



Rewarding Learning

ADVANCED SUBSIDIARY (AS)
General Certificate of Education
2023

Centre Number

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Candidate Number

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Business Studies

Assessment Unit AS 1

assessing

Introduction to Business



[SBU11]

SBU11

FRIDAY 19 MAY, MORNING

TIME

1 hour 30 minutes.

INSTRUCTIONS TO CANDIDATES

Write your Centre Number and Candidate Number in the spaces provided at the top of this page.

You must answer the questions in the spaces provided.

Do not write outside the boxed area on each page or on blank pages.

Complete in black ink only. **Do not write with a gel pen.**

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 2 parts (b)(i) and (c).

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. This paper is accompanied by a Case Study Booklet.

ADVICE TO CANDIDATES

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

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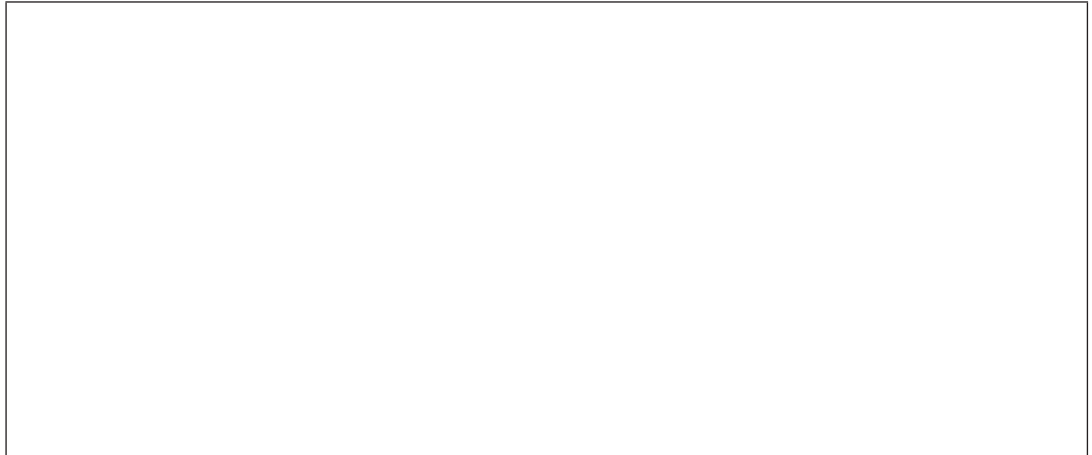
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20SBU1107

(b) (i) Calculate Lidl's total sales revenue in Northern Ireland for the year 2020 (you must show your workings and state your answer to the nearest million).

Show your calculations below.



[2]





[10]

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For Examiner's use only	
Question Number	Marks
1(a)	
1(b)	
1(c)	
1(d)	
2(a)	
2(b)	
2(c)	
2(d)	

Total Marks	
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Examiner Number

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**[SBU11]
FRIDAY 19 MAY, MORNING**

CASE STUDY BOOKLET

CASE STUDY 1

Read the following information and answer **Questions 1(a) to (d)** in the answer booklet.

Burn Distillery Limited

Burn Distillery Limited manufactures Irish whiskey at its plant located in the town of Carrickfergus, County Antrim, and employs a total of 100 staff. The company specialises in the production and sale of Irish whiskey to customers across the globe.

Management reported the following financial data for the years 2021 and 2022, respectively, to the Companies Registrar.

Table 1 Financial data for Burn Distillery Limited

Details	Financial years	
	2022	2021
Sales revenue	£4,300,000	£3,300,000
Profits for the year	£890,000	£660,000

Burn Distillery was originally set up as a sole trader in 2014 by local wealthy entrepreneur Mr Matt Thornten. Matt's motives in setting up this venture included his desire to make a profit in the whiskey business and also to take advantage of trading opportunities in the expanding whiskey market.

Following five years of successive growth in the business, Matt decided to change the business ownership from a sole trader to Burn Distillery Limited, a private limited company. Matt is the majority shareholder, owning 75% of the share capital in the company. His decision to change ownership to a private limited company was influenced by his desire to protect his personal wealth, through limited liability, and raise additional capital.

Since Matt is the majority shareholder, he exercises control in relation to all major business decisions, with very few objections from the other shareholders. This majority control of the company allows Matt to make the investment decisions necessary to ensure its long-term survival.

Operating as a private limited company also enables the management team of Burn Distillery Limited to:

- obtain additional finance in order to expand the product range; and
- undertake large investments in plant and machinery aimed at improving quality.

Burn Distillery Limited's range of whiskeys are produced using a process called distillation. Whiskey production uses flow production, commencing with malting, mashing, fermentation, distilling and maturation, and finishes with bottling the whiskey. This production method enables the company to produce whiskey to exacting quality standards.

As part of a strategy aimed at improving productivity, the management team of Burn Distillery Limited announced a five-year plan in 2023 to double its production of whiskey by 2028. The plan is to increase volumes from 10 000 nine-litre cases per year to 20 000 nine-litre cases per year. The expansion plan has a projected cost of £6 million, which includes:

- investing in new machinery and equipment for a new distillery, new boiler house and new cooling equipment;
- investing in the repair and maintenance of its current machinery, equipment and facilities. The facilities will include a barrel store on the existing site, a sprinkler pump house, tanks, landscaping and a new access road; and
- investing in the recruitment of specialised staff coupled with staff training in the operation of new machinery and equipment.

The management team at Burn Distillery Limited acknowledges that sales revenues have risen during 2022 as a result of increased demand.

TURN OVER FOR CASE STUDY 2

CASE STUDY 2

Read the following information and answer **Questions 2(a) to (d)** in the answer booklet.

Lidl Northern Ireland

Lidl, one of Northern Ireland's discount store operators, offers a wide range of products from its own brand and other manufacturers such as Coca-Cola, Dromona and Cookstown. Lidl's products are sold at very competitive prices. Lidl is famous for using the slogan "Big on Quality, Lidl on Price" and this appeals to customers who wish to save money. Lidl offers its customers the highest quality products at the lowest possible prices. Lidl accepted the Quality Food Award 2020 for selling exceptional products across a wide range of food and drink categories.

In 1999 Lidl opened its first store in Northern Ireland. In 2020 Lidl's market share increased to 6.1% of Northern Ireland's supermarket sector. In 2020 total revenues of the supermarket sector in Northern Ireland amounted to approximately £4,500 million.

The increase in Lidl's market share during 2020 was explained largely by the impact of the Covid-19 pandemic and subsequent lockdown. The closure of non-essential businesses across Northern Ireland during 2020 increased Lidl's market share, especially due to a change in consumers' tastes and behaviour, which included:

- consumers undertaking frequent shopping visits using small-sized baskets in a variety of shops changing to infrequent shopping visits with the use of larger baskets in one store;
- shoppers stocking up on home-cooking ingredients and creating their own restaurant-themed meals;
- health and hygiene consumers purchasing additional household cleaners and liquid soap;
- an increase in demand for at-home fitness equipment.

Lidl states that one of its objectives for its long-term success is investing in the recruitment, training and development of its people. During 2021 Lidl was awarded Top Employer 2021, underlining its commitment to delivering best-in-class HR practices in people strategy, work environment, talent acquisitions, learning, wellbeing, diversity and inclusion.

Lidl provides a range of monetary benefits to staff including wages, bonuses and fringe benefits, which all form an important part of its total rewards package. Detailed below are the hourly wage rates recommended by law as at April 2021 and Lidl's hourly wage rates.

Age group	National Minimum Wage	Lidl's wages
18–20	£6.56 per hour	Lidl pays its employees the "Living Wage" (the minimum hourly rate that employees need to live), which is considerably higher than the National Minimum Wage. Lidl employees are paid £9.50 per hour, for those working outside of London, on entry level.
21–22	£8.36 per hour	

In 2020, Lidl issued vouchers worth £150 to each member of staff in recognition of all their dedication, support and commitment to Lidl during that year. In 2021 Lidl paid its 25 000 front-line staff, including customer assistants, warehouse operatives and cleaners, across its 800 stores a cash bonus of £200 in recognition of their unrelenting hard work during the pandemic. Lidl's 1 800 office-based staff were paid a "thank you" bonus of £100.

Lidl also offers fringe benefits including a free and confidential support programme that provides its employees and their families with 24/7 access to help and support in managing their work or personal issues. This includes free access to a nationwide network of fully qualified counsellors and experts in a variety of fields, including financial advisors, legal professionals, career guidance and coaching.

Given the growth in market share, Lidl has revealed that it is investing £32 million to expand the number of stores in Northern Ireland from 39 to 44, with a long-term plan to grow the store network to 50. Lidl's recent recruitment drive increased its workforce to 1100 with plans to recruit a further 170 as part of its expansion plans.

Lidl's strategy of rapid growth implies that the company may find it difficult to recruit suitably experienced and qualified store managers from time to time. To recruit successfully, Lidl uses a wide spectrum of online technologies such as online job boards, nijobfinder, social media, Facebook, Twitter and Lidl's own website.

Lidl's use of online technologies in recruiting managers contributes to its reduced recruitment costs, allows Lidl to gain access to a larger pool of suitable applicants, and it also speeds up Lidl's recruitment and selection process. Using its continual online recruitment campaign, Lidl is successfully attracting qualified applicants for positions within its business operations.

END

Sources:

Adapted from 'Lidl Northern Ireland pledges £32m investment' by Claire Cartmill, 24 November 2020. © Newsletter

Adapted from 'Supermarkets' strength in the time of COVID-19' © Oliver Wyman

Adapted from 'Lidl gives frontline shop workers £200 bonus' by Elias Jahshan, 26 January 2021. © Retail Gazette

Adapted from 'How Lidl received 375 job applications in 2 months only' © VONQ

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