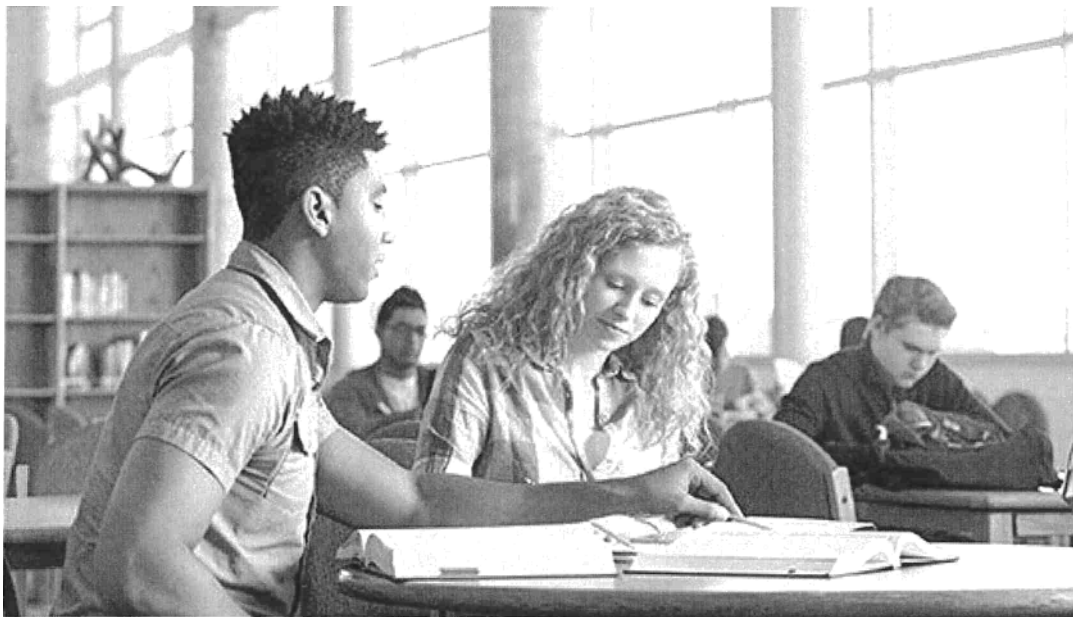


AQA A Level

Business

Year One

Stretch and Challenge Workbook






Name

Group.....

Teacher.....

Units	Excellent	Progress	Unsatisfactory	Target(s) for improvement	Mark	Test mark
1— What is business?	All questions completed to a high standard. There is clear evidence of own research.	← →	Many questions not attempted. Lack of focus and not fully developed answers. No evidence of own research.			
Student comment						
2 — Managers, leadership and decision making	All questions completed to a high standard. There is clear evidence of own research.	← →	Many questions not attempted. Lack of focus and not fully developed answers. No evidence of own research.			
Student comment						
3 — Decision making to improve marketing performance	All questions completed to a high standard. There is clear evidence of own research.	← →	Many questions not attempted. Lack of focus and not fully developed answers. No evidence of own research.			

Student comment	
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4 — Decision making to improve operational performance	All questions completed to a high standard. There is clear evidence of own research.		Many questions not attempted. Lack of focus and not fully developed answers. No evidence of own research.			
Student comment						
5 — Decision making to improve financial performance	All questions completed to a high standard. There is clear evidence of own research.		Many questions not attempted. Lack of focus and not fully developed answers. No evidence of own research.			
Student comment						
6 — Decision making to improve human resource performance	All questions completed to a high standard. There is clear evidence of own research.		Many questions not attempted. Lack of focus and not fully developed answers. No evidence of own research.			
Student comment						

No.	Question	No. Marks
1	What is meant by the term 'profit'?	2
2	What is meant by the term 'cash flow'?	2
3	Explain the relationship between survival and cash flow.	4
4	Explain one possible benefit to a start-up business of setting objectives.	4

5	<p>Which one of the following is an example of a variable cost for a chain of luxury hotels?</p> <p>A. Rent B. Utility Bills C. Marketing expenditure D. Managers' salaries</p>	1
6	<p>Use the data below to calculate the profit of a small business.</p> <p>Selling price = £32 Variable costs are 50% of the selling price Fixed costs are £40,000 Quantity sold = 4,500 Show your workings</p>	4
Total marks for 1.1 Questions		<u> /17 </u>
7	<p>What is meant by the term "shareholder"?</p>	2
8	<p>State two ways in which a business can utilise profit</p>	2

9	Explain why having unlimited liability is seen as high risk for business owners	3
10	Explain on possible disadvantage to a small restaurant owner of operating as a sole trader.	4
11	Explain one possible benefit of changing from a private limited company to a public limited company for a fast-growing manufacturing company.	4

12	Explain why nationalisation of a service industry may lead to inefficiencies	4
13	Which one of the following is an example of a public sector organisation? A. Tesco B. BUPA healthcare C. The Financial Times D. The Highways Agency	1
14	Explain why the nationalisation of utilities e.g. British Gas, BT may benefit consumers	5

15	What is meant by the term “dividend”?	2
16	Explain the relationship between share price and demand for shares	3
17	Explain one possible risk to a pension firm of investing its customers’ contributions on the stock exchange through the purchase of shares	4

18	<p>Read the article below and answer the question that follows:</p> <p>Shareholders know that investing is a risky business with there always being winners and losers. The media reports on a daily basis whether the London Stock Exchange, the FTSE 100, is closing up or down on the previous day's trade. The results affect the market capitalisation of the businesses and the value of the shareholders' investment portfolios. In March 2015 investors in supermarket giant Wm Morrison would have been smiling as their shares rose by 2.74%. In 2014 Morrisons agreed a deal with the online retailer Ocado enabling it to launch an online grocery delivery service. In the first 3 months of 2015 Ocado announced an increase in retail sales in excess of 1596.</p> <p>However it was not all smiles. The boss of Prudential plc, a leading provider of financial services, announced he was to step down in order to join competitor Credit Suisse. As the news hit the markets share prices fell by 1.71%.</p> <p>Analyse the possible influences on share prices on the London Stock Exchange</p>	9
	Total marks for 1.2 Questions	<u> </u> /43

19	Essay Question — To what extent is increasing market capitalisation the most important objective of a large plc?	25
20	What is meant by the term “demographic factors”?	2
21	What is meant by term “Fair Trade”?	2
22	<p>The Bank of England is considering cutting interest rates in order to combat inflation. If it takes this action, which of the following outcomes is likely?</p> <p>A Business costs rise, consumer demand falls. B Business costs fall, consumer demand falls.</p> <p>c Business costs rise, consumer demand rises. D Business costs fall, consumer demand rises.</p>	1
23	Analyse how a chain of travel agents will be affected by a rise in interest rates	6

24	Analyse how a public sector organisation will be affected by changing UK demographic factors	9
	Total marks for 1.3 Questions Including Essay	<u>— /20</u> <u>— /45</u>

1	What is meant by the term “labour turnover”?	2
2	Explain why managers should review the business performance against the set objectives	5
3	Explain how a restaurant manager may use financial data to inform decision-making	4

4	Explain one role of a branch manager in a chain of fashion retailers	4
5	<p>Read the extract below and answer the question that follows.</p> <p>Donald Brydon was the chairman of Royal Mail when it was floated on the London Stock Exchange, moving it from the public sector to the private sector. This flotation was a highly controversial decision and impacted significantly on many stakeholders, including both the employees and the customers. During this time Brydon was paid £200,000 per annum for working at least 2 days a week, supporting the CEO Moya Greene in establishing the Royal Mail as a FTSE 100-listed company.</p> <p>To what extent do you think the leadership style would be the most important factor in successfully implementing such a controversial decision? Justify your view.</p>	16

6	What is meant by the term “subordinate”?	2
7	What is meant by the term “manager-centred leadership”?	2
8	What is meant by the term “subordinate-centred leadership”?	2

9	Distinguish between soft and hard HRM.	4
10	<p>Which leadership style is most associated with a style ranked as 1 on the far left of the Tannenbaum-Schmidt continuum?</p> <p>A. Autocratic B. Democratic C. Paternalistic D. Laissez-Faire</p>	1
11	<p>In the Blake-Mouton grid, what does an impoverished style of leadership mean?</p> <p>A. High Concern for people, low concern for production B. High Concern for people, high concern for production C. Low Concern for people, low concern for production D. Low Concern for people, high concern for production</p>	1
12	Analyse one benefit to a manager of a small firm of estate agents adopting a middle-of-the-road style of leadership.	6


13	ESSAY — To what extent is having concern over production more important than concern over people for a manufacturing firm looking to maximise profits?	25
	Total marks for 2.1 Questions Including Essay	<u>49</u> /74
14	Give one example of a tactical decision made by a convenience store.	1
15	Give one example of a strategic decision made by a convenience store.	1
16	Explain why strategic decisions require a heavy investment in resources	4
17	Analyse one benefit to a manager of using a scientific approach to decision-making.	5

18	<p>Complete the decision tree below to assess which of the two options available to Noira is the better one. Show your workings.</p>	6
19	<p>Explain one advantage to Moira of using a decision tree to help her choose the best option.</p>	4
20	<p>Explain one resource constraint a printing company may face when deciding to introduce new technology.</p>	4
Total marks for 2.2 Questions		<u> </u> / 20

21	What is meant by the term “stakeholder mapping”?	2
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22	Explain one benefit to a manager of using stakeholder mapping.	4
23	Explain how the power of workers may change over time.	5
24	What is meant by the term “stakeholder conflict”?	2
25	Explain one reason why conflict may exist between employees and investors.	4

26	<p>fv1icfiJcl O'l.em y, CEO of hridŁct airline ftai\cir, lfas ambitious growth plans for rhc company. l ie is plamlilJg a change of sfratuŁy involving nevy g\ oduct development to add long haul flights to the existing short-haul ollerit1•s Pyanalr is in talks with plane il\antlfactorcrs to buy long-hasil plane,. "rIJis will alley\y them tŁ introduce flis! ts front Euiope to the USA in the next 5 years. The leader of compctiLcr Eas)'lct says they will not be chan•iilg their strategy as it is tuo high a risk.</p> <p>To what extent is stakeholder conflict inevitable when implementing a change of strategy at Ryanair?</p>	16
	Total marks for 2.3 Questions	<u> </u> / <u>33</u>

1	<p>Complete the diagram below to show the marketing process,</p>  <p>The marketing process</p>	4
2	<p>Business A sells 2070 units this year, which is a 15% increase on the previous year. What was the sales volume last year?</p>	2
3	<p>This year each unit sold for £25. What is the sales value of Business A?</p>	1
4	<p>The year the total sales volume in the market was 30000 units. What is the market share of Business A?</p>	2

5	The market is forecast to grow by 5% next year. What will be the forecast size of the market next year in terms of sales volume?	2
6	Assuming Business A maintains its market share by lowering selling price by just 1%, what will be the sales value of Business A next year if the market grows by 5%?	3
7	What is Business A's sales growth by value next year if it maintains its market share and lowers prices by 1%	2
	Total marks for 3.1 Questions	16
8	Explain one advantage of primary market research.	3
9	Explain one advantage of secondary market research.	3

10	Explain why a business may wish to use a combination of both qualitative and quantitative data.	4
11	Explain one factor that will influence the value of sampling.	4
12	With the use of a diagram and example, explain what is meant by: (a) A negative correlation (b) Zero correlation	6

13	What is meant by the term “confidence intervals”?	2
14	What is meant by the term “extrapolation”?	2
15	The correlation between two variables is -0.3. What does this indicate? A. A strong positive correlation B. A strong negative correlation C. A weak positive correlation D. A weak negative correlation	1
16	With the use of a diagram, explain one use of market mapping to an entrepreneur looking to set up a coffee shop.	6

17	Analyse one way in which a digital magazine might use correlation to help decide on content.	5
18	With the use of a numerical example, explain what is meant by price inelastic demand.	3
19	A product has a YED of +1.5. What does this mean?	3
20	A product has a PED of -1.5. What does this mean?	3

21	Explain how an understanding of PED can help a marketing manager make pricing decisions.	4
22	A product has a YED of -0.7. What does this mean? A. If income rises by 1%, demand will fall by more than 1% B. If income rises by 1%, demand will fall by less than 1% C. If income rises by 1%, demand will rise by more than 1% D. If income rises by 1%, demand will rise by less than 1%	1
23	A product has a PED of -1.5. If price goes down by 5%, what will happen to demand? A. Demand will go up by 7.5% B. Demand will go down by 7.5% C. Demand will go up by 2.5% D. Demand will go down by 2.5%	1
24	Explain one possible use of PED to the owner of a bed and breakfast venture.	4
25	Explain why the PED of a bed and breakfast venture will vary at different points in time.	5

	<p>As the Royal Mail moved from the public sector to the private sector it was given greater autonomy over pricing decisions. Ofcom, however, restricted the price of a large letter stamp, capping it at 55p. The Royal Mail put the price of a first-class stamp up to 57p and a second-class stamp up to 50p. The price of stamps for large letters is 67p. A large letter first-class stamp went from 2p to 57p, while a large-letter second-class stamp saw a rise of 10p to 50p.</p>	
26	What is the percentage increase in the price of a large-letter first-class stamp?	2
27	Explain why Ofcom may have decided to cap the cost of a second-class stamp.	5
28	To what extent do you consider the demand for postage stamps to be both price and income inelastic? Justify your answer.	16

	Total marks for 3.2 Questions	83
29	What is meant by the term “socioeconomic group”?	2
30	Distinguish between niche and mass marketing	3
31	Explain how market mapping could help a business position its products.	5

32	Analyse one way in which a travel agent, with a marketing objective of increasing market share, might use the STP process.	6
Total marks for 3.3 Questions		<u> </u> /16
34	What are the seven elements of the marketing mix?	3
35	Explain why it is important for the elements of the marketing mix to complement each other.	4

36	<p>For each type of consumer good (convenience, shopping and speciality), which of the 7Ps do you think is the most important? Justify your decision.</p> <p>a. Convenience</p> <p>b. Shopping</p> <p>c. Speciality</p>	9
37	<p>Explain what is meant by each of the following product categories.</p> <p>a. Problem children</p> <p>b. Stars</p> <p>c. Cash cows</p> <p>d. Dogs</p>	8

38	Explain why a business may decide to stop producing a product categorised, according to the Boston matrix, as a dog.	4
39	What is meant by the term “balanced product portfolio”?	2
40	Explain the risks to a business of investment in new product development.	4
41	Explain why a business would want to have products at different stages of the product life cycle.	4
42	Explain the relationship between the product life cycle and the Boston matrix.	4

43	Explain why some products have a short or long product life cycle.	4
44	According to the Boston matrix, what are the characteristics of a product that is categorised as a problem child? A. Market share high, market growth high B. Market share high, market growth low C. Market share low, market growth high D. Market share low, market growth low	1
45	Explain one use of extension strategies by a manufacturer of energy drinks.	4
46	Analyse the usefulness of the Boston matrix to Sony.	9

47	To what extent do you think that having a balanced product portfolio is crucial to the long-term success of Sony?	16

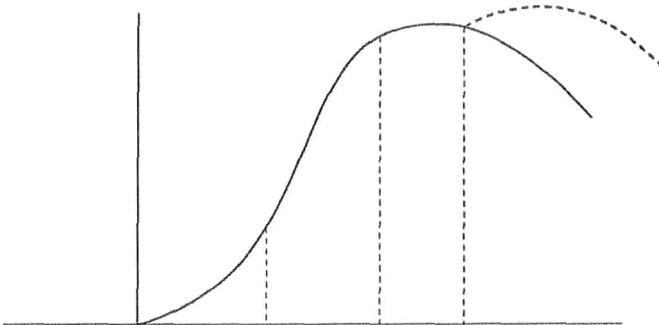
48	What is meant by the term “early adopter”?	2
49	<p>Meriel rents a small unit where she makes cupcake-shaped soaps. Her fixed costs, including rent and her own salary, are £3,000 per month. Each soap costs her £1.50 to make. She allocates her fixed costs between the 2,000 soaps she makes a month. She adds a 75% mark-up.</p> <p>Calculate Meriel's selling price. Show your workings.</p>	4
50	Explain one possible benefit to an electronics manufacturer of using price skimming.	4
51	What is meant by the term “branding”?	2
52	What is meant by the term “viral marketing”?	2
53	Explain why businesses might use a range of promotional activities.	5

54	Analyse one benefit of branding to a fashion retailer.	6
55	Explain what is meant by the term “physical market”.	2
56	Explain what is meant by the term “virtual market”.	2
57	Explain what is meant by the term “multi-channel distribution”.	2
58	What is the role of a wholesaler in the channel of distribution?	2
59	What is the role of a retailer in the channel of distribution?	2

60	Explain how technology has led to shorter channels of distribution in some industries.	5
61	<p>As the big four supermarkets — Sainsbury's, Tesco, Morrisons and Asda — battle to win customers, prices have been cut across thousands of products. In 2015 Sainsbury's announced a £150m programme aimed at improving its competitiveness. As part of the ongoing price war Sainsbury's cut the prices of over 1,000 of its most popular products. The result was an average 3% increase in sales volume of these products. It was not all good news, however, as total sales value fell by 0.396. The big four blame this on the increasing dominance of discount retailers Aldi and Lidl. Customers are hungry for a bargain and are shopping more online rather than showing brand loyalty. More and more customers are using convenience stores and online retailers to fit in with their busy lifestyles. On the bright side, Sainsbury's did see sales in its convenience stores rise by an impressive 14%.</p> <p>Analyse the reasons why Sainsbury's uses multi-channel distribution.</p>	9

62	To what extent is price more important than place in helping Sainsbury's improve competitiveness?	16
63	Explain the role of people in providing good customer service.	4

64	Explain the importance of a fully integrated marketing mix.	5
65	Explain the importance of physical environment to a high street fashion retailer.	5
66	Explain the importance of people to a high street chemist	5
67	Explain the importance of process to an online stationery retailer.	5

68	<p>Complete the diagram below to show the stages of the product life cycle.</p> 	6
69	<p>Complete the diagram below to show the categories of products on the Boston matrix.</p>	6
70	<p>What is meant by the term “positioning”?</p>	2

71	Analyse the possible influences on the marketing mix of a private dental practice	9
72	Essay — To what extent is the target market the most important influence on the marketing mix of a car manufacturer?	25
73	What is meant by e-commerce?	2
74	Explain one benefit to businesses of using digital marketing.	4
	Total marks for 3.4 Questions Including Essay	/185 <u>/210</u>

1	What is meant by the term “transformation process”?	2
2	Explain how a manufacturer of jeans can add value through the operations function.	4
3	Explain how conflict may exist between any two operational objectives, e.g. between costs and flexibility.	4
4	Explain one benefit to a large food manufacturer of setting operational objectives.	5

5	<p>Read the extract below and answer the question that follows.</p> <p>jaguar Land Rover prides itself on its ambitious targets which focus on sustainability and acting in a responsible manner. It seeks to add value and maximise customer satisfaction while minimising its negative impacts on the environment.</p> <p>Analyse the reasons why jaguar land Rover set ambitious operational objectives.</p>	9
	Total marks for 4.1 Questions	<u> </u> /24

Output	0 units	1,000 units	2,000 units	3,000 units
Fixed costs		£ 25,000		
Variable costs				£ 9,000
Total costs				
Cost per unit				
Number of employees	0	10	11	
Labour productivity				

6	What is meant by the term “quantifiable information”?	2
7	Complete the table below by filling in the blank cells. 20	18
8	A restaurant working at 80% capacity serves an average of 48 customers per lunch time. How many customers would it serve if it was operation at 95% capacity utilisation? A. 38 B. 46 C. 54 D. 57	1

9	<p>The following data apply to a medium-sized manufacturer.</p> <ul style="list-style-type: none">• Capacity = 185,000 units• Capacity utilisation = 70%• Fixed costs = £168,000• Variable costs per unit = £5 <p>Calculate the unit cost at 70% capacity utilisation (to 2 dp)</p>	5
	Total marks for 4.2 Questions	26

10	Analyse one benefit to a theme park of operating close to full capacity.	6
11	Analyse one disadvantage to a theme park of operating close to full capacity.	6
12	What is meant by the term “lean production”?	2
13	Explain how staff training could increase labour productivity.	4

14	Distinguish between labour-intensive and capital-intensive operations.	3
15	Explain one benefit to a clothes retailer of introducing a just-in-time inventory control.	5
16	Explain one disadvantage to a clothes retailer of introducing a just-in-time inventory control.	5
	Total marks for 4.3 Questions	<u> </u> /31

17	Distinguish between quality assurance and quality control.	3
18	Explain why the quality of a product will impact on a business's reputation.	4
19	Explain why maintaining a good relationship with suppliers can help a business achieve quality targets.	4
20	Analyse one benefit to a toy manufacturer of adopting a system of quality assurance.	6

21	<p>Read the extract below and answer the question that follows.</p> <p>Clutch problems led to a steep rise in the number of customer complaints at Harley-Davidson. This motorcycle manufacturer, in response, has taken steps to fix problems caused by air bubbles in the clutch system. The problem, if not rectified, could lead to rider's losing control of the bike</p> <p>Analyse the consequences of poor quality at Harley-Davidson.</p>	9

	Total marks for 4.4 Questions	<u> </u> /26
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22	What is meant by the term “mass customisation”?	2
23	Explain why producing to order may slow down the speed of response.	4
24	With reference to a baker, explain the three forms of stock a business may hold.	3
25	Explain one benefit to ayastro pub of producing meals to order	5

26	Analyse the benefits to an online book retailer of improved dependability.	9
27	Explain one benefit to a firm of holding a buffer level of inventory.	4
28	Explain one disadvantage to a firm of holding a buffer level of inventory.	4

29	<p>What is the buffer level of inventory?</p> <ul style="list-style-type: none">A. The time taken for a delivery to arriveB. The minimum stock a business aims to holdC. The maximum stock a business aims to holdD. The level at which new stock is ordered	1
30	<p>Analyse the benefits to a busy sandwich shop of managing inventory using inventory control charts on a daily basis.</p>	9
	<p>Total marks for 4.5 Questions</p>	<u>Q41</u>

No.	Question	No. Marks
1	What is meant by the term “shareholders’ funds”?	2
2	Explain one benefit to a business of setting cash-flow objectives.	4
3	<p>The data below relate to a printing company:</p> <ul style="list-style-type: none"> £2m investment in a new digital printer. Sales revenue generated from new printer = £5.6m Operating profit from new printer = £890,000 <p>Calculate the return on investment.</p>	3
4	Distinguish between cash flow and profit.	3

5	<p>Company A sells 2,500 wardrobes at £450 per wardrobe. The cost of materials is 40% of selling price. All other expenses average £100 per wardrobe.</p> <p>(a) What is Company A's gross profit?</p> <p>(b) What is Company A's operating profit?</p> <p>(c) What is Company A's operating profit as a percentage of sales revenue?</p>	<p>2</p> <p>2</p> <p>2</p>
	Total marks for 5.1 Questions	<u> </u> /18
6	Explain one benefit to a business of setting an expenditure budget.	4

	Budget (£)	Actual (£)	Variance (£)
Sales revenue	195,000	205,000	
Cost of sales	49,250	57,000	
Wages and salaries	58,500		3,500 F
Marketing	10,000	10,000	
Rent	35,000	35,000	
Utilities	4,500	5,200	
Other expenses		3,300	1,000 A

7	<p>An MOT and tyre centre set the following income and expenditure budgets for the first quarter of the year. At the end of the period it recorded the actual income and expenditure.</p> <p>a. Complete the table:</p>	7
	<p>b. What is the profit variance for the first quarter of the year?</p>	4

8	Analyse one benefit to a branch manager of a travel agents being set an income budget.	6
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9	Explain how market research may help a start-up business set an income budget.	4
10	Explain how competitors' actions may make it difficult for a music shop to accurately set a profit budget.	5
11	What is meant by the term "cash-flow forecast"?	2
12	Distinguish between payables and receivables.	3

	Month 1	Month 2	Month 3
Cash sales	115,000	125,000	130,000
Credit sales	11,000	22,000	25,000
Total cash inflows			
Cash out			
Wages and salaries	40,000	40,000	40,000
Raw materials	38,000	38,000	39,500
Rent and rates	11,000	8,000	8,000
Utilities	2,250	0	0
Administration costs	500	500	500
Other expenses	3,500	1,500	1,500
Total cash out			
Net cash flow			
Opening balance	(25,000)		
Closing balance			

13	Explain why negotiating credit terms from suppliers may help cash flow but have a negative effect on profit.	4
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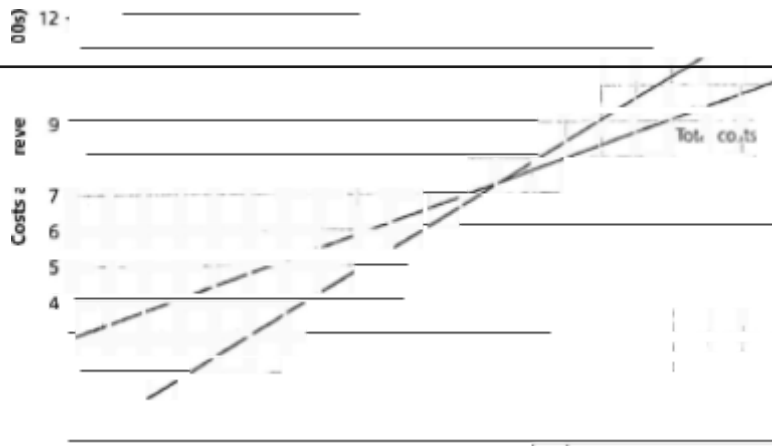
14	Complete the cash-flow forecast below: £ Cash in	14
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15	Analyse the benefits to an expanding business of constructing a cash-flow forecast.	9
16	Scoop is a manufacturer of luxury ice-cream. It sells tubs of ice-cream direct from its onsite café, at specialist food markets and also through local delicatessens and food stores. Analyse the possible causes of cash-flow problems to Scoop.	9

17	What is meant by the term “fixed costs”?	2
18	Explain one benefit to a firm of knowing its break-even level of output.	4
19	<p>A business changes its supplier which reduces its variable costs. The selling price and all other costs remain unchanged. Which one of the following will occur?</p> <ul style="list-style-type: none">A. Break-even level of output goes down and margin of safety goes downB. Break-even level of output goes down and margin of safety goes upC. Break-even level of output goes up and margin of safety goes downD. Break-even level of output goes up and margin of safety goes up	1

Total revenue	£600,000
Units sold	12,000
Variable cost per unit	£15
Fixed costs	£280,000

20	The table below refers to Company X	
	(a) What is the break-even level of output?	4
	(b) What is the margin of safety?	2
	(c) What is the profit?	4



21	<p>The break-even chart below is for Barefoot Ltd. This should be used to answer questions a-e.</p> <p>(a) What is the break-even level of output?</p>	1
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	<p>(b) What is the total variable cost when output is 20 units?</p> <p>(c) What is the profit when output is 18 units?</p> <p>(d) Draw a new total cost line (labelled TC1) to show what would happen if fixed costs rose to £4,000.</p> <p>(e) With fixed costs now totalling £4,000, what is the new margin of safety if 20 units are sold?</p>	<p>3</p> <p>3</p> <p>2</p> <p>2</p>
22	What is meant by the term “profitability”?	2
23	Explain why profitability is a better measure of a business’s financial performance than profit.	4

	The Red Company	The Blue Company
Sales revenue	£1.45m	£350,000
Gross profit	£0.52m	£200,000
Expenses	£0.38m	£150,000

24	<p>The table below shows an extract from the income statement of two business.</p> <p>(a) Based on gross profit margins which business is the most profitable? Use calculations to support your answer.</p> <p>(b) Based on operating profit margins which business is the most profitable? Use calculations to support your answer.</p>	<p>4</p> <p>5</p>
	Total marks for 5.2 Questions	<u>114</u>

25	<p>For each of the following requirements identify and justify an appropriate source of finance.</p> <p>(a) A farmer wants to purchase a new tractor.</p> <p>(b) A market trader needs to replenish stock holdings.</p>	<p>4</p> <p>4</p>
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	<p>(c) A limousine hire company has a negative closing cash balance on its cash-flow forecast</p> <p>(d) A start-up business wants to design an e-commerce site.</p>	<p>4</p> <p>4</p>
26	Explain one advantage to a business of using debt factoring.	5
27	Analyse the benefits to a start-up entrepreneur of using venture capital as a source of finance.	9

28	<p>Read the information below and answer the questions that follow.</p> <p>Mr Sherick's Shakes was set up by Andrew Sherick, an experienced senior buyer for M&S. He spotted a gap in the market for high-quality luxury milkshakes for adults. The milkshakes, made with top-quality ingredients such as chocolate cookies and soft caramel pieces, have been launched in a wide range of stores across the UK including Waitrose, Harrods and Selfridges.</p> <p>Andrew looked to raise £250,000 in order to help build a strong brand, in return for a 23% equity. His crowdfunding was successful, in fact he was over-funded with in excess of 280 investors. The largest single investment was £125,000. Andrew has an exit strategy for 3 to 5 years' time. The ready-to-drink flavoured milk category in the UK was worth approximately £180m in 2015 and growth is forecast to be 19% per annum.</p> <p>(a) Calculate the forecast size of the ready-to-drink flavoured milk category in the UK in 2016.</p> <p>(b) Analyse the possible benefits to Mr Sherick's Shakes of using crowd-funding as a source of finance.</p>	<p>2</p> <p>9</p>

	Total marks for 5.3 Questions	<u> </u> /41
29	Explain why a business may be willing to offer long payment terms to customers.	4
30	Explain why inadequate credit control may lead to a profitable business suffering cash-flow problems.	4
31	What is meant by the term “overdraft”?	2

32	Explain one disadvantage to a business of offering shorter payment terms to customers.	4
33	Explain why a small house builder may find it difficult to negotiate longer payment terms with suppliers.	5
34	Explain why a small house builder may find it difficult to negotiate quicker payment terms for customers.	5
35	ESSAY — To what extent will any actions taken to improve cash flow in the short term inevitably lead to lower profits in the longer term?	25

	Marketing	Finance	Operations management	Human resources

36	Explain with the use of a numerical example what would happen to demand if the price of a good with a price elasticity of demand of -0.8 was lowered by 5%.	4
37	What is meant by the term “capacity utilisation”?	2
38	Explain how increasing the training budget could result in a rise in profitability.	4

39	Complete the table below to show two methods by which each functional area could make changes to improve profitability.	8
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40	<p>Read the extract below and answer the question that follows.</p> <p>For Hornby, the owner of Airfix and Scalextric, the last few years have seen tough trading conditions and disappointing financial performance. The reported losses were partially blamed on problems with suppliers. However a series of business decisions see the business set to return to profit. These decisions include:</p> <ul style="list-style-type: none"> ● change of supplier ● new head office ● rationalisation of the European warehouses ● management restructuring <p>To what extent do you think these decisions will restore the financial performance of Hornby?</p>	16
	Total marks for 5.4 Questions	58 /83

	Including essay	
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No.	Question	No. Marks
1	Distinguish between talent development and training.	3
2	Explain one reason why it might be difficult to always match employees' numbers of skills to a business's needs.	4
3	Explain the interrelationship between any two human resource objectives.	4
4	Analyse the benefits to a high street bank of setting human resource objectives.	9

5	What is meant by the term “autocratic leadership”?	2
6	What is meant by the term “democratic leadership”?	2
7	Explain one benefit to a restaurant of adopting a soft HRM approach.	5

8	Explain one benefit to a restaurant of adopting a hard HRM approach.	5
Total marks for 6.1 Questions		<u> </u> / 34
9	What is meant by “staff retention”?	2
10	Explain the likely relationship between labour productivity and labour costs per unit.	4
11	Explain how a rise in the minimum wage may affect any one measure of workforce performance.	4

12	<p>The following data apply to a manufacturing business:</p> <ul style="list-style-type: none"> • Setting price: £45 per unit Total output: 30,000 units Total costs: £850,000 Labour costs account for 40% of total costs • Average number of employees: 17 <p>(a) What is labour productivity?</p> <p>(b) What is labour cost per unit?</p> <p>(c) What are employee costs as a percentage of turnover?</p>	<p>2</p> <p>2</p> <p>3</p>
13	Analyse the benefits of having low levels of labour turnover.	9

	Total marks for 6.2 Questions	<hr/> /6
14	What is meant by the term “empowerment”?	2
15	What is meant by the term “job rotation”?	2
16	Explain one way in which job rotation may lead to greater employee engagement.	4

17	Explain how an understanding of Hackman and Oldham's model might help a business achieve one of its human resource objectives.	4
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18	<p>According to Hackman and Oldham's five job characteristics, which one defines the degree to which an individual is responsible for the completion of a specific task?</p> <p>A. Skill variety B. Task identity C. Task significance D. feedback</p>	1
19	<p>What is meant by a narrow span of control?</p>	2
20	<p>Explain why clear organisational design might help a business achieve its human resource objectives.</p>	4
21	<p>Analyse the benefits to a chain of used car showrooms with ten branches of delegating authority for human resource management to the branch managers.</p>	9

Unit 6 — Human Resources

22	What is meant by the term “training”?	2
23	What is meant by the term “recruitment”?	2
24	Distinguish between internal and external recruitment.	3
25	Analyse the benefits to a supermarket chain of training all junior employees.	9

26	<p>Read the extract below and answer the question that follows:</p> <p>In 2015 Tesco, Britain's biggest retailer, suffered its worst results in history, reporting a £6.4bn loss. This prompted a strategy of cost-cutting with new Chief Executive Dave Lewis announcing closure of 43 stores, including six HomePlus stores. The closure of these six stores would potentially lead to 450 job losses. Mr Lewis said that his priority was to explain to all employees what this would mean to them and, where possible, offer new roles within the organisation to those affected.</p> <p>Analyse the possible consequences to Tesco of redeploying the workers affected by the closure of the six Home Plus stores.</p>	9
	Total marks for 6.3 Questions	____/58

27	Explain the relationship between motivation and labour productivity.	4
28	Explain the relationship between motivation and labour turnover.	4
29	What is a time and motion study?	2
30	What is meant by “piece rate”?	2
31	State one type of job where you think Taylor’s theory of motivation is likely to be true.	1
32	What is meant by the term “esteem needs”?	2

Unit 6 — Human Resources

Need	Example
Physiologic al	
Set(ac tualisat ion	

33	What is meant by the term “self-actualisation”?	2
34	<p>Complete the table below to show one example of how each need can be met:</p> <p>Security</p> <p>Social</p>	4
35	Distinguish between hygiene and motivating factors according to Herzberg.	3
36	Distinguish between job enrichment and job enlargement.	3

37	Explain how team work might improve employee engagement.	4
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38	<p>Which one of the following statements is true about Maslow's theory of motivation?</p> <ul style="list-style-type: none">A. Hygiene factors create dissatisfaction if not presentB. Motivating factors will only be effective if hygiene factors are already satisfiedC. Once social needs have been met an employee can be motivated by the opportunity to achieve security needsD. An employee who has satisfied their social needs can be motivated by an opportunity to meet their self-esteem needs	1
39	<p>Analyse how an engaged workforce can improve performance in a fitness centre.</p>	9
Total marks for 6.4 Questions		<u> </u> /41

Unit 6 — Human Resources

40	Distinguish between a trade union and a works council.	3
41	What is meant by the term “collective bargaining”?	2
42	What is meant by the term “industrial action”?	2
43	State two methods of industrial action.	2
44	Explain one cost to a business of industrial disputes.	4
45	Explain one benefit to a small, independent gym of involving employees in decision-making.	4

46	Analyse the benefits of introducing work councils at a car rental company with five offices in the southeast of England.	9
47	ESSAY — To what extent is it crucial for all manufacturing firms to encourage employees to join a trade union in order to ensure good employer-employee relations?	25
48	<p>Read the extract below and answer the questions that follow</p> <p>Pret A Manger</p> <p>sandwkh chain Pret A Mar\ger prides itself on its quality Ingredients and friendly slat. All of its coffee and milk are love nrganlc and all meal and dairy prcduds are farn1ed to British Farm Assurance Standards. Sandwiches am made fresh every day either at lichens bull! in, or close lo, every store. Al lhe cnJ of each day any lcJlover stcck is nut kepl to s2ll on the next day but given away to charities</p> <p>The company appears to have a winning formula. In 2012 profit was up by 17% tu £film and revenue also up by 17'.¥ to Ct4.3m, Not only are profits gcx><J b\it lhey are also keen to look after stakeholders. J"hc CEO, Clive Schlee, has tnld staff to glve away cups of coffee In 'acts of random kindness',</p> <p>PtetA Mangerhasadearsnucureinpaceto <tatnandlookaRerMlofi1stmpoyeen1n]0t4D eslahlished a new Pret /\cadcmv and sincC then has trained over 10,000 employees The purpose is to ensure that all employee.s have the skills and confidence lo perform their rolcs successftilly. 5\lpport ls undoing with all team members having regular development meetings with managers. All 5,000-plus employees are part of the performance-related pay scheme. General managers, who on average earn f40,80o per annum, can earn up to 30a of their annual salary in bonuses. Pret A ptangcr believes in rewarding those managers who maintain high standards, build sales and manage thclr teams to ensure a quality service 1s provided, Each team member is glven</p> <p>fhc opportunity lo learn ncw skills and progrcs rrom team member to leader and then</p>	

	onto manager. Mbour turnover, however, is high at around 64%.	
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	(a) Calculate Pret a Manger's operating margin in 2012.	4
	(b) Analyse the importance of quality to Pret a Manger	9
	(c) To what extent is training the most important factor in ensuring motivated and engaged employees at Pret a Manger?	16
	Total marks for 6.5 Questions Including essay	<u> </u> /55 <u> </u> /80

