GuideMyGrades

YOUR GOALS. OUR EXPERTISE.

EDEXCEL INTERNATIONAL GCSE BUSINESS: QUESTIONS BY TOPIC

People in Organisations (2)

International GCSE Business Topic 2

57 questions · 1140 marks · Mark schemes included

Pearson Edexcel International GCSE (9–1) Business 4BS1, Papers 1, 1R, 2 & 2R, June 2019 - June 2025

guidemygrades.com
@Guidemygrades
@Guidemygrades
@Guidemygrades
info@guidemygrades.com
Piccadilly Business Centre, Unit C, Aldow Enterprise Park
Blackett Street, Manchester, M12 6AE

HOW TO USE THIS BOOKLET

Questions are grouped by specification sub-topic; within each sub-topic they run from the lowest mark tariff to the highest.
Click any heading or question row below to jump straight to it.
On every question page, click ANSWER in the top-right corner to jump to its mark scheme.
Diagrams, graphs, tables and data are printed exactly as they appeared in the original papers.

	QUESTION		SOURCE	MARKS	PAGE
2.1 RECRUITMENT AND SELECTION			17 questions · 340 marks		4
1.	**Q2**	*also 3.3, 4.1*	Paper 1R November 2020	20	5
2.	**Q4**	*also 4.1*	Paper 1R November 2020	20	8
3.	**Q2**	*also 3.1*	Paper 2 November 2020	20	9
4.	**Q4**	*also 1.4*	Paper 2 November 2020	20	11
5.	**Q3**	*also 3.1, 5.3*	Paper 1 June 2021	20	13
6.	**Q2**	*also 3.3, 4.1*	Paper 2 June 2021	20	15
7.	**Q3**	*also 3.3, 5.5*	Paper 1R June 2022	20	17
8.	**Q2**	*also 3.3, 4.3*	Paper 2R June 2023	20	19
9.	**Q3**	*also 1.4*	Paper 2 November 2023	20	21
10.	**Q1**	*also 5.5, 4.1*	Paper 1 June 2024	20	24
11.	**Q2**	*also 3.3*	Paper 2 June 2024	20	28
12.	**Q2**	*also 1.3*	Paper 2R June 2024	20	31
13.	**Q3**		Paper 2 November 2024	20	33
14.	**Q3**	*also 1.2*	Paper 1 June 2025	20	35
15.	**Q3**	*also 5.1*	Paper 1R June 2025	20	37
16.	**Q3**	*also 4.1*	Paper 2 June 2025	20	39
17.	**Q4**	*also 3.3*	Paper 2 June 2025	20	41
2.2 TRAINING			9 questions · 180 marks		43
18.	**Q4**	*also 4.1*	Paper 2 June 2019	20	44
19.	**Q1**	*also 1.1*	Paper 2 June 2021	20	45
20.	**Q4**	*also 4.1*	Paper 1 November 2021	20	49
21.	**Q3**	*also 3.3*	Paper 2 November 2021	20	50
22.	**Q3**	*also 5.4*	Paper 2 June 2022	20	52
23.	**Q3**	*also 5.3*	Paper 1 June 2023	20	54
24.	**Q1**	*also 5.2*	Paper 2 June 2024	20	56
25.	**Q3**		Paper 2R June 2024	20	60
26.	**Q1**	*also 4.1, 1.2*	Paper 2 June 2025	20	62
2.3 MOTIVATION			17 questions · 340 marks		66
27.	**Q2**	*also 3.3*	Paper 1 June 2019	20	67
28.	**Q2**	*also 3.3*	Paper 2 June 2019	20	69
29.	**Q2**	*also 1.1, 3.1, 1.3*	Paper 1 November 2020	20	71
30.	**Q1**	*also 5.4*	Paper 2 November 2020	20	73
31.	**Q3**		Paper 2 June 2021	20	78
32.	**Q1**	*also 1.3, 5.4*	Paper 1 November 2021	20	80

33.	**Q2**	*also 3.3, 1.4*	Paper 2 November 2021	20	**84**
34.	**Q3**	*also 3.1*	Paper 1 June 2022	20	**86**
35.	**Q2**	*also 3.3, 5.1*	Paper 1R June 2022	20	**88**
36.	**Q2**	*also 3.3, 1.4*	Paper 2 June 2022	20	**90**
37.	**Q2**	*also 4.1*	Paper 2R June 2022	20	**92**
38.	**Q4**	*also 3.3*	Paper 1 June 2023	20	**94**
39.	**Q1**	*also 5.2*	Paper 1R June 2023	20	**96**
40.	**Q3**		Paper 2 June 2023	20	**100**
41.	**Q3**	*also 5.5*	Paper 2R June 2023	20	**102**
42.	**Q1**	*also 5.1*	Paper 1R June 2024	20	**104**
43.	**Q2**	*also 4.1, 5.2, 1.3*	Paper 2 June 2025	20	**108**
2.4 ORGANISATIONAL STRUCTURE			6 questions · 120 marks		**110**
44.	**Q2**	*also 4.1, 3.3*	Paper 1R June 2019	20	**111**
45.	**Q3**	*also 3.3, 1.4*	Paper 2 November 2020	20	**113**
46.	**Q2**	*also 5.1, 3.3*	Paper 1 June 2022	20	**115**
47.	**Q2**	*also 4.1, 3.3*	Paper 1 June 2023	20	**117**
48.	**Q2**	*also 3.3, 1.2*	Paper 1R June 2024	20	**120**
49.	**Q1**	*also 5.4*	Paper 1 June 2025	20	**123**
2.5 EFFECTIVE COMMUNICATION			8 questions · 160 marks		**128**
50.	**Q4**	*also 5.5*	Paper 1 June 2022	20	**129**
51.	**Q1**	*also 4.2, 5.2*	Paper 1R June 2022	20	**131**
52.	**Q2**	*also 3.3, 1.2*	Paper 1R June 2023	20	**135**
53.	**Q2**	*also 3.3*	Paper 1 June 2024	20	**137**
54.	**Q3**	*also 1.1*	Paper 1R June 2024	20	**139**
55.	**Q2**	*also 3.3, 4.3, 5.1*	Paper 1 June 2025	20	**141**
56.	**Q1**	*also 1.4, 3.1*	Paper 2R June 2025	20	**144**
57.	**Q2**	*also 1.1, 3.3, 5.4*	Paper 2R June 2025	20	**149**

QUESTIONS

57 questions · 1140 marks · grouped by sub-topic, lowest tariff first

SUB-TOPIC 2.1

RECRUITMENT AND SELECTION

17 questions in this sub-topic · 340 marks · lowest tariff first

2 (a) State **one** primary research method that *Loaf* could use.

(1)

(b) State **one** drawback for *Loaf* of poor customer service.

(1)

(c) Explain **one** benefit to a business of using e-newsletters.

(3)

(d) Explain **one** responsibility of the human resources function in a business.

(3)

(e) Explain **one** way in which the just in time (JIT) method of stock control might benefit a business.

(3)

Loaf would like to carry out some promotional activities to increase customer numbers for its bakery and cookery courses.

It is considering the following two options:

Option 1: offering free bite-sized pieces of its bread and cakes to people passing its shop

Option 2: using posters to advertise *Loaf* in local charity shops.

(f) Justify which **one** of these two options *Loaf* should choose.

(9)

£50 per person. Variable costs will be £10. Fixed cost will be £500.

4 (a) Calculate the number of people needed to break-even for this course. You are advised to show your workings.

(2)

..... people

(b) Analyse the benefits for *Loaf* of employing casual staff.

(6)

(c) Evaluate the factors that *Loaf* would have to consider when deciding where to locate its second bakery. You should use the information provided as well as your own knowledge of business.

(12)

2 *Emirates* wants to encourage its employees to remain with the company and offers them incentives to do so. It offers all of its passengers a loyalty programme.

(a) State **one** non-financial method *Emirates* could use to motivate its employees.

(1)

.....

.....

.....

(b) State **one** reason why *Emirates* has a loyalty programme for its passengers.

(1)

.....

.....

.....

(c) Explain **one** benefit for a business of having full-time employees.

(3)

.....

.....

.....

.....

.....

(d) Explain **one** reason for a business using seasonal staff.

(3)

(e) Explain **one** reason why employees should undertake health and safety training as part of their induction programme.

(3)

Emirates wants to improve its popularity among passengers and become the leading airline again. It needs to carry out market research. It is considering two options:

Option 1: questionnaires

Option 2: focus groups.

(f) Justify which **one** of these two options *Emirates* should use.

(9)

4 To train as a pilot can be very expensive. The cost of accommodation and meals as well as the actual cost of training must be taken into account. In 2018 the cost to an individual to become a pilot was 730 000 AED. *Emirates* aims to employ those pilots that have the best qualifications and skills.

Competition for air travel has increased over recent years as more and more people travel around the world, for work and pleasure. People are also taking holidays to many more different places. Lower cost airlines are entering the market to attract travellers.

Many trainee pilots take a bank loan of 730 000 AED to pay for their training.

(a) Calculate the total cost of a pilot's loan if the interest rate was 3%. You are advised to show your workings.

(2)

..... AED

(b) Analyse why *Emirates* considers interviewing pilots as an important part of the recruitment process.

(6)

.....

.....

.....

.....

.....

(c) Evaluate how changes in consumer spending patterns and competition may affect a business such as *Emirates*. You should use the information provided as well as your own knowledge of business.

(12)

3 (a) Define the term **remuneration**.

(1)

(b) Outline **one** reason why *NOF* would choose to use seasonal staff when harvesting its products.

(2)

NOF is looking to expand its product range by making and selling tubs of ice cream.

A tub of ice cream will sell for £2.50.

Variable costs will be £1.10 per tub of ice cream with fixed costs of £77 per day.

(c) Calculate the number of tubs of ice cream *NOF* will have to sell each day to break-even. You are advised to show your working.

(2)

.....Tubs of ice cream

(d) Analyse how useful break-even calculations can be for *NOF* when deciding whether to include ice cream in its product range.

(6)

NOF is looking to increase the number of visitors to the farm. It will need to carry out some research as to what potential visitors will want.

To do this *NOF* is considering two options:

Option 1: handing out questionnaires at local retailers

Option 2: using the internet to research other farms.

(e) Justify which **one** of these two options *NOF* should choose.

(9)

2 (a) State **one** reason why *NEXT* would want to promote its own employees.

(1)

(b) State **one** reason why *NEXT* complies with health and safety laws.

(1)

(c) Explain **one** reason why businesses fail.

(3)

(d) Explain **one** reason why a business would use batch production.

(3)

(e) Explain **one** reason why employees keep their curriculum vitae (CV) up to date.

(3)

NEXT already uses a range of promotional methods to encourage customers to buy its products. It is now considering the following two methods as a way of increasing customer awareness of its brand and products:

Option 1: targeted advertising online

Option 2: e-newsletters.

(f) Justify which **one** of these two options *NEXT* should choose.

(9)

3 (a) Define the term **non-current assets**.

(1)

.....

.....

.....

(b) Outline **one** disadvantage to *Can Culleretes* of increasing the amount of inventory it holds.

(2)

.....

.....

.....

.....

.....

.....

Figure 2 is an extract of financial information from *Can Culleretes*.

Sales revenue	€19 220
Cost of sales	€14 720
Gross profit	€4 500

Figure 2

(c) Calculate, to 2 decimal places, the gross profit margin. You are advised to show your working.

(2)

.....%

(d) Analyse the impact of customers using social media to review *Can Culleretes*.

(6)

Can Culleretes is planning to introduce a new range of desserts. To do this it would have to recruit a new dessert chef.

Can Culleretes is considering two options:

Option 1: offer the new chef a permanent contract

Option 2: offer the new chef a temporary contract.

(e) Justify which **one** of these two options *Can Culleretes* should choose.

(9)

2 *M&M* is constantly working to maintain the standards and quality of its products.

(a) State **one** non-financial objective for *M&M*.

(1)

(b) State **one** reason why *M&M* could dismiss an employee.

(1)

(c) Explain **one** reason why branding is important to businesses.

(3)

(d) Explain **one** way businesses ensure that all employees have equal opportunities.

(3)

(e) Explain **one** reason why businesses maintain the quality of their products.

(3)

M&M wants to remain the world's largest manufacturers of cars, vans and tractors. To do this it is always introducing new ways of keeping its customers interested. *M&M* is considering the following options.

Option 1: increase promotion of all vehicles

Option 2: make improvements to all vehicles.

(f) Justify which **one** of these two options *M&M* should choose.

(9)

3 *Kraft Heinz* has set itself many targets to reach before 2025. These include reducing its impact on the environment and improving its use of robotic technology for production. It is hoped that these targets will lower the impact *Kraft Heinz* production has on the environment by reducing its waste and greenhouse gases that contribute to global warming.

(a) Define the term **public limited company**.

(1)

(b) Outline **one** impact that will come from *Kraft Heinz*'s use of robotic technology.

(2)

Figure 2 shows the amount of waste to landfill for *Kraft Heinz* from 2019 to 2021.

	Landfill (metric tons)
2019	100,595
2020	92,856
2021	82,617

Figure 2

(c) Calculate the decrease in waste to landfill in metric tons for *Kraft Heinz* from 2019 to 2021. You are advised to show your working.

(2)

..... metric tons

(d) Analyse how *Kraft Heinz* could benefit from reducing its waste.

(6)

Kraft Heinz will need to recruit more managers to take responsibility for new production lines. It is considering two options:

Option 1: promote existing employees

Option 2: advertise managerial positions externally.

(e) Justify which **one** of these two options *Kraft Heinz* should choose.

(9)

1 *Posh Pets Spain* (*PPS*) is a pet hotel in the village of Alhaurin el Grande, Spain. It is run by Rachel Goutorbe, an animal enthusiast, and her team of four pet specialists. *PPS* offers overnight accommodation with room for seven dogs or cats, a pet grooming service and a shop selling pet products, such as dog coats and dog leads. Pet grooming involves washing, cutting and combing a pet's coat.

(a) (i) Which **one** of the following is protected by legislation?

Select **one** answer.

(1)

- ☒ **A** Skills
- ☒ **B** Age
- ☒ **C** Experience
- ☒ **D** Ability

(ii) Which **one** of the following represents a star product on the Boston matrix?

Select **one** answer.

(1)

- ☒ **A** High market growth, high market share
- ☒ **B** High market growth, low market share
- ☒ **C** Low market growth, high market share
- ☒ **D** Low market growth, low market share

(iii) Which **one** of the following is the method of production where one unit of output is completed at a time?

Select **one** answer.

(1)

- ☒ **A** Lean
- ☒ **B** Flow
- ☒ **C** Batch
- ☒ **D** Job

(iv) Which **one** of the following is a current asset?

Select **one** answer.

(1)

- ☒ **A** Vehicle
- ☒ **B** Cash
- ☒ **C** Building
- ☒ **D** Factory

PPS imports handmade leather dog collars from the UK. Each dog collar costs £26.50.

The exchange rate is €1 (euro) = £0.84 (pound).

(v) Which **one** of the following is the total cost in euros when buying 20 dog collars from the UK?

Select **one** answer.

(1)

- ☒ **A** €22.56
- ☒ **B** €445.20
- ☒ **C** €630.95
- ☒ **D** €513.20

Figure 1 gives details of the *PPS* pet grooming service.

Average number of customers each month	30
Average price per service	€54
Variable costs per service	€17.25
Fixed costs per month	€175

Figure 1

(vi) Which **one** of the following is the total monthly cost for *PPS*?

Select **one** answer.

(1)

- ☒ **A** €692.50
- ☒ **B** €931.50
- ☒ **C** €2137.50
- ☒ **D** €2312.50

Many manufacturers make use of robots in their production processes.

(b) Define the term **robotics**.

(1)

.....

.....

.....

(c) Define the term **capital intensive production**.

(1)

.....

.....

.....

PPS has seen lower sales of its pet accessories.

(d) State **one** extension strategy *PPS* could use to extend the life cycle of the pet accessories.

(1)

.....

.....

.....

PPS is planning to take on additional employees. The hourly minimum wage in Spain is €7.45. The government is increasing this hourly minimum by 3.5%.

(e) Calculate the new hourly minimum wage after the increase of 3.5%. You are advised to show your working.

(2)

€ .....

(f) Explain **one** reason why many businesses have a human resource function.

(3)

Figure 2 is an extract of financial information from *PPS*.

Gross profit margin in 2022	25.6%
Gross profit margin in 2023	29.4%

Figure 2

(g) Analyse the usefulness of the gross profit margin to *PPS*.

(6)

2 *TUI* has employees throughout the world. Some are employed to greet customers arriving at their holiday destination by air, rail or road. Others sell trips and excursions to customers once they reach their holiday destination. *TUI* prides itself on looking after all its employees and making sure that their needs are met.

(a) State **one** possible reason why *TUI* would want to keep its customers loyal.

(1)

(b) State **one** reason why *TUI* would employ casual employees.

(1)

(c) Explain **one** reason why businesses employ people with disabilities.

(3)

(d) Explain **one** benefit to a business of having a short chain of command.

(3)

(e) Explain **one** important piece of information that should be included in a job advertisement in a newspaper.

(3)

The travel market that *TUI* operates in is very competitive, with many different businesses offering the same holidays at the same venues. When *TUI* introduces a new holiday or experience it has to consider the pricing strategy it will use. For its new holiday destination in Sri Lanka it is considering two options:

Option 1: competition pricing

Option 2: promotional pricing.

(f) Justify which **one** of these two options *TUI* should choose.

(9)

2 *Jimmy Choo* ensures that it meets all legal requirements of each country where it has factories or shops.

(a) State **one** non-financial objective *Jimmy Choo* might have.

(1)

(b) State **one** reason why *Jimmy Choo* complies with health and safety laws.

(1)

(c) Explain **one** advantage to a country of being a member of a trading bloc.

(3)

(d) Explain **one** way businesses support employees with disabilities.

(3)

(e) Explain **one** impact on a business of an increase in interest rates.

(3)

There are times during the year when *Jimmy Choo* needs additional employees to manufacture its products. It is considering the following two options:

Option 1: casual employees

Option 2: part-time employees.

(f) Justify which **one** of these two options *Jimmy Choo* should choose.

(9)

3 *Premier Inn* employees play an important part in the running of its hotels and providing a good service. If they provide a good service, it means guests may return.

(a) Define the term **net cash flow**.

(1)

.....

.....

.....

(b) Outline **one** possible reason why prospective employees at *Premier Inn* complete an application form.

(2)

.....

.....

.....

.....

.....

.....

Employees of *Premier Inn* earn £15.27 per hour when working overtime.

(c) Calculate, to two decimal places, what an employee would earn if they worked six hours of overtime. You are advised to show your working.

(2)

£.....

(d) Analyse the benefits for *Premier Inn* of motivating its employees.

(6)

Premier Inn has employees across the world. When a new position becomes available, *Premier Inn* must make sure that the recruitment method used is the correct one for the vacant position. It is considering the following two options:

Option 1: internal recruitment from within *Premier Inn* hotels around the world

Option 2: external recruitment, by using an employment agency.

(e) Justify which **one** of these two options *Premier Inn* should choose.

(9)

3 (a) Define the term **economies of scale**.

(1)

.....

.....

.....

(b) Outline **one** way quantitative research data might help *Four Fitness* to improve its marketing mix.

(2)

.....

.....

.....

.....

.....

.....

Figure 3 is an extract of financial information from a *Four Fitness* monthly cash flow forecast.

	€
Cash inflow	60 000
Closing balance	21 500
Cash outflow	48 600

Figure 3

(c) Calculate the net cash flow balance. You are advised to show your working.

(2)

€ .....

Four Fitness will need to externally recruit a Marketing Manager when it opens a third gym.

(d) Analyse the benefits to *Four Fitness* of recruiting externally.

(6)

Gianni Polvani operates *Four Fitness* as a sole trader. He is considering a change to the ownership of the business and is looking at two options:

Option 1: a partnership with three of his employees

Option 2: a private limited company.

(e) Justify which **one** of these two options Gianni should choose.

(9)

3 (a) Define the term **share capital.**

(1)

(b) Outline how *CCT* could use quantitative research data to improve its service.

(2)

Figure 2 is an extract from the statement of comprehensive income from a *CCT* competitor.

	CYN
Revenue	85 000
Cost of sales	13 500
Gross profit	71 500

Figure 2

(c) Calculate, to two decimal places, the gross profit margin. You are advised to show your working.

(2)

.....%

CCT wants to extend its services by offering family tour holidays and team-building days for businesses. It plans to recruit an external Marketing Manager to promote these new services.

(d) Analyse the possible effects on *CCT* of recruiting externally.

(6)

Feedback from some customers suggested they became tired during the bicycle tours. To overcome this problem *CCT* is planning to purchase electric bicycles.

To fund the cost of purchasing the electric bicycles, *CCT* is considering two options:

Option 1: selling assets

Option 2: retained profit.

(e) Justify which **one** of these two options *CCT* should choose.

(9)

3 *Starbucks* continues to increase the number of coffee shops it is opening throughout the world.

(a) Define the term **crowdfunding**.

(1)

.....

.....

(b) Outline **one** reason why the proximity of labour is important to *Starbucks*.

(2)

.....

.....

.....

.....

.....

.....

Starbucks US employees are paid a salary of $21 000 a year. In Germany its employees are paid the same salary but in euros (€).

The exchange rate is $1 = €0.91

(c) Calculate the salary of a *Starbucks* employee in Germany in euros. You are advised to show your working.

(2)

€.....

(d) Analyse why *Starbucks* wants to promote its existing employees.

(6)

Starbucks is continually looking at different locations to open its new coffee shops. It is considering the following two options:

Option 1: open coffee shops in supermarkets

Option 2: open coffee shops in hospitals.

(e) Justify which **one** of these two options *Starbucks* should choose.

(9)

4 *Starbucks* aims to be more than just a coffee shop. It celebrates the tradition of coffee and focuses on building a strong connection between its employees and customers. *Starbucks* has a passion for high-quality coffee and is dedicated to creating a fulfilling and enjoyable coffee shop experience for everyone.

All employees have a partner card which means they get a 30% discount on all food and drinks.

An employee purchases a meal deal costing €15.50 (euros).

(a) Calculate, to two decimal places, the cost of the meal with the employee's discount. You are advised to show your working.

(2)

€.....

(b) Analyse why *Starbucks* thinks it is important to interview candidates that have applied for a job with them.

(6)

.....

.....

.....

.....

.....

Before introducing new products to all of its coffee shops *Starbucks* carries out product trials.

(c) Evaluate why *Starbucks* carries out product trials that might reduce the risks from introducing new products. You should use the information provided as well as your own knowledge of business.

(12)

SUB-TOPIC 2.2

TRAINING

9 questions in this sub-topic · 180 marks · lowest tariff first

4 *Tata Motor Company* employs over 60,000 employees around the world. In 2017 the turnover was $42 billion, with 9 million car sales. *Tata Motor Company* has 6,000 car showrooms around the world.

(a) Calculate the average number of vehicles sold in each car showroom.
You are advised to show your workings.

(2)

(b) Analyse why *Tata Motor Company* ensures that its staff have a detailed induction programme.

(6)

Tata Motor Company is always looking to find the right location for its new factories.

(c) Evaluate the factors *Tata Motor Company* would have to take into account when making decisions about where to locate new factories. You should use the information provided as well as your own knowledge of business.

(12)

clothes such as ladies dresses from Turkish factories.

1 (a) (i) Which **one** of the following sectors would a retail outlet operate in?

(1)

Select **one** answer.

- ☒ **A** Primary
- ☒ **B** Secondary
- ☒ **C** Tertiary
- ☒ **D** Quarternary

(ii) Which **one** of the following would be used to select a group of applicants for interview?

(1)

Select **one** answer.

- ☒ **A** Training
- ☒ **B** Shortlisting
- ☒ **C** Marketing
- ☒ **D** Advertising

NEXT purchased 5,000 dresses from a Turkish manufacturer at 101.10 New Turkish Lira (TRY) per dress.

The exchange rate is £1.00 (GBP) = 6.74 (TRY)

(iii) Which **one** of the following would *NEXT* pay in £ (GBP) to the Turkish manufacturer for the 5,000 dresses?

(1)

Select **one** answer.

- ☒ **A** 5 101
- ☒ **B** 5 674
- ☒ **C** 33 700
- ☒ **D** 75 000

(iv) Which **one** of the following describes Kaizen?

(1)

Select **one** answer.

- ☒ **A** Skilled manufacturing
- ☒ **B** Just-in-time (JIT)
- ☒ **C** Market orientated
- ☒ **D** Continuous improvement

Figure 1 shows the number of online customers using *NEXT* in 2017–2018.

	2017 Millions	**2018 Millions**
Online customers	4.7	4.9

Figure 1

(v) What is the percentage increase, to two decimal places, of online customers from 2017 to 2018?

(1)

Select **one** answer.

- ☒ **A** 2.00%
- ☒ **B** 4.08%
- ☒ **C** 4.26%
- ☒ **D** 4.70%

(vi) Which **one** of the following is a benefit of buying a franchise?

(1)

Select **one** answer.

- ☒ **A** The franchisor provides training to the franchisee
- ☒ **B** A franchisee pays a lower rate of Value Added Tax (VAT)
- ☒ **C** The franchisor pays the franchisee to set up in business
- ☒ **D** A franchisee makes all his/her own decisions

(b) Define the term **delegation**.

(1)

.....

.....

.....

(c) Define the term **venture capital**.

(1)

.....

.....

.....

(d) State **one** reason why *NEXT* might use cost plus pricing.

(1)

.....

.....

.....

NEXT predicts that its £727 million sales will grow by 3.2% next year.

(e) Calculate the predicted sales for next year. You are advised to show your working.

(2)

£ .....

(f) Explain **one** disadvantage for a business that does not achieve its predicted growth.

(3)

.....

.....

.....

.....

.....

(g) Analyse the benefits to *NEXT* of training all its employees.

(6)

.....

.....

.....

.....

.....

4 *Artify Studio* is planning to open a second art studio in the small mining town of Sungai Lembing in Malaysia. It will recruit highly skilled employees to provide a high standard of service.

In order to advertise the opening of the second art studio, *Artify Studio* need to look at promotional cost.

It costs 459.50 MYR for 1,000 colour leaflets to be printed. The cost of delivery is 17.87 MYR per hour.

(a) Calculate the cost to *Artify Studio* of delivering 1,000 printed leaflets which will take 3 hours. You are advised to show your workings.

(2)

..... MYR

(b) Analyse the benefits for *Artify Studio* of on-the-job training for new employees.

(6)

.....

.....

.....

.....

.....

(c) Evaluate the factors that *Artify Studio* would have considered when deciding where to locate its second art studio. You should use the information provided as well as your own knowledge of business.

(12)

.....

.....

.....

.....

.....

3 *Huawei* constantly has to introduce new products to the market to keep up to date with its competitors. If it does not do this then there is the possibility that other businesses will succeed where *Huawei* will not.

(a) Define the term **revenue**.

(1)

(b) Outline **one** reason why *Huawei* would use robotics in the production of its products.

(2)

In 2018 *Huawei* took out a one-year loan for 69 941 000 000 Renminbi (CNY) from a bank. The bank charged interest of 4.5% on the loan.

(c) Calculate the interest *Huawei* would pay. You are advised to show your working.

(2)

..... CNY

(d) Analyse why *Huawei* offers its new employees in the design department off-the job training.

(6)

Huawei operates in a very competitive market. For any new smartphone it has to decide which pricing strategy it will use. For its next smartphone *Huawei* is considering two options:

Option 1: competition pricing

Option 2: promotional pricing.

(e) Justify which **one** of these two options *Huawei* should use when launching its new smartphone.

(9)

3 *LEGO* ensures its employees are fully prepared to carry out the tasks they are employed for. It looks after and encourages its employees to develop and improve their own skills.

(a) Define the term **delegation**.

(1)

.....

.....

.....

(b) Outline **one** benefit to *LEGO* of being a privately-owned family business.

(2)

.....

.....

.....

.....

.....

.....

An employee working in the offices earns 150 000 DKK. In 2020 *LEGO* gave its employees a 4.5% pay increase.

(c) Calculate the employee's new salary. You are advised to show your working.

(2)

..... DKK

(d) Analyse how *LEGO* could use a Statement of Comprehensive Income when considering the development of new toys.

(6)

Ensuring that all employees are fully trained is important to *LEGO*. *LEGO* makes sure that all employees are fully trained and skilled to carry out the work. All employees have induction training when they start at *LEGO*. Additional training is undertaken by employees as they progress through the business. *LEGO* is considering the following two options to carry out this additional training.

Option 1: on-the-job training

Option 2: off-the-job training.

(e) Justify which **one** of these two options *LEGO* should choose.

(9)

3 (a) Define the term **fringe benefits**.

(1)

(b) Outline **one** way *Irsi Chocolatier* could keep customer loyalty.

(2)

Irsi Chocolatier has current assets of €26 000 and current liabilities of €14 852.

(c) Calculate, to two decimal places, the current ratio. You are advised to show your working.

(2)

.....:1

Irsi Chocolatier will need to consider many factors if it wants to introduce its new product of chocolate lollipops.

(d) Analyse the limitations for *Irsi Chocolatier* of using break-even charts to decide whether it should sell the new product.

(6)

Irsi Chocolatier is planning to expand its delivery service and opening hours. It is anticipating this will lead to an increased demand for its products. *Irsi Chocolatier* is looking to recruit and train one new employee and is considering two options:

Option 1: train the new employee on-the-job

Option 2: train the new employee off-the-job.

(e) Justify which **one** of these two options *Irsi Chocolatier* should choose.

(9)

1 *TUI* is a holiday business that has over 100 years of experience. It offers customers a variety of holidays including staying in hotels, and river and ocean-going cruises. There are many extras that it offers to holiday makers including: car hire, extensions to the holiday and arranging day trips at all its holiday destinations.

The business is well known and flies its customers to over 180 destinations around the world, including Greece, Turkey and Spain. It has 1,600 travel agencies and 27 million customers. Holidays can be booked by visiting a travel agency or online.

TUI has holidays to meet the needs of all its customers: families, children, couples and those with disabilities.

(a) (i) Which **one** of the following is a non-financial objective?

Select **one** answer.

(1)

☒ **A** Generating wealth

☒ **B** Personal satisfaction

☒ **C** Maximising profit

☒ **D** Regular income

(ii) Which **one** of the following would be a benefit to a business delaying paying its suppliers?

Select **one** answer.

(1)

☒ **A** Improved cash flow

☒ **B** Increased profit

☒ **C** A reduction in the amount of interest paid

☒ **D** Improved relationship with suppliers

Jewellery For You is a jewellery business making earrings and necklaces from stones and pebbles found on local beaches. It makes 240 items a month.

Price per item	€27
Variable costs per item	€12
Fixed costs per month	€600

(iii) Which **one** of the following would be the total monthly cost for Jewellery For You?

Select **one** answer.

(1)

- ☒ **A** €924
- ☒ **B** €3 480
- ☒ **C** €6 480
- ☒ **D** €7 080

(iv) Which **one** of the following is a reason why a business would produce a cash flow forecast?

Select **one** answer.

(1)

- ☒ **A** It is a legal requirement that a business has a cash flow forecast
- ☒ **B** A cash flow forecast ensures that the business will be successful
- ☒ **C** It can help a bank decide whether it should lend money to a business
- ☒ **D** To show the profit and loss of a business in the past six months

A 7-day holiday in Thailand in October 2023 cost £998.00.

The exchange rate is £1 = 40.91 Thai Baht (THB).

(v) Which **one** of the following was the cost of the holiday in Thai Baht?

Select **one** answer.

(1)

- ☒ **A** 24.40
- ☒ **B** 1 038.91
- ☒ **C** 40 828.18
- ☒ **D** 40 869.09

(vi) Which **one** of the following is a reason why a sole trader would want to become a private limited company?

Select **one** answer.

(1)

- ☒ **A** The business can keep financial records confidential
- ☒ **B** The business will have unlimited liability
- ☒ **C** Shareholders are liable for all debts
- ☒ **D** Increased ability to raise finance

(b) Define the term **franchise**.

(1)

.....

.....

.....

(c) Define the term **profit**.

(1)

.....

.....

.....

(d) State **one** reason why *TUI* pays its employees above the minimum wage.

(1)

.....

.....

.....

TUI is charging an adult £725.92 for a week in Cyprus. If booked online there is a discount of 12.5%.

(e) Calculate the total price of a holiday for **two** adults with a 12.5% promotional discount for booking online. You are advised to show your working.

(2)

£ .....

(f) Explain **one** of the factors in Herzberg's motivational theory.

(3)

.....

.....

.....

.....

.....

(g) Analyse the benefits for *TUI* from including health and safety training for its employees in their induction training.

(6)

.....

.....

.....

.....

.....

3 One aim of *Jimmy Choo*'s is to ensure that all its employees are well motivated and fully trained to carry out the jobs they are employed to do. This is to reduce the number of employees leaving the business.

(a) Define the term **person specification**.

(1)

(b) Outline **one** reason why branding is important to *Jimmy Choo*.

(2)

A *Jimmy Choo* handbag costs $1 590 (US dollars) to manufacture. It sells for $2 450.

(c) Calculate, to two decimal places, the percentage increase on this *Jimmy Choo* handbag when it is sold. You are advised to show your working.

(2)

..... %

(d) Analyse why *Jimmy Choo* asks all candidates applying for a vacancy to complete an application form.

(6)

Jimmy Choo employs people in many countries to produce its shoes, handbags and perfume. To ensure that its new employees have the best start possible the following two training options are being considered:

Option 1: induction training

Option 2: off-the-job training.

(e) Justify which **one** of these two options *Jimmy Choo* should choose.

(9)

1 In 1971 *Starbucks* opened its first coffee shop in Seattle, Washington, US. Since then, it has experienced significant growth with more than 32,000 stores operating across 80 countries. It sells coffee and food products including cakes, biscuits and sandwiches. *Starbucks* has a mission 'To inspire and nurture the human spirit – one person, one cup and one neighbourhood at a time.'

Starbucks refers to its employees as 'partners' as they encourage people to support each other and work to achieve common goals. It offers the opportunity for partners to develop their skills and knowledge of the coffee shop market, by starting as baristas, then as coffee masters and finally as coffee shop managers.

(a) (i) Which **one** of the following is a secondary sector activity?

Select **one** answer.

(1)

- ☒ **A** Coal mining
- ☒ **B** Engineering
- ☒ **C** Farming
- ☒ **D** Insurance

(ii) Which **one** of the following is an external source of finance?

Select **one** answer.

(1)

- ☒ **A** Selling assets
- ☒ **B** Retained profit
- ☒ **C** Personal savings
- ☒ **D** Bank loan

Starbucks has special offers to encourage customers to purchase more coffee.

A latte usually costs $5.90 (US Dollars) and is now on special offer at $5.35.

(iii) Which **one** of the following is the percentage decrease in the price of a latte?

Select **one** answer.

(1)

- ☒ **A** 0.55%
- ☒ **B** 2.94%
- ☒ **C** 9.32%
- ☒ **D** 10.28%

(iv) Which **one** of the following is the minimum number of owners in a partnership?

Select **one** answer.

(1)

- ☒ **A** 1
- ☒ **B** 2
- ☒ **C** 20
- ☒ **D** 50

An online book club charges its members £4.49 (GBP) a month.

The exchange rate is £1.00 to 92.09 Indian Rupees (INR).

(v) Which **one** of the following would be the monthly price in Rupees to be a member in India?

Select **one** answer.

(1)

- ☒ **A** 413.48
- ☒ **B** 1105.08
- ☒ **C** 4 134.84
- ☒ **D** 4 961.81

(vi) Which **one** of the following is an external source of finance for managing immediate cash flow problems?

Select **one** answer.

(1)

- ☒ **A** Personal savings
- ☒ **B** Retained profit
- ☒ **C** Selling assets
- ☒ **D** Overdraft

(b) Define the term **social enterprise**.

(1)

(c) Define the term **tertiary sector**.

(1)

(d) State **one** reason why *Starbucks* wants to retain its employees.

(1)

In 2022 the worldwide coffee shop industry had a total revenue of $165.70 billion.

It is estimated that by 2030 the percentage increase in total revenue is expected to be 38.25%.

(e) Calculate, to two decimal places, the estimated total revenue in 2030. You are advised to show your working.

(2)

$ .....

(f) Explain **one** disadvantage for a business of training its employees.

(3)

.....

.....

.....

.....

.....

Starbucks uses batch production to make its cakes and sandwiches.

(g) Analyse the benefits for *Starbucks* of using batch production.

(6)

.....

.....

.....

.....

.....

SUB-TOPIC 2.3

MOTIVATION

17 questions in this sub-topic · 340 marks · lowest tariff first

2 *Backyard Shoez* is now planning to sell shoes to men and children as well as ladies.

(a) State **one** fringe benefit that *Backyard Shoez* can offer its employees.

(1)

(b) State **one** benefit to *Backyard Shoez* of using off-the-job training.

(1)

(c) Explain **one** reason why many businesses have a human resource functional area.

(3)

(d) Explain **one** method of above the line promotion a business could use.

(3)

(e) Explain **one** way the product life cycle can be extended.

(3)

Backyard Shoez wants to motivate its employees. It is considering two options:

Option 1: bonus payments

Option 2: job enrichment.

(f) Justify which **one** of these two options *Backyard Shoez* should use.

(9)

2 *Tata Motor Company* has employees across the world. It prides itself on looking after all its employees and ensuring that their needs are met.

(a) State **one** non-financial objective for *Tata Motor Company*.

(1)

(b) State **one** reason why *Tata Motor Company* would employ casual staff.

(1)

(c) Explain **one** reason why a business uses fringe benefits.

(3)

(d) Explain **one** reason why a business would use job production.

(3)

(e) Explain **one** benefit to a business of having a short chain of command.

(3)

Tata Motor Company uses different pricing strategies. It is considering **two** options for the launch of a new vehicle:

Option 1: cost plus

Option 2: promotional.

(f) Justify which **one** of these two options *Tata Motor Company* should use.

(9)

2 *TADS* is looking to expand by offering lessons in other musical instruments.

(a) State **one** reason why this could lead to the business failure of *TADS*.

(1)

(b) State **one** benefit to *TADS* of using casual staff to teach music lessons.

(1)

(c) Explain **one** purpose of market research for a business.

(3)

(d) Explain **one** way to measure the success of a business.

(3)

(e) Explain **one** impact of an increase in interest rates on a business.

(3)

TADS currently pays its music teachers an hourly rate for every lesson they teach. It is looking to retain the teachers it currently employs.

It is considering the following two options:

Option 1: commission for each new pupil taught

Option 2: an increase in the hourly rate.

(f) Justify which **one** of these two options *TADS* should use.

(9)

1 In 1985 *Emirates* started its airline business with just two aircraft. It is now a well-known airline with over 265 aircraft flying to over 180 destinations around the world.

Emirates has won many awards for service and reliability. Until 2016 passengers rated *Emirates* the leading airline to travel with. However, in 2017 its rating dropped from first to fourth.

(a) (i) Which **one** of the following only applies to a public limited company?

(1)

Select **one** answer.

- ☒ **A** Controlled by the government
- ☒ **B** Shares are traded on the stock exchange
- ☒ **C** A maximum of 50 shareholders
- ☒ **D** Restriction in the transfer of shares

(ii) Which **one** of the following departments would send an invoice to a supplier?

(1)

Select **one** answer.

- ☒ **A** Human resources
- ☒ **B** Marketing
- ☒ **C** Finance
- ☒ **D** Production

Figure 1 shows the annual total revenue of £1 200 000 for five businesses.

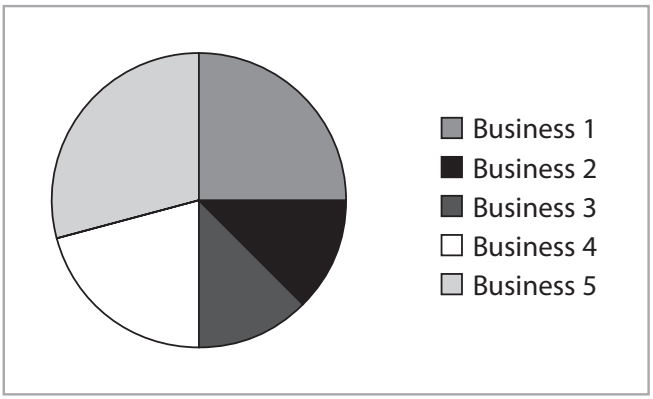


Figure 1

Business 1	**£300 000**
Business 2	**£150 000**
Business 3	**£150 000**
Business 4	**£250 000**
Business 5	**£350 000**

(iii) What is the market share for Business 2?

(1)

Select **one** answer.

- ☒ **A** 12.5%
- ☒ **B** 20.8%
- ☒ **C** 25.0%
- ☒ **D** 29.2%

(iv) Which **one** of the following describes an overdraft?

(1)

Select **one** answer.

- ☒ **A** A method of borrowing regular amounts
- ☒ **B** More funds taken out than are in the account
- ☒ **C** Money lent by many people to a business
- ☒ **D** A loan due for repayment in five years

Figure 2 Extract from *Emirates* financial reports, 2015–2017

	2016–2017 Dirham millions (AED)	2015–2016 Dirham millions (AED)
Total assets	133 281	129 989
Cash assets	19 066	23 453

Figure 2

(v) What is the percentage change in total assets between 2015–2016 and 2016–2017?

(1)

Select **one** answer.

- ☒ **A** –18.70%
- ☒ **B** –2.53%
- ☒ **C** 2.47%
- ☒ **D** 2.53%

(vi) Which **one** of the following would be part of recruiting a new employee?

(1)

Select **one** answer.

- ☒ **A** Business plan
- ☒ **B** Induction training
- ☒ **C** Job description
- ☒ **D** Job enrichment

(b) Define the term **social enterprise**.

(1)

.....

.....

.....

(c) Define the term **globalisation**.

(1)

.....

.....

.....

(d) State **one** reason why *Emirates* uses competition pricing.

(1)

.....

.....

.....

Figure 3 shows part of a cash flow forecast for *Emirates*.

	June 2017 Dirham billions (AED)
Opening balance	44
Cash inflow	26
Cash outflow	30
Net cash flow	
Closing balance	40

Figure 3

(e) Calculate the net cash flow for June 2017. You are advised to show your working.

(2)

..... billions AED

(f) Explain **one** of the factors in Herzberg's motivational theory.

(3)

.....

.....

.....

.....

.....

(g) Analyse the likely benefits to *Emirates* of using financial information when making business decisions.

(6)

3 *NEXT* works hard to remain competitive with other retailers of similar products.

(a) Define the term **economies of scale**.

(1)

(b) Outline **one** reason why *NEXT* uses special offers.

(2)

Of *NEXT*'s 43,000 employees, 70% are women.

(c) Calculate the number of women working at *NEXT*. You are advised to show your working.

(2)

(d) Analyse why *NEXT* would want to remove any communication barriers within its organisation.

(6)

NEXT understands that some employees are motivated by non-financial methods and these may help with employee retention. To do this *NEXT* is considering the following two options:

Option 1: job rotation

Option 2: job enrichment.

(e) Justify which **one** of these two options *NEXT* should choose.

(9)

1 *Artify Studio* was set up in 2015 by Tay Hui Jae in the busy Kampong Glam area of Singapore. *Artify Studio*'s aim is to have 'a communal art space where people can come together and paint, where people would be given as much creative freedom as they would have if they were in their own spaces.'

Artify Studio provides many services including its popular Liberty Art Jam where customers can paint as well as listen to music. The studio offers a Corporate Art Jam and Regular Kids Classes. Customers can purchase art materials after attending the studio.

Artify Studio is a profit-making organisation with a social element. It employs seven part-time people, all of whom are art enthusiasts.

(a) (i) Which **one** of the following functional areas is responsible for the recruitment of new employees?

(1)

Select **one** answer.

☒ **A** Finance

☒ **B** Marketing

☒ **C** Production

☒ **D** Human Resources

(ii) Which **one** of the following is an internal source of finance?

(1)

Select **one** answer.

☒ **A** Overdraft

☒ **B** Selling assets

☒ **C** Venture capital

☒ **D** Crowdfunding

(iii) Which **one** of the following is a main feature of the statement of comprehensive income?

(1)

Select **one** answer.

- ☒ **A** Current assets
- ☒ **B** Non-current liabilities
- ☒ **C** Cost of sales
- ☒ **D** Capital employed

(iv) Which **one** of the following is a political factor that can affect a business?

(1)

Select **one** answer

- ☒ **A** Taxation
- ☒ **B** Global warming
- ☒ **C** Habitat destruction
- ☒ **D** Part-time workers

Running the Liberty Art Jam costs *Artify Studio* S$10 Singapore Dollars (SGD). People attending the course are charged S$35.

(v) What markup has *Artify Studio* applied to this service?

(1)

Select **one** answer

- ☒ **A** 35%
- ☒ **B** 45%
- ☒ **C** 250%
- ☒ **D** 350%

Artify Studio imports sets of acrylic paint from Malaysia at a cost of 8.50 Malaysian Ringgit (MYR) per set.

The exchange rate is 1 MYR = 0.33 S$ (SGD).

(vi) Which **one** of the following would *Artify Studio* pay in SGD if they imported 15 sets of paints?

(1)

Select **one** answer

- ☒ **A** 2.81
- ☒ **B** 4.95
- ☒ **C** 15.00
- ☒ **D** 42.08

(b) Define the term **diseconomies of scale**.

(1)

(c) Define the term **job production**.

(1)

(d) State **one** financial method of motivation *Artify Studio* could use to motivate its employees.

(1)

Artify Studio offers a 12% discount to parents if they book the 'Duo Parent and Child Art Camp' and the 'Children's Illustration Workshop' at the same time. The combined price for both courses before being discounted is S$285.

(e) Calculate the discounted cost of booking both courses at the same time.

You are advised to show your working.

(2)

S$ .....

(f) Explain **one** measure a business can use to judge its success.

(3)

.....

.....

.....

.....

.....

(g) Analyse the effect of a decrease in interest rates on *Artify Studio*.

(6)

.....

.....

.....

.....

.....

2 *Huawei* is one of many businesses that manufacture smartphones and tablets. It therefore needs to keep and retain its staff, so that production is continuous. This will help to maintain its customers.

(a) State **one** possible reason why *Huawei* pays its employees in the UK above the minimum wage.

(1)

(b) State **one** possible reason why *Huawei* would want to keep its customers loyal to its brand.

(1)

(c) Explain **one** reason why having good public relations is important to a business.

(3)

(d) Explain **one** benefit of being a multinational business.

(3)

(e) Explain **one** reason why secondary research would be used by a business.

(3)

Huawei use a range of motivational methods to ensure its employees remain with them and do not leave. It has to make a decision on which of the following two options it will use. It is considering two methods:

Option 1: financial

Option 2: non-financial.

(f) Justify which **one** of these two options *Huawei* should choose.

(9)

3 (a) Define the term **inventory**.

(1)

.....

.....

.....

(b) Outline **one** method that *TBTS* might use to respond to greater competition.

(2)

.....

.....

.....

.....

.....

.....

In 2021, a *TBTS* toy shop had current liabilities of 36 000 SGD and current assets of 216 000 SGD.

(c) Calculate the current ratio for 2021. You are advised to show your working.

(2)

.....:1

(d) Analyse the importance of *TBTS* motivating its employees.

(6)

TBTS is planning to introduce a new range of toys for four-year-old children. It will need to carry out some research from its customers, including children and parents, to find out what they want.

TBTS is considering two options:

Option 1: hand out questionnaires to customers that visit the shops

Option 2: hold focus group meetings with parents and their children.

(e) Justify which **one** of these two options *TBTS* should choose.

(9)

2 During the preparation of food, the chefs at *Can Culleretes* have to follow health and safety regulations. New regulations are made from time to time.

(a) State **one** impact government legislation could have on *Can Culleretes*.

(1)

(b) State **one** way *Can Culleretes* might add value to its business.

(1)

(c) Explain **one** method a business could use to encourage repeat purchase of its products.

(3)

(d) Explain **one** disadvantage of using personal savings as a source of finance for a business.

(3)

(e) Explain **one** benefit for a business of motivating its employees.

(3)

Can Culleretes is looking to improve its revenue and is considering two options:

Option 1: increase advertising

Option 2: opening for breakfast.

(f) Justify which **one** of these two options *Can Culleretes* should choose.

(9)

2 All 18,000 *LEGO* employees are full-time.

(a) State **one** financial objective for *LEGO*.

(1)

(b) State **one** possible reason why *LEGO* does not recruit casual employees.

(1)

(c) Explain **one** reason why a business would pay its employees above the minimum wage.

(3)

(d) Explain **one** reason why product trials are important to a business.

(3)

(e) Explain **one** reason why a business complies with health and safety legislation.

(3)

LEGO is constantly introducing new toys to the market to keep its customers buying. It is planning to introduce a new Star Wars Princess Leia toy. It is considering the following two pricing strategies to launch the toy.

Option 1: cost plus

Option 2: skimming.

(f) Justify which **one** of these two options *LEGO* should choose.

(9)

2 *Cadbury* wants to appoint committed people who will become valued employees.

(a) State **one** item of information that an applicant might include in their Curriculum Vitae (CV) when applying for a position with *Cadbury*.

(1)

(b) State **one** item of information that may appear in a job description for a *Cadbury* Production Line Supervisor.

(1)

(c) Explain **one** method a business could use to motivate its employees.

(3)

(d) Explain **one** reason why a business has fully trained employees.

(3)

(e) Explain **one** reason why many manufacturing businesses use Kaizen in their factories.

(3)

Cadbury wants to retain its skilled employees. To do this it is looking to offer them different ways of working. It is considering the following two options:

Option 1: allowing employees to work part-time

Option 2: allowing employees to job share.

(f) Justify which **one** of these two options *Cadbury* should choose.

(9)

4 **Figure 1** is an extract from *Irsi Chocolatier*'s Statement of Comprehensive Income.

Revenue	€330 606
Gross profit	€80 282
Other operating expenses	€12 692

Figure 1

(a) Calculate, to two decimal places, the operating profit margin. You are advised to show your working.

(2)

.....%

(b) Analyse the importance of place to *Irsi Chocolatier*.

(6)

.....

.....

.....

.....

.....

Irsi Chocolatier is a business with three loyal employees. As it expands it wants to ensure its current and new employees remain happy and motivated within the workplace.

(c) Evaluate the impact of *Irsi Chocolatier* using financial methods of motivation on its employees. You should use the information provided as well as your own knowledge of business.

(12)

1 *Aude Rose* is a flower shop in Paris, France. It was set up by Aude Anglaret after she graduated with a qualification in floristry. It opened a shop in 2009 in the outskirts of Paris. Since then it has gone from strength to strength increasing its market share. To meet this increase in demand it has closed its first shop and opened a larger one in the centre of Paris with a higher rent and a possible increase in customers. It currently employs four florists. *Aude Rose* has been recognised for its high-quality flower arrangements that have been seen in several wedding magazines.

(a) (i) Which **one** of the following describes a minimum wage?

Select **one** answer.

(1)

- ☒ **A** Fixed amount per year and paid monthly
- ☒ **B** The lowest amount a business can legally pay its employees
- ☒ **C** Payment made to an employee for working additional hours
- ☒ **D** Payment made to an employee for reaching a target

(ii) Which **one** of the following describes the cash cow category in the Boston matrix?

Select **one** answer.

(1)

- ☒ **A** High market growth, high market share
- ☒ **B** High market growth, low market share
- ☒ **C** Low market growth, high market share
- ☒ **D** Low market growth, low market share

(iii) Which **one** of the following would give a business a negative cash flow?

Select **one** answer.

(1)

- ☒ **A** Cash inflow is greater than cash outflow
- ☒ **B** Costs are greater than profits
- ☒ **C** Profits are greater than costs
- ☒ **D** Cash outflow is greater than cash inflow

(iv) Which **one** of the following is a recruitment document that outlines the tasks and responsibilities of a job?

Select **one** answer.

(1)

- ☒ **A** Job description
- ☒ **B** Person specification
- ☒ **C** Application form
- ☒ **D** Curriculum vitae

To wrap its flowers *Aude Rose* buys 150 metres of wrapping paper from London, England every week at a cost of £0.46 per metre.

In October 2022 the exchange rate was £1 = €1.15

(v) Which **one** of the following is the total cost, in euros, of buying a four week supply of wrapping paper?

Select **one** answer.

(1)

- ☒ **A** €79.35
- ☒ **B** €276.00
- ☒ **C** €317.40
- ☒ **D** €396.75

Aude Rose provides flowers for large events. The most popular is a selection of traditional flowers selling for €65. The cost of making this selection of flowers is €42.

(vi) Which **one** of the following is the markup for a selection of traditional flowers?

Select **one** answer.

(1)

- ☒ **A** 54.76%
- ☒ **B** 64.62%
- ☒ **C** 182.61%
- ☒ **D** 282.61%

(b) Define the term **economies of scale**.

(1)

.....

.....

.....

(c) Define the term **stakeholder**.

(1)

.....

.....

.....

(d) State **one** benefit to *Aude Rose* of using just-in-time (JIT) production.

(1)

.....

.....

.....

Aude Rose has fixed costs of €50 000 a year with a selling price of €50 and a variable cost of €10 per bunch of flowers sold.

(e) Calculate how many bunches of flowers *Aude Rose* will have to sell to break-even. You are advised to show your working.

(2)

..... bunches of flowers

(f) Explain **one** reason why a business might fail.

(3)

(g) Analyse the importance to Aude Anglaret of motivating her employees.

(6)

3 *IKEA* aims to retain as many of its employees as possible.

(a) Define the term **overdraft**.

(1)

(b) Outline **one** reason why *IKEA* would read reports issued by governments.

(2)

IKEA is keen to reward long-serving employees. An employee who has worked with *IKEA* for 10 years is given a bonus of 7.5% on top of their annual earnings of 177 070 SEK.

(c) Calculate, to two decimal places, the bonus this employee would receive. You are advised to show your working.

(2)

.....SEK

(d) Analyse why *IKEA* shortlists candidates for positions in its factories.

(6)

To motivate employees working in its factories, *IKEA* is considering two motivational methods.

Option 1: bonus

Option 2: job enrichment.

(e) Justify which **one** of these two options *IKEA* should use.

(9)

3 In 2021 *M&M* moved from 20th to 2nd place as one of India's best workplaces.

(a) Define the term **autonomy**.

(1)

(b) Outline **one** reason why *M&M* might locate a new factory near to a labour force.

(2)

In 2020 *M&M* had current assets of 3 400 million Indian Rupees and current liabilities of 900 million Indian Rupees.

(c) Calculate, to 2 decimal places the current ratio for 2020. You are advised to show your working.

(2)

..... :1

(d) Analyse why *M&M* would want to compare its business with other vehicle manufacturers.

(6)

M&M wants to retain the employees working in its business. To do this it is considering the following options.

Option 1: job rotation

Option 2: bonus.

(e) Justify which **one** of these two options *M&M* should use.

(9)

1 *Café Pinch* is a small café based in Berlin, the capital city of Germany. It serves a range of hot and cold meals. The owner, Kumaran, trained in good Berlin restaurants and cafés before starting his own café business. It opened in December 2018. It has 10 seats in front of the café and 10 inside. It is located close to an underground station. Despite being surrounded by many other cafés, *Café Pinch* received 5 out of 5 in online reviews. The reviewers commented on the high-quality cooked food, filled Ciabattas, range of drinks and excellent customer service. The café is open 8am–5pm every day. It has a website which is used for information purposes only.

(a) (i) Which **one** of the following is an example of an internal source of finance?

Select **one** answer.

(1)

- ☒ **A** Overdraft
- ☒ **B** Crowdfunding
- ☒ **C** Retained profit
- ☒ **D** Share capital

(ii) Which **one** of the following is a result of average costs rising in a growing large business?

Select **one** answer.

(1)

- ☒ **A** Economies of scale
- ☒ **B** Diseconomies of scale
- ☒ **C** Purchasing economies
- ☒ **D** Financial economies

(iii) Which **one** of the following is the money left after all costs have been subtracted from revenue?

Select **one** answer.

(1)

- ☒ **A** Gross profit
- ☒ **B** Inflows
- ☒ **C** Loss
- ☒ **D** Profit

(iv) Which **one** of the following is a debt payable after 12 months?

Select **one** answer.

(1)

- ☒ **A** Non-current liability
- ☒ **B** Current liability
- ☒ **C** Non-current asset
- ☒ **D** Current asset

Café Pinch sells many filled Ciabattas. The most popular is mozzarella cheese and avocado, selling for €5.30. The cost of making this Ciabatta is €2.56.

(v) Which **one** of the following is the markup for the mozzarella cheese and avocado Ciabatta?

Select **one** answer.

(1)

- ☒ **A** 48%
- ☒ **B** 93%
- ☒ **C** 107%
- ☒ **D** 207%

Café Pinch wants to add French Fries to its menu. It will use British potatoes costing £0.82 per kilo.

The exchange rate is €1 (euro) = £0.84.

(vi) Which **one** of the following would *Café Pinch* pay in euros if it bought 50 kilos of potatoes?

Select **one** answer.

(1)

- ☒ **A** €59.52
- ☒ **B** €48.81
- ☒ **C** €42.00
- ☒ **D** €41.00

(b) Define the term **variable cost**.

(1)

(c) Define the term **niche marketing**.

(1)

(d) State **one** way *Café Pinch* can react to external social factors affecting its business.

(1)

Customers who buy a ham Ciabatta for €7.50, a sweet waffle for €2.90 and a coffee at €3.60 would pay a total of €14.00. A lunchtime special deal offers them a 5% discount.

(e) Calculate what a customer would pay for these three items after the discount is applied. You are advised to show your working.

(2)

€ .....

(f) Explain **one** advantage to a start-up business of using a venture capitalist.

(3)

.....

.....

.....

.....

.....

(g) Analyse the importance to Kumaran, the owner of *Café Pinch*, of having motivated employees.

(6)

.....

.....

.....

.....

.....

2 (a) State **one** reason why *Starbucks* should have good communication with its customers.

(1)

(b) State **one** way *Starbucks* could follow health and safety legislation.

(1)

(c) Explain **one** reason why many manufacturing businesses use just-in-time (JIT).

(3)

(d) Explain **one** reason why it is important that businesses pay their suppliers on time.

(3)

(e) Explain **one** effect on a business if interest rates are decreased.

(3)

Starbucks wants to ensure that its employees remain with the business. To do this it is considering the following two methods:

Option 1: financial methods

Option 2: non-financial methods.

(f) Justify which **one** of these two methods *Starbucks* should choose.

(9)

SUB-TOPIC 2.4

ORGANISATIONAL STRUCTURE

6 questions in this sub-topic · 120 marks · lowest tariff first

2 (a) State **one** non-financial method of motivating staff at *Lavender*.

(1)

(b) State **one** function of the finance area in *Lavender*.

(1)

(c) Explain **one** way a business can use penetration pricing.

(3)

(d) Explain **one** reason why a business would have a short span of control.

(3)

(e) Explain **one** reason why diseconomies of scale may occur in a business.

(3)

Lavender has eight *L.café* outlets operating across Malaysia. It is planning to open eight more outlets. To maintain the standards of its bakery products across all outlets, it needs to consider the most suitable method of production.

The following **two** options are being considered:

Option 1: batch production

Option 2: flow production.

(f) Justify which **one** of these two options *Lavender* should use.

(9)

3 Saving the environment in which we all live is important. The Chairman ensures that *Emirates* works hard to recycle many of the materials it uses and to reduce atmospheric pollution from the fuel that powers its aircraft. Water consumption for washing aircraft has been reduced, newspapers and other paper products collected from *Emirates* aircraft cabins are recycled. *Emirates* uses a variety of methods to monitor its employees when carrying out these jobs. For these roles *Emirates* uses a short chain of command.

(a) Define the term **hierarchical structure**.

(1)

.....

.....

.....

(b) Outline **one** reason why *Emirates* has a short chain of command for monitoring its employees when recycling.

(2)

.....

.....

.....

.....

.....

.....

Emirates used 13,457,776 litres of petrol in 2016–2017. In 2017–2018 it reduced this figure by 12.5%.

(c) Calculate the number of litres of petrol that *Emirates* used in 2017–2018. You are advised to show your workings.

(2)

..... litres

(d) Analyse why *Emirates* would want to be more environmentally friendly.

(6)

Emirates wants to improve its market share to regain its number one position with passengers. It needs to improve its promotional activities. It is considering two options:

Option 1: increase the number of special offers

Option 2: increase advertising via social media.

(e) Justify which **one** of these two options *Emirates* should use.

(9)

2 (a) State **one** way *TBTS* can measure its success as a business.

(1)

(b) State **one** reason why *TBTS* might segment its market.

(1)

(c) Explain **one** benefit to a business of having a flat organisational structure.

(3)

(d) Explain **one** method a small business might use to increase its profit.

(3)

(e) Explain **one** benefit to a business of using the Boston Matrix.

(3)

TBTS wants to sell a wider variety of toys. It is planning to buy these toys from other suppliers. This will need new finance.

TBTS is considering two options:

Option 1: using retained profits

Option 2: getting a bank loan.

(f) Justify which **one** of these two options *TBTS* should choose.

(9)

2 (a) State **one** method *Irsi Chocolatier* could use to improve its competitive position.

(1)

(b) State **one** way *Irsi Chocolatier* might extend the life cycle of one of its products.

(1)

(c) Explain **one** way a business could use e-newsletters.

(3)

(d) Explain **one** way a business could use market research information.

(3)

(e) Explain **one** benefit to a business that has a decentralised organisational structure.

(3)

Irsi Chocolatier is planning to produce chocolate lollipops in different shapes and flavours.

Currently, handmade chocolates are made using batch production and cakes for special occasions use job production.

To make the new chocolate lollipops *Irsi Chocolatier* is considering using:

Option 1: batch production

Option 2: job production.

(f) Justify which **one** of these two options *Irsi Chocolatier* should choose.

(9)

2 (a) State **one** reason why *Café Pinch* might set business objectives.

(1)

(b) State **one** way *Café Pinch* could use the Boston matrix to review its product portfolio.

(1)

(c) Explain **one** responsibility of the human resources function.

(3)

(d) Explain **one** advantage of being in a partnership.

(3)

(e) Explain **one** disadvantage to a business of having a hierarchical organisational structure.

(3)

Berlin has recently seen an increase in cafés, small restaurants and breakfast bars. To remain competitive and keep its customers, *Café Pinch* is reviewing its marketing mix. It is considering two options:

Option 1: introduce a vegan range of products

Option 2: a special offer of 7.5% discount to customers on Wednesday mornings 9am–12pm.

(f) Justify which **one** of these two options *Café Pinch* should choose.

(9)

1 Gianni Polvani opened his first gym, *Four Fitness*, over 20 years ago. He now employs 14 highly-qualified gym instructors in his two gyms. Both gyms are in Italy, one in Arezzo and the other in Castiglion Fiorentino.

The gym encourages its members to take part in all the physical activities it offers. Members can take part in a number of social activities as well.

Four Fitness has a website which is primarily for information only. The website details such things as opening hours and descriptions of available activities. It cannot be used to book activities or access personal training plans.

(a) (i) Which **one** of the following is a debt payable within 12 months?

Select **one** answer.

(1)

- ☒ **A** Current asset
- ☒ **B** Current liability
- ☒ **C** Non-current asset
- ☒ **D** Non-current liability

(ii) Which **one** of the following is a pricing strategy where a business sets an initial high price for a product new to the market?

Select **one** answer.

(1)

- ☒ **A** Skimming
- ☒ **B** Competition
- ☒ **C** Penetration
- ☒ **D** Cost plus

(iii) Which **one** of the following is a role of the human resources department?

Select **one** answer.

(1)

- ☒ **A** Reducing costs
- ☒ **B** Designing products
- ☒ **C** Customer service
- ☒ **D** Recruiting employees

(iv) Which **one** of the following is a benefit to a shareholder of having limited liability?

Select **one** answer.

(1)

- ☒ **A** Choosing who can buy shares
- ☒ **B** May build a better relationship with suppliers
- ☒ **C** Own possessions are not at risk
- ☒ **D** Employee motivation will increase

Four Fitness is considering introducing sports drinks to sell to its customers and to do this it needs to hire a fridge to store the sports drinks. To decide whether it is a good business decision, it needs to work out the break-even level of output.

Figure 1 shows some financial data to assist this decision.

	€
Fixed costs	280
Variable cost per unit	0.70
Revenue per unit	1.50

Figure 1

(v) Which **one** of the following is the break-even level of output?

Select **one** answer.

(1)

- ☒ **A** 280
- ☒ **B** 350
- ☒ **C** 420
- ☒ **D** 616

Figure 2 is a financial extract from a gym equipment business that supplies *Four Fitness*.

	€
Total revenue	132 165
Total labour costs	54 000
Total material costs	17 000
Other costs	17 400

Figure 2

(vi) Which **one** of the following statements from **Figure 2** correctly applies to the gym equipment business?

Select **one** answer.

(1)

- ☒ **A** It made a loss of €88 400
- ☒ **B** It made a loss of €61 165
- ☒ **C** It made a profit of €43 765
- ☒ **D** It made a profit of €78 165

(b) Define the term **trade bloc**.

(1)

.....

.....

.....

(c) Define the term **job production**.

(1)

.....

.....

.....

(d) State **one** reason why *Four Fitness* would pay its employees more than the minimum wage.

(1)

As part of its 'social activities' *Four Fitness* is planning an evening event promoting healthy eating and living. The price of a ticket is €35. *Four Fitness* members will be given a 7% discount.

(e) Calculate the total price if five *Four Fitness* members attend the event. You are advised to show your working.

(2)

€ .....

(f) Explain **one** impact to a business of providing fringe benefits to employees.

(3)

Gianni Polvani's span of control is 14.

(g) Analyse the effectiveness of the wide span of control used by Gianni Polvani.

(6)

SUB-TOPIC 2.5

EFFECTIVE COMMUNICATION

8 questions in this sub-topic · 160 marks · lowest tariff first

4 *TBTS* lets customers sign up for a Very Important Person (VIP) membership on its website. The website gives VIP members special rates and exclusive offers.

TBTS sells dinosaur toys for 22.80 SGD. VIP members get a discount of 15%.

(a) Calculate the total cost to a VIP member of buying 17 dinosaur toys.
You are advised to show your working.

(2)

.....SGD

Figure 2 shows the acid test ratios for *TBTS*.

2018	2019	2020
0.75	0.87	0.88

Figure 2

(b) Analyse the usefulness to *TBTS* of the acid test ratio.

(6)

(c) Evaluate the importance of good internal and external communication to *TBTS*. You should use the information provided as well as your own knowledge of business.

(12)

1 *Can Culleretes* is a restaurant based in the Spanish city of Barcelona. Opening in 1786 it is the second oldest restaurant in Spain. It has been run by the Agut-Manubens family since 1958 and serves a variety of Mediterranean food. Sisters Montserrat and Alicia are co-owners of the restaurant with six members of the family working for them. The restaurant is near to popular tourist attractions and close to many other restaurants. It opens for lunch and dinner only.

(a) (i) Which **one** of the following could immediately improve cash flow?

Select **one** answer.

(1)

- ☒ **A** Allow customers to pay later
- ☒ **B** Launch an advertising campaign
- ☒ **C** Increase inventory of raw materials
- ☒ **D** Pay suppliers later

(ii) Which **one** of the following is an example of primary market research?

Select **one** answer.

(1)

- ☒ **A** Internet
- ☒ **B** Postal survey
- ☒ **C** Newspaper
- ☒ **D** Government report

(iii) Which **one** of the following is a fixed cost?

Select **one** answer.

(1)

- ☒ **A** Rent
- ☒ **B** Packaging
- ☒ **C** Weekly wages
- ☒ **D** Raw materials

(iv) Which **one** of the following is used to calculate the break-even point?

Select **one** answer.

(1)

- ☒ **A** Fixed costs × (selling price + variable costs)
- ☒ **B** Fixed costs × (selling price – variable costs)
- ☒ **C** Fixed costs ÷ (selling price + variable costs)
- ☒ **D** Fixed costs ÷ (selling price – variable costs)

For its Winter menu *Can Culleretes* buys 10 kilograms (kg) of salmon from Scotland every week at a cost of £19.17 per kilogram.

In November 2021 the exchange rate was £1 = €1.17

(v) Which **one** of the following is the total cost in euros of buying a two week supply of salmon?

Select **one** answer.

(1)

- ☒ **A** €191.70
- ☒ **B** €224.29
- ☒ **C** €383.40
- ☒ **D** €448.58

Can Culleretes buys its prawns from a local fishmonger at a cost of €11.50 a kilogram. It is then sold to customers for €13.70 a kilogram.

(vi) What is the markup on a kilogram of prawns?

Select **one** answer.

(1)

- ☒ **A** 11.5%
- ☒ **B** 13.7%
- ☒ **C** 19.1%
- ☒ **D** 23.0%

(b) Define the term **job production**.

(1)

.....

.....

.....

(c) Define the term **diseconomies of scale**.

(1)

.....

.....

.....

(d) State **one** method *Can Culleretes* could use to collect quantitative market research.

(1)

.....

.....

.....

Figure 1 is an extract from *Can Culleretes'* cash-flow forecast.

	June
Opening balance	€4 400
Cash inflow	€4 600
Cash outflow	€3 000
Net cash flow	

Figure 1

(e) Calculate the net cash flow for *Can Culleretes* in June. You are advised to show your working.

(2)

€.....

(f) Explain **one** benefit to a business of improving communication with its employees.

(3)

Can Culleretes is looking to launch an app that allows customers to order their meals in the restaurant using their mobile phones.

(g) Analyse the likely impact on productivity if *Can Culleretes* launches this app.

(6)

2 (a) State **one** fringe benefit *Aude Rose* could offer its employees.

(1)

(b) State **one** reason why branding is important to *Aude Rose*.

(1)

(c) Explain **one** impact of ineffective communication on a business.

(3)

(d) Explain **one** advantage of a partnership.

(3)

(e) Explain **one** disadvantage to a business of product orientation.

(3)

Aude Rose is looking to increase its sales. It is considering two options:

Option 1: sponsor a local event such as a flower show

Option 2: advertise, using leaflets around Paris.

(f) Justify which **one** of these two options *Aude Rose* should choose.

(9)

2 (a) State **one** advantage for *PPS* of keeping its customers loyal.

(1)

(b) State **one** reason why *PPS* motivates its employees.

(1)

(c) Explain **one** impact on a business of ineffective communication.

(3)

(d) Explain **one** advantage to a business of having a decentralised organisation.

(3)

(e) Explain **one** benefit to a business of using seasonal employees.

(3)

PPS is looking to improve its revenue and is considering two options:

Option 1: trial a new brand of dog food in the shop

Option 2: sponsor a local dog show.

(f) Justify which **one** of these two options *PPS* should choose.

(9)

3 (a) Define the term **secondary sector**.

(1)

.....

.....

.....

(b) Outline **one** way *Café Pinch* could use social media to promote its business.

(2)

.....

.....

.....

.....

.....

.....

Figure 1 is an extract of the statement of comprehensive income for *Café Pinch*.

Revenue	€103 825
Gross profit	€66 842
Other operating expenses	€5 782

Figure 1

(c) Calculate, to two decimal places, the operating profit margin. You are advised to show your working.

(2)

..... %

(d) Analyse **two** factors *Café Pinch* might consider when measuring its success.

(6)

Kumaran understands the importance of communication and the benefits it brings. He is looking to improve communication with his employees. *Café Pinch* is considering two options:

Option 1: updating the noticeboard in the staffroom daily with information such as sales targets and staff rotas

Option 2: weekly staff meetings.

(e) Justify which **one** of these two options *Café Pinch* should choose.

(9)

third gym.

2 (a) State **one** factor *Four Fitness* may consider when choosing a location for its new gym.

(1)

(b) State **one** reason why branding is important to *Four Fitness*.

(1)

(c) Explain **one** advantage to a business of using total quality management.

(3)

(d) Explain **one** problem a business might face as a result of ineffective communication.

(3)

(e) Explain **one** disadvantage to a small business of borrowing money from a bank.

(3)

Four Fitness is looking to introduce a new service to increase its market share. It is considering two options:

Option 1: as part of its monthly subscription price, members are given a 'Technogym Electronic Key' which is inserted into the gym equipment. The key will track and store their progress. An instructor helps them to analyse their progress.

Option 2: introduce links to online fitness classes on its website that can be accessed from home. Customers will be charged for each fitness class downloaded.

(f) Justify which **one** of these two options *Four Fitness* should choose.

(9)

1 *Paco Rabanne* began trading in the 1960's. It changed from *Paco Rabanne* to *Rabanne*. The business was started by Francisco Cuervo. At first it designed and made costumes using plastic and metal for the film industry. Cuervo designed costumes for many film stars including Jane Fonda in Barbarella.

Later Francisco Cuervo developed a range of products for men, such as the aftershaves Paco Rabanne Pour Homme and Invictus, and for women, the perfumes 1 Million and Lady Million.

Rabanne is still one of the leading manufacturers of a range of products including fashionable clothes, handbags and jewellery. It has many employees across the world.

(a) (i) Which **one** of the following is a variable cost?

Select one answer.

(1)

☒ **A** Insurance

☒ **B** Rent

☒ **C** Salaries

☒ **D** Raw materials

(ii) Which **one** of the following is a type of discrimination protected by employee legislation?

Select **one** answer.

(1)

☒ **A** Political

☒ **B** Ethical

☒ **C** Age

☒ **D** Promotion

Rabanne has promotional offers to encourage customers to buy its perfumes and aftershaves.

A customer buying Pour Homme and Lady Million together will receive a 12% promotional discount.

Pour Homme is priced at £85.00 (GBP) and Lady Million is priced £86.00 (GBP).

(iii) Which **one** of the following is the price of buying both items with the promotional discount?

Select **one** answer.

(1)

- ☒ **A** £129.65
- ☒ **B** £150.48
- ☒ **C** £160.80
- ☒ **D** £171.00

(iv) Which **one** of the following is an advantage of primary market research?

Select **one** answer.

(1)

- ☒ **A** It is cheaper than other types of market research
- ☒ **B** It is less time-consuming than secondary research
- ☒ **C** It is more up to date method of research
- ☒ **D** It is only carried out by market-research agencies

Figure 1 shows the monthly cash flow information for a business.

Opening balance	€76 000
Cash inflow	€54 000
Cash outflow	€34 000

Figure 1

(v) Which **one** of the following is the closing balance for this month?

Select **one** answer.

(1)

☒ **A** € 88 000

☒ **B** € 96 000

☒ **C** €110 000

☒ **D** €130 000

An American bank's interest rates have changed from 4.5% to 6.0%.

(vi) Which **one** of the following is a likely effect of this change for American businesses?

Select **one** answer.

(1)

☒ **A** Higher loan repayments

☒ **B** Decrease in labour costs

☒ **C** Improved net cash flow

☒ **D** Increase in sales

(b) Define the term **autonomy**.

(1)

.....

.....

(c) Define the term **qualitative data**.

(1)

.....

.....

(d) State **one** reason why *Rabanne* may use test marketing when introducing a new product.

(1)

In Europe a *Rabanne* handbag costs €1 590.00 (euro).

The exchange rate is €0.93 = $1.00

(e) Calculate, to two decimal places, the price of the handbag in US dollars. You are advised to show your working.

(2)

$ .....

(f) Explain **one** reason why an employer might use a letter to communicate with an employee.

(3)

(g) Analyse **two** benefits to *Rabanne* of being a global business.

(6)

2 *Rabanne* aims to be the best provider of fragrances for men and women throughout the world. Therefore, it uses a range of methods to make sure it will achieve this aim.

(a) State **one** reason why *Rabanne* ensures that all its employees have job enrichment opportunities.

(1)

(b) State **one** way *Rabanne* could measure its success as a business.

(1)

(c) Explain **one** reason why some businesses fail.

(3)

(d) Explain **one** reason why a business would use targeted advertising online to promote itself.

(3)

(e) Explain **one** reason why businesses use statements of comprehensive income when making decisions.

(3)

Rabanne is finding that communicating with its employees around the world is becoming more difficult. Employees are also finding problems in communicating with each other.

Rabanne is considering the following two options to help improve communication within the business:

Option 1: communicate all information through text messaging/email

Option 2: hold weekly meetings.

(f) Justify which **one** of these two options *Rabanne* should choose.

(9)

MARK SCHEMES

official Pearson Edexcel mark schemes

Question Number	Answer	Mark
2 (a)	**A02 = 1 mark** Award 1 mark for a valid primary research method in the context of the business. • Questionnaire for each person taking part in a cookery class (1). **Accept any other appropriate response**.	**(1)**

Question Number	Answer	Mark
2 (b)	**A02 = 1 mark** Award 1 mark for a valid drawback of poor customer service in the context of the business. • Damage to *Loaf*'s brand leading to less people joining the cookery classes/buying bakery products (1). **Accept any other appropriate response**.	**(1)**

Question Number	Answer	Mark
2 (c)	**A01 = 3 marks** Award 1 mark for identification of a benefit to a business of using e-newsletters, plus 2 further marks for explaining this benefit for a business, for a maximum of 3 marks. • It can target its existing customers (1). This allows it to introduce new products (1) and this can encourage more sales (1). NB Answers that list three benefits with no explanation will get a maximum of 1 mark. **Accept any other appropriate response**.	**(3)**

Question Number	Answer	Mark
2 (d)	**A01 = 3 marks** Award 1 mark for identification of a responsibility of the human resources function, plus 2 further marks for explaining this responsibility, for a maximum of 3 marks. • A responsibility is recruitment (1) whereby the human resources function creates recruitment documents and carries out interviews (1) allowing the business to hire the right person for the job (1). **NB** Answers that list three responsibilities with no explanation will get a maximum of 1 mark. **Accept any other appropriate response**.	**(3)**

Question Number	Answer	Mark
2 (e)	**A01 = 3 marks** Award 1 mark for the identification of a way in which the JIT (just in time) method of stock control might benefit a business, plus 2 further marks for explaining that way, for a maximum of 3 marks. • JIT stock control method could reduce the space needed to hold buffer stock (1) leading to a reduction in storage costs (1) and allow the business to have stock as and when needed (1). NB Answers that list three ways with no explanation of how the JIT method of stock control might benefit a business will get a maximum of 1 mark. No marks are awarded for a definition. **Accept any other appropriate response**.	**(3)**

Question Number	Indicative content	Mark
2 (f)	**AO2 = 3 marks AO3 = 3 marks** **AO4 = 3 marks** **AO2** • Option 1 – By offering food to passing trade they could entice them into the bakery. • Option 2 – The charity shops that *Loaf* works with could display the posters for free. **AO3** • Option 1 – They could use this as an opportunity to talk to people about what they do and how they help the local community therefore encouraging them to buy from the bakery or sign up for a cooking class. • Option 2 – It can be considered long-term, as posters stay up for some time and people visiting the charity shops may be enticed into visiting *Loaf,* which is nearby. **AO4** • Option 1 – However, by having someone outside giving out the samples means that the person is not working in the bakery selling goods, which could be considered a waste of time, and they are also giving out free food, which can be expensive. • Option 2 – However, it is a cheaper method of advertising but may not bring in the clientele that *Loaf* would want to purchase its goods.	**(9)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-3	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	4-6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)
Level 3	7 - 9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)

Question Number	Answer	Additional guidance	Mark
4 (a)	**A02 = 2 marks** 60 – 10 = 50 (1) 500 ÷ 50 = 10 (1)	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	**(2)**

Question Number	Indicative content	Mark
4 (b)	**AO2 = 3 marks AO3 = 3 marks** **AO2** • *Loaf* can use casual staff to fill roles such as chefs for the cooking class and can ask them to work at short notice. • *Loaf* can use a number of chefs with different skills to run the different cooking classes. **AO3** • *Loaf* will not need to pay a salary to these chefs and only call on them when they need to run the cooking class rather than employing them on a full-time basis. • This gives *Loaf* the flexibility to employ chefs to meet the different demands of the courses it runs.	**(6)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-2	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3)
Level 2	3-4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)
Level 3	5-6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)

Question Number	Indicative content	Mark
4 (c)	**AO1 = 3 marks AO2 = 3 marks** **AO3 = 3 marks AO4 = 3 marks** **AO1** • The availability of skilled labour. • The proximity of competition. **AO2** • *Loaf* will need to find skilled bakers or chefs who can run the range of cooking classes. • *Loaf* may choose to locate away from other bakeries in the area. **AO3** • By finding labour that is already skilled will save *Loaf* training costs and it is then able to spend this money elsewhere in the business. • If there is no competition where the second bakery is located, then its chances of survival will be greater. **AO4** • However, if no skilled labour is available then the impact on the second bakery may be negative as newly trained bakers will not have the skills of a trained baker. • However, *Loaf* may alternatively choose to locate near to its competitors as it is a social enterprise with different business aims to other bakeries.	**(12)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-4	• Demonstrates elements of knowledge and understanding of business concepts and issues, with limited business terminology used. (AO1) • Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	5 - 8	• Demonstrates mostly accurate knowledge and understanding of business concepts and issues including appropriate use of business terminology in places. (AO1) • Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)
Level 3	9 - 12	• Demonstrates accurate knowledge and understanding of business concepts and issues throughout, including appropriate use of business terminology. (AO1) • Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)

Question Number	Answer	Mark
2 (a)	**A02 = 1 mark** Award 1 mark for a valid non-financial method of motivating staff in the context of the business. • Discount on flights (1). • Discounts on car hire (1). **Accept any other appropriate response**.	**(1)**

Question Number	Answer	Mark
2 (b)	**A02 = 1 mark** Award 1 mark for a valid reason of having a loyalty programme in the context of the business. • Encourages customers to fly again with *Emirates* (1). • Loyalty to *Emirates* airline rather than competing airlines (1). **Accept any other appropriate response.**	**(1)**

Question Number	Answer	Mark
2 (c)	**A01 = 3 marks** Award 1 mark for the identification of a benefit of having full-time employees, plus 2 further marks for explaining that benefit, for a maximum of 3 marks. • The workforce remains stable (1). Employees are well prepared for the job they are employed for (1). Opportunities may arise for employees to gain promotion when someone leaves (1). Answers that list three benefits of full-time employees with no explanation will get a maximum of 1 mark. NB No marks are awarded for a definition. **Accept any other appropriate response.**	**(3)**

Question Number	Answer	Mark
2 (d)	**A01 = 3 marks** Award 1 mark for a reason for using seasonal staff, plus 2 further marks for explaining this reason, for a maximum of 3 marks. • Seasonal staff are employed when there is increased demand (1) this could be during holiday periods (1) when the full-time employees cannot meet the demand (1). Answers that list three reasons with no explanation will get a maximum of 1 mark. NB No marks are awarded for a definition. **Accept any other appropriate response**.	**(3)**

Question Number	Answer	Mark
2 (e)	**A01 = 3 marks** Award 1 mark for identification of a reason for undertaking health and safety training, plus 2 further marks for explaining why health and safety training is beneficial to a business, for a maximum of 3 marks. • Employees undertake this training, because it could be the law in that country (1). By undertaking the training, employees are aware of the hazards within their job (1) so they know how to protect themselves when using equipment (1). NB Answers that list three benefits with no explanation will get a maximum of 1 mark. **Accept any other appropriate response.**	**(3)**

Question Number	Indicative content	Mark
2 (f)	**AO2 = 3 marks AO3 = 3 marks** **AO4 = 3 marks** **AO2** • Option 1 – Questionnaires are easy for passengers to complete. • Option 2 – Focus groups allow passengers to give their opinions face-to-face. **AO3** • Option 1 – The questionnaire can be completed in as much detail as the passenger wants. • Option 2 –This means that passenger views on flights can be developed and investigated further if needed. **AO4** • Option 1 – However, often they are not filled in correctly and do not give the information about flights needed by *Emirates.* • Option 2 – However, a focus group can only be for a certain number of passengers and therefore might not give a true cross section of all classes of passengers.	**(9)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	4–6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)
Level 3	7–9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)

Question Number	Answer	Additional guidance	Mark
4 (a)	**A02 = 2 marks** 730 000 x 0.03 (1) 730 000 + 21 900 = 751 900 (1)	Award 1 mark for substituting numbers into formula correctly. Award full marks for correct numerical answer without working.	**(2)**

Question Number	Indicative content	Mark
4 (b)	**AO2 = 3 marks AO3 = 3 marks** **AO2** • *Emirates* gets the opportunity of only employing those pilots with the skills it wants. • *Emirates* staff are able to ask the pilots questions to judge whether they will meet the needs of the airline. **AO3** • *Emirates* can ensure that the pilots it employs will be the best and serve the airline to the best of their ability. • This may ensure *Emirates* gets the best pilots who will give the best service, resulting in a greater market share.	**(6)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3)
Level 2	3–4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)
Level 3	5–6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)

Question Number	Indicative content	Mark
4 (c)	**AO1 = 3 marks AO2 = 3 marks** **AO3 = 3 marks AO4 = 3 marks** **AO1** • A change that could affect *Emirates* is increased consumer spending. • Low-cost airlines would be competition for *Emirates*. **AO2** • Increased consumer spending could lead to more people taking overseas holidays. • If a low-cost airline enters the market consumers have more choice over which airline to use. **AO3** • This could lead to increased demand for *Emirates* flights thereby increasing its revenue. • This could lead to a reduced market share for *Emirates* thereby decreasing its revenue. **AO4** • Increased demand for *Emirates* flights may become difficult to provide as there could be a shortage of pilots, because of the time taken to train them, and suitable aircraft because of possible high demand. • However, if *Emirates* offers the best service it could regain its prime position in the market and possibly increase the number of passengers because not everyone wants to fly with low-cost airlines.	**(12)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–4	• Demonstrates elements of knowledge and understanding of business concepts and issues, with limited business terminology used. (AO1) • Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	5–8	• Demonstrates mostly accurate knowledge and understanding of business concepts and issues including appropriate use of business terminology in places. (AO1) • Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)
Level 3	9–12	• Demonstrates accurate knowledge and understanding of business concepts and issues throughout, including appropriate use of business terminology (AO1). • Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3). • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made (AO4).

3 (a)	A01 - 1 mark Award 1 mark for a correct definition of remuneration. • Money paid for work or a service (1)	**(1)**

Question Number	Outline one reason why NOF would choose to use seasonal staff when harvesting its products Answer	Mark
3 (b)	A02 - 2 marks Award 1 mark for identifying a reason why NOF would choose to use seasonal staff, plus 1 further mark for linking it to the context of the question. • As a farm NOF will harvest different crops at different times (1) demand will then increase for seasonal workers at those times (1) NB Do not accept a reason that is not in the context of NOF. Accept any other appropriate response.	**(2)**

Question Number	Answer	Additional guidance	Mark
3 (c)	A02 - 2 marks 2.50 – 1.10 = 1.40 (1) 77÷1.40 = 55 (1) OR 77 ÷ 1.40 (1) = 55 (1)	Award 1 mark for correctly substituting numbers into formula. Award two marks for correct numerical answer without working.	**(2)**

Question Number	Analyse how useful break-even calculations can be for NOF when deciding whether to include ice cream in its product range Indicative content	Mark
3 (d)	AO2 = 3 marks AO3 = 3 marks AO2 • NOF can see that it will need to sell 55 ice creams each day to break even. • NOF can use this information to decide if it can sell 55 tubs a day, 365 days a year. AO3 • It will help NOF to see at what point it starts making a profit and can ask 'what if' questions to see what impact it has on the break-even point. • This might stop NOF from making ice creams as it may not be able to sell 55 tubs all year round.	**(6)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3)
Level 2	3–4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)
Level 3	5–6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)

Question Number	To do this NOF is considering two options: Option 1: handing out questionnaires at local retailers Option 2: using the internet to research other farms. Justify which one of these two options NOF should choose. Indicative content	Mark
3 (e)	AO2 = 3 marks AO3 = 3 marks AO4 = 3 marks AO2 • Option 1 – Questionnaires will let NOF approach potential customers face to face to see what will attract them to visit the farm. • Option 2 – NOF can view a large selection of websites to look at other farms and gather information. AO3 • Option 1 – NOF can ask specific questions which will give it detailed feedback that it can use to help attract more customers to its farm. • Option 2 – It will be less time consuming/costly as it can see what other farms offer already and compare it to its own to see if it can improve based on this information. AO4 • Option 1 – However, NOF may not get all of the information it requires or people may not want to fill in the questionnaires whilst they are shopping so it might not be very helpful/limited feedback. • Option 2 – However, NOF may end up spending a lot of time looking at feedback or outdated information which will not be very useful for it and it is not gaining specific feedback on its own farm.	**(9)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	4–6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)
Level 3	7– 9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)

2 (a)	**A02 - 1 mark** Award 1 mark for a valid reason for *NEXT* promoting its own employees in the context of the business. • If *NEXT* promotes its own employees, they are experts in the home interiors *NEXT* sell **(1)** • By promoting their own employees *NEXT* does not have to spend time and money interviewing and training new staff to sell its new dresses **(1)** **Accept any other appropriate response**.	**(1)**

Question Number	State **one** reason why *NEXT* complies with health and safety laws. Answer	Mark
2 (b)	**A02 - 1 mark** Award 1 mark for a valid reason for *NEXT* complying with health and safety laws in the context of the business. • *NEXT* will want to protect employees/customers whilst they are in its clothing stores **(1)** • By complying it is not breaking any laws and employees feel safe whilst working in its garment factories **(1)** **Accept any other appropriate response.**	**(1)**

Question Number	Explain **one** reason why businesses fail. Answer	Mark
2 (c)	**A01 - 3 marks** Award 1 mark for a reason why businesses fail, plus 2 further marks for explaining the reason, for a maximum of 3 marks. • Businesses fail because of cash flow problems **(1)** this may be that the business has a greater outflow than inflow **(1)** leading to potential problems paying employees/suppliers **(1)** NB Answers that list three reasons why a business fails with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	Explain **one** reason why a business would use batch production. Answer	Mark
2 (d)	**A01 - 3 marks** Award 1 mark for a reason for using batch production, plus 2 further marks for explaining this reason, for a maximum of 3 marks. • A business with a wide range of products may need to produce them in smaller numbers **(1).** They can change the product easily, for example colour/size **(1)** without incurring too much cost **(1)** NB Answers that list three reasons with no explanation will get 1 mark only. **Accept any other appropriate response**.	**(3)**

Question Number	Explain **one** reason why employees keep their curriculum vitae (CV) up to date. Answer	Mark
2 (e)	**A01 - 3 marks** Award 1 mark for identification of a reason why employees keep their curriculum vitae (CV) up to date, plus 2 further marks for explaining why having an up to date curriculum vitae is beneficial to an employee, for a maximum of 3 marks. • It means that an employee can apply for a job straight away **(1)** without having to spend time updating a CV **(1)** which avoids missing out on job opportunities **(1)** NB Answers that list three reasons with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	**Option 1:** targeted advertising online **Option 2:** e-newsletters. **(f)** Justify which **one** of these two options *NEXT* should choose. Indicative content	Mark
2 (f)	**AO2 = 3 marks AO3 = 3 marks** **AO4 = 3 marks** **AO2** • **Option 1** – By using targeted online advertising *NEXT* are only sending information to those customers who have purchased furniture or have signed up to its website • **Option 2** – E-newsletters are a cost effective way of sending information to customers, if they are interested in the wedding list service, it could include text, illustration and special offers **AO3** • **Option 1** – *NEXT* could test whether the people it is targeting are buying the furniture being advertised • **Option 2** – The only expense *NEXT* has is the setting up of the newsletter, and then this can be distributed with no further expense to all its customers **AO4** • **Option 1** – However, targeted online advertising does not reach all the customers of *NEXT* who might wish to purchase furniture • **Option 2** – However, *NEXT* cannot be certain that all its customers who want to receive the wedding list service will read the newsletter as there is no guarantee or way of checking that they have seen it	**(9)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-3	• Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3). • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made (AO4).
Level 2	4-6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3). • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made (AO4).
Level 3	7-9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3). • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made (AO4).

Question Number	Define the term **non-current assets.** **Answer**	Mark
3 (a)	**A01 - 1 mark** Award 1 mark for a correct definition of non-current assets. • An investment owned for longer than a year **(1)**	**(1)**

Question Number	Outline **one** disadvantage to *Can Culleretes* of increasing the amount of inventory it holds. **Answer**	Mark
3 (b)	**A02 - 2 marks** Award 1 mark for identifying a disadvantage to *Can Culleretes* of increasing the amount of inventory it holds, plus 1 further mark for linking it to the context of *Can Culleretes*. • Holding a large inventory of meat and vegetables can lead to waste if it is not used in the kitchen **(1)** the food can go off and this will increase costs **(1)** **NB** Do not accept a method that is not in the context of *Can Culleretes*. **Accept any other appropriate response.**	**(2)**

Question Number	Calculate the gross profit margin. **Answer**	**Additional guidance**	Mark
3 (c)	**A02 - 2 marks** 4 500 ÷ 19 220 x 100 **(1)** = 23.41 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	**(2)**

Question Number	Analyse the impact of customers using social media to review *Can Culleretes*. **Indicative content**	Mark
3 (d)	**AO2 = 3 marks AO3 = 3 marks** **<u>AO2</u>** • It can increase the number of reviews of its meals and services • Negative reviews of the food served could be left for the restaurant **<u>AO3</u>** • This could lead to tourists considering *Can Culleretes* over its competitors after reading the reviews when visiting the city • This could lead to tourists going elsewhere as they may then doubt the positive reviews *Can Culleretes* has received	**(6)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-2	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3)
Level 2	3-4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)
Level 3	5-6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)

Question Number	*Can Culleretes* is considering two options: **Option 1:** offer the new chef with a permanent contract **Option 2:** offer the new chef a temporary contract. Justify which **one** of these two options *Can Culleretes* should choose. **Indicative content**	**Mark**
3 (e)	**AO2 = 3 marks AO3 = 3 marks** **AO4 = 3 marks** **<u>AO2</u>** • **Option 1** – By offering a permanent contract the chef will be more committed to the restaurant long term. • **Option 2** – By offering a temporary contract they can wait to see if the desserts are popular or not before hiring on a permanent basis. **<u>AO3</u>** • **Option 1** – This may increase the levels of motivation of the chef leading to the high-quality production of the desserts. • **Option 2** – Therefore if the new desserts are not popular they are not committed to keeping the chef. **<u>AO4</u>** • **Option 1** – However, as *Can Culleretes* is a family run business they may be cautious of having someone come into the business on a permanent basis especially if the new desserts do not meet customer expectations. • **Option 2** – However, a skilled dessert chef may not like the uncertainty of a temporary contract and may choose to work elsewhere.	**(9)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-3	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	4-6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)
Level 3	7 - 9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)

Question Number	Calculate the total cost of a group of 12 people ordering from the fixed price menu. **Answer**	**Additional guidance**	**Mark**

2 (a)	**A02 - 1 mark** Award 1 mark for a valid non-financial objective for *M&M* in the context of the business. • *M&M* may want to continue to help the environment by planting even more trees **(1)** • *M&M* want to maintain the support it gives to the schools it runs, helping disadvantaged children **(1)** **NB** Do not accept a non-financial objective that is not in the context of *M&M.* **Accept any other appropriate response**.	**(1)**

Question Number	State **one** reason why *M&M* could dismiss an employee. **Answer**	**Mark**
2 (b)	**A02 - 1 mark** Award 1 mark for a reason why *M&M* could dismiss an employee in the context of the business. • *M&M* might dismiss an employee who continually arrives late on the tractor production line **(1)** • *M&M* may dismiss an employee in the sales department of tractors, whose absence has caused a loss of orders **(1)** **NB** Do not accept a reason that is not in the context of *M&M.* **Accept any other appropriate response.**	**(1)**

Question Number	Explain **one** reason why branding is important to businesses. **Answer**	Mark
2 (c)	**A01 - 3 marks** Award 1 mark for why branding is important to businesses plus 2 further marks for explaining the importance, for a maximum of 3 marks. • Branding is important because it differentiates the products of a business from others **(1)** this helps customers identify the brand they want **(1)** and maintains loyalty **(1)** • By branding its products manufacturers develop a strong image of the business' product **(1)** this could increase the price of products **(1)** resulting in the strong brand being worth a great deal of money **(1)** **NB** No marks are awarded for a definition. Answers that list three reasons why branding is important to a business, with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	Explain **one** way businesses ensure that all employees have equal opportunities. **Answer**	**Mark**
2 (d)	**A01 - 3 marks** Award 1 mark for a reason why businesses ensure that all employees have equal opportunities, plus 2 further marks for explaining this reason, for a maximum of 3 marks. • Businesses ensure that they employ both men and women **(1)** and any training offered is open to everyone **(1)** so that they do not disadvantage any one **(1)** • Employees are paid the same salary **(1)** if they carry out the same or similar work **(1)** so that they do not discriminate in any way **(1)** **NB** No marks are awarded for a definition. Answers that list three reasons why business ensure that all employees have equal opportunities, with no explanation will get 1 mark only. **Accept any other appropriate response**.	**(3)**

Question Number	Explain **one** reason why businesses maintain the quality of their products. **Answer**	Mark
2 (e)	**A01 - 3 marks** Award 1 mark for a reason why businesses maintain the quality of their products plus 2 further marks for explaining why, for a maximum of 3 marks. • Consumers expect quality products **(1)** and to perform the function for which they were bought **(1)** failure to do this could lose customers to competitors **(1)** • By offering quality goods **(1)** a business could gain a competitive edge **(1)** which could result in charging higher prices **(1)** **NB** No marks are awarded for a definition. Answers that list three reasons of why businesses maintain the quality of products with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	**Option 1:** Increase promotion of all vehicles **Option 2:** Make improvements to all vehicles. **Indicative content**	Mark
2 (f)	**AO2 = 3 marks AO3 = 3 marks AO4 = 3 marks** **<u>AO2</u>** • **Option 1** – By increasing promotion more people will know about *M&M* and the different types of vehicles they have on sale • **Option 2** – By introducing new features to the cars such as an automatic door locking customers may be interested in **<u>AO3</u>** • **Option 1** – This could mean that more people would be interested and perhaps visit the showrooms where the vehicle are sold to try the vehicles out or purchase them • **Option 2** – Customers may prefer to have the latest technology available **<u>AO4</u>** • **Option 1** – However, there is no guarantee that people will buy the vehicles unless they have driven them or been recommended to buy one • **Option 2** – However, designing this feature could be expensive and customers may not wish to buy the vehicle because of the increase in price	**(9)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-3	• Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3). • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made (AO4).
Level 2	4-6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3). • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made (AO4).
Level 3	7 - 9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3). • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made (AO4).

3 (a)	**A01 - 1 mark** Award 1 mark for a correct definition of public limited company. • A company whose shares are freely sold and traded in stock markets **(1)**	**(1)**

Question Number	Outline **one** impact that will come from *Kraft Heinz*'s use of robotic technology. **Answer**	**Mark**
3 (b)	**A02 - 2 marks** Award 1 mark for identifying one impact that will come from *Kraft Heinz*'s use of robotic technology, plus 1 further mark for linking it to the context of the question. • By introducing more robots in production means that *Kraft Heinz* may see an improvement in its efficiency **(1)** which could result in lower production costs for its tins of baked beans **(1)** **NB** Do not accept a reason that is not in the context of *Kraft Heinz.* **Accept any other appropriate response.**	**(2)**

Question Number	Calculate the decrease in Waste to Landfill in metric tons for *Kraft Heinz* from 2019 to 2021. You are advised to show your workings. **Answer**	**Additional guidance**	**Mark**
3 (c)	**A02 - 2 marks** 100,595 – 82,617 **(1)** = 17,978 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	**(2)**

Question Number	Analyse how *Kraft Heinz* could benefit from reducing its waste. **Indicative content**	Mark
3 (d)	**AO2 = 3 marks AO3 = 3 marks** **<u>AO2</u>** • The environmental reputation of *Kraft Heinz* could be improved by its reduction in waste to landfill from 2019 to 2021 • By having less waste *Kraft Heinz* can reduce its production costs for the tins of baked beans **<u>AO3</u>** • *Kraft Heinz* has a good reputation for reducing its energy, to save the environment, which may prove attractive to people and thus they will purchase more of *Kraft Heinz*'s products • By reducing the cost of production of baked beans can reduce the price to customers thereby selling more and increasing revenue	**(6)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-2	• Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3).
Level 2	3-4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3).
Level 3	5-6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3).

Question Number	*Kraft Heinz* will need to recruit more managers to take responsibility for new production lines. It is considering two options. **Option 1:** promote existing employees **Option 2:** advertise managerial positions externally **Indicative content**	**Mark**
3 (e)	**AO2 = 3 marks AO3 = 3 marks AO4 = 3 marks** **<u>AO2</u>** • **Option 1** – By recruiting employees internally *Kraft Heinz* know that the person they appoint will understand how the production of sauces works • **Option 2** – By recruiting externally, it involves going through prospective employees Curriculum Vitae's and interviewing them for the vacancy of a Production Line Manager for Mac&Cheese **<u>AO3</u>** • **Option 1** – There will be less time spent trying to find someone who could do the job and has the skills and knowledge • **Option 2** – Therefore *Kraft Heinz* will have spent a great deal of time carrying out the various stages from checking the Curriculum Vitae to interviewing them, to gain the right candidate for the job **<u>AO4</u>** • **Option 1** – However, once that person is appointed it means that there will be another vacancy either in the same department or another one requiring additional recruitment • **Option 2** – However, the external manager appointed may not have the right knowledge and experience when they actually start work at *Kraft Heinz*, which means they will have wasted a great deal of time.	**(9)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-3	• Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3). • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made (AO4).
Level 2	4-6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3). • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made (AO4).
Level 3	7 - 9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3). • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made (AO4).

Question Number	(a) Calculate, to **two** decimal places, the Gross Profit Margin for *Kraft Heinz* for the three months ending 25 June 2022. You are advised to show your workings. **Answer**	Additional guidance	Mark

1 (a) (i)	**AO1 - 1 mark** **The only correct answer is B – Age** **A** is not the correct answer as skills are not protected by legislation **C** is not the correct answer as experience is not protected by legislation **D** is not the correct answer as ability is not protected by legislation	**(1)**

Question Number	Which **one** of the following represents a star product on the Boston matrix? **Answer**	**Mark**
1 (a) (ii)	**AO1 - 1 mark** **The only correct answer is A - High market growth, high market share** **B** is not the correct answer as it is a question mark product **C** is not the correct answer as it is a cash cow product **D** is not the correct answer as it is a dog product	**(1)**

Question Number	Which **one** of the following is the method of production where one unit of output is completed at a time? **Answer**	**Mark**
1 (a) (iii)	**AO1 - 1 mark** **The only correct answer is D - Job** **A** is not the correct answer as lean is focussed on cutting out waste **B** is not the correct answer as flow is continuous production of the same product **C** is not the correct answer as batch is the production of a batch of one unit before moving on to the next	**(1)**

Question Number	Which **one** of the following is a current asset? **Answer**	**Mark**
1 (a) (iv)	**AO1 - 1 mark** **The only correct answer is B - cash** **A** is not the correct answer as a vehicle is a non-current asset **C** is not the correct answer as a building is a non-current asset **D** is not the correct answer as a factory is a non-current asset	**(1)**

Question Number	Which **one** of the following is the total cost in euros when buying 20 dog collars from the UK? **Answer**	**Mark**
1 (a) (v)	**AO2 - 1 mark** **The only correct answer is C - €630.95** **A** is not the correct answer as €22.56 is £26.50 x €0.84 **B** is not the correct answer as €445.20 is (£26.50/€0.84) x 20 **D** is not the correct answer as €513.20 is (£26.50 - €0.84) x 20	**(1)**

Question Number	Which **one** of the following is the total monthly cost for *PPS*? **Answer**	**Mark**
1 (a) (vi)	**AO2 - 1 mark** **The only correct answer is A - €692.50** **B** is not the correct answer as €931.50 is €54 x €17.25 **C** is not the correct answer as €2137.50 is (€54 + €17.25) x 30 **D** is not the correct answer as €2312.50 is ((€54 + €17.25) x 30) + 175	**(1)**

Question Number	Define the term **robotics.** **Answer**	Mark
1 (b)	**AO1 - 1 mark** Award 1 mark for a correct definition of **robotics**. • Robots carry out manufacturing process with no human involvement **(1)**	**(1)**
Question Number	Define the term **capital intensive production** **Answer**	**Mark**
1 (c)	**AO1 - 1 mark** Award 1 mark for a correct definition of **capital intensive production**. • Production methods that use machinery more than labour **(1)**	**(1)**

Question Number	State **one** extension strategy *PPS* could use to extend the life cycle of the pet accessories. **Answer**	Mark
1 (d)	**A02 - 1 mark** Award 1 mark for an extension strategy *PPS* could use to extend the life cycle of its pet accessories. • *PPS* could change the design of a dog jacket **(1)** • *PPS* could redesign UK dog collars **(1)** **NB** Do not accept an extension strategy that is not in the context of *PPS.* **Accept any other appropriate response.**	**(1)**

Question Number	Calculate the new hourly minimum wage after the increase of 3.5%. **Answer**	**Additional guidance**	**Mark**
1 (e)	**A02 - 2 marks** 7.45 x 0.035 = 0.26 **(1)** 7.45 + 0.26 = 7.71 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	**(2)**

Question Number	Explain **one** reason why many businesses have a human resource function. **Answer**	**Mark**
1 (f)	**A01 - 3 marks** Award 1 mark for a reason why businesses have a human resource function, plus 2 further marks for explaining the reason, for a maximum of 3 marks. • To recruit employees **(1)** by identifying a vacancy in the business **(1)** and finding the right person for that vacancy **(1)** **NB** Answers that list three reasons with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	Analyse the usefulness of the gross profit margin to *PPS*. **Indicative content**	Mark
1 (g)	**AO2 = 3 marks AO3 = 3 marks** **<u>AO2</u>** • The gross profit margin in 2022 was 25.6% and in 2023 29.4% • Between 2022 and 2023 the GPM increased by 3.80% **<u>AO3</u>** • *PPS* can see that the increase indicates a healthy financial position with a positive increase and this may help in business decisions they have to make for following years • Figures such as this can be used to compare year on year performances and check changes in profitability	**(6)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-2	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3)
Level 2	3-4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)
Level 3	5-6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)

2 (a)	**AO2 - 1 mark** Award 1 mark for a possible reason why *TUI* would want to keep its customers loyal in the context of the business • Loyal customers will return to *TUI* when they want to book another one of its hotels, thereby increasing its revenue **(1)** • *TUI* wants its customers to return again and again to purchase different types of cruises thereby increasing revenue **(1)** **NB** Do not accept a possible reason that is not in the context of *TUI*. Accept any appropriate response	**(1)**

Q. No.	State **one** reason why *TUI* would employ casual employees. **Answer**	**Mark**
2 (b)	**AO2 - 1 mark** Award 1 mark for a valid reason why *TUI* employs casual staff in the context of the business • If an employee is off sick at a holiday resort someone is needed to cover the greeting of customers arriving at holiday hotels **(1)** • During busy times when there are many people taking holidays extra employees may be needed to sell tours and excursions **(1)** **NB** Do not accept a reason that is not in the context of *TUI*. Accept any appropriate response	**(1)**

Q. No.	Explain **one** reason why businesses employ people with disabilities. **Answer**	Mark
2 (c)	**A01 - 3 marks** Award 1 mark for identification of a reason why businesses employ people with disabilities, plus 2 further marks for explaining the reason, for a maximum of 3 marks. • Employing people with a disability gives them an equal opportunity of working **(1)** which improves their lifestyle **(1)** and develops the skills they have **(1)** • Businesses must follow government legislation relating to disabled people **(1)** if businesses do not follow the legislation **(1)** they can be sued **(1)** **NB** No marks are awarded for a definition. Answers that list three reasons with no explanation will get 1 mark only. Accept any appropriate response.	**(3)**

Q. No.	Explain **one** benefit to a business of having a short chain of command. **Answer**	Mark
2 (d)	**A01 - 3 marks** Award 1 mark for identification of one benefit to a business of having a short chain of command, plus 2 further marks for explaining the benefits, for a maximum of 3 marks. • Communication within a business would be faster **(1)** as there are less levels to go through **(1)** so fewer mistakes may be made **(1)** • A short chain means that workers and managers work closely together. **(1)** Managers are less remote **(1)** and if there is a query it can be answered quickly **(1)** **NB** No marks are awarded for a definition. Answers that list three benefits with no explanation will get 1 mark only. Accept any appropriate response.	**(3)**

Q. No.	Explain **one** important piece of information that should be included in a job advertisement in a newspaper. **Answer**	Mark
2 (e)	**A01 - 3 marks** Award 1 mark for identification of one important piece of information that should be included in a job advertisement in a newspaper, plus 2 further marks for explaining the importance, for a maximum of 3 marks. • An address, telephone number or website **(1)** to use for making contact **(1)** this range would give a greater choice to applicants **(1)** • By including the salary in the advertisement **(1)** people will apply if the amount offered is of interest to them **(1)** saving applicants time and effort so they apply for the job they want **(1)** **NB** No marks are awarded for a definition. Answers that list three pieces of information with no explanation will get 1 mark only. Accept any appropriate response.	**(3)**

Q. No.	**Option 1:** competition pricing **Option 2:** promotional pricing Justify which **one** of these two options *TUI* should choose. **Indicative content**	**Mark**
2 (f)	**AO2 = 3 marks, AO3 = 3 marks, AO4 = 3 marks** **AO2** • **Option 1** – If *TUI* uses this method of pricing, then it is like to gain sales for the holiday, as customers will want to book as the price is comparable to other holiday businesses • **Option 2** – Selling holidays and experiences at a cheaper price encourages customers to move from other travel agents to *TUI* **AO3** • **Option 1** – This pricing strategy means that customers have more choice from travel businesses offering this destination as they are all priced at a similar level • **Option 2** – This could mean that *TUI* gains a larger market share of holidaymakers who switch from other travel agents **AO4** • **Option 1** – However, this does not mean that the cost of including this holiday in its brochures is covered, and if *TUI* uses this method, it could lose out financially • **Option 2** – However, promotional pricing may generate sales for the short promotional period, but once the price of the holiday reverts to its normal price sales could reduce	**(9)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-3	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	4-6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)
Level 3	7 - 9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)

Q. No.	Define the term **multinationals.** **Answer**	Mark

2 (a)	**AO2 - 1 mark** Award 1 mark for a non-financial objective *Jimmy Choo* might have in the context of the business. • *Jimmy Choo* might want a social objective of being able to support a local charity near to its shops by giving unsold shoes to local charities **(1)** • *Jimmy Choo* wants to remain independent and in control of how its shoe shops are run **(1)** **NB** Do not accept a non-financial objective that is not in the context of *Jimmy Choo*. Accept any appropriate response	**(1)**

Q. No.	State **one** reason why *Jimmy Choo* complies with health and safety laws. **Answer**	**Mark**
2 (b)	**AO2 - 1 mark** Award 1 mark for a valid reason why *Jimmy Choo* complies with health and safety laws in the context of the business. • *Jimmy Choo* complies with the laws so that all the employees feel safe whilst working in its shoe factories **(1)** • All employees in the maintenance of the shoe factory should be trained and wear protective clothing to reduce the risk of accidents when working on sewing machines **(1)** **NB** Do not accept a reason that is not in the context of *Jimmy Choo.* Accept any appropriate response	**(1)**

Q. No.	Explain **one** advantage to a country of being a member of a trading bloc. **Answer**	Mark
2 (c)	**A01 - 3 marks** Award 1 mark for an advantage to a country being a member of a trading bloc, plus 2 further marks for explaining the advantage, for a maximum of 3 marks. • Being a member of a trading bloc gives access to other markets within the trading bloc. **(1)** This means that prices between the countries will be competitive **(1)** as there will be no additional costs involved **(1)** • It gives a wider choice of goods for consumers **(1)** as the goods move freely with limited trade restrictions **(1)** from one country to another country **(1)** **NB** No marks are awarded for a definition. Answers that list three advantages to a country being a member of a trading bloc, with no explanation will get a maximum of 1 mark. Accept any appropriate response.	**(3)**

Q. No.	Explain one way businesses support employees with disabilities. **Answer**	Mark
2 (d)	**A01 - 3 marks** Award 1 mark for identification of one way businesses support employees with disabilities, plus 2 further marks for explaining the benefits, for a maximum of 3 marks. • Businesses aim to ensure that they do not discriminate against disabled employees **(1)** employing a person who has limited mobility **(1)** means that the business may have to make reasonable adjustments to the premises **(1)** • If an employee has a disability, this should not affect their promotion prospects **(1)** if they apply for an internal promotion **(1)** so that they are treated the same as the other candidates **(1)** **NB** No marks are awarded for a definition. Answers that list three ways with no explanation will get 1 mark only. Accept any appropriate response.	**(3)**

Question Number	Explain **one** impact on a business of an increase in interest rates. **Answer**	**Mark**
2 (e)	**A01 - 3 marks** Award 1 mark for one impact on a business of an increase in interest rates plus 2 further marks for explaining why, for a maximum of 3 marks. • An increase in interest rates could lead to an increase in financing costs for a business. **(1)** This could lead to a reduction in profits **(1)** and affect the growth/expansion of a business **(1)** • An increase in interest rates may mean customers have less money to spend **(1)** this may mean that they will only buy the essentials they need **(1)** and a business may see a reduction in its revenue **(1)** **NB** No marks are awarded for a definition. Answers that list three impacts on a business of an increase in interest rates with no explanation will get a maximum of 1 mark. **Accept any other appropriate response.**	**(3)**

Q. No.	**Option 1:** casual employees **Option 2:** part-time employees. Justify which **one** of these two options *Jimmy Choo* should choose. **Indicative content**	**Mark**
2 (f)	**AO2 = 3 marks, AO3 = 3 marks, AO4 = 3 marks** **AO2** • **Option 1** – Some employees like the option of being 'on call' to work when there is an emergency or they are short of employees for the production of handbags • **Option 2** – College or University students wanting to work during the summer holidays, producing clothes they like to wear would be grateful for the opportunity to work **AO3** • **Option 1** – This means that they do not have a full-time job and can do other tasks like looking after their children or family members • **Option 2** – This means that *Jimmy Choo* can employ workers for a certain period of time without the commitment of full-time permanent contract **AO4** • **Option 1** – However, casual employees do not get any guarantee of work from *Jimmy Choo* and this may make them lack commitment to do their work when they are employed • **Option 2** – However, there is no guarantee that the part-time employees can work the hours or have the skills that *Jimmy Choo* needs	**(9)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-3	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	4-6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)
Level 3	7 - 9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)

Q. No.	Define the term **person specification.** **Answer**	Mark

3 (a)	**A01 - 1 mark** Award 1 mark for a correct definition of **net cash flow.** • Difference between cash/money coming into the business and the cash/money going out of the business in a given period of time **(1)**	**(1)**

Question Number	Outline **one** possible reason why prospective employees at *Premier Inn* complete an application form. **Answer**	**Mark**
3 (b)	**A02 - 2 marks** Award 1 mark for identifying one possible reason why prospective employees at *Premier Inn* complete an application form, plus 1 further mark for a point of development. For two marks the answer must be in the context of the business. • *Premier Inn* can see if the employee has the skills and knowledge of working in the reception area **(1)** which will reduce the amount of training needed **(1)** **NB** Do not accept a possible reason that is not in the context of *Premier Inn.* **Accept any other appropriate response.**	**(2)**

Question Number	Calculate, to two decimal places, what an employee would earn if they worked six hours of overtime? **Answer**	**Additional guidance**	**Mark**
3 (c)	**A02 - 2 marks** 91.62 **(2)** **Or** 1 mark for workings if correct answer not given 15.27 x 6 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	**(2)**

Question Number	Analyse the benefits for *Premier Inn* of motivating its employees. **Indicative content**	**Mark**
3 (d)	**AO2 = 3 marks AO3 = 3 marks** **<u>AO2</u>** • If *Premier Inn* motivates its employees, it means that they will be more likely to provide a better service to customers staying at the hotel • If the employees are not motivated, then they are likely to make errors when booking customers into their allocated rooms **<u>AO3</u>** • Employees who are happy at work would be more willing to carry out additional duties if required • Less motivated employees can lead to a reduction in customers using the hotel again, making it harder for *Premier Inn* to achieve any targets they may have	**(6)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-2	• Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3).
Level 2	3-4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3).
Level 3	5-6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3).

Question Number	Option 1: internal recruitment from within *Premier Inn* hotels around the world Option 2: external recruitment, by using an employment agency. Justify which **one** of these two options *Premier Inn* should choose. **Indicative content**	Mark
3 (e)	**AO2 = 3 marks AO3 = 3 marks AO4 = 3 marks** **AO2** • **Option 1** – By appointing an internal employee to organise the reception area of the hotel, they will have experience of how the hotel works • **Option 2** – By appointing externally using an agency provides the opportunity to bring in additional skills of marketing the *Premier Inn* business **AO3** • **Option 1** – As the employee is known to the business together with their skills and knowledge, they will know if they are capable of carrying out the new job • **Option 2** – There may be a wide variety of people applying for the vacancy. This provides a wide choice which the agency can then reduce to a list of potential employees with the right skills **AO4** • **Option 1** – However, if the employee does move to take on the new job the old job may have to be filled and this could mean more expense • **Option 2** – However, the new employee may not fit in with the other employees in the business, which could cause problems within the work environment	**(9)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-3	• Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3). • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made (AO4).
Level 2	4-6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3). • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made (AO4).
Level 3	7 - 9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3). • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made (AO4).

Question Number	Calculate, to two decimal places, the current ratio in 2022. You are advised to show your working. **Answer**	Additional guidance	Mark

3 (a)	**AO1 - 1 mark** Award 1 mark for a correct definition of **economies of scale**. • A fall in average costs as output increases **(1)**	**(1)**

Question Number	Outline **one** way quantitative research data might help *Four Fitness* to improve its marketing mix. **Answer**	**Mark**
3 (b)	**AO2 - 2 marks** Award up to 2 marks for linked points outlining a way quantitative research data might help *Four Fitness* improve its marketing mix Award a maximum of 1 mark if points are not linked. • An online survey can gather data on how much people are willing to pay for gym membership **(1)** which could lead to a reduction in price to entice new members **(1)** **NB** To award 2 marks there must be linked points and evidence of application **Accept any other appropriate response.**	**(2)**

Question Number	Calculate the net cash flow balance. You are advised to show your working. **Answer**	**Additional guidance**	**Mark**
3 (c)	**AO2 - 2 marks** 11 400 **(2)** 60 000 – 48 600 **(1)**	Award full marks for correct numerical answer without working. Award 1 mark for correctly substituting numbers into formula.	**(2)**

Question Number	Analyse the benefits to *Four Fitness* of recruiting externally. **Indicative content**	**Mark**
3 (d)	**AO2 = 3 marks AO3 = 3 marks** **AO2** • It may be useful as it could give a wider field of experienced Marketing Managers who can market the gyms within Italy • It may not be useful as it can be expensive as Gianni will have to advertise, shortlist and interview candidates and it will take him away from his work with the other two gyms **AO3** • This could lead to new ideas giving *Four Fitness* a competitive edge and improving the performance of the business by someone who specialises in marketing • This could lead to the current employees feeling overlooked for the role leaving them demotivated and risking them looking somewhere else to work	**(6)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-2	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3)
Level 2	3-4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)
Level 3	5-6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)

Question Number	Gianni Polvani operates *Four Fitness* as a sole trader. He is considering a change to the ownership of the business and is looking at two options: **Option 1:** a partnership with three of his employees **Option 2:** a private limited company. Justify which **one** of these two options Gianni should choose. **Indicative content**	**Mark**
3 (e)	**AO2 = 3 marks AO3 = 3 marks** **AO4 = 3 marks** **AO2** • **Option 1** – He will have like-minded health professionals to share the decision making who already work for *Four Fitness* • **Option 2** – Gianni will now have limited liability as will his new shareholders of the gyms **AO3** • **Option 1** – This means they already have knowledge of what works and what does not so can make better decisions for the business • **Option 2** – This means he could take more risks with the business than if he had unlimited liability as a sole trader **AO4** • **Option 1** – However, the decision making maybe wrong because the employees do not have sufficient business experience • **Option 2** – However, he will have to find people interested in the business who want to become shareholders when setting up a private limited company and this might be difficult as it is a small business	**(9)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-3	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	4-6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)
Level 3	7 - 9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)

Question Number	Calculate, to **two** decimal places, the gross profit margin. **Answer**	Additional guidance	Mark

3 (a)	**A01 - 1 mark** Award 1 mark for a correct definition of **share capital**. • The funds a company raises by issuing shares **(1)**	**(1)**

Question Number	Outline how *CCT* could use quantitative research data to improve its service. **Answer**	**Mark**
3 (b)	**A02 - 2 marks** Award 1 mark for identifying a way quantitative research data might be used by *CCT to* improve its service, plus 1 further mark for linking it to the context of the question. • Using data on how much people are willing to pay for the bicycle tours **(1)** could lead to *CCT* charging a more competitive price (**1)** • Using data on the number of people who require electric bicycles **(1)** could lead to *CCT* providing more electric bicycles at peak times **(1)** **NB** Do not accept a way that is not in the context of *CCT*. **Accept any other appropriate response.**	**(2)**

Question Number	Calculate, to **two** decimal places, the gross profit margin. You are advised to show your working. **Answer**	**Additional guidance**	**Mark**
3 (c)	**A02 - 2 marks** 71 500/ 85 000 x 100 **(1)** = 84.12 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	**(2)**

Question Number	Analyse the possible effects on *CCT* of recruiting externally. **Indicative content**	**Mark**
3 (d)	**AO2 = 3 marks AO3 = 3 marks** **<u>AO2</u>** • It provides a larger pool of potential candidates who may have specialised knowledge of marketing team-building activities • It may be expensive and time-consuming to advertise, shortlist and interview candidates to promote the bicycle tours **<u>AO3</u>** • This could lead to the recruitment of a marketing manager who can provide new ideas to *CCT* and provide a competitive edge in the bicycle tour market • This could lead to time and money spent on recruitment rather on the development of its current services and employees to grow its business	**(6)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-2	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3)
Level 2	3-4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)
Level 3	5-6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)

Question Number	Feedback from some customers suggested they became tired during the bicycle tours. To overcome this problem *CCT* is planning to purchase electric bicycles. To fund the cost of purchasing the electric bicycles, *CCT* is considering two options: Justify which **one** of these two options *CCT* should choose. **Option 1:** selling assets **Option 2:** retained profit **Indicative content**	**Mark**
3 (e)	**AO2 = 3 marks AO3 = 3 marks** **AO4 = 3 marks** **<u>AO2</u>** • **Option 1** – selling off any bicycle equipment *CCT* does not use can provide it with cash to buy the bicycles • **Option 2** – If *CCT* has retained profit it has immediate access to the funds to purchase the electric bicycles **<u>AO3</u>** • **Option 1** – This means they are making good use of any assets they no longer use • **Option 2** – This means that CCT can adapt quickly to the changing wants and needs of its customers **<u>AO4</u>** • **Option 1** – However, as the electric bicycles cost £550 each, *CCT* may not have many surplus assets to sell off that will cover the cost for all of the bicycles leaving them less competitive against other bicycle tours. • **Option 2** – However, if *CCT* uses all of its retained profit to purchase the bicycles it will not have any funding to cover any unforeseen circumstances or emergencies	**(9)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-3	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	4-6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)
Level 3	7 - 9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)

Question Number	Calculate the total discount received by a business if it books eight people on a team-building tour. You are advised to show your workings. **Answer**	Additional guidance	Mark

3 (a)	**AO1 - 1 mark** Award 1 mark for a correct definition of **crowdfunding**. • Where a large number of individuals invest in a business using an online platform	**(1)**

Q. No.	Outline **one** reason why the proximity of labour is important to *Starbucks*. **Answer**	**Mark**
3 (b)	**A02 - 2 marks** Award 1 mark for identifying one reason why the proximity of labour is important to *Starbucks* plus 1 further mark for linking it to the context of the business. • It provides increased access to potential workers **(1)** to serve as baristas in the shop **(1)** **NB** Award a maximum of 1 mark if there is no context anywhere in the answer. **Accept any other appropriate response.**	**(2)**

Q. No.	Calculate the salary of the *Starbucks* employee in Germany in euros. You are advised to show your workings. **Answer**	**Additional Guidance**	**Mark**
3 (c)	**A02 - 2 marks** 21 000 x 0.91 **(1)** = 19 110 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct answer with no working.	**(2)**

Q. No.	Analyse why *Starbucks* wants to promote its existing employees. **Indicative content**	Mark
3 (d)	**AO2 = 3 marks AO3 = 3 marks** **AO2** • By promoting its own employees, to an Assistant Manager of a coffee shop, they will remain loyal to *Starbucks* • It reduces the cost of advertising for new employees who have experience of coffee shops **AO3** • As they are familiar with the aims of the business and how it works • As well as saving time and money training new employees in the ways that *Starbucks* works	**(6)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-2	• Limited application of knowledge and understanding of business concepts and issues to the business context **(AO2)** • Attempts to deconstruct business information and/or issues, finding limited connections between points **(AO3)**
Level 2	3-4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies **(AO2)** • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies **(AO3)**
Level 3	5-6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (**AO2)** • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning **(AO3)**

Q. No.	**Option 1:** Open coffee shops in supermarkets **Option 2:** Open coffee shops in hospitals. Justify which **one** of these two options *Starbucks* should choose**.** **Indicative content**	**Mark**
3 (e)	**AO2 = 3 marks, AO3 = 3 marks, AO4 = 3 marks** **AO2** • **Option 1** – If *Starbucks* opens coffee shops in supermarkets it could gain customers who want to have a coffee after finishing their shopping • **Option 2** – By opening coffee shops in hospitals, means that friends/relatives who have travelled a distance getting to the hospital can have a drink **AO3** • **Option 1** – Customers may also be encouraged to purchase a cake if they have had a busy time carrying out their food shopping • **Option 2** – They may even take their relative in hospital for a coffee **AO4** • **Option 1** – However, there is no guarantee that customers will want to stop and have a coffee after shopping they may prefer to go home • **Option 2** – However, there is no guarantee that visitors to the hospital would want to stay and have a drink if their time was limited	**(9)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-3	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	4-6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)
Level 3	7 - 9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)

Q. No.	Calculate, to **two** decimal places, the cost of the meal with the employee's discount. You are advised to show your workings **Answer**	Additional Guidance	Mark

4 (a)	**A02 - 2 marks** 15.50 x 0.30 = 4.65 **(1)** 15.50 – 4.65 = 10.85 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct answer with no working.	**(2)**

Q. No.	Analyse why *Starbucks* thinks it is important to interview candidates that have applied for a job with them. **Indicative content**	**Mark**
4 (b)	**AO2 = 3 marks AO3 = 3 marks** **AO2** • *Starbucks* get the opportunity of meeting the prospective employees to check that they have the right skills to serve customers with the correct coffee drink • Additional questions can be asked of the candidate to judge whether or not they will meet the needs of producing sandwiches that customers require **AO3** • It ensures that employees will be able to serve *Starbucks* to the best of their ability • This could ensure that *Starbucks* gets the employees who will fit into the shops, giving the best service	**(6)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-2	• Limited application of knowledge and understanding of business concepts and issues to the business context **(AO2)** • Attempts to deconstruct business information and/or issues, finding limited connections between points **(AO3)**
Level 2	3-4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies **(AO2)** • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies **(AO3)**
Level 3	5-6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (**AO2)** • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning **(AO3)**

Q. No.	Evaluate why *Starbucks* carries out product trials that might reduce the risks from introducing new products. You should use the information provided as well as your own knowledge of business. **Indicative content**	Mark
4 (c)	**AO1 = 3 marks AO2 = 3 marks AO3 = 3 marks AO4 = 3 marks** **<u>AO1</u>** • If *Starbucks* launch a new product they want to know customers will buy it • All new products need to be tested on the market and the larger the sample the more accurate the results **<u>AO2</u>** • *Starbucks* could have wasted a great deal of money introducing a new coffee which customers did not like • If *Starbucks* introduce a new cake, they need to know that customers are likely to purchase it **<u>AO3</u>** • By carrying out product trials they can find out if the new coffee flavour will be bought by customers • *Starbucks* need to gain customers opinion on the new product being introduced to see if it will sell **<u>AO4</u>** • However, there is no guarantee that just because some customers did not like the new coffee that it would not eventually become very popular • However, no matter how much research is done on a new product there is no guarantee that customers will want to purchase the item.	**(12)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-4	• Demonstrates elements of knowledge and understanding of business concepts and issues, with limited business terminology used. (AO1) • Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	5 - 8	• Demonstrates mostly accurate knowledge and understanding of business concepts and issues including appropriate use of business terminology in places. (AO1) • Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)
Level 3	9 - 12	• Demonstrates accurate knowledge and understanding of business concepts and issues throughout, including appropriate use of business terminology. (AO1) • Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)

Question Number	Answer	Additional guidance	Mark
4 (a)	**A02 - 2 marks** 9 000 000 ÷ 6 000 **(1)** = 1 500 **(1)**	Award 1 mark for correctly substituting numbers into the formula. Award full marks for correct numerical answer without working.	**(2)**

Question Number	Indicative content	Mark
4 (b)	**AO2 – 3 marks AO3 – 3 marks** **<u>AO2</u>** • Employees at *Tata Motor Company* are made familiar with their working environment, whether it is on the production line or in an office. • They are introduced to the staff they will be working with, e.g. the staff on the production line. **<u>AO3</u>** • If employees are given this training they begin to feel part of the company. • This would make staff feel more settled and made more welcome/productive.	**(6)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-2	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3)
Level 2	3-4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)
Level 3	5-6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)

Question Number	Indicative content	Mark
4 (c)	**AO1 = 3 marks AO2 = 3 marks** **AO3 = 3 marks AO4 = 3 marks** **AO1** • Finding a location that has a skilled labour. • Making sure that the location is accessible so that deliveries can be made. **AO2** • The *Tata Motor Company* needs a range of skilled employees, e.g. engineers and designers. • It may need to be located either near to a port or where there is easy access to motorways or railway lines so that the vehicles can be transported to their next destination. **AO3** • If they are near to the skilled labour force that is required to run the factory/operation this could reduce the overall costs of the new factory. • The factory will need a continuous supply of materials and the finished vehicle will need to be transported for sale. **AO4** • By locating near a skilled labour force, the cost of land/infrastructure may be higher thereby adding to the cost of the location • Infrastructure is one of many factors affecting the choice of location and other factors may be more important.	**(12)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-4	• Demonstrates elements of knowledge and understanding of business concepts and issues, with limited business terminology used. (AO1) • Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	5 - 8	• Demonstrates mostly accurate knowledge and understanding of business concepts and issues including appropriate use of business terminology in places. (AO1) • Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)
Level 3	9 - 12	• Demonstrates accurate knowledge and understanding of business concepts and issues throughout, including appropriate use of business terminology. (AO1) • Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)

1 (a) (i)	**AO1 - 1 mark** **1 (a) (i) The only correct answer is C** **A** is not correct because primary is extracting raw materials **B** is not correct as secondary is the manufacturing of the goods **D** is not correct as quarternary is not a section in retail under this word	**(1)**

Question Number	Which **one** of the following would be used to select a group of applicants for interview? Answer	Mark
1 (a) (ii)	**AO1 - 1 mark** **1 (a) (ii) The only correct answer is B** **A** is not correct because training as this is carried out once the applicant has obtained the job **C** is not correct because marketing it is not involved in interviewing **D** is not correct because advertising is not involved in interviewing	**(1)**

Question Number	Which **one** of the following would *NEXT* pay in £ (GBP) to the Turkish manufacturer for the 5,000 dresses? Answer	Mark
1 (a) (iii)	**AO2 - 1 mark** **1 (a) (iii) The only correct answer is D** **A** is not correct 5 101 is 5000 + 101.10 **B** is not correct 5 674 is 5000 + (100 x 6.74) **C** is not correct 33 700 is 5000 x 6.74	**(1)**

Question Number	Which **one** of the following describes Kaizen? Answer	Mark
1 (a) (iv)	**AO1 - 1 mark** **1 (a) (iv) The only correct answer is D** **A** is not correct as skilled manufacturing is making the product **B** is not correct as JIT is the arrival of materials in time for manufacture **C** is not correct as market orientated is not related to production	**(1)**

Question Number	What is the percentage increase, to two decimal places, of online customers from 2017 to 2018? Answer	Mark
1 (a) (v)	**AO2 - 1 mark** **1 (a) (v) The only correct answer is C 4.26%** **A** is not correct 2.00% is (4.9 – 4.7) x 10 **B** is not correct 4.08% is 4.9 + 4.7 = 9.6 x 4.26/ 10 **D** is not correct 4.70% is 4.7 million as a percentage	**(1)**

Question Number	Which **one** of the following is a benefit of buying a franchise? Answer	Mark
1 (a) (vi)	**AO1 - 1 mark** **1 (a) (vi) The only correct answer is A** **B** is not correct as franchisee pay the same rate of VAT **C** is not correct as the franchisor does not pay the franchisee to set up **D** is not correct as a franchisee does not make his/her own decisions	**(1)**

Question Number	Define the term **delegation**. Answer	Mark
1 (b)	**AO1 - 1 mark** Award 1 mark for a correct definition of delegation. • The passing of responsibility to a subordinate **(1)**	**(1)**

Question Number	Define the term **venture capital**. Answer	Mark
1 (c)	**AO1 - 1 mark** Award 1 mark for a correct definition of venture capital. • Venture capital is a type of risk capital available to start-up businesses **(1)**	**(1)**

Question Number	State **one** reason why *NEXT* might use cost plus pricing. Answer	Mark
1 (d)	**A02 - 1 mark** Award 1 mark for a valid reason of using cost plus pricing in the context of the business. • *NEXT* may use this method as the mark up can be different in the 70 countries it operates/sells in **(1)** • *NEXT* may use cost plus pricing to ensure that a profit is made on each dress sold **(1)** **Accept any other appropriate response.**	**(1)**

Question Number	Calculate the predicted sales for next year. Answer	Additional guidance	Mark
1 (e)	**A02 - 2 marks** 727 000 000 x 1.032 **(1)** = 750 264 000 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	**(2)**

Question Number	Explain **one** disadvantage for a business that does not achieve its predicted growth. Answer	Mark
1 (f)	**A01 - 3 marks** Award 1 mark for identification of a disadvantage for a business that does not achieve its predicted growth, plus 2 further marks for explaining the reason, for a maximum of 3 marks. • Shareholders may not be very happy **(1)** because if the business does not reach its predicted growth they may not receive dividends **(1)** and this may mean that they invest in other businesses **(1)** • If the business does not achieve its predicted growth it may not be able to expand **(1)** this means that it may lose some market share **(1)** as customers could go elsewhere **(1)** NB Answers that list three disadvantages with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	Analyse the benefits to *NEXT* of training all its employees. Indicative content	Mark
1 (g)	**AO2 = 3 marks AO3 = 3 marks** **<u>AO2</u>** • If *NEXT* trained all its employees, then they are trained in a consistent fashion so that they can operate in the same way across 70 countries • Employees attending these training sessions will gain customer service skills they can use in *NEXT* shops **<u>AO3</u>** • This means that all employees work to the same standards set by *NEXT* • These new customer service skills allow employees to improve their sales techniques and this could lead to increased sales for *NEXT*	**(6)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-2	• Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3).
Level 2	3-4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3).
Level 3	5-6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3).

Question Number	Answer	Additional guidance	Mark
4 (a)	**A02 - 2 marks** 17.87 x 3 = 53.61 **(1)** 459.50 + 53.61 = 513.11 **(1)**	Award full marks for correct numerical answer without working.	**(2)**

Question Number	Indicative content	Mark
4 (b)	**AO2 – 3 marks AO3 – 3 marks** **<u>AO2</u>** • *Artify Studio* can use the existing employees at its Kampong Glam studio to train the new employees. • This gives Tay Hui Jae the chance to see if the new employees are skilled enough to work in the art studio. **<u>AO3</u>** • The new employees can see the work carried out in the art studio and what would be expected of them when the second studio opens up. • This gives Tay Hui Jae the chance to see if the new employees require further training which could be off the job.	**(6)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-2	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3)
Level 2	3-4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)
Level 3	5-6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)

Question Number	Indicative content	Mark
4 (c)	**AO1 = 3 marks AO2 = 3 marks** **AO3 = 3 marks AO4 = 3 marks** **AO1** • The availability of skilled labour. • The availability of materials available. **AO2** • *Artify Studio* will need to find employees with art-based skills to work at the studio. • *Artify Studio* will need art supplies for its art courses. **AO3** • Finding labour that is already skilled will help *Artify Studio* to progress and expand the range of art-based courses it offers. • The art supplies will allow all of the current courses to be offered at the new art studio so there is consistency between the studios. **AO4** • However, if no skilled labour is available then the impact on the second art studio may be negative as it may not be able to run courses without skilled employees. • However, as they are relocating to a small mining town then they may find it difficult to source the art materials in such a remote area and therefore may not be able to offer its full range of services.	**(12)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-4	• Demonstrates elements of knowledge and understanding of business concepts and issues, with limited business terminology used. (AO1) • Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	5 - 8	• Demonstrates mostly accurate knowledge and understanding of business concepts and issues including appropriate use of business terminology in places. (AO1) • Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)
Level 3	9 - 12	• Demonstrates accurate knowledge and understanding of business concepts and issues throughout, including appropriate use of business terminology. (AO1) • Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)

3 (a)	**A01 - 1 mark** Award 1 mark for a correct definition of revenue. • Income from the sale of goods and services **(1)**	**(1)**

Question Number	Outline **one** reason why *Huawei* would use robotics in the production of its products. **Answer**	**Mark**
3 (b)	**A02 - 2 marks** Award 1 mark for identifying a reason why *Huawei* would use robotics, plus 1 further mark for linking it to the context of the question. • *Huawei* could use robots to produce its smartphones because they are quicker and more accurate than employees **(1)** Robots do not need a break and can work 24/7 **(1)** NB Do not accept a reason that is not in the context of *Huawei.* **Accept any other appropriate response.**	**(2)**

Question Number	Calculate the interest *Huawei* would pay. **Answer**	**Additional guidance**	**Mark**
3 (c)	**A02 - 2 marks** 69 941 000 000 x 4.5/100 **(1)** = 3 147 345 000 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	**(2)**

Question Number	Analyse why *Huawei* offers its new employees in the design department off-the job training. **Indicative content**	Mark
3 (d)	**AO2 = 3 marks AO3 = 3 marks** **AO2** • This involves new employees being trained outside *Huawei* at an external college by tutors and/or other experts in modern technology such as smartphones and tablets • Employees can learn at their own pace the detail and requirements of producing smartphones and tablets **AO3** • As a result, it means that *Huawei* present employees concentrate on their work, and do not have to supervise or train new employees • Employees do not have to worry about making mistakes or errors that could cost *Huawei* money	**(6)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	• Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3).
Level 2	3–4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3).
Level 3	5–6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3).

Question Number	**Option 1:** competition pricing **Option 2:** promotional pricing. **Indicative content**	**Mark**
3 (e)	**AO2 = 3 marks AO3 = 3 marks** **AO4 = 3 marks** **<u>AO2</u>** • **Option 1** – If *Huawei* uses this method of pricing, then it is likely to gain sales of the new smartphone because the price will be realistic • **Option 2** – Selling at a cheaper price encourages customers to switch from their present brand to *Huawei* **<u>AO3</u>** • **Option 1** – This pricing strategy means that the consumers have more choice of smartphones as they are all priced at a similar rate • **Option 2** – *Huawei* could gain a larger market share of smartphone users who change brands **<u>AO4</u>** • **Option 1** – However, this does not always mean that the cost of production is covered and if *Huawei* uses this method, it may lose out financially • **Option 2** – However, promotional pricing may generate sales for the length of time of the promotion, but once the price of the smartphones reverts to their normal price it may reduce sales	**(9)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	• Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3). • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made (AO4).
Level 2	4–6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3). • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made (AO4).
Level 3	7– 9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3). • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made (AO4).

Question Number	Calculate the cost of this smartphone in US Dollars **Answer**	Additional guidance	Mark

3 (a)	**A01 - 1 mark** Award 1 mark for a correct definition of **delegation** • The passing of work from a superior to a subordinate **(1)**	**(1)**

Question Number	Outline **one** benefit to *LEGO* of being a privately-owned family business. **Answer**	**Mark**
3 (b)	**A02 - 2 marks** Award 1 mark for identifying a benefit for *LEGO of* being a family owned business, plus 1 further mark for linking it to the context of the question. • This means that since 1932 the Kritiansen family have continuously run *LEGO as a* privately owned business **(1)** which gives *LEGO* stability and continuity **(1)** **NB** Do not accept a benefit that is not in the context of *LEGO.* **Accept any other appropriate response.**	**(2)**

Question Number	Calculate the employee's new salary. **Answer**	**Additional guidance**	**Mark**
3 (c)	**A02 - 2 marks** 150 000 x 0.045 = 6 750 **(1)** 150 000 + 6 750 = 156 750 **(1)** **OR** 150 000 x 1.045 **(1)** = 156 750 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	**(2)**

Question Number	Analyse how *LEGO* could use a Statement of Comprehensive Income when considering the development of new toys. **Indicative content**	Mark
3 (d)	**AO2 = 3 marks AO3 = 3 marks** **AO2** • Statement of Comprehensive Income gathers data from all 15 worldwide *LEGO* factories • *LEGO* can use the information to see its financial position when introducing the new Star Wars Princess Leia toy and whether it has sufficient funds **AO3** • This will enable *LEGO* to see if it is making a sufficient profit margin compared to other toy makers such as Disney allowing it to alter its pricing strategy • Introducing a new toy is expensive as there are costs of design and development as well as producing the toy before it goes on sale to the public	**(6)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-2	• Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3).
Level 2	3-4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3).
Level 3	5-6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3).

Question Number	**Option 1:** on-the-job training **Option 2:** off-the-job training. **Indicative content**	Mark
3 (e)	**AO2 = 3 marks AO3 = 3 marks** **AO4 = 3 marks** **AO2** • **Option 1** – The cost of training is reduced as employees remain on the premises producing the Princess Leia toy whilst being trained • **Option 2** – When employees are trained by experts off site, they gain new skills and see new production methods not seen in the 15 *LEGO* factories **AO3** • **Option 1** – Employees gain in confidence as they are trained by staff they know whilst at *LEGO* • **Option 2** – Employees can gain new skills from experts, resulting in fewer errors thus improving the number of toys produced in each factory **AO4** • **Option 1** – However, this can be time consuming and prevents the skilled employees from carrying out their job efficiently • **Option 2** – However, the new employees may not gain the specific skills and knowledge which are needed for designing the new Star Wars toys for *LEGO*	**(9)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-3	• Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3). • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made (AO4).
Level 2	4-6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3). • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made (AO4).
Level 3	7 - 9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3). • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made (AO4).

Question Number	Calculate, to two decimal places, the current ratio in 2019. **Answer**	**Additional guidance**	**Mark**

Question Number	Define the term **fringe benefits.** **Answer**	Mark
3 (a)	**A01 - 1 mark** Award 1 mark for a correct definition of **fringe benefits**. • Additional benefits over and above the normal wage or salary **(1)**	**(1)**

Question Number	Outline **one** way *Irsi Chocolatier* could keep customer loyalty. **Answer**	Mark
3 (b)	**A02 - 2 marks** Award 1 mark for identifying a way *Irsi Chocolatier* could keep customer loyalty, plus 1 further mark for linking it to the context of the business. • *Irsi Chocolatier* could promote their chocolates **(1)** by introducing a new range of flavours **(1)** **NB** Do not accept a way that is not in the context of *Irsi Chocolatier*. **Accept any other appropriate response.**	**(2)**

Question Number	Calculate, to two decimal places, the current ratio. **Answer**	**Additional guidance**	Mark
3 (c)	**A02 - 2 marks** 26 000/14 852 **(1)** = 1.75 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	**(2)**

Question Number	Analyse the limitations for *Irsi Chocolatier* of using break-even charts to decide whether it should sell the new product. **Indicative content**	Mark
3 (d)	**AO2 = 3 marks AO3 = 3 marks** **AO2** • Break-even charts make the assumption that all of the new chocolate lollipops will be sold • The chart shows the costs for the chocolate lollipops as a straight line not taking into account other costs that may occur along the way **AO3** • This could lead to false data as it does not take into account any wasted or damaged stock not sold • This could lead to overspending if *Irsi Chocolatier* have not taken into account other costs or if customers do not like the new product	**(6)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-2	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3)
Level 2	3-4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)
Level 3	5-6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)

Question Number	*Irsi Chocolatier* is considering two options: **Option 1:** train the new employee on-the-job **Option 2:** train the new employee off-the-job. Justify which **one** of these two options *Irsi Chocolatier* should choose. **Indicative content**	Mark
3 (e)	**AO2 = 3 marks AO3 = 3 marks** **AO4 = 3 marks** **<u>AO2</u>** • **Option 1** – Offering on-the-job training allows the new employee to see current chocolate making techniques • **Option 2** – Offering off-the-job training allows the new employee to learn new techniques of producing chocolates from lecturers at a college **<u>AO3</u>** • **Option 1** – This may increase the levels of production as the employee will be producing whilst training allowing *Irsi Chocolatier* to meet the increased demand • **Option 2** – Therefore the new employee could bring new ideas into the business making it more efficient producing more in less time **<u>AO4</u>** • **Option 1** – However, as *Irsi Chocolatier* only has 3 employees there may not be someone who can dedicate the time to train the new employee to the standard required • **Option 2** – However, this can be costly as the employee will have to attend an external course rather than learn on the job	**(9)**

Level	Mark	Descriptor

	0	No Rewardable material.
Level 1	1-3	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	4-6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)
Level 3	7 - 9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)

Question Number	Calculate, to two decimal places, the operating profit margin. **Answer**	**Additional guidance**	**Mark**

1 (a) (i)	**AO1 - 1 mark** The only correct answer is **B -** Personal satisfaction **A** – is not the correct answer as generating wealth is a financial objective **C** - is not the correct answer as maximising profit is a financial objective **D** - is not the correct answer as regular income is a financial objective	**(1)**

Q. No.	Which **one** of the following would be a benefit to a business delaying paying its suppliers? **Answer**	**Mark**
1 (a) (ii)	**AO1 - 1 mark** The only correct answer is **A -** Improved cash flow **B** – is not the correct answer as profit would not be greater if you delayed paying suppliers **C** - is not the correct answer as suppliers would want more interest on the outstanding amount **D** - is not the correct answer as delaying payment would have the opposite effect on suppliers	**(1)**

Q. No.	Which **one** of the following would be the total monthly cost for *Jewellery For You*?	**Mark**
1 (a) (iii)	**AO1 - 1 mark** The only correct answer is **B -** €3 480 **A** – is not the correct answer as €924 is 27 x 12 + 600 **C** - is not the correct answer as €6 480 is 240 x 27 **D** - is not the correct answer as €7 080 is 240 x 27 + 600	**(1)**

Q. No.	Which **one** of the following is a reason why a business would produce a cash flow forecast? **Answer**	Mark
1 (a) (iv)	**AO1 - 1 mark** The only correct answer is **C -** It can help a bank decide whether it should lend money to a business **A** – is not the correct answer as it is not a legal requirement that a business has a cash flow forecast **B** – is not the correct answer as a cash flow forecast does not ensure that the business will be successful **D** - is not the correct answer as a forecast does not show the profit and loss of a business in the past six months	**(1)**

Q. No.	Which **one** of the following was the cost of the holiday in Thai Baht? **Answer**	Mark
1 (a) (v)	**AO1 - 1 mark** The only correct answer is **C -** 40 828.18 **A** – is not the correct answer as 24.20 is 998 ÷ 40.91 **B** – is not the correct answer as 1038.91 is 998 + 40.91 **D** - is not the correct answer as 40 869.09 is 998 x 40.91 + 40.91	**(1)**

Q. No.	Which **one** of the following is a reason why a sole trader would want to become a private limited company? **Answer**	Mark
1 (a) (vi)	**AO1 - 1 mark** The only correct answer is **D -** Increased ability to raise finance **A** – is not the correct answer as the business would have to publish its financial records so therefore not confidential **B** – is not the correct answer as the private limited company would have limited liability **C** - is not the correct answer as shareholders are not liable for all debts	**(1)**

Q. No.	Define the term **franchise**. **Answer**	Mark
1 (b)	**AO1 - 1 mark** Award 1 mark for a correct definition of **franchise** • A business allows another operator to trade under its name **(1)**	**(1)**

Q. No.	Define the term **profit**. **Answer**	Mark
1 (c)	**AO1 - 1 mark** Award 1 mark for a correct definition of **profit** • Funds that are left over after all costs have been subtracted from the revenue **(1)**	**(1)**

Q. No.	State **one** reason why *TUI* pays its employees above the minimum wage. **Answer**	Mark
1 (d)	**AO2 - 1 mark** Award 1 mark for a valid reason why *TUI* pays its employees above the minimum wage in the context of the business • By *TUI* paying its employees above the minimum wage they are more likely to remain with *TUI* and their knowledge of cruises and holidays will not be lost **(1)** • Employees will feel more valued and gain more knowledge and experience of the travel industry that they could pass on to potential customers **(1)** **NB** Do not accept a reason that is not in the context of *TUI.* Accept any appropriate response	**(1)**

Q. No.	Calculate the total price of a holiday for **two** adults with a 12.5% promotional discount for booking online. **Answer**	**Additional Guidance**	**Mark**
1 (e)	**A02 - 2 marks** 725.92 x 2 = 1451.84 1451.84 x 0.125 = 181.48 **(1)** 1451.84 – 181.48 = 1270.36 **(1)** **OR** 725.92 x 0.875 = 635.18 **(1)** 635.18 x 2 = 1270. 36 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct answer with no working.	**(2)**

Q. No.	Explain **one** of the factors in Herzberg's motivational theory. **Answer**	**Mark**
1 (f)	**A01 - 3 marks** Award 1 mark for identification of a factor in Herzberg's motivational theory, plus 2 further marks for explaining the theory, for a maximum of 3 marks. • One is called a hygiene factor **(1)** where employees are paid for their work **(1)** which means employees gain security knowing they can pay their bills **(1)** • One is called a motivator factor **(1)** employees gain achievement in their work **(1)** which allows them to grow and develop **(1)** **NB** No marks are awarded for a definition. Answers that list three factors with no explanation will get 1 mark only. Accept any appropriate response.	**(3)**

Q. No.	Analyse the benefits for *TUI* from including health and safety training for its employees in their induction training. **Indicative content**	Mark
1 (g)	**AO2 = 3 marks AO3 = 3 marks** **AO2** • Employees working in one of the travel agencies will know what to do if there is an emergency, such as an employee injuring themselves after falling • Employees will be aware of any dangers by ensuring that all computer wires in the agencies are securely fastened to floors and walls so that no one can trip over them **AO3** • They will be able to make decisions quickly as to how to deal with the situation, by knowing where the first aid kit for plasters or bandages • Thus, avoiding any accidents and *TUI* being sued by employees	**(6)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-2	• Limited application of knowledge and understanding of business concepts and issues to the business context **(AO2)** • Attempts to deconstruct business information and/or issues, finding limited connections between points **(AO3)**
Level 2	3-4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies **(AO2)** • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies **(AO3)**
Level 3	5-6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (**AO2)** • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning **(AO3)**

Q. No.	State **one** possible reason why *TUI* would want to keep its customers loyal. **Answer**	**Mark**

3 (a)	**AO1 - 1 mark** Award 1 mark for a correct definition of **person specification.** • A profile showing the characteristics of a person needed to do a particular job **(1)**	**(1)**

Q. No.	Outline **one** reason why branding is important to *Jimmy Choo*. **Answer**	**Mark**
3 (b)	**A02 - 2 marks** Award 1 mark for identifying a reason why branding is important, plus 1 further mark for linking it to the context of the question. • Branding ensures that customers recognise the JC logo on its handbags when it is sold **(1)** this differentiates *Jimmy Choo* from its competitors **(1)** **NB** Do not accept a reason that is not in the context of *Jimmy Choo*. **Accept any other appropriate response.**	**(2)**

Q. No.	Calculate, to **two** decimal places, the percentage increase on this *Jimmy Choo* handbag when it is sold. **Answer**	**Additional Guidance**	**Mark**
3 (c)	**A02 - 2 marks** 2 450 – 1 590 = 860 **(1)** 860/1 590 x 100 = 54.09 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct answer with no working.	**(2)**

Q. No.	Analyse why *Jimmy Choo* asks all candidates applying for a vacancy to complete and application form. **Indicative content**	Mark
3 (d)	**AO2 = 3 marks AO3 = 3 marks** **AO2** • A completed application form gives *Jimmy Choo* important details of each applicant, such as address and previous employments • If an applicant is applying for the role of sales manager, they can include all their experience of working and selling handbags **AO3** • This means that *Jimmy Choo* can have the same data from each applicant to make a comparison • *Jimmy Choo* can then compare the application forms to see which applicant would be more suited to the vacancy and call them for interview	**(6)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-2	• Limited application of knowledge and understanding of business concepts and issues to the business context **(AO2)** • Attempts to deconstruct business information and/or issues, finding limited connections between points **(AO3)**
Level 2	3-4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies **(AO2)** • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies **(AO3)**
Level 3	5-6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (**AO2)** • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning **(AO3)**

Q. No.	**Option 1:** induction training **Option 2:** off-the-job training. Justify which **one** of these two options *Jimmy Choo* should choose**.** **Indicative content**	**Mark**
3 (e)	**AO2 = 3 marks, AO3 = 3 marks, AO4 = 3 marks** **AO2** • **Option 1** – If all employees have induction training it gives them the opportunity to become familiar with their working environment in the production of shoes • **Option 2** – By training employees off site they are trained by experts in the various areas such as well as making the handbags and shoes but also how to display them **AO3** • **Option 1** – This training enables them to feel part of the business and have a better understanding of how the business works • **Option 2** – Employees can gain up to date skills from experts, resulting in fewer errors when they commence making handbags **AO4** • **Option 1** – However, induction training does not always benefit because they may not work in that specific department, they had their induction training in • **Option 2** – However, the cost of training an employee off-site can be expensive, and the training is not guaranteed that it will match the job	**(9)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-3	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	4-6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)
Level 3	7 - 9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)

Q. No.	Calculate, to **two** decimal places, the percentage of *Jimmy Choo* shops in the UK. **Answer**	Additional Guidance	Mark

1 (a) (i)	**AO1 - 1 mark** **The only correct answer is B - Engineering** **A** – is not the correct answer as coal mining is primary sector **C** - is not the correct answer as farming is primary sector **D** - is not the correct answer as insurance is tertiary sector	**(1)**

Q. No.	Which **one** of the following is an external source of finance? **Answer**	**Mark**
1 (a) (ii)	**AO1 - 1 mark** **The only correct answer is D – Bank loan** **A** – is not the correct answer as – selling assets is internal **B** - is not the correct answer as – retained profit is internal **C** - is not the correct answer as – personal savings is internal	**(1)**

Q. No.	Which **one** of the following is the percentage decrease in the price of a latte? **Answer**	**Mark**
1 (a) (iii)	**AO2 - 1 mark** **The only correct answer is C – 9.32%** **A** – is not the correct answer as 0.55% is 5.90 – 5.35 **B** - is not the correct answer as 2.94% is 5.90 – 5.35 x 5.35 **D** - is not the correct answer as 10.28% is 5.90 – 5.35/5.35 x 100	**(1)**

Q. No.	Which **one** of the following is the minimum number of owners in a partnership? **Answer**	Mark
1 (a) (iv)	**AO1 - 1 mark** **The only correct answer is B - 2** **A** – is not the correct answer as 1 is not a partnership **C** – is not the correct answer as 20 is not the minimum number of people needed **D** - is not the correct answer as 50 is not the minimum number of people needed	**(1)**

Q. No.	Which **one** of the following would be the price in Rupees to be a member in India? **Answer**	Mark
1 (a) (v)	**AO2 - 1 mark** **The only correct answer is A – 413.48** **B** – is not the correct answer as 1105.08 is 92.09 x 12 **C** – is not the correct answer as 4134.84 is 920.90 x 4.49 **D** - is not the correct answer as 4961.81 is 4.49 x 12 x 92.09	**(1)**

Q. No.	Which **one** of the following is an external source of finance for managing immediate cash flow problems? **Answer**	Mark
1 (a) (vi)	**AO1 - 1 mark** **The only correct answer is D - overdraft** **A** – is not the correct answer as personal savings are an internal source of finance **B** – is not the correct answer as retained profit is an internal source of finance **C** - is not the correct answer as selling assets is an internal source of finance	**(1)**

Q. No.	Define the term **social enterprise.** **Answer**	Mark
1 (b)	**AO1 - 1 mark** Award 1 mark for a correct definition of **social enterprise**. • A business that aims to improve human or environmental well-being **(1)**	**(1)**

Q. No.	Define the term **tertiary sector**. **Answer**	Mark
1 (c)	**AO1 - 1 mark** Award 1 mark for a correct definition of **tertiary sector**. • Provides services to consumers and other sectors of industry **(1)**	**(1)**

Q. No.	State **one** reason why *Starbucks* wants to retain its employees. **Answer**	Mark
1 (d)	**AO2 - 1 mark** Award 1 mark for a valid reason why *Starbucks* wants to retain its employees in the context of the business • By retaining its employees *Starbucks* does not have to train new employees on how to make the coffee it sells **(1)** • If employees remain at *Starbucks* they will become more proficient and may be promoted to a coffee master or a coffee manager **(1)** **NB** Do not accept a reason that is not in the context of *Starbucks.* Accept any appropriate response	**(1)**

Q. No.	Calculate, to **two** decimal places, the estimated total revenue in 2030. You are advised to show your working. **Answer**	**Additional Guidance**	**Mark**
1 (e)	**A02 - 2 marks** 165.7 x 1.3825 **(1)** = 229.08 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct answer with no working.	**(2)**

Q. No.	Explain **one** disadvantage for a business of training its employees. **Answer**	**Mark**
1 (f)	**A01 - 3 marks** Award 1 mark for identification of a disadvantage for a business training its employees, plus 2 further marks, for a maximum of 3 marks. • Training employees takes a great deal of time **(1)** and needs existing employees to carry out the training **(1)** which can reduce the productivity of the business **(1)** • Existing employees have to be taught how to train employees **(1)** which incurs additional expense **(1)** for the business and there is no guarantee they are trained efficiently **(1)** **NB** No marks are awarded for a definition. Answers that list three disadvantages with no explanation will get 1 mark only. Accept any appropriate response.	**(3)**

Q. No.	Analyse the benefits for *Starbucks* of using batch production. **Indicative content**	Mark
1 (g)	**AO2 = 3 marks AO3 = 3 marks** **AO2** • *Starbucks* uses batch production means that they can produce cakes at a lower cost per unit • It maximises the use of kitchen equipment and reduces waste of ingredients for sandwiches **AO3** • Which ensure a uniform taste and quality across all locations • This decreases production time ensuring a wide range of sandwiches for sale	**(6)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-2	• Limited application of knowledge and understanding of business concepts and issues to the business context **(AO2)** • Attempts to deconstruct business information and/or issues, finding limited connections between points **(AO3)**
Level 2	3-4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies **(AO2)** • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies **(AO3)**
Level 3	5-6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (**AO2)** • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning **(AO3)**

Q. No.	State **one** reason why *Starbucks* should have good communication with its customers. **Answer**	Mark

Question Number	Answer	Mark
2 (a)	**AO2 - 1 mark** Award 1 mark for any valid piece of information in the context of the business. • Discount off any shoes for friends and family **(1).** • Allow employees to gain a qualification in customer service **(1).** **Accept any other appropriate response.**	**(1)**

Question Number	Answer	Mark
2 (b)	**AO2 - 1 mark** Award 1 mark for any valid piece of information in the context of the business. • Gain more knowledge about shoes/accessories **(1).** • Receive training at a college on selling men and children's shoes **(1).** **Accept any other appropriate response.**	**(1)**

Question Number	Answer	Mark
2 (c)	**AO1 - 3 marks** Award 1 mark for identification of a reason for having a human resource functional area, plus 2 further marks for explaining this reason for a business, for a maximum of 3 marks. • A reason is to recruit employees **(1).** It will identify a vacancy in the business and seek to fill it **(1)** having found the right person for that role **(1).** Answers that list more than one reason with no explanation will get a maximum of 1 mark. **Accept any other appropriate response.**	**(3)**

Question Number	Answer	Mark
2 (d)	**AO1 - 3 marks** Award 1 mark for identification of method, plus 2 further marks for explaining this method, for a maximum of 3 marks. • A business could use television advertising **(1).** This can be seen by large numbers of people raising awareness **(1)** resulting in an increase in sales for a business **(1).** Answers that list more than one method with no explanation will get a maximum of 1 mark. **Accept any other appropriate response.**	**(3)**

Question Number	Answer	Mark
2 (e)	**A01 - 3 marks** Award 1 mark for identification of one way the product life cycle can be extended, plus 2 further marks for explaining the way, for a maximum of 3 marks. • A business could change the packaging of its product **(1),** this could be done by brightening up old packaging or adding extras to the packaging **(1).** This could result in more repeat purchase as well as new custom **(1).** Answers that list more than one way with no explanation will get a maximum of 1 mark. **Accept any other appropriate response.**	**(3)**

Question Number	Indicative content	Mark
2 (f)	**AO2 = 3 marks AO3 = 3 marks** **AO4 = 3 marks** **AO2** • Option 1 –*Backyard Shoez* could give bonuses for the person who has achieved the highest shoes sales within a month. • Option 2 – *Backyard Shoez* could use job enrichment to give their employees greater responsibilities within the shoe shop. **AO3** • Options 1 – The employees may be encouraged to work harder and compete against each other to gain the highest shoe sales for the bonus. • Option 2 – This will motivate employees as they can see they are being given the opportunity to use their abilities within the shoe shop as they are trusted by *Backyard Shoez.* **AO4** • Option 1 – However, if an employee cannot continually achieve the highest shoes sales then they may become demotivated and this could have the opposite effect. • Option 2 – However, some employees may resent not being chosen for job enrichment as therefore may become demotivated.	**(9)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-3	• Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3). • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made (AO4).

Level 2	4-6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3). • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made (AO4).
Level 3	7 - 9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3). • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made (AO4).

Question Number	Answer	Mark
2 (a)	**A02 - 1 mark** Award 1 mark for a valid reason for a non-financial objective in the context of the business. • Social objectives of working with the local area and helping children and communities **(1)**. • *Tata Motor Company* wants a good image of producing a car that does not harm the environment too much **(1)**. **Accept any other appropriate response**.	**(1)**

Question Number	Answer	Mark
2 (b)	**A02 - 1 mark** Award 1 mark for a valid reason of employing casual staff in the context of the business. • When *Tata Motor Company* is busy, with many new orders for its vehicles **(1)**. • When someone is off on long-term sick from the production line **(1)**. **Accept any other appropriate response.**	**(1)**

Question Number	Answer	Mark
2 (c)	**A01 - 3 marks** Award 1 mark for identification of a reason for using fringe benefits, plus 2 further marks for explaining why fringe benefits are beneficial for a business, for a maximum of 3 marks. • Employees will be motivated. **(1)** This could lead to improvement in productivity **(1)** and higher sales **(1).** NB Answers that list three benefits with no explanation will get a maximum of 1 mark. **Accept any other appropriate response.**	**(3)**

Question Number	Answer	Mark
2 (d)	**A01 - 3 marks** Award 1 mark for a reason to use job production, plus 2 further marks for explaining this reason, for a maximum of 3 marks. • Job production is used to produce a unique piece of work. **(1)** It is made to meet the exact needs of the customer **(1)** that requires time and skills of the employees **(1).** Answers that list three reasons with no explanation will get a maximum of 1 mark. NB No marks are awarded for a definition. **Accept any other appropriate response**.	**(3)**

Question Number	Answer	Mark
2 (e)	**A01 - 3 marks** Award 1 mark for the identification of a benefit of a short chain of command, plus 2 further marks for explaining that benefit, for a maximum of 3 marks. • A short chain of command means that communication between workers and managers is less **(1)**. Therefore there is less chance of messages being mistaken **(1)**. Managers are less remote and therefore if there is a problem they can sort it out quicker **(1)**. Answers that list three benefits of short chains of commands with no explanation will get a maximum of 1 mark. NB No marks are awarded for a definition. **Accept any other appropriate response.**	**(3)**

Question Number	Indicative content	Mark
2 (f)	**AO2 = 3 marks AO3 = 3 marks AO4 = 3 marks** **AO2** • **Option 1** – With cost plus pricing *Tata Motor Company* know that the cost of making the vehicle has been covered. • **Option 2** – If *Tata Motor Company* uses promotional pricing it is a good strategy for selling new vehicles. **AO3** • **Option 1** – *Tata Motor Company* knows that if the cars are selling well it is making money, which means more profit for the business. • **Option 2** – The lower price from the promotional price will result in higher sales. **AO4** • **Option 1** – Although this type of pricing method guarantees a profit on the cost of manufacturer it does not guarantee that sales are going to be made, especially if a competitor is cheaper, therefore selling more vehicles. • **Option 2** - Even though the sales may be higher, the profit per vehicle will be lower.	**(9)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-3	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	4-6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)
Level 3	7 - 9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)

Question Number	Answer	Mark
2 (a)	**AO2 = 1 mark** Award 1 mark for a valid reason of business failure in the context of the business. • Ollie may not have enough experience of other musical instruments so costs could increase as he may have to employ a specialist musician (1). • An increase in the economy could lead to an increase in the demand of leisure activities and Ollie may not be able to cope with the demand (1). **Accept any other appropriate response.**	**(1)**

Question Number	Answer	Mark
2 (b)	**AO2 = 1 mark** Award 1 mark for a valid benefit of employing casual staff in the context of the business. • If *TADS* is successful it can employ music teachers for instruments other than drums when needed (1). • When *TADS* has quieter periods of business it can reduce the hours of the specialist teachers (1).	**(1)**

Question Number	Answer	Mark
2 (c)	**AO1 = 3 marks** Award 1 mark for identification of a purpose of market research, plus 2 further marks for explaining this purpose for a business, for a maximum of 3 marks. • A purpose of market research can be to identify your customers' needs (1) this will help you to design your products to meet those needs (1) and allow the business to be more successful (1). NB Answers that list three purposes with no explanation will get a maximum of 1 mark. **Accept any other appropriate response.**	**(3)**
Question Number	Answer	Mark
2 (d)	**AO1 = 3 marks** Award 1 mark for identification of a measure of business success, plus 2 further marks for explaining this measure for a business, for a maximum of 3 marks. • A measure can be through customer satisfaction (1). If customers are happy with the products/services they are likely to revisit the business (1) and this could lead to them recommending the business to friends and family (1). NB Answers that list three measures with no explanation will get a maximum of 1 mark. **Accept any other appropriate response.**	**(3)**

Question Number	Answer	Mark
2 (e)	**AO1 = 3 marks** Award 1 mark for the identification of an impact of an increase in interest rates, plus 2 further marks for explaining that impact, for a maximum of 3 marks. • An increase in interest rates could lead to higher costs for a business (1). This can lead to a reduction in profits because each month the business must pay back part of the debt (1) and the interest charged on the loan will be higher (1). Answers that list three impacts of an increase in interest rates with no explanation will get a maximum of 1 mark. NB No marks are awarded for a definition. **Accept any other appropriate response.**	**(3)**

Question Number	Indicative content	Mark
2 (f)	**AO2 = 3 marks AO3 = 3 marks** **AO4 = 3 marks** **AO2** • Option 1 – By using commission *TADS* would encourage its teachers to find new pupils who want to learn music. • Option 2 – Increasing the hourly rate would encourage music teachers to work for longer hours. **AO3** • Option 1 – By recruiting more pupils teachers will be paid a commission on top of their hourly rate for teaching. • Option 2 – Teachers are more likely to remain with *TADS* as they believe they are being paid well for the work they do. **AO4** • Option 1 – However, the commission is a one-off payment and once paid the teachers would only receive their hourly rate, which may not be sufficient to continue to be employed by *TADS*. • Option 2 – However, if *TADS* cannot increase the number of pupils it may not be able to retain all of the teachers it currently employs.	**(9)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	4–6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)
Level 3	7–9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)

Question Number	Answer	Mark
1 (a) (i)	**AO1 = 1 mark** **The only correct answer is B - Shares are traded on the stock exchange** A is not correct because a plc is not controlled by the government C is not correct because a plc can have more than 50 shareholders D is not correct because there is no restriction in transfer of shares	**(1)**

Question Number	Answer	Mark
1 (a) (ii)	**AO1 = 1 mark** **The only correct answer is C – Finance** A is not correct because Human resources looks after people B is not correct because Marketing identifies customers' needs D is not correct because Production is making goods	**(1)**

Question Number	Answer	Mark
1 (a) (iii)	**AO2 = 1 mark** **The only correct answer is A - 12.5%** B is not correct because Total equals £1 200 000 and 20.8% - Business 4 C is not correct because 25% = £300 000 – Business 1 D is not correct because 29.2% = £350 000 – Business 5	**(1)**

Question Number	Answer	Mark
1 (a)(iv)	**AO1 = 1 mark** **The only correct answer is B - More funds taken out than are in the account** A is not correct because borrowing regular amounts is a loan C is not correct because money lent by many people is 'just giving' D is not correct because a loan for repayment is a loan	**(1)**

Question Number	Answer	Mark
1 (a) (v)	**AO2 = 1 mark** **The only correct answer is D - 2.53%** A is not correct because calculation worked out on Cash assets not Total assets B is not correct because percentage correct but not minus calculation wrong way round C is not correct because calculation worked out using 2016-2017 figure not 2015-2016 figure	**(1)**

Question Number	Answer	Mark
1 (a)(vi)	**AO1 = 1 mark** **The only correct answer is C - Job description** **A** is not correct because a Business plan is not in recruitment **B** is not correct because Induction training is after recruitment **D** is not correct because Job enrichment is after recruitment	**(1)**

Question Number	Answer	Mark
1 (b)	**AO1 = 1 mark** Award 1 mark for a correct definition of social enterprise. • A business whose profits are used to benefit it and the community (1).	**(1)**

Question Number	Answer	Mark
1 (c)	**AO1 = 1 mark** Award 1 mark for a correct definition of globalisation. • Companies operating internationally across the world (1).	**(1)**

Question Number	Answer	Mark
1 (d)	**A02 = 1 mark** Award 1 mark for a valid reason why *Emirates* uses competition pricing in the context of the business. • To attract more people to fly with *Emirates* and not its competitors (1). • As *Emirates* flies to 180 destinations consumers do not find it necessary to choose other airlines (1). **Accept any other appropriate response.**	**(1)**

Question Number	Answer	Additional guidance	Mark
1 (e)	**A02 = 2 marks** 26 – 30 (1) = –4 (1)	Award 1 mark for substituting numbers into formula correctly. Award full marks for correct numerical answer without working.	**(2)**

Question Number	Answer	Mark
1 (f)	**A01 = 3 marks** Award 1 mark for identification of a factor in Herzberg's motivational theory, plus 2 further marks for explaining the reason, for a maximum of 3 marks. • One factor is called a hygiene factor (1) workers can become demotivated (1) if hygiene factors such as pay are not met (1). • The other factor is motivator (1) employees gain achievement in their job (1) which allows then to grow and develop (1). Answers that list two factors with no explanation will get a maximum of 1 mark. **Accept any other appropriate response.**	**(3)**

Question Number	Indicative content	Mark
1 (g)	**AO2 = 3 marks AO3 = 3 marks** **AO2** • Comparison of finances from different routes can be made from year to year. *Emirates* can make decisions on whether routes continue. **AO3** • Decisions can then be made whether to reduce costs or change certain strategies. • The figures can also inform *Emirates* what action it might need to take in coming years.	**(6)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3)
Level 2	3–4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)
Level 3	5–6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)

3 (a)	**A01 - 1 mark** Award 1 mark for a correct definition of economies of scale. • When average costs fall as a result of a business increasing in size **(1)**	**(1)**

Question Number	Outline **one** reason why *NEXT* uses special offers. Answer	Mark
3 (b)	**A02 - 2 marks** Award 1 mark for identifying a reason why *NEXT* have special offers, plus 1 further mark for linking it to the context of the question. • *NEXT* have special offers to encourage customers to purchase clothes **(1).** Once they have purchased dresses using a special offer they may return to purchase others **(1)** NB Do not accept a reason that is not in the context of *NEXT.* **Accept any other appropriate response.**	**(2)**

Question Number	Calculate the number of women working at *NEXT*. Answer	Additional guidance	Mark
3 (c)	**A02 - 2 marks** 43,000 X 0.7 **(1)** = 30,100 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	**(2)**

Question Number	Analyse why *NEXT* would want to remove any communication barriers within its organisation. Indicative content	Mark
3 (d)	**AO2 = 3 marks AO3 = 3 marks** **<u>AO2</u>** • As *NEXT* trades in different countries it will therefore need employees to speak the language of that country. • If *NEXT* has long chains of command it could mean that messages from head office take too long to reach shop assistants. **<u>AO3</u>** • By speaking the language of the customer the staff can communicate and make it easier to increase sales**.** • The communication could become unclear/inaccurate on its way through the chain of command leading to errors.	**(6)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-2	• Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3).
Level 2	3-4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3).
Level 3	5-6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3).

Question Number	**Option 1:** job rotation **Option 2:** job enrichment. (e) Justify which **one** of these two options *NEXT* should choose. Indicative content	Mark
3 (e)	**AO2 = 3 marks AO3 = 3 marks** **AO4 = 3 marks** **<u>AO2</u>** • **Option 1** – By offering job rotation the employees may get to experience different jobs moving from the stock room to working on the shop floor • **Option 2** – With job enrichment *NEXT* employees may find they utilise their skills of displaying the furniture and child clothes in their shop windows **<u>AO3</u>** • **Option 1** – The employees may find the experience of moving from the stock room to the shop floor gives them additional skills and knowledge which can be used within *NEXT* • **Option 2** – The employees will be able to use the new skills of displaying products in applying for different jobs either within *NEXT* or at another business **<u>AO4</u>** • **Option 1** – However, these new experiences and skills may mean that employees could decide to look for other jobs other than remaining employed by *NEXT* • **Option 2** – However, this could incur additional costs for *NEXT* of time and training of the employees	**(9)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-3	• Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3). • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made (AO4).
Level 2	4-6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3). • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made (AO4).
Level 3	7-9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3). • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made (AO4).

Question Number	Calculate to two decimal places the operating profit margin for *NEXT* in 2019. Answer	Additional guidance	Mark

Question Number	Answer	Mark
1 (a) (i)	**AO1 - 1 mark** **D** Human Resources	**(1)**

Question Number	Answer	Mark
1 (a) (ii)	**AO1 - 1 mark** **B** Selling assets	**(1)**

Question Number	Answer	Mark
1 (a) (iii)	**AO1 - 1 mark** **C** Cost of sales	**(1)**

Question Number	Answer	Mark
1 (a) (iv)	**AO1 - 1 mark** **A** Taxation	**(1)**

Question Number	Answer	Mark
1 (a) (v)	**AO2 - 1 mark** **C** 250%	**(1)**

Question Number	Answer	Mark
1 (a) (vi)	**AO2 - 1 mark** **D** S$42.08	**(1)**

Question Number	Answer	Mark
1 (b)	**AO1 - 1 mark** Award 1 mark for a correct definition of diseconomies of scale. • An increase in average cost per units **(1)**.	**(1)**

Question Number	Answer	Mark
1 (c)	**AO1 - 1 mark** Award 1 mark for a correct definition of job production. • A method of production that involves completing one unit of output at a time **(1).**	**(1)**

Question Number	Answer	Mark
1 (d)	**A02 - 1 mark** Award 1 mark for a financial method of motivation *Artify Studio* could use to motivate its employee in the context of the business. • Employees could be given commission for any art materials they sell **(1).** **Accept any other appropriate response.**	**(1)**

Question Number	Answer	Additional guidance	Mark
1 (e)	**A02 - 2 marks** 285 x 0.12 = 34.20 **(1)** 285 – 34.20 = 250.80 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	**(2)**

Question Number	Answer	Mark
1 (f)	**A01 - 3 marks** Award 1 mark for identification of a measure of success, plus 2 further marks for explaining this measure, for a maximum of 3 marks. • Market share can be used to measure the success of a business **(1).** Changes in market share will show how well or not the business is doing **(1)** and help them to make decisions for the business **(1).** **NB** Answers that list three measures of success with no explanation will get a maximum of 1 mark. **Accept any other appropriate response.**	**(3)**

Question Number	Indicative content	Mark
1 (g)	**AO2 = 3 marks AO3 = 3 marks** **AO2** • Lower interest rates could lead to an increase in the demand for the popular Liberty Art Jam sessions. • The cost of borrowing comes down so *Artify Studio* could pay less on any loans they take out. **AO3** • *Artify Studio* may need to put on additional sessions to cater for the increase in demand, this will lead to an increase in costs but as sales increase this can cover this cost. • This will enable *Artify Studio* to have more funds available to increase advertising and bring in more customers.	**(6)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-2	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3)
Level 2	3-4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)
Level 3	5-6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)

2 (a)	**A02 - 1 mark** Award 1 mark for a valid reason for *Huawei* paying its employees above the minimum wage in the context of the business. • Employees are more likely to stay with *Huawei* and not move to a competitor such as Samsung to earn additional money **(1)** • Employees are less likely to take time off from making smartphones if they are paid well and will stay more committed to *Huawei* **(1)** • **Accept any other appropriate response.**	**(1)**

Question Number	State **one** possible reason why *Huawei* would want to keep its customers loyal to its brand. **Answer**	**Mark**
2 (b)	**A02 - 1 mark** Award 1 mark for a valid reason why *Huawei* would want to keep its customers loyal in the context of the business. • Loyal customers will return to *Huawei* when they need to upgrade their smartphones **(1)** • *Huawei* want its customers to return and purchase other products such as its tablets **(1)** **Accept any other appropriate response**.	**(1)**

Question Number	Explain **one** reason why having good public relations is important to a business. **Answer**	Mark
2 (c)	**A01 - 3 marks** Award 1 mark why good public relations is important to a business, plus 2 further marks for explaining the reason, for a maximum of 3 marks. • By a business having good public relations means it is likely to improve its brand image **(1).** This could lead to increased sales and **(1)** overall profitability **(1)** NB No marks are awarded for a definition. Answers that list three reasons why good public relations are important to a business with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	Explain **one** benefit of being a multinational business. **Answer**	Mark
2 (d)	**A01 - 3 marks** Award 1 mark for a benefit of being a multinational business, plus 2 further marks for explaining this reason, for a maximum of 3 marks. • Multinationals operate globally **(1).** So, if the sales are low in one country this can be offset by high sales in another country **(1)** thus, thereby spreading the risk for the business **(1)** NB Answers that list three reasons with no explanation will get 1 mark only. **Accept any other appropriate response**.	**(3)**

Question Number	Explain **one** reason why secondary research would be used by a business. **Answer**	Mark
2 (e)	**A01 - 3 marks** Award 1 mark for a reason why secondary research would be of interest to a business, plus 2 further marks for explaining why it would be of interest to a business, for a maximum of 3 marks. • Secondary research already exists and is available **(1)** this can save a business a great deal of time and effort in collecting such information **(1).** The information can then be used to help the business to further develop its products or gain information on other businesses **(1)** NB Answers that list three reasons with no explanation will get a maximum of 1 mark. **Accept any other appropriate response.**	**(3)**

Question Number	**Option 1:** financial **Option 2:** non-financial. **Indicative content**	Mark
2 (f)	**AO2 = 3 marks AO3 = 3 marks** **AO4 = 3 marks** **AO2** • **Option 1** – By offering financial methods to its employees such as bonus payments, piece rates, employees will remain productive • **Option 2** – If *Huawei* offers non-financial benefits such as job enrichment employees are more likely to enjoy working at the *Huawei* and feel motivated **AO3** • **Option 1** – Employees are more likely to stay with *Huawei* than move to another business • **Option 2** – Employees will gain new skills and feel valued by *Huawei*, which may help them gain promotion such as becoming a supervisor of a group of staff assembling tablets or watches **AO4** • **Option 1** – However, employees may not be interested in bonus payments if they are assembling tablets and they do not meet the targets set therefore not getting the additional wage • **Option 2** – However, not all employees are motivated by non-financial methods of motivation such as job enrichment, they may prefer to remain producing smartphones and would prefer to have additional wages in their payslips so that they can pay their bills	**(9)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	• Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3). • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made (AO4).
Level 2	4–6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3). • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made (AO4).
Level 3	7–9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3). • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made (AO4).

Question Number	Define the term **inventory.** **Answer**	Mark
3 (a)	**A01 - 1 mark** Award 1 mark for a correct definition of inventory • Inventory is the goods a business has for sale **(1)**	**(1)**

Question Number	Outline **one** method that *TBTS* might use to respond to greater competition. **Answer**	Mark
3 (b)	**A02 - 2 marks** Award 1 mark for identifying a method *TBTS* may use to stand out against increased competition, plus 1 further mark for linking it to the context of the question • *TBTS* could increase its advertising **(1)** to show how environmentally friendly they are compared to competitors **(1)** **NB** Do not accept a method that is not in the context of *TBTS* **Accept any other appropriate response**	**(2)**

Question Number	Calculate the current ratio for 2021. **Answer**	**Additional guidance**	Mark
3 (c)	**A02 - 2 marks** 216 000/36 000 **(1)** 6 **(1)**	Award 1 mark for correctly substituting numbers into formula Award full marks for correct numerical answer without working	**(2)**

Question Number	Analyse the importance of *TBTS* motivating its employees. **Indicative content**	Mark
3 (d)	**AO2 = 3 marks AO3 = 3 marks** **<u>AO2</u>** • If *TBTS* has motivated employees it can better meet the needs of customers who want to buy toys • If *TBTS* does not have motivated employees it could lead to lower sales of its toys **<u>AO3</u>** • The employees will be happier working there and will be more willing to answer any customer queries • Less motivated employees can lead to a reduction in productivity making it harder for *TBTS* to achieve any goals they may have	**(6)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-2	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3)
Level 2	3-4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)
Level 3	5-6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)

Question Number	*TBTS* is considering two options: **Option 1:** hand out questionnaires to customers that visit the shops **Option 2:** hold focus group meetings with parents and their children. Justify which **one** of these two options *TBTS* should choose. **Indicative content**	Mark
3 (e)	**AO2 = 3 marks AO3 = 3 marks** **AO4 = 3 marks** **<u>AO2</u>** • **Option 1** – By using questionnaires *TBTS* can get feedback directly from customers who buy the toys on behalf of children • **Option 2** – *TBTS* can use the focus groups to observe children playing with the new range of toys **<u>AO3</u>** • **Option 1** – *TBTS* can get detailed feedback from the customers to see what elements are important to them when they make a decision to buy a particular toy • **Option 2** – Employees from *TBTS* can recall how the children play with the toys and their reaction **<u>AO4</u>** • **Option 1** – However, as *TBTS* have shops in busy locations like airports people may not have the time to fill in the questionnaires or may rush it therefore not giving them accurate feedback to help them with the launch of the new range of toys • **Option 2** – However, the responses from the children may not be valid as they are in a new setting and may find other things more interesting than the toys but this does not mean they would not play with the toys at home	**(9)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-3	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	4-6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)
Level 3	7 - 9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)

Question Number	Calculate the total cost to a VIP member of buying 17 dinosaur toys. **Answer**	**Additional guidance**	**Mark**

2 (a)	**A02 - 1 mark** Award 1 mark for a valid impact that government legislation may have on *Can Culleretes* in the context of *Can Culleretes.* • The chefs may need to be retrained to stay up to date with new health and safety regulations **(1)** **NB:** Do not accept an impact that is not in the context of *Can Culleretes.* **Accept any other appropriate response**.	**(1)**

Question Number	State **one** way *Can Culleretes* might add value to its business. **Answer**	**Mark**
2 (b)	**A02 - 1 mark** Award 1 mark for a valid way *Can Culleretes* might add value in the context of *Can Culleretes*. • *Can Culleretes* can use high quality organic vegetables in its Mediterranean food **(1)** **NB:** Do not accept a method that is not in the context of *Can Culleretes.* **Accept any other appropriate response.**	**(1)**

Question Number	Explain **one** method a business could use to encourage repeat purchase of its products **Answer**	Mark
2 (c)	**A01 - 3 marks** Award 1 mark for identification of a method a business could use to encourage repeat purchase of its products, plus 2 further marks for explaining this method, for a maximum of 3 marks. • Issue loyalty cards **(1)** which could be used to offer special discounts **(1)** leading to customers being motivated to return to the business rather than its competitors **(1)** NB Answers that list three methods with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	Explain **one** disadvantage of using personal savings as a source of finance for a business. **Answer**	Mark
2 (d)	**A01 - 3 marks** Award 1 mark for identification of a disadvantage of using personal savings as a source of finance, plus 2 further marks for explaining this disadvantage, for a maximum of 3 marks. • Money to deal with an emergency may not be available **(1)** so there is no backup if things go wrong **(1)** meaning that it may be necessary to find another source of finance **(1)** **NB** Answers that list three disadvantages with no explanation will get 1 mark only. **Accept any other appropriate response**.	**(3)**

Question Number	Explain **one** benefit for a business of motivating its employees. **Answer**	Mark
2 (e)	**A01 - 3 marks** Award 1 mark for the identification of a benefit of motivating employees, plus 2 further marks for explaining that benefit, for a maximum of 3 marks. • Retention of employees **(1)** avoids spending time and money on recruitment **(1)** allowing the business to concentrate elsewhere **(1)** NB Answers that list three benefits with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	*Can Culleretes* is looking to improve its revenue and is considering two options. Option 1: increase advertising Option 2: opening for breakfast. **Indicative content**	Mark
2 (f)	**AO2 = 3 marks AO3 = 3 marks** **AO4 = 3 marks** **AO2** • **Option 1** – An increase in advertising can reach new customers and tourists visiting Barcelona • **Option 2** – By opening for breakfast Montserrat and Alicia can attract existing and new customers **AO3** • **Option 1** – This method can improve its revenue by drawing in new customers who may not have heard the restaurant before • **Option 2** – This method may make the restaurant stand out as it is offering something it has not done before in its long history **AO4** • **Option 1** – However, it depends on the method of advertising as it can be expensive so although revenue may improve it will be a cost for the business • **Option 2** – However, as it is only a small restaurant they may need to employ more staff as well but this could lead to an increase in costs	**(9)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-3	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	4-6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)
Level 3	7 - 9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)

2 (a)	**A02 - 1 mark** Award 1 mark for a financial objective in the context of the business. • *LEGO* wants to maintain its market share in the toy sector **(1)** • By achieving financial security, it allows *LEGO* to provide employment for its 18,000 employees **(1)** **NB** Do not accept if the objective is not in the context of *LEGO*. **Accept any other appropriate response**.	**(1)**

Question Number	State **one** reason why *LEGO* does not recruit casual employees. **Answer**	**Mark**
2 (b)	**A02 - 1 mark** Award 1 mark for a valid reason why *LEGO* do not employ casual employees in the context of the business. • Casual employees may not have the commitment to ensuring that the art materials they produce are of the high standard set by *LEGO* **(1)** • Casual employees may take longer to understand how the Harry Potter games are labelled and packed ready for despatch **(1)** **NB** Do not accept a reason that is not in the context of *LEGO*. **Accept any other appropriate response.**	**(1)**

Question Number	Explain **one** reason why a business would pay its employees above the minimum wage. **Answer**	**Mark**
2 (c)	**A01 - 3 marks** Award 1 mark why a business would pay its employees above the minimum wage, plus 2 further marks for explaining the reason, for a maximum of 3 marks. • Paying above the minimum wage will encourage more employees to work at a business **(1)** as they could be paid more than at a competitor **(1)** and they are likely to stay with the business because of the payment they receive **(1)** • Employees will feel more rewarded because of the pay they receive **(1)** and this could increase their motivation at work **(1)** and also improve their productivity **(1)** NB No marks are awarded for a definition. Answers that list three reasons why a business would pay above minimum wage with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	Explain **one** reason why product trials are important to a business. **Answer**	**Mark**
2 (d)	**A01 - 3 marks** Award 1 mark for a reason why product trials are important, plus 2 further marks for explaining this reason, for a maximum of 3 marks. • Gain customer feedback on a new product **(1)** identify strength/weaknesses/problems **(1)** which can then be addressed before the product enters the wider market **(1)** • By offering a customer a three month trial on electronic games **(1)** the customer can find out if they like the games **(1)** and if they do, they may a purchase the game console **(1)** NB No marks are awarded for a definition. Answers that list three reasons with no explanation will get 1 mark only. **Accept any other appropriate response**.	**(3)**

Question Number	Explain **one** reason why a business complies with health and safety legislation. **Answer**	**Mark**
2 (e)	**A01 - 3 marks** Award 1 mark for identification why a business complies with health and safety legislation plus 2 further marks for explaining this reason, for a maximum of 3 marks. • If a business does not comply with the laws given by the country **(1)** they could be fined/sued if there was an accident or someone was injured **(1)** and the business could be fined/closed down for not complying with the legislation **(1)** • It ensures all staff are protected against injuries **(1)** meaning less days are lots to illness **(1)** and reducing the need to get in temporary cover saving costs **(1)** NB No marks are awarded for a definition. Answers that list three reasons with no explanation will get a 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	**Option 1:** cost plus **Option 2:** skimming. **Indicative content**	Mark
2 (f)	**AO2 = 3 marks AO3 = 3 marks** **AO4 = 3 marks** **<u>AO2</u>** • **Option 1 –** This is easy to apply and *LEGO* will know that the cost of manufacturing the Princess Leia toy is covered when sold • **Option 2 -** This means that the new Princess Leia toy is sold at a high price when it is released **<u>AO3</u>** • **Option 1** – As each new toy is sold *LEGO* will know that it is making a profit on each sale • **Option 2** - As each toy is sold it will have a high profit margin, if only a few toys are sold the profits would still be high because they know that as Star Wars toys are popular and will sell **<u>AO4</u>** • **Option 1** - However, even though this pricing strategy guarantees a profit, there is no guarantee that the toys will be sold as customer may wait until the price falls • **Option 2** - However, this strategy might limit the number of potential customers wanting to buy the product as the price is too high.	**(9)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-3	• Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3). • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made (AO4).
Level 2	4-6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3). • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made (AO4).
Level 3	7 - 9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3). • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made (AO4).

2 (a)	**A02 - 1 mark** Award 1 mark for a valid item that could be included in a Curriculum Vitae in the context of the business. • Previous experience of health and safety legislation from working in food factories **(1)** • Previous employers as referees confirming that they have appropriate food experience **(1)** **NB** Do not accept an item that is not in the context of *Cadbury*. **Accept any other appropriate response.**	**(1)**

Question Number	State **one** item of information that may appear in a job description for a *Cadbury* Production Line Supervisor. **Answer**	**Mark**
2 (b)	**A02 - 1 mark** Award 1 mark for a valid item of information that may appear in a job description for a Production Line Supervisor in the context of the business. • Experience of supervising employees making chocolate on a production line **(1)** • Experience of supervising employees in a *Mondelez* production facility **(1)** **NB** Do not accept an item that is not in the context of *Cadbury*. **Accept any other appropriate response.**	**(1)**

Question Number	Explain **one** method a business could use to motivate its employees. Answer	Mark
2 (c)	**A01 - 3 marks** Award 1 mark for a method a business could use to motivate its employees, plus 2 further marks for explaining the reason, for a maximum of 3 marks. • Giving its employees fringe benefits **(1)** such as discounts off products produced **(1)** makes them feel that their work is valued **(1)** • Bonus payments given to employees **(1)** as an individual or teams **(1)** when they have met certain targets **(1)** **NB** No marks are awarded for a definition. Answers that list three methods why a business could use to motivate its employees, with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	Explain **one** reason why a business has fully trained employees. Answer	Mark
2 (d)	**A01 - 3 marks** Award 1 mark for a reason why businesses ensure that its employees are fully trained, plus 2 further marks for explaining this reason, for a maximum of 3 marks. • Training is important as it increases the skills and knowledge of the employee **(1)** so that they can perform their job more effectively **(1)** thereby increasing productivity **(1)** • The training keeps employees up-to-date **(1)** with any new technology/machines **(1)** so that they can maximise the amount they can produce per hour **(1)** **NB** No marks are awarded for a definition. Answers that list three reasons why businesses ensure that its employees are fully trained, with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	Explain **one** reason why many manufacturing businesses use Kaizen in their factories. Answer	Mark
2 (e)	**A01 - 3 marks** Award 1 mark for identification why businesses use Kaizen in manufacturing plus 2 further marks for explaining why, for a maximum of 3 marks. • Kaizen means employees are involved in the process of improvement **(1)** and suggest ways in the manufacturing process **(1)** that could lead to improved product quality **(1)** • Kaizen helps to reduce waste **(1)** as employees understand how to operate the machinery more effectively **(1)** resulting in lower overall costs for the business **(1)** **NB** No marks are awarded for a definition. Answers that list three reasons of why businesses use Kaizen in manufacturing with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	**Option 1:** allowing employees to work part-time **Option 2:** allowing employees to job share. Indicative content	Mark
2 (f)	AO2 = 3 marks AO3 = 3 marks AO4 = 3 marks <u>AO2</u> • **Option 1** – By offering part-time working *Cadbury* can provide flexibility for their employees • **Option 2** – If one employee in the job share is absent through illness then the other members may be able to take the place in the design of chocolate wrappers <u>AO3</u> • **Option 1** – *Cadbury* can use the flexibility of part-time staff to meet increased seasonal demands such as Christmas • **Option 2** – Job sharing benefits *Cadbury* as it provides the ideas and enthusiasm of two people rather than one <u>AO4</u> • **Option 1** – However, it may increase employment costs because of legal benefits that have to be offered to part-time employees • **Option 2** – However, the two people job sharing will have to work as a team and liaise effectively	(9)

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-3	• Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3). • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made (AO4).
Level 2	4-6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3). • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made (AO4).
Level 3	7 - 9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3). • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made (AO4).

4 (a)	**A02 - 2 marks** 80 282 – 12 692 = 67 590 **(1)** 67 590/330 606 x 100 = 20.44 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	**(2)**

Question Number	Analyse the importance of place to *Irsi Chocolatier*. **Indicative content**	**Mark**
4 (b)	**AO2 – 3 marks AO3 – 3 marks** **<u>AO2</u>** • They are located in a busy area with other competitors nearby and want to make sure customers are drawn to them over the other chocolate shops in the area so will not want to move the location of the physical shop • As a small business with only 3 employees, it may want to consider its online place as well as its physical chocolate shop to remain competitive **<u>AO3</u>** • With the business having started in 1989 it is important to have the shop in the same location so locals and tourists come back year after year if they have enjoyed the chocolates they have bought from the shop • With it offering a local delivery service and the market changing *Irsi Chocolatier* may put some importance on improving their online presence to allow customers to buy from the website as well as find information about its products	**(6)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-2	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3)
Level 2	3-4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)
Level 3	5-6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)

Question Number	Evaluate the impact of *Irsi Chocolatier* using financial methods of motivation on its employees. You should use the information provided as well as your own knowledge of business. **Indicative content**	Mark
4 (c)	**AO1 = 3 marks AO2 = 3 marks** **AO3 = 3 marks AO4 = 3 marks** **AO1** • A bonus can be given to employees • A promotion could be awarded to an employee **AO2** • This can motivate the employees is they meet their targets of making and selling a certain amount of chocolate each month • *Irsi Chocolatier* could promote the hardest working employee in the chocolate shop **AO3** • This may push employees to work harder and produce/sell more products in order to meet their targets therefore increasing the revenue for *Irsi Chocolatier* • This will motivate the employee as they will be given additional responsibilities with a potential pay increase making them more loyal to the business as they are being promoted for their work **AO4** • However, if the same employee keeps getting the bonus each month, then this may demotivate the rest of the employees if they feel they do not have a chance at getting the bonus leading to a decrease in productivity • However, this would only be for one employee as the business only currently has three so the other two may end up feeling demotivated and unrecognised possibly leading to an increase in staff turnover and creating a recruitment issue for *Irsi Chocolatier*	**(12)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-4	• Demonstrates elements of knowledge and understanding of business concepts and issues, with limited business terminology used. (AO1) • Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	5 - 8	• Demonstrates mostly accurate knowledge and understanding of business concepts and issues including appropriate use of business terminology in places. (AO1) • Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)
Level 3	9 - 12	• Demonstrates accurate knowledge and understanding of business concepts and issues throughout, including appropriate use of business terminology. (AO1) • Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)

1 (a) (i)	**AO1 - 1 mark** **The only correct answer is B – The lowest amount a business can legally pay its employees** **A –** Fixed amount per year and paid monthly – this is not the correct answer as it is a salary **C** – Payment made to an employee for working additional hours – this is not the correct answer as it is overtime **D** – Payment made to an employee for reaching a target – this is not the correct answer as it is a bonus	**(1)**

Question Number	Which **one** of the following describes the cash cow category in the Boston matrix? **Answer**	**Mark**
1 (a) (ii)	**AO1 - 1 mark** **The only correct answer is C – Low market growth, high market share** **A –** High market growth, high market share – this is not correct as it is the star category **B –** High market growth, low market share - this is not correct as it is the question mark category **D –** Low market growth, low market share - this is not correct as it is the dog category	**(1)**

Question Number	Which **one** of the following would give a business a negative cash flow? **Answer**	Mark
1 (a) (iii)	**AO1 - 1 mark** **The only correct answer is D – Cash outflow is greater than cash inflow** **A** – Cash inflow is greater than cash outflow – this is not correct as it would give the business positive cash flow **B** – Costs are greater than profits – this is not correct as it would give the business a loss **C** – Profits are greater than costs – this is not correct as it would give the business profit	**(1)**

Question Number	Which **one** of the following is a recruitment document that outlines the tasks and responsibilities of a job? **Answer**	Mark
1 (a) (iv)	**AO1 - 1 mark** **The only correct answer is A – Job description** **B –** Person specification - this is not correct as it is a document outlining person attributes **C –** Application form – this is not correct as it is a form potential employees fill in **D –** Curriculum vitae – this is not correct as it is a document outlining the skills, experiences and qualifications of the potential employee	**(1)**

Question Number	Which **one** of the following is the total cost, in euros, of buying a four week supply of wrapping paper? **Answer**	Mark
1 (a) (v)	**AO2 - 1 mark** **The only correct answer is C – €317.40** **A –** €79.35 – this is not the correct answer as it is the cost of 150 metres of wrapping paper for a week **B –** €276.00 – this is not the correct answer as it is 4 weeks of wrapping paper in pounds **D –** €396.75 – this is not the correct answer as it is 5 weeks of wrapping paper in euros	**(1)**

Question Number	Which **one** of the following is the markup for a selection of traditional flowers? **Answer**	Mark
1 (a) (vi)	**AO2 - 1 mark** **The only correct answer is A – 54.76%** **B –** 64.62% – this is not the correct answer as it is 42/65 x100 **C –** 182.61% – this is not the correct answer as it is 42/23 x100 **D –** 282.61% – this is not the correct answer as it is 65/23 x100	**(1)**

Question Number	Define the term **economies of scale.** **Answer**	Mark
1 (b)	**AO1 - 1 mark** Award 1 mark for a correct definition of **economies of scale.** • A fall in average costs as output increases **(1)**	**(1)**

Question Number	Define the term **stakeholder.** **Answer**	Mark
1 (c)	**AO1 - 1 mark** Award 1 mark for a correct definition of **stakeholder**. • Individuals or groups with an interest in the operation of a business **(1)**	**(1)**

Question Number	State **one** benefit to *Aude Rose* of using just-in-time (JIT) production. **Answer**	Mark
1 (d)	**A02 - 1 mark** Award 1 mark for a benefit to *Aude Rose* of using just-in-time production in the context of the business. • *Aude Rose* will have less waste as the flowers will be fresh when delivered to the Paris shop **(1)** **NB** Do not accept a benefit that is not in the context of *Aude Rose*. **Accept any other appropriate response.**	**(1)**

Question Number	Calculate how many bunches of flowers will *Aude Rose* have to sell to break-even. **Answer**	**Additional guidance**	**Mark**
1 (e)	**A02 - 2 marks** 50 000/(50 – 10) **(1)** = 1 250 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	**(2)**

Question Number	Explain **one** reason why a business might fail. **Answer**	Mark
1 (f)	**A01 - 3 marks** Award 1 mark for identification of a reason why a business might fail, plus 2 further marks for explaining the reason, for a maximum of 3 marks. • A lack of finance **(1)** from poor cashflow can lead to its failure **(1)** leading to an issue of paying for inventory to sell on to customers **(1)** **NB** Answers that list three reasons with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	Analyse the importance to Aude Anglaret of motivating her employees. **Indicative content**	Mark
1 (g)	**AO2 = 3 marks AO3 = 3 marks** **AO2** • If the florists are motivated, they could produce more bunches of flowers for sale to customers • The florists are more likely to stay in the flower shop if they are paid more **AO3** • Increased productivity could lead to greater outputs and more sales • Employees who stay will reduce the cost of recruitment and training of new employees	**(6)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-2	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3)
Level 2	3-4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)
Level 3	5-6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)

3 (a)	**A01 - 1 mark** Award 1 mark for a correct definition of **overdraft.** • An agreement to draw more money from a bank account that it has in it **(1)**	**(1)**

Question Number	Outline **one** reason why *IKEA* would read reports issued by governments. **Answer**	**Mark**
3 (b)	**A02 - 2 marks** Award 1 mark for identifying one reason why *IKEA* would read government reports, plus 1 further mark for linking it to the context of the question. • If a government reported that it was going to reduce the amount of money people have to spend by increasing income tax **(1)** this could mean that people might not purchase more furniture for their home **(1)** **NB** Do not accept a reason that is not in the context of *IKEA.* **Accept any other appropriate response.**	**(2)**

Question Number	Calculate to 2 decimal places the bonus this employee would receive. **Answer**	**Additional guidance**	**Mark**
3 (c)	**A02 - 2 marks** 177 070 x 0.075 **(1)** = 13 280.25 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	**(2)**

Question Number	Analyse why *IKEA* shortlists candidates for positions in its factories. **Indicative content**	Mark
3 (d)	**AO2 = 3 marks AO3 = 3 marks** **<u>AO2</u>** • Shortlisting saves *IKEA* time by only calling applicants for an interview, if they have the experience or qualifications to be able to packaging flat packs in an *IKEA* factory • *IKEA* will shortlist candidates that match the job description of a carpenter working in its factories **<u>AO3</u>** • Only such applicants will be interviewed meaning the time required of *IKEA*'s Human Resources to make an appointment of a factory worker is reduced • They check that the details on the application form matches the job the applicant is applying for	**(6)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-2	• Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3).
Level 2	3-4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3).
Level 3	5-6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3).

Question Number	**Option 1:** bonus **Option 2:** job enrichment **Indicative content**	Mark
3 (e)	**AO2 = 3 marks AO3 = 3 marks AO4 = 3 marks** **AO2** • **Option 1** – By offering carpenters in its factories the opportunity of earning a bonus encourages them to make more tables and chairs • **Option 2** – By *IKEA* providing job enrichment opportunities such as training its present employees, so they are able to work in the packing department **AO3** • **Option 1** – Employees are more likely to remain with *IKEA* than find another job as a bonus will add to their salary • **Option 2** – Employees will gain new skills which will make them feel valued by *IKEA*, helping them to gain promotion, such as becoming an Assistant Manager **AO4** • **Option 1** – However, employees may not be interested in a bonus as it requires more work and effort • **Option 2** – However, not all employees are motivated by non-financial methods of motivation such as job enrichment, they may prefer to have additional remunerations	**(9)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-3	• Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3). • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made (AO4).
Level 2	4-6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3). • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made (AO4).
Level 3	7 - 9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3). • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made (AO4).

Question Number	Calculate to 2 decimal places the percentage decrease in inventories from 2019 to 2020. **Answer**	**Additional guidance**	**Mark**

3 (a)	**A01 - 1 mark** Award 1 mark for a correct definition of **autonomy.** • Giving workers the authority to make choices and decisions about the way they work **(1)**	**(1)**

Question Number	Outline **one** reason why *M&M* might locate a new factory near to a labour force. **Answer**	**Mark**
3 (b)	**A02 - 2 marks** Award 1 mark for identifying one reason why *M&M* might locate its factories near to a labour force, plus 1 further mark for linking it to the context. • To have access to a wide pool of labour when the car plant opens **(1)** that pool to include production line workers and skilled technicians **(1)** **NB** Do not accept a reason that is not in the context of *M&M.* **Accept any other appropriate response.**	**(2)**

Question Number	Calculate to 2 decimal places the current ratio for 2020. **Answer**	**Additional guidance**	**Mark**
3 (c)	**AO2 - 2 marks** 3 400/900 **(1)** = 3.78 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	**(2)**

Question Number	Analyse why *M&M* would want to compare its business with other vehicle manufacturers. **Indicative content**	**Mark**
3 (d)	**AO2 = 3 marks AO3 = 3 marks** **<u>AO2</u>** • *M&M* can compare its sales of cars with other businesses such as the Ford Motor Company • If Fiat introduce different models of tractors *M&M* may consider changing the design of their own tractors **<u>AO3</u>** • If *M&M*'s figures are not as good as Ford Motor Company, they may try to improve sales by offering discounts or other incentives to customers • There is no guarantee that if *M&M* introduces a new tractor that it will compete with Fiat's tractors	**(6)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-2	• Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3).
Level 2	3-4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3).
Level 3	5-6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3).

Question Number	**Option 1:** job rotation **Option 2:** bonus **Indicative content**	Mark
3 (e)	**AO2 = 3 marks AO3 = 3 marks AO4 = 3 marks** **AO2** • **Option 1** – By giving employees the opportunity to move to different jobs on or off the production line from manufacturing vehicle parts to help designing vehicle parts keeps them involved in all aspects of production • **Option 2** – A bonus payment if car manufacturing targets are met makes employees feel valued and they would want to continue working for *M&M* in the car road-testing section **AO3** • **Option 1** – Employees are more likely to remain with *M&M* than look for another job, as they are continually gaining new experiences and skills • **Option 2** – A bonus encourages employees to work harder to ensure they gain their bonus **AO4** • **Option 1** – However, employees may not be interested in job rotation as it may not increase their wages • **Option 2** – However, employees may not be interested in bonus payments if their bonus is based on everyone who works in the factory, as some employees may not work as hard as others	**(9)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-3	• Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3). • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made (AO4).
Level 2	4-6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3). • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made (AO4).
Level 3	7 - 9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3). • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made (AO4).

Question Number	Calculate, to 2 decimal places, the cost of the tractor in pounds sterling (GBP). **Answer**	**Additional guidance**	**Mark**

1 (a) (i)	**AO1 - 1 mark** **The only correct answer is C – Retained profit** **A** is not the correct answer as an overdraft is an external source of finance **B** is not the correct answer as crowdfunding is an external source of finance **D** is not correct answer as share capital is an external source of finance	**(1)**

Question Number	Which **one** of the following is a result of average costs rising in a large business? **Answer**	**Mark**
1 (a) (ii)	**AO1 - 1 mark** **The only correct answer is B – diseconomies of scale** **A** is not the correct answer as economies of scale are as a result of average costs falling due to an increase in size **C** is not the correct answer as purchasing economies are when large businesses can buy resources at a cheaper rate **D** is not the correct answer as financial economies are when large businesses can borrow money at a cheaper rate	**(1)**

Question Number	Which **one** of the following is the money left after all costs have been subtracted from revenue? **Answer**	**Mark**
1 (a) (iii)	**AO1 - 1 mark** **The only correct answer is D - Profit** **A** is not the correct answer as gross profit is the profit after the cost of producing the product **B** is not the correct answer as inflows are payments into a business **C** is not the correct answer as a loss will come when there is a minus figure after costs have been subtracted from revenue	**(1)**

Question Number	Which **one** of the following is a debt payable after 12 months? **Answer**	Mark
1 (a) (iv)	**AO1 - 1 mark** **The only correct answer is A – non-current liability** **B** is not the correct answer as a current liability is a debt that is payable within 12 months **C** is not the correct answer as a non-current asset is one that lasts for more than one year **D** is not the correct answer as a current asset is likely to be turned into cash within a year	**(1)**

Question Number	Which **one** of the following is the markup for the mozzarella cheese and avocado Ciabatta? **Answer**	Mark
1 (a) (v)	**AO2 - 1 mark** **The only correct answer is C – 107%** **A** is not the correct answer as 48% is 2.56/5.30 x100 **B** is not the correct answer as 93% is 2.56/2.74 x100 **D** is not the correct answer as 207% is 5.30/2.56 x100	**(1)**

Question Number	Which **one** of the following would *Café Pinch* pay in euros if it bought 50 kilos of potatoes? **Answer**	Mark
1 (a) (vi)	**AO2 - 1 mark** **The only correct answer is B - €48.81** **A** is not the correct answer as €59.52 is 50kg / £0.84 **C** is not the correct answer as €42.00 is 50kg x £0.84 **D** is not the correct answer as €41.00 is 50kg x £0.82	**(1)**

Question Number	Define the term **variable cost** **Answer**	Mark
1 (b)	**AO1 - 1 mark** Award 1 mark for a correct definition of **variable cost.** • A cost that changes directly with output **(1)**	**(1)**

Question Number	Define the term **niche marketing.** **Answer**	Mark
1 (c)	**AO1 - 1 mark** Award 1 mark for a correct definition of **niche marketing**. • Targeting a smaller segment of a market **(1)**	**(1)**

Question Number	State **one** way *Café Pinch* can react to external social factors affecting its business. **Answer**	Mark
1 (d)	**A02 - 1 mark** Award 1 mark for a way *Café Pinch* can react to the social factors affecting its business in the context of the business. • They can change their menu to suit people becoming more health conscious **(1)** **NB** Do not accept a way that is not in the context of *Café Pinch.* **Accept any other appropriate response.**	**(1)**

Question Number	Calculate what a customer would pay for these three items after the discount is applied. **Answer**	**Additional guidance**	Mark
1 (e)	**A02 - 2 marks** 14.00 x 0.05 = 0.70 **(1)** 14.00 – 0.70 = 13.30 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	**(2)**

Question Number	Explain **one** advantage to a start-up business of using a venture capitalist. **Answer**	Mark
1 (f)	**A01 - 3 marks** Award 1 mark for identification of an advantage of using a venture capitalist, plus 2 further marks for explaining the advantage, for a maximum of 3 marks. • Venture capitalists can be specialists **(1)** who may bring skills and new ideas to the business **(1)** giving it a greater chance of success **(1)** **NB** Answers that list three advantages with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	Analyse the importance to Kumaran, the owner of *Café Pinch,* of having motivated employees. **Indicative content**	Mark
1 (g)	**AO2 = 3 marks AO3 = 3 marks** **<u>AO2</u>** • If waiters serving customers are motivated, they will provide a good service when serving food and drink • If the chefs are motivated, they can come up with new dishes to enhance the menu **<u>AO3</u>** • If the employees/waiters remain motivated, they will continue to want to meet the needs of customers encouraging those customers to keep coming back to the business • This could lead to staff retention and lower recruitment costs	**(6)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-2	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3)
Level 2	3-4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)
Level 3	5-6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)

2 (a)	**AO2 - 1 mark** Award 1 mark for a reason why *Starbucks* should have good communication with its customers. • By communicating with customers, they are likely to return to buy more sandwiches from *Starbucks* **(1)** • Having good communication with customers encourages them to return to the shop so that a customer orders coffee and cake is understood and accurately delivered **(1)** **NB** Do not accept a reason that is not in the context of *Starbucks*. Accept any appropriate response.	**(1)**

Q. No.	State **one** way *Starbucks* could follow health and safety legislation. **Answer**	**Mark**
2 (b)	**AO2 - 1 mark** Award 1 mark for a valid way *Starbucks* could follow health and safety legislation in the context of the business • Employees must ensure that when they are serving customers with biscuits they are handled with tongs or gloved hands **(1)** • Employees need to following the rules and regulations when using the coffee machines to avoid hot water and steam that could burn their hands **(1)** **NB** Do not accept a way that is not in the context of *Starbucks*. Accept any appropriate response.	**(1)**

Q. No.	Explain **one** reason why many manufacturing businesses use just-in-time (JIT). **Answer**	Mark
2 (c)	**A01 - 3 marks** Award 1 mark for identification of a reason why many manufacturing business use just-in-time (JIT), plus 2 further marks for explaining the reason, for a maximum of 3 marks. • JIT reduces the amount of inventory held by a business **(1)** reducing the costs associated with over ordering of inventory **(1)** meaning overall costs for a business may be reduced **(1)** • JIT reduces the amount of out-of-date or damaged stock **(1)** reducing the amount of storage space required for inventory **(1)** and this can then be used for other business activities **(1)** **NB** No marks are awarded for a definition. Answers that list three reasons with no explanation will get a 1 mark only. Accept any appropriate response.	**(3)**

Q. No.	Explain **one** reason why it is important that businesses pay their suppliers on time. **Answer**	Mark
2 (d)	**A01 - 3 marks** Award 1 mark for identification of one reason why it is important for a business of paying its suppliers on time, plus 2 further marks for explaining the reason for a maximum of 3 marks. • Paying suppliers on time establishes a good relationship with suppliers **(1)** and if a business needs goods urgently from them **(1)** they would be more likely to help them knowing they would be paid on time **(1)** • Paying on time, gives the business better negotiating powers with the supplier **(1)** so that if the supplier trusts them they may negotiate better prices **(1)** thus keeping its costs down **(1)** **NB** No marks are awarded for a definition. Answers that list three reasons with no explanation will get a 1 mark only. Accept any appropriate response.	**(3)**

Q. No.	Explain **one** effect on a business if interest rates are decreased. **Answer**	Mark
2 (e)	**A01 - 3 marks** Award 1 mark for identification of an effect on a business if the interest rates are decreased, plus 2 further marks for explaining the importance, for a maximum of 3 marks. • A decrease in interest rates reduces the cost of borrowing for a business **(1)** making it cheaper to finance new projects/expansion **(1)** improving the profitability of the business **(1)** • This could increase sales income for a business **(1)** because consumers may have more money to spend **(1)** on additional items they might want, which the business sells **(1)** **NB** No marks are awarded for a definition. Answers that list three effects with no explanation will get 1 mark only. Accept any appropriate response.	**(3)**

Q. No.	**Option 1:** financial methods **Option 2:** non-financial methods. Justify which **one** of these two methods *Starbucks* should choose. **Indicative content**	**Mark**
2 (f)	**AO2 = 3 marks, AO3 = 3 marks, AO4 = 3 marks** **AO2** • **Option 1** – By offering financial methods to its employees, such as bonus payments if the coffee shop increases its sales • **Option 2** – If *Starbucks* could offer its employee's non-financial benefits such as job enrichment within the coffee shop, so employees can gain more skills and knowledge of the business **AO3** • **Option 1** – Employees recognise that they are being financially rewarded for working hard and enjoy the extra income and this may encourage them to stay with the business • **Option 2** – Employees will gain new skills and knowledge and feel valued by *Starbucks,* which may help them gain promotion such as becoming an assistant manager and they will feel more loyal to Starbucks **AO4** • **Option 1** – However, not all employees are interested in bonus payments, as many employees are more interested in a good work-life balance and more concerned with non-financial incentives • **Option 2** – However, not all employees are motivated by non-financial methods of motivation, they may prefer having additional funds added to their pay slip so that they can pay their bills	**(9)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-3	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	4-6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)
Level 3	7 - 9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)

Q. No.	Define the term **crowdfunding**. **Answer**	Mark

Question Number	Answer	Mark
2 (a)	**AO2 - 1 mark** Award 1 mark for any valid method of motivation in the context of the business. • Job rotation between L.cafe, L.bistro and L.table **(1).** • Job enrichment to give more complex tasks other than just serving customers **(1).** **Accept any other appropriate response.**	**(1)**

Question Number	Answer	Mark
2 (b)	**AO2 - 1 mark** Award 1 mark for any valid responsibility of the finance function in the context of the business. Calculate and pay the wages/salaries of the staff in *L.table* **(1).** Pay suppliers of baking ingredients on time **(1).** **Accept any other appropriate response.**	**(1)**

Question Number	Answer	Mark
2 (c)	**AO1 - 3 marks** Award 1 mark for identification of a way a business can use penetration pricing, plus 2 further marks for explaining this way, for a maximum of 3 marks. • A business can offer a low price for a new product **(1).** This will entice customers to try the new product in its introduction stage **(1)** and stop them from buying from the competitors **(1).** Answers that list three ways with no explanation will get a maximum of 1 mark. **Accept any other appropriate response.**	**(3)**

Question Number	Answer	Mark
2 (d)	**AO1 - 3 marks** Award 1 mark for identification of a reason why a business would have a short span of control, plus 2 further marks for explaining this reason, for a for a maximum of 3 marks. • This will allow the business to have better communication with its employees **(1)** as messages have less levels to go through **(1)** leading to a more productive workforce **(1).** Answers that list three reasons with no explanation will get a maximum of 1 mark. **Accept any other appropriate response.**	**(3)**

Question Number	Answer	Mark
2 (e)	**AO1 - 3 marks** Award 1 mark for identification of a reason why diseconomies of scale may occur, plus 2 further marks for explaining this reason, for a maximum of 3 marks. • The business gets too big **(1)** employees can become demotivated **(1),** which could result in falling productivity levels **(1).** Answers that list more than one reason with no explanation will get a maximum of one mark. **Accept any other appropriate response.**	**(3)**

Question Number	Indicative content	Mark
2 (f)	**AO2 = 3 marks AO3 = 3 marks AO4 = 3 marks** **AO2** • Option 1 – Each outlet could match the needs of the local customers. • Option 2 – *Lavender* could use Flow Production to make all its cakes the same for all outlets. **AO3** • Options 1 – The needs of the customers from that area will be met and sales will increase. • Option 2 – Lavender could produce more cakes in less time, thus ensuring supplies to all its outlets. **AO4** • Option 1 – However, there will not be consistencies across all outlets and that will make the movement of employees difficult. • Option 2 – However, flow production is very difficult to change and cannot take in to account regional tastes and if the cakes do not sell then there is a potential for the business to make a loss.	**(9)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-3	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	4-6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)
Level 3	7 - 9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)

Question Number	Answer	Mark
3 (a)	**A01 = 1 mark** Award 1 mark for a correct definition of hierarchical structure. • A structure with many levels (1).	**(1)**

Question Number	Answer	Mark
3 (b)	**A02 = 2 marks** Award 1 mark for identifying a reason why *Emirates* would have short chains of command, plus 1 further mark for linking it to the context of the question. • Communication between *Emirates'* employees involved in recycling would be quicker, and therefore, more accurate (1). Communication between these employees will only pass through a few levels before reaching the intended employee (1). **NB** Do not accept a reason that is not in the context of *Emirates.* **Accept any other appropriate response.**	**(2)**

Question Number	Answer	Additional guidance	Mark
3 (c)	**A02 = 2 marks** 13,457,776/100 x 12.5 = 1,682,222 (1) 13,457,776 – 1,682,222 = 11,775,554 (1) **OR** 13,457,776 x 0.125 = 1,682,222 (1) 13,457,776 – 1,682,222 = 11,775,554 (1)	Award 1 mark for substituting numbers into formula correctly. Award full marks for correct numerical answer without working.	**(2)**

Question Number	Indicative content	Mark
3 (d)	**AO2 = 3 marks AO3 = 3 marks** **AO2** • As *Emirates* recycles all waste from its aircraft this is a good marketing technique. • *Emirates* wants to maintain its reputation as a business that cares about the environment and does this by reducing its fuel consumption. **AO3** • *Emirates* has a good record of recycling, which may prove attractive to people who care for the environment. They are more likely to use *Emirates* because of its environmental policies. • Although *Emirates* pollutes the environment by using fuel, it is now reducing that use and, therefore, has become less polluting.	**(6)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3)
Level 2	3–4	• Sound application of knowledge and understanding of business concepts and issues to the business context, although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)
Level 3	5–6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)

Question Number	Indicative content	Mark
3 (e)	**AO2 = 3 marks AO3 = 3 marks** **AO4 = 3 marks** **AO2** • Option 1 – Increasing special offers encourages more passengers to fly with *Emirates*. • Option 2 – Many passengers will use social media and, therefore, it is a good way to advertise to a large number of potential passengers. **AO3** • Option 1 – This improves sales for *Emirates,* which helps it towards regaining its prime position against its competitors. • Option 2 – It is a quicker, more up-to-date and less expensive way to get information out to passengers and potential passengers. **AO4** • Option 1 – Although special offers help, it is the service and the way passengers are treated that improves the airline's status. • Option 2 – However, there is no control over social media and what is being said about *Emirates* by the users of social media.	**(9)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	4–6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)
Level 3	7–9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)

Question Number	State **one** way *TBTS* can measure its success as a business **Answer**	Mark
2 (a)	**A02 - 1 mark** Award 1 mark for a valid way in which *TBTS* can measure its success in business in the context of *TBTS* • An increase in the revenue it earns from selling its toys **(1)** **NB** Do not accept a way that is not in the context of *TBTS* **Accept any other appropriate response**	**(1)**

Question Number	State **one** reason why *TBTS* might segment its market **Answer**	Mark
2 (b)	**A02 - 1 mark** Award 1 mark for a valid reason *TBTS* might segment the market in the context of *TBTS* • *TBTS* will be able to aim its toys appropriately to different age groups **(1)** **NB** Do not accept a reason that is not in the context of *TBTS* **Accept any other appropriate response**	**(1)**

Question Number	Explain **one** benefit to a business of having a flat organisational structure. **Answer**	Mark
2 (c)	**A01 - 3 marks** Award 1 mark for identification of a benefit to a business of having a flat organisational structure, plus 2 further marks for explaining this benefit for a business, for a maximum of 3 marks • Businesses will have fewer levels **(1)** so lines of communication are shorter **(1)** leading to quicker decision-making **(1)** NB Answers that list three benefits with no explanation will get 1 mark only **Accept any other appropriate response.**	**(3)**

Question Number	Explain **one** method a small business may use to increase its profit. **Answer**	Mark
2 (d)	**A01 - 3 marks** Award 1 mark for identification of a method of increasing profit, plus 2 further marks for explaining this method, for a maximum of 3 marks. • Cutting costs **(1)** such as reducing the number of employees **(1)** which could increase profit if revenue stays the same **(1)** **NB** Answers that list three methods with no explanation will get 1 mark only **Accept any other appropriate response**	**(3)**

Question Number	Explain **one** benefit to a business of using the Boston Matrix. **Answer**	Mark
2 (e)	**A01 - 3 marks** Award 1 mark for the identification of a benefit of using the Boston Matrix, plus 2 further marks for explaining that benefit, for a maximum of 3 marks. • The Boston Matrix helps a business to balance its product portfolio **(1)** showing if they have too many similar products **(1)** and can lead to identifying when they need to introduce a new product **(1)** NB Answers that list three benefits with no explanation will get 1 mark only **Accept any other appropriate response.**	**(3)**

Question Number	*TBTS* is considering two options: **Option 1:** using retained profits **Option 2:** getting a bank loan Justify which **one** of these two options *TBTS* should choose **Indicative content**	Mark
2 (f)	**AO2 = 3 marks AO3 = 3 marks** **AO4 = 3 marks** **AO2** • **Option 1** – By using retained profits *TBTS* can buy the toys immediately to sell in its toy shops • **Option 2** – *TBTS* will have to wait for a decision to be made by the bank before being able to buy the toys from new suppliers **AO3** • **Option 1** – This method does not need to be paid back so any profits made from the introduction of new toys will go back into the business • **Option 2** – *TBTS* may have more finance from a bank loan and can therefore buy a wider range of toys **AO4** • **Option 1** – However, *TBTS* can only use retained profits if they have any in the first place as it can take some time to build up profits to use in investing in new products. • **Option 2** – However, interest has to be paid back to the bank so this adds an additional cost to the business but can be paid back over a long period of time so *TBTS* can budget for this.	**(9)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-3	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	4-6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)
Level 3	7 - 9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)

2 (a)	**A02 - 1 mark** Award 1 mark for a valid method *Irsi Chocolatier* could use to improve its competitive position in the context of the business. • The chocolate shop may now open on a Monday **(1)** **NB** Do not accept a method that is not in the context of *Irsi Chocolatier* **Accept any other appropriate response**.	**(1)**

Question Number	State **one** way *Irsi Chocolatier* might extend the life cycle of one of its products. **Answer**	**Mark**
2 (b)	**A02 - 1 mark** Award 1 mark for a valid way *Irsi Chocolatier* might extend the life cycle of a product in the context of the business. • *Irsi Chocolatier* can lower the price of its chocolates **(1)** **NB** Do not accept a way that is not in the context of *Irsi Chocolatier* **Accept any other appropriate response.**	**(1)**

Question Number	Explain **one** way a business could use e-newsletters. **Answer**	Mark
2 (c)	**A01 - 3 marks** Award 1 mark for identification of a way a business could use e-newsletters, plus 2 further marks for explaining this way, for a maximum of 3 marks. • E-newsletters can be personalised based on a customer's previous transactions **(1)** it could include special discounts just for them **(1)** leading to customers being motivated to return **(1)** **NB** Answers that list three ways with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**
Question Number	Explain **one** way a business could use market research information. **Answer**	**Mark**
2 (d)	**A01 - 3 marks** Award 1 mark for identification of a way a business could use market research information, plus 2 further marks for explaining this way, for a maximum of 3 marks. • To find out what customers think of their products **(1)** so they can act on any relevant feedback given **(1)** and therefore better meet the needs of customers **(1)** **NB** Answers that list three ways with no explanation will get 1 mark only. **Accept any other appropriate response**.	**(3)**

Question Number	Explain **one** benefit to a business that has a decentralised organisational structure. **Answer**	Mark
2 (e)	**A01 - 3 marks** Award 1 mark for the identification of a benefit to a business that has a decentralised organisational structure, plus 2 further marks for explaining that benefit, for a maximum of 3 marks. • Employees may be better motivated **(1)** as they can share their ideas with the fellow employees **(1)** and can be part of the decision making process **(1)** **NB** Answers that list three benefits with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	*Irsi Chocolatier* is considering using: **Option 1:** batch production **Option 2:** job production. Justify which **one** of these two options *Irsi Chocolatier* should choose. **Indicative content**	Mark
2 (f)	**AO2 = 3 marks AO3 = 3 marks** **AO4 = 3 marks** **AO2** • **Option 1** – batch production would allow different flavours and shapes of chocolate lollipops to be made • **Option 2** – Job production allows *Irsi Chocolatier* to give customers the option of personalised chocolate lollipops **AO3** • **Option 1** – This method will allow *Irsi Chocolatier* to make a certain number of one type of lollipop and then switch to another to give customers a range in lollipops as it does with the chocolates • **Option 2** – This method would give a consistent approach to its customers of personalised products **AO4** • **Option 1** – However, it could be more costly depending on the demand for different shapes and flavours • **Option 2** – However, lollipops are only small items so customers may not want to wait for them to be personalised and may prefer to buy off the shelf to make the transaction quicker	**(9)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-3	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	4-6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)
Level 3	7 - 9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)

2 (a)	**A02 - 1 mark** Award 1 mark for a valid reason why *Café Pinch* might set business objectives in the context of the business • It will give Kumaran the motivation to make his business a success as he tries to meet the business objectives he set **(1)** **NB** Do not accept a reason that is not in the context of *Café Pinch.* **Accept any other appropriate response**	**(1)**

Question Number	State **one** way *Café Pinch* could use the Boston matrix to review its product portfolio. **Answer**	**Mark**
2 (b)	**A02 - 1 mark** Award 1 mark for a valid way *Café Pinch* could use the Boston matrix to review its product portfolio in the context of the business • *Cafe Pinch* could identify which of its Ciabattas are dog products and take them off the menu **(1)** **NB** Do not accept a way that is not in the context of *Café Pinch.* **Accept any other appropriate response**	**(1)**

Question Number	Explain **one** responsibility of the human resources function. **Answer**	Mark
2 (c)	**A01 - 3 marks** Award 1 mark for identification of a responsibility of the human resources function, plus 2 further marks for explaining this responsibility for a business, for a maximum of 3 marks • Recruitment and selection of employees **(1)** that includes placing job adverts/interviewing/appointing candidates **(1)** leading to the most suitable applicant going through **(1)** NB Answers that list three responsibilities with no explanation will get 1 mark only **Accept any other appropriate response.**	**(3)**

Question Number	Explain **one** advantage of being in a partnership. **Answer**	Mark
2 (d)	**A01 - 3 marks** Award 1 mark for identification of an advantage of being in a partnership, plus 2 further marks for explaining this advantage, for a maximum of 3 marks. • Each partner can bring their own experience and expertise **(1)** specialising in their own area of skill **(1)** thus increasing the chances of its success **(1)** **NB** Answers that list three advantages with no explanation will get 1 mark only **Accept any other appropriate response**	**(3)**

Question Number	Explain **one** disadvantage to a business of having a hierarchical organisational structure. **Answer**	Mark
2 (e)	**A01 - 3 marks** Award 1 mark for the identification of a disadvantage of having a hierarchical organisational structure, plus 2 further marks for explaining that disadvantage, for a maximum of 3 marks. • Communication through many layers can be difficult **(1)** there is a long chain of command **(1)** possibly leading to slow decision making **(1)** NB Answers that list three disadvantages with no explanation will get 1 mark only **Accept any other appropriate response.**	**(3)**

Question Number		Mark
	Café Pinch is considering two options: **Option 1:** introduce a vegan range of products **Option 2:** a special offer of 7.5% off to customers on Wednesday mornings 9am – 12pm Justify which **one** of these two options *Café Pinch* should choose **Indicative content**	
2 (f)	**AO2 = 3 marks AO3 = 3 marks AO4 = 3 marks** **AO2** • **Option 1** – Introducing a vegan range addresses a new market for the café • **Option 2** – Giving a 7.5% discount can draw more customers into the cafe at a time when it might not be busy **AO3** • **Option 1** – This new range of products could lead to an increase in sales with limited upfront costs if it adapts the current menu to make it vegan friendly • **Option 2** – As this 7.5% discount is only for one morning, it may draw more customers to them at that time instead of their competitors as long as the offer is promoted well **AO4** • **Option 1** – However, whilst this might draw in more customers *Café Pinch* needs to ensure it spends some time researching the products its customers want as well as what the competitors nearby are selling • **Option 2** – However, despite this leading to a potential increase in competitiveness as *Café Pinch* is only small, they may not be able to cope with the increased demand at this time and it could lead to a decrease in competitiveness as customers may go elsewhere	**(9)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-3	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	4-6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)
Level 3	7 - 9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)

1 (a) (i)	**AO1 - 1 mark** **The only correct answer is B – Current liability** **A –** Current asset - this is not correct because it is something a business owns that can be converted to cash within 12 months **C** – Non-current asset - this is not correct because it is something owned by a business for longer than 12 months **D** – Non-current liability - this is not correct because it is a debt to be paid back longer than 12 months	**(1)**

Question Number	Which **one** of the following is a pricing strategy where a business sets an initial high price for a product new to the market? **Answer**	**Mark**
1 (a) (ii)	**AO1 - 1 mark** **The only correct answer is A – Skimming** **B –** Competition **-** this is not correct because it is when a business considers its competitors price before setting theirs **C –** Penetration **-** this is not correct because it is when a business charges a low price to begin with before setting its own price **D –** Cost plus - this is not correct because it is adding a percentage to the cost of making the product	**(1)**

Question Number	Which **one** of the following is a role of the human resources department? **Answer**	Mark
1 (a) (iii)	**AO1 - 1 mark** **The only correct answer is D – Recruiting employees** **A** – Reducing costs - this is not correct because it is the role of finance **B** – Designing products- this is not correct because it is the role of production **C** – Customer Service - this is not correct because it is the role of marketing	**(1)**

Question Number	Which **one** of the following is a benefit to a shareholder of having limited liability? **Answer**	Mark
1 (a) (iv)	**AO1 - 1 mark** **The only correct answer is C – Own possessions are not at risk** **A –** Choosing who buys shares - this is not correct because this is a benefit of owning a private limited company **B –** May build a better relationship with suppliers - this is not correct because it is a benefit of loyalty to a supplier **D –** Employee motivation will increase - this is not correct because it is a benefit of a good relationship with employees	**(1)**

Question Number	Which **one** of the following is the break-even level of output? **Answer**	Mark
1 (a) (v)	**AO2 - 1 mark** **The only correct answer is B - 350** **A** – 280 - this is not correct because it is the fixed costs **C** – 420 - this is not correct because it is the fixed costs multiplied by revenue **D** – 616 - this is not correct because it is the revenue added to variable cost per unit then multiplied by fixed costs	**(1)**

Question Number	Which **one** of the following statements from **Figure 2** correctly applies to the gym equipment business? **Answer**	Mark
1 (a) (vi)	**AO2 - 1 mark** **The only correct answer is C – it made a profit of €43 765** **A** – It made a loss of €88 400 - this is not correct because it is the total costs **B** – It made a loss of €61 165 - this is not correct because it is (€54 000 + €17 000) – €132 165 **D** – It made a profit of €78 165 - this is not correct because it is €132 165 - €54 000	**(1)**

Question Number	Define the term **trade bloc.** **Answer**	Mark
1 (b)	**AO1 - 1 mark** Award 1 mark for a correct definition of **trade bloc**. • A group of countries that work together to benefit from trade free of barriers **(1)**	**(1)**

Question Number	Define the term **job production.** **Answer**	Mark
1 (c)	**AO1 - 1 mark** Award 1 mark for a correct definition of **job production**. • The one-off production of a customised product to meet a customers' specific needs **(1)**	**(1)**

Question Number	State **one** reason why *Four Fitness* would pay its employees more than the minimum wage. **Answer**	Mark
1 (d)	**AO2 - 1 mark** Award 1 mark for a reason *Four Fitness* would pay its employees higher than minimum wage. • Its gym instructors are highly qualified and skilled **(1)** **NB** Do not accept a reason that is not in the context of *Four Fitness.* **Accept any other appropriate response.**	**(1)**

Question Number	Calculate the total price if five *Four Fitness* members attend the event. You are advised to show your working. **Answer**	Additional guidance	Mark
1 (e)	**AO2 - 2 marks** 175 – 12.25 = 162.75 **(2)** 35 x 5 = 175 **(1)** 175 x 0.07 = 12.25 **(1)**	Award full marks for correct numerical answer without working. Award 1 mark for correctly substituting numbers into formula.	**(2)**

Question Number	Explain **one** impact to a business of providing fringe benefits to employees. **Answer**	Mark
1 (f)	**AO1 - 3 marks** Award 1 mark for an impact to a business of providing fringe benefits to employees, plus 2 further marks for explaining the impact, for a maximum of 3 marks. • Lower staff turnover **(1)** which reduces recruitment costs **(1)** as they will not need to find new employees **(1)** **NB** Answers that list three impacts with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	Analyse the effectiveness of the wide span of control used by Gianni Polvani. **Indicative content**	Mark
1 (g)	**AO2 = 3 marks AO3 = 3 marks** **<u>AO2</u>** • Gianni will be able to empower his employees directly within the gym as there are no layers between him and them • 14 employees may be too many for Gianni to manage himself especially as he has two gyms to run **<u>AO3</u>** • Employees will be more motivated as decisions will be made quicker and this will encourage them to take ownership of their own work resulting in them bringing in new ideas to the gym • He may not be able to spread his time evenly between all the workers which could lead to lower productivity levels because of this reduced supervision	**(6)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-2	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3)
Level 2	3-4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)
Level 3	5-6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)

Question Number	State **one** factor *Four Fitness* may consider when choosing a location for its new gym. **Answer**	**Mark**

4 (a)	**A02 - 2 marks** 22.80 x 17 387.60 x 0.15 = 58.14 **(1)** 387.60 – 58.14 = 329.46 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	**(2)**

Question Number	Analyse the usefulness to *TBTS* of the acid test ratio. **Indicative content**	**Mark**
4 (b)	**AO2 – 3 marks AO3 – 3 marks** **<u>AO2</u>** • *TBTS* can find it useful to use these ratios as they can see it increases from 0.75 in 2018 to 0.88 in 2020 • *TBTS* can use it to see that they may need to take out any short-term finance for new projects such as the range of new toys for 4-year-olds **<u>AO3</u>** • This can help *TBTS* see if they have enough cash to cover any short-term debts to creditors such suppliers of toys and help them to keep a good relationship with the suppliers by paying on time. • The ratios show they need to be cautious as each year the acid test ratio is below 1	**(6)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-2	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3)
Level 2	3-4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)
Level 3	5-6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)

Question Number	Evaluate the importance of good internal and external communication to *TBTS*. You should use the information provided as well as your own knowledge of business. **Indicative content**	Mark
4 (c)	**AO1 = 3 marks AO2 = 3 marks** **AO3 = 3 marks AO4 = 3 marks** **AO1** • Internal communication can be between owners and employees. • External communication can be between owners and various stakeholders such as suppliers and customers. **AO2** • *TBTS* need to make sure all employees are aware of the toys it sells and the aims of the business. • *TBTS* can use various external methods to communicate with its suppliers of toys and wooden materials. **AO3** • It can create better relationships leading to lower staff turnover and making them feel more valued and part of a team. • Good communication with its suppliers could lead to improved relationship between *TBTS* and its suppliers as it keeps them up to date with its business activity. **AO4** • However, communication has to be good for all employees or some may feel left out leading to animosity between the employees. • However, if the communication is poor the relationship would not work and *TBTS* could find that it loses suppliers.	**(12)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-4	• Demonstrates elements of knowledge and understanding of business concepts and issues, with limited business terminology used. (AO1) • Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	5 - 8	• Demonstrates mostly accurate knowledge and understanding of business concepts and issues including appropriate use of business terminology in places. (AO1) • Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)
Level 3	9 - 12	• Demonstrates accurate knowledge and understanding of business concepts and issues throughout, including appropriate use of business terminology. (AO1) • Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)

1 (a) (i)	**AO1 - 1 mark** **The only correct answer is D – Pay suppliers later** **A –** this is not correct because it will decrease cash-flow **B** – this is not correct because it could increase cash-flow in the long-term but not immediately **C** – this is not correct because it will decrease cash-flow	**(1)**

Question Number	Which **one** of the following is an example of primary market research? **Answer**	**Mark**
1 (a) (ii)	**AO1 - 1 mark** **The only correct answer is B – Postal survey** **A –** this is not correct because it is an example of secondary market research **C –** this is not correct because it is an example of secondary market research **D** - this is not correct as it is an example of secondary market research	**(1)**

Question Number	Which **one** of the following is a fixed cost? **Answer**	**Mark**
1 (a) (iii)	**AO1 - 1 mark** **The only correct answer is A – Rent** **B** – this is not correct because it is a variable cost **C** – this is not correct because it is a variable cost **D** – this is not correct because it is a variable cost	**(1)**

Question Number	Which **one** of the following is used to calculate the break-even point? **Answer**	Mark
1 (a) (iv)	**AO1 - 1 mark** **The only correct answer is D – Fixed costs ÷ (selling price – variable costs)** **A –** this is not correct because it is does not calculate the break-even point **B –** this is not correct because it is does not calculate the break-even point **D –** this is not correct because it is does not calculate the break-even point	**(1)**

Question Number	Which **one** of the following is the total cost in euros of buying 2 weeks of salmon? **Answer**	Mark
1 (a) (v)	**AO2 - 1 mark** **The only correct answer is D – €448.58** **A –** this is not correct because it is the cost of 10kgs of salmon in pounds **B –** this is not correct because it is the cost of 10kgs of salmon in euros **C –** this is not correct because it is the cost of 20kgs of salmon in pounds	**(1)**

Question Number	Which **one** of the following is the markup of prawns? **Answer**	Mark
1 (a) (vi)	**AO2 - 1 mark** **The only correct answer is C – 19.1%** **A –** this is not correct because it is the cost of a kilogram of prawns as a percentage **B –** this is not correct because it is the selling price of a kilogram of prawns as a percentage **D –** this is not correct because it is double the cost of a kilogram of prawns as a percentage	**(1)**

Question Number	Define the term **job production** **Answer**	Mark
1 (b)	**AO1 - 1 mark** Award 1 mark for a correct definition of job production. • When an item is made and finished before the next one is started **(1)**	**(1)**

Question Number	Define the term **diseconomies of scale** **Answer**	Mark
1 (c)	**AO1 - 1 mark** Award 1 mark for a correct definition of diseconomies of scale. • Rising average costs as units increase **(1)**	**(1)**

Question Number	State **one** method *Can Culleretes* could use to collect quantitative market research. **Answer**	Mark
1 (d)	**A02 - 1 mark** Award 1 mark for a method *Can Culleretes* could use to collect quantitative market research in the context of *Can Culleretes.* • *Can Culleretes* could use a questionnaire to get feedback on its new menu from its customers **(1)** **NB:** Do not accept a method that is not in the context of *Can Culleretes.* **Accept any other appropriate response.**	**(1)**

Question Number	Calculate the net cash flow for *Can Culleretes*. **Answer**	**Additional guidance**	**Mark**
1 (e)	**A02 - 2 marks** 4 600 – 3 000 **(1)** = 1 600 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	**(2)**

Question Number	Explain **one** benefit to a business of improving communication with its employees. **Answer**	**Mark**
1 (f)	**A01 - 3 marks** Award 1 mark for identification of a benefit to a business if it improves communication with employees, plus 2 further marks for explaining the benefit, for a maximum of 3 marks. • Employees will have a clear understanding of what has to be done **(1)** this could mean that fewer mistakes will be made **(1)** leading to an increase in productivity of employees **(1)** **NB** Answers that list three benefits with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	Analyse the likely impact on productivity if *Can Culleretes* launch this app. **Indicative content**	Mark
1 (g)	**AO2 = 3 marks AO3 = 3 marks** **AO2** • The app means waiters do not have to take orders at the customer's table • As soon as customers place the order the kitchen will receive the order immediately **AO3** • This will reduce the cost to the business so the waiter can spend more time doing other tasks rather than taking orders • This will increase productivity as it will make for a more efficient ordering system for the restaurant	**(6)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-2	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3)
Level 2	3-4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)
Level 3	5-6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)

2 (a)	**A02 - 1 mark** Award 1 mark for a valid fringe benefit *Aude Rose* could offer its employees in the context of the business. • It could offer its employees training for a qualification as a florist **(1)** **NB** Do not accept a fringe benefit that is not in the context of *Aude Rose*. **Accept any other appropriate response**.	**(1)**

Question Number	State **one** reason why branding is important to *Aude Rose*. **Answer**	Mark
2 (b)	**A02 - 1 mark** Award 1 mark for a valid reason why branding is important to *Aude Rose* in the context of the business. • It makes the business stand out against other flower shops in Paris **(1)** **NB** Do not accept a reason that is not in the context of *Aude Rose*. **Accept any other appropriate response.**	**(1)**

Question Number	Explain **one** impact of ineffective communication on a business. **Answer**	Mark
2 (c)	**A01 - 3 marks** Award 1 mark for identification of an impact of ineffective communication on a business, plus 2 further marks for explaining the impact, for a maximum of 3 marks. • More mistakes could be made **(1)** as employees will not know what they are doing **(1)** leading to low customer satisfaction **(1)** **NB** Answers that list three impacts with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	Explain **one** advantage of a partnership. **Answer**	Mark
2 (d)	**A01 - 3 marks** Award 1 mark for identification of an advantage of a partnership, plus 2 further marks for explaining this advantage, for a maximum of 3 marks. • Different partners may have different skills **(1)** and be able to offer a wider range of services **(1)** which could lead to increased business **(1)** **NB** Answers that list three advantages with no explanation will get 1 mark only. **Accept any other appropriate response**.	**(3)**

Question Number	Explain **one** disadvantage to a business of product orientation. **Answer**	Mark
2 (e)	**A01 – 3 marks** Award 1 mark for the identification of a disadvantage to a business of product orientation, plus 2 further marks for explaining that disadvantage, for a maximum of 3 marks. • Product may not suit the needs of the customer **(1)** so potential customers may go elsewhere **(1)** resulting in the business losing sales **(1)** **NB** Answers that list three disadvantages with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	*Aude Rose* is considering two options. **Option 1**: sponsor a local event such as a flower show **Option 2**: advertise, using leaflets around Paris. Justify which **one** of these two options *Aude Rose* should choose. **Indicative content**	Mark
2 (f)	**AO2 = 3 marks AO3 = 3 marks** **AO4 = 3 marks** **AO2** • **Option 1** – The event will increase the awareness of her flower shop • **Option 2** – Leaflets can be handed out to passing tourists to draw them to the flower shop **AO3** • **Option 1** – If the flower show is a success, potential customers will have a positive opinion of *Aude Rose* • **Option 2** – The leaflet can include more information such as shop opening hours and the range of flowers being sold **AO4** • **Option 1** – However, these events can be expensive to sponsor so whilst sales may increase there is no guarantee profits will increase • **Option 2** – However, this would mean that someone would have to take time out of the shop to hand out the leaflets or increase costs by paying someone to hand them out	**(9)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-3	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	4-6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)
Level 3	7 - 9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)

2 (a)	**A02 - 1 mark** Award 1 mark for a valid advantage for *PPS* of customer loyalty • Customers will be more likely to try the overnight accommodation for their pets if they have been pleased with the pet grooming service **(1)** **NB** Do not accept an advantage that is not in the context of *PPS.* **Accept any other appropriate response**.	**(1)**

Question Number	State **one** reason why *PPS* motivates its employees. **Answer**	**Mark**
2 (b)	**A02 - 1 mark** Award 1 mark for a valid reason why *PPS* motivates its employees • As the employees are motivated in what they are doing the dogs staying overnight will receive good care **(1)** **NB** Do not accept a reason that is not in the context of *PPS.* **Accept any other appropriate response.**	**(1)**

Question Number	Explain **one** impact on a business of ineffective communication. **Answer**	Mark
2 (c)	**A01 - 3 marks** Award 1 mark for identification of an impact to a business of ineffective communication, plus 2 further marks for explaining this impact, for a maximum of 3 marks. • This can create misunderstanding between owners and employees **(1)** as employees may not be clear of what they are supposed to be doing **(1)** and this could lead to errors being made **(1)** **NB** Answers that list three impacts with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	Explain **one** advantage to a business of having a decentralised organisation. **Answer**	Mark
2 (d)	**A01 - 3 marks** Award 1 mark for an advantage to a business of having a decentralised organisation, plus 2 further marks for explaining this advantage, for a maximum of 3 marks. • The business can react to changes quicker **(1)** because they do not need to run decisions through many layers **(1)** leading to decisions being made that meet the needs of local customers **(1)** **NB** Answers that list three advantage with no explanation will get 1 mark only. **Accept any other appropriate response**.	**(3)**

Question Number	Explain **one** benefit to a business of using seasonal employees. **Answer**	Mark
2 (e)	**A01 - 3 marks** Award 1 mark for a benefit of using seasonal employees, plus 2 further marks for explaining that benefit, for a maximum of 3 marks. • This gives the business flexibility with its workforce **(1)** by having more employees at busier times **(1)** allowing them to meet the demands of customers at certain times of the year **(1)** **NB** Answers that list three benefits with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	*PPS* is looking to improve its revenue and is considering two options. Option 1: trial a new brand of dog food in the shop Option 2: sponsor a local dog show. Justify which one of these two options *PPS* should choose. **Indicative content**	Mark
2 (f)	**AO2 = 3 marks AO3 = 3 marks** **AO4 = 3 marks** **<u>AO2</u>** • **Option 1** – trialling a new brand of dog food will appeal to dog owners who regularly purchase dog food from *PPS* • **Option 2** – sponsoring a local dog show will promote *PPS*'s products such as dog collars **<u>AO3</u>** • **Option 1** – This method can bring in more revenue as it is a product they are known for selling and if customers like it then they will buy more of that dog food • **Option 2** – This may draw customers into the shop and could lead to an increase in revenue **<u>AO4</u>** • **Option 1** – However, if customers are used to buying a particular dog food brand they may not want to try a new brand • **Option 2** – However, it does cost to sponsor an event so *PPS* would need to incur cost upfront before they gain an increase in revenue from this method	**(9)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-3	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	4-6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)
Level 3	7 - 9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)

Question Number	Define the term **secondary sector.** **Answer**	Mark
3 (a)	**A01 - 1 mark** Award 1 mark for a correct definition of **secondary sector.** • The sector that turns raw materials into finished goods **(1)**	**(1)**

Question Number	Outline **one** way *Café Pinch* could use social media to promote its business. **Answer**	Mark
3 (b)	**A02 - 2 marks** Award 1 mark for identifying a way *Café Pinch* could use social media to promote its business, plus 1 mark for linking it to the context of the business • If colour photographs of menu dishes were posted online **(1)** this could entice new customers **(1)** **NB** Do not accept a way that is not in the context of *Café Pinch* **Accept any other appropriate response**	**(2)**

Question Number	Calculate, to two decimal places, the operating profit margin. **Answer**	Additional guidance	Mark
3 (c)	**A02 - 2 marks** 66 842 – 5 782 = 61 060 **(1)** 61 060/103 825 x 100 = 58.81 **(1)**	Award 1 mark for correctly substituting numbers into formula Award full marks for correct numerical answer without working	**(2)**

Question Number	Analyse **two** factors *Café Pinch* might consider when measuring its success. **Indicative content**	Mark
3 (d)	**AO2 = 3 marks AO3 = 3 marks** **<u>AO2</u>** • As the owner of *Café Pinch*, Kumaran can check the business objectives he has set for the business • Comparing the annual financial details of the café, such as profit from 2018 through to the present time **<u>AO3</u>** • The owner used his experience gained in other good restaurants to set up his own business so if it is running in the way he saw it running then this can be considered a success • If the profit has increased year-on-year this shows success of the business as there is a demand for the products it sells leading to loyal customers	**(6)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-2	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3)
Level 2	3-4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)
Level 3	5-6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)

Question Number	*Café Pinch* is considering two options: **Option 1:** updating the noticeboard in the staffroom daily with information such as sales targets and staff rotas **Option 2:** weekly staff meetings. Justify which **one** of these two options *Café Pinch* should choose. **Indicative content**	**Mark**
3 (e)	**AO2 = 3 marks AO3 = 3 marks AO4 = 3 marks** **AO2** • **Option 1** – Using a noticeboard keeps chefs and waiters updated about the café with the most up to date information about sales or meals achieved • **Option 2** – Having a weekly staff meeting allows the chefs and waiters to ask questions on any updates of the cafe **AO3** • **Option 1** – It can lead to an improved relationship between the owner and his employees as they will have the most up to date information making them feel valued and part of a team • **Option 2** – It can lead to improved communication as Kumaran can respond to queries straight away and clear up any misconceptions **AO4** • **Option 1** – However, unless all of the employees read the notices every day or if Kumaran forgot to update the notices daily then communication may not improve and any positive feelings of employees could be lost • **Option 2** – However, as all staff will be involved in the meetings they are likely to take place out of hours and some staff may not want to attend therefore miss out on important information	**(9)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-3	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	4-6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)
Level 3	7 - 9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)

2 (a)	**AO2 - 1 mark** Award 1 mark for a valid factor *Four Fitness* may consider that could influence the location of a new gym • The proximity to suitably qualified gym instructors who will want to work at the gym **(1)** **NB** Do not accept a factor that is not in the context of *Four Fitness.* **Accept any other appropriate response**.	**(1)**

Question Number	State **one** reason why branding is important to *Four Fitness.* **Answer**	Mark
2 (b)	**AO2 - 1 mark** Award 1 mark for a valid reason why branding is important to *Four Fitness.* • It makes the highly experienced gym instructors stand out against its competitors **(1)** **NB** Do not accept a reason that is not in the context of *Four Fitness.* **Accept any other appropriate response.**	**(1)**

Question Number	Explain **one** advantage to a business of using total quality management. **Answer**	Mark
2 (c)	**AO1 - 3 marks** Award 1 mark for identification of an advantage to a business of using total quality management, plus 2 further marks for explaining this advantage, for a maximum of 3 marks. • Increased customer satisfaction **(1)** as managing quality is the responsibility of all employees **(1)** so they will be fully trained to complete their role effectively and consistently **(1)** **NB** Answers that list three advantages with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	Explain **one** problem a business might face as a result of ineffective communication. **Answer**	Mark
2 (d)	**AO1 - 3 marks** Award 1 mark for a problem a business might face as a result of ineffective communication, plus 2 further marks for explaining this problem, for a maximum of 3 marks. • Employees may become demotivated as they do not understand what they have to do **(1)** leading to lower levels of productivity **(1)** and increased costs for the business **(1)** **NB** Answers that list three problems with no explanation will get 1 mark only. **Accept any other appropriate response**.	**(3)**

Question Number	Explain **one** disadvantage to a small business of borrowing money from a bank. **Answer**	Mark
2 (e)	**AO1 - 3 marks** Award 1 mark for a disadvantage to a small business of borrowing money from a bank, plus 2 further marks for explaining that disadvantage, for a maximum of 3 marks. • Borrowing from a bank means the business has to pay back the loan with interest **(1)** which will increase its costs **(1)** leading to a reduction in profit **(1)** **NB** Answers that list three disadvantages with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	*Four Fitness* is looking to introduce a new service to increase its market share. It is considering two options. **Option 1:** as part of its monthly subscription price, members are given a 'Technogym Electronic Key' which is inserted into the gym equipment. The key will track and store their progress. An instructor helps them to analyse their progress. **Option 2:** introduce links to online fitness classes on its website which can be accessed from home. Customers will be charged for each fitness class downloaded. **Indicative content**	**Mark**
2 (f)	**AO2 = 3 marks AO3 = 3 marks** **AO4 = 3 marks** **AO2** • **Option 1** – This can create a USP for the gym making it stand out from its competitors • **Option 2** – This will add an extra element to its website as it is currently for information only **AO3** • **Option 1** – This can draw new customers in as they will also have access to specialist face to face advice from the instructor as part of the membership package • **Option 2** – This may draw customers in from further away as they will not have to be on site to access the videos and if they feel it is worth it they are more likely to pay for more videos leading to an increase in market share **AO4** • **Option 1** – However, if customers do not want access to this service as part of their membership they may feel they are being overcharged and the gym could be at risk of losing customers to its competitors therefore decreasing its market share • **Option 2** – However, advertising costs will increase to widely draw in customers in as some may not want to pay for the videos if they can access free alternatives on the internet	**(9)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-3	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	4-6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)
Level 3	7 - 9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)

Question Number	Define the term **economies of scale.** **Answer**	Mark

1 (a) (i)	**AO1 - 1 mark** **The only correct answer is D Raw materials** **A** – is not the correct answer as insurance is a one-off payment **B** - is not the correct answer as rent is also a fixed cost for a period of time **C** - is not the correct answer as salaries are the same for a certain period	**(1)**

Q. No.	Which **one** of the following is a type of discrimination protected by employee legislation? **Answer**	**Mark**
1 (a) (ii)	**AO1 - 1 mark** **The only correct answer is C – Age** **A** – is not the correct answer as political is not protected by employee legislation **B** - is not the correct answer as ethical is not protected by employee legislation **D** - is not the correct answer as promotion is not protected by employee legislation	**(1)**

Q. No.	Which **one** of the following is the price of buying both items with the promotional discount? **Answer**	Mark
1 (a) (iii)	**AO1 - 1 mark** **The only correct answer is B – £150.48** **A** – is not the correct answer as £129.96 is the cost with 24% discount **C** - is not the correct answer as £160.80 is the cost with the discount only applied to one item **D** - is not the correct answer as £171.00 is the cost of the items without a discount	**(1)**

Q. No.	Which **one** of the following is an advantage of primary market research? **Answer**	Mark
1 (a) (iv)	**AO1 - 1 mark** **The only correct answer is C - It is more up to date method of research** **A** – is not the correct answer as it is more expensive than other types of market research **B** – is not the correct answer as it is more time-consuming than other market research methods **D** - is not the correct answer as it is not only carried out by market-research agencies	**(1)**

Q. No.	Which **one** of the following is the closing balance for this month? **Answer**	Mark
1 (a) (v)	**AO1 - 1 mark** **The only correct answer is B – €96 000** **B** – is not the correct answer as €88 000 is cash inflow plus cash outflow **C** – is not the correct answer as €110 000 is opening balance plus cash outflow **D** - is not the correct answer as €130 000 is opening balance plus cash inflow	**(1)**

Q. No.	Which **one** of the following is a likely effect of this change for American businesses? **Answer**	Mark
1 (a) (vi)	**AO1 - 1 mark** **The only correct answer is A – higher loan repayments** **B** – is not the correct answer as the change in interest rates does not affect labour costs **C** – is not the correct answer as the change in interest rates will not improve net cash flow **D** - is not the correct answer as there is no guarantee of an increase in sales	**(1)**

Q. No.	Define the term **autonomy**. **Answer**	Mark
1 (b)	**AO1 - 1 mark** Award 1 mark for a correct definition of **autonomy**. • Giving employees the authority to make choices about the way they work **(1)**	**(1)**

Q. No.	Define the term **qualitative data**. **Answer**	Mark
1 (c)	**AO1 - 1 mark** Award 1 mark for a correct definition of **qualitative data**. • Data relating to attitudes, beliefs and intentions **(1)**	**(1)**

Q. No.	State **one** reason why *Rabanne* may use test marketing when introducing a new product. **Answer**	Mark
1 (d)	**AO2 - 1 mark** Award 1 mark for a valid reason why *Rabanne* may use test marketing when introducing a product in the context of the business • *Rabanne* uses test marketing to see if the new perfume they want to introduce is something that customers are likely to buy **(1)** • If the aftershave is not liked, then *Rabanne* can make adjustments before it is launched **(1)** **NB** Do not accept a reason that is not in the context of *Rabanne.* Accept any appropriate response	**(1)**

Q. No.	Calculate, to **two** decimal places, the price of the handbag in US dollars. You are advised to show your working. **Answer**	Additional Guidance	Mark
1 (e)	**A02 - 2 marks** = 1 709.68 **(2)** **OR** 1 590 ÷ 0.93 = **(1)**	Award full marks for correct answer with no working. Award 1 mark for correctly substituting numbers into formula.	**(2)**

Q. No.	Explain **one** reason why an employer might use a letter to communicate with an employee. **Answer**	Mark
1 (f)	**A01 - 3 marks** Award 1 mark for identification of a reason why an employer might use a letter to communicate with an employee, plus 2 further marks, for a maximum of 3 marks. • Letters are private way of communicating **(1)** a job offer/promotion/suspension/redundancy with an employee **(1)** to confirm the next stage in the process **(1)** • Letters are a formal way of communication **(1)** as it portrays a professional image for the business **(1)** and is personal to an employee **(1)** **NB** No marks are awarded for a definition. Answers that list three reasons with no explanation will get 1 mark only. Accept any appropriate response.	**(3)**

Q. No.	Analyse **two** benefits to *Rabanne* of being a global business. **Indicative content**	Mark
1 (g)	**AO2 = 3 marks AO3 = 3 marks** **AO2** • As *Rabanne* is a global business its perfume can be sold throughout the world • Being global gives *Rabanne* access to a variety of employees who have the skills and knowledge to create different fragrances for men and women **AO3** • Giving it access to a wider range of people who can purchase its products more easily • Providing a variety of skills and talents to help create and sell its products	**(6)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-2	• Limited application of knowledge and understanding of business concepts and issues to the business context **(AO2)** • Attempts to deconstruct business information and/or issues, finding limited connections between points **(AO3)**
Level 2	3-4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies **(AO2)** • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies **(AO3)**
Level 3	5-6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (**AO2)** • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning **(AO3)**

Q. No.	State **one** reason why *Rabanne* ensures that all its employees have job enrichment opportunities. **Answer**	Mark

2 (a)	**AO2 - 1 mark** Award 1 mark for a reason why *Rabanne* ensures all its employees have job enrichment opportunities. • The employees making the perfume find their job more interesting **(1)** • Job enrichment gives employees the opportunity to try different types of jobs in the production of aftershaves **(1)** **NB** Do not accept a reason that is not in the context of *Rabanne*. Accept any appropriate response.	**(1)**

Q. No.	State **one** way *Rabanne* could measure its success as a business. **Answer**	Mark
2 (b)	**AO2 - 1 mark** Award 1 mark for a valid way *Rabanne* could measure its success in the context of the business. • *Rabanne* can measure its success by the increase in sales of Invictus **(1)** • *Rabanne* can compare its market share with that of other perfume businesses to see which is the most successful **(1)** **NB** Do not accept a way that is not in the context of *Rabanne.* Accept any appropriate response.	**(1)**

Q. No.	Explain **one** reason why some businesses fail. **Answer**	Mark
2 (c)	**A01 - 3 marks** Award 1 mark for identification of a reason why some businesses fail, plus 2 further marks for explaining the reason, for a maximum of 3 marks. • Poor cashflow can lead to failure **(1)** from a lack of finance **(1)** to pay suppliers and other debtors **(1)** • Prices could be too high and therefore not competitive **(1)** which could result in a fall in demand **(1)** leading to a lack of revenue **(1)** **NB** No marks are awarded for a definition. Answers that list three reasons with no explanation will get 1 mark only. Accept any appropriate response.	**(3)**

Q. No.	Explain **one** reason why a business would use targeted advertising online to promote itself. **Answer**	Mark
2 (d)	**A01 - 3 marks** Award 1 mark for identification of one reason why a business would use targeted advertising online to promote itself, plus 2 further marks for explaining the benefits, for a maximum of 3 marks. • The business can send information to customers who have purchased from them before **(1)** and are more likely to purchase again **(1)** which can lead to improved customer loyalty **(1)** • The business could promote to a specific demographic **(1)** using different online activities **(1)** which may lead to increased brand awareness **(1)** **NB** No marks are awarded for a definition. Answers that list three reasons with no explanation will get 1 mark only. Accept any appropriate response.	**(3)**

Q. No.	Explain **one** reason why businesses use statements of comprehensive income when making decisions. **Answer**	Mark
2 (e)	**A01 - 3 marks** Award 1 mark for identification of one reason why businesses use statements of comprehensive income when making decisions, plus 2 further marks for explaining the importance, for a maximum of 3 marks. • A business can see how the business is performing **(1)** and can calculate the profit margin **(1)** along with other calculations if the performance has deteriorated **(1)** • Businesses can use it to compare itself to similar businesses **(1)** which will enable them to judge its performance against competitors **(1)** giving an indication of how well the business is doing **(1)** **NB** No marks are awarded for a definition. Answers that list three reasons with no explanation will get 1 mark only. Accept any appropriate response.	**(3)**

Q. No.	**Option 1:** communicate all information through text messaging/email **Option 2:** hold weekly meetings Justify which **one** of these two options *Rabanne* should choose. **Indicative content**	**Mark**
2 (f)	**AO2 = 3 marks, AO3 = 3 marks, AO4 = 3 marks** **AO2** • **Option 1** – Email is a method that is used by everyone and can be sent from one location to another ensuring all employees are kept up to date on the packaging of the new aftershave • **Option 2** – Holding weekly meetings allows people to meet face to face and give their opinion on the new adverts for Lady Million **AO3** • **Option 1** – This would ensure that all *Rabanne* employees would be kept up to date on production changes • **Option 2** – Discussions can take place on any improvements or amendments that need to be made **AO4** • **Option 1** – However, if there is no internet signal then sending messages and receiving them would be difficult • **Option 2** – However, meetings are very time consuming and not everyone can make the meeting because of the distance between departments	**(9)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-3	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	4-6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)
Level 3	7 - 9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)

Q. No.	Define the term **just-in-time (JIT).** **Answer**	Mark