



Please write clearly in block capitals.

Centre number

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Candidate number

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Forename(s)

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Candidate signature

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# AS BUSINESS

Paper 2 Business 2

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Tuesday 24 May 2016

Afternoon

1 hour 30 minutes

## Materials

For this paper you must have:

- the insert (enclosed)
- a calculator.

## Instructions

- Use black ink or black ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions.
- You must answer the questions in the spaces provided. Do not write outside the box around each page or on blank pages.
- Do all rough work in this answer book. Cross through any work you do not want to be marked.

## Information

- The maximum mark for this paper is 80.
- The marks for questions are shown in brackets.



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IB/G/Jun16/E4

**7131/2**

0 1

A potential supplier is hoping to win a contract to make Moshi Monsters' branded key rings. Information on this possible contract is provided in **Figure 3**. How many key rings will the supplier need to sell each month to Mind Candy Ltd to break even?

[3 marks]

Number of key rings \_\_\_\_\_

Workings \_\_\_\_\_

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0 2

Using the information provided in **Figure 2**, calculate Mind Candy Ltd's operating profit margin in **2012**.

[3 marks]

Operating profit margin \_\_\_\_\_

Workings \_\_\_\_\_

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0 3

Explain **one** reason why the views of SPARK Ventures are likely to be important when Mind Candy Ltd makes major decisions.

[4 marks]

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0 4

Analyse why Mind Candy Ltd outsources production of Moshi Monsters' merchandise such as trading cards and cuddly toys.

[9 marks]

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Turn over ►

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**0 5**

Explain why venture capitalists such as SPARK Ventures may have been willing to provide finance to Michael Acton Smith for the growth of Mind Candy Ltd in 2007.

**[9 marks]**

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Turn over for the next question



**0 6**

Mind Candy Ltd remains a private limited company despite some pressure to become a public limited company. Do you believe the business should continue to be a private limited company? Justify your answer.

**[16 marks]**

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0 7

Mind Candy Ltd mainly uses non-financial methods to motivate its employees. With reference to theories of motivation, to what extent are non-financial methods of motivation likely to be more effective than financial methods for Mind Candy Ltd? Justify your answer.

[16 marks]

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**END OF QUESTIONS**

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