

Managing business activities

Level: Pearson Edexcel Level 3 Advanced GCE

Subject: Business (9BS0)

Exam Board: Edexcel A level Business students for all boards

Topic: Managing business activities

Type: Questionnaire

To be used by all students preparing for PearsonEdexcel Level 3
Advanced GCE Business (9BS0)

Questions

Q1.

Extract G

Budget or bust?

In September 2017 Monarch Airlines finally went into administration.

Monarch Airlines failed to adapt quickly enough to the low-cost, no-frills model popularised by easyJet and Ryanair. Monarch only began changing from a charter airline to a low-cost airline in 2009, by which time it was a tenth of the size of Ryanair.

Monarch relied on Middle East tourism, which fell due to terror attacks in Tunisia and Egypt, the failed 2016 coup in Turkey and the ongoing Syrian civil war and migrant crisis. At the same time, the depreciation in £ sterling had a big impact on fuel and maintenance costs.

In 2016 Monarch agreed to lease a new fleet of Boeing-737s, to replace its fleet of ageing Airbuses. This would have dramatically reduced both fuel and maintenance costs, but the first of the planes wasn't due to be delivered until 2018.

Owners Greybull Capital chose not to save Monarch for a third time in four years, having paid £125m when it acquired the airline in 2014, and £165m to rescue Monarch in 2016.

@Haymarket Media Group 2017

Assess whether Monarch Airlines' business failure was due to internal causes.

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Q2.

Extract A

Commonwealth Games, Birmingham, 2022

Durban, South Africa, was due to stage the Commonwealth Games 2022 but withdrew due to financial and practical concerns. Bids were also submitted by Edmonton, Canada and Liverpool, but the Commonwealth Games Foundation (CGF), chose Birmingham, the UK's second biggest city.

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Over 1,000 people will be recruited to deliver Birmingham 2022. Job vacancies will include roles related to administration, planning, marketing and security. Recruitment and training of staff will be led by Gi Group, a world leader in human resource management.

Gi Group will deliver comprehensive recruitment services and fill over 1,000 roles across multiple specialisms, including selection, training and on-the-job support. Gi Group will also assist all Birmingham 2022 staff with developing their careers from August 2022, once the Games are over.

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(Source: adapted from <https://birmingham2022.gigroup.com/about>)

Extract B

Huge progress at the Birmingham 2022 Alexander Athletics Stadium

Since planning permission was granted in January 2020, the demolition of three existing stands at the Perry Park site has been completed and work has started on rebuilding the stands with steelwork from British companies.

The £184m scheme remains on budget and scheduled for completion in spring 2022, ahead of its initial use as the venue for the Commonwealth Games athletics competition.

5

After the Games, the stadium is set to become a focal point of health, wellbeing, sport, academic and community activity as part of a £500m City of Birmingham Regeneration Scheme.



The stadium, which will hold around 30,000 spectators at each session during the Games, will switch to a permanent capacity of around 18,000 post-Games - the largest permanent facility capable of hosting international athletics in the UK. Furthermore, it will continue to be the home of the world-famous Birchfield Harriers Athletics Club.

(Source: adapted from <https://www.birmingham2022.com/news/blog/hugely-encouraging-progress-at-birmingham-2022-alexander-stadium/>)

Extract C

Capital funding and business partnerships for 2022 Commonwealth Games

Project	Cost (£m)	Main source(s)
Alexander Athletics Stadium redevelopment	184	Central Government and Sport England (£112m), Birmingham City Council (£27m), Local Enterprise Partnership (£20m), West Midlands Authority (£25m)
Sandwell Aquatics Centre, Smethwick (New build)	73	Central Government, Sandwell Council, Local Enterprise Partnership, Sport England, and Sandwell Leisure Trust
Smithfield Arena (New build)	64	Central Government, Birmingham City Council, West Midlands Authority
Coventry Stadium adaptations	32	Central Government, Coventry City Council
National Exhibition Centre adaptations	25	Central Government, West Midlands Authority
Other sites and infrastructure	400	Sport England, Business Partners/ Sponsorships
Total	778	

(Source: adapted from <https://www.birmingham2022.com/business/partnerships>, www.sandwell.gov.uk and <https://www.birmingham2022.com/news/blog/hugely-encouraging-progress-at-birmingham-2022-alexander-stadium/>)

Extract D

Commonwealth Games vision and mission (Extracts from)

Ian Reid, Birmingham 2022 Chief Executive Officer stated: "In order to deliver this iconic celebration of sport we need to forge dynamic, new business partnerships. The Games will boost jobs and investment and promote Birmingham's national and international reputation."

The Birmingham 2022 Commonwealth Games will

- Embrace and drive the youth, diversity, humanity and pride of the region and the 76 countries of the Commonwealth.
- Inspire, engage and connect communities and athletes to realise their full potential and live happier, healthier lives.
- Drive sustainable economic growth and aspiration; creating opportunities through trade, investment, jobs and skills.
- Transform and strengthen local communities, working together to deliver new and improved homes, facilities and transport links.

(Source: adapted from <https://www.birmingham2022.com/about-us/our-purpose/>)

Assess the importance of capacity utilisation during the Commonwealth Games.

(10)

(Total for question = 10 marks)

Q3.

Extract F

Civil Aviation Authority (CAA) takes action against Ryanair

The CAA is taking action against the budget airline for failing to comply with its regulations. Flights had to be cancelled as a result of Ryanair not correctly planning the work rotas for its pilots.

Ryanair failed to give customers accurate information about their rights and falsely claimed it did not have to re-route passengers onto other airlines. It also refused refunds for additional expenses such as meals, hotels and extra travel costs.

Even though Ryanair cancelled 20,000 flights in September 2017, passenger numbers actually increased in October 2017 by 8% when compared to October 2016. Furthermore, Ryanair forecasts a €1.4bn full-year profit after tax for the year ending March 2018, even when taking into account €25m in compensation payments. Furthermore, Chief Executive Michael O'Leary said "higher pay to attract and retain flight crew will add €100m to the airline's annual costs".

(Source adapted from: Ryanair passenger numbers increase by 8% year-on-year in October despite cancelling thousands of flights, by Emma Featherstone © The Independent - November 2017)

Assess the likely effects of consumer protection legislation on a business, such as Ryanair.

(10)

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Q4.

Extract A

Benefits of McDonald's to London and the UK

London represents an important part of the McDonald's story. It opened its first UK restaurant in Woolwich in 1974.

In 2016, McDonald's added £540 million in revenue to the Greater London economy. 82% of restaurants in London are owned and operated by 24 franchisees - local entrepreneurs - with the remainder operated by the corporate group (McOpCo). McDonald's and its franchisees have become important members of communities in London: investing in skills and developing people, supporting local causes and getting kids into football.

5

Today McDonald's has 183 restaurants across London, employing 15,000 people, with a presence in every borough. In the UK, McDonald's operates over 1,250 restaurants and employs just over 115,000 people. Over 80% of restaurants are operated by franchisees as local businesses. Worldwide, today, there are over 38,000 restaurants.

10

(Source: adapted from <https://www.london.gov.uk/sites/default/files/McDonald%27s%20Restaurants%20Ltd%20%282650%29.pdf>)

Extract B

Jamie Oliver's empire collapses

Jamie Oliver's has closed all but three of 25 UK restaurants, with the loss of 1,000 jobs, after the business called in administrators.

The celebrity chef said he was "deeply saddened" by the blow to his restaurant empire, which first launched in London in 2002.

5

"I appreciate how difficult this is for everyone affected," he said. "We launched the brand Jamie's Italian in 2008, with the intention of positively disrupting mid-market dining in the UK high street. The brand offered great value and much higher quality ingredients, best-in-class animal welfare standards and an amazing team who shared my passion for great food and service. And we did exactly that."

10

Will Wright, a partner at KPMG and the joint administrator, said: "The current trading environment for companies across the casual dining sector is as tough as I've ever seen. The directors at Jamie Oliver's have worked tirelessly to stabilise the business against a backdrop of rising costs and weak consumer confidence."

(Source: adapted from Jamie Oliver's empire collapses as 22 UK restaurants close By Sarah Butler © Guardian News & Media Ltd, 21 May 2019.)

Extract C

Hospitality firms can make use of various loans, grants and tax cuts

The hospitality industry warned that it faced an 'obvious crisis' without financial support from the UK Government.

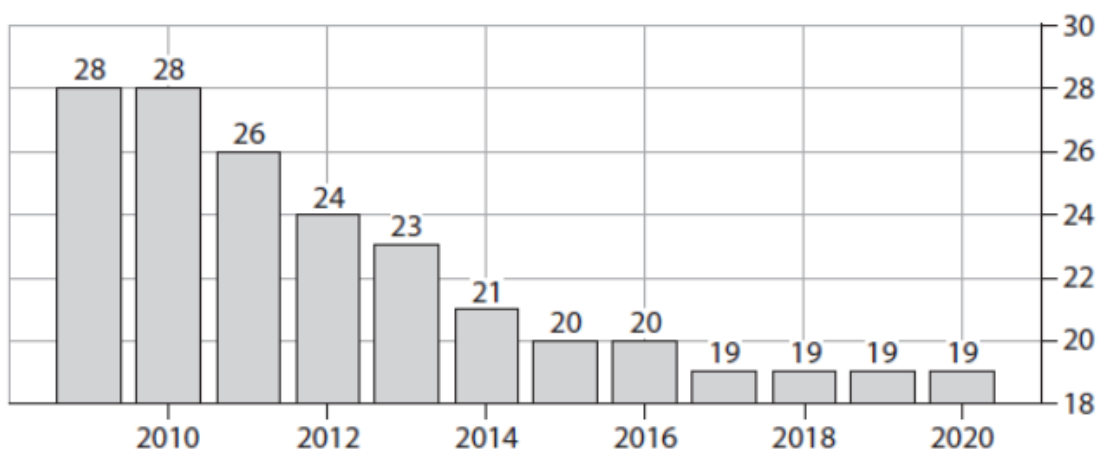
Shops, restaurants, cafes, pubs, bars and cinemas were the first businesses to feel the full effect of the economic recession in 2020.

5

In March 2020, the Chancellor of the Exchequer pledged to provide a £330 billion package to help businesses through the recession, with a number of measures such as tax cuts and millions of pounds in grants and loans.

(Source: adapted from What help the government has announced for the hospitality sector - and how to apply for support By Rachel Millard and Sophie Smith Telegraph, 26 March 2020)

UK corporation tax rates, 2009–2019 (%)



(Source: adapted from <https://tradingeconomics.com/united-kingdom>)

Extract D

Mindful Chef sees sales boost

Childhood school friends Rob Grieg-Gran, Giles Humphries and Myles Hopper founded Mindful Chef in 2015. The London-based delivery company now employs 27 people and aims to make healthy eating easy by creating healthy food boxes with locally sourced, high quality ingredients, complete with tasty recipes.

5

Since its launch, Mindful Chef has grown rapidly, with a 178% increase in sales in 2019, delivering nearly two million meals to UK consumers, with annual sales of £10 million.

The sales boost could enable Mindful Chef to grow its customer base in the UK to second place behind market leader Gousto, helping it to capitalise on the expanding recipe box market, which is forecast to double over the next 10 years.

10

More ambitious long-term expansion plans also include exploring options to either undertake a global merger with US company Blue Apron, or a joint venture with French supermarket chain Auchan to help secure customers in France.

(Source: adapted from <http://www.fruitnet.com/fpj/article/177512/mindful-chef-gets-6m-boost-1>)

Using the data in Extracts B and C, assess the likely effects of decreases in UK corporation tax rates in March 2020 on UK restaurants chains, such as Jamie Oliver's.

(12)

(Total for question = 12 marks)

Q5.

Extract E

Get on your bike

Northfield Cycles (NC), Birmingham, was established in 1996 by Richard Tranter, a semi-professional cyclist. It has gone from strength to strength as a retailer, repairs and servicing centre.

In 1996, unemployment in the region was growing because of the gradual closure of the Rover car manufacturing plant in nearby Longbridge. NC flourished thanks to cheap overheads but especially given the demand from locals on low incomes. Cars, it seems, were being exchanged for bikes.

5

Initially Richard sold an average of 20 bikes a week, growing to 20 bikes a day in the summer of 2012. Sales were boosted by Bradley Wiggins winning the Tour de France and the successes of the Great Britain Cycling Team at the London Olympics.

10

NC sold an average of £40,000 worth of bikes per week. Sales then experienced phenomenal growth in 2019 because of UK Government schemes and the closure of a competitor, Action Bikes, in Longbridge.

(Source: adapted from interview with Richard Tranter, Joint Proprietor/ Manager of Northfield Cycles, November 2020, <http://northfieldcycles.co.uk> and <https://www.britishcycling.org.uk>)

Extract F

Northfield Cycles stock from the Far East

Since opening in 1996, Richard has sold popular brands such as Giant, Scott, GT and Raleigh. This means that 95% of the bikes, helmets, clothing and equipment are manufactured in China, Taiwan, Vietnam and Malaysia, with the remaining 5% from Europe, mostly Germany.

5

The majority of bikes sold at NC are priced between £900-£1100, though they can sell at anything from £90 to £24,000.

The product life cycle of a high performance Giant bike can be as short as 12 months, which means that discounts become a common sales feature at NC.

(Source: adapted from interview with Richard Tranter, Joint Proprietor/ Manager of Northfield Cycles, November 2020)

Extract G

'Cycle To Work' and 'Fix Your Bike' schemes

The updated June 2019 Cycle To Work scheme allows employers to provide funding for bikes and equipment worth up to £10,000, including electric bikes (e-bikes).

The Department for Transport said that the changes were made to promote the increased use of e-bikes to help tackle congestion, speed up commutes and cut travel costs, as well as reduce air pollution in cities.

5

In 2020 the UK Government launched its Fix Your Bike scheme - a scheme that saves customers up to £50 on bike repairs.

(Source: adapted from <https://www.cyclingweekly.com/news/product-news/e-bike-cycle-work-scheme-without-1000-limit-launched-uk-government-426596> and <https://www.cyclescheme.co.uk/>)

Extract H

Expansion plans at Northfield Cycles

In April 2020, Richard approached architects, Slaters Ltd of Dudley, to prepare expansion plans for NC.

Plan A

To remove existing walls and partitions, extending the shop by 25 m². Upgrade the basement of the premises to become the workshop for bike repairs and servicing. The net present value for this project is £4,989 given a 10% discount rate.

5

Plan B

To build an extension to the rear of the premises, extending the shop by 40m². Completely refit the basement of the premises to become a high-tech workshop for bike repairs and servicing, to include e-bikes.

10

The predicted net cash-flows were as follows:

Year	Plan A, £000s	Plan B, £000s
0	(12)	(60)
1	3	12
2	4	15
3	5	20
4	6	26
5	5	28

Discount rates table for 10% interest rate	
Year 1	0.909
Year 2	0.826
Year 3	0.751
Year 4	0.683
Year 5	0.621

(Source: adapted from interview with Richard Tranter, Joint Proprietor/ Manager of Northfield Cycles, November 2020)

Other than trade protectionism, Northfield Cycles future success could depend on other external influences.

Assess the significance of other external influences on the future success of Northfield Cycles.

(12)

(Total for question = 12 marks)



Q6.

Extract B

More clubs, more members, more money

Technological innovation and an enhanced consumer experience helped the UK health and fitness industry to expand between 2014–2015, according to the 2015 State of the UK Fitness Industry (SOFI) Report.

Key Performance Indicator	April 2013-March 2014	April 2014-March 2015	April 2015-March 2016**	April 2016-March 2017**
Revenues*	£4.07bn	£4.30bn	£4.70bn	£4.90bn
Health and fitness clubs (number)	5,935	6,312	6,400	6,500
Membership (number)	8.28 million	8.78 million	9.20 million	9.50 million

In the same period, the share of UK adults who were health and fitness club members, increased by 0.5%, rising to 13.7% – the highest ever level. This market trend was expected to continue.

*Revenues include membership fees, walk-in or guest fees, personal training fees, sportswear and food and beverage sales.

**Forecast

(Source: adapted from <http://www.healthclubmanagement.co.uk/detail.cfm?pagetype=detail&subject=news&codeID=316479#sthash.IBsC3oO2.dpuf>, 18 June 2015)

Assess the usefulness of sales forecasting to a health and fitness club, such as Virgin Active.

(10)

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Q7.

Extract E

Cadbury chocolate

Cadbury chocolate is a well-known global business, with nearly \$4bn in sales. This is forecast to grow to \$6bn by 2020. Cadbury has a history spanning nearly 200 years, when John Cadbury opened his first grocery shop in 1824 in Birmingham, UK, to sell cocoa and drinking chocolate. The first Cadbury's chocolate bar was sold in 1847 and the iconic Dairy Milk bar was launched in 1905.

5

Since then over 200 different chocolate products have been produced, including Flake, Wispa, Buttons, Curly Wurly and the Cadbury Crème Egg, which is mainly sold at Easter. Cadbury chocolate is sold in 40 countries and manufactured in 10.

(Source: adapted from © Mondelēz International)

Extract F

Profit or social responsibility?

Cadbury used to be committed to using Fairtrade cocoa beans to produce its chocolate. Fairtrade meant that up to 200 000 cocoa farmers in countries, such as Ghana and Ivory Coast, earned a minimum of £1 600 per tonne of cocoa sold. In November 2016, Cadbury switched to a new cocoa production partnership known as Cocoa Life, which does not apply the same price rules and does not guarantee other ingredients, such as nuts, sugar or raisins, are responsibly sourced.

5

Raisins had been the dry fruit of choice in a Fruit & Nut bar for 90 years. At the end of 2015, sultanas were added 'to give more variation: Sultanas are cheaper than raisins.

One of the benefits of working for Cadbury was that you were looked after in retirement. Former employees were given a gift of chocolates at Christmas. Mondelēz International scrapped the gifts, claiming it needed to save money to help plug the company's pension deficit.

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Q8.

Extract E

The Wonky Table Ltd

Located in the Cathedral Quarter area of Derby city centre, The Wonky Table restaurant offers plain and simple dining with a contemporary twist. It opened in December 2010, with start-up capital of £75 000. All staff at The Wonky Table are passionate about serving quality food, using locally sourced produce.

5

The Wonky Table operates from leased premises. It is a family-run restaurant owned and managed by Holly and Andy, operating with 2 full-time and 12 part-time staff. In 2012, The Wonky Table became a private limited company to secure additional funds to grow and develop.

Holly and Andy have offered Movie Theme Nights and Vegetarian Evenings, which have proven popular with customers, ensuring that there is always something wonderfully charming and unique about The Wonky Table.

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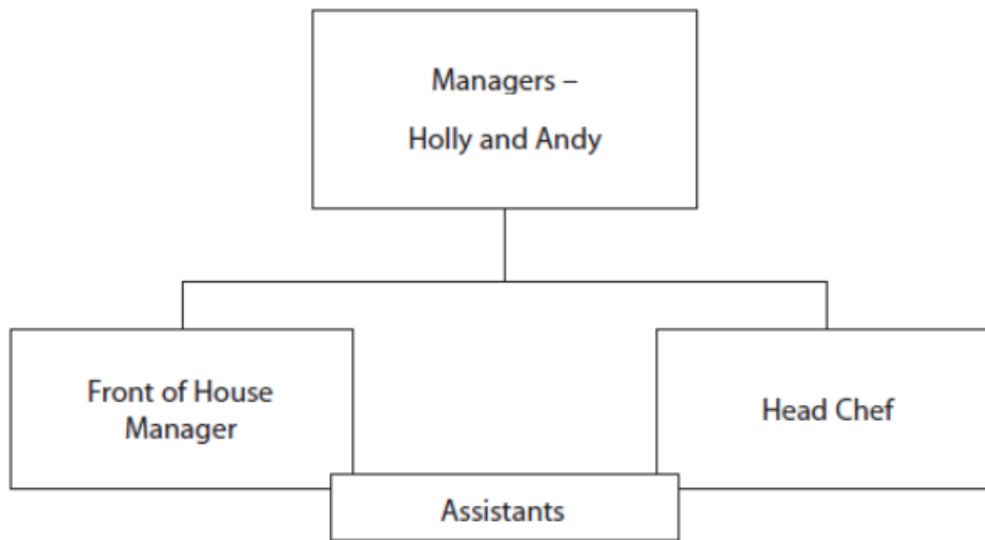
(Source: adapted from www.wonkytable.co.uk and interview with Holly Marianne Faulkner, Joint Proprietor/Manager of The Wonky Table, March 2020)

Extract F

The Wonky Table: Management structure, March 2020

Staffing at The Wonky Table is made up of a Head Chef, responsible for two assistant cooks, and two other kitchen staff; a Front of House Manager who is responsible for eight waiting staff. The assistants undertake job rotation regularly, in order to appreciate and understand each other's roles more effectively.

5



(Source: adapted from an interview with Holly Marianne Faulkner, Joint Proprietor/ Manager of The Wonky Table, March 2020)

Extract G

The Wonky Table expansion plans - 2021

Holly and Andy considered two options:

Upstairs renovation

The first option was to extend the number of covers (seats) from 24 to 48 by renovating upstairs at a cost of £14000. This would enable The Wonky Table to boost sales from not only more customers, but also from the introduction of private party bookings.

5

The extra seating and tables would need to be ordered by July 2021 in order to enable installation during the second and third weeks of August 2021, when The Wonky Table is usually less busy. Andy suggested to Holly that this might also present an opportunity to replace existing lighting with more economical LED lighting and redecorate the restaurant at an extra cost of £6000.

10

External catering

There is the opportunity to provide external catering for a number of local businesses in the Cathedral Quarter of Derby. These include accountants, estate agents, solicitors and premium hair salons. The Wonky Table could offer buffet lunches, celebration dinners and catering for conference events.

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This option would mean the closure of The Wonky Table for two weeks in December to have an additional kitchen built at the rear of the restaurant. This new kitchen would provide more facilities for the preparation, cooking and storage of food with an estimated cost of £8000.

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(Source: adapted from an interview with Andy Threwliss, Joint Proprietor/ Manager of The Wonky Table, March 2020)

Assess **two** suitable external methods of finance that could have been used by Andy and Holly for The Wonky Table start-up capital in 2010.

(8)

(Total for question = 8 marks)

Q9.

Extract E

Derby Theatre

In 2008, what was the Derby Playhouse, seemed doomed to close. The childhood inspiration behind the remarkable success of Sir John Hurt, was kept afloat despite shrinking local council grants and low audiences. It became known as Derby Theatre, when rescued through a takeover by the University of Derby in 2012, thanks to the 'civic mindedness' of Professor John Coyne, CBE, the then Vice-Chancellor of the University.

5

Derby Theatre operates on a day-to-day basis mainly thanks to an annual £795,000 Arts Council grant paid by instalments every quarter. Box office incomes do vary throughout the year, depending on performances and the local competition from the Derby Live Arena and Derby's Guildhall. Derby Theatre's bar and catering revenues average between 50p and £3.50 per head, from audiences of up to 575.

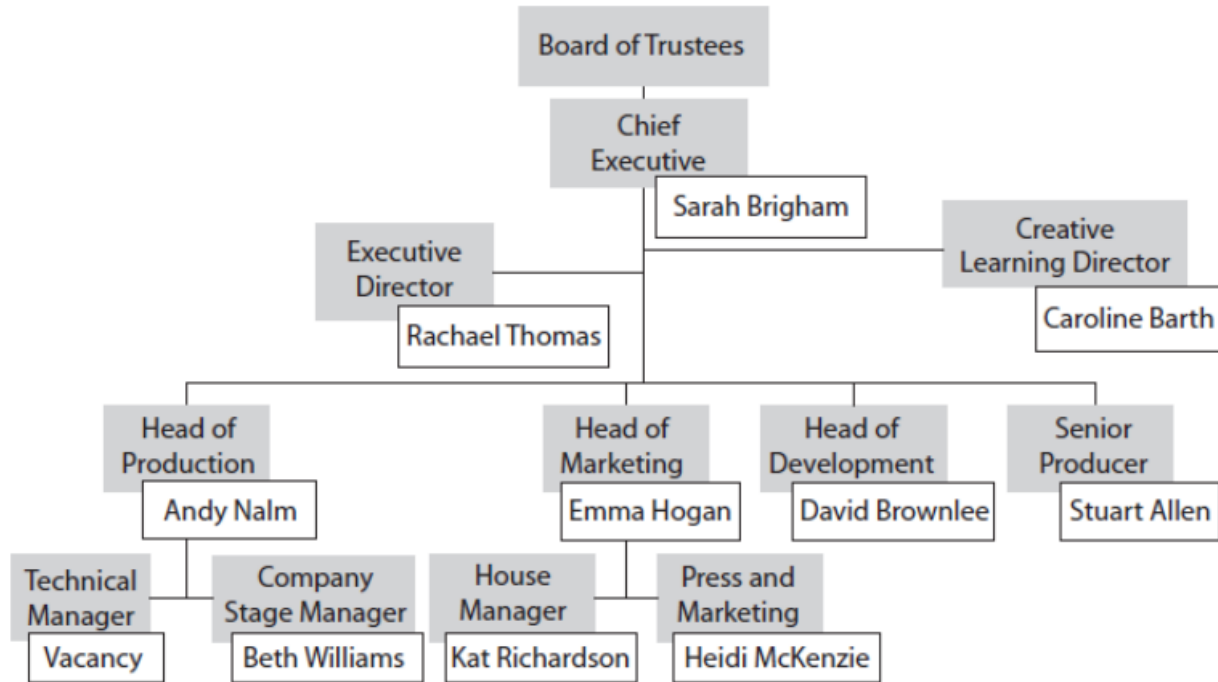
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(Sources: <https://www.derbytelegraph.co.uk/news/derby-news/made-derby-how-derby-playhouse-1576915> and interview with Rachael Thomas, Executive Director of Derby Theatre)



Extract F

Derby Theatre: Organisational structure, June 2018 (a section from*)



*Staffing at Derby Theatre totals 50 full-time equivalents and six freelance managers. Specialist management roles are often advertised through national media.

(Source: Rachael Thomas, Executive Director of Derby Theatre)

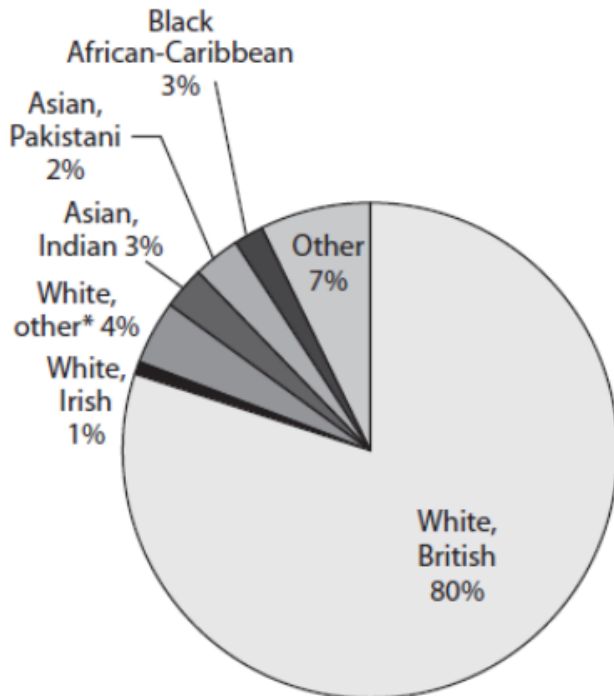
Extract G

Ethnicity profiles

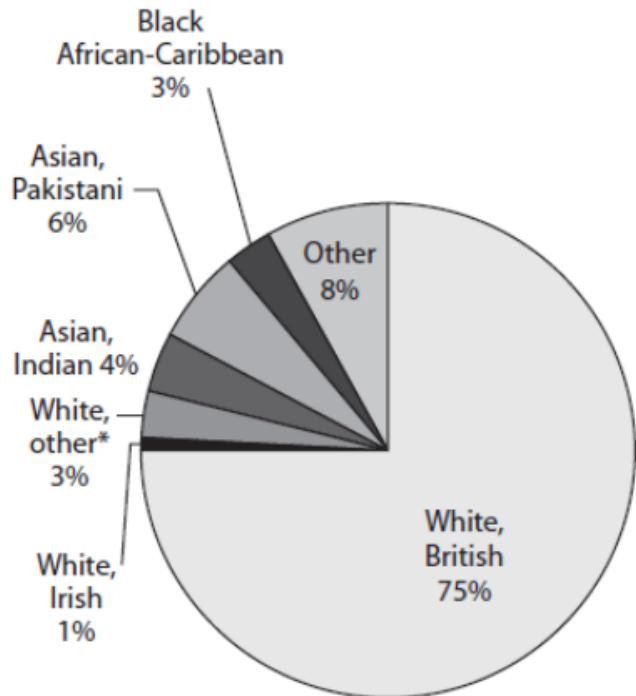


EXAM PAPERS PRACTICE

UK's population 2011



Derby's population 2011



*Note: The 'White, other' ethnic group, which includes migrants from Eastern Europe, made up 3% of Derby's population in 2011, making it the third largest Black and Minority Ethnic group in the city. Between censuses, the Office for National Statistics publishes mid-year estimates. In 2016 they estimated that Derby's 'White, other' population had increased to 4.2%.

(Sources: Office of National Statistics, (KS201EW), Census 2011 and <https://www.derby.gov.uk/council-and-democracy/statistics-and-census-information/census-information/>)

Extract H

National Theatre (NT), London

The NT makes world-class theatre for everyone that is entertaining, challenging and inspiring. It had 91% capacity in 2017-18, and over 30% of tickets cost £20 or less. NT had 10 shows on tour in 36 towns and cities across the UK. All this added up to 115 weeks- worth of performances, squeezed into one year.

5

Worldwide, NT's audience was 8 million in 2017-18, through live theatre and events, NT Live broadcasts, television and radio broadcasts, educational workshops and interactions with in-depth digital content.

Around 4,000 people worked at the NT in 2017-18 - from actors, to ushers, to scenic artists. It is one of the largest employers in London, with hundreds of skilled craftspeople, practitioners and artists.

10

The NT receives a regular Arts Council England grant of £16.7m each year, which allows it to take its work around the country, run educational workshops, protect low ticket prices, and to invest in the development of new work and world-leading artists.

UK Arts Council funding is increasingly being determined by criteria that encourages diverse programming to overcome the labelling of all theatres as 'white, middle-class institutions.

15

Public funding for the Arts makes up just 0.05% of government spending and delivers a return of £5 in taxes for every £1 invested. This modest investment in the Arts is one of the reasons why the Creative Industries are the fastest growing part of the UK economy.

20

(Source: <https://www.nationaltheatre.org.uk/about-the-national-theatre/key-facts-and-figures>)

Assess **two** ways Derby Theatre could improve its liquidity.

(8)

(Total for question = 8 marks)

Q10.

Extract E

Burts experiences rapid growth

Burts Chips Ltd (Burts) was founded in 1997 in Kingsbridge, South Devon. The company manufactures high-quality, hand-fried potato chips (crisps). Despite competing in the fiercely competitive potato crisp market, the company has experienced rapid organic growth since the first day it opened. As a result of producing high-quality, heavily branded crisps, supermarkets such as Tesco have been willing to stock a range of Burts' flavours. They compete for shelf space with brands such as Walkers and McCoys, which dominate the market.

5

Extract F

Burts expands into foreign markets

In 2014, Burts decided to increase its productive capacity by 100% by investing £2.1m in new frying machines and a more efficient packaging line. This investment had to be funded by issuing new shares to existing investors.

The expansion of Burts' factory was necessary to cope with rapid growth in demand. Although most of this extra demand came from the UK, Burts now sells its crisps in 42 different countries and has become the leading brand in the Dutch premium crisp market. Burts' focus on organic growth has been driven by strong branding and a commitment to quality and innovation - all demonstrated by its willingness to risk the production of unusual flavours such as vanilla sea salt.

5



Extract G

Selected information from Burts Chips Ltd's Statement of Comprehensive Income 2012–13

	2013 (£)	2012 (£)
Turnover	14 667 947	12 867 523
Cost of sales	(10 271 989)	(9 335 193)
Gross profit	4 395 958	3 532 330
Other operating expenses	(3 865 266)	(3 470 420)
Operating profit	530 692	61 910
Exceptional items	268 617	104 017
Interest payable	(101 283)	(331 578)
Profit for the year (net profit)	698 026	(165 577)

Extract H

Selected information from Burts Chips Ltd's Statement of Financial Position 2012–13

	2013 (£)	2012 (£)
Non-current assets	1 342 665	1 342 665
Current assets	3 572 020	3 578 542
Current liabilities	(35 547)	(304 164)
Non-current liabilities	(2 205 824)	(2 205 824)
Share capital	3 275 000	3 275 000
Retained profit	(601 686)	(863 781)

Assess why Burts did not use loan capital to fund its £2.1m factory expansion.

(10)

Q11.

Extract E
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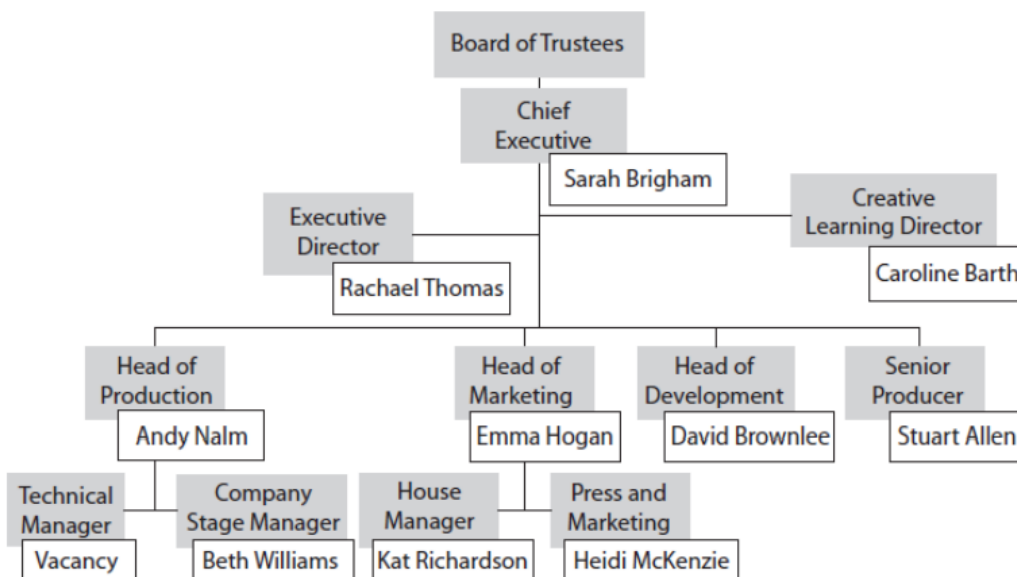
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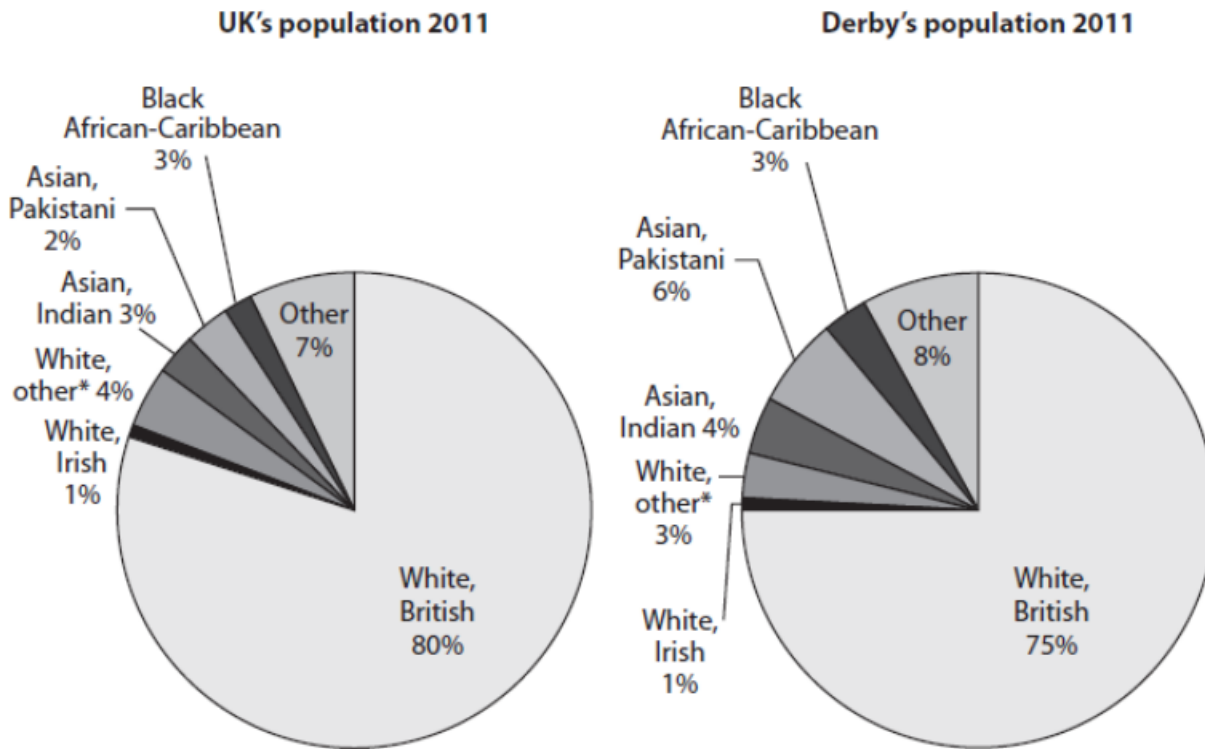
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Extract G

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(Source: <https://www.nationaltheatre.org.uk/about-the-national-theatre/key-facts-and-figures>)

Pre-theatre dining has been unpopular at Derby Theatre. Catering Consultant Andrew Dean has argued that a refurbishment of its cafe and kitchens is required.

In order to finance the £100 000 catering investment, Derby Theatre management is considering using either some of its £120 000 retained profit or a loan.



Evaluate these two methods of finance and recommend which **one** might be most appropriate to finance the £100 000 catering investment at Derby Theatre.

(20)

(Total for question = 20 marks)

Q12.

Percentage change in GDP

	2009	2010	2011	2012
China	9.2%	10.4%	9.3%	7.8%
India	8.5%	10.5%	6.3%	3.2%
United Kingdom	-5.2%	1.7%	1.1%	0.1%

GDP per capita in US\$

	2009	2010	2011	2012
China	3 749	4 433	5 447	6 093
India	1 147	1 417	1 540	1 503
United Kingdom	35 455	36 573	38 927	38 649

(Source: <http://data.worldbank.org/indicator/NY.GDPMKTP.KD.ZG>)

Using the data, evaluate the likely impact of economic growth on UK-based crisp manufacturers.

(20)

Q13.

Using Extracts F and G, assess the likely impact of quality management on Jaguar Land Rover.

(12)



Extract G

Selected information from Burts Chips Ltd's Statement of Comprehensive Income 2012-13

	2013 (£)	2012 (£)
Turnover	14 667 947	12 867 523
Cost of sales	(10 271 989)	(9 335 193)
Gross profit	4 395 958	3 532 330
Other operating expenses	(3 865 266)	(3 470 420)
Operating profit	530 692	61 910
Exceptional items	268 617	104 017
Interest payable	(101 283)	(331 578)
Profit for the year (net profit)	698 026	(165 577)

Extract H

Selected information from Burts Chips Ltd's Statement of Financial Position 2012-13

	2013 (£)	2012 (£)
Non-current assets	1 342 665	1 342 665
Current assets	3 572 020	3 578 542
Current liabilities	(35 547)	(304 164)
Non-current liabilities	(2 205 824)	(2 205 824)
Share capital	3 275 000	3 275 000
Retained profit	(601 686)	(863 781)

Using the data in Extracts G and H and ratio analysis, evaluate whether Burts should continue to expand.

(20)