

Paper Reference 8BS0/02  
Pearson Edexcel  
Level 3 GCE

**Business**  
**Advanced Subsidiary**  
**Paper 2: Managing business activities**

Friday 25 May 2018 – Afternoon

**Data Book**

In the boxes below, write your name, centre number and candidate number.

Surname					
Other names					
Centre Number					
Candidate Number					

## INSTRUCTIONS

There may be spare copies of some data sheets in case you need them.

**THIS DATA BOOK *MUST* BE RETURNED WITH THE QUESTION PAPER AT THE END OF THE EXAMINATION.**

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## Question 1

**Extract A****Kendal Mint Cake manufacturer to close**

Cake manufacturer JE Wilson & Sons Ltd is to close after more than a century of production. The company makes several products, but is most famous for making Kendal  
5 Mint Cake, a sugar-based confectionery item flavoured with peppermint.

JE Wilson & Sons Ltd's move to a new purpose-built factory in 2013, designed to improve efficiency, actually resulted in poor capacity utilisation. Trends in the wider  
10 confectionery market, away from products with a high sugar content, have led to declining sales of Kendal Mint Cake. This, together with the rise in the price of raw materials such as sugar, led to the company making large losses. The move to the new factory also created serious  
15 cash-flow problems for the company.

**JE Wilson & Sons Ltd failed in February 2016**

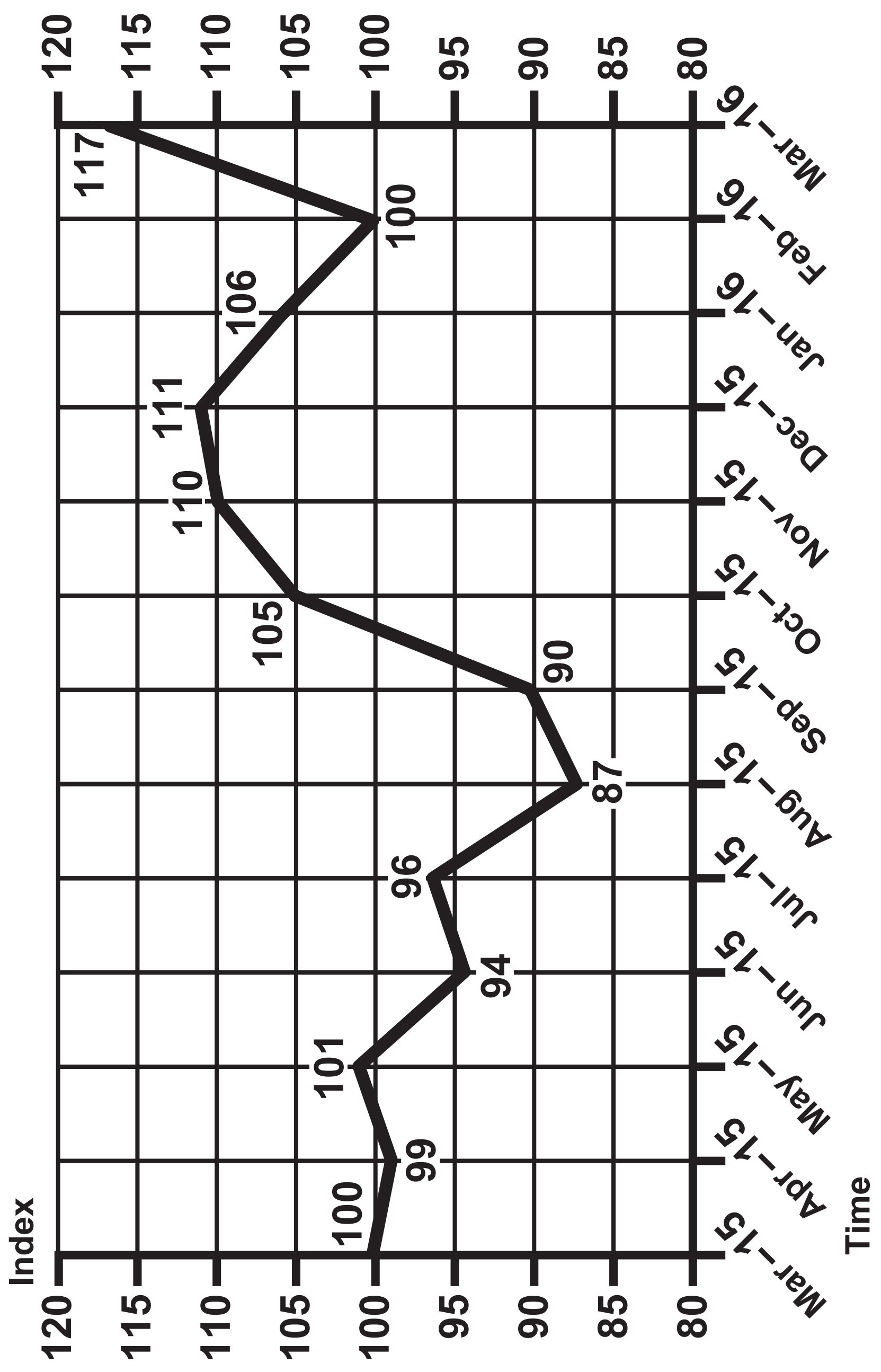
**(Source: adapted from © Telegraph Media Group Limited 2017)**

Question 1

Extract B

World sugar price rises

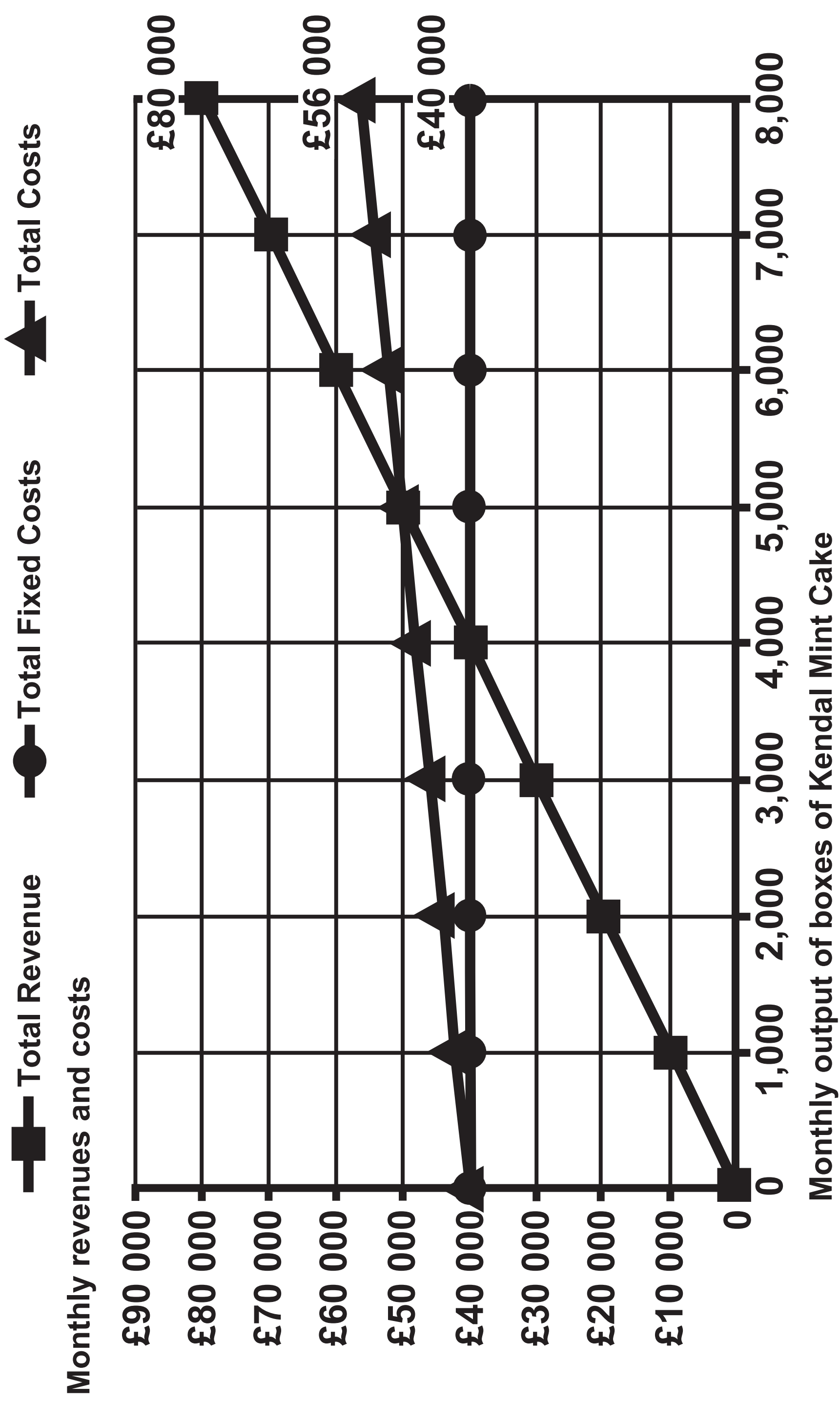
Index of world sugar price March 2015 – March 2016 (March 2015 = 100)



(Source: drawn using data from [http://www.imf.org/external/np/res/commmod/External\\_Data.xls](http://www.imf.org/external/np/res/commmod/External_Data.xls))

Question 1

Figure 1



## Question 2

## Extract C

## Willie's Cacao Ltd

Willie's Cacao Ltd was founded in **1996** when Willie Harcourt–Cooze decided to buy a cocoa farm in Venezuela. His aim was to produce the finest chocolate possible using  
5 only the highest quality Criollo cocoa beans.

Once harvested, the cocoa beans are then transported to Willie's factory in East Devon where they are turned into the highest quality chocolate products. The production process is lengthy and capital intensive. The factory  
10 uses old–fashioned chocolate manufacturing machinery, since Willie believes that it adds flavour to the chocolate. Wherever possible, Willie uses lean production methods, providing they do not compromise the taste of the product.

Willie's Cacao Ltd's chocolate products are sold to  
15 high–end retailers in the UK, such as Waitrose and Selfridges. A Willie's Cacao **50** gram chocolate bar is sold at a price of **£1·90**, whilst a **50** gram Cadbury's Dairy Milk chocolate bar is sold at a price of **85** pence.

(Source: adapted from <https://onthecocotrail.com/2013/12/31/willie-and-the-chocolate-factory/>)

## Question 2

## Extract D

**Selected information from Willie's Cacao Ltd's 2016  
Statement of Financial Position**

	£
<b>Non–current assets</b>	<b>238 294</b>
<b>Current assets</b>	<b>1 177 472</b>
<b>Current liabilities</b>	<b>445 718</b>
<b>Non–current liabilities</b>	<b>125 552</b>
<b>Inventory</b>	<b>666 386</b>
<b>Net assets</b>	<b>844 496</b>

(Source: adapted from © Market Footprint Ltd)



## Question 3

## Extract E

## AO.com

- AO.com is a Bolton–based online retailer of large domestic appliances, such as washing machines and fridge–freezers. The company was set up in 2000
- 5 by John Roberts following a £1 bet with a friend that he could dramatically change the way large domestic appliances were purchased in the UK. AO.com uses the internet to distribute its domestic appliances and does not use retail stores.
- 10 In 2014, AO.com raised capital through a stock market floatation and has grown its market share in the UK, taking sales from rivals such as Currys Digital. In 2015, the company started television advertising in the UK, using the slogan ‘AO – let’s go’, in order to increase brand
- 15 recognition and sales. AO.com intends to improve its low profitability.

(Source: adapted from <http://ao.com/corporate/about-ao/history/>)