



National
Qualifications
2018

X710/76/11

Business Management

FRIDAY, 18 MAY

9:00 AM – 11:15 AM

Total marks — 70

SECTION 1 — 30 marks

Attempt ALL questions

SECTION 2 — 40 marks

Attempt ALL questions

It is recommended that you spend 15 minutes reading over the information provided in **SECTION 1** before responding to the questions.

Write your answers clearly in the answer booklet provided. In the answer booklet you must clearly identify the question number you are attempting.

Use **blue** or **black** ink.

Before leaving the examination room you must give your answer booklet to the Invigilator; if you do not, you may lose all the marks for this paper.



* X 7 1 0 7 6 1 1 *

SECTION 1 — 30 marks

Read ALL the following information and attempt ALL the questions that follow.

BT Group PLC

BT is a public limited company, registered on the London Stock Exchange. It was originally a public corporation regulated by the Government; however, the company was privatised in December 1983. BT's shareholders paid the equivalent of £20 billion in today's prices to acquire all the assets of BT.



BT today

BT is a modern communications services company, providing a range of services in the UK and in more than 170 countries. About a quarter of its revenue is earned outside the UK, providing services to multinationals and other large organisations. BT is a global company with around 106,400 employees in 63 countries, of which around 82,800 work in the UK.

In 2015, BT announced a move back into the consumer mobile market by introducing SIM only plans. To accelerate their growth in the highly competitive market of mobile communications, BT acquired the mobile business EE for £12.5 billion. This was subject to clearance from shareholders and the UK Competition and Markets Authority. EE was one of the leading mobile network operators in the UK with 31 million customers and had the largest 4G customer base of any operator in Europe. The aim of the takeover was to combine EE and BT, which would provide customers with innovative and seamless communications services.

Skills and training

BT's management believes that people are the key to the success of the business, therefore getting the best employees is vital. BT has had an apprenticeship scheme in place for over 50 years and recruited around 900 young people last year onto its programme. As well as this, BT has its own training centre, the BT Academy, where employees from all levels within the organisation receive high quality training.

BT and the National Health Service (NHS)

BT has been supplying technology to the UK's NHS for more than 65 years, providing the equipment and technical support required to keep critical services running. Together they created the NHS broadband network which securely connects every GP surgery, hospital and clinic in England. It has also worked with community and mental health organisations, connecting healthcare professionals and transforming the way patient care is delivered.

BT's integrity and ethics

It is important for BT to know who it is doing business with and who is acting on its behalf. BT chooses suppliers using an established set of principles that makes sure both it and the supplier act ethically and responsibly. BT checks that the goods and services it buys are made, delivered, and disposed of in a socially and environmentally responsible way.

BT is committed to minimising its impact on the environment and reducing the carbon intensity of its global business by 80% against 1997 levels by 2020. BT wants to make a positive contribution to society by investing in communities.

Future

BT is one of the largest investors in research and development (R&D) in the UK and the second largest investor in R&D in the telecoms sector in the world. Since 1990, BT has had over 10,000 patents granted. In 2017 BT invested £520 million in R&D.

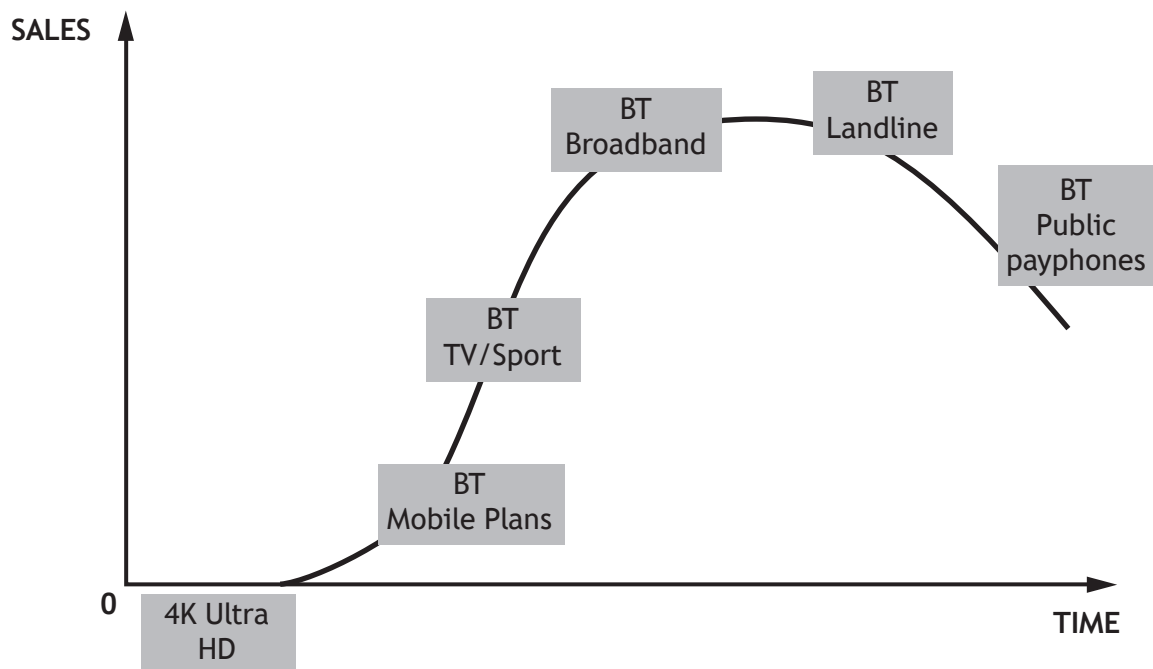
Gavin Patterson, BT Chief Executive, said: 'I'm really excited about the future and how BT will be right at the heart of shaping it. I'm confident that, with the support of our people, we'll continue to use the power of communications to make a better world.'

Further information

Exhibit 1 – Ratio analysis of BT's financial performance

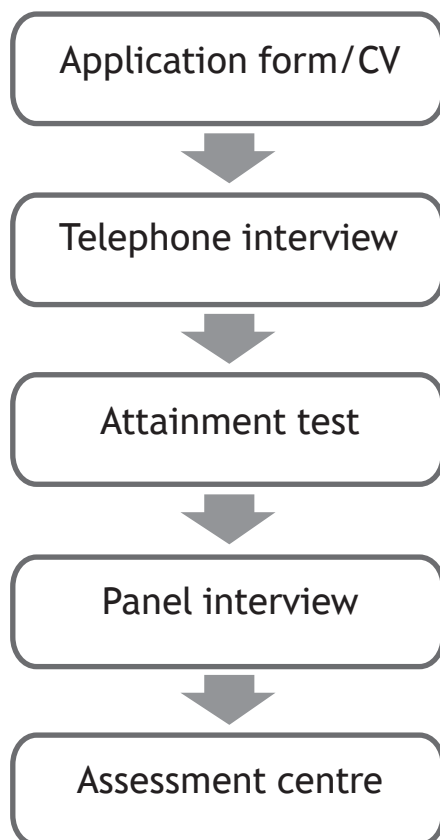
| | 2012 | 2014 | 2016 |
|---------------------------|-------|-------|-------|
| Gross Profit Ratio | 14% | 17% | 11% |
| Profit for the Year Ratio | 9% | 11% | 7% |
| Current Ratio | 0.5:1 | 0.7:1 | 0.8:1 |

Exhibit 2 – BT Retail's product life cycle – 2014



[Turn over

Exhibit 3 – BT's selection process



The following questions are based on ALL the information provided and on knowledge and understanding you have gained whilst studying the course.

- | | |
|---|---|
| 1. (a) Describe the benefits to BT of being a multinational company. | 5 |
| (b) Explain the advantages of BT taking over EE, as detailed in the case study. | 4 |
| (c) With reference to the case study, discuss the methods used by BT to train its staff. | 6 |
| (d) Describe the steps that BT could take to improve its profitability and liquidity ratios. | 3 |
| (e) Explain the impact on profits of the following BT products, as shown in Exhibit 2 : <ul style="list-style-type: none">• 4K Ultra HD• BT Public payphones. | 2 |
| (f) Discuss the benefits of the selection methods used by BT, as listed in Exhibit 3 . | 6 |
| (g) Describe potential conflicts between any of the BT stakeholders mentioned in the case study. | 4 |

[Turn over

SECTION 2 — 40 marks

Attempt ALL questions

- | | | | |
|----|-----|--|---|
| 2. | (a) | Discuss the use of just in time (JIT) production. | 5 |
| | (b) | Describe the advantages of centralised warehousing. | 3 |
| | (c) | Justify the expense of investing in robotics for mass production. | 2 |
| 3. | (a) | Describe appropriate long-term sources of finance for a large organisation. | 4 |
| | (b) | Describe the purpose of preparing a Statement of Financial Position. | 4 |
| | (c) | Justify the use of software such as spreadsheets to record financial information. | 2 |
| 4. | (a) | Discuss the methods of market research. | 5 |
| | (b) | Describe the role of public relations (PR) in an organisation. | 3 |
| | (c) | Explain the benefits to an organisation of using loss leaders as a pricing tactic. | 2 |
| 5. | (a) | Describe the objectives of third sector organisations. | 3 |
| | (b) | Compare functional grouping with customer grouping. | 4 |
| | (c) | Explain the impact of environmental factors on an organisation. | 3 |

[END OF QUESTION PAPER]

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ACKNOWLEDGEMENTS

Section 1 Graphic – 360b/Shutterstock.com

Section 1, Case Study – Information is adapted from BT Group plc: The BT Story, BT plc Press Release 25 March 2015 & 2014 BT Group Annual Report, 2017 BT Group Annual Report; and also from BT plc Careers, MBA Programme, Application Process. Reproduced by kind permission of British Telecommunications Plc.