Please check the examination details below before entering your candidate information

Candidate surname	Other names

Pearson Edexcel
International Advanced Level

Centre Number	Candidate Number

Time 2 hours

Paper reference **WBS13/01**

Business

International Advanced Level
UNIT 3: Business decisions and strategy

You must have:
Source Booklet (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** questions in Sections A, B and C.
- Answer the questions in the spaces provided – *there may be more space than you need.*

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.*
- Calculators may be used.

Advice

- Read each question carefully before you start to answer it.
- Try to answer every question.
- Check your answers if you have time at the end.
- Good luck with your examination.

Turn over ▶

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SECTION A

Read Extracts A, B, C, D and E in the Source Booklet before answering Question 1.

Write your answers in the spaces provided.

1 (a) Using Extract B, explain how a change in the size of the home products market might affect *Dunelm*.

(4)

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(b) Using Extract C, calculate, to two decimal places, the return on capital employed (ROCE) for *Dunelm*. You are advised to show your working.

(4)

(c) Discuss the benefits for *Dunelm* of having more than one distribution method.

(8)

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(d) Assess the likely benefits for *Dunelm* from offering financial and non-financial rewards to its employees.

(12)

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(e) Assess the extent to which *Dunelm*'s corporate culture contributes to its success.

(12)

(Total for Question 1 = 40 marks)

TOTAL FOR SECTION A = 40 MARKS

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SECTION B

Read Extract F in the Source Booklet before answering Question 2.

Write your answer in the space provided.

2 Evaluate how cash-flow forecasting could have improved the financial position of a business such as *Jamie's Italian*.

(20)

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(Total for Question 2 = 20 marks)

TOTAL FOR SECTION B = 20 MARKS

SECTION C

Read Extracts G and H in the Source Booklet before answering Question 3.

Write your answer in the space provided.

3 Using Ansoff's Matrix, evaluate whether the takeover of *Graze* is a good corporate strategy for *Unilever*.

(20)

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(Total for Question 3 = 20 marks)

TOTAL FOR SECTION C = 20 MARKS
TOTAL FOR PAPER = 80 MARKS

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GradeMax

Pearson Edexcel International Advanced Level

Time 2 hours

Paper reference **WBS13/01**

Business

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UNIT 3: Business decisions and strategy

Source Booklet

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Sources for use with Section A

Extract A

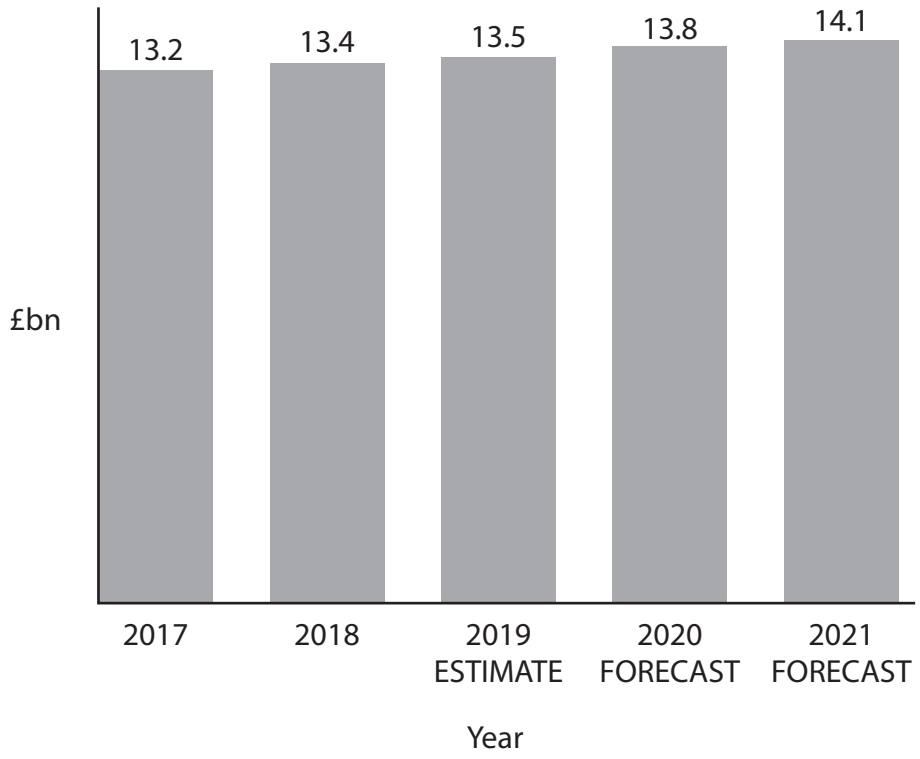
Dunelm: The Home of Homes

We are the UK's number one retailer of products for the home. We offer our customers great products to improve every room in their home. We have a number of distribution methods including 170 superstores, two high street stores and our website, Dunelm.com. We focus on style, quality and value and are always working hard to help our customers to create a home they love.

- Over 30,000 products in store
- Over 55,000 products available online
- Over four and a half million customers visit our stores and website each week
- Made to Measure curtains and blinds service including home fitting
- Our own Home Delivery fleet of vans
- Reserve and Collect service in store

Extract B

UK Home products market size (£bn) 2017–2021



Extract C

Selected financial data for *Dunelm* ending June 2019

	(£m)
Revenue	1 100.4
Operating profit	126.9
Non-current liabilities	81.5
Total equity	185.8

Extract D

The *Dunelm* family

We want *Dunelm* to be a great place to work and we treat all our employees as family. This means that the hard work of our 9,000 employees make *Dunelm* a wonderful place for customers to shop. To maintain this, we reward all our employees in different ways.

- Pay rates above UK National Minimum Wage
- Regular employee and management meetings
- A weekly topical email and our quarterly Gazette
- Empowering female leaders programme
- Access to mentors
- Flexible working
- Employees can buy *Dunelm* shares at a discount

Extract E

Culture and the Board of Directors

Our culture comes from our founders, the Adderley family, who are still the majority shareholders. This makes a big difference to our culture which is open and honest, reflecting the values of our founders. We are committed to our suppliers and making *Dunelm* a great place to work for our employees. We have rapidly grown in the UK but have ensured our culture has been retained as the business has become more complex.

We maintain our corporate culture and principles by our leadership team and members of the Board of Directors acting as role models. All employees are given training in terms of how they treat employees, customers and our suppliers.

Our corporate culture is monitored formally by the Board of Directors twice a year on a 'culture scorecard'. The Board reviews a number of 'culture' indicators, such as employee and customer satisfaction scores and accident statistics.

Source for use with Section B

Extract F

Cash flow crisis for *Jamie's Italian* restaurant chain

Jamie Oliver, a celebrity TV chef, revealed that his restaurant chain, *Jamie's Italian*, was hours from bankruptcy in 2017. He rescued it by injecting nearly £13m of his own money and taking out a £37m bank loan from *HSBC*. In May 2019, Jamie had to close 22 of the chain's 25 restaurants, making 1,000 staff redundant in an attempt to save the restaurant chain. The business still has debts of £83m.

Jamie Oliver said in an interview with the Financial Times, "We had simply run out of cash and we hadn't expected it. That is just not normal in any business. You have quarterly meetings. You have board meetings. People who are supposed to manage that stuff, should manage that stuff."

Jamie Oliver said he was still unclear why it ran into difficulty. "I honestly don't know what happened," he said. "We're still trying to work it out, but I think that the senior management we had in place were trying to manage what they would call the perfect storm: high rents, increasing food costs, Brexit, a rise in the minimum wage and high streets in decline. There was a lot going on."

Jamie's Italian has not been the only mid-market restaurant chain in trouble. More than 1,400 UK restaurants have collapsed between 2018 and 2019. More recently, *Pizza Express* has announced it is in negotiations to help deal with its £1.12bn debt.

A decade ago there were far fewer restaurant chains to compete with and there were no home-delivery apps. Perhaps this market is simply too crowded.

Sources for use with Section C

Extract G

Unilever makes *Graze* its fourth takeover in three months

Healthy snack brand *Graze* has been acquired by *Unilever* in a £150m takeover. Founded in 2008, *Graze* provides a range of nuts, seeds and snack bars which contain no artificial ingredients. Having started with a snack box delivery service, the brand now has products available through retail stores, e-commerce and direct to consumer channels.

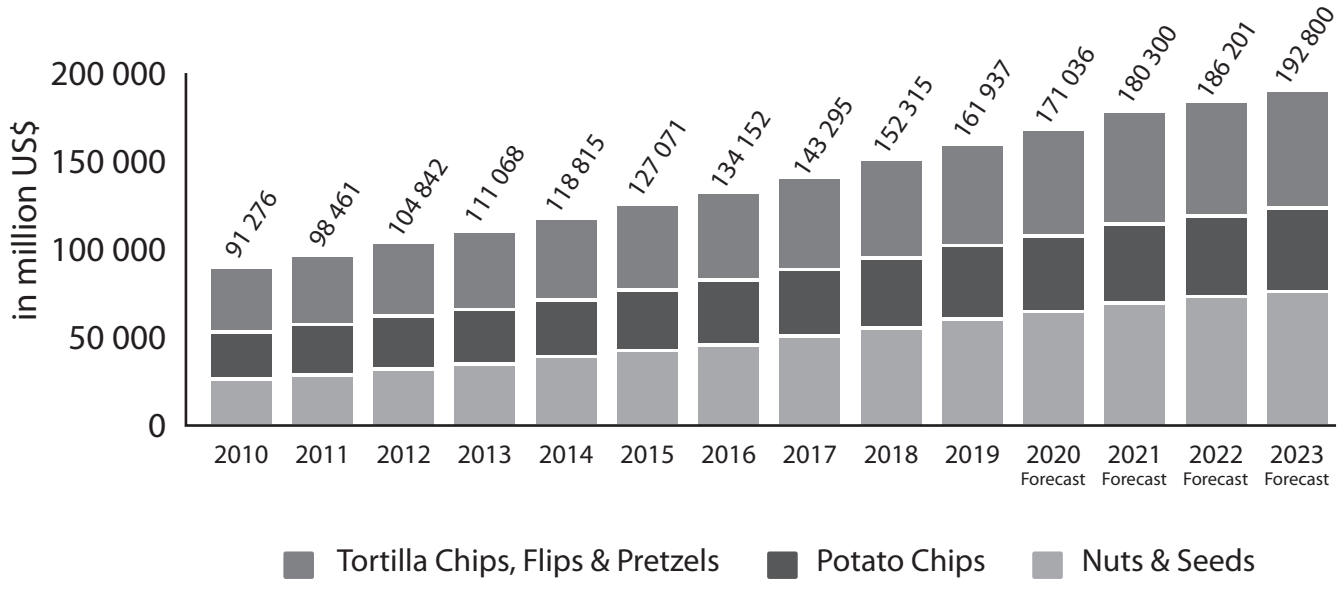
The takeover will help *Unilever* move further into the direct to consumer subscription market. This follows on from its takeover of the razor brand *Dollar Shave Club* in 2016. *Unilever* is a global company selling fast-moving consumer goods and has 400 brands in 190 countries.

Nitin Paranjpe, President of *Unilever*'s Food and Refreshment division, said: "*Graze* increases our presence in the healthy foods and direct to consumer markets. This is an excellent strategic fit for *Unilever* and a wonderful addition to our portfolio. We look forward to working with the *Graze* team to grow the business, benefiting from their technology and e-commerce expertise for our wider portfolio and offering more consumers the opportunity to snack in a healthier way."

Since December 2018, *Unilever* has also taken over *Horlicks India*, Netherlands-based meat substitute brand *The Vegetarian Butcher* and US-based cleaning products brand *The Laundress*.

Extract H

Worldwide Snack Food Total Revenue (US$m) 2010–2023



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Acknowledgements

Extract B adapted from: https://www.statista.com/statistics/501761/homewares-market-value-united-kingdom-uk/

Extract D adapted from: https://www.linkedin.com/company/dunelm-soft-furnishings-ltd/life/b45babd1-08ba-4ef1-89c7-ce3e9e204348/ and https://corporate.dunelm.com/media/2718/dunelm-ar2019.pdf

Extract E adapted from: https://corporate.dunelm.com/media/2718/dunelm-ar2019.pdf

Extract F adapted from: https://www.theguardian.com/food/2018/aug/30/jamie-oliver-spent-13m-to-save-italian-chain-hours-before-bankruptcy

Extract G adapted from: https://www.campaignlive.co.uk/article/unilever-makes-graze-its-fourth-acquisition-three-months/1524935

Extract H adapted from: www.statista.com