

Paper Reference 8BS0/02
Pearson Edexcel
Level 3 GCE

Business
Advanced Subsidiary
Paper 2: Managing Business Activities

Thursday 23 May 2019 – 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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Extract A

Fevertree Drinks plc: A British success story

- Fevertree sells 14 different premium drinks. Its most popular products are tonic water and ginger ale. Each drink is made from the finest ingredients, such as quinine and ginger, both of which are imported. In 2016, 44·7% of Fevertree's sales were made in the UK with the remainder of sales from exports. The export market has grown by more than 40% since 2015**
- 10 Fevertree does not own any factories; it uses independent bottling and canning factories in the UK to produce its drinks. Fevertree arrange for the ingredients and packaging materials to arrive before the flow production process starts.**
- 15 Independent factories are keen to accept Fevertree's work since it improves their own margin of safety.**

(continued on the next page)

Extract A continued.

In 2014, Fevertree's shares were floated on the stock market at £1·34 per share. This raised
20 £4 million of extra capital for the company. Since then, Fevertree's share price has risen by 1,646% to £23·40

(Source: adapted from <http://www.cityam.com/1415066650/fever-tree-shrugs-market-woe-bigger-expected-float> and <http://fevertree1.d3r-cdn.com/pdfs/original/3094-fevertree-ar-2017-web-ready.pdf>)

Extract B

Selected information from Fevertree Drinks plc's Statement of Comprehensive Income (2016)

	£
Revenue	102 237 354
Cost of sales	(45 815 263)
Other operating expenses	(22 049 714)
Interest	(70 497)
Profit for the year (net profit)	34 301 880

(Source: adapted from <http://fevertree1.d3r-cdn.com/pdfs/original/3094-fevertree-ar-2017-web-ready.pdf>)

Extract C

Brantano Ltd collapses

Brantano was a value footwear retailer that failed in March 2017. It had 73 stores across the UK and sold shoe brands such as Reebok and Skechers.

- 5 Increased competition in the footwear market was one of the causes of the failure, as a wider range of shoes was being sold by retailers and supermarkets, such as New Look and Sainsbury's.

- 10 In the months before March 2017, Brantano's suppliers removed their trade credit facility and insisted it paid cash for stock in advance of any delivery. This resulted in liquidity problems and reduced Brantano's working capital. The removal of trade credit also forced Brantano to rely on the
- 15 remaining buffer stock held in its warehouse to supply its shops.

Following the UK's decision to leave the European Union, economic uncertainty was also blamed for the collapse of the company.

(Source: Copyright Guardian News & Media Ltd 2018)

Extract D

Selected information from Brantano Ltd's Statement of Financial Position (2015)

	£000s
Non-current assets	8 502
Current liabilities	16 536
Cash and cash equivalents	2 343
Inventory	20 250
Debtors	8 154
Net assets	10 577

(Source: Crown copyright)

Extract E

Tesco attempt to improve profitability in a challenging market

Tesco has been in a price war with other supermarkets such as Lidl and Aldi. This has
5 caused its market share to fall from 31·2% to 27·8% in 2017. Sainsbury's, the second largest supermarket, only has a market share of 16·0%

In May 2017, Tesco announced that it was going to lower the prices of thousands of products to
10 improve its competitiveness, with products such as vegetables being reduced by 5%

Tesco has increased the amount of innovation within the business. Customers can now download the PayQwiq app to their mobile phone, which
15 allows them to pay for their grocery shopping by touching their phone against a checkout card reader. Existing contactless payment technology limits such transactions to a maximum of £30

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Extract E continued.

20 Tesco has also introduced a Bring Your Own Device (BYOD) scheme, where employees can download an app onto their mobile phones. The app allows Tesco employees to scan barcodes and provide price and stock availability information to customers.

(Sources: adapted from <http://www.essentialretail.com/in-store-ops/article/570f6ff5c7313-five-ways-tesco-is-approaching-retail-technology> and <https://www.kantarworldpanel.com/en/grocery-market-share/great-britain>)