www.dynamicpapers.com

Write your name here

Surname	Other names

Pearson Edexcel
International
Advanced Level

Centre Number | | | | | |

Candidate Number | | | | |

Business Studies

Advanced

Unit 4A: Making Business Decisions

Wednesday 15 January 2014 – Morning
Time: 1 hour 30 minutes

Paper Reference
6BSA4/01

You must have:
Insert containing all source material (enclosed)

Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** the questions in Section A and Section B.
- Answer the questions in the spaces provided
  – *there may be more space than you need.*
- You may use a calculator.

Information

- The total mark for this paper is 80.
- The marks for **each** question are shown in brackets
  – *use this as a guide as to how much time to spend on each question.*
- Quality of written communication will be taken into account in the marking of your response to Questions 7 (a) and 7 (b) in Section B. These questions are indicated with an **asterisk** (*)
  – *you should take particular care on these questions with your spelling, punctuation and grammar, as well as the clarity of expression.*
- Candidates are expected to be familiar with Evidence A to H for this paper before the examination.

Advice

- Read each question carefully before you start to answer it.
- Keep an eye on the time.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ▶

P43189A

©2014 Pearson Education Ltd.

1/1/1/1/1/1/1/2

P 4 3 1 8 9 A 0 1 1 6

PEARSON

www.dynamicpapers.com

SECTION A

Evidence A to H was pre-issued before the date of the examination.

Using ALL the evidence and your own knowledge, answer all six questions (total 30 marks).

Time allowed (35 minutes).

Additional Evidence I

Baker is worried she will close



The owner of Cassidy's bakery in Kimberley, Nottinghamshire, is worried her business will close after hearing Greggs is moving in just three shops away:

"It's really going to affect us greatly; this is not ethical behaviour. We won't be able to undercut Greggs because it's too cheap. We will just have to hope that people stay loyal, it seems like they are trying to push local traders out."

A spokesman for Greggs said:

"We recognise that some local businesses may have understandable concerns, but having had an interest in Kimberley for some time, we believe there to be sufficient demand for Greggs in the town to operate alongside existing traders. We never deliberately target individual or small businesses and there are many locations across the UK where we trade alongside other bakers; this is part of our corporate strategy. A mix of local, independent, regional and national bakeries is good for the baking industry as a whole, as well as the consumer."

(Source: adapted from Eastwood and Kimberley Advertiser, Sunday 29 January 2012)

www.dynamicpapers.com

1 What is meant by the term 'ethical behaviour'? (See Additional Evidence I, line 6)

(Total for Question 1 = 2 marks)

2 What is meant by the term 'corporate strategy'? (See Additional Evidence I, lines 16–17)

(Total for Question 2 = 2 marks)

www.dynamicpapers.com

3 Explain **one** likely benefit of contingency planning to Cassidy's bakery (see Additional Evidence I).

(Total for Question 3 = 4 marks)

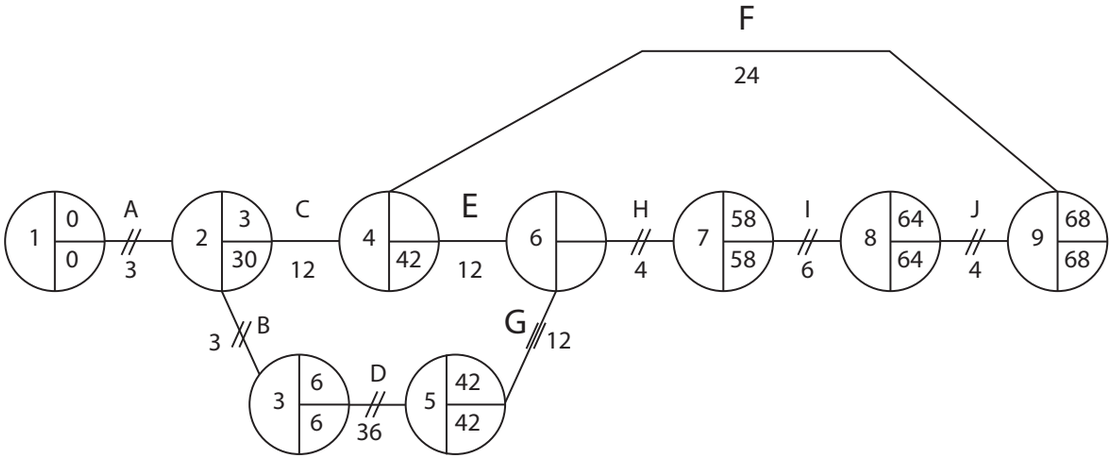
www.dynamicpapers.com

4 Using **one** of Ansoff's generic strategies, explain Greggs' decision to open new stores away from its traditional high street locations. (Evidence C)

(Total for Question 4 = 4 marks)

www.dynamicpapers.com

5 (a) Using the network diagram below:



(i) calculate the Earliest Start Time (EST) for Activities E and F at node 4

(1)

(ii) calculate the Latest Finish Time (LFT) for Activities E and G

(1)

(iii) calculate the total float for Activity E.

(2)

www.dynamicpapers.com

(b) Comment on your answer to (a) (iii).

(4)

(Total for Question 5 = 8 marks)

www.dynamicpapers.com

6 Using appropriate ratios, evaluate Greggs' liquidity position in 2010 **and** 2011. (Evidence B)

www.dynamicpapers.com

(Total for Question 6 = 10 marks)

TOTAL FOR SECTION A = 30 MARKS

www.dynamicpapers.com

SECTION B

Decision-making report.

Using ALL the evidence and your own knowledge, answer both parts of the question (total 50 marks).

Time allowed (55 minutes).

7 ***(a) Evidence F states that in 2009 Greggs' labour turnover was high.
Assess the likely value of labour turnover data to Greggs management.

(20)

www.dynamicpapers.com

www.dynamicpapers.com

www.dynamicpapers.com

*(b) Evaluate Greggs' decision to pursue further growth in 2012.

(30)

www.dynamicpapers.com

www.dynamicpapers.com

(Total for Question 7 = 50 marks)

TOTAL FOR SECTION B = 50 MARKS
TOTAL FOR PAPER = 80 MARKS

www.dynamicpapers.com

BLANK PAGE

www.dynamicpapers.com

Pearson Edexcel
International Advanced Level

Business Studies
Advanced
Unit 4A: Making Business Decisions

Wednesday 15 January 2014 – Morning
Resource Booklet

Paper Reference
6BSA4/01

Do not return this Resource Booklet with the question paper.

Turn over ▶

P43189A

©2014 Pearson Education Ltd.

1/1/1/1/1/1/1/2

P 4 3 1 8 9 A

PEARSON

www.dynamicpapers.com

Evidence A

Greggs announces weaker sales but keeps expansion plans



Greggs has seen a slowdown in sales as customers spend more cautiously but the bakery chain still plans to forge ahead with expansion plans that will create up to 800 new jobs in 2012.

The group opened a record 98 stores in 2011, bringing the total to 1,571 at the end of the year, and said it would open 90 more outlets than it shuts in 2012.



Greggs has increasingly been opening stores away from the high street, in locations such as Newcastle railway station, Swansea and Bristol bus stations, retail parks and shopping centres to reflect changing shopper trends. It is also trialling a site at a motorway service station on the M6, which has the potential to lead to 30 more.

The group recorded a rise in net profits as its meal deals and breakfast baps proved popular with consumers and it sold a record 17.3 million cups of coffee.

Chief Executive Ken McMeikan said he believed Greggs still had a future on high streets, but the business was increasingly following customers to where they work and travel. "We are still finding if we get the right location on the high street, those shops are still performing well wherever they are in the country."

Greggs has benefited from the closure of other stores, allowing it to get cheap deals on prime high street locations.

(Source: adapted from http://www.thisismoney.co.uk/14 March 2012)
(Map image: adapted from Greggs PLC reports and accounts 2010)

Growing Greggs

We estimate that about 50% of the UK population does not currently have access to a Greggs shop and therefore believe there is potential for an additional 600 shops in the UK in the next few years.



(Source: adapted from *The Guardian,* 19 October 2011)

www.dynamicpapers.com

Evidence B

Greggs PLC – selected Financial information adapted from:

Preliminary results for the 52 weeks ended December 2011

	2011		**2010**
	(£'000)		**(£'000)**
Revenue	701 088		662 326
Gross Profit	428 310		409 675
Net Profit	60 500		52 523
Current Assets	55 447		57 982
(of which stock)	14 274		11 883
Current Liabilities	80 893		77 546
Capital Employed	198 383		176 227
Long-term Liabilities	29 724		30 792

www.dynamicpapers.com

Evidence C



(Source: www.greggs.co.uk)

Greggs announces plans to open coffee shops

Greggs has announced its 2012 expansion plans, including the roll-out of its Moment coffee shops and diversification from its traditional high street presence.

Ken McMeikan spoke of the company's aim to open two or three more of its new concept outlets, Greggs Moment, in 2012:

"We haven't decided on locations yet, but it might make sense to keep it up in the north near our Newcastle bakery. We're pleased with its performance so far and the prices we charge for food, coffee and other beverages at Greggs Moment are up to 30% less than some of the big coffee shop players in the UK market, including Starbucks and Costa. Coffee sales are growing in our existing Greggs outlets, so it's a good market to go into." 5

(Source: adapted from www.bakeryinfo.co.uk – 12 January 2012)

www.dynamicpapers.com

Evidence D

Basic schedule for the re-fit of a Greggs outlet.

	Activity	Duration (hours)	Preceding Activities
A	Finalise store design on site	3	-
B	Measure store for equipment	3	A
C	Remove old equipment	12	A
D	Order and receive new equipment	36	B
E	Update store electricity connections	12	C
F	Update lighting and other fixtures	24	C
G	Install new equipment	12	D
H	Test new equipment	4	E, G
I	Tidy/deep clean refitted store	6	H
J	Return seating, chairs and previous fixtures	4	I

NB – assume 12 hours = 1 working day
72 hours = full working week (6 days)

Evidence E

Budget 2012: Greggs sausage rolls to be hit

Currently, most hot takeaway food such as meals bought from a restaurant or fish and chip shop are subject to VAT. However, a small number of items have managed to avoid the tax, including sausage rolls and hot bakes sold by some outlets, notably Greggs.

Greggs sells 140 million sausage rolls every year. It had successfully argued – following a lengthy and complex VAT tribunal – that the products are baked in store and just happen to be hot. As a result its hot pastry products were free of VAT.

However, the 2012 Budget announced that VAT would apply to the sale of all hot food such as sausage rolls. A source at the Treasury said: "We want to remove all these anomalies. This is a big step towards simplifying the VAT system."

Lorraine Parkin, head of indirect tax at Grant Thornton Accountants, said: "At a time when retailers are operating in a very challenging economic environment, this VAT change will further reduce their profits unless they are able to pass the tax increase on to their customers. For many retailers there could be administration costs incurred in programming the VAT liability change in to their accounting systems. With the current squeeze on consumer spending, retailers are most likely to carry the burden."

(Source: adapted from *The Guardian,* 22 March 2012)

www.dynamicpapers.com

Evidence F

The source material has been removed due to copyright reasons.

www.dynamicpapers.com

Evidence G

The source material has been removed due to copyright reasons.

www.dynamicpapers.com

Evidence H

Greggs Foundation



The Greggs Foundation is a registered charity, established in 1987 by Ian Gregg, who believed that successful organisations have a duty to do positive things with part of their profits and help people living in disadvantaged areas.

The Greggs Foundation receives contributions from: Greggs plc; employees through Give As You Earn; donations from major shareholders; investment income; and staff fundraising activities.

Greggs Breakfast Clubs

Each year Greggs donates £225,000 to the Greggs Foundation for the award winning Greggs Breakfast Club programme. Our Breakfast Clubs provide a free breakfast for primary school children in areas of particular social disadvantage. The programme has been shown to contribute to improved attendance and classroom performance and to strengthen the partnership between schools and the community in which they operate.

Primary schools are supported in establishing a pre-school breakfast club, which provides a simple but nutritious breakfast, entirely free of charge, for all pupils in a safe, fun environment. This is possible because of the partnership between Greggs, who fund the equipment and foodstuffs, and volunteers from the school community who prepare and serve the meals.

The children are served a healthy breakfast of cereals, toast, milk and juice. The toast is made from bread collected from the local Greggs shop.

(Source: adapted from http://corporate.greggs.co.uk/greggs-foundation)

www.dynamicpapers.com

Additional Evidence I

Baker is worried she will close



The owner of Cassidy's bakery in Kimberley, Nottinghamshire, is worried her business will close after hearing Greggs is moving in just three shops away:

"It's really going to affect us greatly; this is not ethical behaviour. We won't be able to undercut Greggs because it's too cheap. We will just have to hope that people stay loyal, it seems like they are trying to push local traders out."

A spokesman for Greggs said:

"We recognise that some local businesses may have understandable concerns, but having had an interest in Kimberley for some time, we believe there to be sufficient demand for Greggs in the town to operate alongside existing traders. We never deliberately target individual or small businesses and there are many locations across the UK where we trade alongside other bakers; this is part of our corporate strategy. A mix of local, independent, regional and national bakeries is good for the baking industry as a whole, as well as the consumer."

(Source: adapted from Eastwood and Kimberley Advertiser, Sunday 29 January 2012)

www.dynamicpapers.com

BLANK PAGE

www.dynamicpapers.com

BLANK PAGE

www.dynamicpapers.com

BLANK PAGE