



Oxford Cambridge and RSA

Thursday 21 May 2020 – Afternoon

AS Level Business

H031/02 The wider business environment

Resource Booklet

Time allowed: 1 hour 30 minutes



INSTRUCTIONS

- Use this Resource Booklet to answer the questions in **Section B**.
- Do **not** send this Resource Booklet for marking. Keep it in the centre or recycle it.

INFORMATION

- The business described in this Resource Booklet is a **real** business.
- This document has **4** pages.

Codemasters plc

Extract A – About Codemasters

Codemasters is a developer and distributor of video games. It specialises in producing high quality motor racing games. Codemasters is one of the most recognised British video game developers, with a 30-year record of producing successful games. Codemasters became a public limited company in 2018.

Codemasters' product portfolio includes video games played on a range of platforms, such as Xbox and Playstation consoles, Windows computers and mobile devices.

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Source: Adapted from www.codemasters.com/investors/#overview. (Accessed 25/11/2018)

Extract B – Codemasters' Chief Executive Officer's review (April to September 2018)

The company delivered revenue of £39.7m, in line with our expectations. This is lower than the comparable six-month period in 2017 because two new products were released between April and September 2018, compared to three in this time period of 2017. However, the company will benefit from two further product launches between October 2018 and March 2019.

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Sales through digital channels continued to improve and, for the first time, represented the majority of total sales, at 53.4%. This has led to an improved gross profit margin between April 2018 and September 2018 of 88.5% (compared to 83.6% in the same period of 2017). This shift towards sales through digital channels is a trend that we expect to continue in the future.

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We are well positioned to take advantage of the shift to digital distribution, the rapidly expanding market and the new opportunities from upcoming streaming platforms.

We continue to grow our consumer base through a widening range of games and platforms. In June we released ONRUSH, a new game in the motor racing genre. We have further engaged our players with the highly successful Formula One Esports series, created and operated by Codemasters. In addition, a new audience will be brought to the game with the launch of our Formula One Mobile Racing free-to-play game. We also continue to invest in anticipation of next generation platforms and to maintain our competitive edge. The company is focused on growing the business organically. However, we will review acquisition opportunities when appropriate in order to accelerate growth.

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The fact that our products are some of the highest quality games in the market helps to secure new distribution opportunities. Our industry is seeing unprecedented levels of investment, driven by ever improving network infrastructure and increasing access to broadband. This will require high quality content in order to attract consumers and we see this as a potential opportunity in the future.

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Source: Adapted from www.codemasters.com/wp-content/uploads/2018/11/CDM-Interim-Results-Statement-131118.pdf. (Accessed 25/11/2018)

Extract C – Games testers wanted at Codemasters**JOB DESCRIPTION**

Codemasters is currently looking to hire Games Testers – professionally known as Quality Assurance (QA) technicians – to join our QA Team. Appointments will be made on a fixed-length temporary contract basis.

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QA testing is a critical role in the organisation; it involves actively testing products and preparing them for launch.

Main duties and responsibilities:

- Testing features, systems, feature sets, test cases and assets on assigned projects.
- Identifying, isolating and reproducing issues from the testing – following the company's processes and procedures.
- Reporting identified issues concisely and accurately into a database.
- Validating addressed issues to determine their status.

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*Source: Adapted from www.codemasters.com/current-vacancies/?job=B2E78874E1.
(Accessed 27/11/18)*

Extract D – The video games market

The UK has a long history of making world-class video games. With the global video games audience estimated to be between 2.2bn and 2.6bn people, and the global software market expected to grow from \$137.9bn in 2018 to an estimated \$180.1bn by the end of 2021, the opportunities for the UK games industry have never been greater.

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As of June 2018, there are 2,261 active games developer businesses in the UK, ranging in size from large to small. 62% of UK games developer businesses were founded since 2010.

In 2017, the UK was the fifth largest video game market, in terms of consumer revenues, after China, USA, Japan and Germany. Approximately 32.4m people in the UK play video games.

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The UK consumer spend on video games was valued at a record £5.11bn in 2017, up 12.4% from 2016.

Source: Adapted from <https://ukie.org.uk/research>. (Accessed 27/11/18)

NB: All data was correct at the time of writing (December 2018)



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