



Rewarding Learning

ADVANCED SUBSIDIARY (AS)
General Certificate of Education
2010

GCE Applied Business

Assessment Unit AS 3

assessing

External Influences on the Business Enterprise

[A3B31]

MONDAY 17 MAY, AFTERNOON



TIME

1 hour 30 minutes.

INSTRUCTIONS TO CANDIDATES

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

INFORMATION FOR CANDIDATES

The total mark for this paper is 80.
Quality of written communication will be assessed in **all** questions except Questions 1 and 2.
Figures in brackets printed down the right-hand side of pages indicate the marks awarded to each question or part question.
This paper is accompanied by a Case Study. You must **not** use your own annotated copy of this Case Study.

ADVICE FOR CANDIDATES

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

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Answer all six questions

- 1 (a) Identify the market sector in which Tobermore Concrete Products operates and describe the characteristics of that sector.
- (b) Explain, using an example, what is meant by the term **unfair competition**. [4]
- 2 Explain **three** ways in which an **organic growth** strategy has enabled Tobermore Concrete Products to improve competitiveness. [6]
- 3 (a) Identify and explain **two** ways in which changes in the exchange rate between sterling (£) and the euro (€) will affect the profitability of Tobermore Concrete Products. [6]
- (b) Identify and explain **three** possible trade barriers which Tobermore Concrete Products might face, if the company decided to conduct trading operations in markets outside the European Union. [9]
- 4 Analyse **four** factors that might cause Tobermore Concrete Products to change the quantities of goods that it supplies. [16]
- 5 Discuss **one** benefit and **one** drawback of **each** of the following strategies, which could be used to improve the competitiveness of Tobermore Concrete Products:
- (i) Vertical Integration
- (ii) Horizontal Integration. [16]
- 6 Evaluate the extent to which the £10m expansion programme undertaken by Tobermore Concrete Products has affected five stakeholder groups. [20]

THIS IS THE END OF THE QUESTION PAPER



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You must use **this** clean copy of the Case Study in the examination and not your own annotated copy.



A3B31CSI

TOBERMORE CONCRETE PRODUCTS LIMITED

Tobermore Concrete Products specialises in the production and distribution of paving and walling products, for use in the construction and related markets. During 2007, the company announced that it would undertake a project, costing £10m, aimed at expanding production facilities and increasing employment opportunities. The Tobermore site houses not only the production plant, but also the Head Office and a showroom.

Once completed, the products are then distributed to customers in the various geographical markets in which the company operates. Tobermore Concrete Products also has offices/showrooms in various locations including Bangor (Co. Down), Republic of Ireland (Cork, Dublin and Galway), England (Leyland) and Scotland (Falkirk).

During 2005, Tobermore Concrete Products received the UK Business Excellence Award. In 2007, the company gained the European Foundation for Quality Management Award (EFQM). A company representative stated:

“These awards, organised by the European Foundation for Quality Management are the most prestigious of their kind in Europe and, for our company, this represents another milestone in our journey towards organisational excellence and many years of hard work by our staff”.

In 2009, the Managing Director, David Henderson said that the firm had recently enjoyed double-digit growth every year. He claimed that growth had been boosted by strong sales in Northern Ireland and also in the Republic of Ireland where the company had benefited from a construction boom at that time. Mr Henderson went on to confirm that it was important to invest in the company, in order that:

“... we have the capability not only to meet today’s demands, but also to meet the requirements of our aggressive [organic] growth strategy”.

Following its announcement in 2007, Tobermore Concrete Products reported that it had successfully completed the first phase of the expansion. The construction of a 3500 m² manufacturing facility on land adjacent to the Tobermore site now houses an advanced “block paving” plant.

The second phase of the expansion project, which was completed during the first half of 2009, involved the purchase and installation of a state-of-the-art “slab making” machine.

It is anticipated that the completion of the £10m expansion project would enable the company to increase manufacturing capacity by 50% and provide opportunities to extend the product range.

Tobermore Concrete Products reported sales turnover amounting to £37m and £43.75m for the financial years 2007 and 2008 respectively. This is as a result of sales of paving and walling products in a variety of markets such as property development, home improvement and government infrastructure projects. Whilst the Republic of Ireland market represents a significant portion of the company’s revenues/market share, it is however exposed to a degree of financial risk due to changes in the exchange rate between sterling (£) and the euro (€).

Although the company distributes all products from the production plant in Tobermore, it operates a number of showrooms, through which it can display the paving and walling products in a range of finishes to customers to good effect. Its products have been used in many high profile locations including The K Club in Co Kildare (Republic of Ireland), Hastings Hotels (Belfast), a number of major retail parks and a range of housing schemes.

Tobermore Concrete Products has successfully addressed the needs of customers by focusing on quality, product availability and customer service. The company achieves this through the sale of market-leading products, an effective national distribution network and first class technical support.

Adapted from: © Tobermore Concrete Products Ltd – www.tobermore.co.uk/index.cfm/section/news/news_key/555/

