

Surname	Centre Number	Candidate Number
First name(s)		2



GCE AS

B510U20-1



WEDNESDAY 14 OCTOBER 2020 – MORNING

BUSINESS – AS component 2
Business Functions

2 hours

For Examiner's use only		
Question	Maximum Mark	Mark Awarded
Section A	1.	21
	2.	15
	3.	19
Section B	4 or 5 or 6	25
	Total	80

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 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.

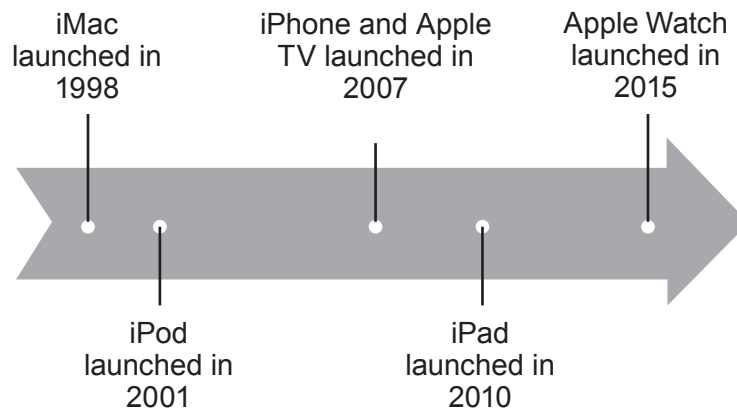
SECTION A

Answer all questions from this section.

1. Brands of Apple

Apple was founded in 1976 by three entrepreneurs including Steve Jobs and started out as a computer selling business. In 1985 Steve Jobs left the company, but returned in 1997 as Apple's CEO (chief executive) to turn the then struggling business around.

Steve Jobs was regarded as an **autocratic** leader with attention to detail. He preferred to involve himself in all decision making rather than using delegation. After re-joining the company in 1997, Apple returned to profits with the development of a new **product portfolio** using a mixture of **product** and **market orientation** approaches:



Each of these products in Apple's portfolio has been updated and re-released several times since its introduction. Apple's new iPhone releases continue to dominate the UK smartphone market. Apple's iPhone X was the bestselling smartphone in 2018.

Extract 1: Percentage change in sales of selected Apple products between 2017 and 2018

Selected Apple products	Percentage change in sales
iPhone	+0.7 %
iPad	+1 %
iMac	-13 %

Source: www.apple.com (Feb 2019)

Apple continue to produce the iPod but stopped reporting its unit sales from 2015 due to sales falling from its peak of 55 million sales in 2008 to 14 million in 2014.

Globally, viewing figures for all types of programmes is dominated by satellite and cable providers such as SKY, Virgin, and BT. However, Internet streaming is growing in popularity in countries such as the US and the UK. In the US in 2017, over 10% of total TV use amongst adults aged 18-49 was consumed via Internet streaming devices up from 3.6% in 2015. This is great news for Internet streaming devices such as Apple TV.

Apple TV has experienced over 700% growth in viewing hours in early 2018, however this only represents 5% of all viewing hours via Internet streaming compared to the market leader Roku with 23%.

(a) Identify the difference between a *product orientation* and *market orientation approach*. [2]

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(b) With reference to the data, and using the Boston matrix, describe Apple's *product portfolio*. [5]

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(c) Evaluate the appropriateness of an *autocratic* leadership style to businesses.

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Examiner only

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Below is an extract from Apple’s 2017 and 2018 financial accounts.

Extract 2: Apple’s income statement for 2017 and 2018.

	2018 (\$m)	2017 (\$m)
Sales revenue	265 595	229 234
Cost of sales	163 756	141 048
Expenses	30 941	26 842
Net profit margin	?	26.76%

Source: *www.apple.com (Feb 2019)*

- (d) (i) Using **Extract 2**, calculate Apple’s net profit margin for 2018. Present your answer to two decimal places. [3]

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- (ii) Assess Apple’s net profit margin for 2018. [3]

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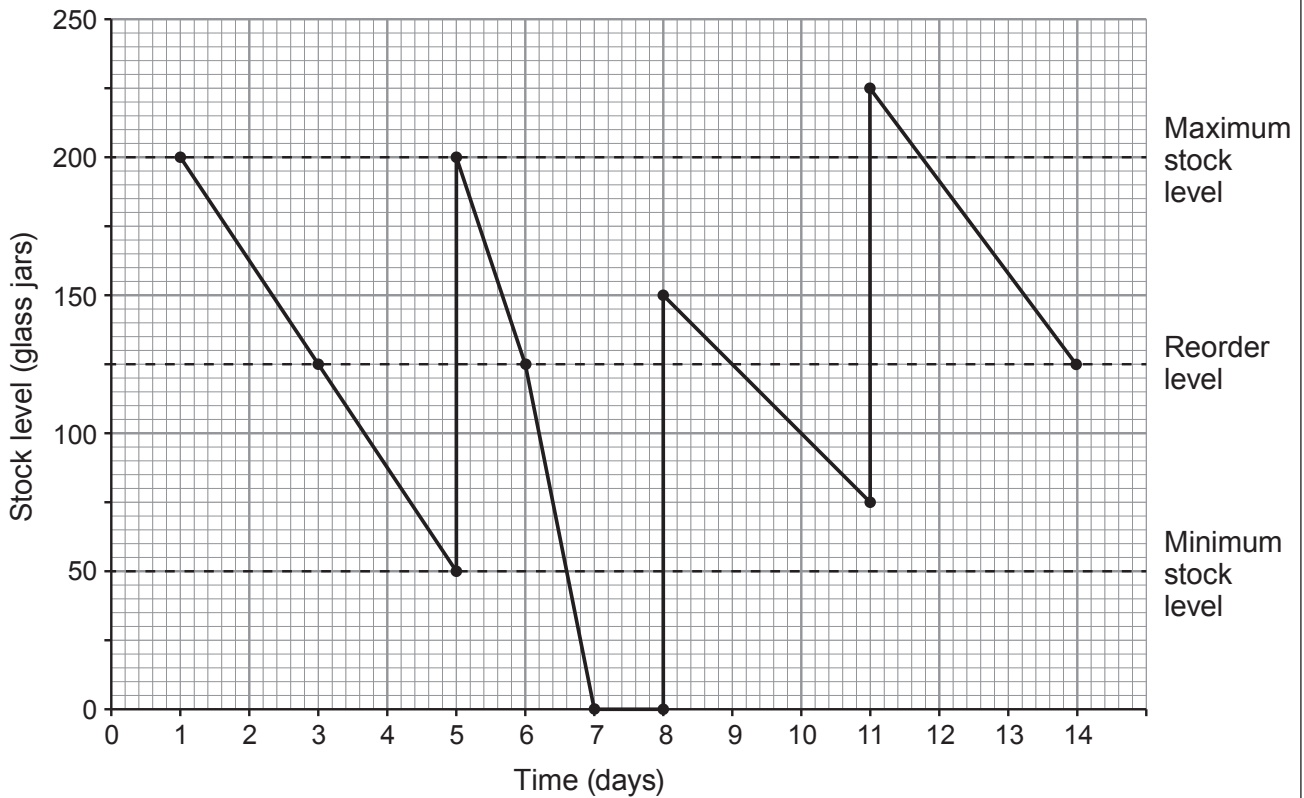
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2. Management at Brooke Honey

Brooke Honey is a new small sole trader business based in Suffolk that manufactures jars of honey and supplies them to local independent stores. Brooke the owner, is responsible for all areas of the business including **stock control**. Brooke keeps a record of glass jars that are used in production to contain the honey. When glass jars reach a reorder level of 125 jars, Brooke orders 150 glass jars from her supplier. Brooke has recorded her stock control diagram for glass jars for the past two weeks below:



(a) State what is meant by the term *stock control*. [2]

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(b) Using the stock control diagram, identify the lead time. [1]

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(c) With reference to the stock control diagram opposite, discuss the possible consequences of Brooke's stock control management of glass jars on her business. [6]

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Brooke has also provided a summary of her cash flow forecast for the coming months:

	£	£	£	£	£	£
	June 2020	July 2020	August 2020	September 2020	October 2020	November 2020
Total revenue	4 300	4 900	(i)	4 800	3 900	3 200
Total expenses	4 100	4 300	4 400	4 200	(ii)	4 700
Net cash flow	200	600	600	600	(200)	(1 500)
Opening balance	(800)	(600)	0	600	1 200	1 000
Closing balance	(600)	0	600	1 200	1 000	(500)

(d) Using the cash flow forecast above complete the missing figures for:

(i) Total revenue for August 2020

[1]

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(ii) Total expenses for October 2020

[1]

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(e) Explain **two** reasons why businesses experience cash flow problems.

[4]

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3. The supermarket industry in 2018

The supermarket industry is very competitive, especially in recent years with the rise of discount retailers such as Aldi and Lidl. All major supermarkets use promotions such as above the line advertising, notably through TV adverts. Below the line promotions are also popular in this market, for example sales promotions.

Supermarkets and their suppliers use different methods of maintaining and improving quality, including **quality control** and **quality assurance**. However, in the summer of 2018, some major UK supermarkets had to recall several products due to customer safety concerns. Varieties of frozen vegetables were recalled due to harmful bacteria found inside the packaging. Other products such as granulated sugar and tinned chopped tomatoes were also recalled by some supermarkets due to concerns of metal /plastic pieces found within the packaging.

(a) Identify the difference between *quality control* and *quality assurance*. [2]

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(b) Analyse why it is important for supermarkets and their suppliers to maintain expected levels of quality. [4]

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Promotional strategies can impact stakeholders such as **shareholders, competitors, suppliers and customers**.

(c) Evaluate the impact of promotional strategies on **two** of these stakeholder groups. [7]

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In April 2018, it was announced that Asda and Sainsbury's were in talks to join together (merge) to create the largest UK supermarket, although this merger was blocked by the UK's competition regulator (the Competition and Markets Authority). Together, Asda and Sainsbury's would have controlled around 31.4% market share, ahead of Tesco's 27.6% market share. Usdaw, the shop workers' trade union, is the fifth largest trade union in the UK. The union was concerned that Asda and Sainsbury's would have to close stores due to there being too many located near each other.

(d) Explain the reasons why Asda and Sainsbury's workers may choose to be members of the Usdaw trade union. [6]

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SECTION B

Answer one question from this section.

Either,

4. The importance of workforce planning

- (a) Describe the different methods of selection which might be used by a hotel when recruiting a hotel manager and a cleaner. [10]
- (b) Evaluate the importance to a business of having the correct number of employees with appropriate skills and experiences. [15]

Or,

5. Technology in operations

- (a) Describe the ways in which a clothing manufacturer can use technology in its operations. [10]
- (b) Evaluate the importance of technology used in the operations of a business. [15]

Or,

6. Improving profits

- (a) Describe how a business that sells a variety of products can use the concept of price elasticity of demand when setting prices for its different products. [10]
- (b) Apart from changing prices, evaluate other ways in which a business might improve its profits. [15]

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