

Cambridge Pre-U

BUSINESS AND MANAGEMENT

9771/02

Paper 2 Strategic Decisions

October/November 2020

3 hours

You must answer on the answer booklet/paper.

You will need: Answer booklet/paper

INSTRUCTIONS

- Answer all questions.
- If you have been given an answer booklet, follow the instructions on the front cover of the answer booklet.
- Use a black or dark blue pen.
- Write your name, centre number and candidate number on all the work you hand in.
- Do not use an erasable pen or correction fluid.
- At the end of the examination, fasten all your work together. Do not use staples, paper clips or glue.

INFORMATION

- The total mark for this paper is 100.
- The number of marks for each question or part question is shown in brackets [].

This syllabus is regulated for use in England, Wales and Northern Ireland as a Cambridge International Level 3 Pre-U Certificate.

This document has 8 pages. Blank pages are indicated.



Read all the case study material and then answer all of the questions which follow.

Tesco plc

Introduction

Founded in 1919 by Jack Cohen, who sold surplus groceries from a market stall in east London, Tesco is now the UK's largest supermarket operator, by sales value.

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| £m (at 24 February) | 2018 | 2017 |
|-------------------------|--------|--------|
| Non-current assets | 31136 | 30436 |
| Current assets | 13726 | 15417 |
| of which: Inventories | 2263 | 2301 |
| Current liabilities | 19238 | 19405 |
| Non-current liabilities | 15 166 | 20 034 |
| Capital employed | 25624 | 26448 |

Section 1

- 1 (a) Calculate the inventory turnover ratio in 2018. [3]
 - (b) Refer to lines 90 to 92. Calculate the forecasted UK market share for Tesco in 2023. [3]
 - (c) Comment on the usefulness of your result to 1(b) to any one of Tesco's stakeholder groups.
 - (d) Analyse how Tesco could attempt to improve its inventory turnover ratio. [13]

Section 2

- 2 Evaluate whether a strategy of growth by merger and takeover is the best way for Tesco to expand.
 [25]
- 3 Assess whether Tesco should continue to maintain a low dividend policy as part of a strategy to improve the company's finances. [25]
- **4** Evaluate the factors that are most likely to influence the success of the strategy of opening Jack's stores. [25]

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