



Surname _____

Other Names _____

Centre Number _____

Candidate Number _____

Candidate Signature _____

I declare this is my own work.

A-level

BUSINESS

Paper 2 Business 2

7132/2

Monday 1 June 2020

Afternoon

Time allowed: 2 hours

At the top of the page, write your surname and other names, your centre number, your candidate number and add your signature.

[Turn over]



For this paper you must have:

- **a separate insert**
- **a calculator.**

INSTRUCTIONS

- **Use black ink or black ball-point pen.**
- **Answer ALL questions.**
- **You must answer the questions in the spaces provided. Do not write on blank pages.**
- **Do all rough work in this answer book. Cross through any work you do not want to be marked.**



INFORMATION

- **The marks for questions are shown in brackets.**
- **The maximum mark for this paper is 100.**

DO NOT TURN OVER UNTIL TOLD TO DO SO



Answer ALL questions in the spaces provided.

0 1

Read the information, provided in the separate insert, and then answer the questions that follow.

0 1 . 1

Using the data in APPENDIX C, calculate the following ratios for Drake Hotels PLC in 2020. [6 marks]

Current ratio _____

Gearing ratio _____

6

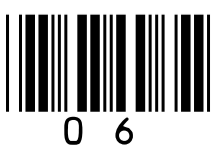
[Turn over]



0 1 . 2

Use APPENDIX B to explain ONE reason why Drake Hotels PLC has used sensitivity analysis for the investment proposal. [4 marks]

4



0 1 . 3

Analyse the challenges the Human Resource manager faces as a result of the patterns of room bookings in APPENDIX E. [9 marks]

[Turn over]





[Turn over]

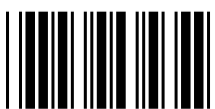
9



01.4

Using the data, recommend whether Drake Hotels PLC should go ahead with the proposed investment. Justify your answer. [16 marks]

Lined writing area with horizontal rules.



[Turn over]



[Turn over]

16



0 2

Read the information provided in the separate insert and then answer the questions that follow.

0 2 . 1

Nari operates on the highest level of Carroll's Corporate Social Responsibility pyramid.

Explain how the information provided supports this view. [3 marks]

[Turn over]

<hr/>
3



02.2

Nari is experiencing protectionism in its European markets.

**Explain how Nari’s marketing managers might respond to this protectionism.
[5 marks]**

[Turn over]

5



0 2 . 3

Nari uses a ‘Just in Time’ approach to manufacturing.

Analyse the ways in which this might affect Nari’s profits. [9 marks]



[Turn over]



0 2 . 4

The managers of a number of Nari’s suppliers use Taylor’s motivation theory when motivating their employees.

To what extent do you think using Taylor’s theory would be a good way for ALL BUSINESSES to motivate their employees? [16 marks]



[Turn over]



[Turn over]





[Turn over]



0	3
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Read the information below and then answer the questions that follow.

ZANI

Zani PLC is a jewellery retailer. Its products include rings, necklaces and bracelets that are made with precious metals and gemstones. Zani PLC has a strong brand reputation for unique designs. The company targets high-income earners. The price elasticity of demand for Zani PLC's products is estimated to be -0.4 .

Zani PLC was established in 2005 by Ted Zani. Ted had previously worked for a big multinational jewellery business but left because he wanted to be his own boss. He set up the business with venture capital. In its early years, with Ted in charge, the company had a power



culture (according to Handy's model). Shareholders felt a change of culture was necessary as the business got bigger and so Ted was replaced as Chief Executive in 2013.

Zani PLC set up 16 of its own stores in its first eight years. The company has continued to grow since then by selling 150 franchises around the world.

[Turn over]



03.1

**What is meant by venture capital?
[2 marks]**

2

03.2

**Explain ONE reason why Zani PLC's
shareholders wanted to change the
power culture at the company. [5 marks]**



[Turn over]

5



0	3	.	3
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The price elasticity of demand for Zani PLC's products has a value of -0.4 .

Analyse reasons why the price elasticity of demand for Zani PLC's products might have this value. [9 marks]

9



03.4

Zani PLC has grown by selling franchises.

**To what extent is selling franchises a good way for ANY BUSINESS to grow?
[16 marks]**

[Turn over]





Ruled lines for writing.



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For Examiner's Use	
Question	Mark
1.1	
1.2	
1.3	
1.4	
2.1	
2.2	
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2.4	
3.1	
3.2	
3.3	
3.4	
TOTAL	

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