

Surname		Other Names	
Centre Number		Candidate Number	

For Examiner's Use

General Certificate of Education
Practice Exam Paper – Paper TUT-BUSS2-2
 Advanced Subsidiary Examination

BUSINESS STUDIES
Unit 2 Managing a Business

BUSS2



For this paper you must have:

- A calculator

Time allowed: 1 hour 30 minutes

Instructions

- Use blue or black ink or ball-point pen
- Fill in the boxes at the top of this page
- Answer all questions
- Answer the questions in the spaces provided
- Do all rough work in this book. Cross through any work that you do not want to be marked
- If you need additional space, you should continue your answers at the end of this book, indicating clearly which question you are answering

Information

- The maximum mark for this paper is 80
- Questions should be answered in continuous prose, except those requiring calculations. You will be marked on your ability to use good English, to organise information clearly and to use specialist vocabulary where appropriate.
- The marks for questions are shown in brackets

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Question	Mark	Question	Mark
1			
2			
Total (Column 1)			
Total (Column 2)			
TOTAL			
Examiner's initials			

Please note – this is a practice exam paper only, prepared by tutor2u to help students practice exam-style questions as part of their revision for AQA AS Business Studies Unit 2.

Answer **all** questions in the spaces provided.

1 Read the **case study** below and then answer the questions that follow.

Clear Plastic Solutions

Clear Plastic Solutions (CPS) makes windows – but not the kind you’ll find in houses! CPS makes the perfectly clear, durable plastic windows used for the screens of mobile phones and a variety of other hand-held electronic devices.

The plastic injection-moulding process used by CPS to make windows for customers such as Nokia and Blackberry is highly specialised. It requires world class standards of quality, and high grade supplies of plastic resins and other materials, to produce faultless components which meet the stringent quality requirements of those blue-chip brands. Using a system of quality assurance, CPS has established itself as one of the few injection-moulders in the world that can produce plastic components to such exacting standards.

Much of the value added by CPS is due to the highly-skilled workforce that CPS has built at its factory in Slough. Continuous on-the-job training combined with a successful apprentice scheme and generous productivity-related bonuses, has meant that CPS enjoys low staff turnover and good industrial relations. According to Managing Director Jeremy Bright, the combination of high production quality and staff training is critical to the success of the business.

Jeremy is now reviewing the 2010 budget for CPS and has identified several issues that he wants to resolve at the forthcoming board meeting.

CPS is a capital intensive business. The moulds and tooling required to produce a single plastic component can often cost over £200,000 and CPS has struggled to get customers to pay up-front for this cost until they have proved they can manufacture to the right quality.

Jeremy is also concerned about the maturity of the markets in which CPS’s customers operate and the effect of the global economic slowdown. Conversations with management at Nokia and Blackberry have left Jeremy concerned that the sales growth assumed in the 2010 budget will prove challenging. Sales Director Rupert Brown has prepared a board paper arguing that CPS needs to invest in new product development in order to reduce the business reliance on sales to multinationals such as Nokia and Blackberry.

Finally, there are several variances from the 2009 budget which Jeremy does not fully understand and he has asked Finance Director Bruce Proctor to explain them in advance of the meeting.

All data in £'m	Budget	Actual	Variance	F or A
Sales	25,000	24,000	-1,000	A
Raw materials	13,000	11,500		
Production overheads	5,500	5,700		
Marketing	1,600	2,100	500	A
Other overheads	2,900	3,300	400	A
Net profit	2,000		-600	A

- (a) (i) Complete the missing data in the 2010 budget statement and state one benefit of using budgeting at CPS

All data in £'m	Budget	Actual	Variance	F or A
Sales	25,000	24,000	-1,000	A
Raw materials	13,000	11,500		
Production overheads	5,500	5,700		
Marketing	1,600	2,100	500	A
Other overheads	2,900	3,300	400	A
Net profit	2,000		-600	A

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(5 marks)

Answer **all** questions in the spaces provided.

2 Read the **case study** below and then answer the questions that follow.

Moonpig

Moonpig has revolutionised the way that greetings cards are sold in the UK.

Choosing a birthday, anniversary or seasonal card has always been a personal choice. But until the arrival of the Internet, customers were restricted to the choice of cards offered by the high street stationers, newsagents and card shops. Now, the distribution channels for greetings cards have been transformed by online technology.

Moonpig has taken full advantage of new technology to create a new segment of the card market – personalised cards. To Nick Jenkins, the founder of Moonpig, greetings cards were an attractive product to sell online. Not only are they light and small but greeting cards also have a very high profit margin.

With Moonpig, customers select from a wide range of card templates and then personalise all elements before the completed card is despatched the same day. Since all customer orders are personalised, Moonpig only needs to print the finished products rather than carrying stocks. All sales are paid for at the time of ordering too, which also helps cash flow.

However, the printing machinery and computer systems required to drive the online process are complex and expensive. Allowing too for the overheads of running a head office and attracting customers through promotion, it was four years before Moonpig reached breakeven. Nick raised substantial amounts from venture capitalists in order to finance start-up losses and capital investment in the Moonpig idea.

One challenge for Moonpig is to achieve a successful promotional mix in a competitive market. Since it has no retail distribution, Moonpig initially relied on direct marketing using email as the main promotional method. Public relations campaigns were also successful in building the customer base.

However, the big breakthrough came when Moonpig decided to start advertising on daytime television. Though expensive, the distinctive advertising campaigns enabled Moonpig to reach a huge mainstream audience, driving thousands of new customers to the Moonpig website.

When he founded Moonpig, Nick Jenkins was involved in all aspects of the operation. As the business developed and grew in size, Nick soon realised that he needed to expand the management team. His approach was simple – to recruit specialist managers who were much better than him at each functional area. The result was a talented management team with specialist skills operating in clearly defined workforce roles.

