

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 Mint Cake, a sugar-based confectionery item flavoured with peppermint.

5

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 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 cash-flow problems for the company.

10

JE Wilson & Sons Ltd failed in February 2016

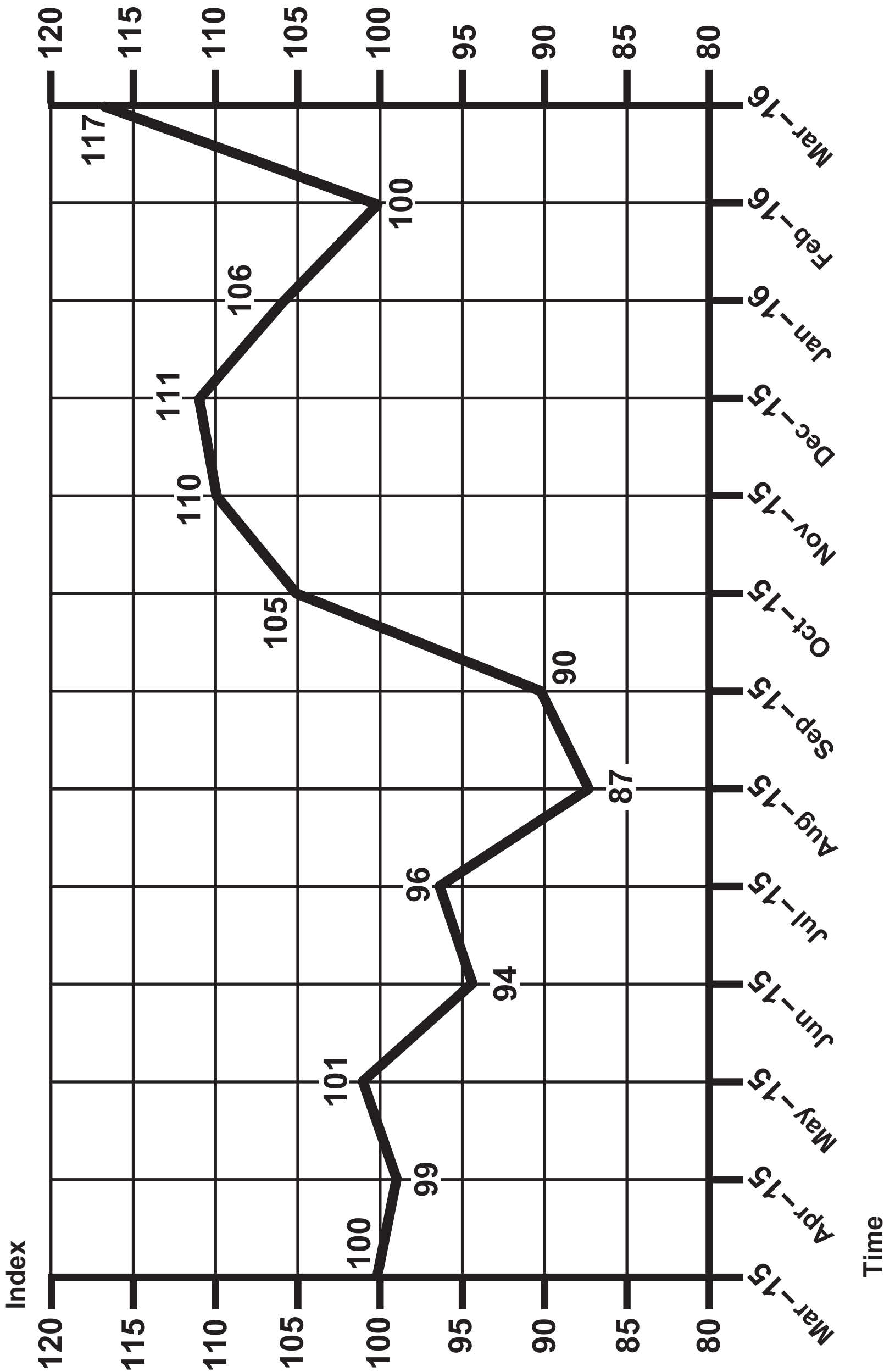
(Source: adapted from © Telegraph Media Group Limited 2017)

Question 1

Extract B

World sugar price rises

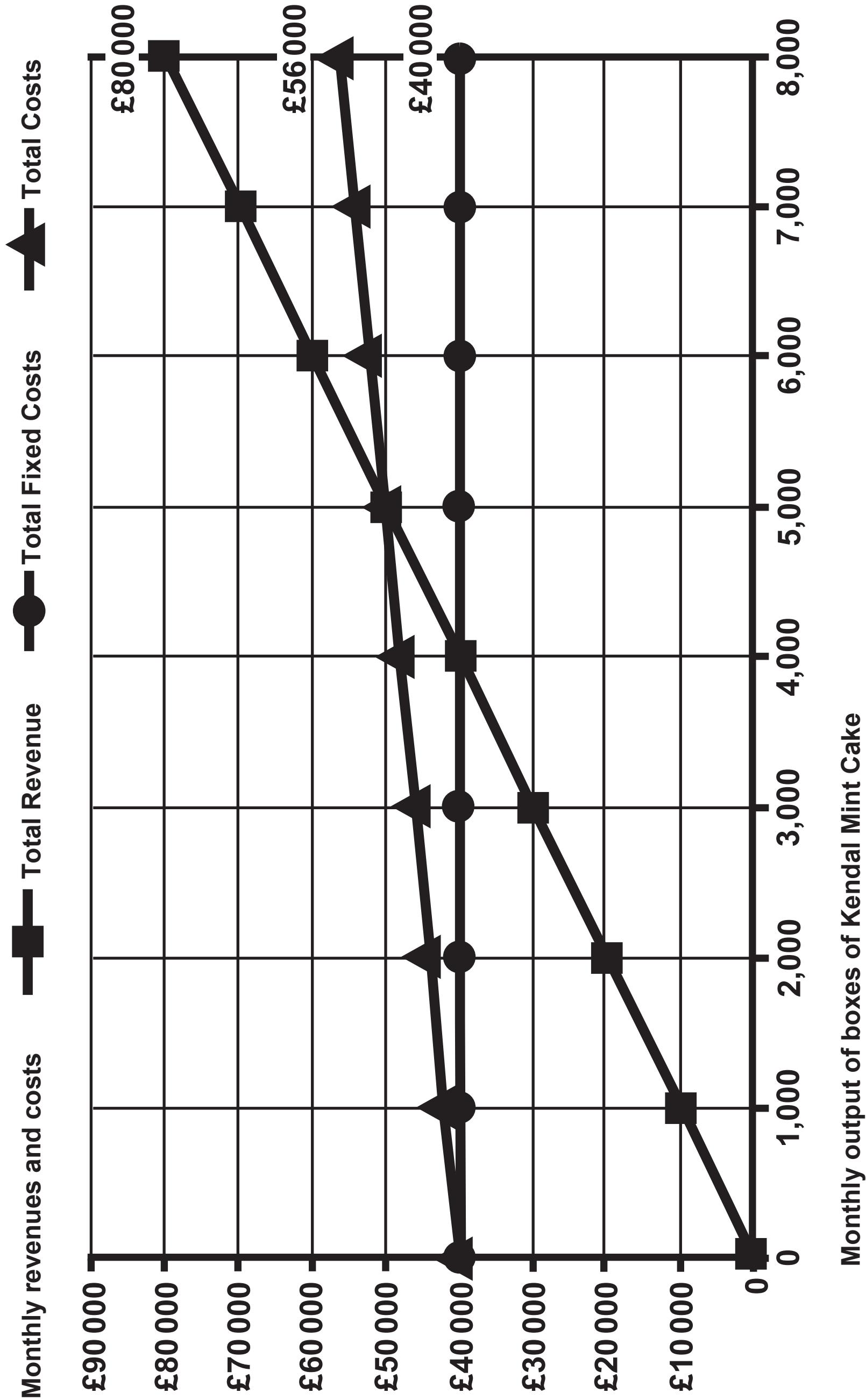
Index of world sugar price March 2015 – March 2016 (March 2015 = 100)



(Source: drawn using data from http://www.imf.org/external/np/res/commod/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 only the highest quality Criollo cocoa beans.

- 5 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 uses old–fashioned chocolate manufacturing machinery, since Willie believes that it adds flavour to the chocolate. Wherever possible, Willie uses lean production
- 10 methods, providing they do not compromise the taste of the product.

Willie's Cacao Ltd's chocolate products are sold to 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://onthecocoatrail.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

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

(Source: adapted from © Market Footprint Ltd)

Question 3

Extract E

AO.com

5 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 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 recognition and sales. AO.com intends to improve its low profitability.

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