



Rewarding Learning

ADVANCED SUBSIDIARY (AS)
General Certificate of Education
2017

Business Studies

Assessment Unit AS 1
assessing
Introduction to Business



SBU11

[SBU11]

THURSDAY 18 MAY, AFTERNOON

TIME

1 hour 30 minutes.

INSTRUCTIONS TO CANDIDATES

Write your Centre Number and Candidate Number on the Answer Booklet provided.
Answer **both** questions.

INFORMATION FOR CANDIDATES

The total mark for this paper is 80.

Quality of written communication will be assessed in Question **1** parts **(c)** and **(d)** and Question **2** parts **(c)** and **(d)**.

Quantitative skills will be assessed in Question **1 (b)** and Question **2 (b)**.

Figures in brackets printed down the right-hand side of pages indicate the marks awarded to each question or part question.

Any workings should be clearly shown since marks may be awarded for partially correct solutions.

ADVICE TO CANDIDATES

You are advised to take account of the marks for each part question in allocating the available examination time.

Answer **both** questions

- 1 Study the information below and answer the questions that follow.

Boojum – Mexican Burrito Bar

Andrew and David Maxwell, two local entrepreneurs, own shares in Boojum Limited – a quick service Mexican Burrito Bar specialising in serving homemade Mexican food in a casual environment. The business trades as a private limited company under the name Boojum. Sample product prices at Boojum are shown in **Fig. 1** below:

Item	Price
Vegetarian Burritos	£4.95
Chilli Con Carne Fajitas	£5.75
Shredded Pork Tacos	£5.75

Fig. 1: Boojum Menu (Sample extract)

Research suggests that burrito bar consumers tend to stop for very short periods of time to order and eat their food servings. They also prefer fresh healthy alternatives to the fast-food chains that dominate the High Street. Boojum has grown to become Ireland's best-known Mexican quick service brand with five outlets on the island – two in Belfast and Dublin respectively and one in Galway. The owners of Boojum hope to increase profits and dividends through continued expansion in Ireland and the UK.

The management team at Boojum Limited continually review the human resources available to the business, recruiting experienced managers, 'front of house' crew and kitchen staff. The company advertises job vacancies on its website and applicants are encouraged to send their curriculum vitae (CV) to the company's email address. In addition, recruitment mornings are held in Belfast.

Boojum require new applicants to be available for employment at short notice. The management team believes that online recruitment results in a shortened hiring process, access to a larger pool of applicants and a reduction in recruitment costs. However, a greater number of fraudulent online applications may arise.

Over the last decade, global food markets have experienced significant growth. In 2004, 4% of our imported foodstuffs came from Latin America, compared with 6% reported in 2014 (measured in terms of quantities imported).

© Boojum: Brothers planning to branch out after burrito chain buy-up by John Mulgrew. Published by Belfast Telegraph, 25 July 2015

Market research evidence shows a continued growth in the number of quick service restaurants (such as Boojum) in towns and cities nationally. Estimated total sales revenue reported for the Quick Service segment of the food retail sector in Ireland during 2014 was £1,664 million. The annual sales revenue for the period can be broken down as shown in **Fig. 2** below:

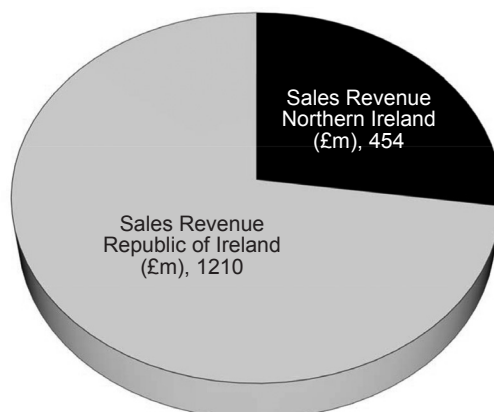


Fig. 2: Quick Service Annual Sales Revenue (£ millions) 2014

- (a) Use Boojum Limited as an example to explain the importance of **Adding Value** in a business. [4]
- (b) (i) Using the information in **Fig. 2**, calculate (to two decimal places) Northern Ireland's percentage share of the Total Quick Service Annual Sales Revenue during 2014. Show your workings clearly. [2]
- (ii) Analyse **two** motives that entrepreneurs David and Andrew Maxwell might have had, prior to setting up Boojum Limited. [6]
- (c) Analyse **three** benefits of Boojum Limited operating as a private limited company. [10]
- (d) Evaluate the impact on Boojum Limited of using online technology as part of their recruitment process. [18]

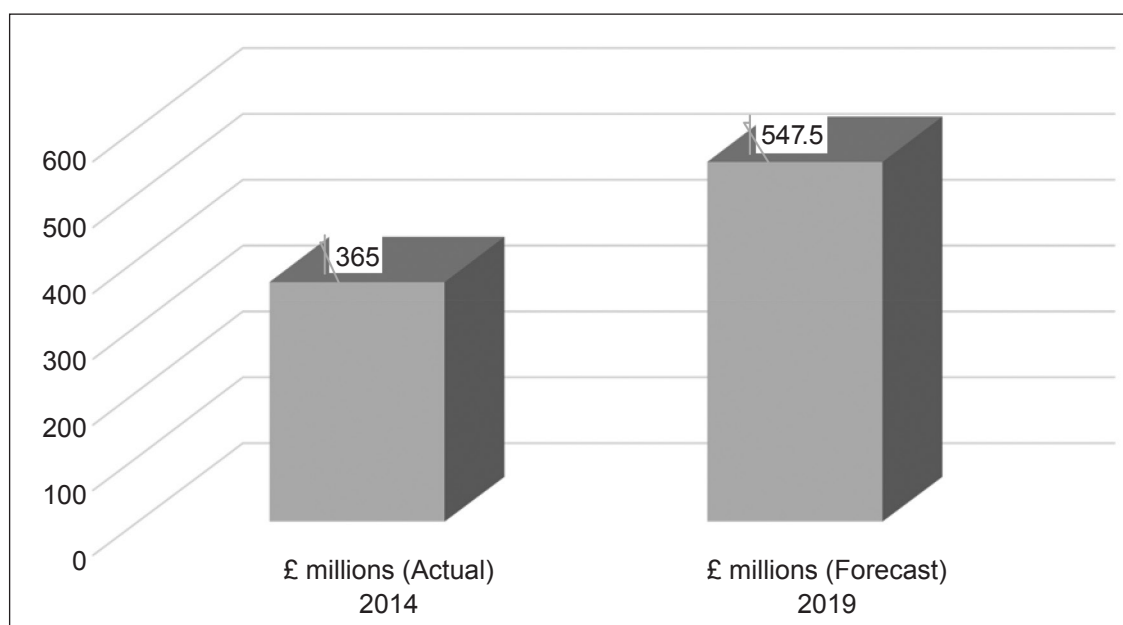
2 Study the information below and answer the questions that follow.

Eat-Well Café

Eat-Well Café was set up by Sophie in 2013 to offer organic food and beverages free from sugar, gluten and dairy products. Products include gluten-free bread, popcorn and muesli. Market research data suggests that the gluten-free market will continue to grow. This market sector continues to record the highest number of product launches of any food category.

Sophie's accountant advised her that sales revenues for the café in the last financial period totalled £300,000, and she is confident that her café will succeed in this niche market.

Recent statistical data (summarised in **Fig. 3** below) suggests that total sales revenues reported in respect of the UK 'Free From' market were £365m in 2014. This is forecast to increase to approximately £547.5m by 2019.



© Adapted from "Trends and opportunities in the growing market for gluten-free foods. Free From Food Expo, Barcelona, June 2015". Authored and published by Mintel Group Ltd, 2015.

Fig. 3: Actual and Forecasted Annual Sales Revenues of UK 'Free From' market

Two factors which are likely to influence the increase in forecasted levels of demand for 'Free From' foods are increased levels of advertising by businesses in the sector and changes in disposable income. Sophie is planning to increase the amount spent on advertising from £6,789 to £9,000 in the next financial period. Furthermore, market research data has indicated that the average level of household disposable income is expected to rise from approximately £21,000 to over £22,500 over the next few years.

Sophie currently employs six full-time members of staff in the café. Her leadership style appears to be democratic in nature, since the ethos behind the business is one of ensuring every stakeholder feels valued. An implication of Sophie's democratic leadership style is that, the redistribution of power and authority between her and her staff, may lead to greater staff involvement in the decision making process. Sophie believes that her leadership style will encourage collaborative problem solving, promote a creative working environment and facilitate better team working among the staff. However, Sophie is conscious that a democratic style of leadership may be time consuming. Sophie encourages her employees to engage in a healthy and active lifestyle.

She provides off-the-job training for her employees in relation to issues such as healthy eating, cooking, food hygiene and health and safety courses. Sophie has already spent £1,230 on staff training during this financial year (2017), and plans to increase this amount by 10% in the next financial year (2018).

- (a) Explain the term **niche market**, using Eat-Well Café as an example. [4]
- (b) (i) Calculate (to the nearest whole number) the percentage change in annual sales revenues from 2014 to 2019 as shown in **Fig. 3**. Show your workings clearly. [2]
- (ii) Analyse the **two** factors mentioned in the case study, that may influence the demand for 'Free From' foods between 2014 and 2019. [6]
- (c) Analyse **three** benefits to Eat-Well Café of using **off-the-job** training. [10]
- (d) Evaluate the impact of Sophie's democratic style of leadership on staff motivation. [18]

THIS IS THE END OF THE QUESTION PAPER

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