

Paper Reference 9BS0/02

Pearson Edexcel

Level 3 GCE

Business

Advanced

**Paper 2: Business activities,
decisions and strategy**

Monday 11 June 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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Section B

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Extract A

Mumtaz Food Group

Mumtaz is an Asian food producer in Bradford. It is a private limited company owned and run by the Akbar family. Established as a takeaway restaurant in 1979, it now owns three restaurants and food processing factories that make ready meals. It has always used internal finance to establish and grow the business.

Mumtaz has sales revenues of around £25 million. Unlike many of

(continued on the next page)

Extract A continued.

**its rivals that produce ready meals
15 for the supermarkets' own label
brands, Mumtaz sells most of its
products under the Mumtaz premium
brand name. Asda, Morrisons and
Tesco are among the supermarkets
20 that sell Mumtaz products and they
are also sold in more than
40 countries. The ready meals part
of the Group is growing by 15–20%
a year.**

**25 In 2006, a new product range of
Halal baby food was launched after
Mumtaz became aware of how
difficult it was for Muslim parents to**

(continued on the next page)

Extract A continued.

**30 find Halal baby food. Today, roughly
half of all Mumtaz baby food is
bought by non–Muslim customers.**

**35 Mumtaz intends to continue to
expand by organic growth. It
recently opened a second factory
in Bradford to meet the increased
demand for its ready meals. It is also
considering setting up manufacturing
operations in Asia.**

**(Source: adapted from © 2017 Johnston
Publishing Ltd)**

Extract B

Cost, sales and revenue data for a food producer

Annual fixed costs	£3 million
Selling price per unit	£5
Variable cost per unit	£2
Number of units sold	1·5 million

Extract C

UK Economic data for 2016 and forecasts for 2020

Economic indicator	2016	2020
Economic growth (change in GDP)	0·5%	1%
Inflation	1·2%	2·7%
Unemployment	4·8%	6·5%
US\$ to the £ exchange rate	1·23	0·99

(Source: adapted from www.tradingeconomics.com/united-kingdom/forecast)

Extract D

The UK ready meals market

The UK ready meals market grew by 2% in volume and value in 2016

5 Sales of ready meals benefitted from the trend towards premium products amongst consumers. The popularity of ready meals was due to their convenience, as well as the growing number of single-person
10 households.

Supermarkets' own label products remained the leader in ready meals with a combined 68% market share,

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Extract D continued.

**15 with Tesco having the highest
percentage of 18%. Retailers offer
different recipes which, in turn,
help them to meet a wide range of
consumer tastes. Supermarkets'
own label products also rely heavily
20 on price discounts and promotional
offers in order to attract more
price-sensitive buyers.**

**Convenience is likely to be an
important factor in driving sales of
25 ready meals, but so is the
introduction of new product ranges.**

**(Source: adapted from © 2017
Euromonitor)**

Extract E

The business failure of MG Rover Group

5 The MG Rover Group was the last UK-owned mass-production car manufacturer in the British motor industry. The company failed in 2005

10 MG Rover Group did not produce new and improved cars and its existing brands, such as ‘Triumph’ and ‘Rover’, competed with each other. The original Mini, which was produced by MG Rover Group,

(continued on the next page)

Extract E continued.

**15 sold in millions of units but never
made much profit because of its
high production costs. Also, UK
consumer tastes were rapidly
changing as they preferred new
foreign cars.**

**(Source: adapted from © 2014 Nomura
Research Institute, Ltd)**

Extract F

Production and wage cost data
for a car manufacturer

Monthly output	20,000 cars
Number of production workers	400
Labour cost per worker per month	£2 000

Extract G

Toyota test drives a new hybrid

5 Toyota shareholders last week approved the issue of 50 million new shares – and not just any new shares.

10 The new ‘Model AA’ shares must be held for five years and cannot be sold earlier. Toyota will pay a guaranteed dividend that increases each year through the five–year period. At the end, shareholders can sell the shares back to the company at the price they paid, or convert them to ordinary shares.

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Extract G continued.

**15 The idea, according to the company,
is to raise \$4 billion from long-term
investors, so that Toyota can invest
in the car of the future. Applications
for the shares were about 10 times
20 more than the amount on offer. The
firm's managers see this investment
as a response to short-termism.
Sheltered from some of the pressure
to drive the share price up
25 immediately, Toyota's managers will
be able to look further ahead.**

**Some business analysts have
criticised these shares for giving
managers too much protection from**

(continued on the next page)

Extract G continued.

30 the demands of shareholders.

**(Sources: adapted from © 2017
Bloomberg L.P and © Crain
Communications, Inc)**

Extract H

Changes at Volkswagen (VW)

VW aims to create 9,000 new jobs as it shifts to self-driving cars. The new Chief Executive, Matthias Müller, said
5 it was “the biggest modernisation programme in the history of the group’s core brand. The VW brand needs a real shake-up”.

During a presentation at the
10 Paris Motor Show, Matthias Müller said that VW has teamed up with Gett – a rival to Uber – to create a self-driving mobility service for businesses.

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Extract H continued.

15 In 2016, VW cut 30,000 jobs globally, partly due to the falling popularity of its diesel cars. This was a consequence of VW being fined \$15 billion for cheating in

20 emission tests on its diesel cars. The VW brand was struggling even before the emissions scandal damaged its reputation. It had weak profitability, high labour costs and a

25 complex organisational structure.

(Sources: adapted from © Independent Digital News and Media Ltd and © Associated Newspapers Ltd)