

Surname		Other Names	
Centre Number		Candidate Number	

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General Certificate of Education  
**Practice Exam Paper – Paper TUT-BUSS2-3**  
 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

For Examiner's Use			
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.**

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

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

### Premier Prepared Foods

Curries, pasta and pies are on the menu at Premier Prepared Foods (“PPF”), a manufacturer of organic ready meals sold under their “Chef’s Pantry” brand. PPF sells via wholesalers into independent retail chains, including convenience store chains such as Costcutter and Spar. None of the major supermarkets stock Chef’s Pantry products yet, but PPF hopes to get distribution with Tesco or Asda in selected stores soon.

The human resources department of PPF manages over 250 staff, including many part-time or temporary workers who work on the night-shift at PPF’s factory.

The following production and HR data is available for the last three years:

	2006	2007	2008
Total output ('000 meals)	1,500	1,750	1,900
Total costs (£'000)	£1,350	£1,925	£2,185
Unit cost (£ per meal)	£0.90	£1.10	£1.15
Average number of employees	220	240	250
Number of employees leaving	33	60	50

PPF management are concerned that the business has seen increased unit costs, despite higher production output. Much of this is due to higher ingredient costs. However, PPF has also experienced a decline in labour productivity as factory supervisors have struggled to train and retain new employees.

PPF operates in a highly competitive market. It faces intense competition both from better known brands such as Bird’s Eye and also supermarket own-label product ranges which now account for over 50% of the ready meals market. PPF’s unique selling point is making high quality organic meals using ingredients supplied from sustainable sources. However, the economic slowdown in the UK has reduced demand for organic products, with customers less inclined to pay a premium price, despite the perceived higher quality by consumers.

Whilst there is much innovation in the market, the intense competition means that returns on investment are low. PPF has failed to achieve its target return on capital of 7% in each of the last three years and management are keen to explore ways in which returns could be significantly improved.

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- (a) From the data provided for 2008, calculate one measure of staff retention and one measure of labour productivity

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(4 marks)











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

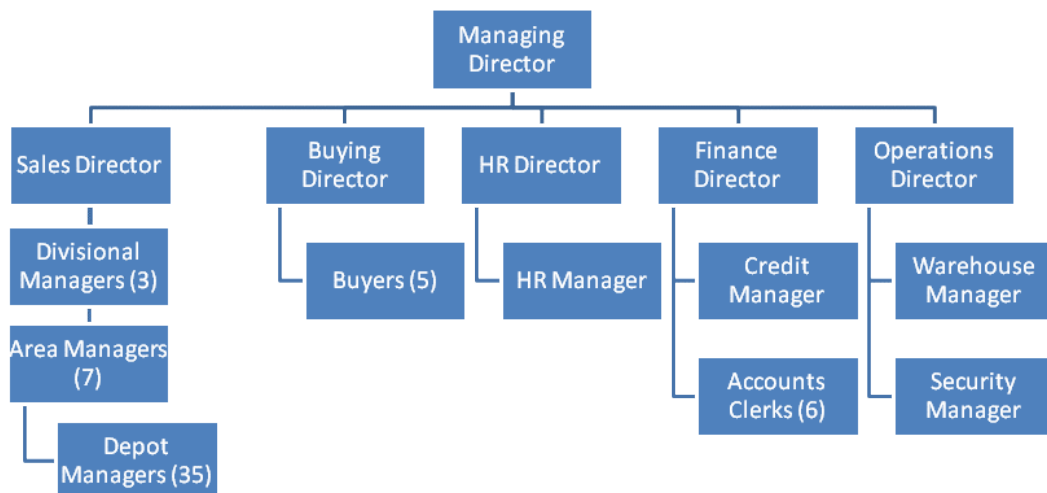
2 Read the **case study** below and then answer the questions that follow.

### Brunswick Building Supplies

The decline of the UK housing market has created problems for Brunswick Building Supplies (“BBS”). BBS is a builder’s merchant – a specialist distributor of building, heating and plumbing supplies to tradesmen and house builders. Since the house price crash, the demand for building supplies has fallen significantly, leaving BBS with a portfolio of struggling depots.

BBS has 36 depots located around the North-west and Midlands areas of England. The organisational hierarchy of the business is summarised in Figure 1 below. Each depot has a dedicated manager who has local budgetary responsibility. Depot managers are incentivised to meet a target depot contribution towards central costs. BBS believe it is essential that depot managers have the freedom to make local marketing decisions, including pricing and promotional offers, to ensure that BBS outlets are competitive in a tough market. However, functions such as supplier management and credit control are performed at head office in Bolton.

Figure 1: Organisation Chart for BBS



Cash flow management has traditionally been a problem in the building sector. BBS has thousands of small business customers, many of whom experience cash flow difficulties of their own. A high rate of customer insolvency and reluctance to adhere to credit terms means that BBS waits an average of over 65 days for customers to settle their bills. By contrast, BBS deals with a relatively small number of large, powerful suppliers who insist on prompt payment in order for BBS to obtain the best price. Even in a downturn, BBS needs to ensure that it maintains adequate stocks at each depot in order to meet customer demand. The Finance Director wants to take a more aggressive approach to managing payments to suppliers, stock levels and customer credit in order to maximise cash flow.

Maintaining the morale and motivation of depot staff is proving tough. A programme of redundancies and other cost-cutting measures was announced recently which did little to improve the mood. In theory, communication should be strong. Divisional managers control a small number of Area managers who in turn visit their allocated depots at least once every month. Depot managers are also delegated responsibility for staff communication and training.













