



Oxford Cambridge and RSA

Thursday 23 May 2019 – Afternoon

AS Level Business

H031/02 The wider business environment

Resource Booklet

Time allowed: 1 hour 30 minutes



INSTRUCTIONS

- This is a Resource Booklet.
- You should refer to it when answering the examination questions in Section B which are printed in a separate booklet.
- The business described in this Resource Booklet is a real business.

INFORMATION

- This document consists of **4** pages. Any blank pages are indicated.

Meadow Foods

Extract A – The business

Meadow Foods is the UK's largest independent dairy. It is a leading supplier of milk and dairy ingredients to the food industry. Meadow Foods buys milk from farmers and manufactures it into products for other businesses to use.

Meadow Foods uses more than 650 million litres of milk per year and maintains strong relationships with its 650 milk suppliers (dairy farmers). All milk that is purchased by Meadow Foods must comply with strict hygiene standards. 5

Meadow Foods has three UK factories. The range of products it manufactures includes butter, sweetened condensed milk, fresh cream and milk.

Last year, Meadow Foods supplied over 100 000 tonnes of dairy ingredients to manufacturers operating in sectors such as prepared foods, bakery, confectionery and ice cream. 10

Source: Adapted from <http://www.meadowfoods.com/about-meadowfoods> (Accessed November 2017)

Extract B – History and growth

Meadow Foods was founded in 1992. It has achieved growth by using a combination of acquisitions and organic growth.

A timeline of Meadow Foods' acquisitions and organic growth

1992	1995	1999	2002	2009	2012
Meadow Foods founded.	Meadow Foods merges with Bodfari – a dairy processing business with a factory in Chester.	Meadow Foods increases production at the Chester site by building a new factory.	Meadow Foods expands again, buying a site for a new factory in Yorkshire.	Meadow Foods buys Nene Valley Foods' factory in Peterborough.	Meadow Foods starts a £3 million investment at the Peterborough factory to increase capacity and improve efficiency. 15 20 25

Source: Adapted from <http://www.meadowfoods.com/about-meadowfoods/our-history-growth/> (Accessed November 2017)

Extract C – The National Farmers’ Union (NFU) challenges Meadow Foods on its profits

The NFU questioned Meadow Foods after the business announced strong profits in 2015 while paying farmers one of the lowest milk prices in the UK.

Meadow Foods, the UK’s largest independent dairy, was close to the bottom of the milk price league table. Published figures placed it second from bottom paying 19.29 pence per litre of milk compared with an average farm milk price of 23.71 pence per litre.

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The NFU Dairy Board Chairman said at the time: “It’s morally wrong that a dairy making pre-tax profits of £13.7 million continues to pay an unsustainable price for its milk...”

The dairy also wrote to all of its suppliers to inform them of major reductions in their milk orders, cutting 20% from the volume it purchases from most farmers. The Dairy Board Chairman commented: “Meadow Foods is a key business in the UK dairy industry and should be showing leadership, fairness and transparency to its suppliers and customers. Writing to farmers just before the New Year to let them know of major changes to their milk orders from April, with no prior discussion or consultation, is unacceptable.”

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“The NFU fully recognises the continuing difficult dairy market situation facing all in the supply chain, but solutions need to be found by suppliers and manufacturers working together. Meadow Foods needs strong suppliers that understand the industry’s needs now and in the future. Solutions need to be fully explained.”

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Source: Adapted from <http://www.nfuonline.com/news/press-centre/nfu-challenges-meadow-foods-on-its-profits/> (12th January 2016)

Extract D – Quality assurance



The Red Tractor scheme was launched by the food industry to promote clearer labelling and ensure food originates from a reliable source. Red Tractor was established in the year 2000 and has grown to become the UK’s leading farm and quality food assurance scheme. All of the products Meadow Foods manufactures are Red Tractor assured.

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Source: Adapted from <http://www.redtractor.org.uk/who-we-are> (Accessed November 2017)

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