

Past exam paper questions – Topic 2.4

Q1.



Famous from her role in hit reality television series 'Keeping Up with the Kardashians', 19-year-old Kylie Jenner is now also recognised as a successful teenage entrepreneur in her own right.

Celebrated for her full lips, Kylie Jenner decided to launch a range of lip kits with unique names such as 'Dolce K'. These products sold out within 10 minutes, as her fan base of teenage girls rushed to copy her celebrity look. The success of these products convinced Kylie to start her own internet cosmetics company, *Kylie Cosmetics*. She has now increased its range of products to include an eye shadow and eyeliner called Kyshadow and Kyliner respectively.

Kylie regularly interacts with her fans and potential customers using social media. Her app (application), which provides make-up and fashion tips, is one of the most downloaded entertainment apps in the UK. Every Kylie Cosmetics product has a launch date and products are only available for a limited period of time, before they sell out. Once the products have sold out, customers may have to wait weeks before the cosmetics are available for sale on the *Kylie Cosmetics* website again. None of *Kylie Cosmetics*' products are tested on animals and virtually all of them are suitable for vegans.

(Source: adapted from <http://www.vanityfair.com/style/2016/10/kylie-jenner-lip-kits-seed-beauty-colourpop>)

Figure 3 shows the ranking of the Kylie Jenner Official App in the UK entertainment iPhone download charts from July to September 2016.



(Source: https://www.appannie.com/apps/ios/app/kylie-jenner-official-app/rank-history/#vtype=day&countries=GB&start_date=2016-07-01&end_date=2016-09-30&device=iphone&view=rank&lm=1)

Figure 3

Using Figure 3, identify the month where the Kylie Jenner Official App fell to its lowest ranking in the UK iPhone entertainment download chart.

(Total for question = 1 mark)

Q2.

Table 1 contains information about a new piece of machinery that a business will keep for five years.

Total profit over five years	£500 000
Cost of new machine	£50 000

Table 1

Using the information in Table 1, calculate the average rate of return of the new machine. You are advised to show your workings.

..... %

(Total for question = 2 marks)

Q3.

Read the following extract carefully and then answer question.



(Source: © Francis Vachon / Alamy Stock Photo)

Netflix is an American public limited company that sells subscriptions to its online video streaming service. A subscription allows consumers in over 190 countries to stream television programmes and films through the internet.

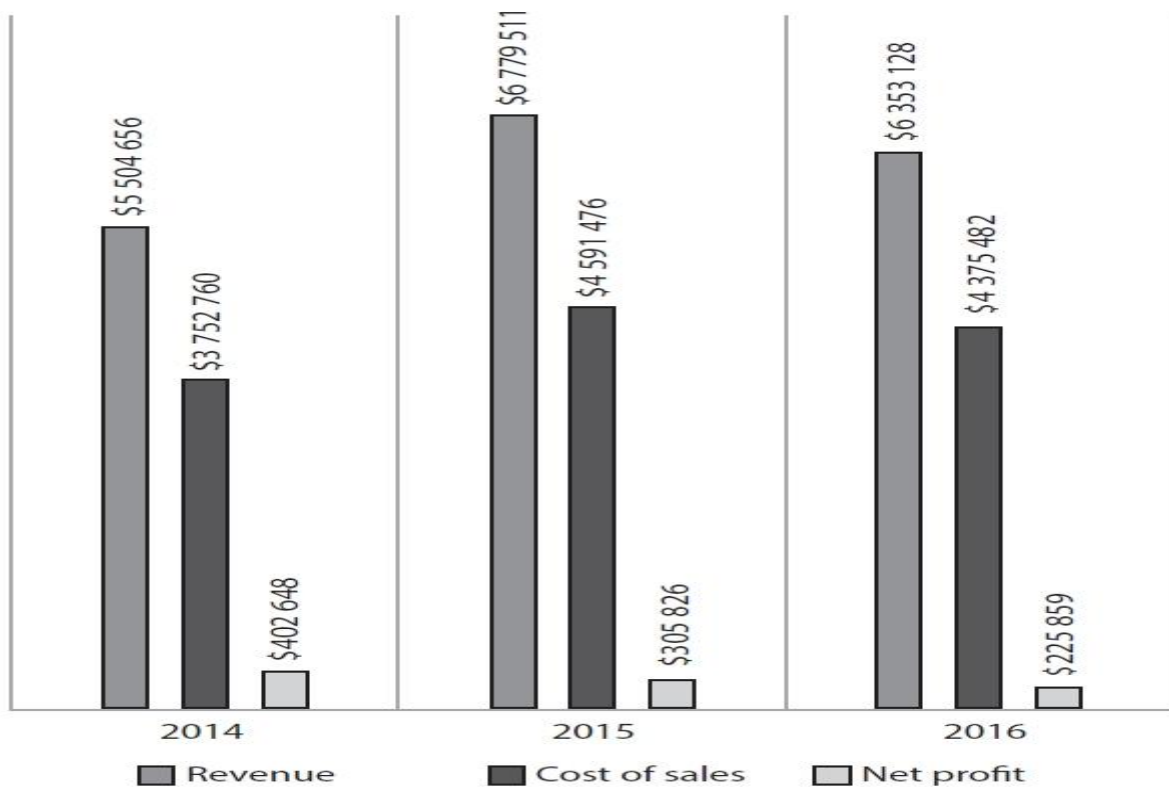
In 2016 *Netflix* decided to increase the price of its standard UK subscription from £5.99 to £7.49 per month. This move reflected *Netflix's* shift towards producing more of its own original streaming content, such as the hit drama 'Stranger Things', rather than repeating shows that are available on terrestrial channels such as BBC1 or itv1.

In recent years, the online streaming market has become increasingly competitive with rivals, such as Amazon Prime, investing \$180 million on 36 episodes of 'The Grand Tour'. To keep up, *Netflix* has committed itself to spending \$6bn on new, original programming in 2017.

Netflix faces the difficulty of raising prices to fund new shows, whilst at the same time not putting off new and existing subscribers. However, *Netflix* continues to expand and build up its library of programmes and films from non-English speaking countries. *Netflix's* longer-term aim is to successfully enter the Chinese market.

(Source: adapted from <http://bigstory.ap.org/article/95de4a23315f4abc9a4d72dcc75f3ff2/netflix-tests-limits-price-increases-original-shows>)

Figure 2 shows selected information about *Netflix's* financial performance between 2014 and 2016.



(Source: http://files.shareholder.com/downloads/NFLX/3523195881x0x900085/2EA1F18D-9BE4-4731-A351-CBAD36643AC4/Consolidated_Statements_of_Operations.xlsx)

Figure 2

Using the information in Figure 2, calculate *Netflix's* gross profit in 2015. You are advised to show your workings.

\$

(Total for question = 2 marks)

Q4.

Using the information in Figure 2, calculate, to 2 decimal places, *Netflix's* net profit margin in 2014. You are advised to show your workings.

..... %

(Total for question = 2 marks)

Q5.

Table 1 contains information about a business.

Gross profit	£1 100 000
Net profit	£800 000
Sales revenue	£2 000 000

Table 1

Using the information in Table 1, calculate the cost of sales for the business. You are advised to show your workings.

£

(Total for question = 2 marks)

Q6.

Read the following extract carefully and then answer the question.



(Source: © plo3/Shutterstock)

Nando's is a restaurant chain that specialises in Portuguese PERi-PERi chicken and spicy food. Since its first UK restaurant opened in 1992, the chain has expanded rapidly. There are now 339 restaurants in the UK. *Nando's* is popular amongst its target market of young people.

Nando's has used social media to develop a strong brand and to communicate with its target market. Its Twitter feed has over 1.5 million followers. *Nando's* uses viral advertising campaigns, many of which are reposted on social media.

The UK restaurant market has become more competitive. In 2013, *Nando's* decided to trial a takeaway service. After trialling this in 10 restaurants, the takeaway service is now available in every branch. Following the success of the takeaway trial, *Nando's* is now considering developing an app (application) for mobile phones, which can be used to order takeaway food. It also wants to start a home delivery service to improve the profitability of its takeaway service.

(Source: adapted from http://www.digitaltrainingacademy.com/casestudies/2014/07/how_nandos_became_the_most_popular_restaurant_chain_on_social_media.php)

Figures 2 and 3 show market research information taken from *Nando's* restaurant in Exeter.

Average quantity of meals sold per day at *Nando's* restaurant in Exeter

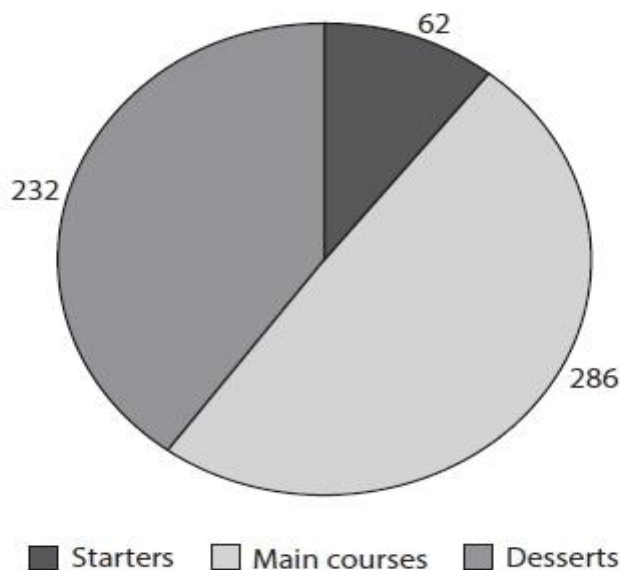


Figure 2

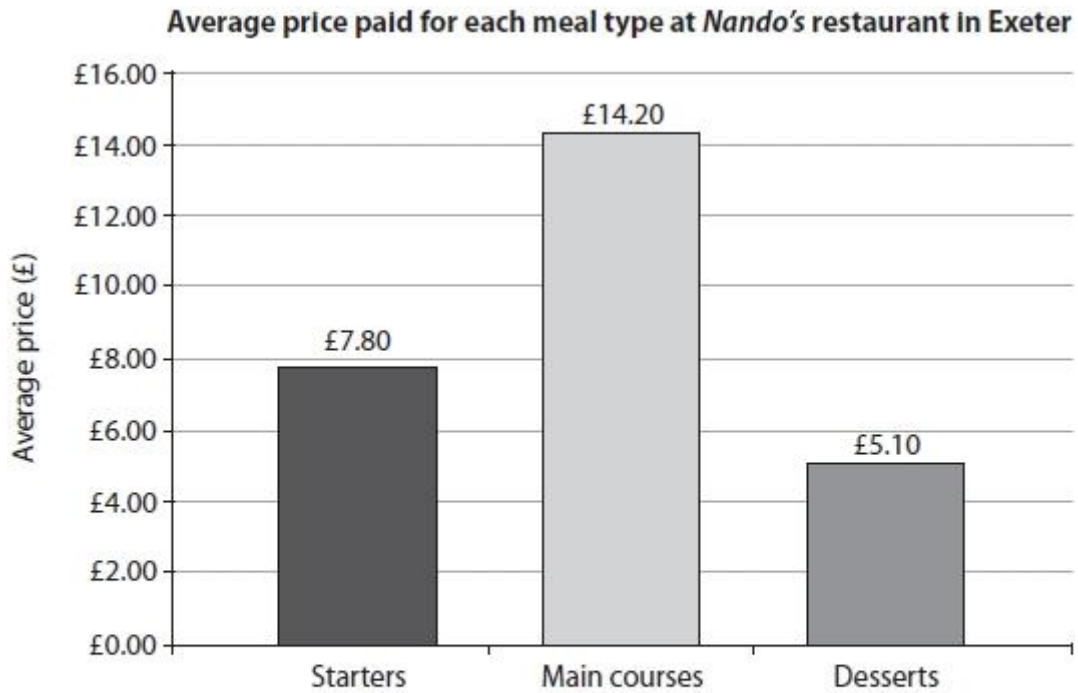


Figure 3

(Source: Interview with manager at *Nando's* restaurant in Exeter, Princess Hay, Exeter)

Using the information in Figure 2, calculate the quantity of desserts sold as a percentage of all meals sold at *Nando's* restaurant in Exeter. You are advised to show your workings.

..... %
(Total for question = 2 marks)

Q7.

Answer the question with a cross in the box you think is correct . If you change your mind about an answer, put a line through the box and then mark your new answer with a cross .

Figure 1 shows the market share of three businesses in 2016. The entire market generated £150 million of revenue.

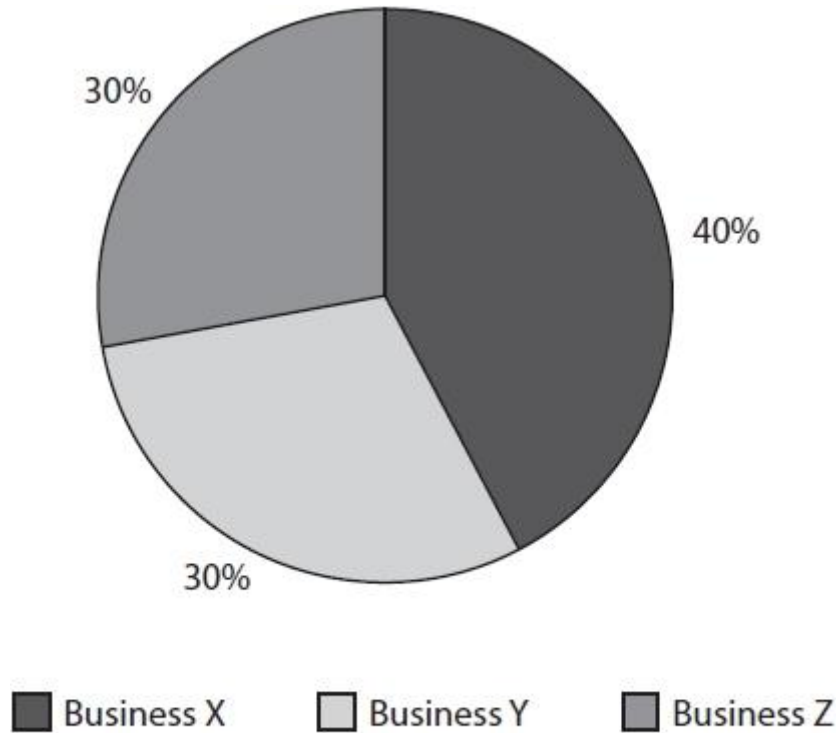


Figure 1

Using the information in Figure 1, calculate the revenue for Business X. You are advised to show your workings.

£

(Total for question = 2 marks)

Q8.

Figure 1 shows the sales revenue for Business A between May and August 2016.

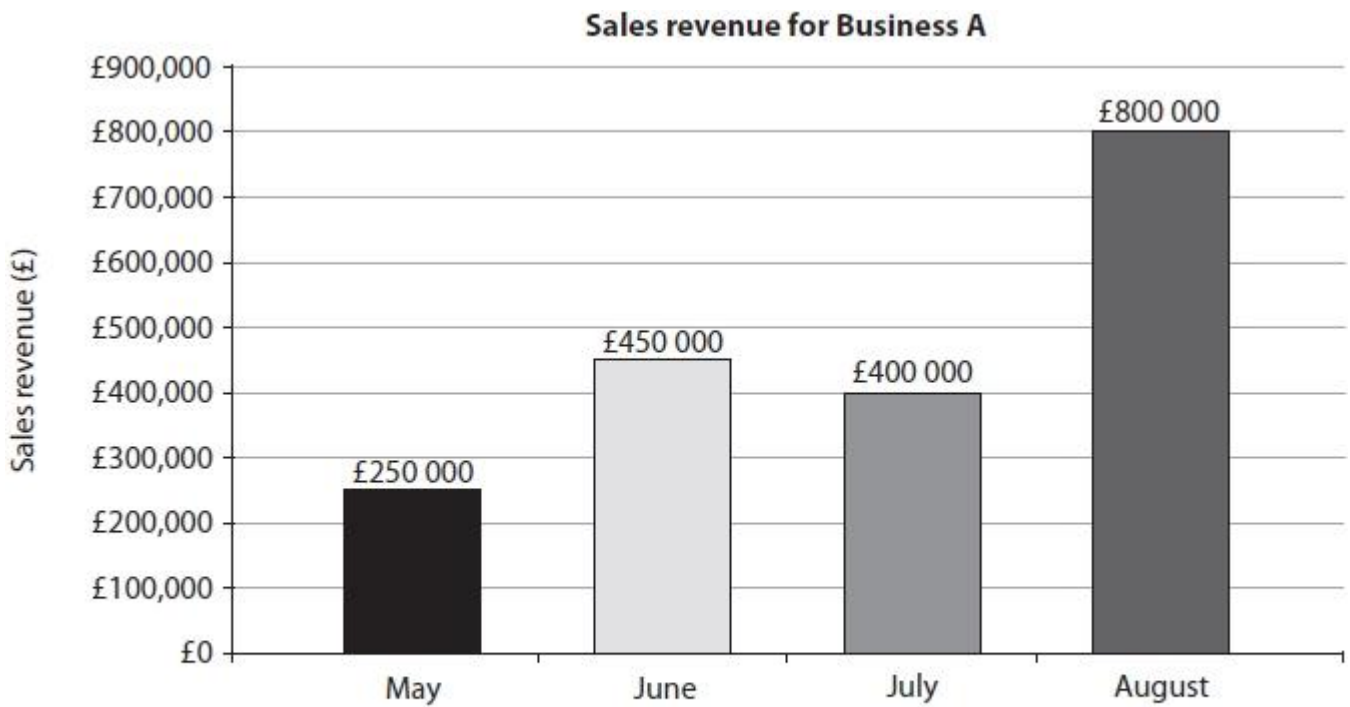


Figure 1

Using the information in Figure 1, calculate the average sales revenue for Business A for the four months between May and August 2016. You are advised to show your workings.

£

(Total for question = 2 marks)

Q9.

Read the following extract carefully and then answer the question.



(Source: © pio3/Shutterstock)

Nando's is a restaurant chain that specialises in Portuguese PERi-PERi chicken and spicy food. Since its first UK restaurant opened in 1992, the chain has expanded rapidly. There are now 339 restaurants in the UK. *Nando's* is popular amongst its target market of young people.

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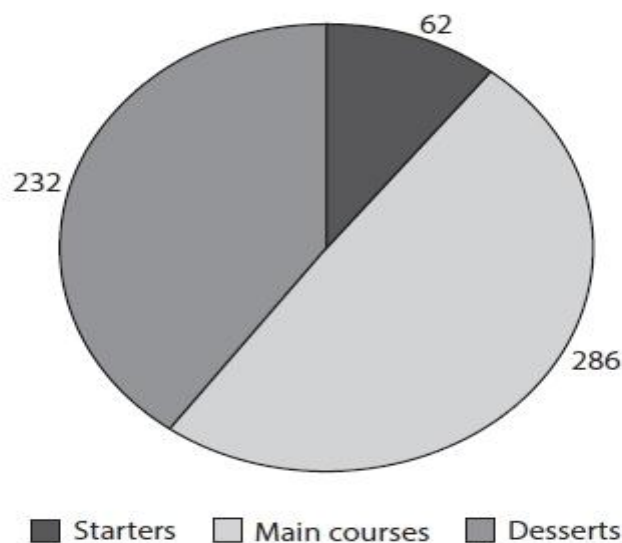


Figure 2



Figure 3

(Source: Interview with manager at *Nando's* restaurant in Exeter, Princess Hay, Exeter)

Using the information in Figures 2 and 3, calculate the average daily sales revenue generated from main courses at *Nando's* restaurant in Exeter. You are advised to show your workings.

£

(Total for question = 2 marks)

Q10.

Read the following extract carefully and then answer the question.



GoPro is an American public limited company, which manufactures action cameras that are used in extreme activities such as rock climbing, surfing and base jumping.

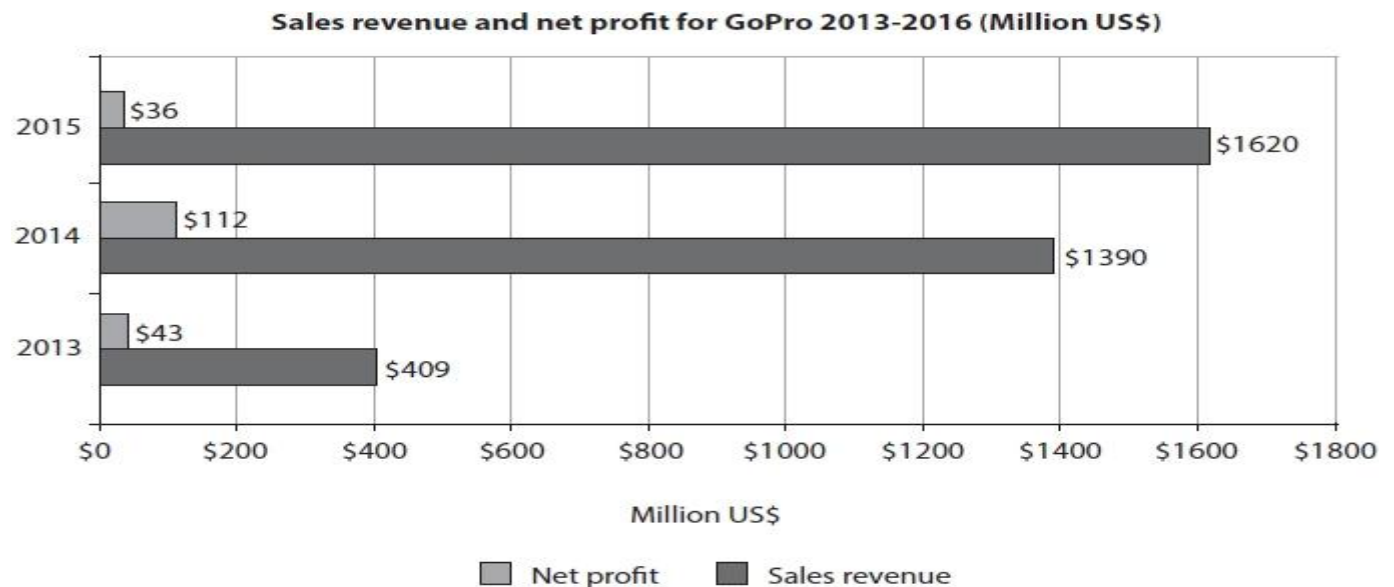
Since its stock market flotation in 2004, the company has grown rapidly and has become a leading extreme sports brand. GoPro's sales revenue has increased every year since the company started. However, in 2016 GoPro's sales dropped significantly and the company made a loss of \$116m. This led to the company's share price falling to a record low of \$8.54.

To try and increase sales, GoPro launched three new products. These new products were waterproof and allowed smoother video recording. One of these products was the GoPro Karma – a new drone that takes aerial action shots.

In 2017 Go Pro decided to raise finance to invest in its new product range. This was because cheaper competitors were entering the market, such as the Chinese company Xiaomi.

(Source: adapted from <http://www.express.co.uk/life-style/science-technology/712497/GoPro-Announces-Hero-5-Black-Session-Karma-Drone-UK-Release-Date-Price>)

Figure 4 shows financial information about GoPro from 2013 to 2015.



(Source: adapted from <http://www.marketwatch.com/investing/stock/GPRO/financials>)

Figure 4

Using Figure 4, identify the year where GoPro achieved its lowest net profit margin.

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(Total for question = 1 mark)