceedingly Good Expansion

Britain is clearly a nation of cake-eaters. Not only do we gobble up 240 million Mr Kipling cake slices a year but such is the demand for 'exceedingly good' French Fancies and Battenberg cakes that Premier Foods is expanding.

The country's largest food manufacturer has opened a new production line at its factory in Carlton, South Yorkshire, which will more than double the capacity of Mr Kipling, its top-selling brand. The new production line cost £20 million and was partly financed by Premier Foods selling its Hovis brand.

Gavin Darby, chief executive of Premier Foods, said that when the new line was working at full speed it would be able to produce an additional 300 million cakes a year. 'We have been at maximum capacity for a while now. The new production line is a very high-tech automated line that is 240 metres long and can make 60 000 cake slices an hour. We will have people working on it in three different shifts, operating throughout the day and night.'

Cakes are just one of the products in Premier Foods product portfolio. Other products include custard, jam, flour, cooking sauces and gravy. In the year ended 4th April 2015 they made £294m gross profit and £131m net profit on sales turnover of £767m.

Adapted: *The Times July 14th* 2015

(a) Explain how the Boston Matrix could help Premier Foods manage its product portfolio. [6]

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(b) Calculate

(i) gross profit margin and

(ii) net profit margin

for Premier Foods in the year ended 4th April 2015. (Show your workings.) [4]

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(c) Evaluate ways in which net profit margin could be improved at Premier Foods. [8]

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(d) Discuss the benefits and drawbacks to Premier Foods of spending large amounts of money on new technology. [8]

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SECTION B

Answer **one** *question from this section.*

5. Good Leadership – A Guarantee of Success?

(a) Describe the different leadership styles which might be used by a manager of a supermarket. [10]

(b) Consider the importance of good leadership to the success of a business. [15]

6. The Price is Right?

(a) Describe the pricing strategies which might be used by a fast-food business such as Subway, KFC or McDonalds. [10]

(b) 'Charging the correct price is the most important element of the marketing mix.' Discuss this statement. [15]

7. Quality Clothing?

(a) Identify the methods of improving quality which might be used by a multinational clothing manufacturer. [10]

(b) Discuss the impact of improving quality on the stakeholders of a business. [15]

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Answer the question from Section B using the following pages.

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END OF PAPER

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