Surname	Centre Number	Candidate Number
Other Names		2

GCE A LEVEL – NEW

A510U20-1

S17-A510U20-1

BUSINESS – A level component 2
Business Analysis and Strategy

MONDAY, 19 JUNE 2017 – MORNING

2 hours 15 minutes

For Examiner's use only		
Question	**Maximum Mark**	**Mark Awarded**
1.	**13**	
2.	**14**	
3.	**10**	
4.	**14**	
5.	**14**	
6.	**15**	
Total	**80**	

A510U201
01

ADDITIONAL MATERIALS

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.

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.

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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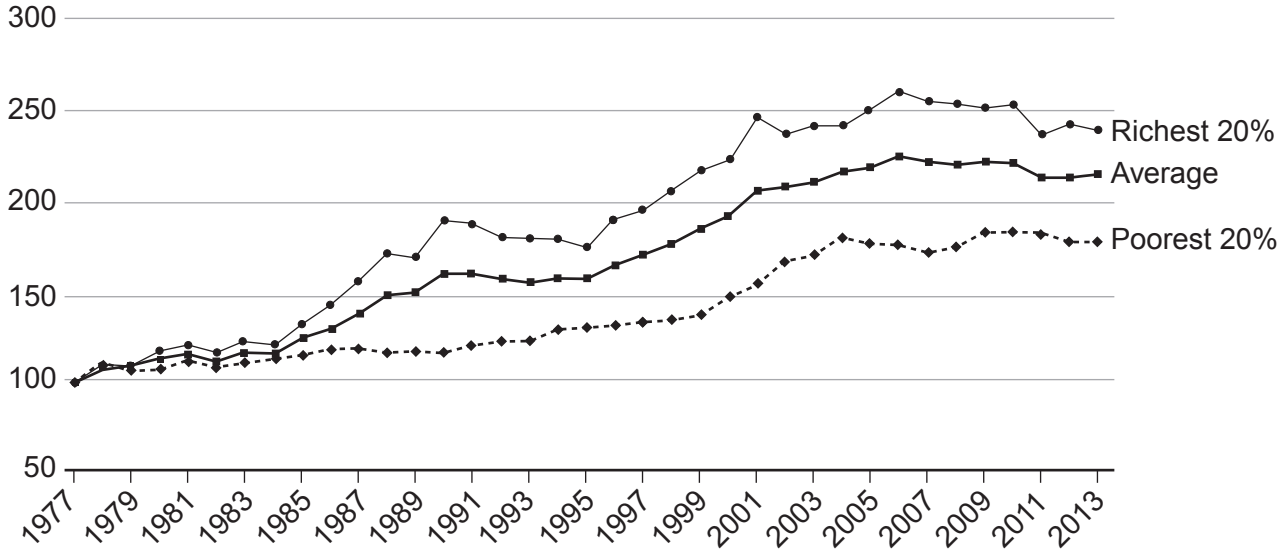
Answer **all** *the questions in the spaces provided.*

1. The graph below shows the mean household disposable income in the United Kingdom, from 1977 to 2013. The information is for the poorest 20 per cent of the population, the richest 20 per cent and the average of all households.

The left-hand axis represents an index number with the base year 1977 = 100.



Source: ons.gov.uk

(a) Analyse the data to explain the changes in householders' incomes between 1977 and 2013. [5]

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(b) Explain how the changes shown in the graph are likely to have affected a manufacturer of motor cars, such as Ford, Toyota or Peugeot. [4]

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(c) Between 2015 and 2016 average household income increased from £26 000 to £26 650. Over the same period of time the quantity of new cars sold in the UK increased from 2.6 million to 2.73 million.

Calculate the income elasticity of demand for new cars (showing your workings). [4]

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2. The following is an extract from the balance sheet of Marks and Spencer plc as at 28th March 2015.

	£m
Fixed (non-current) Assets	
Property, plant and equipment	5033.7
Other	1707.4
Total Fixed Assets	6741.1
Current Assets	1455.0
Current Liabilities	2111.6
Long-term (non-current) Liabilities	2885.7
Total Assets – Total Liabilities	3198.8
Shareholders' Funds (Total Equity)	3198.8

(a) Use the information provided to calculate **and** outline the meaning of

(i) Working capital. [4]

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(ii) Capital employed. [4]

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The following table shows the value of Marks and Spencer's property, plant and equipment as at 28th March 2015.

	Land and buildings £m	Fixtures, fittings and equipment £m	Assets in the course of construction £m	Total
Cost	2 817.1	6 198.1	312.4	9 327.6
Accumulated depreciation	(305.5)	(3 988.4)	0	(4 293.9)
Net book value	2 511.6	2 209.7	312.4	5 033.7

(b) With reference to the data, explain the reasons why Marks and Spencer depreciates the value of its fixed assets. [6]

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3. Starbucks is one of the world's most successful businesses. Its first store, which opened in Seattle, USA, in 1971, sold coffee beans, tea and spices. Today there are over 17 000 Starbucks coffee houses in over 50 countries.

Starbucks' original mission statement was to "Establish Starbucks as the premier purveyor of the finest coffees in the world while maintaining our uncompromising principles as we grow".

However, Starbucks hit trouble a few years ago with falling revenues from the recession and increased competition from McDonalds, Costa and several other coffee shops who entered the quality coffee market.

As one of their responses to these challenges, Starbucks changed their mission statement so that it now reads: "to inspire and nurture the human spirit – one person, one cup and one neighbourhood at a time".

To what extent is Starbucks' new mission statement likely to be of greater benefit to the business than its original one? [10]

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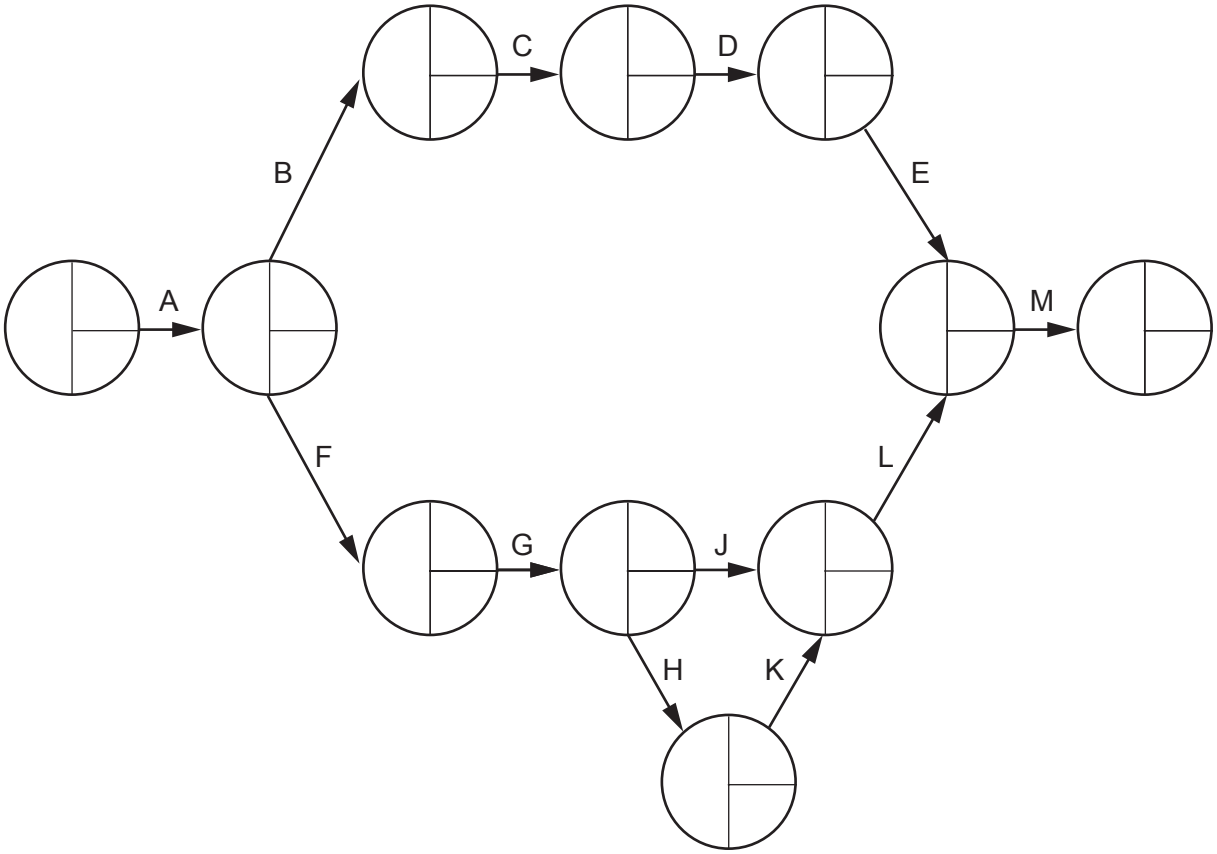
4. John Scott Ltd are involved in setting up stages for outdoor music festivals, such as Bestival and Glastonbury. The table and network diagram below give information about the time it takes to set up one of the main stages.

	Activity	Preceding Activity	Time (hours)
Unload the equipment	A		4
Prepare the ground	B	A	3
Erect the stage scaffold	C	B	6
Put on sides	D	C	5
Put on roof	E	D	3
Lay electrical cables	F	A	5
Connect electrics on stage	G	F	6
Assemble sound equipment	H	G	5
Set up lighting	J	G	6
Test sound equipment	K	H	3
Put sound and lighting equipment in place	L	JK	5
Arrange stage	M	L	6

(a) (i) Complete the network diagram below, including: the **time required** for each task, the **earliest start** times and the **latest finishing** times. [5]

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



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(b) Discuss the usefulness of critical path analysis to John Scott Ltd when carrying out this kind of work. [8]

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5.

The NEXT retail chain was launched in February 1982. It started by selling stylish clothes, shoes and accessories for women. When this became successful the company added collections for men and children. Later NEXT started to sell furniture and accessories for the home.

Today NEXT trades from more than 500 stores in Great Britain and Ireland and around 200 stores in more than 40 countries overseas. It employs 3600 people in 12 countries, including 2700 in factories which it owns. Over the last few years several larger fashion and home stores have opened across the UK. In August 2011, NEXT opened its first combined fashion, home and garden store in Sussex.

The company's mail order operation the NEXT Directory was launched in 1988 with a hardback book containing 350 pages and has been very successful. Online shopping was introduced in 1999 and the entire book became available to shop from on the internet, page by page – another first in home shopping in the UK. NEXT Directory now also serves customers in around 70 countries outside the UK. The company continues to improve customer service, introducing new initiatives such as standard free next day delivery for orders placed before midnight.

NEXT state that "corporate responsibility means addressing key business-related social, ethical and environmental matters and ensuring we run our business in a responsible way. We see corporate responsibility as a key element of how we conduct our business as we believe it makes good business sense".

Key statistics from Next plc

Year ended January	2015	2014
Total Sales	£4.0 billion	£3.8 billion
Group profit before tax	£782 million	£695 million
Total employees	50018	52533
Total full time equivalents	29469	28568
Great Britain and Ireland NEXT stores – number	539	541
Great Britain and Ireland NEXT stores – sq. footage	7.4 million	7.0 million
Average active Directory customers	4.1 million	3.7 million

Discuss the **non**-financial measures that Next plc might use in order to evaluate its performance. [14]

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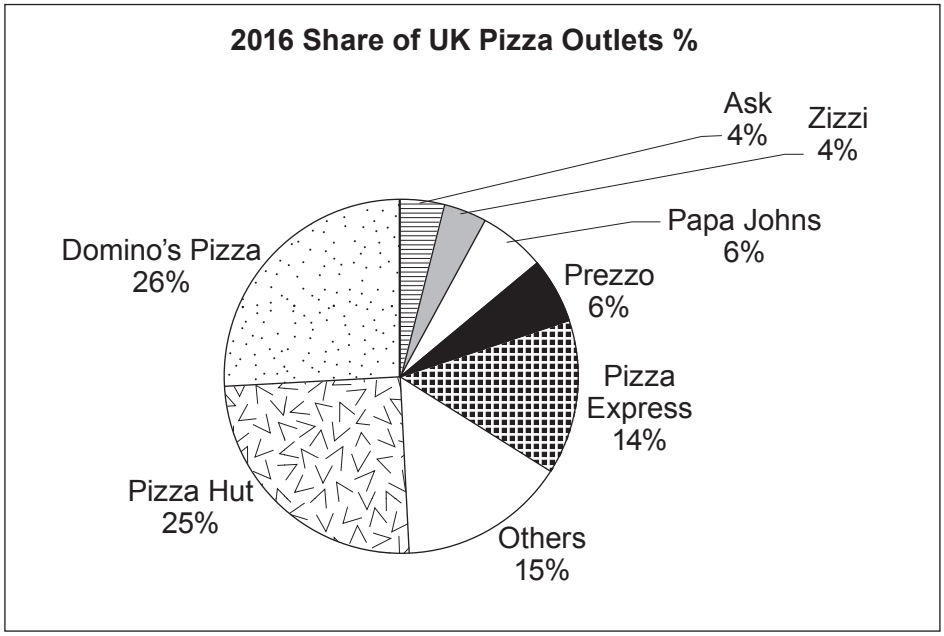
6. Over the last few years British consumers have developed a taste for pizza. Between 2006 and 2011 the UK pizza market grew by 13% and between 2011 and 2016 it increased by a further 22%. The total market is now worth around £1.85 bn.

The graph below shows the percentage of pizza outlets in the UK in 2016 owned by different businesses. Domino's Pizza now has over a quarter of the total number of outlets.



(a) Outline Porter's Five Forces Framework. [3]

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(b) With the use of Porter's Five Forces Framework analyse and evaluate the position of Domino's Pizza in the market. [12]

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END OF PAPER

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