

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 its rivals that produce ready meals 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 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.

In 2006, a new product range of Halal baby food was launched after Mumtaz became aware of how

(continued on the next page)

Extract A continued.

20 difficult it was for Muslim parents to find Halal baby food. Today, roughly half of all Mumtaz baby food is bought by non–Muslim customers.

25 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. 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 households.

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

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

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
10 MG Rover Group, 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

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

- 5** 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
- 10** company at the price they paid, or convert them to ordinary shares.

- 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
- 15** for the shares were about **10** times 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 immediately, Toyota’s managers

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Extract G continued.

20 will be able to look further ahead.

Some business analysts have criticised these shares for giving managers too much protection from 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 it was “the biggest
5 modernisation programme in the history of the group’s core brand. The VW brand needs a real shake-up”.

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

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
15 for cheating in 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 complex organisational structure.

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