



GCE AS/A LEVEL

2510U20-1



S23-2510U20-1

FRIDAY, 26 MAY 2023 – AFTERNOON

BUSINESS – AS unit 2

Business Functions

2 hours

2510U201
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ADDITIONAL MATERIALS

In addition to this examination paper, you will need:

- a WJEC pink 16-page answer booklet
- a calculator.

INSTRUCTIONS TO CANDIDATES

Use black ink or black ball-point pen. Do not use gel pen or correction fluid.

Answer **all** questions.

Write your answers in the separate answer booklet provided following the instructions on the front of the answer booklet.

Use both sides of the paper. Write only within the white areas of the booklet.

Write the question number in the two boxes in the left-hand margin at the start of each answer, for example

1	1
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Leave at least two line spaces between each answer.

INFORMATION FOR CANDIDATES

The number of marks is given in brackets at the end of each question or part-question.

You are reminded of the need for good English and orderly, clear presentation in your answers.

Answer **all** questions.

1. Costa Coffee

Costa Coffee is a British multinational coffeehouse business. Costa Coffee was founded in London in 1971. In 2022, the business had 2467 UK based coffee shops. In total Costa Coffee had 3884 stores across 33 countries. In addition, globally Costa Coffee had 6000 Costa Express vending facilities in a large number of other locations including hotels, service stations, airports and grocery stores.

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 With reference to Costa Coffee, outline what is meant by multi-channel distribution. [2]

1	2
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 Outline the importance to Costa Coffee of having a global brand. [4]

2. Recruitment

Good recruitment is vital for every business – finding the right people for the right roles at the right time. It ensures that the workforce has the relevant skills and abilities for the business's current and future needs. The recruitment process includes several stages.

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 Define job analysis, job description and person specification. [3]

2	2
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 Explain the importance of a job description and a person specification to the recruitment process. [2]

2	3
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 Explain the difference between internal and external recruitment. [4]

2	4
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 'Interviews are always the most suitable method of selecting the right candidate for a job vacancy.' Discuss. [8]

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3. Einon's Ltd

Einon's Ltd is an independent Do-It-Yourself (DIY) retailer run by Marc Einon. The business employs two part-time staff. Last year B&Q, a market leading DIY business, opened a store two miles away causing Einon's Ltd sales to fall. In response, Marc is currently negotiating with a local decorating business to supply all its paint requirements for the next two years, although Marc hopes it could be longer. This will require Marc to hold extra stock, but will also enable him to take advantage of a cash discount of 10% from his own paint suppliers, as long as he maintains regular monthly payments. In order to meet the contract, Marc will need to install a new storage facility which he estimates will cost £5 000. Marc hopes to borrow this money from the bank.

Marc regards the investment as worthwhile because he estimates that the contract will increase his annual turnover by £20 000. The decorating business will purchase all its paint from Einon's Ltd, at a fixed price, over the next two years. However, the decorating business has negotiated a trade credit agreement which Marc was reluctant to accept as it will mean that they settle their account every six months, at the end of June and December.

Marc has constructed a cash flow forecast based on his plans for the next six months, so that it can be used in the loan negotiations with his bank manager. Currently Einon's Ltd has a £2 500 overdraft limit with the bank.

Cash flow forecast for Einon's Ltd: January to June 2023 (£s)

	Jan	Feb	March	April	May	June
Receipts						
Cash sales	6 500	6 500	7 500	8 500	9 500	8 500
Contract sales						10 000
Bank loan	5 000					
Total receipts	11 500	6 500	7 500	8 500	9 500	18 500
Payments						
Install new storage equipment	5 000					
Stock purchases	3 500	3 500	4 000	4 500	5 000	4 500
Wages	2 000	2 000	2 000	2 400	2 400	2 400
Insurance		450				
Electricity	150			150		
Telephone			270			270
Advertising	30	30	30	30	30	30
Bank loan repayments	200	200	200	200	200	200
Marc's salary	2 300	2 300	2 300	2 500	2 500	2 500
Total payments	13 180	8 480	8 800	9 780	10 130	9 900
Net cash flow	(1 680)	(1 980)	(i)	(1 280)	(630)	8 600
Opening balance	2 700	1 020	(960)	(2 260)	(3 540)	(4 170)
Closing balance	1 020	(960)	(2 260)	(3 540)	(ii)	4 430

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| 3 | 1 | Outline what is meant by a cash flow forecast. | [2] |
| 3 | 2 | Calculate the following values in the cash flow forecast: | |
| | | i) net cash flow for March | [1] |
| | | ii) closing balance for May | [1] |
| 3 | 3 | With reference to the data, advise the bank on whether or not they should provide the loan of £5 000 to Eimon's Ltd. | [6] |
| 3 | 4 | Explain the benefits and limitations to Eimon's Ltd of preparing a cash flow forecast. | [8] |

4. The Waffle House

The Waffle House is a family-run waffle manufacturer based in North-East Wales. The business was established in 1995 selling its signature products, the waffles, through stalls at markets and fairs throughout Wales. Its original product was the Butter Toffee Waffle consisting of two thin wafer biscuits, sandwiched together with a soft butter toffee filling in the centre. These waffles are also available covered in milk or dark chocolate.

The business has grown and is now able to produce up to 3 500 waffles per hour and supplies most of the leading supermarkets as well as many independent grocery stores, coffee shops and cafés within Wales and the UK. The business employs 14 people and currently produces 2 800 waffles per hour.

The Waffle House has developed new flavours of waffles in recent years including Apple Cider Waffles and Berry Syrup Waffles. The Waffle House has also introduced savoury crackers to its product portfolio that are now available including, Salt and Pepper Crackers and Cheese Crackers. Sales of crackers are increasing in a very competitive market.

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| 4 | 1 | Explain how the Boston matrix can be used by The Waffle House to manage its product portfolio. | [8] |
| 4 | 2 | Outline what is meant by workforce performance. | [1] |
| 4 | 3 | Calculate labour productivity for The Waffle House when operating at full capacity. | [2] |
| 4 | 4 | Calculate the current capacity utilisation for The Waffle House. | [2] |
| 4 | 5 | Consider the view that producing at 100% capacity utilisation would be beneficial to The Waffle House. | [8] |

5. Management at The Timpson Group

The Timpson Group is a family-owned leading retail service provider of shoe repairs, key cutting and watch repairs. It employs over 5600 workers in 2000 stores. The Timpson Group ethos is to provide great customer service by giving freedom to the employees that serve customers. The Timpson Group encourages employees to show initiative in a number of ways, for example, creating new displays for their store. The management teams delegate authority but retain responsibility.

Source: <https://www.timpson.co.uk>

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 Consider whether The Timpson Group adopts a McGregor's Theory X or Theory Y approach to management. [6]

5	2
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 With reference to motivation theories, consider the view that non-financial methods of motivation are more effective than financial methods of motivation. [12]

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