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EDEXCEL INTERNATIONAL GCSE BUSINESS: QUESTIONS BY TOPIC

Business Activity to Meet Customer Needs (3)

International GCSE Business Topic 3

75 questions · 1500 marks · Mark schemes included

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

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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.

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QUESTIONS

75 questions · 1500 marks · grouped by sub-topic, lowest tariff first

SUB-TOPIC 3.1

MARKET RESEARCH

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

4 *Backyard Shoez* buys children's shoes for 2 400 Ks and sells them for 3 200 Ks.

(a) Calculate the markup on these shoes. You are advised to show your working.

(2)

.....%

(b) Analyse the usefulness of profitability ratios to *Backyard Shoez*.

(6)

(c) Evaluate the importance of primary market research to *Backyard Shoez*. You should use the information provided as well as your own knowledge of business.

(12)

3 Figure 1 is an extract from *Lavender*'s Statement of Comprehensive Income. Use the information below and then answer the following questions.

	Bakery (000s MYR)	*L.café* (000s MYR)	*L.bistro* (000s MYR)
Revenue	149	75	65
Cost of sales	83	51	33
Gross profit	66	24	32
Gross profit margin	44.3%		49.2%

Figure 1

(a) Define the term **current liabilities**.

(1)

.....

.....

(b) Outline **one** reason why the revenue is higher for the Bakery shops rather than for *L.café* and *L.bistro*.

(2)

.....

.....

.....

.....

(c) Using Figure 1, calculate the gross profit margin for *L.café*. You are advised to show your workings.

(2)

..... %

(d) Analyse how the Statement of Comprehensive Income can be used by *Lavender* when considering its expansion.

(6)

To expand by opening new outlets, *Lavender* will need to know what its customers' needs and wants are.

In order to do this, *Lavender* are considering the following **two** options:

Option 1: primary market research

Option 2: secondary market research.

(e) Justify which **one** of these two methods *Lavender* should use.

(9)

3 The Chairman of *Tata Motor Company* works closely with the Finance Department to ensure that the company maintains its financial position. **Figure 2** shows the revenue for *Tata Motor Company*, 2011–2017.

Year	US$ (millions)
2011	18 441
2013	28 508
2015	39 737
2017	42 839

Figure 2

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

(1)

.....

(b) Outline **one** reason why *Tata Motor Company* uses overdrafts.

(2)

.....

.....

.....

.....

(c) Calculate to 2 decimal places, the percentage increase in revenue from 2011 to 2017. You are advised to show your working.

(2)

.....%

(d) Analyse how *Tata Motor Company* could use the financial information in **Figure 2**.

(6)

Tata Motor Company gathers data to help it promote its vehicles. It is considering **two** options:

Option 1: primary research

Option 2: secondary research.

(e) 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)

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)

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

(1)

.....

.....

.....

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

(2)

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.....

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)

4 *Huawei* has to maintain the quality of its products to be able to compete with other businesses, as well as generating profit. It must also ensure that the products it produces meet the needs of its customers as well as introducing new and different forms of technology. On its website it states '*Huawei* are committed to bringing digital to every person, home and organisation for a fully connected, intelligent world'.

In January 2019 *Huawei* launched the *Huawei* 10 Pro smartphone in the US at a cost of 5 353 Renminbi (CNY).

The exchange rate was $1 = 6.70 CNY (Chinese Yuan Renminbi)

(a) Calculate the cost of this smartphone in US Dollars. You are advised to show your working.

(2)

$ .....

(b) Analyse why *Huawei* would want good quality control when producing its smartphones.

(6)

.....

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.....

.....

(c) Evaluate why *Huawei* would carry out market research before designing a new product. You should use the information provided as well as your own knowledge of business.

(12)

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)

1 The *LEGO* Group is a privately-owned business in Denmark. The business was founded in 1932 by the Kristiansen family. The family still owns it. The name *LEGO* is an abbreviation of two Danish words, 'leg godt' which means 'play well'. It is now one of the world's largest manufacturers of toys with 15 factories and over 18,000 employees around the world.

LEGO manufactures toys, games and art materials for boys and girls of all ages, and products from films such as Star Wars and Harry Potter. It believes that children are the role models of the future and playing with *LEGO* can support children in a developing and complex world.

(a) (i) Which **one** of the following shows money coming in and money going out of a business?

Select **one** answer.

(1)

- ☒ **A** A mortgage
- ☒ **B** Break-even
- ☒ **C** Cash flow
- ☒ **D** Profit and loss

(ii) Which **one** of the following could a person complete when applying for a job?

Select **one** answer.

(1)

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

Figure 1 shows financial information for one of *LEGO*'s suppliers in Danish Krone (DKK).

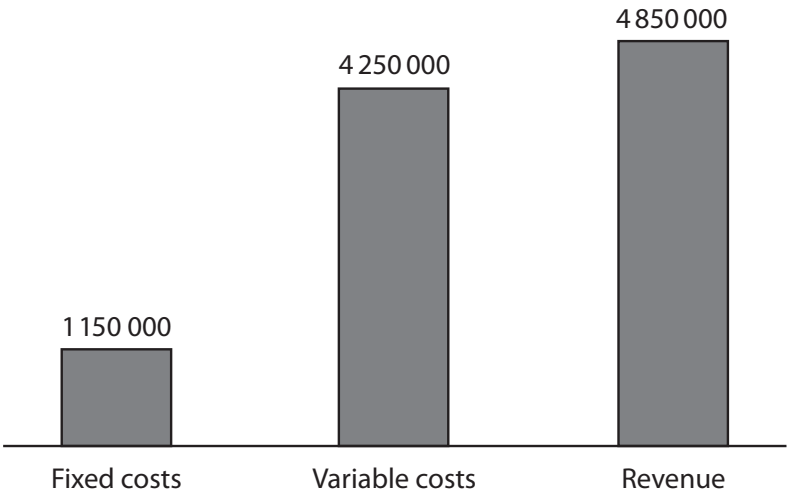


Figure 1

(iii) Which **one** of the following is the correct statement?

Select **one** answer.

(1)

- ☒ **A** Total costs of 10 250 000
- ☒ **B** Cash inflow of 3 100 000
- ☒ **C** Loss of 550 000
- ☒ **D** Profit of 600 000

(iv) Which **one** of the following is a benefit of being a franchisee?

Select **one** answer.

(1)

- ☒ **A** Being able to choose your own suppliers
- ☒ **B** Selling an established brand
- ☒ **C** Not having to pay interest on a bank loan
- ☒ **D** Having complete control of the business

LEGO's revenue in 2019 was 38.5 billion DKK. In 2020 it was 40.81 billion DKK.

(v) Which **one** of the following is the percentage increase from 2019 to 2020?

Select **one** answer.

(1)

- ☒ **A** 0.06%
- ☒ **B** 1.06%
- ☒ **C** 2.31%
- ☒ **D** 6%

(vi) Which **one** of the following functional areas could help employees who had a problem with their wage?

Select **one** answer.

(1)

- ☒ **A** Production
- ☒ **B** Finance
- ☒ **C** Marketing
- ☒ **D** Sales

(b) Define the term **break-even**.

(1)

(c) Define the term **public corporation**.

(1)

(d) State **one** benefit for *LEGO* of having a short span of control.

(1)

LEGO sells pineapple pencil holders for 148.00 DKK. The markup is 15%.

(e) Calculate, to two decimal places, the cost of making the pineapple pencil holders. You are advised to show your working.

(2)

..... DKK

(f) Explain **one** disadvantage of using questionnaires as a method of market research.

(3)

(g) Analyse the benefits for *LEGO* of being a multinational business.

(6)

3 (a) Define the term **variable costs**.

(1)

.....

.....

.....

(b) Outline **one** way *Aude Rose* could extend the product life cycle of one of its products.

(2)

.....

.....

.....

.....

.....

.....

Figure 1 shows the retained profit for *Aude Rose*.

2021	€16 260
2022	€12 594

Figure 1

(c) Calculate, to two decimal places, the percentage decrease in retained profits from 2021 to 2022. You are advised to show your working.

(2)

..... %

Aude Rose is considering introducing a wider range of flowers for sale.

(d) Analyse the impact on *Aude Rose* of using its retained profits for this proposed development.

(6)

Aude Rose is always looking to keep up with changes and new trends in the flower market. It is anticipating that this year there may well be many changes in the industry and it wants to do some research.

Aude Rose is considering two options:

Option 1: handing out questionnaires to customers that visit the shop

Option 2: using the internet to research new trends.

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

(9)

1 Most people recognise Heinz for the phrase '57 varieties' even though it now produces many more than the original 57 varieties. H J Heinz, the founder of the Heinz business, believed the phrase sounded lucky.

Kraft Heinz is a world-wide producer of food products. It was formed from the merger of Kraft Foods and Heinz in 2015. This created the third largest food and drinks business in the USA and the fifth largest food and drinks business in the world.

Kraft Heinz has over 24 different brands, including Greenseas in Australia and Nutri+Plus in New Zealand. America has the largest number of brands from Maxwell House to Cool Whip. *Kraft Heinz* produces many different products including tomato sauce, 'Mac&Cheese', pasta and its famous baked beans that are used and eaten by many people.

Kraft Heinz uses many methods to advertise its products. These include posters, billboards and leaflets in supermarkets.

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

Select **one** answer.

(1)

- ☒ **A** Published government statistics
- ☒ **B** Magazine article
- ☒ **C** Internet research
- ☒ **D** Focus groups

(ii) Which **one** of the following is an example of external communication?

Select **one** answer.

(1)

- ☒ **A** A presentation by the chairperson to its employees
- ☒ **B** Sending a customer details of a special offer
- ☒ **C** A departmental meeting
- ☒ **D** Training sessions for new employees

On 13 September 2022 the share price of *Kraft Heinz* in America at 10.00 am was $36.55 and at 4.00 pm it was $35.06.

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

Select **one** answer.

(1)

- ☒ **A** 1.49%
- ☒ **B** 1.96%
- ☒ **C** 4.08%
- ☒ **D** 4.25%

Kraft Heinz uses price promotions to encourage customers to purchase more of its products. The price of a tin of baked beans in the US is $0.54. If 12 tins are purchased the price is reduced by 12.5%.

(iv) Which **one** of the following is the price of 12 tins of baked beans with the 12.5% promotional price discount?

Select **one** answer.

(1)

- ☒ **A** $5.67
- ☒ **B** $6.48
- ☒ **C** $56.25
- ☒ **D** $81.00

(v) Which **one** of the following would be a long-term source of finance for a sole trader?

Select **one** answer.

(1)

- ☒ **A** Trade credit
- ☒ **B** Overdraft
- ☒ **C** Personal savings
- ☒ **D** Share capital

(vi) Which **one** of the following is the break-even point?

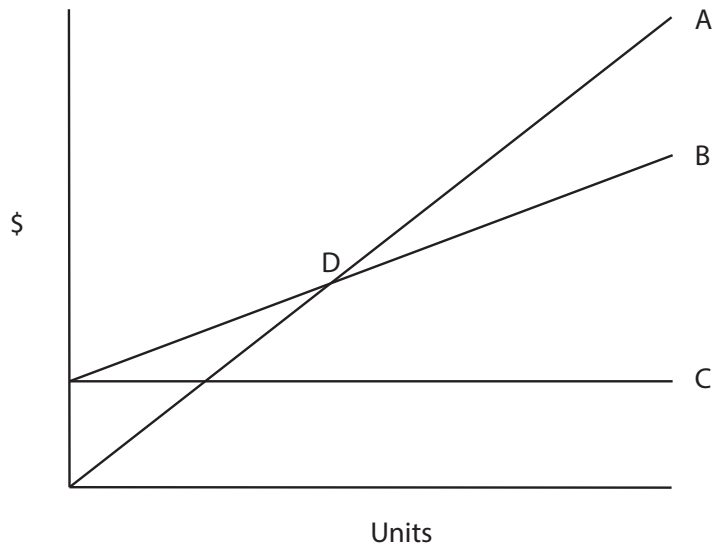


Figure 1

Select **one** answer.

(1)

- ☒ **A**
- ☒ **B**
- ☒ **C**
- ☒ **D**

(b) Define the term **labour intensive production**.

(1)

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

(1)

(d) State **one** reason why *Kraft Heinz* prefers to train its employees using on-the-job training.

(1)

In North America, a *Kraft Heinz* employee is paid a salary of $15 750. If employees reach their production target for 'Mac&Cheese' they receive a bonus of 14%.

(e) Calculate the total pay an employee would receive once the bonus is added to their salary. You are advised to show your working.

(2)

$.....

(f) Explain **one** purpose for a business of the statement of financial position.

(3)

Kraft Heinz is introducing a new variety of tomato sauce and has made changes to the recipe for its Mac&Cheese.

(g) Analyse the benefits to *Kraft Heinz* of using social media to collect market research data.

(6)

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

(1)

(b) Outline **one** method of primary market research that *PPS* could use to gain feedback on its services.

(2)

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

	€
Opening balance	16 000
Cash inflow	22 000
Cash outflow	20 000

Figure 3

(c) Calculate the closing balance. You are advised to show your working.

(2)

€ .....

PPS wants information on its customers' spending patterns.

(d) Analyse the importance of reliable market research to obtain this information.

(6)

PPS is looking to build another eight kennels with Closed-circuit television (CCTV) in its pet hotel. To do this it will need €7 500.

PPS is considering two options:

Option 1: using Rachel's personal savings

Option 2: taking out a small bank loan.

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

(9)

4 **Figure 2** is an extract of financial information from *Café Pinch*.

Operating profit	€84 054
Current assets	€75 000
Current liabilities	€63 000
Capital employed	€266 058

Figure 2

(a) Calculate, to two decimal places, the return on capital employed (ROCE). You are advised to show your working.

(2)

..... %

(b) Analyse how *Café Pinch* could use market segmentation to target its customers.

(6)

Café Pinch needs to ensure it understands the needs of its customers to continue being successful.

(c) Evaluate the importance of using methods of market research for *Café Pinch* to meet customer needs. You should use the information provided as well as your own knowledge of business.

(12)

3 *TUI* wants to maintain its reputation by continuing to provide quality holidays and experiences that customers will enjoy. This will encourage them to return to book future holidays with *TUI*.

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

(1)

(b) Outline **one** reason why *TUI* offers employees working in its travel agencies a commission based on the number of holidays they sell.

(2)

Figure 1 shows the current assets and current liabilities for *TUI* in 2022.

2022	**€'000**
Current assets	7 758 152
Current liabilities	5 654 468

Figure 1

(c) Calculate, to two decimal places, the current ratio for *TUI* for 2022. You are advised to show your working.

(2)

(d) Analyse the effect on *TUI* customers of an increase in interest rates.

(6)

TUI constantly checks for customer feedback and comments on its holidays, including hotel stays and cruises. It is considering the following two options to gain the most up-to-date views:

Option 1: using the internet

Option 2: asking customers to complete a questionnaire.

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

(9)

1 *Saha* is a small business in Türkiye (formerly known as Turkey) that opened in 2020 with 15 employees. It designs and manufactures robots which are used in hospitals, hotels and restaurants. In hospitals its robots are used to move medical supplies between departments. In hotels and restaurants, the robots are used to welcome customers as they arrive and deliver food and drinks to hotel rooms and restaurant tables. *Saha* provides a seven day a week customer service for all businesses buying its robots.

Many new businesses are entering the global robot market and are competing for market share. Competitors in Türkiye include *NIO, Zoox* and *Vention*.

Saha has ambitious growth plans and has started to design robots that will be used in the home to help people with cleaning, shopping, security and entertainment. It aims to become a multinational business within five years to manufacture robots in all continents of the world.

(a) (i) Which **one** of the following is a financial method used to motivate employees?

Select **one** answer.

(1)

- ☒ **A** Job enrichment
- ☒ **B** Job rotation
- ☒ **C** Autonomy
- ☒ **D** Remuneration

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

Select **one** answer.

(1)

- ☒ **A** Government reports
- ☒ **B** Surveys
- ☒ **C** Focus groups
- ☒ **D** Observations

(iii) Which **one** of the following would increase the break-even point?

Select **one** answer.

(1)

- ☒ **A** A decrease in the fixed costs
- ☒ **B** An increase in the variable costs
- ☒ **C** An increase in the selling price
- ☒ **D** A decrease in total costs

(iv) Which **one** of the following is provided by a person applying for a job?

Select **one** answer.

(1)

- ☒ **A** Job description
- ☒ **B** Curriculum vitae (CV)
- ☒ **C** Personal specification
- ☒ **D** Disciplinary and grievance procedures

Figure 1 shows an extract from a statement of comprehensive income in 2023.

	£
Sales	90 000
Cost of sales	11 000
Gross profit	79 000
Operating expenses	18 000

Figure 1

(v) Which **one** of the following is the operating profit in 2023?

Select **one** answer.

(1)

- ☒ **A** £29 000
- ☒ **B** £79 000
- ☒ **C** £72 000
- ☒ **D** £61 000

The currency of Türkiye is the Turkish lira (TRY).

In 2021 the cost of material for one robot was 80 000 TRY.

In 2023 the cost of material for one robot was 92 000 TRY.

(vi) Which **one** of the following is the percentage change in the cost of material for one robot between 2021 and 2023?

Select **one** answer.

(1)

- ☒ **A** 1.30%
- ☒ **B** 13.04%
- ☒ **C** 15.00%
- ☒ **D** 86.96%

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

(1)

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

(1)

(d) State **one** non-current asset that *Saha* is likely to have.

(1)

The price of a battery pack for a *Saha* robot is $90 each.

In 2023 it sold five battery packs every month.

(e) Calculate the total revenue from the sale of all battery packs sold by *Saha* in 2023. You are advised to show your working.

(2)

$ .....

(f) Explain **one** advantage to a business of having limited liability.

(3)

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(g) Analyse **two** methods of primary research that could be of benefit to *Saha* when developing its products.

(6)

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1 The first *Premier Inn* hotel was opened in 1987. *Premier Inn* now has over 820 hotels in the UK, United Arab Emirates (UAE) and India with over 83,000 rooms. It has recently expanded by opening the first *Premier Inn* in Germany and has plans to open more in other countries.

The majority of the hotels have restaurants with facilities for guests to buy meals and drinks.

(a) (i) Which **one** of the following is the break-even point on a break-even chart?

Select **one** answer.

(1)

- ☒ **A** When fixed costs and variable costs are the same
- ☒ **B** When total costs and fixed costs are the same
- ☒ **C** When fixed costs and total revenue are the same
- ☒ **D** When total costs and total revenue are the same

(ii) Which **one** of the following is a benefit to a franchisee?

Select **one** answer.

(1)

- ☒ **A** The franchisee can buy supplies from any supplier
- ☒ **B** The franchisee is given support from the franchisor
- ☒ **C** The franchisee is guaranteed a set wage
- ☒ **D** The franchisee has total control

(iii) Which **one** of the following is an advantage of job production when compared to other methods of production?

Select **one** answer.

(1)

- ☒ **A** Workers will be better motivated
- ☒ **B** Production speeds will be faster
- ☒ **C** Unit costs will be the same
- ☒ **D** Less training will be needed

The cost of getting a room ready for customers at the UAE *Premier Inn* is 325 Arab Emirates Dirham (AED).

Premier Inn then adds 25% for other expenses including salaries.

(iv) Which **one** of the following would be the total amount paid in AED by a customer for a room?

Select **one** answer.

(1)

- ☒ **A** 81.25
- ☒ **B** 243.75
- ☒ **C** 350.00
- ☒ **D** 406.25

Figure 1 – Extract from *Premier Inn* financial report in 2021–2022.

	2021 £ millions	**2022 £ millions**
Revenue	249.60	772.80

Figure 1

(v) Which **one** of the following is the percentage increase in revenue from 2021 to 2022.

Select **one** answer.

(1)

- ☒ **A** 5.23%
- ☒ **B** 67.70%
- ☒ **C** 209.62%
- ☒ **D** 523.20%

(vi) Which **one** of the following is an internal source of finance for a business?

Select **one** answer.

(1)

- ☒ **A** Crowdfunding
- ☒ **B** Loan capital
- ☒ **C** Personal savings
- ☒ **D** Venture capital

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

(1)

(c) Define the term **public corporation**.

(1)

(d) State **one** reason why *Premier Inn* managers would delegate tasks to hotel employees.

(1)

To encourage people to stay at a new German hotel, *Premier Inn* offers a 12.5% discount on a room for the first night only.

The price for one night is €89.25.

(e) Calculate, to two decimal places, the price for the first night after the discount has been applied. You are advised to show your working.

(2)

€.....

(f) Explain **one** advantage of using focus groups when carrying out market research.

(3)

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Premier Inn plans to open more hotels in India.

(g) Analyse the benefits for India of these plans.

(6)

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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)

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

(1)

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(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)

SUB-TOPIC 3.2

THE MARKET

5 questions in this sub-topic · 100 marks · lowest tariff first

1 *Backyard Shoez* is a retail business located in Nairobi, Kenya. It sells a wide range of shoes, handbags and accessories for ladies only. *Backyard Shoez* has three shops in Nairobi. The shops are located in a busy shopping centre where there are other shoe shops.

(Source adapted from: https://backyardshoez.co.ke/)

(a) (i) Which **one** of the following is a method of secondary market research?

(1)

Select **one** answer.

- ☒ **A** Questionnaires
- ☒ **B** Government reports
- ☒ **C** Surveys
- ☒ **D** Focus groups

(ii) Which **one** of the following could be a financial objective for the owners of *Backyard Shoez*?

(1)

Select **one** answer.

- ☒ **A** Personal satisfaction
- ☒ **B** Increased production quality
- ☒ **C** Increased market share
- ☒ **D** Loyal employees

(iii) Which **one** of the following is an external source of finance for the owner of a business?

(1)

Select **one** answer.

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

(iv) Which functional area would be responsible for quality control?

(1)

Select **one** answer.

- ☒ **A** Marketing
- ☒ **B** Human Resources
- ☒ **C** Production
- ☒ **D** Administration

In February 2018 *Backyard Shoez* imported 50 handbags from Italy. Each handbag cost them €20.

The exchange rate In February 2018 was €1 = 124.48 Kenyan Shillings (Ks).

(v) How much did *Backyard Shoez* have to pay in Kenyan Shillings for each handbag imported in February 2018?

(1)

Select **one** answer.

- ☒ **A** 2 489.60
- ☒ **B** 6 224.00
- ☒ **C** 24 896.00
- ☒ **D** 124 480.00

In September 2018 the exchange rate was €1 = 117.79 Ks.

(vi) What effect would this exchange rate have on *Backyard Shoez* if the cost of an imported handbag remained at €20?

(1)

Select **one** answer

- ☒ **A** Import costs would be unchanged
- ☒ **B** Net cash flow would improve
- ☒ **C** The price of the handbags in euros would rise
- ☒ **D** The cost of importing a handbag would fall

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

(1)

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

(1)

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(d) State **one** method *Backyard Shoez* could use for on-the-job training.

(1)

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Figure 1 is an extract from the statement of Profit or Loss Account of Backyard Shoez.

	Ks
Revenue	570 000
Cost of goods sold	67 500
Direct labour	2 000
Total cost of sales	69 500
Gross profit	500 500

Figure 1

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

(2)

.....%

(f) Explain **one** way a business could increase its **gross profit margin**.

(3)

(g) Analyse the importance to *Backyard Shoez* of satisfying customer needs.

(6)

4 *Can Culleretes* offers a fixed price dinner menu at €38.40 per person. Groups of five or more are given a discount of 12.5% on their total bill.

(a) Calculate the total cost of a group of 12 people ordering from the fixed price dinner menu. You are advised to show your working.

(2)

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The city of Barcelona has seen a number of new restaurants offering various menus such as Italian and Turkish.

(b) Analyse the importance of *Can Culleretes* responding to changes in its market.

(6)

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Can Culleretes is opening Can Café near its restaurant. Can Café will be a smaller premise providing a variety of drinks and smaller plates of food for people in a hurry.

(c) Evaluate the impact of using venture capital as a source of finance to fund the opening of Can Café. You should use the information provided as well as your own knowledge of business.

(12)

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4 *IKEA* continually reviews the products it makes to meet the demands of its customers. Changing the design of bedroom furniture to meet the needs of a couple setting up home or of parents refurnishing their children's bedroom.

Figure 3 shows the value of *IKEA*'s inventory for 2019 and 2020.

Year	Inventory € (billions)
2019	4.3
2020	3.7

Figure 3

(a) Calculate, to two decimal places, the percentage decrease in inventories from 2019 to 2020. You are advised to show your working.

(2)

.....%

(b) Analyse why *IKEA* uses statements of comprehensive income to assess its business performance.

(6)

IKEA prides itself on knowing the tastes and demands of its customers. This means it can provide the best experience possible when customers are shopping. It offers inspirational home furnishing tutorials and workshops to help customers create the perfect home.

(c) Evaluate the importance to *IKEA* of using demographic segmentation when targeting its customers. You should use the information provided as well as your own knowledge of business.

(12)

1 Jimmy Choo was born in Malaysia. He moved to London and became the founder of *Jimmy Choo*. The business was first known for the shoes it made for women.

Over the years the business has become a multinational business. It has expanded into countries including America, Japan and France. As part of its growth, it now sells clothing, perfume, trainers and wedding outfits. Many celebrities in the fashion and music world are well known for purchasing *Jimmy Choo* products.

Jimmy Choo's brand is identified by its logo, 'JC', which is printed on all items produced. The business has won many awards over the years, including 'Designer of the Year' and 'Ace Brand of the Year'.

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

Select **one** answer.

(1)

- ☒ **A** Continuous improvement
- ☒ **B** Just-in-time (JIT)
- ☒ **C** Market orientation
- ☒ **D** Job production

(ii) Which **one** of the following function areas would pay its employees' wages?

Select **one** answer.

(1)

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

The price of buying a pair of *Jimmy Choo* shoes in Malaysia is 3 359.13 Malaysian Ringgits (MYR).

The exchange rate is 5.65 MYR = £1.00 (pounds).

(iii) Which **one** of the following is the price of the shoes in pounds?

Select **one** answer.

(1)

- ☒ **A** £565.00
- ☒ **B** £594.54
- ☒ **C** £3 353.48
- ☒ **D** £18 979.08

(iv) Which **one** of the following is a benefit of being a sole trader?

Select **one** answer.

(1)

- ☒ **A** Additional capital can be easily raised
- ☒ **B** Decisions can be shared
- ☒ **C** Independence for the owner
- ☒ **D** Limited liability

Figure 1 shows the cash flow information for a business.

	£
Open balance	38 000
Cash inflow	27 000
Cash outflow	17 000

Figure 1

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

Select **one** answer.

(1)

- ☒ **A** £44 000
- ☒ **B** £48 000
- ☒ **C** £55 000
- ☒ **D** £65 000

(vi) 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 only done by market research agencies
- ☒ **D** It is a more up to date method of research

(b) Define the term **e-newsletter**.

(1)

(c) Define the term **minimum wage**.

(1)

(d) State **one** reason why *Jimmy Choo* would want loyal customers.

(1)

Many countries are concerned about the environment and the amount of plastic waste created. In 2018 the value of recycled plastic was $41.73 billion (US dollars). Experts are predicting that this value will increase by 6.6% by 2027.

(e) Calculate, to two decimal places, the predicted value of recycled plastic for 2027. You are advised to show your working.

(2)

$ ..... billion

(f) Explain **one** reason why businesses comply with equal opportunities legislation.

(3)

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(g) Analyse **two** problems for *Jimmy Choo* if customer needs are not satisfied.

(6)

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4 **Figure 4** is an extract from a *Four Fitness* Statement of Comprehensive Income.

	€
Revenue	168 000
Costs of sales	54 638
Gross profit	113 362

Figure 4

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

(2)

..... %

(b) Analyse why *Four Fitness* complies with health and safety laws.

(6)

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The global health and fitness market has an average growth of 7% a year. Individuals are spending more money on looking after their health by becoming fitter and taking out a gym membership. Advancements in technology are also making it easier to monitor fitness levels.

Four Fitness has two gyms in a health-conscious Italy. The team of instructors are all professionally qualified and enthusiastic to share their experience with its customers.

(c) Evaluate how *Four Fitness* may respond to the changes in the market. You should use the information provided as well as your own knowledge of business.

(12)

SUB-TOPIC 3.3

MARKETING MIX

53 questions in this sub-topic · 1060 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)

1 *Lavender*, a Malaysian business, started with bakery, patisserie and takeaway shops. It has now developed into several other businesses. *L.café* is a self-serve café selling a variety of cakes and drinks. *L.bistro* is a casual dining place with a selection of Asian foods. *L.table* is a formal restaurant that uses high quality and organic ingredients.

(Source adapted from: https://www.lavender.com.my/about-us-c1kfx)

(a) (i) Which **one** of the following would be a source of finance that could be used for a cash flow problem?

(1)

Select **one** answer.

☒ **A** Venture capital

☒ **B** Overdraft

☒ **C** Debenture

☒ **D** Leasing

(ii) Which **one** of the following is a phase of the product life cycle?

(1)

Select **one** answer.

☒ **A** Star

☒ **B** Place

☒ **C** Maturity

☒ **D** Branding

(iii) Which **one** of the following is an example of a fixed cost for *Lavender*?

(1)

Select **one** answer.

☒ **A** Flour used in the cakes

☒ **B** Packaging used for *Lavender*'s cakes

☒ **C** Sugar used in production

☒ **D** Rent for *Lavender*'s businesses

(iv) When a business employs a new member of staff, part of their induction training would include:

(1)

Select **one** answer.

- ☒ **A** Health and safety
- ☒ **B** Total Quality Management
- ☒ **C** Off-the-job training
- ☒ **D** Government schemes

Lavender buys 150 kilograms (kgs) of yeast from Germany at a cost of €2 250.

The exchange rate is €1 = 5 Malaysian Ringgits (MYR).

(v) How much does *Lavender* pay in MYR for the yeast?

(1)

Select **one** answer.

- ☒ **A** 750
- ☒ **B** 2 250
- ☒ **C** 11 250
- ☒ **D** 337 500

Lavender calculates the cost of the cakes it makes. The weekly fixed cost is 759 MYR. The variable cost per cake is 4.70 MYR.

(vi) Calculate the total cost of selling 1,650 cakes in a week.

(1)

Select **one** answer.

- ☒ **A** 2 413.70
- ☒ **B** 3 567.30
- ☒ **C** 7 755.00
- ☒ **D** 8 514.00

(b) Define the term **short-term finance**.

(1)

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(c) Define the term **above the line promotion**.

(1)

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(d) State **one** reason *Lavender* would recruit internally.

(1)

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Lavender are offering a discount of 15% if customers buy 25 cakes. Each cake costs 12 MYR.

(e) Calculate the cost of buying 25 cakes. You are advised to show your working.

(2)

..... MYR

(f) Explain **one** advantage of being a franchisee.

(3)

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(g) Analyse why customer satisfaction might be important to *Lavender*.

(6)

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)

4 In 2017 one of *Lavender*'s outlets had current assets of 120 000 MYR and current liabilities of 90 000 MYR.

(a) Calculate to 2 significant figures the current ratio for 2017. You are advised to show your workings.

(2)

(b) Analyse the benefits to *Lavender* of using internal sources of finance for its expansion plans.

(6)

Lavender already uses a website to promote its products.

(c) Evaluate the benefits to *Lavender* of using other forms of technology to promote its products.

(12)

1 *Tata Motor Company* began trading in 1868, and is now part of a large group of companies that is estimated to be worth $100 billion. *Tata Motor Company* manufactures a wide range of cars, buses and trucks. It is India's largest maker of vehicles with manufacturing centres in many countries including Korea, Italy and the UK.

One of the main aims of *Tata Motor Company* is to produce goods that the public want and need. It is currently working on electric cars that are more environmentally friendly. *Tata Motor Company* plays an active role in community development such as building schools, houses and investing in the health and welfare of local people.

(Source adapted from: https://www.tatamotors.com/about-us/)

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

(1)

- ☒ **A** Retained profit
- ☒ **B** Selling assets
- ☒ **C** Sales revenue
- ☒ **D** Share capital

(ii) Which **one** of the following forms of discrimination is covered by legislation?

(1)

- ☒ **A** Ability
- ☒ **B** Age
- ☒ **C** Ethical
- ☒ **D** Political

(iii) Which **one** of the following could be used to gather data for a business?

(1)

- ☒ **A** Market research
- ☒ **B** Market orientation
- ☒ **C** Market segmentation
- ☒ **D** Market place

(iv) In a break-even graph, the break-even point is when:

(1)

- ☒ **A** total costs and fixed costs are the same
- ☒ **B** fixed costs and variable costs are the same
- ☒ **C** total costs and revenue are the same
- ☒ **D** fixed costs and revenue are the same

Figure 1 gives details of one of the many suppliers of tyres to *Tata Motor Company.*

Production each month	2,400
Average price per tyre	€27
Variable costs per tyre	€12
Fixed costs per month	€6 000

Figure 1

(v) What are the monthly total costs for the business?

(1)

- ☒ **A** €8 412
- ☒ **B** €34 800
- ☒ **C** €74 400
- ☒ **D** €204 000

A customer in Germany wishes to buy a Tata Nano car from India. The cost of this vehicle is 465 000 Indian Rupees (RS). The exchange rate is €1.00 = RS78

(vi) What would the German customer pay to the nearest euro for the car?

(1)

- ☒ **A** €3 621
- ☒ **B** €4 650
- ☒ **C** €5 962
- ☒ **D** €36 270

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

(1)

(c) Define the term **product life cycle**.

(1)

(d) State **one** reason why a *Tata Motor Company* employee could be dismissed.

(1)

In December 2016 the global vehicle sales for *Tata Motor Company* were 89,841.

In December 2017 the global vehicle sales figure was 23% higher.

(e) Calculate the global vehicle sales for *Tata Motor Company* in December 2017. You are advised to show your working.

(2)

(f) Explain **one** impact of technology on the manufacture of vehicles.

(3)

(g) Analyse the importance of good public relations for *Tata Motor Company*.

(6)

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)

3 One of *TADS'* objectives is to expand by giving lessons for different musical instruments. To do this it will need to analyse its financial position.

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

(1)

(b) Outline **one** possible financial objective, other than revenue, that *TADS* might have.

(2)

Figure 1 shows an extract from the cash flow forecast for *TADS*.

	February (£)
Opening balance	4 000
Cash inflow	7 000
Cash outflow	3 000
Net cash flow	
Closing balance	

Figure 1

(c) Calculate the closing balance for February. You are advised to show your working.

(2)

£.....

(d) Analyse the importance of cash to *TADS*.

(6)

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TADS is looking to increase its revenue.

TADS is considering the following **two** options:

Option 1: teach other musical instruments

Option 2: increase the number of online drum lessons.

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

(9)

4 The minimum wage in the UK is £7.70. The UK Government is looking to increase this by 2.5%.

(a) Calculate the new minimum wage after an increase of 2.5%. You are advised to show your working.

(2)

£.....

(b) Analyse the benefits for *TADS* of using below-the-line promotion.

(6)

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At the moment *TADS* operates as a sole trader. As it becomes more successful Ollie is considering becoming a private limited company.

(c) Evaluate whether *TADS* should consider becoming a private limited company. You should use the information provided as well as your own knowledge of business.

(12)

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1 *Loaf*, a bakery and cookery school, was set up by Tom Baker in Birmingham, UK. The aim is to promote real food and healthy living. It wants to use its skilled chefs to bring real food to the kitchens of the local community. It uses its cookery courses and bakery to help restore the local high street. *Loaf* also hosts pop-up events (one-off events) in different parts of the city where it shows off its products. Any profit made through these events is directed towards furthering *Loaf*'s charitable work.

Loaf operates a scheme called 'Waste Not'. At the end of the day *Loaf* donates any leftover food to charities who distribute it to local people. In addition, *Loaf* provides a recycling hub for the local community.

Loaf is a social enterprise with nine members of staff; six of whom are directors.

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

(1)

Select **one** answer.

- ☒ **A** Profit
- ☒ **B** Sales
- ☒ **C** Market share
- ☒ **D** Personal satisfaction

(ii) Which **one** of the following is a part of the Boston Matrix?

(1)

Select **one** answer.

- ☒ **A** Rising star
- ☒ **B** Risk assessment
- ☒ **C** Product packaging
- ☒ **D** Extension strategy

(iii) Which **one** of the following is an additional payment to a basic wage?

(1)

Select **one** answer.

- ☒ **A** Promotion
- ☒ **B** Bonus
- ☒ **C** Job enrichment
- ☒ **D** Piece rate

Figure 1 shows the product life cycle diagram.

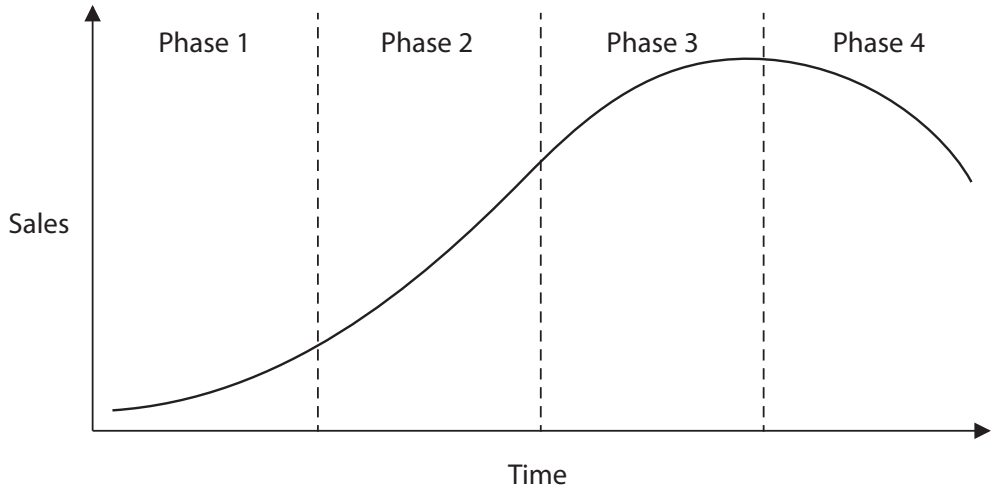


Figure 1

(iv) Which **one** is the correct label for Phase 2?

(1)

Select **one** answer.

- ☒ **A** Growth
- ☒ **B** Decline
- ☒ **C** Introduction
- ☒ **D** Maturity

Loaf charges £165 for its day-long 'Seafood Masterclass' course. The cost to *Loaf* of running this course is £66.

(v) What mark up has *Loaf* applied to this course?

(1)

Select **one** answer.

- ☒ **A** 99%
- ☒ **B** 150%
- ☒ **C** 231%
- ☒ **D** 250%

Loaf is offering some Japanese students the opportunity to take part in a two-hour 'Bao and Dumplings' course. The course will cost £65.

The exchange rate is £1 (Pound) = 148.86 JPY (Japanese Yen).

(vi) Which **one** of the following amounts would a student pay for this course in Yen?

(1)

Select **one** answer.

- ☒ **A** 65.00 JPY
- ☒ **B** 148.86 JPY
- ☒ **C** 9620.00 JPY
- ☒ **D** 9675.90 JPY

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

(1)

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

(1)

(d) State **one** reason why Tom Baker set up his business as a social enterprise.

(1)

Tom Baker is looking to increase his profits so *Loaf* can support more local projects.
The revenue from his pop-up events in 2016 was £23 546. In 2017 this increased by 3%.

(e) Calculate the revenue for 2017. You are advised to show your working.

(2)

£ .....

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

(3)

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(g) Analyse the importance of environmental factors for *Loaf*.

(6)

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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)

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)

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

(2)

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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)

1 *Hans Raj Mahajan Worldwide (HRMW)* is an established manufacturer of sports equipment and sportswear in India. It is a family-run business, which started trading in 1925 and since then has grown to become an established business. Its products are exported across the world. These include footballs, boxing gloves, hockey sticks and sports clothing.

(a) (i) Which **one** of the following is the meaning of production?

Select **one** answer.

(1)

- ☒ **A** Provision of services
- ☒ **B** Exchange of goods
- ☒ **C** Extraction of raw materials
- ☒ **D** Manufacture of finished goods

(ii) Which **one** of the following is a benefit to a person of buying a franchise?

Select **one** answer.

(1)

- ☒ **A** The person can buy supplies from any supplier
- ☒ **B** The person is given support from an established business
- ☒ **C** The person is guaranteed a set wage
- ☒ **D** The person shares their profits with the franchisee

A football that costs 1 060 Indian Rupees is sold for 1 600 Indian Rupees.

(iii) Which **one** of the following would be the markup percentage?

Select **one** answer.

(1)

- ☒ **A** 6.63%
- ☒ **B** 15.09%
- ☒ **C** 33.75%
- ☒ **D** 50.94%

The bank interest rate in India changed from 4.5% to 6.0%.

(iv) Which **one** of the following could affect a business because of this change?

Select **one** answer.

(1)

- ☒ **A** Higher loan repayments
- ☒ **B** Increase in labour costs
- ☒ **C** Improved net cash flow
- ☒ **D** Increase in sales

(v) Which **one** of the following is a feature of a public corporation?

Select **one** answer.

(1)

- ☒ **A** It is owned by a board of directors
- ☒ **B** It is funded by government
- ☒ **C** It aims to maximise profit
- ☒ **D** It is not accountable to anyone

Figure 1 shows the cash flow of a business for a month.

	(£)
Opening balance	1 020 000
Cash inflow	360 000
Cash outflow	400 000

Figure 1

(vi) Which **one** of the following is the closing balance for the business at the end of the month?

Select **one** answer.

(1)

- ☒ **A** –£40 000
- ☒ **B** £40 000
- ☒ **C** £980 000
- ☒ **D** £1 060 000

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

(1)

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

(1)

(d) State **one** possible reason why *HRMW* has a short span of control.

(1)

Figure 2 shows *HRMW*'s estimated revenues.

Year	Revenue in Rupee (000)
2020–2021	85 083
2021–2022	92 322

Figure 2

(e) Calculate, to two decimal places, the percentage increase from 2020–2021 to 2021–2022. You are advised to show your working.

(2)

.....%

(f) Explain **one** reason why a business would sponsor an event.

(3)

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(g) Analyse the benefit to *HRMW* of branding the products it sells.

(6)

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2 *HRMW* carries out market research on a regular basis.

(a) State **one** function that human resources at *HRMW* would carry out.

(1)

(b) State **one** reason why *HRMW* carries out market research.

(1)

(c) Explain **one** benefit of using penetration pricing for a new product.

(3)

(d) Explain **one** benefit to a business of using the internet to carry out secondary market research.

(3)

(e) Explain **one** benefit to a business of continually introducing new products.

(3)

HRMW is always looking to improve its methods of production. To do this it is considering using the following two options:

Option 1: kaizen

Option 2: just-in-time (JIT).

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

(9)

1 *Nantgwynfaen Organic Farm (NOF)* is a farm growing a range of fruit and vegetables. It has a farm shop and offers accommodation with breakfast. It was set up by Amanda and Ken Edwards in West Wales, UK.

NOF supports farmers by selling local organic produce in its farm shop. The produce from the farm shop is served to the visitors staying overnight at the farm.

NOF is committed to being environmentally friendly by recycling, avoiding the use of packaging and reducing the use of electricity.

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

(1)

Select **one** answer.

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

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

(1)

Select **one** answer.

- ☒ **A** Penetration
- ☒ **B** Skimming
- ☒ **C** Competition
- ☒ **D** Promotional

(iii) Which **one** of the following types of discrimination is protected by legislation?

(1)

Select **one** answer.

- ☒ **A** Age
- ☒ **B** Ability
- ☒ **C** Social
- ☒ **D** Ethical

(iv) Which **one** of the following is a document employers would send to potential employees?

(1)

Select **one** answer.

- ☒ **A** Curriculum vitae
- ☒ **B** Letter of application
- ☒ **C** Newspaper advertisement
- ☒ **D** Person specification

NOF imports dried fruit from France. A kilogram (kg) costs €12.84.

The exchange rate is £1 (Pound sterling) = €1.16 (Euro).

(v) Which **one** of the following would *NOF* pay for 1kg of dried fruit in pounds sterling?

(1)

Select **one** answer.

- ☒ **A** £1.16
- ☒ **B** £11.07
- ☒ **C** £12.84
- ☒ **D** £14.00

NOF buys honey from a local farm for £1.60 a jar and sells it to customers for £3.60.

(vi) What is the markup on a jar of honey?

(1)

Select **one** answer

- ☒ **A** 1.6%
- ☒ **B** 2%
- ☒ **C** 125%
- ☒ **D** 250%

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

(1)

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(c) Define the term **non-current liabilities**.

(1)

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(d) State **one** reason why *NOF* segments its target market by income.

(1)

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Figure 1 is an extract from *NOF*'s statement of comprehensive income.

	£000s
Revenue	160
Cost of sales	70
Gross profit	90
Other operating expenses	10

Figure 1

(e) Calculate the operating profit margin. You are advised to show your working.

(2)

.....%

(f) Explain **one** strategy a small business might use to extend the product life cycle of one of its products.

(3)

(g) Analyse the importance of marketing to *NOF*.

(6)

The demand for *NOF* products can be affected by external factors.

2 (a) State **one** external factor that could cause a change in demand for *NOF* products.

(1)

(b) State **one** reason *NOF* might use other retailers to sell its products.

(1)

(c) Explain **one** benefit to a business of using secondary market research.

(3)

(d) Explain **one** limitation of a cash flow forecast when making business decisions.

(3)

(e) Explain **one** benefit to a business of using crowdfunding as a source of finance.

(3)

NOF has recently harvested its corn crop. It intends to turn the corn into popcorn called '*NOF* pop' to sell in the farm shop and through local retailers.

NOF is considering two options to introduce the product into the market:

Option 1: offering a low introductory price for three months

Option 2: selling at the same price as competitors.

(f) 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)

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

(1)

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

(3)

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(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)

2 (a) State **one** reason why *Artify Studio* would want to offer a high-quality service.

(1)

(b) State **one** advantage for *Artify* Studio of using part-time employees.

(1)

(c) Explain **one** benefit to a business of being a partnership.

(3)

(d) Explain **one** way social media can be used by a business.

(3)

(e) Explain **one** benefit for a business from the introduction of total quality management (TQM).

(3)

Artify Studio has decided to use public relations to improve its image.

It is considering two options:

Option 1: sponsoring a local art show in the Kampong Glam area

Option 2: having a stand at a national art exhibition in Singapore's capital.

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

(9)

which had new photographic technology).

1 (a) (i) Which **one** of the following is an advantage of primary market research?

(1)

Select **one** answer.

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

(ii) Which **one** of the following is a financial objective?

(1)

Select **one** answer.

- ☒ **A** Personal satisfaction
- ☒ **B** Market share
- ☒ **C** Independence
- ☒ **D** Control

Figure 1 shows selected financial information for a pottery business.

Number of ceramic bowls sold per day	200
Price per bowl	£12.00
Variable cost per bowl	£3.00
Fixed costs per day	£600

Figure 1

(iii) Which **one** of the following is the total revenue for a day?

(1)

Select **one** answer.

- ☒ **A** £600
- ☒ **B** £1 800
- ☒ **C** £2 400
- ☒ **D** £7 200

(iv) Which **one** of the following would be a disadvantage for a partner in a partnership?

(1)

Select **one** answer.

- ☒ **A** Sharing the workload
- ☒ **B** Liability for all debts
- ☒ **C** Access to more capital
- ☒ **D** Sharing skills

Huawei's brand value for 2018 was $7.6 billion. *Huawei* plans to increase its brand value by 14% in 2019.

(v) What would be the brand value in 2019?

(1)

Select **one** answer.

- ☒ **A** $6.20 billion
- ☒ **B** $7.74 billion
- ☒ **C** $8.66 billion
- ☒ **D** $10.64 billion

(vi) Which **one** of the following is a source of long-term finance?

(1)

Select **one** answer.

- ☒ **A** Overdraft
- ☒ **B** Sales revenue
- ☒ **C** Trade credit
- ☒ **D** Bank loan

(b) Define the term **sole trader**.

(1)

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

(1)

(d) State **one** reason why *Huawei* may use share capital as a source of finance.

(1)

Figure 2 is part of the statement of comprehensive income for *Huawei* in 2018.

	(CNY) million
Revenue	721 202
Operating profit	73 287

Figure 2

(e) Calculate, to two decimal places, the operating profit margin for *Huawei*. You are advised to show your working.

(2)

..... %

(f) Explain **one** advantage for a business of using **sponsorship**.

(3)

(g) Analyse the benefits for *Huawei* of locating its factories near to its labour sources.

(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 *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)

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

(2)

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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)

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 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)

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

(1)

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

(2)

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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 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)

4 In 2019 *LEGO* had current assets of 34 946 million DKK and current liabilities of 12 763 million DKK.

(a) Calculate, to two decimal places, the current ratio in 2019. You are advised to show your working.

(2)

Quality has always been one of *LEGO*'s main values. It wants everything that it makes and sells to be the best so its toys can help children learn and develop. It has a motto that 'only the best is good enough'. The founder of *LEGO* set a company rule that 'No one must be able to do this, better than us'. He also stated that he wanted 'only the best people that money could buy' to work at the business.

(b) Analyse the benefits to *LEGO* of increasing the use of robotics in the manufacture of toys and games.

(6)

LEGO has progressed from a small carpenter's shop to a global enterprise and has been named 'Toy of the Century' twice.

(c) Evaluate how *LEGO* has maintained a competitive advantage in the making of toys and games. You should use the information provided as well as your own knowledge of business.

(12)

4 *Cadbury* is part of the multinational *Mondelez* business. In 2017 *Mondelez* had a gross profit of $10.3 million and a revenue of $25.9 million.

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

(2)

..... %

When *Cadbury* was founded in 1842, there may have been times when it needed an overdraft.

(b) Analyse why *Cadbury* may have needed to take out an overdraft.

(6)

(c) Evaluate the importance of marketing for *Cadbury* when introducing a new product. You should use the information provided as well as your own knowledge of business.

(12)

1 *Irsi Chocolatier* is a chocolate shop in Brussels, the capital city of Belgium. There are many other chocolate shops nearby. Opened in 1989 by the Corne family the business now has four directors and three employees. Florent Corne is the Managing Director with three other family members as Directors. *Irsi Chocolatier* opens from Tuesday till Saturday. The shop sells a variety of handmade chocolates and jelly fruit sweets. It delivers locally and has a website for information purposes only.

(a) (i) Which **one** of the following functions is responsible for public relations?

Select **one** answer.

(1)

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

(ii) Which **one** of the following is the difference between cash inflow and cash outflow?

Select **one** answer.

(1)

- ☒ **A** Opening balance
- ☒ **B** Net cash flow
- ☒ **C** Closing balance
- ☒ **D** Cash flow forecast

(iii) Which **one** of the following is the sector that converts raw materials into products?

Select **one** answer.

(1)

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

(iv) Which **one** of the following is an example of a good?

Select **one** answer.

(1)

- ☒ **A** Motor vehicle
- ☒ **B** Financial advice
- ☒ **C** Car washing
- ☒ **D** Gardening

In 2021 *Irsi Chocolatier*'s revenue was €311 625. Each year it has seen its revenue increase.

(v) Which **one** of the following would be a 3% increase in revenue for *Irsi Chocolatier*?

Select **one** answer.

(1)

- ☒ **A** €317 857.50
- ☒ **B** €319 415.63
- ☒ **C** €320 973.75
- ☒ **D** €322 531.88

Irsi Chocolatier's monthly fixed costs are €950 and variable costs per luxury box of chocolates are €2.60.

(vi) Which **one** of the following is the break-even point when a box of luxury chocolates is priced at €15.10?

Select **one** answer.

(1)

- ☒ **A** 75
- ☒ **B** 76
- ☒ **C** 77
- ☒ **D** 78

(b) Define the term **limited liability**.

(1)

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

(1)

(d) State **one** way *Irsi Chocolatier* could use the Boston matrix.

(1)

A customer buying five boxes of chocolates for a total of €75.50 is given a 6% discount.

(e) Calculate, to two decimal places, the cost of these chocolates after the discount has been applied. You are advised to show your working.

(2)

€.....

(f) Explain **one** benefit for a business that uses test marketing.

(3)

(g) Analyse the importance of branding for *Irsi Chocolatier*.

(6)

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)

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)

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 One of *IKEA*'s aims is to keep up to date with the changes taking place in product design and meeting customers' needs. To do this it has to introduce new and different products on a regular basis.

(a) State **one** reason why *IKEA* would employ temporary staff.

(1)

(b) State **one** financial objective *IKEA* might have.

(1)

(c) Explain **one** reason why cash flow forecasting is important to a business.

(3)

(d) Explain **one** reason why diseconomies of scale may occur.

(3)

(e) Explain **one** reason why businesses continually design new products.

(3)

IKEA constantly aims to improve the way it promotes its furniture. To do this *IKEA* is considering using the following techniques.

Option 1: above the line promotion

Option 2: below the line promotion.

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

(9)

1 *Mahindra & Mahindra Limited (M&M)* is an Indian multinational vehicle manufacturing corporation with its headquarters in Mumbai, India. It is one of the largest manufacturers of cars, vans and tractors in the world.

M&M started in 1945 and has prospered for over 75 years with the aim of 'Rising through crisis'. In the 1970s with the oil crisis that sent the cost of petrol rising, it adapted its tractor diesel engines to be used in its cars and vans.

M&M is committed to ensuring that it protects the environment. In 2020 it planted 1.32 million trees across India. It supports schools for disadvantaged children and teenagers.

Figure 1 Maslow's Hierarchy of Needs

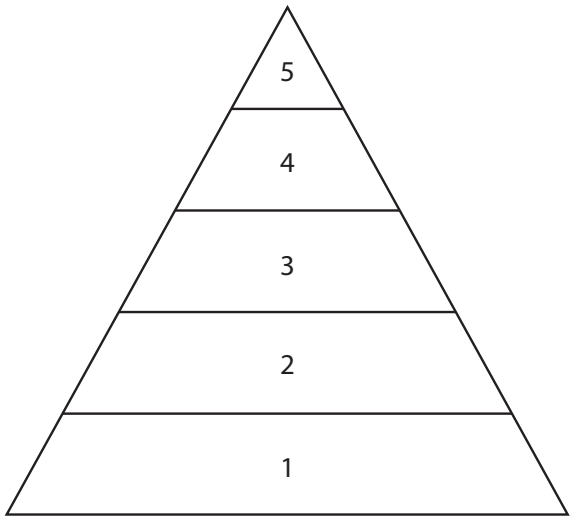


Figure 1

(a) (i) Which **one** of the following is Level 3 in Maslow's Hierarchy of Needs?

Select **one** answer.

(1)

- ☒ **A** Esteem
- ☒ **B** Social
- ☒ **C** Safety
- ☒ **D** Basic

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

Select **one** answer.

(1)

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

Below is an extract from a cash flow forecast for one month.

The opening balance was £20 000, cash inflow £28 000 and cash outflow £56 000.

(iii) Which **one** of the following is the closing balance for the end of the month?

Select **one** answer.

(1)

- ☒ **A** –£28 000
- ☒ **B** –£8 000
- ☒ **C** £48 000
- ☒ **D** £84 000

(iv) Which **one** of the following is a reason why governments raise tax rates?

Select **one** answer.

(1)

- ☒ **A** To raise revenue for the government
- ☒ **B** To attract multinationals
- ☒ **C** To raise demand in the economy
- ☒ **D** To reduce unemployment

In 2020 *M&M* sold 288,302 tractors. The number of tractors sold in 2021 was 12% higher.

(v) What would be the number of tractors sold in 2021?

Select **one** answer.

(1)

- ☒ **A** 253,706
- ☒ **B** 300,302
- ☒ **C** 322,898
- ☒ **D** 322,910

A shop owner wanted to gain information from potential customers before opening his shop.

(vi) Which **one** of the following market research methods would the shop owner use?

Select **one** answer.

(1)

- ☒ **A** Market segment
- ☒ **B** Primary research
- ☒ **C** Research and development
- ☒ **D** Secondary research

(b) Define the term **public corporation**.

(1)

(c) Define the term **qualitative market research**.

(1)

(d) State **one** reason why it is important for *M&M* to motivate its employees.

(1)

In 2019 *M&M* borrowed 448 million Indian Rupees. In 2020 it borrowed 900 million Indian Rupees.

(e) Calculate, to two decimal places, the percentage increase from 2019 to 2020. You are advised to show your working.

(2)

.....%

(f) Explain **one** advantage of becoming a multinational business.

(3)

(g) Analyse the disadvantages to *M&M* of using social media.

(6)

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)

1 *As We Grow* (*AWG*) is a clothing business in Iceland. The social objective of the business is to use natural materials, such as wool, and produce environmentally friendly products. It aims to design clothes that will last a long time, to encourage families to buy fewer clothes and reduce waste in society.

AWG's increasing product range now includes jumpers, dresses, shirts and baby clothes. These are produced in small workshops that employ family and friends. Waste is kept to a minimum and any leftover material is used to make scarves and hats. The business has one store in Iceland. It uses its website to advertise and sell its clothing online to customers in other countries. The business has received the Icelandic Design Award for its contribution to the environment.

(a) (i) Which **one** of the following is shown on the statement of financial position?

Select **one** answer.

(1)

- ☒ **A** Sales
- ☒ **B** Cost of sales
- ☒ **C** Current assets
- ☒ **D** Gross profit

(ii) Which **one** of the following is an element of the marketing mix?

Select **one** answer.

(1)

- ☒ **A** Price
- ☒ **B** Partnership
- ☒ **C** Production
- ☒ **D** Profit

A business has fixed costs of £6 000 a month. Variable costs are £5 per unit and 8,000 units are made each month.

(iii) Which **one** of the following is the total monthly cost?

Select **one** answer.

(1)

- ☒ **A** £ 6 005
- ☒ **B** £14 000
- ☒ **C** £30 000
- ☒ **D** £46 000

(iv) Which **one** of the following job roles is most likely to be associated with capital-intensive production?

Select **one** answer.

(1)

- ☒ **A** Hairdresser
- ☒ **B** Car assembly worker
- ☒ **C** Soft fruit picker
- ☒ **D** Chef

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

Select **one** answer.

(1)

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

The currency of Iceland is the krona (ISK).

AWG's weekly fixed costs are 440 000 ISK and the variable cost per jumper is 2 500 ISK. Each jumper is sold for 8 000 ISK.

(vi) Which **one** of the following is the weekly break-even point?

Select **one** answer.

(1)

- ☒ **A** 8
- ☒ **B** 55
- ☒ **C** 80
- ☒ **D** 176

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

(1)

(c) Define the term **span of control**.

(1)

(d) State **one** likely variable cost for *AWG*.

(1)

AWG sells a woman's jumper on its international website for $329. *AWG* had a promotional sale and offered a discount of 25% on the price of jumpers.

(e) Calculate, to two decimal places, the new price of the jumper in the promotional sale. You are advised to show your working.

(2)

$.....

(f) Explain **one** benefit to a business that operates as a sole trader.

(3)

.....

.....

.....

.....

.....

(g) Analyse the advantages to *AWG* of using e-commerce to sell its products.

(6)

.....

.....

.....

.....

.....

2 (a) State **one** non-financial method *AWG* may use to motivate its employees.

(1)

.....

.....

.....

(b) State **one** task of an *AWG* employee working in the human resources department.

(1)

.....

.....

.....

(c) Explain **one** benefit of globalisation to a small business.

(3)

.....

.....

.....

.....

.....

(d) Explain **one** method of below-the-line promotion a business may use to retain its customers.

(3)

(e) Explain **one** benefit to a business of using market segmentation to target its customers.

(3)

If *AWG* expands its business in Iceland it may need to seek additional finance. It is considering two options:

Option 1: use venture capital to open new stores

Option 2: start offering franchises.

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

(9)

3 (a) Define the term **job production**.

(1)

(b) Outline why *AWG* can be classified as operating in the secondary sector.

(2)

In 2022, *AWG* borrowed 70 000 ISK from its bank. At the end of the year it paid back the loan with 6.5% interest.

(c) Calculate the total amount, including interest, *AWG* would have paid to the bank. You are advised to show your working.

(2)

.....ISK

AWG is an importer and an exporter. It imports materials to make its jumpers and exports its clothing to international customers.

(d) Analyse the impact on *AWG* of a depreciation of the ISK.

(6)

AWG is planning to launch a new range of clothing aimed at teenagers and younger adults. It is considering two pricing methods:

Option 1: competition pricing

Option 2: cost plus pricing.

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

(9)

2 *Kraft Heinz* has different functional areas within the business. These functional areas work together to ensure that *Kraft Heinz* maintains high standards of production with limited waste material.

Kraft Heinz aims to be involved in the local area through various methods such as charity and sporting events.

(a) State **one** task that human resources would carry out at *Kraft Heinz* when recruiting an employee.

(1)

(b) State **one** financial objective *Kraft Heinz* might have.

(1)

(c) Explain **one** reason why some businesses use crowdfunding as a source of finance.

(3)

(d) Explain **one** disadvantage to a business of using retained profits to purchase goods and services.

(3)

(e) Explain **one** reason why the quality of goods manufactured by a business is important to its success.

(3)

Kraft Heinz constantly aims to promote its products to encourage people to increase sales. To do this *Kraft Heinz* is considering using the following techniques:

Option 1: sponsorship of a local charity

Option 2: increasing the number of special offers.

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

(9)

New Zealand and America.

4 **Figure 3** shows the gross profit for *Kraft Heinz* for the three months ending 25 June 2022:

	Million (US Dollars)
Gross profit	1 984
Revenue	6 554

Figure 3

(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 working.

(2)

.....%

(b) Analyse the benefits to countries where *Kraft Heinz* is located.

(6)

Kraft Heinz advertises on a regular basis using different methods such as television and posters. Its products are purchased by the young and old. In 2019, it used a television advertisement with Ed Sheeran, the pop star, demonstrating his taste for Heinz tomato sauce.

(c) Evaluate the importance to *Kraft Heinz* of using a variety of different methods to advertise to its target customers. You should use the information provided as well as your own knowledge of business.

(12)

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)

4 *PPS* is planning to introduce a new line of dog treats. **Figure 4** shows some financial information for this product.

	€
Monthly fixed costs	1 000
Variable cost per unit	3.25
Selling price	4.50

Figure 4

(a) Calculate the break-even level of output for this new line of dog treats. You are advised to show your working.

(2)

..... dog treats

(b) Analyse the importance of cash to *PPS*.

(6)

Another pet business is about to open a rival pet hotel in the village. This is the first time *PPS* has faced competition.

(c) Evaluate the importance of marketing to *PPS* so it can keep its market share. You should use the information provided as well as your own knowledge of business.

(12)

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)

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)

4 **Figure 2** shows the total cost to *TUI* of employees' salaries.

Total cost of employees	**€ '000**
2021	39 631
2022	57 498

Figure 2

(a) Calculate, to two decimal places, the percentage increase in the total cost of employees from 2021 to 2022. You are advised to show your working.

(2)

.....%

(b) Analyse how *TUI* could make use of the Boston Matrix to review all the different types of holidays it offers.

(6)

(c) Evaluate the benefits for *TUI* of providing a quality service. You should use the information provided as well as your own knowledge of business.

(12)

2 (a) State **one** reason why branding is important to *Saha*.

(1)

(b) State **one** task that an employee working in the production department at *Saha* might do.

(1)

(c) Explain **one** disadvantage for a business of using flow production to produce its goods.

(3)

(d) Explain **one** method of above the line promotion a business may use to increase its sales revenue.

(3)

(e) Explain **one** reason why the proximity to materials is important to a business when locating to a new factory.

(3)

When *Saha* expands its business it will require additional finance. It is considering two options:

Option 1: crowdfunding

Option 2: loan capital.

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

(9)

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

(1)

(b) Outline **one** reason why *Saha* may dismiss an employee.

(2)

Figure 2 is an extract from a cash flow forecast.

	£
Cash inflows Sales Other income	 24 000 5 000
Cash outflow	
Net cash flow	11 000

Figure 2

(c) Calculate the **cash outflow**. You are advised to show your working.

(2)

£.....

(d) Analyse **two** possible reasons that may lead to business failure for *Saha*.

(6)

Saha is planning to develop a new range of robots aimed at helping people in the home with cleaning, shopping, security and entertainment.

It is considering two pricing methods for these robots:

Option 1: price skimming

Option 2: cost plus pricing.

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

(9)

2 *Premier Inn* wants to retain its employees so it can continue to maintain the service it provides for guests.

(a) State **one** activity carried out by the marketing functional area at *Premier Inn*.

(1)

(b) State **one** reason why *Premier Inn* uses seasonal employees.

(1)

(c) Explain **one** reason why a business would use robotics in its production.

(3)

(d) Explain **one** reason why a business might use sponsorship.

(3)

(e) Explain **one** advantage for a country of being in a trading bloc.

(3)

To be competitive in India, *Premier Inn* must make sure that it uses the correct pricing strategy. It is considering the following two options:

Option 1: competition pricing

Option 2: promotional pricing.

(f) Justify which **one** of these two options *Premier Inn* 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 *China Cycle Tours (CCT)* is a business that provides bicycle tours. It offers guided bicycle tours around the city and countryside of Shanghai, China. It was started in 2008 with the slogan, 'One world, Two wheels.'

CCT employs eight tour guides who are all bilingual, speaking Chinese and English. The guides help tourists in all aspects of their tour including bookings for accommodation, food, activities and visits to cultural sites. *CCT* delivers the bicycles directly to the hotels where the tourists are staying and provides free maps and locks for the bicycles.

CCT has received good reviews and ratings online. Customers have commented that the bicycle tours are extremely enjoyable and that the guides help them to experience the true culture of China.

(a) (i) Which **one** of the following is the production process that relies more on machinery than on labour?

(1)

Select **one** answer.

- ☒ **A** Kaizen
- ☒ **B** Job production
- ☒ **C** Just-in-time
- ☒ **D** Capital intensive

(ii) Which **one** of the following is a pricing strategy that involves setting a low price for a product when it is first introduced to the market to quickly gain market share?

(1)

Select **one** answer.

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

(iii) Which **one** of the following is most likely to improve the cash flow position of a small business to help prevent its failure?

(1)

Select **one** answer.

- ☒ **A** Paying overhead costs sooner
- ☒ **B** Paying suppliers later
- ☒ **C** Increasing the rate of pay for its employees
- ☒ **D** Decreasing the net cash flow

(iv) Which **one** of the following is a financial business aim?

(1)

Select **one** answer.

- ☒ **A** Challenge
- ☒ **B** Independence
- ☒ **C** Survival
- ☒ **D** Control

CCT is considering purchasing six electric bicycles from England to increase the variety of bicycles it offers to its customers.

Each bicycle costs £550.

The exchange rate is £1 = 9.35 Chinese yuan (CNY).

(v) Which **one** of the following would *CCT* pay in CNY for **six** electric bicycles?

(1)

Select **one** answer.

- ☒ **A** 550.00 CNY
- ☒ **B** 3 300.00 CNY
- ☒ **C** 5 142.50 CNY
- ☒ **D** 30 855.00 CNY

Figure 1 is a financial extract from *CCT*.

	CYN
Total revenue	1 444 304
Total labour costs	750 288
Total material costs	234 465
Other costs	46 893

Figure 1

(vi) Using **Figure 1** which **one** of the following is correct for *CCT*?

Select **one** answer

(1)

- ☒ **A** It made a loss of 1 031 646 CYN
- ☒ **B** It made a loss of 412 658 CYN
- ☒ **C** It made a profit of 412 658 CYN
- ☒ **D** It made a profit of 1 031 646 CYN

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

(1)

.....

.....

.....

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

(1)

.....

.....

.....

(d) State **one** method of secondary market research *CCT* could use to collect market data.

(1)

In 2024 *CCT* had current assets of 561 258 CYN and current liabilities of 233 098 CYN.

(e) Calculate, to two decimal places, the current ratio for 2024. You are advised to show your working.

(2)

(f) Explain **one** benefit to a business owner of operating as a private limited company.

(3)

CCT has a website for bookings and a social media page that provides information to its customers. It now wants to introduce an app that can be downloaded by its customers to make it easier to make and track bookings.

(g) Analyse the concerns *CCT* may have of introducing this app for its customers.

(6)

4 *CCT* is offering team-building tours to other businesses. The price per person for these tours is 938 CYN. If a business books more than five places, it receives a 6% discount.

(a) Calculate the total discount received by a business when it books eight people on a team-building tour. You are advised to show your working.

(2)

..... CYN

CCT has a website to provide information to its customers and make bookings.

(b) Analyse other forms of technology *CCT* can use to communicate its services.

(6)

In 2024 the interest rate in China was 3% but is now predicted to increase to 3.2% in 2025.

(c) Evaluate the impact on *CCT* of an increase in the Chinese interest rate. You should use the information provided as well as your own knowledge of business.

(12)

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)

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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)

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)

3 (a) Define the term **just-in-time (JIT)**.

(1)

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(b) Outline **one** reason why *Rabanne* uses different methods to advertise job vacancies.

(2)

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Figure 2 shows the current assets for *Rabanne* in 2021 and 2022.

Year	Current Assets
2021	$8 527
2022	$5 952

Figure 2

(c) Calculate, to two decimal places, the percentage decrease in current assets. You are advised to show your working.

(2)

..... %

Packaging of all its products is important to *Rabanne*. It wants to ensure that all products delivered to customers are in the best condition and not damaged. However, it works hard to reduce the amount of packaging, thus reducing waste.

(d) Analyse the importance for *Rabanne* of using its resources effectively.

(6)

Over the past few years a number of new aftershave and perfume businesses have opened and may compete with *Rabanne*. To keep up with its competitors *Rabanne* is reviewing its marketing strategies. It is considering the following two options:

Option 1: increasing the number of product trials

Option 2: increasing advertising.

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

(9)

4 Some of the smaller shops selling *Rabanne* products have introduced a 5% commission for sales assistants.

(a) Calculate, to two decimal places, the commission a sales assistant would earn if they have sold goods valued at £850. You are advised to show your working.

(2)

£ .....

(b) Analyse the benefits to *Rabanne* of using robotics to manufacture its products.

(6)

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Rabanne is constantly working on improving its relationship with the public by introducing refillable glass bottles to reduce the number of bottles being thrown away. *Rabanne* is working to reduce the impact it has on the environment by having sustainable packaging, as well as donating to charities.

(c) Evaluate the effect for *Rabanne* of working hard to maintain and improve its public relations. You should use the information provided as well as your own knowledge of business.

(12)

MARK SCHEMES

official Pearson Edexcel mark schemes

Question Number	Answer	Additional guidance	Mark
4 (a)	**AO2 - 2 marks** 800/ 2 400 x 100 **(1)** = 33 **(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** • *Backyard Shoez* can use the information to work out how much profit they have made from buying and selling shoes and compare it to previous years. • Profitability ratios can help *Backyard Shoez* see if there is a need to take out any short term sources of finance. **AO3** • By using profitability ratios *Backyard Shoez* can see their financial position before they are set to expand to work out whether it is the right business decision to make or not. • Profitability ratios give investors the crucial information they need to weigh up the amount that they will receive from their investment compared to the risk they are going to take.	**(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** • Market research can be conducted by the business itself in the form of a questionnaire. • The business could chose to use other methods that suit their business like focus groups. **AO2** • *Backyard Shoez* could question customers in the mall on their needs and wants for shoes. • *Backyard Shoez* will be able to speak directly to customers who buy their shoes who will then feel valued. **AO3** • Therefore, using primary market research *Backyard Shoez* can find out exactly what they need and work out ways of meeting those needs. • Focus groups will give *Backyard Shoez* qualitative data which can help with the design of new shoes. **AO4** • However, it can be time consuming to find out what customers' needs are and if these are already being met by the competitors in the local area then no amount of market research will help them to target their new audience. • However, without doing secondary market research as well then *Backyard Shoez* cannot find out wider research such as information on competitors and 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).

Question Number	Answer	Mark
3 (a)	**AO1 - 1 mark** Award 1 mark for a correct definition of current liabilities. The amounts owed by a business that must be paid within twelve months **(1).**	**(1)**

Question Number	Answer	Mark
3 (b)	**AO2 - 2 marks** Award 1 mark for identifying a reason why the revenue is higher for the Bakery shops rather than *L.bistro* and *L.café*, plus 1 further mark for linking it to the context of the question. Bakeries are used on a daily basis buying the same kind of products i.e. bread and cakes **(1)** whereas *L.bistro* and *L.café* are more for special occasions **(1).** Do not accept a reason that is not in the context of *Lavender*. **Accept any other appropriate response.**	**(2)**

Question Number	Answer	Additional guidance	Mark
3 (c)	**AO2 - 2 marks** 24/75 x 100 **(1)** = 32% **(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
3 (d)	**AO2 = 3 marks AO3 = 3 marks** **AO2** • *Lavender* are able to see if they have enough money to expand into other parts of Malaysia. • *Lavender* can use these figures to show investors how successful they are as a business and are capable of expanding. **AO3** • As *Lavender* want to expand they need to take into account other factors such as overheads and outgoings as these may be higher so the net profit figure may be low and they will not have enough to expand. • *Lavender* also need to consider other factors such as the location of competition in the areas they are looking to expand in and if they can survive as a new business entering the area or comparing the figures to last year's figures to see if they have performed better or worse.	**(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 – Primary market research, such as questionnaires, will allow *Lavender* to approach existing and potential customers face to face to ask their opinions of its food and menu. Option 2 – Secondary market research, such as the internet, will allow *Lavender* to gain wider sources of information about the area it wishes to expand into and see if there are other similar restaurants. **AO3** Option 1 – Therefore, giving *Lavender* detailed feedback specific to its business about its food products and from people who are within the area it is looking to expand into. Option 2 – Therefore, it is less time consuming for *Lavender* because other people have put the information together and they can find out other information such as local bakeries as opposed to just what the customers' needs and wants are such as local competition and suppliers in the area. **AO4** Option 1 – However, they may also find that not all of the feedback gained is relevant to the menu they have or some people may not want to fill in the questionnaire so they do not gather all of the information they require. Option 2 – However, when using secondary market research methods you could spend a lot of time looking at other factors and not gaining the information you actually need about food products. Also some of the information might not be relevant to the business activity of *Lavender* or could be outdated.	**(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 revenue. • The income over a period of time from the sales of goods **(1)**. • Price x sales **(1)**	**(1)**

Question Number	Answer	Mark
3 (b)	**A02 - 2 marks** Award 1 mark for identifying a reason why *Tata Motor Company* would want to use an overdraft, plus 1 further mark for linking it to the context of the question. • *Tata Motor Company* would need an overdraft to overcome a shortfall in funds **(1)** which means if it needs funds to purchase additional tyres the money will be available **(1)**. **NB** Do not accept a reason that is not in the context of *Tata Motor Company.* **Accept any other appropriate response.**	**(2)**

Question Number	Answer	Additional guidance	Mark
3 (c)	**A02 - 2 marks** 42 839 – 18 441 = 24 398 **(1)** 24 398 ÷ 18 441 x 100 = 132.30% **(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
3 (d)	**AO2 = 3 marks AO3 = 3 marks** **AO2** • *Tata Motor Company's* revenue has increased year on year. • *Tata Motor Company* can use these figures to compare them with other vehicle manufacturers. **AO3** • *Tata Motor Company* could invest in designing and manufacturing new cars. • *Tata Motor Company* could adjust its prices to increase its yearly revenue.	**(6)**

	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** **<u>AO2</u>** • **Option 1** – you are able to obtain the information directly from the people about the cars they want and the price they are prepared to pay. • **Option 2** – secondary research is much easier to collate from other car manufacturing websites and reports. **<u>AO3</u>** • **Option 1** – this helps *Tata Motor Company* gather information that is relevant and can help in designing and pricing the next cars to be manufactured. • **Option 2** – and will not take *Tata Motor Company* as long to gather the information it requires. **<u>AO4</u>** • **Option 1** – although gaining this information is important for *Tata Motor Company* it is very costly in time and man power. • **Option 2** – the data it collects may not provide the information it requires.	**(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
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)

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)

4 (a)	**A02 - 2 marks** 5 353/6.70 **(1)** = 798.96 **(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* would want good quality control when producing its smartphones. **Indicative content**	Mark
4 (b)	**AO2 – 3 marks AO3 – 3 marks** **<u>AO2</u>** • If *Huawei* gains a reputation for good quality products more customers are likely to purchase its smartphones • To repair faulty smartphones or tablets could be expensive for *Huawei* **<u>AO3</u>** • If the standard is not maintained then customers may not trust the reliability of the smartphones and may change to other brands • If customers have to wait for smartphones and tablets to be repaired this could give *Huawei* a bad reputation	**(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 why *Huawei* would carry out market research before designing a new product. **Indicative content**	Mark
4 (c)	**AO1 = 3 marks AO2 = 3 marks** **AO3 = 3 marks AO4 = 3 marks** **AO1** • Market research finds out what customers' needs and wants are • By carrying out market research *Huawei* will be able to make informed decisions as to actions it should take **AO2** • If *Huawei* produces a watch that very few customers want then it could waste a great deal of money • *Huawei* may decide to add additional features or reduce or increase the size of its smartphones from comments made by potential customers **AO3** • This could have a negative effect on *Huawei's* financial situation and also impact upon the development of other products such as tablets that *Huawei* makes and sells • This could help increase sales of tablets and smartphones and enable *Huawei* to remain competitive **AO4** • However, producing a watch that no other business is offering could mean that it sells more of the products and gains a competitive advantage • However, there is no guarantee that all the market research carried out is worthwhile as customers' tastes and needs are changing constantly in light of new technological developments	**(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	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**

1 (a) (i)	**AO1 - 1 mark** **C** Cash flow A – a mortgage is a loan B – break-even does not show money in and out of a business – it is the point at which total costs and revenue are the same D – Profit and loss – profit is money left after sales and loss is when there is less money made than it cost	**(1)**

Question Number	Which **one** of the following could a person complete when applying for a job? **Answer**	**Mark**
1 (a)(ii)	**AO1 - 1 mark** **A** Application form B – Shortlisting is the process of deciding which applicants to interview C – Job description gives of the job for which applicants can apply D Person specification gives details of the type of person required for the job	**(1)**

Question Number	Which **one** of the following is the correct statement? **Answer**	**Mark**
1 (a) (iii)	**AO2 - 1 mark** **C** Loss of 550 000 A – Total costs has incorrectly been calculated using revenue + variable costs + fixed costs B – Cash inflow has incorrectly been calculated by doing variable costs minus fixed costs D – Profit is incorrect as this calculates revenue minus variable costs	**(1)**

Question Number	Which **one** of the following is a benefit of being a franchisee? **Answer**	**Mark**
1 (a)(iv)	**AO1 - 1 mark** **B** Selling an established brand A – You cannot choose your own suppliers as a franchise C – You would still have to pay interest on any bank loans whether a franchisee or not D – You do not have complete control of the business if you are a franchisee the franchisor does	**(1)**

Question Number	Which **one** of the following is the percentage increase from 2019 to 2020? **Answer**	**Mark**
1 (a) (v)	**AO2 - 1 mark** **D** 6% A – is 2.31 ÷ 38.5 = 0.06% B – is 40.81 ÷ 38.5 = 1.06% C – is 40.81 – 38.5 = 2.31%	**(1)**

Question Number	Which **one** of the following functional areas could help employees who had a problem with their wage? **Answer**	**Mark**
1 (a)(vi)	**AO1 - 1 mark** **B** Finance A – Production is making goods C – Marketing is about identifying, anticipating and satisfying customer requirements profitably D – Sales is selling the goods to customers	**(1)**

Question Number	Define the term **break-even**. **Answer**	Mark
1 (b)	**AO1 - 1 mark** Award 1 mark for a correct definition of **break-even**. • When costs and revenue are the same **(1)** • When total costs are the same as total sales **(1)**	**(1)**

Question Number	Define the term **public corporation**. **Answer**	Mark
1 (c)	**AO1 - 1 mark** Award 1 mark for a correct definition of **public corporation** • Owned by the state/central government **(1)**	**(1)**

Question Number	State **one** benefit for *LEGO* of having a short span of control. **Answer**	Mark
1 (d)	**A02 - 1 mark** Award 1 mark for a valid benefit for having a short span of control in the context of the business. • By reducing the levels communication between the managers of the 15 factories and the Danish HQ could lead to fewer mistakes **(1)** • Allows all 18,000 world-wide employees to make suggestions about the new products **(1)** **NB** Do not accept a benefit that is not in the context of LEGO. **Accept any other appropriate response**	**(1)**

Question Number	Calculate, to two decimal places, the cost of making the pineapple pencil holders. **Answer**	**Additional guidance**	**Mark**
1 (e)	**A02 - 2 marks** 148 ÷ 115 = 1.287 **(1)** 1.287 × 100 = 128.70 **(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 of using questionnaires as a method of market research. **Answer**	**Mark**
1 (f)	**A01 - 3 marks** Award 1 mark for identification of a disadvantage of using a questionnaire, plus 2 further marks for explaining the reason, for a maximum of 3 marks. • If the questionnaire is too long **(1)** people may be reluctant to complete them **(1)** and may not give true answers **(1)** • If there are too many questions then people may not focus properly **(1)** and this could result in a low rate of return **(1)** therefore not giving the information required **(1)** NB No marks are awarded for a definition. Answers that list three disadvantages with no explanation will get a 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	Analyse the benefits for *LEGO* of being a multinational business. **Indicative content**	Mark
1 (g)	**AO2 = 3 marks AO3 = 3 marks** **<u>AO2</u>** • *LEGO* can sell its Harry Potter toys around the world • The arts and craft materials can be produced in the most cost-effective location for *LEGO* **<u>AO3</u>** • This means that *LEGO*'s global market will increase compared to rivals • Thus reducing the average total cost and leading to a larger profit margin	**(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	Define the term **variable costs.** **Answer**	Mark
3 (a)	**A01 - 1 mark** Award 1 mark for a correct definition of **variable costs**. • Costs that vary as output levels change **(1)**	**(1)**

Question Number	Outline **one** way *Aude Rose* could extend the product life cycle of one its products. **Answer**	Mark
3 (b)	**A02 - 2 marks** Award 1 mark for identifying a way *Aude Rose* could extend the product life cycle of one of its products, plus 1 further mark for linking it to the context of the question. • *Aude Rose* could lower the prices of its least popular flowers **(1)** encouraging sales of that variety over other flowers **(1)** **NB** Do not accept a way that is not in the context of *Aude Rose*. **Accept any other appropriate response.**	**(2)**

Question Number	Calculate, to two decimal places, the percentage decrease in retained profits from 2021 to 2022. **Answer**	Additional guidance	Mark
3 (c)	**A02 - 2 marks** 16 260 – 12 594 = 3666/16260 x 100 **(1)** = 22.55 **(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 on *Aude Rose* of using its retained profits for this proposed development. **Indicative content**	Mark
3 (d)	**AO2 = 3 marks AO3 = 3 marks** **<u>AO2</u>** • By using retained profit *Aude Rose* can buy the flowers straight away • Retained profit can only be used to buy a wider range of flowers if it exists **<u>AO3</u>** • This source of finance does not need to be paid back so any profit made from the new flowers can go back into the flower shop business • There is no guarantee that *Aude Rose* will have enough profit to buy this new range of flowers so may have to wait to accumulate more retained profits	**(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	*Aude Rose* is considering two options: **Option 1:** hand out questionnaires to customers that visit the shop **Option 2:** using the internet to research new trends. Justify which **one** of these two options *Aude Rose* should choose. **Indicative content**	**Mark**
3 (e)	**AO2 = 3 marks AO3 = 3 marks** **AO4 = 3 marks** **<u>AO2</u>** • **Option 1** – By using questionnaires *Aude Rose* could get feedback straight away from customers when buying flowers in the shop • **Option 2** – *Aude Rose* can view a large selection of flower-based websites **<u>AO3</u>** • **Option 1** – The feedback might give the business more information about what the customers want from the flower shop and changes as trends develop • **Option 2** – It will be less time consuming as it can find the exact information it is looking for and compare it to the types of flowers it currently offers **<u>AO4</u>** • **Option 1** – However, customers may not know about the new trends so cannot give any constructive feedback on the purpose of the research being conducted • **Option 2** – However, whilst this research can give information about up-and-coming trends it gives no specific information on the demand for the new trends by its existing customers so could be a waste 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)

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

1 (a) (i)	**AO1 - 1 mark** The only correct answer is **D** Focus groups **A** is incorrect as published government statistics is secondary market research **B** is incorrect as a magazine article is secondary market research **C** is incorrect as internet research is secondary market research	**(1)**

Question Number	Which **one** of the following is an example of external communication? **Answer**	**Mark**
1 (a) (ii)	**AO1 - 1 mark** The only correct answer is **B** Sending a customer details of a special offer **A** Is incorrect as a presentation by the chairperson to employees is an internal communication **C** Is incorrect as a departmental meeting is an internal communication **D** Is incorrect as training sessions for new employees is an internal communication	**(1)**

Question Number	Which **one** of the following is the percentage decrease in the share price? **Answer**	**Mark**
1 (a) (iii)	**AO2 - 1 mark** The only correct answer is **C** 4.08% **A** is incorrect as 1.49 is 36.55 - 35.06 **B** is incorrect as 1.96 is 36.55 + 35.06/36.55 **D** is incorrect as 4.25 is 36.55 - 35.06 = 1.49/35.06 x 100	**(1)**

Question Number	Which **one** of the following is the price of 12 tins of baked beans with the 12.5% promotional price discount? **Answer**	**Mark**
1 (a)(iv)	**AO1 - 1 mark** The only correct answer is **A** $5.67 **B** is incorrect as $6.48 = 0.54 x 12 **C** is incorrect as $56.25 = 54 ÷ 12 x 12.5 **D** is incorrect as $81.00 = 0.54 x 12 x 12.5	**(1)**

Question Number	Which **one** of the following would be a long-term source of finance for a sole trader? **Answer**	**Mark**
1 (a) (v)	**AO2 - 1 mark** The only correct answer is **C** Personal savings **A** is incorrect as trade credit is not long term **B** is incorrect as overdraft is not long term **D** is incorrect as share capital is not available for sole traders	**(1)**

Question Number	Which **one** of the following is the break-even point? **Answer**	**Mark**
1 (a)(vi)	**AO1 - 1 mark** The only correct answer is **D** **A** is incorrect as it is the total revenue **B** is incorrect as it is the total costs **C** is incorrect as it is the fixed costs	**(1)**

Question Number	Define the term **labour intensive production.** **Answer**	Mark
1 (b)	**AO1 - 1 mark** Award 1 mark for a correct definition of **labour intensive production.** • A production method that makes more use of labour than machines/capital **(1)**	**(1)**

Question Number	Define the term **trade bloc.** **Answer**	Mark
1 (c)	**AO1 - 1 mark** Award 1 mark for a correct definition of **trade bloc.** • A group of countries that join together to protect themselves from imports from non-members **(1)**	**(1)**

Question Number	State **one** reason why *Kraft Heinz* prefers to train its employees using on-the-job training. **Answer**	Mark
1 (d)	**AO2 - 1 mark** Award 1 mark for a valid reason why *Kraft Heinz* prefers to train its employees using on-the-job training in the context of the business. • Employees will know the ingredients for tomato sauce and how it is made **(1)** • Employees are shown the production process of baked beans **(1)** **NB** Do not accept a reason that is not in the context of *Kraft Heinz* **Accept any other appropriate response.**	**(1)**

Question Number	Calculate the total pay an employee would receive once the bonus is added to their salary. You are advised to show your working. **Answer**	**Additional guidance**	**Mark**
1 (e)	**A02 - 2 marks** 15 750 x 0.14 **(1)** = 2 205 15 750 + 2 205 = 17 955 **(1)** **OR** 15 750 x 1.14 = 17 955 **(2)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	**(2)**

Question Number	Explain **one** purpose for a business of the statement of financial position. **Answer**	**Mark**
1 (f)	**A01 - 3 marks** Award 1 mark for a purpose of the statement of financial position plus 2 further marks for explaining the purpose, for a maximum of 3 marks. • By reviewing its financial position, a business can see how the business is performing **(1)** it may decide to expand further if it has the funds **(1)** by introducing new products to sell **(1)** • If a business has liabilities **(1)** it may want to find ways to reduce its expenditure **(1)** by decreasing the amount of stock it holds **(1)** **NB** No marks are awarded for a definition. Answers that list three purposes with no explanation will gain 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	Analyse the benefits to *Kraft Heinz* of using social media to collect market research data. **Indicative content**	Mark
1 (g)	**AO2 = 3 marks AO3 = 3 marks** **<u>AO2</u>** • Social media is now widely used by many people around the world and it enables *Kraft Heinz* to collect global data quickly about a new variety of tomato sauce they have introduced • *Kraft Heinz* can set up links with a variety of people to collect their views on the changes they have made to Mac&Cheese **<u>AO3</u>** • This allows *Kraft Heinz* to gather valuable data which can be used when information on a product is needed to decide on carrying on or stopping the product • *Kraft Heinz* can analyse and evaluate quickly the views made by people and then make adjustments to products if needed	**(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** task that the human resources would carry out at *Kraft Heinz* when recruiting an employee. **Answer**	Mark

Question Number	Define the term **diseconomies of scale.** **Answer**	Mark
3 (a)	**A01 - 1 mark** Award 1 mark for a correct definition of **diseconomies of scale**. • The rise in average costs of production as a business grows too quickly **(1)**	**(1)**

Question Number	Outline **one** method of primary market research that *PPS* could use to gain feedback on its services. **Answer**	Mark
3 (b)	**A02 - 2 marks** Award 1 mark for identifying a method of primary market research that *PPS* can use to gain feedback on its services, plus 1 further mark for linking it to the context of the question. • Animal owners who have used the pet hotel can be given a questionnaire **(1)** that *PPS* can use to identify possible changes to its kennels **(1)** **NB** Do not accept a method that is not in the context of *PPS*. **Accept any other appropriate response.**	**(2)**

Question Number	Calculate the closing balance. **Answer**	**Additional guidance**	Mark
3 (c)	**A02 - 2 marks** 22 000 – 20 000 = 2 000 **(1)** 16 000 + 2 000 = 18 000 **(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 reliable market research to obtain this information. **Indicative content**	Mark
3 (d)	**AO2 = 3 marks AO3 = 3 marks** **<u>AO2</u>** • *PPS* will want to find accurate local data about pet owners so it can target its customers better • As *PPS* is a small business it may find it easier to speak to its customers individually to find out the needs of their pets **<u>AO3</u>** • This could lead to *PPS* understanding spending patterns of its customers • This could lead to *PPS* gaining more reliable data directly from its customers	**(6)**

Level	Mark	Descriptor
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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)
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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	*PPS* is considering two options: **Option 1:** using Rachel's personal savings **Option 2:** taking out a small bank loan. Justify which **one** of these two options *PPS* should choose. **Indicative content**	**Mark**
3 (e)	**AO2 = 3 marks AO3 = 3 marks** **AO4 = 3 marks** **<u>AO2</u>** • **Option 1** – Using personal savings gives *PPS* quick access to the €7 500 they need to buy the CCTV package and build the kennels • **Option 2** – *PPS* can apply for the €7 500 bank loan for an agreed period of time and at a fixed rate of interest **<u>AO3</u>** • **Option 1** – This means the money is readily available to allow for the quick building of kennels and installation of CCTV leading to increased revenue • **Option 2** – This means that *PPS* can spread the cost of repaying the €7 500 bank loan over a longer period of time whilst the new kennels are open **<u>AO4</u>** • **Option 1** – However, Rachel may not have enough savings so may need to look at other sources of finance as well as the personal savings and leaves the business without any surplus for emergencies • **Option 2** – However, interest has to be paid to the bank and this will add to *PPS* 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)
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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 break-even level of output for this new line of dog treats. **Answer**	**Additional guidance**	**Mark**

4 (a)	**AO2 - 2 marks** 84 054/266 058 x100 **(1)** = 31.59 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	**(2)**

Question Number	Analyse how *Café Pinch* could use market segmentation to target its customers. **Indicative content**	**Mark**
4 (b)	**AO2 – 3 marks AO3 – 3 marks** **<u>AO2</u>** • *Café Pinch* can look at the spend of the customers who take away its food and drink items • *Café Pinch* may want to target customers that work in Berlin or tourists who visit the city **<u>AO3</u>** • This can help it see if they have a wide enough price range to cater for various spends of people or if they are preventing people visiting the business because it is either too expensive or too cheap • They could use this information to reward loyal customers who work in the area while providing an authentic German café experience for tourists passing by	**(6)**

Level	**Mark**	**Descriptor**
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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 using methods of market research for *Café Pinch* to meet customer needs. 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** • *Café Pinch* can use primary market research such as questionnaires • *Café Pinch* can use secondary market research such as the internet **AO2** • It will be able to speak directly to customers who come for breakfast, lunch and drinks • It will be able to search for specific menu information that other cafes in the area are offering **AO3** • Customers completing questionnaires will give *Café Pinch* feedback on the menu giving them ideas and how they can improve and further meet the needs of their customers • The internet has a vast amount of information on it so they could even find information about suppliers and source one more local and cheaper **AO4** • However, without conducting secondary research as well as primary *Café Pinch* will not have wider research such as the local competitors and their business activity • However, there might be too much information and this could make decision making harder and possibly less accurate	**(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)	**AO1 - 1 mark** Award 1 mark for a correct definition of **multinationals** • A business that operates in more than one country **(1)**	**(1)**

Q. No.	Outline **one** reason why *TUI* offers employees working in its travel agencies a commission based on the number of holidays they sell. **Answer**	**Mark**
3 (b)	**A02 - 2 marks** Award 1 mark for identifying one reason why *TUI* offers employees working in its travel agencies, a commission based on the number of holidays they sell plus 1 further mark for linking it to the context of the business. • An employee will work harder to sell *TUI*'s cruises and extensions to holidays **(1)** because the more they sell the more commission they will receive **(1)** **NB** Do not accept a reason that is not in the context of *TUI*. **Accept any other appropriate response.**	**(2)**

Q. No.	Calculate, to **two** decimal places, the current ratio for *TUI* for 2022. **Answer**	**Additional Guidance**	**Mark**
3 (c)	**A02 - 2 marks** 7 758 152 ÷ 5 654 468 **(1)** = 1.37 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct answer with no working.	**(2)**

Q. No.	Analyse the effect on *TUI* customers of an increase in interest rates. **Indicative content**	Mark
3 (d)	**AO2 = 3 marks AO3 = 3 marks** **AO2** • Customers may have less to spend on holidays and cruises if interest rates increase • Some customers on holiday may not book additional trips or excursions offered by *TUI* **AO3** • This could lead to a reduction in customers booking holidays or going to travel agencies of *TUI* competitors • This could lead to *TUI* having to reduce or cancel trips, which reduces its income	**(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:** using the internet **Option 2:** asking customers to complete a questionnaire. Justify which **one** of these two options *TUI* should use**.** **Indicative content**	**Mark**
3 (e)	**AO2 = 3 marks, AO3 = 3 marks, AO4 = 3 marks** **AO2** • **Option 1** – *TUI* could use the internet to view a wide variety of customers comments made about their experiences and service received whilst on holiday in Greece • **Option 2** – Customers can take their time completing the form giving details of the experiences/services they received whilst taking part in a day trip around Rome **AO3** • **Option 1** – By using the internet it does reduce the time spent researching and is less costly than other methods available • **Option 2 –** Thus giving *TUI* detailed information of their trip and possible ways to improve it **AO4** • **Option 1** – However, *TUI* could spend a great deal of time looking at information which is not relevant to them or is out of date, or even places they do not offer holidays to • **Option 2** – However, not all customers may want to complete the questionnaires so there may be less data to use	**(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 increase in the cost of the employees from 2021 to 2022. **Answer**	Additional Guidance	Mark

1 (a) (i)	**AO1 - 1 mark** **The only correct answer is D –** Remuneration **A** – is not the correct answer as job enrichment is a non-financial method used to motivate employees **B** – is not the correct answer as job rotation is a non-financial method used to motivate employees **C** – is not the correct answer as autonomy is a non-financial method used to motivate employees	**(1)**

Question Number	Which **one** of the following is an example of secondary research? **Answer**	**Mark**
1 (a)(ii)	**AO1 - 1 mark** **The only correct answer is A –** Government reports **B** – is not the correct answer as a survey is a primary method of market research **C** – is not the correct answer as a focus group is a primary method of market research **D** – is not the correct answer as an observation is a primary method of market research	**(1)**

Question Number	Which **one** of the following would increase the break-even point? **Answer**	**Mark**
1 (a) (iii)	**AO1 - 1 mark** **The only correct answer is B** – An increase in the variable costs **A** – is not the correct answer as a decrease in fixed costs will lower the break-even point **C** – is not the correct answer as an increase in the selling price will lower the break-even point **D** – is not the correct answer as a decrease in total costs would lower the break-even point	**(1)**

Question Number	Which **one** of the following is provided by a person applying for a job? **Answer**	**Mark**
1 (a)(iv)	**AO1 - 1 mark** **The only correct answer is B –** Curriculum vitae (CV) **A** - is not the correct answer as a job description is provided to a job applicant by a business **C** – is not the correct answer as a person specification is provided to a job applicant by a business **D** – is not the correct answer as disciplinary and grievance procedures will be supplied to the successful candidate	**(1)**

Question Number	Which **one** of the following is the operating profit in 2023? **Answer**	Mark
1 (a)(v)	**AO1 - 1 mark** **The only correct answer is D –** £61 000 **A** – is not the correct answer as £29 000 is the sum of cost of sales and expenses **B** – is not the correct answer as £79 000 is sales minus cost of sales **C** – is not the correct answer as £72 000 is sales minus expenses	**(1)**

Question Number	Which **one** of the following is the percentage change in the cost of material for one robot between 2021 and 2023? **Answer**	Mark
1 (a) (vi)	**AO2 - 1 mark** **The only correct answer is C –** 15.00% **A** – is not the correct answer as 1.30% is 1200/92000 x 100 **B** – is not the correct answer as 13.04% is 12000/92000 x 100 **D** – is not the correct answer as 86.96% is 80000/92000 x100	**(1)**

Question Number	Define the term **stakeholder.** **Answer**	Mark
1 (b)	**AO1 - 1 mark** Award 1 mark for a correct definition of **stakeholder.** • Anyone with an interest in or who is affected by a business	**(1)**

Question Number	Define the term **social enterprise.** **Answer**	Mark
1 (c)	**AO1 - 1 mark** Award 1 mark for a correct definition of a **social enterprise.** • An organisation whose main objective is to be a benefit to society **(1)**	**(1)**

Question Number	State **one** non-current asset that *Saha* is likely to have. **Answer**	Mark
1 (d)	**A02 - 1 mark** Award 1 mark for a non-current asset that *Saha* may have. • *Saha* is likely to have machinery which is used to manufacture the robots used in the hospitals **(1)** • *Saha* is likely to have vehicles that are used to deliver robots to the restaurants and hotels **(1)** **NB** Do not accept a non-current asset that is not in the context of *Saha* **Accept any other appropriate response.**	**(1)**

Question Number	Calculate the total revenue from the sale of all battery packs sold by *Saha* in 2023. You are advised to show your working. **Answer**	Additional guidance	Mark
1 (e)	**A02 - 2 marks** **5400 (2)** Or 1 mark for working if correct answer not given: 5 x 90 = 450 **(1)** **OR** 5 x 12 = 60 **(1)** **OR** 450 x 12 **(1)** **OR** 60 x 90 **(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 business of having limited liability. **Answer**	Mark
1 (f)	**A01 - 3 marks** Award 1 mark for an advantage to a business of having limited liability plus 2 further marks for explaining the advantage, for a maximum of 3 marks. • As the business exists as a separate legal entity **(1)** if the business goes into debt **(1)** this means the business owners are protected from losing their personal assets **(1)** • The business may raise large amounts of finance through selling shares **(1)** as investors only risk losing the value of their shares if the business fails **(1)** therefore the added finance will help the business to expand **(1)** **NB** No marks are awarded for a definition. Answers that list three advantages to a business of having limited liability with no explanation will get a maximum of 1 mark. **Accept any other appropriate response.**	**(3)**

Question Number	Analyse **two** methods of primary research that could be of benefit to *Saha* when developing its products. **Indicative content**	Mark
1 (g)	**AO2 = 3 marks AO3 = 3 marks** **<u>AO2</u>** • *Saha* could conduct interviews with current customers who use the robots in hospitals to understand how moving supplies between departments could be improved • Focus groups could be formed which include customers from restaurants and hotels to discuss potential new features of the robots **<u>AO3</u>** Feedback from interviews will help *Saha* design robots which are better suited to the needs of its customers based in the hospitals • The discussions in the focus groups may give *Saha* ideas on how to improve the function of the robots to meet the requirements of its 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).

1 (a) (i)	**AO1 - 1 mark** **The only correct answer is D –** When total costs and total revenue are the same **A** – is not the correct answer as fixed and variable costs would not break-even **B** – is not the correct answer as total costs and fixed costs would not break-even **C** – is not the correct answer as fixed costs and total revenue would not break-even	**(1)**

Question Number	Which **one** of the following is a benefit to a franchisee? **Answer**	**Mark**
1 (a)(ii)	**AO1 - 1 mark** **The only correct answer is B –** The franchisee is given support from the franchisor **A** – is not the correct answer as the franchisee can only buy from the franchisor **C** – is not the correct answer as the wage will depend on sales made **D** – is not the correct answer as it is the franchisor who has total control	**(1)**

Question Number	Which **one** of the following is an advantage of job production when compared to other methods of production? **Answer**	Mark
1 (a) (iii)	**AO2 - 1 mark** **The only correct answer is A** – Workers will be better motivated **B** – is not the correct answer as production speeds will be slower **C** – is not the correct answer as the unit costs will be different for each product made **D** – is not the correct answer as more training will be needed for job production	**(1)**

Question Number	Which **one** of the following would be the total amount paid by a customer for a room? **Answer**	Mark
1 (a)(iv)	**AO1 - 1 mark** **The only correct answer is D –** 406.25 **A** – is not the correct answer as 81.25 is 25% of the 325 **B** – is not the correct answer as 243.75 is 325 minus 81.25 **C** – is not the correct answer as 350 is 325 plus 25	**(1)**

Question Number	Which **one** of the following is the percentage increase in revenue from 2021 to 2022. **Answer**	Mark
1 (a) (v)	**AO2 - 1 mark** **The only correct answer is C –** 209.62% **A** – is not the correct answer as 5.23% is 772.80 – 249.60 = 523.20/100 **B** – is not the correct answer as 67.70% is 772.80 – 249.60 = 523.20/772.80 x 100 **D** – is not the correct answer as 523.20% is 772.80 – 249.60	**(1)**

Question Number	Which **one** of the following is an internal source of finance for a business? **Answer**	Mark
1 (a)(vi)	**AO1 - 1 mark** **The only correct answer is C –** Personal savings is the only correct answer **A** - is not the correct answer as Crowdfunding is an external source of finance **B** – is not the correct answer as Loan capital is an external source of finance **D** – is not the correct answer as Venture capital is an external source of finance	**(1)**

Question Number	Define the term **job description.** **Answer**	Mark
1 (b)	**AO1 - 1 mark** Award 1 mark for a correct definition of **job description.** • It shows the tasks, duties, roles and responsibilities for a named job **(1)**	**(1)**

Question Number	Define the term **public corporation.** **Answer**	Mark
1 (c)	**AO1 - 1 mark** Award 1 mark for a correct definition of a **public corporation.** • A business owned and controlled by a state/government **(1)**	**(1)**

Question Number	State **one** reason why *Premier Inn* managers would delegate tasks to hotel employees. **Answer**	Mark
1 (d)	**A02 - 1 mark** Award 1 mark for a valid reason why a *Premier Inn* managers would delegate tasks to hotel employees in the context of the business. • By delegating a task, the manager gains time to carry out other tasks such as greeting guests on arrival **(1)** • Employees may feel more motivated if they are trusted with additional jobs such as restocking the vending machines in public areas of the hotel **(1)** **NB** Do not accept a reason that is not in the context of *Premier Inn* **Accept any other appropriate response.**	**(1)**

Question Number	Calculate, to two decimal places, the price for the first night after the discount has been applied. You are advised to show your working. **Answer**	Additional guidance	Mark
1 (e)	**A02 - 2 marks** 78.09 (2) **Or** 1 mark for workings if final answer incorrect 89.25 x 0.125 = 11.16**(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 of using focus groups when carrying out market research. **Answer**	Mark
1 (f)	**A01 - 3 marks** Award 1 mark for an advantage of using focus groups when carrying out market research, plus 2 further marks for explaining the reason, for a maximum of 3 marks. • By using focus groups researchers can talk directly to the people in the group **(1)** this means that they may get a more truthful answer **(1)** which may allow researchers to gain in-depth insights into consumers' thought, feelings and motivations **(1)** • Focus groups allow a variety of people to discuss the research being carried out **(1)** detailed notes of the discussion can be taken **(1)** which can then be used and analysed at a later date **(1)** **NB** No marks are awarded for a definition. Answers that list two advantages with no explanation will get a maximum of 1 mark. **Accept any other appropriate response.**	**(3)**

Question Number	Analyse the benefits for India of these plans. **Indicative content**	Mark
1 (g)	**AO2 = 3 marks AO3 = 3 marks** **<u>AO2</u>** • Building more hotels in India will provide greater job opportunities for the local population • The hotels will need employees with different skills such as chefs and waiters **<u>AO3</u>** • It will improve the overall Indian economy from increased taxes/revenue • It could reduce unemployment where the new hotels are built	**(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).

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

Question Number	Answer	Mark
1 (a) (i)	**AO1 - 1 mark** **B -** Government reports	**(1)**

Question Number	Answer	Mark
1 (a) (ii)	**AO1 - 1 mark** **C -** Increased market share	**(1)**

Question Number	Answer	Mark
1 (a) (iii)	**AO1 - 1 mark** **A -** Bank loan	**(1)**

Question Number	Answer	Mark
1 (a) (iv)	**AO1 - 1 mark** **C –** Production	**(1)**

Question Number	Answer	Mark
1 (a) (v)	**AO2 - 1 mark** **A -** 2 489.60 Ks	**(1)**

Question Number	Answer	Mark
1 (a) (vi)	**AO2 - 1 mark** **D -** The cost of importing a handbag would fall	**(1)**

Question Number	Answer	Mark
1 (b)	**AO1 - 1 mark** Award 1 mark for a correct definition of stakeholder. • Individuals or groups with an interest in the success or failure of a business **(1).**	**(1)**

Question Number	Answer	Mark
1 (c)	**AO1 - 1 mark** Award 1 mark for a correct definition of quantitative data. • Data that is measured by value and expressed/represented as numbers **(1).**	**(1)**

Question Number	Answer	Mark
1 (d)	**AO2 - 1 mark** Award 1 mark for a valid response which relates to a method of on-the-job training in the context of the business. • Shadowing a fellow shoe fitter **(1).** • Demonstrating how customers are advised between different shoe brands **(1).** **Accept any other appropriate response.**	**(1)**

Question Number	Answer	Additional guidance	Mark
1 (e)	**AO2 - 2 marks** 500 500/ 570 000 x 100 **(1)** Answer 87.81% **(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)	**AO1 - 3 marks** Award 1 mark for identification of a way, plus 2 further marks for explaining how this way will affect a business for a maximum of 3 marks. • A business could negotiate deals with suppliers at a cheaper rate **(1)** this will keep costs as low as possible **(1)** meaning that the business can look to reduce the prices of their products/services to encourage more sales **(1).** Answers that list three ways 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** • *Backyard Shoez* is located in three shopping malls where there are other shoe shops. • *Backyard Shoez* need to maintain a high standard at all times to encourage customers to buy its shoes and bags. **AO3** • If customer needs are not met then present customers are likely to go to other shoe shops. • *Backyard Shoez* will maintain customer loyalty with positive effects on sales and 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).

4 (a)	**A02 - 2 marks** 38.40 x 12 = 460.80 460.80 x 0.125 = 57.60 **(1)** 460.80 – 57.60 = 403.20 **(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 *Can Culleretes* responding to changes in its market. **Indicative content**	Mark
4 (b)	**AO2 – 3 marks AO3 – 3 marks** **<u>AO2</u>** • Montserrat and Alicia need to keep up with changing customer tastes if they want to remain competitive • As the second oldest restaurant in Spain it may place no importance in responding to changes in the market **<u>AO3</u>** • They are located in a busy area and want to make sure customers are drawn to them over the other restaurants in the area • Despite the market changing customers are drawn to *Can Culleretes* because of it being a family run business and its long history so may see no need to change if it is successful enough as it is	**(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 using venture capital as a source of finance to fund the opening of *Can Cullerets*. 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** • Venture capital is when investors give a business money in exchange for a share of the profits. • Venture capital is an external source of finance often used for opening new businesses. **AO2** • Investors may have the skills in the food industry to ensure Can Café is a success. • Investors could have some ideas that the family does not like such as the opening hours of the café. **AO3** • By using this source of finance Can Café will have enough money to set up without having to pay back any interest helping the business to have more chance of it being a success from the start. • If the investors are too involved in setting up the business it may lose the historical story behind the original business leading to customers staying away from the café. **AO4** • However, the family will have to pay the investors a share of the profits which may upset the other family members as they are the ones working hard to set up Can Café but the investors get the rewards. • However, if the owners had an agreement to pay the investors back and then take back full ownership it could ensure the success of both business as well as keeping them in the family in the long term.	**(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)

4 (a)	**AO2 - 2 marks** 4.3 – 3.7 = 0.6 **(1)** 0.6 ÷ 4.3 x 100 = 13.95 **(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* uses statements of comprehensive income to assess its business performance. **Indicative content**	**Mark**
4 (b)	**AO2 – 3 marks AO3 – 3 marks** **<u>AO2</u>** • *IKEA* can study the statement of comprehensive income to see if the profit for the year has increased or has remained stable since the introduction of new beds to the range • *IKEA* can review the expenses, such as the employee bonus, made during the year to see if it can continue **<u>AO3</u>** • *IKEA* can then decide to either increase the range or to discontinue dependant on figures • *IKEA* can evaluate if introducing the bonus for its employees has increased production sufficiently to cover the 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)

Question Number	Evaluate the importance to *IKEA* of using demographic segmentation when targeting its customers. 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** • Using demographic segmentation *IKEA* can target certain groups of people such as families with young children • *IKEA* will take into consideration the income of its customers, as this varies from country to country **AO2** • Younger families are going to need table and chairs that are reasonably priced and suitable for young children • Some customers with a larger income may want expensive looking tables and ornaments to display their wealth **AO3** • Whereas the older generation may need reliable and comfortable chairs to sit on • *IKEA* will need to take this into account when deciding what items of furniture to sell in each country **AO4** • However, not all families fit into a category and therefore *IKEA* needs to provide for all different demographics no matter where they are located • However, there is no guarantee that *IKEA*'s customers will buy what is expected of them	**(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 A –** Continuous improvement **B** – is not the correct answer as just-in-time (JIT) is the arrival of supplies when needed **C** – is not the correct answer as market orientation is not manufacturing **D** – is not the correct answer as job production is where employees make one unit at a time	**(1)**

Q. No.	Which **one** of the following function areas would pay its employees' wages? **Answer**	**Mark**
1 (a) (ii)	**AO1 - 1 mark** **The only correct answer is A** - Finance **B** – is not the correct answer as Human resources deals with recruitment **C** – is not the correct answer as Marketing deals with the promotion of the product **D** – is not the correct answer as Production deals with the manufacture of goods	**(1)**

Q. No.	Which **one** of the following is the price of the shoes in pounds? **Answer**	**Mark**
1 (a) (iii)	**AO1 - 1 mark** **The only correct answer is B** – £594.54 **A** – is not the correct answer as £565.00 is 5.65 x 100 **C** – is not the correct answer as £3 353.48 is 3 359.13 – 5.65 **D** - is not the correct answer as £18 979.08 is 3 359.13 x 5.65	**(1)**

Q. No.	Which **one** of the following is a benefit of being a sole trader? **Answer**	Mark
1 (a) (iv)	**AO1 - 1 mark** **The only correct answer is C** – Independence for the owner **A –** is not the correct answer as it is not easy for a sole trader to raise additional capital **B** – is not the correct answer as decisions are not shared **D** – is not the correct answer as sole traders do not have limited liability	**(1)**

Q. No.	Which **one** of the following is the closing balance for the business? **Answer**	Mark
1 (a) (v)	**AO1 - 1 mark** **The only correct answer is B** – £48 000 **A** – is not the correct answer as £44 000 is cash inflow plus cash outflow **C** – is not the correct answer as £55 000 is opening balance plus cash outflow **D** – is not the correct answer as £65 000 is opening balance plus cash inflow	**(1)**

Q. No.	Which **one** of the following is an advantage of primary market research? **Answer**	Mark
1 (a) (vi)	**AO1 - 1 mark** **The only correct answer is D** It is a more up to date method of research **A** – is not the correct answer as it is more expensive due to being tailor-made to the business **B** – is not the correct answer as primary research takes more time due to carrying out surveys **C** – is not the correct answer as primary market research is not always done by market research agencies	**(1)**

Q. No.	Define the term **e-newsletter**. **Answer**	Mark
1 (b)	**AO1 - 1 mark** Award 1 mark for a correct definition of **e-newsletter.** • Information sent electronically by a business to its customers **(1)**	**(1)**

Q. No.	Define the term **minimum wage.** **Answer**	Mark
1 (c)	**AO1 - 1 mark** Award 1 mark for a correct definition of **minimum wage.** • The lowest legal hourly wage rate that can be paid to workers **(1)**	**(1)**

Q. No.	State **one** reason why *Jimmy Choo* would want loyal customers. **Answer**	Mark
1 (d)	**AO2 - 1 mark** Award 1 mark for a valid reason why *Jimmy* Choo would want loyal customers in the context of the business. • If *Jimmy Choo* designs and manufactures handbags then existing customers are more likely to return to buy more handbags **(1)** • Loyal customers are more likely to return to buy new shoes **(1)** **NB** Do not accept a reason that is not in the context of *Jimmy Choo.* **Accept any other appropriate response.**	**(1)**

Q. No.	Calculate, the predicted value of recycled plastic for 2027. You are advised to show your working. **Answer**	**Additional Guidance**	**Mark**
1 (e)	**A02 - 2 marks** 41.73 x 0.066 = 2.75 **(1)** 41.73 + 2.75 = 44.48 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct answer with no working.	**(2)**

Q. No.	Explain **one** reason why businesses comply with equal opportunities legislation. **Answer**	**Mark**
1 (f)	**A01 - 3 marks** Award 1 mark for a valid reason why businesses comply with equal opportunities legislation, plus 2 further marks for explaining the reason, for a maximum of 3 marks. • Businesses comply with the law as it is a legal requirement. **(1)** They cannot discriminate against a person because of gender/race/age. **(1)** The business could be taken to court and sued if they do not comply **(1)** • If the business is not compliant with legislation **(1)** then employers **(1)** are liable to 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.	Analyse **two** problems for *Jimmy Choo* if customer needs are not satisfied. **Indicative content**	Mark
1 (g)	**AO2 = 3 marks AO3 = 3 marks** **AO2** • Customers may be disappointed with their shoes and will go elsewhere to buy their next pair • Revenue may fall if a new perfume does not meet the standard that customer need and want **AO3** • This could have a large impact on *Jimmy Choo*'s sales and profits • This could incur a loss of revenue and may impact further upon *Jimmy Choo*'s expansion plans	**(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** non-financial objective *Jimmy Choo* might have. **Answer**	Mark

4 (a)	**AO2 - 2 marks** 67.48 **(2)** 113 362/168 000 x 100 **(1)**	Award full marks for correct numerical answer without working Award 1 mark for correctly substituting numbers into formula.	**(2)**

Question Number	Analyse why *Four Fitness* complies with health and safety laws. **Indicative content**	**Mark**
4 (b)	**AO2 – 3 marks AO3 – 3 marks** **AO2** • It can regularly inspect the gym equipment to make sure it is safe to use and the safety signs on the treadmills are clear to see • Gianni could train all of his gym instructors in relevant health and safety procedures **AO3** • This will prevent any customers getting injured and making complaints against *Four Fitness* risking a loss in customer numbers • This helps employees to be more confident in an emergency and understand how to give first aid properly if someone is injured without causing further damage	**(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 how *Four Fitness* may respond to the changes in the market. 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** • Changes in customer needs • Changes in consumer spending patterns **AO2** • Gianni needs to make sure the gym equipment and the knowledge of the instructors are up to date so the new needs of customers are met • As more people use the internet to view fitness videos there is now more choice of paying to go to the gym or working out from home at a lower cost **AO3** • With a growing industry this could draw in health conscious individuals to *Four Fitness* over the other gyms in the area • This could be a threat to *Four Fitness* that it would have to address in order to keep its customers by introducing its online videos charging a small amount to encourage customer to watch them and offer an additional service from one of their qualified instructors **AO4** • However, there are a lot of fast paced changes in customer needs and as *Four Fitness* is only a small business, it may not have the funds to keep up with all of the changes • However, bigger gyms offering more services at a more reasonable price may outcompete Four Fitness as they may offer more choice	**(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)	**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
1 (a) (i)	**AO1 - 1 mark** **B -** Overdraft	**(1)**

Question Number	Answer	Mark
1 (a)(ii)	**AO1 - 1 mark** **C –** Maturity	**(1)**

Question Number	Answer	Mark
1 (a) (iii)	**AO2 - 1 mark** **D -** Rent for *Lavender*'s businesses	**(1)**

Question Number	Answer	Mark
1 (a)(iv)	**AO1 - 1 mark** **A–** Health and safety	**(1)**

Question Number	Answer	Mark
1 (a) (v)	**AO2 - 1 mark** **C –** 11 250	**(1)**

Question Number	Answer	Mark
1 (a)(vi)	**AO2 - 1 mark** **D** - 8 514.00	**(1)**

Question Number	Answer	Mark
1 (b)	**AO1 - 1 mark** Award 1 mark for a correct definition of short-term finance. Money borrowed that must be paid back within 12 months **(1).**	**(1)**

Question Number	Answer	Mark
1 (c)	**AO1 - 1 mark** Award 1 mark for a correct definition of above the line promotion. The use of mass media methods to promote to a large audience **(1).**	**(1)**

Question Number	Answer	Mark
1 (d)	**AO2 - 1 mark** Award 1 mark for a correct reason why *Lavender* would recruit internally in the context of the business. • Employees will know how the different outlets operate such as *L.cafe* **(1).** • Employee will already have knowledge of the cakes made by the business **(1).** **Accept any other appropriate response.**	**(1)**

Question Number	Answer	Additional guidance	Mark
1 (e)	**AO2 - 2 marks** 25 x 12 = 300 15/100 x 300 = 45 300 – 45 **(1).** = 255 **(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)	**AO1 - 3 marks** Award 1 mark for identification of an advantage, plus 2 further marks for explaining how this advantage will affect the business for a maximum of 3 marks. • The franchisee invests in a tried and tested business **(1)** and gets advice and training from the franchisor **(1)** this reduces the risk of failure **(1).** Answers that list more than one advantage 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** • Satisfied customers are more likely to repeat purchase of cakes from *Lavender* bakery. • *Lavender* is expanding into different types of food outlets such as *L.bistro, L.cafe* and *L.table.* **AO3** • This leads to an increase in sales and customer loyalty so *Lavender* could end up spending less on promoting their products as satisfied customers will recommend other *Lavender* businesses to their friends and family through word of mouth. • Customer satisfaction in one outlet may lead to customers trying other outlets leading to improved revenues.	**(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	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	Additional guidance	Mark
4 (a)	**AO2 - 2 marks** 120 000/90 000 **(1)** = 1.33 **(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** • *Lavender* will know the amount of internal finance they have available • The money does not have to be borrowed/negotiated. **AO3** • By using internal sources of finance *Lavender* has the money straight away in its restaurants and does not have to go through a lengthy process to get the money. • *Lavender* will not have to pay the money back so does not need to worry about any monthly repayments or interest associated with external sources of finance.	**(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** • Social media can be used to gain a wider target market. • E-newsletters can keep customers up to date with new products. **AO2** • *Lavender* could target a particular audience based on their likes of food to advertise directly to. • *Lavender* could get the email addresses of its customers or complete questionnaires. **AO3** • Therefore, using technology in promotion *Lavender* can personalise the information to the customer based on what they have searched for on the internet or what they have purchased previously from the bakery. • Therefore, they can reach out to current customers and encourage them to repeat purchase or to try out its other outlets or different recipes. **AO4** • However, *Lavender* would need to have employees with the necessary technological skills in order to use this as a method of promotion. Some people ignore emails or banners on websites so may not pay attention to the promotion. Also it could be difficult to reach the new customers in the new areas as they do not know who they are yet. • However, a lot of time might be spent using technology but some people may prefer traditional methods such as leaflets inside the bakery. When handing these out to customers directly you are giving more of a personalised service and you get the chance to speak to them face to face to gain feedback.	**(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
1 (a) (i)	**AO1 - 1 mark** **D –** Share capital	**(1)**

Question Number	Answer	Mark
1 (a)(ii)	**AO1 - 1 mark** **B -** Age	**(1)**

Question Number	Answer	Mark
1 (a) (iii)	**AO1 - 1 mark** **A –** Market research	**(1)**

Question Number	Answer	Mark
1 (a)(iv)	**AO1 - 1 mark** **C** – Total costs and revenue are the same	**(1)**

Question Number	Answer	Mark
1 (a) (v)	**AO1 - 1 mark** **B –** €34 800	**(1)**

Question Number	Answer	Mark
1 (a)(vi)	**AO2 - 1 mark** **C -** €5 962	**(1)**

Question Number	Answer	Mark
1 (b)	**AO1 - 1 mark** Award 1 mark for a correct definition of insolvency. • When a business can no longer meet its debts **(1)**.	**(1)**

Question Number	Answer	Mark
1 (c)	**AO1 - 1 mark** Award 1 mark for a correct definition of product life cycle. • The stages a product will pass through from its introduction, through to growth, maturity and then decline **(1)**.	**(1)**

Question Number	Answer	Mark
1 (d)	**A02 - 1 mark** Award 1 mark for a valid reason why an employee could be dismissed in the context of the business. • Arriving late on the production line **(1)**. • Stealing an item such as a tyre **(1)**. **Accept any other appropriate response.**	**(1)**

Question Number	Answer	Additional guidance	Mark
1 (e)	**A02 - 2 marks** 89,841 x .23 **(1)** = 20,663.43 89,841 + 20,663 = 110,504 **(1)** **OR** 123/100 x 89,841 **(1)** **=** 110,504 **(1)**	Award 1 mark for correctly substituting numbers into the 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 an impact of technology on production, plus 2 further marks for explaining the impact, for a maximum of 3 marks. • Fewer people required to work in the factories doing repetitive jobs **(1)** people get bored doing these jobs and make mistakes **(1).** Less employees brings the cost of goods down **(1).** • More robots are manufacturing the vehicles than previously **(1)** this means that the vehicles can be manufactured in any country **(1)** therefore the business could move to a cheaper country **(1).** Answers that list three impacts 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** **<u>AO2</u>** • *Tata Motor Company* highlights that it helps the local community with building schools/working on the environment. • *Tata Motor Company* also invests heavily in the health and welfare of people and the community. **<u>AO3</u>** • The public are more likely to think highly of *Tata Motor Company* if it is using the profits from its business to help local communities. • If there is any bad publicity about the vehicles sold then it could have a negative effect on the 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	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
3 (a)	**AO1 = 1 mark** Award 1 mark for the correct definition of liquidity. • Liquidity is how easily a business can change its assets into cash (1).	**(1)**

Question Number	Answer	Mark
3 (b)	**AO2 = 2 marks** Award 1 mark for identifying a possible financial objective *TADS* might have. One further mark for outlining it in the context of the business. • Ollie is looking to increase his profits (1). He could do this by increasing the number of instruments taught (1).	**(2)**

Question Number	Answer	Additional guidance	Mark
3 (c)	**A02 – 2 marks** Net cash flow = 7 000 – 3 000 = 4 000 (1) Closing balance = 4 000 + 4 000 = 8 000 (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
3 (d)	**AO2 = 3 marks AO3 = 3 marks** **A02** • If *TADS* has sufficient cash it can pay its electricity bills for the music studio. • If *TADS* runs out of cash it means it cannot pay its music teachers. **A03** • If *TADS* cannot afford to pay its bills, then the electricity would be cut and no lessons could take place. • If *TADS* can no longer pay its teachers, it cannot offer any music lessons.	**(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 – Teaching other musical instruments will bring in new music students and revenue. • Option 2 – By offering online lessons more students will be able to take drum lessons and therefore increase revenue. **AO3** • Option 1 – This would increase its target market due to the wider range of musical instruments being offered leading to an increase in revenue. • Option 2 – This would increase revenue as more students can be taught at the same time in different locations around the country and the world. **AO4** • Option 1 – However, although this may lead to more revenue for the business it would need to find and pay additional teachers to provide this service. • Option 2 – However, there could be technical issues that might lead to lessons being interrupted and not delivered, giving *TADS* a bad reputation.	**(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)	**AO2 = 2 marks** 7.70 x 0.025 = 0.1925 (1) 0.1925 + 7.70 = 7.89 (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** **A02** • *TADS* could use sales promotions such as coupons in the local newspaper that Ollie writes a column for. • *TADS* could go to music festivals to showcase the skills of its students. **A03** • Coupons in the newspaper may lead to local readers using them thus increasing the number of students. • By doing this spectators will see the skills that have been taught and be encouraged to learn to play a new musical instrument.	**(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** **A01** • A private limited company is a suitable type of ownership for small and medium-sized businesses. • In a private limited company, the shareholders can only lose the money they invest. **A02** • As a one-man business becoming a private limited company means Ollie could raise more funds from family and friends. • *TADS* will have a separate legal identity meaning the business could carry on if anything happened to Ollie. **A03** • If *TADS* opts for a private limited company then Ollie can control who the other owners will be allowing him to choose people who have an interest in music and can invest in the business. • Having Ltd status means that Ollie's personal possessions are protected as are those of his shareholders. The benefit of this is that the risk for shareholders is reduced. **A04** • However, Ollie may not get a lot of interest so cannot raise large amounts of money and this can slow down his expansion plans. He may find it easier to opt for another source of finance such as a bank loan rather than change the legal ownership of the business, so he does not lose any control of the business. • However, becoming a Ltd will involve an increase in paperwork and some information will have to be shared publicly and this could be of some interest to Ollie's competitors.	**(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
1 (a) (i)	**AO1 = 1 mark** **The only correct answer is D – Personal satisfaction** A is not correct because it is a financial business objective B is not correct because it is a financial business objective C is not correct because it is a financial business objective	**(1)**

Question Number	Answer	Mark
1 (a) (ii)	**AO1 = 1 mark** **The only correct answer is A - Rising star** B is not correct because it is a process carried out for health and safety at work C is not correct because it is in relation to branding D is not correct because it is part of the product life cycle	**(1)**

Question Number	Answer	Mark
1 (a) (iii)	**AO1 = 1 mark** **The only correct answer is B - Bonus** A is not correct because it is a financial method of motivation that is not added to a basic wage C is not correct because it is a non-financial method of motivation that is not added to a basic wage D is not correct because it is a method of payment where workers get paid for each item produced	**(1)**

Question Number	Answer	Mark
1 (a) (iv)	**AO1 = 1 mark** **The only correct answer is A - Growth** B is not correct because this is phase 4 on figure 1 C is not correct because this is phase 1 on figure 1 D is not correct because this is phase 3 on figure 1	**(1)**

Question Number	Answer	Mark
1 (a) (v)	**AO2 = 1 mark** **The only correct answer is B - 150%** A is not correct because this is profit per item C is not correct because this is selling price per course + cost per item D is not correct because this is selling price per course/ cost per item x100	**(1)**

Question Number	Answer	Mark
1 (a) (vi)	**AO2 = 1 mark** **The only correct answer is D - 9 675.90 JPY** A is not correct because this is the cost of the course B is not correct because this is the exchange rate of the JPY C is not correct because this is the cost of the course multiplied by 148	**(1)**

Question Number	Answer	Mark
1 (b)	**AO1 = 1 mark** Award 1 mark for a correct definition of capital intensive production. • Production methods that make more use of machinery than labour (1).	**(1)**

Question Number	Answer	Mark
1 (c)	**AO1 = 1 mark** Award 1 mark for a correct definition of quantitative data. • Data that is expressed as number (1).	**(1)**

Question Number	Answer	Mark
1 (d)	**A02 = 1 mark** Award 1 mark for a reason why Tom Baker operates his business as a social enterprise. • He could use his profits to help his local community (1). **Accept any other appropriate response**.	**(1)**

Question Number	Answer	Additional guidance	Mark
1 (e)	**A02 = 2 marks** 23 546 x 0.03 = 706.38 (1) 23 546 + 706.38 = 24 252.38 (1) **OR** 23 546 x 103 (1) = 24 252.38 (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 method of increasing profit, plus 2 further marks for explaining the impact, for a maximum of 3 marks. • Profits could be increased by cutting costs (1). A small business could cut the number of workers it has or reduce their hours (1) so if the revenue stays the same this will increase the profit (1). **NB** Answers that list three methods 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** • There is more interest in businesses becoming 'green' and *Loaf* provides somewhere for the community to recycle. • *Loaf* operates the 'Waste Not' scheme by giving away waste instead of disposing of it to reduce the amount the business disposes of. **AO3** • If the business is able to recycle packaging then it can cut costs leading to more profit to be contributed back to the local community, customers will be happy about this as they can physically see their local area being helped. • This is important for *Loaf* as customers will be able to see that the business is helping charities, meeting its social objectives and reducing any waste that it produces as a 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	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	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	Answer	Mark
1 (a) (i)	**AO1 = 1 mark** **The only correct answer is D - Manufacture of finished goods** A is not correct because production does not provide services B is not correct because production is not the exchange of goods C is not correct because extraction of raw materials is not production	**(1)**

Question Number	Answer	Mark
1 (a)(ii)	**AO1 = 1 mark** **The only correct answer is B - The person is given support from an established business** A is not correct because a franchise cannot buy supplies from anyone C is not correct because a franchise is not guaranteed a set wage D is not correct because the profits are not shared in a franchise	**(1)**

Question Number	Answer	Mark
1 (a) (iii)	**AO2 = 1 mark** **The only correct answer is D - 50.94%** A is not correct because 6.63% calculation incorrect B is not correct because 1 600 / 1 060 = 15.09 C is not correct because 1 600 – 1 060 = 0.52 / 1 600 = 33.75%	**(1)**

Question Number	Answer	Mark
1 (a)(iv)	**AO1 = 1 mark** **The only correct answer is A - Higher loan repayments** B is not correct because a bank increasing the interest rates does not affect labour costs C is not correct because a bank increasing interest rates would possibly reduce net cash flow D is not correct because a bank increasing interest rates would possibly reduce sales	**(1)**

Question Number	Answer	Mark
1 (a) (v)	**AO1 = 1 mark** **The only correct answer is B - It is funded by government** A is not correct because a public corporation is not owned by the directors C is not correct because a public corporation does not aim to maximise profit D is not correct because a public corporation is accountable to the public	**(1)**

Question Number	Answer	Mark
1 (a)(vi)	**AO2 = 1 mark** **The only correct answer is C - £980 000** A is not correct because - £40 000 is cash inflow minus outflow B is not correct because £40 000 is outflow minus inflow D is not correct because opening balance £1020 000 plus outflow £400000 minus inflow £360 000	**(1)**

Question Number	Answer	Mark
1 (b)	**AO1 = 1 mark** Award 1 mark for a correct definition of commission. • Payment made to an employee linked to the number of sales made (1).	**(1)**

Question Number	Answer	Mark
1 (c)	**AO1 = 1 mark** Award 1 mark for a correct definition of revenue. • Money from the sale of goods/services (1).	**(1)**

Question Number	Answer	Mark
1 (d)	**A02 = 1 mark** Award 1 mark for a valid reason for having a short span of control in the context of the business. • This allows the directors of *HRMW* to communicate with all manufacturing departments such as boxing gloves and hockey sticks (1). **Accept any other appropriate response**.	**(1)**

Question Number	Answer	Additional guidance	Mark
1 (e)	**A02 = 2 marks** 92 322 – 85 083 = 7 239 (1) 7 239/85 038 = 8.51% (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 reason for sponsoring an event, plus 2 further marks for explaining the reason, for a maximum of 3 marks. • Sponsorship is making a financial contribution to an event (1). This makes more people aware of the business's products (1). This could, in turn, increase sales of those products (1). Answers that list three reasons 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** • It differentiates its football products from those of its competitors. • It helps customers to recognise its own logo that appears on all its products. **AO3** • Advertising the footballs is easier because customers are aware of the brand name and the quality of products. • Customers are more likely to buy a *HRMW* hockey stick, rather than an unbranded product, when they see the logo.	**(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	Mark
2 (a)	**A02 = 1 mark** Award 1 mark for a valid function of human resources in the context of the business. • To recruit and select skilled employees to manufacture hockey sticks at *HRMW*'s factory (1). **Accept any other appropriate response**.	**(1)**

Question Number	Answer	Mark
2 (b)	**A02 = 1 mark** Award 1 mark for a valid reason for carrying out market research in the context of the business. • *HRMW* can collect information relating to sports products it sells or intends to sell (1). **Accept any other appropriate response**.	**(1)**

Question Number	Answer	Mark
2 (c)	**A01 = 3 marks** Award 1 mark for identification of a benefit for using penetration pricing, plus 2 further marks for explaining why penetration pricing is beneficial for a business, for a maximum of 3 marks. • By using this method, the business puts its prices lower than other businesses (1). It does this in order to get established in the market (1). Once customers are buying the product the price may increase (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 benefit to using the internet for secondary market research, plus 2 further marks for explaining this benefit, for a maximum of 3 marks. • Using the internet for secondary research enables businesses to access a large volume of data (1). This means that businesses do not have to go out and collect the data themselves, as they find it on the internet (1). This is a much cheaper and quicker way of collecting the required information as someone else has already done it (1). Answers that list three benefits 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 introducing new products, plus 2 further marks for explaining that benefit, for a maximum of 3 marks. • A business introduces new products to keep customers interested in the business and the products it sells (1). The business can replace an old product with a new one (1) in order to keep up with trends in the market (1). Answers that list three benefits of introducing new products 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 this method the employees are involved in the process of improving the production of the sports products they manufacture. • Option 2 – With JIT (just-in-time) employees do not waste time waiting for materials to arrive such as leather used to make footballs. **AO3** • Option 1 – The employees know 'first-hand' where improvements in the production of sports products could be made. • Option 2 – This saves *HRMW* from having to have space to store the materials from which it makes sporting products, and this saves costs. **AO4** • Option 1 – However, there is no guarantee that the employees are willing to help improve the production of sports products thereby, saving the business money. • Option 2 – However, JIT can only work provided employees making footballs work at the same rate and that the supplier delivers the leather on 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	Answer	Mark
1 (a) (i)	AO1 - 1 mark **1 (a) (i) The only correct answer is C** **A** is not correct because personal savings are an internal source of finance **B** is not correct because retained profit is an internal source of finance **D** is not correct because selling assets is an internal source of finance	**(1)**

Question Number	Answer	Mark
1 (a) (ii)	AO1 - 1 mark **1 (a) (ii) The only correct answer is B** **A** is not correct because penetration pricing is where a business sets a low price for a new product **C** is not correct because competition pricing is where a business sets a price for a product in line with its competitors **D** is not correct because promotional pricing is where a business lowers the price of a product for a short time	**(1)**

Question Number	Answer	Mark
1 (a) (iii)	AO1 - 1 mark **1 (a) (iii) The only correct answer is A** **B** is not correct because discrimination by ability is not protected by legislation **C** is not correct because social discrimination is not protected by legislation **D** is not correct because ethical discrimination is not protected by legislation	**(1)**

Question Number	Answer	Mark
1 (a) (iv)	AO1 - 1 mark **1 (a) (iv) The only correct answer is D** **A** is not correct because a curriculum vitae would be sent to the employer **B** is not correct because a letter of application would be sent to the employer **C** is not correct because a newspaper advertisement would be used to advertise the job vacancy	**(1)**

Question Number	Answer	Mark
1 (a) (v)	AO2 - 1 mark **1 (a) (v) The only correct answer is B** **A** is not correct because it is the exchange rate in euros **C** is not correct because it is the cost of 1kg of dried fruits **D** is not correct because it is the cost of 1kg of dried fruits added to the exchange rate of the euro	**(1)**

Question Number	Answer	Mark
1 (a) (vi)	AO2 - 1 mark **1 (a) (vi) The only correct answer is C** **A** is not correct because it is the cost of a jar of honey formatted as a percentage **B** is not correct because it is the selling price of a jar of honey minus the cost of a jar of honey as a percentage **D** is not correct because it is double the mark up of a jar of honey	**(1)**

Question Number	Define the term profit Answer	Mark
1 (b)	AO1 - 1 mark Award 1 mark for a correct definition of profit. • Total revenue – total costs (1).	**(1)**

Question Number	Define the term non-current liabilities Answer	Mark
1 (c)	AO1 - 1 mark Award 1 mark for a correct definition of non-current liabilities. • Debts that are payable after 12 months (1).	**(1)**

Question Number	State one reason why NOF segments its target market by income Answer	Mark
1 (d)	A02 - 1 mark Award 1 mark for a reason why NOF segments its target market by income. • NOF can sell higher priced organic products to people staying at the farm (1). Accept any other appropriate response.	**(1)**

Question Number	Answer	Additional guidance	Mark
1 (e)	A02 - 2 marks 90 – 10 = 80 (1) 80/160 x 100 = 50 (1)	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	**(2)**

Question Number	Explain one strategy a small business might use to extend the product life cycle of one of its products Answer	Mark
1 (f)	A01 - 3 marks Award 1 mark for identification of a strategy of extending a product life cycle, plus 2 further marks for explaining the impact, for a maximum of 3 marks. • Local advertising could extend the life cycle of a product (1). A small business could deliver leaflets to the local area to increase customer awareness of a product (1) leading to a potential increase in sales (1). NB Answers that list three strategies with no explanation will get a maximum of 1 mark. Accept any other appropriate response.	**(3)**

Question Number	Analyse the importance of marketing to NOF Indicative content	Mark
1 (g)	AO2 = 3 marks AO3 = 3 marks AO2 • Result from marketing would enable NOF to adapt its overnight accommodation to what the customers want. • Marketing can be used to make customers aware of its organic honey. AO3 • This may lead to increased bookings for the overnight accommodation. • Sales of organic honey may increase.	**(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 external factor in the context of the business. • A change in demand patterns could lead to people buying more organic farmed produce (1). Accept any other appropriate response.	**(1)**

Question Number	State one reason why NOF might use other retailers to sell its products Answer	Mark
2 (b)	A02 - 1 mark Award 1 mark for a valid reason of using retailers in the context of the business. • NOF is able to sell its organic farmed produce to other outlets giving it a wider market (1). Accept any other appropriate response.	**(1)**

Question Number	Explain one benefit to a business of using secondary market research Answer	Mark
2 (c)	A01 - 3 marks Award 1 mark for identification of a benefit to a business of using secondary market research, plus 2 further marks for explaining this benefit for a business, for a maximum of 3 marks. • Businesses save money by not carrying out the research themselves (1) as the information is freely accessible on the internet (1) and they can access a large amount of information at no cost (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	Explain one limitation of a cash flow forecast when making business decisions Answer	Mark
2 (d)	A01 - 3 marks Award 1 mark for identification of a limitation of a cash flow forecast, plus 2 further marks for explaining this limitation, for a maximum of 3 marks. • A limitation is that it is a forecast not actual figure (1). The forecast does not show what happens if goods are not sold (1) or provide a contingency plan if this occurs (1). NB Answers that list three limitations with no explanation will get a maximum of 1 mark. Accept any other appropriate response.	**(3)**

Question Number	Explain one benefit to a business of using crowdfunding as a source of finance Answer	Mark
2 (e)	A01 - 3 marks Award 1 mark for the identification of a benefit of using crowdfunding as a source of finance, plus 2 further marks for explaining that benefit, for a maximum of 3 marks. • Crowdfunding can be a fast way to raise finance (1) from many small investors (1) when no other lender may be available (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	NOF is considering two options to introduce the product into the market: Option 1: offering a low introductory price for three months Option 2: selling at the same price as competitors. Justify which one of these two options NOF should choose. Indicative content	Mark
2 (f)	AO2 = 3 marks AO3 = 3 marks AO4 = 3 marks AO2 • Option 1 – By offering an introductory price could entice shoppers in the farm shop to try the popcorn. • Option 2 – Customers might recognise the farm's name so will buy the popcorn when comparing to its competition. AO3 • Option 1 – This could lead to an increase in sales due to the low price and will increase revenue. • Option 2 – NOF could see an increase in customers as it is a local brand that people trust so are more willing to buy a new product that it launches. AO4 • Option 1 – However, the profit on each bag of popcorn will be low even though sales may increase so in the short-term profits might suffer. • Option 2 – However, as they do not have an established brand of popcorn customers may choose to buy a more popular branded popcorn they know.	**(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	Answer	Mark
2 (a)	**A02 - 1 mark** Award 1 mark for a valid reason why *Artify Studio* would want to offer a high-quality service in the context of the business. • To encourage customers to come back and try other art sessions on offer **(1).** **Accept any other appropriate response**.	**(1)**

Question Number	Answer	Mark
2 (b)	**A02 - 1 mark** Award 1 mark for a valid advantage of using part-time employees in the context of the business. • It allows for flexibility when the studio is quiet and courses are not full **(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 being a partnership, plus 2 further marks for explaining this benefit for a business, for a maximum of 3 marks. • The business gains investment from each partner **(1)** increasing the capital available to the partnership **(1)** which can help the business to expand **(1).** **NB** Answers that list three benefits of being a partnership 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 way social media can be used by a business, plus 2 further marks for explaining this way, for a maximum of 3 marks. • Creating a targeted advertising campaign **(1)** where the business can send a specific advert to a targeted group **(1)** who may be interested in the product or service **(1)**. **NB** Answers that list three ways of using social media 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 a business benefit that comes from introducing TQM, plus 2 further marks for explaining that benefit, for a maximum of 3 marks. • One benefit is improved product quality **(1).** This is because everyone is working as a team **(1)** and so fewer mistakes are likely to be made **(1).** **NB** Answers that list three benefits of using TQM 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** **<u>AO2</u>** • Option 1 – this would increase the awareness of *Artify Studio* to those in the Kampong Glam area. • Option 2 –this can allow a business to become known to a wider market of artists. **<u>AO3</u>** • Option 1 – They could use this as an opportunity to advertise the different services they offer to local artists. • Option 2 – They can approach artists from all over the country to find out what the needs of those artists are and consider what they can do to meet those needs. **<u>AO4</u>** • Option 1 – However, sponsorship can cost the business a lot depending on the size of the art show and this could be a cost that the business cannot afford. • Option 2 – However, it would mean taking time out of the business and it may not bring in new customers or improve its image if the exhibition was poorly attended.	**(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** **A –** It is a more up to date method of research B – is incorrect as it is very time-consuming C – is incorrect as it is more expensive D – is incorrect as it is carried out by a variety of people not just agencies	**(1)**

Question Number	Which **one** of the following is a financial objective? **Answer**	**Mark**
1 (a) (ii)	**AO1 - 1 mark** **B –** Market share A – is incorrect as personal satisfaction is not financial C – is incorrect as independence is not financial D – is incorrect as control is not financial	**(1)**

Question Number	Which **one** of the following is the total revenue for a day? **Answer**	**Mark**
1 (a) (iii)	**AO2 - 1 mark** **C** – £2 400 A – is incorrect as £600 is the fixed cost B – is incorrect as £1 800 is £600 x £3.00 D – is incorrect as £600 x £12.00	**(1)**

Question Number	Which **one** of the following would be a disadvantage for a partner in a partnership? **Answer**	Mark
1 (a) (iv)	**AO1 - 1 mark** **B –** Liability for all debts A – is incorrect as sharing the workload is a benefit C – is incorrect as access to more capital is a benefit D – is incorrect as sharing skills is a benefit	**(1)**

Question Number	What would be the brand value in 2019? **Answer**	Mark
1 (a) (v)	**AO2 - 1 mark** **C –** $8.66 billion A – is incorrect as 6.20 is 14/10 = 1.4 7.6 – 1.4 = 6.2 B – is incorrect as 7.74 is 7.6 plus .14 D – is incorrect as 10.64 is 76 x .14	**(1)**

Question Number	Which **one** of the following is a source of long-term finance? **Answer**	Mark
1 (a) (vi)	**AO1 - 1 mark** **D –** Bank loan A – is incorrect as an overdraft is short term finance B – is incorrect as sales revenue is funds made from sales C 0 is incorrect as a bank loan is not long term finance.	**(1)**

Question Number	Define the term **sole trader**. **Answer**	Mark
1 (b)	**AO1 - 1 mark** Award 1 mark for a correct definition of sole trader. • A business owned exclusively by one person **(1)**	**(1)**

Question Number	Define the term **demographics**. **Answer**	Mark
1 (c)	**AO1 - 1 mark** Award 1 mark for a correct definition of demographics. • A particular section of the population **(1)**	**(1)**

Question Number	State **one** reason why *Huawei* may use share capital as a source of finance. **Answer**	Mark
1 (d)	**A02 - 1 mark** Award 1 mark for a valid reason of using share capital in the context of the business. • *Huawei* does not have to pay the funds back it can use the money to pay the salaries of the smartphone designers **(1)** • *Huawei* can use the money raised as it wishes such as investing in new technology **(1)** **Accept any other appropriate response.**	**(1)**

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

1 (e)	**A02 - 2 marks** = 73 287 ÷ 721 202 x 100 **(1)** = 10.16 **(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 for a business of using **sponsorship**. **Answer**	**Mark**
1 (f)	**A01 - 3 marks** Award 1 mark for identification of an advantage of a business of using sponsorship, plus 2 further marks for explaining the reason, for a maximum of 3 marks. • By sponsoring an event the business will gain publicity **(1)** the event could be local, national or global **(1)** this would mean the business would cover a wide spectrum of people **(1)** • By sponsoring an event brand awareness will be increased **(1)** this could encourage followers of the event to consider purchasing from the business **(1)** leading to increased revenue/profits **(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 benefits of *Huawei* of locating its factories near to its labour sources. **Indicative content**	Mark
1 (g)	**AO2 = 3 marks AO3 = 3 marks** **AO2** • By locating a factory in an area where there is a skilled labour force it could reduce training costs • *Huawei* may need certain skills to operate manufacturing machinery for its products e.g. smartphones **AO3** • The money saved could then be used for other purposes within *Huawei* • If those skills are available the factory may become more productive and efficient in manufacturing smartphones	**(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).

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** **AO2** • **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* **AO3** • **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 **AO4** • **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

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 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)

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 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).

4 (a)	**A02 - 2 marks** 34 946 ÷ 12 763 **(1)** = 2.74 **(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 to *LEGO* of increasing the use of robotics in the manufacture of toys and games. **Indicative content**	**Mark**
4 (b)	**AO2 – 3 marks AO3 – 3 marks** **AO2** • Increasing the use of robotics reduces human error in the production of Princess Leia toys • Robotics increases the number of pineapple pencil holders that can be made **AO3** • This means that there will be fewer toys rejected as there will be fewer faults in the manufacture of them • Production rate increases which reduces the manufacturing 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)

Question Number	Evaluate how *LEGO* has maintained a competitive advantage in the making of toys and games. **Indicative content**	Mark
4 (c)	**AO1 = 3 marks AO2 = 3 marks** **AO3 = 3 marks AO4 = 3 marks** **AO1** • Customers purchase *LEGO* toys and games because they are well known and have been trading for a long time • The toys made are of a good quality and should last for a long time **AO2** • *LEGO* has achieved 'Toy of the Century' twice meaning that people can rely on the products made • *LEGO* keeps up to date making toys to correspond to new films that are introduced such as Harry Potter **AO3** • As customers want to purchase toys and games that they know are reliable and well made • Fans of Harry Potter will want to purchase the new *LEGO* toys to play with **AO4** • However, there is no guarantee that customers will buy some of the products because they are expensive and may want a cheaper product • However, if the film is not a success, then the toys may not sell and *LEGO* will have wasted the time and investment in producing the toys	**(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)

4 (a)	**A02 - 2 marks** 10.3 / 25.9 **(1)** X 100 = 39.77 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	**(2)**

Question Number	Analyse why *Cadbury* may have needed to take out an overdraft. Indicative content	Mark
4 (b)	**AO2 – 3 marks AO3 – 3 marks** <u>AO2</u> • An overdraft would allow *Cadbury* to withdraw temporary funds from its bank account to pay suppliers for an unexpected delivery of cocoa • If *Cadbury* needs to pay an unexpected bill to keep the factory working <u>AO3</u> • It is flexible as *Cadbury* will only pay interest on the amount they are overdrawn • By using an overdraft, the factory can carry on producing whilst *Cadbury* improves its cash flow	**(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 marketing for *Cadbury* when introducing a new product. Indicative content	Mark
4 (c)	AO1 = 3 marks AO2 = 3 marks AO3 = 3 marks AO4 = 3 marks <u>AO1</u> • *Cadbury* needs to make products that customers will want to buy so by using market research it can identify a gap in the market. • By producing chocolate bars that people enjoy it keeps them loyal to those products <u>AO2</u> • If the market research finds that customers like chocolate ice creams *Cadbury* could introduce them • *Cadbury* wants loyal customers to continue buying its range of chocolate products <u>AO3</u> • Customers buying the ice creams increases sales and they are more likely to recommend *Cadbury* products to their friends • Loyal customers are more likely to purchase new products that *Cadbury* introduces from time to time <u>AO4</u> • However, any bad publicity about the chocolate ice creams could reduce sales and give *Cadbury* a bad reputation • However, to maintain loyalty to *Cadbury*, it may have to offer special deals or free gifts on purchasing old and new chocolate products	(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 C – Marketing** **A –** Human resources – this is not the correct answer as it is responsible for employees **B** – Finance – this is not the correct answer as it is responsible for money **D** – Production – this is not the correct answer as it is responsible for making goods	**(1)**

Question Number	Which **one** of the following is the difference between cash inflow and cash outflow? **Answer**	**Mark**
1 (a) (ii)	**AO1 - 1 mark** **The only correct answer is B – Net cash flow** **A –** Opening balance – this is not correct as it is the amount of cash a business expects to have at the start of a month **C –** Closing balance - this is not correct as it is the amount of cash a business expects to have at the end of a month **D –** Cash flow forecast - this is not correct as it is the account which predicts expected receipts and expenses over a future time period	**(1)**

Question Number	Which **one** of the following is the sector that converts raw materials into products? **Answer**	Mark
1 (a) (iii)	**AO1 - 1 mark** **The only correct answer is D – Secondary** **A** – Public – this is not correct as it is business organisations owned by government **B** – Tertiary – this is not correct as it is the provider of services **C** – Primary – this is not correct as it is the extraction of raw materials from the earth	**(1)**

Question Number	Which **one** of the following is an example of a good? **Answer**	Mark
1 (a) (iv)	**AO1 - 1 mark** **The only correct answer is A – Motor vehicle** **B –** Financial advice - this is not correct as it is an example of a service **C –** Car washing– this is not correct as it is an example of a service **D –** Gardening – this is not correct as it is an example of a service	**(1)**

Question Number	Which **one** of the following would be a 3% increase in revenue for *Irsi Chocolatier*? **Answer**	Mark
1 (a) (v)	**AO2 - 1 mark** **The only correct answer is C – €320 973.75** **A –** €317 857.50 – this is not the correct answer as it is an increase of 2% **B –** €319 415.63 – this is not the correct answer as it is an increase of 2.5% **D –** €322 531.88 – this is not the correct answer as it is an increase of 3.5%	**(1)**

Question Number	Which **one** of the following is the break-even point when a box of luxury chocolates is priced at €15.10? **Answer**	Mark
1 (a) (vi)	**AO2 - 1 mark** **The only correct answer is B – 76** **A –** 75 – this is not the correct answer as it is the correct answer minus one **C –** 77 – this is not the correct answer as it is the correct answer plus one **D –** 78 – this is not the correct answer as it is the correct answer plus two	**(1)**

Question Number	Define the term **limited liability** **Answer**	Mark
1 (b)	**AO1 - 1 mark** Award 1 mark for a correct definition of **limited liability**. • When the business owner is only responsible for the original amount of money invested in the business **(1)**	**(1)**

Question Number	Define the term **social enterprise** **Answer**	Mark
1 (c)	**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)**

Question Number	State **one** way *Irsi Chocolatier* could use the Boston matrix. **Answer**	Mark
1 (d)	**A02 - 1 mark** Award 1 mark for a way *Irsi Chocolatier* could use the Boston matrix • *Irsi Chocolatier* could use the dog category to see the chocolates that are not worth making anymore **(1)** **NB** Do not accept a way that is not in the context of *Irsi Chocolatier*. **Accept any other appropriate response.**	**(1)**

Question Number	Calculate, to two decimal places, the cost of these chocolates after the discount has been applied. **Answer**	**Additional guidance**	Mark
1 (e)	**A02 - 2 marks** 75.50 x 0.06 = 4.53 **(1)** 75.50 – 4.53 = 70.97 **(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 for a business that uses test marketing. **Answer**	Mark
1 (f)	**A01 - 3 marks** Award 1 mark for identification of a benefit for a business that uses test marketing, plus 2 further marks for explaining the benefit, for a maximum of 3 marks. • The risk of failure is reduced **(1)** as the new product is only tested in one area gaining feedback from customers **(1)** leading to modifications being made before the final launch **(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 importance of branding for *Irsi Chocolatier*. **Indicative content**	Mark
1 (g)	**AO2 = 3 marks AO3 = 3 marks** **AO2** • As a business that started in 1989 it has been able to develop and maintain a strong image for its chocolates and sweets • Branding against local competing chocolate shops helps *Irsi Chocolatier* stand out **AO3** • This is important as the brand helps create recognition of the business allowing *Irsi Chocolatier* to continue as a long-standing business • As the brand becomes stronger a higher price for the products can be charged and new products being introduced have a higher success rate due to its current branding	**(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 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** **<u>AO2</u>** • **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 **<u>AO3</u>** • **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 **<u>AO4</u>** • **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)

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)

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 reason of *IKEA* would employ temporary staff in the context of the business. • At a busy time of the year when a furniture sale is happening requiring more sales assistants **(1)** • If a delivery driver has a long-term illness, then a temporary driver would be required to take over the delivery of flat packed tables and chairs **(1)** **NB** Do not accept a reason that is not in the context of *IKEA.* **Accept any other appropriate response**.	**(1)**

Question Number	State **one** financial objective *IKEA* might have. **Answer**	**Mark**
2 (b)	**A02 - 1 mark** Award 1 mark for a financial objective in the context of the business. • *IKEA* wants to increase its market share in the sale of furniture **(1)** • *IKEA* wants to survive in the competitive market of selling home goods **(1)** **NB** Do not accept a financial objective that is not in the context of *IKEA.* **Accept any other appropriate response.**	**(1)**

Question Number	Explain **one** reason why cash flow forecasting is important to a business. **Answer**	**Mark**
2 (c)	**A01 - 3 marks** Award 1 mark for why cash flow forecasting is important to a business plus 2 further marks for explaining the reason, for a maximum of 3 marks. • By using a cash flow forecast businesses can plan for the future **(1)** by estimating the amount of revenue coming in **(1)** and also the amount going out of the business **(1)** • By using a cash flow forecast a business can identify periods where there may be insufficient funds **(1)** to carry out the work required **(1)** so they can plan for that situation and make adjustments to enable survival **(1)** **NB** No marks are awarded for a definition. Answers that list three reasons why cash flow forecasting is important to a business, with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	Explain **one** reason why diseconomies of scale may occur. **Answer**	Mark
2 (d)	**A01 - 3 marks** Award 1 mark for a reason why diseconomies of scale may occur, plus 2 further marks for explaining this reason, for a maximum of 3 marks. • The business may become too large **(1)** which then demotivates employees **(1)** resulting in falling productivity levels **(1)** • The business relies more on bureaucracy **(1)** meaning that more time is spent in administration **(1)** resulting in decision making being slower **(1)** **NB** No marks are awarded for a definition. Answers that list three reasons why diseconomies of scale may occur, with no explanation will get 1 mark only. **Accept any other appropriate response**.	**(3)**

Question Number	Explain **one** reason why businesses continually design new products. **Answer**	Mark
2 (e)	**A01 - 3 marks** Award 1 mark for a reason why businesses continually design new products plus 2 further marks for explaining why, for a maximum of 3 marks. • By designing new products, it keeps existing customer interested **(1)** this may mean that they will visit a store to see and purchase the new goods **(1)** increasing profit for the business **(1)** • Fashions constantly change **(1)** and if a business does not introduce new products **(1)** they may find that demand for their products decreases **(1)** **NB** No marks are awarded for a definition. Answers that list three reasons of why businesses design new products with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	**Option 1**: above the line promotion **Option 2:** below the line promotion. **Indicative content**	Mark
2 (f)	**AO2 = 3 marks AO3 = 3 marks AO4 = 3 marks** **<u>AO2</u>** • **Option 1** – Using social media to advertise its wide range of chairs, may reach out to a worldwide audience • **Option 2** – By using coupons with a discount of 10% off purchasing any bedroom furniture **<u>AO3</u>** • **Option 1** – Social media advertising can target certain age groups and people, encouraging them to visit the stores • **Option 2** – Whilst visiting the store to use their discount vouchers they are more likely to see other goods such as lights to go in the bedroom and purchase them at the same time **<u>AO4</u>** • **Option 1** – However, not everybody uses social media so many people would not be aware of the advert to purchase furniture • **Option 2** – However, there is no guarantee that customers are going to use the coupon or even visit the store, so the advertising costs would be wasted	**(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** Social **A** - is incorrect as esteem is level 4 **C** - is incorrect as safety is level 2 **D** - is incorrect as basic is level 1	**(1)**

Question Number	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** Venture capital **A** - is incorrect as personal savings is an internal source of finance **B** - is incorrect as retained profit is an internal source of finance **C** - is incorrect as selling assets is an internal source of finance	**(1)**

Question Number	Which **one** of the following is the closing balance for the end of the month? **Answer**	**Mark**
1 (a) (iii)	**AO2 - 1 mark** The only correct answer is **B** -£8 000 **A** - is incorrect as -£28 000 because cash inflow of £28 000 minus cash outflow of 56 000 **C** - is incorrect as £48 000 because it is the opening balance of as £20 000 plus the cash inflow of £28 000 **D** - is incorrect as £84 000 because it is the cash inflow of £28 000 plus the cash outflow of £56 000	**(1)**

Question Number	Which **one** of the following is a reason why governments raise tax rates? **Answer**	Mark
1 (a)(iv)	**AO1 - 1 mark** The only correct answer is **A** To raise revenue to fund government expenditure **B** - is incorrect as raising taxes would put off multinationals from investing **C** - is incorrect as to higher taxes would reduce demand in the economy **D** - is incorrect as this would increase unemployment if income tax increases	**(1)**

Question Number	What would be the number of tractors sold in February 2021? **Answer**	Mark
1 (a) (v)	**AO2 - 1 mark** The only correct answer is **C** 322,898 **A** - is incorrect because 253,706 is 288,302 minus 12% **B** - is incorrect because 300,302 = 288,302 + 12, 000 **D** - is incorrect because 322,910 = 288,302 + 34,596 +12	**(1)**

Question Number	Which **one** of the following market research methods would the shop owner use? **Answer**	Mark
1 (a)(vi)	**AO1 - 1 mark** The only correct answer is **B** Primary research **A** - is incorrect as market segment is not market research **C** - is not correct as research and development as it is not market research **D** - is not correct as secondary research is data that has already been collected	**(1)**

Question Number	Define the term **public corporation.** **Answer**	Mark
1 (b)	**AO1 - 1 mark** Award 1 mark for a correct definition of public corporation. • A business owned and controlled by the state/government **(1)**	**(1)**

Question Number	Define the term **qualitative market research.** **Answer**	Mark
1 (c)	**AO1 - 1 mark** Award 1 mark for a correct definition of qualitative market research. • Information about attitudes, beliefs and intentions **(1)**	**(1)**

Question Number	State **one** reason why it is important for *M&M* to motivate its employees. **Answer**	Mark
1 (d)	**A02 - 1 mark** Award 1 mark for a valid reason why it is important for *M&M* to motivate its employees in the context of the business. • *M&M* motivating its employees means they will work harder and take a pride in building tractors **(1)** • More motivated employees might be willing to accept new working practices after training such as the introduction of robots on the production line **(1)** **NB** Do not accept a reason that is not in the context of *M&M.* **Accept any other appropriate response.**	**(1)**

Question Number	Calculate to 2 decimal places, the percentage increase from 2019 to 2020. **Answer**	Additional guidance	Mark
1 (e)	**A02 - 2 marks** 900 – 448 = 452 **(1)** 452/448 x 100 = 100.89 **(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 of becoming a multinational business. **Answer**	Mark
1 (f)	**A01 - 3 marks** Award 1 mark for an advantage of a business becoming a multinational plus 2 further marks for explaining the advantage, for a maximum of 3 marks. • A multinational business has a global supplier base **(1)** that is able to supply a range of components/products **(1)** and this could increase revenue **(1)** • Multinationals operate in many different countries **(1)** this makes the movement of products easier **(1)** as trade barriers are reduced **(1)** **NB** No marks are awarded for a definition. Answers that list two reasons with no explanation will gain 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	Analyse the disadvantages to *M&M* of using social media. **Indicative content**	Mark
1 (g)	**AO2 = 3 marks AO3 = 3 marks** **<u>AO2</u>** • Negative comments can be put on social media about the quality of *M&M*'s tractors • Not everyone has or uses social media, so there is no guarantee that they would see advertisements about new cars that *M&M* have made **<u>AO3</u>** • The comments could be made by a disgruntled customer and the comments might not be true • This could mean that a number of potential customers might not see the advertisements and would then not be able to buy the new cars	**(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** non-financial objective for *M&M*. **Answer**	**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).

1 (a) (i)	**AO1 - 1 mark** **The only correct answer is C** **A** is not the correct answer as sales is shown on the statement of comprehensive income **B** is not the correct answer as cost of sales is shown on the statement of comprehensive income **D** is not the correct answer as gross profit is shown on the statement of comprehensive income	**(1)**

Question Number	Which **one** of the following is an element of the marketing mix? **Answer**	**Mark**
1 (a) (ii)	**AO1 - 1 mark** **The only correct answer is A** **B** is not the correct answer as a partnership is when 2 or more people own a business together **C** is not the correct answer as production is the manufacturing of goods **D** is not the correct answer as profit is the difference between total revenue and total costs	**(1)**

Question Number	**(iii)** Which **one** of the following is the total monthly cost? **Answer**	**Mark**
1 (a) (iii)	**AO1 - 1 mark** **The only correct answer is D** **A** is not the correct answer as it is the sum of total fixed costs and variable costs for one unit **B** is not the correct answer as it is the sum of fixed costs plus output quantity **C** is not the correct answer as it is the sum of fixed costs multiplied by the variable cost	**(1)**

Question Number	Which **one** of the following job roles is most likely associated with capital-intensive production? **Answer**	Mark
1 (a) (iv)	**AO1 - 1 mark** **The only correct answer is B** **A** is not the correct answer as the role of a hairdresser is labour intensive **C** is not the correct answer as the role of a fruit picker is labour intensive **D** is not the correct answer as the role of a chef is labour intensive	**(1)**

Question Number	Which **one** of the following is an internal source of finance? **Answer**	Mark
1 (a) (v)	**AO1 - 1 mark** **The only correct answer is C** **A** is not the correct answer as an overdraft is an external source of finance **B** is not the correct answer as venture capital is an external source of finance **D** is not the correct answer as crowdfunding is an external source of finance	**(1)**

Question Number	Which **one** of the following is the weekly break-even point? **Answer**	Mark
1 (a) (vi)	**AO2 - 1 mark** **The only correct answer is C** **A** is not the correct answer as this represents the wrong fixed costs of 44 000 divided by the contribution of 5 500 **B** is not the correct answer as this represents the fixed costs of 440 000 divided by the selling price of 8 000 **D** is not the correct answer as this represents the fixed costs of 440 000 divided by the variable cost per unit of 2 500	**(1)**

Question Number	Define the term **profit.** **Answer**	Mark
1 (b)	**AO1 - 1 mark** Award 1 mark for a correct definition of **profit** • The amount remaining when total costs are deducted from total revenue **(1)**	**(1)**

Question Number	Define the term **span of control.** **Answer**	Mark
1 (c)	**AO1 - 1 mark** Award 1 mark for a correct definition of **span of control**. • The number of workers controlled by one manager **(1)**	**(1)**

Question Number	State **one** likely variable cost for *AWG.* **Answer**	Mark
1 (d)	**A02 - 1 mark** Award 1 mark for one variable cost for *AWG* • *AWG* will have to pay for the cost of wool used to make the jumpers **(1)** **NB** Do not accept a variable cost that is not in the context of *AWG*. **Accept any appropriate response.**	**(1)**

Question Number	Calculate, to **two** decimal places, the new price of the jumper in the promotional sale. **Answer**	**Additional guidance**	**Mark**
1 (e)	**A02 - 2 marks** 329 x 0.25 = 82.25 **(1)** 329 - 82.25 = 246.75 **(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 that operates as a sole trader. **Answer**	**Mark**
1 (f)	**A01 - 3 marks** Award 1 mark for identification of a benefit to a business that operates as a sole trader, plus 2 further marks for explaining the benefit, for a maximum of 3 marks. • Independence of the owner **(1)** which means they can make decision without reference to anyone else **(1)** eliminating any conflicts or disagreements within the business **(1)** **NB** Answers that list three benefits with no explanation will get 1 mark only. **Accept any appropriate response.**	**(3)**

Question Number	Analyse the advantages to *AWG* of using e-commerce to sell its products. **Indicative content**	Mark
1 (g)	**AO2 = 3 marks AO3 = 3 marks** **<u>AO2</u>** • *AWG* sells its shirts on-line to customers based in other countries • *AWG* uses a website to advertise its baby clothes to attract new customers **<u>AO3</u>** • This helps create recognition of the business internationally allowing *AWG* to increase its sales revenue. • This helps to reduce the costs for *AWG* as selling online is less expensive than opening stores in other countries.	**(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 the identification of a valid method *AWG* could use to motivate its employees • The business could use job rotation so employees make not only jumpers but shirts as well **(1)** **NB** Do not accept a method that is not in the context of *AWG* **Accept any appropriate response**.	**(1)**

Question Number	State **one** task of an *AWG* employee working in the human resources department. **Answer**	**Mark**
2 (b)	**A02 - 1 mark** Award 1 mark for the identification of a valid task of an *AWG* employee working in the human resources department • *The AWG* employee working in the human resources department may be responsible for arranging the training of new employees to use the sewing machines **(1)** **NB** Do not accept a task that is not in the context of *AWG* **Accept any appropriate response.**	**(1)**

Question Number	Explain **one** benefit of globalisation to a small business. **Answer**	Mark
2 (c)	**A01 - 3 marks** Award 1 mark for identification of a benefit of globalisation to a small business, plus 2 further marks for explaining this benefit, for a maximum of 3 marks. • A small business can reach a larger audience of customers **(1)** because it can sell its products into new countries **(1)** leading to increased revenue and profitability for the business **(1)** **NB** Answers that list three benefits with no explanation will get 1 mark only. **Accept any appropriate response.**	**(3)**

Question Number	Explain **one** method of below-the-line promotion a business may use to retain its customers. **Answer**	Mark
2 (d)	**A01 - 3 marks** Award 1 mark for identification of a method of below-the-line promotion a business could use, plus 2 further marks for explaining this method, for a maximum of 3 marks. • Existing customers may be offered sales promotions/discounts **(1)** with the aim of enticing customers to buy at a lower price **(1)** and therefore encourage repeat sales by its customers **(1)** **NB** Answers that list three methods with no explanation will get 1 mark only. **Accept any appropriate response**.	**(3)**

Question Number	Explain **one** benefit to a business of using market segmentation to target its customers. **Answer**	Mark
2 (e)	**A01 - 3 marks** Award 1 mark for the identification of a benefit to a business of using market segmentation to target its customers, plus 2 further marks for explaining that benefit, for a maximum of 3 marks. • To identify customers with similar characteristics **(1)** in order to develop a product or service which meets those customers' needs **(1)** leading to an increase in sales and consumer loyalty **(1)** **NB** Answers that list three benefits with no explanation will get 1 mark only. **Accept any appropriate response.**	**(3)**

Question Number	It is considering two options: **Option 1:** use venture capital to open new stores **Option 2:** start offering franchises. **Indicative content**	Mark
2 (f)	**AO2 = 3 marks AO3 = 3 marks** **AO4 = 3 marks** **<u>AO2</u>** • **Option 1** – A venture capitalist may provide the funds to build the new stores to sell the jumpers • **Option 2** – A franchisee will pay *AWG* a fee for the right to sell its baby clothes **<u>AO3</u>** • **Option 1** – As well as providing the funds the venture capitalist may also have knowledge of the needs of Icelandic customers • **Option 2** – This method would allow *AWG* to increase its revenue from fees paid by the franchisee **<u>AO4</u>** • **Option 1** – However, the venture capitalist may want to take some control of the business and interfere with the decision making and objectives of the business • **Option 2** – However, *AWG* are reliant on the franchisee running the business well and not causing bad publicity for *AWG* which might impact its brands reputation	**(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 **job production.** • Method of production that involves all factors to complete one unit of output at a time **(1)**	**(1)**

Question Number	Outline why *AWG* can be classified as operating in the secondary sector. **Answer**	**Mark**
3 (b)	**A02 - 2 marks** Award 1 mark for identifying why *AWG* can be classified as operating in the secondary sector, plus 1 further mark for linking it to the context of the business. • *AWG* take raw materials **(1)** to convert them into jumpers and dresses **(1)** **NB** Do not accept why that is not in the context of *AWG*. **Accept any appropriate response.**	**(2)**

Question Number	Calculate the total amount, including interest, *AWG* would have paid to the bank. **Answer**	**Additional guidance**	**Mark**
3 (c)	**A02 - 2 marks** 70 000 x 0.065 = 4 550 **(1)** 70 000 + 4 550 = 74 550 **(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 on *AWG* of a depreciation of the ISK. **Indicative content**	Mark
3 (d)	**AO2 = 3 marks AO3 = 3 marks** **<u>AO2</u>** • Exchange rates will affect the price that *AWG* will pay for importing the wool and other materials they buy to make the clothing • The cost of the jumpers bought by customers in other countries will be impacted by a change in the exchange rate **<u>AO3</u>** • A depreciating krona could lead to an increase in the cost of material purchased by *AWG* and may result in an increase in the price of the clothing • A depreciating krona may lead to an increase in demand from overseas customers who benefit from the change in the exchange rate	**(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:** cost plus pricing Justify which **one** of these two options *AWG* should choose. **Indicative content**	**Mark**
3 (e)	**AO2 = 3 marks AO3 = 3 marks** **AO4 = 3 marks** **AO2** • **Option 1** – Competition pricing would see *AWG* selling clothing at similar prices to other clothing retailers • **Option 2** – Cost plus pricing would mean *AWG* would calculate the costs of making the jumpers and then add a markup for profit **AO3** • **Option 1** – This may increase the chance of selling the clothes as younger customers are likely to compare the prices of clothing especially if their income is low • **Option 2** – *AWG* can guarantee that they would make a profit on each item sold **AO4** • **Option 1** – However, as *AWG* use sustainable materials in its jumpers, the manufacturing cost of the clothing may be high, which means selling at a competitive price may not be feasible • **Option 2** – However, cost plus pricing does not account for what the customer is willing to pay, and *AWG* could be losing out on possible increased revenue/profits	**(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 commission payment paid to an employee selling 12 jumpers. **Answer**	Additional guidance	Mark

2 (a)	**A02 - 1 mark** Award 1 mark for one task that the human resources would carry out at *Kraft Heinz* when recruiting an employee in the context of the business. • Human resources would carry out interviews to recruit a Graphic Designer for the new baked beans advertisement **(1)** • It would look after the welfare of employees working in the tomato sauce factory **(1)** **NB** Do not accept a reason that is not in the context of *Kraft Heinz.* **Accept any other appropriate response**.	**(1)**

Question Number	State **one** financial objective *Kraft Heinz* might have. **Answer**	**Mark**
2 (b)	**A02 - 1 mark** Award 1 mark for a financial objective *Kraft Heinz* might have in the context of the business. • *Kraft Heinz* might want to increase its profit by increasing the number of different sauces they sell **(1)** • *Kraft Heinz* may want to increase its market share by introducing new products such as cool whip to New Zealand **(1)** **NB** Do not accept a financial objective that is not in the context of *Kraft Heinz* **Accept any other appropriate response.**	**(1)**

Question Number	Explain **one** reason why some businesses use crowdfunding as a source of finance. **Answer**	Mark
2 (c)	**A01 - 3 marks** Award 1 mark for a reason why some businesses use crowdfunding as a source of finance plus 2 further marks for explaining the reason, for a maximum of 3 marks. • Using crowdfunding can be a fast way to raise finance **(1)** from many investors **(1)** who may do this for the success of the business **(1)** • Crowdfunding is organised online **(1)** and can come from anywhere in the world **(1)** giving access to a wide number of investors **(1)** **NB** No marks are awarded for a definition. Answers that list three reasons why some businesses use crowdfunding as a source of finance, with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	Explain **one** disadvantage to a business of using retained profits to purchase goods and services. **Answer**	Mark
2 (d)	**A01 - 3 marks** Award 1 mark for a disadvantage to a business of using retained profit to purchase goods and services, plus 2 further marks for explaining this reason, for a maximum of 3 marks. • Using retained profit reduces the amount of funds available for the business to use. **(1)** If there is an emergency where funds are needed such as a machine breaking down **(1)** the business may not have the funds to get it repaired **(1)** • By using its retained profit to purchase new machinery **(1)** the business may not have the funds **(1)** to pay the rent or wages of employees **(1)** **NB** No marks are awarded for a definition. Answers that list three disadvantages to a business of using retained profits to purchase goods and services, with no explanation will get 1 mark only. **Accept any other appropriate response**.	**(3)**

Question Number	Explain **one** reason why the quality of goods manufactured by a business is important to its success. **Answer**	Mark
2 (e)	**A01 - 3 marks** Award 1 mark for a reason why the quality of goods manufactured by a business is important to its success plus 2 further marks for explaining why, for a maximum of 3 marks. • Manufacturing quality goods can lead to a good reputation for the business **(1)** thus encouraging more people to purchase the goods **(1)** which increases the sales for the business **(1)** • Increased competition from other businesses is why quality is important **(1)** the higher the quality of goods can increase customer purchases **(1)** which will then increases the profits of the business **(1)** **NB** No marks are awarded for a definition. Answers that list three reasons of why the quality of goods manufactured by a business is important to its success with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	*Kraft Heinz* constantly aims to promote its products to encourage people to increase sales. To do this *Kraft Heinz* is considering using the following techniques. **Option 1**: sponsorship of a local charity **Option 2:** increasing the number of special offers. **Indicative content**	Mark
2 (f)	**AO2 = 3 marks AO3 = 3 marks AO4 = 3 marks** **<u>AO2</u>** • **Option 1** – By sponsoring a local charity such as Animal Rescue gains *Kraft Heinz* publicity and involvement in the local community • **Option 2** – By increasing the special offers for its sauces it may encourage more people to purchase its products **<u>AO3</u>** • **Option 1** – Customers seeing notices of the charity event may then want to support *Kraft Heinz* • **Option 2** – This improves its sales and keeps *Kraft Heinz* ahead of its competitors **<u>AO4</u>** • **Option 1** – However, there is no guarantee that because an event has been sponsored by *Kraft Heinz* people will purchase its products • **Option 2** – However, special offers may help increase sales but they can cost *Kraft Heinz* additional costs which might not be recovered	**(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)	**AO2 - 2 marks** 1 984/6 554 x 100 **(1)** = 30.27 **(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 to countries where *Kraft Heinz* is located. **Indicative content**	**Mark**
4 (b)	**AO2 – 3 marks AO3 – 3 marks** **<u>AO2</u>** • A country benefits from a *Kraft Heinz* factory as it provides employment on baked beans production lines • A country benefits from increased tax revenue generated by the employees at the factories and corporation tax from *Kraft Heinz* **<u>AO3</u>** • Skilled employees do not have to leave their homeland to gain a job with prospects and therefore reducing the migration of skilled workers • This also provides the country with funds to pay for public services and infrastructure	**(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 to *Kraft Heinz* of using a variety of different methods to advertise to its target customers. 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** • By using a variety of different methods such as television advertisement, attracts a variety of different people • *Kraft Heinz* could use posters or billboards to advertise its products **AO2** • The Ed Sheeran advertisement will attract a younger person who is keen on his music and would therefore want to try the tomato sauce • A poster advertising a new variety of baked beans could be displayed in towns and cities **AO3** • They will have been encouraged to try it because someone famous has used it and they would want to follow • A poster is good for a short sharp message which will be seen repeatedly by people as they pass by **AO4** • However, there is no guarantee that sales are going to increase just because a pop star has been in an advertisement • However, posters can get damaged and it is difficult to evaluate their effectiveness	**(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)

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)

4 (a)	**AO2 - 2 marks** 1 000/(4.50-3.25) **(1)** = 800 **(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 cash to *PPS*. **Indicative content**	**Mark**
4 (b)	**AO2 – 3 marks AO3 – 3 marks** **<u>AO2</u>** • If *PPS* has sufficient cash it can pay the costs of buying the treats • If *PPS* does not have sufficient cash it may not be able to pay the employees running the pet hotel **<u>AO3</u>** • *PPS* can continue to buy the treats for sale to their customers • The pet hotel may have to close if employees are not paid leading to a loss of cash 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	Evaluate the importance of marketing to *PPS* so it can keep its market share. 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** • Marketing informs customers of the products the business is offering • Marketing can build long lasting customer relationships **AO2** • *PPS* can remind customers with information about the products it offers such as CCTV cameras in the pet hotel • *PPS* can identify customer needs by giving its own customers questionnaires to get feedback **AO3** • It is important for *PPS* to create greater brand awareness to make it stand out against the competition so that existing customers remain with *PPS* • If *PPS* gather enough reliable information from its customers, they may be able to identify its customer needs to be able to target its products and services more accurately giving them a competitive edge over other pet businesses **AO4** • However, it can be time consuming to market the business as *PPS* will need to approach the customers that come in store or provide detailed information on their website to keep it competitive • However, this may not work as some of their customers may still try the new pet business if it is charging a lower price than *PPS*	**(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)

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	*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**	Mark
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)

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

4 (a)	**AO2 - 2 marks** 57 498 – 39 631 = 17 867 17 867 ÷ 39 631 x 100 **(1)** = 45.08 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct answer with no working.	**(2)**

Q. No.	Analyse how *TUI* could make use of the Boston Matrix to review all the different holidays it offers. **Indicative content**	**Mark**
4 (b)	**AO2 = 3 marks AO3 = 3 marks** **AO2** • By *TUI* using the Boston Matrix they can use the 'Star' to decide which are the most profitable holidays in Turkey • *TUI* will keep a 'Cash Cow' such as a 14-day cruise experience on their books because it generates a steady flow of income for the business **AO3** • If some of the holidays or hotels in parts of Turkey are not as profitable as others, they could stop using that hotel and find another one • This will allow *TUI* to use the increased revenue to expand by offering different holiday experiences	**(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 the benefits for *TUI* of providing a quality service. You should use the information provided as well as your own knowledge of business.	Mark
4 (c)	**AO1 = 3 marks AO2 = 3 marks AO3 = 3 marks AO4 = 3 marks** **<u>AO1</u>** • When booking a holiday, customers expect a good standard of hotels and holidays together with good service • A variety of different types of holidays and experiences are needed to encourage more customers **<u>AO2</u>** • If *TUI*'s holidays and experiences are good then customers are more likely to return and book further holidays and hotels • If *TUI* does not provide a variety of different opportunities for hiring a variety of cars **<u>AO3</u>** • They are more likely to then recommend *TUI* to their friends and family who may be encouraged to book holidays with them • They may then look at other businesses to see what type of car rentals they are offering **<u>AO4</u>** • However, ensuring that all customers receive a good holiday experience may be expensive in employing sufficient employees to meet their needs • However, once a poor reputation for car hire or lack of variety is gained amongst customers it is very hard to regain their loyalty	**(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)

2 (a)	**A02 - 1 mark** Award 1 mark for a reason why branding is important to *Saha* in the context of the business. • The name/logo of the business should be recognisable to hotels and restaurants **(1)** • to distinguish *Saha*'s robots from those of competitors such as Xio **(1)** • To build relationships and customer loyalty with customers who buy for the hospitals **(1)** **NB** Do not accept a reason that is not in the context of *Saha* **Accept any other appropriate response**.	**(1)**

Question Number	State **one** task that an employee working in the production department at *Saha* might do. **Answer**	**Mark**
2 (b)	**A02 - 1 mark** Award 1 mark for a valid task that an employee in the production department might do, in the context of the business. • The employee may work on the production line fitting batteries to the robots **(1)** • The employee may be responsible for the final quality testing of each robot before they are delivered to restaurants **(1)** **NB** Do not accept a task that is not in the context of *Saha* **Accept any other appropriate response.**	**(1)**

Question Number	Explain **one** disadvantage for a business of using flow production to produce its goods. **Answer**	Mark
2 (c)	**A01 - 3 marks** Award 1 mark for one disadvantage to a business of using flow production, plus 2 further marks for explaining the reason, for a maximum of 3 marks. • The employees may get bored on the production line **(1)** as job roles are likely to be monotonous **(1)** leading to poorly motivated employees/high labour turnover **(1)** • The production facility may be inflexible **(1)** as the goods produced are standardised/similar **(1)** which may prevent the business from tailoring its products to individual tastes of its customers **(1)** **NB** No marks are awarded for a definition. Answers that list three disadvantages of a business using flow production with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	Explain **one** method of above the line promotion a business may use to increase its sales revenue. **Answer**	**Mark**
2 (d)	**A01 - 3 marks** Award 1 mark for an above the line promotion method a business might use to increase its sales revenue, plus 2 further marks for explaining this method, for a maximum of 3 marks. • A business may use television advertising **(1)** as this form of advertising may be viewed by a wide audience **(1)** leading to increased awareness of the product **(1)** • A business could use billboards **(1)** which can be seen by many people as they drive in their cars or walk in busy areas **(1)** leading to increased brand recognition of the products **(1)** **NB** No marks are awarded for a definition. Answers that list three above the line promotion methods a business might use to sell more products, with no explanation will get 1 mark only. **Accept any other appropriate response**.	**(3)**

Question Number	Explain **one** reason why the proximity to materials is important to a business when locating to a new factory. **Answer**	Mark
2 (e)	**A01 - 3 marks** Award 1 mark for a reason why proximity of material is important to a business when locating to a new factory, plus 2 further marks for explaining the reason, for a maximum of 3 marks. • Locating close to materials may reduce delivery costs **(1)** as the material only has to travel a short distance to the new factory **(1)** which reduces total cost/increases the profitability of the business **(1)** • Access to materials which are close to the new factory may save time **(1)** because if the business runs out of inventory **(1)** it could be delivered quickly and prevent delays in production **(1)** **NB** No marks are awarded for a definition. Answers that list three reasons why proximity of material is important, with no explanation will get a maximum of 1 mark **Accept any other appropriate response.**	**(3)**

Question Number	When *Saha* expands its business it will require additional finance. It is considering two options: **Option 1:** crowdfunding **Option 2:** loan capital Justify which **one** of these two options *Saha* should choose. **Indicative content**	Mark
2 (f)	**AO2 = 3 marks AO3 = 3 marks AO4 = 3 marks** **<u>AO2</u>** • **Option 1** – *Saha* may appeal to the public for funding to expand its sale of robots into all continents of the world • **Option 2** – *Saha* could use a loan to build new factories to manufacture the new robots for homes **<u>AO3</u>** • **Option 1** – Investors may be willing to contribute small amounts to the expansion which do not have to be repaid/does not increase the debt of *Saha* • **Option 2** – It is possible that a loan for a large amount of money can be received from the bank quickly to enable *Saha* to pursue its expansion programme **<u>AO4</u>** • **Option 1** – However, there is no guarantee that sufficient funds would be raised through crowdfunding to allow *Saha* to pursue its ambitious expansion plans • **Option 2** – However, the loan will incur interest rates that have to be paid in addition to the loan amount which will increase costs/reduce profitability	**(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 **legislation.** • A law put in place to protect individuals or businesses **(1)**	**(1)**

Question Number	Outline **one** reason why *Saha* may dismiss an employee. **Answer**	**Mark**
3 (b)	**A02 - 2 marks** Award 1 mark for identifying one reason why *Saha* may dismiss an employee, plus 1 mark for development in the context of the business. • *Saha* could dismiss an employee who continually arrives late on the production line **(1)** which causes delays in delivery of robots to restaurants **(1)** **NB** Do not accept a reason that is not in the context of Saha. **Accept any other appropriate response.**	**(2)**

Question Number	Calculate the cash outflow. You are advised to show your working. **Answer**	**Additional guidance**	**Mark**
3 (c)	**A02 - 2 marks** **18000 (2)** If correct answer not given award marks for workings: 24 000 + 5 000 = 29 000 **(1)** **Or** 29 000 – 11 000 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	**(2)**

Question Number	Analyse **two** possible reasons that may lead to business failure for *Saha.* **Indicative content**	Mark
3 (d)	**AO2 = 3 marks AO3 = 3 marks** **<u>AO2</u>** • There are many new competitors, such as *NIO,* entering the robot market who are challenging *Saha* for market share • As *Saha* has ambitious plans to expand to other continents it may encounter cash flow problems due to the increased amounts of outflows required to pay for advertising/materials **<u>AO3</u>** • This may lead to *Saha* losing customers because it is not being competitive if other businesses such as *NIO* or *Zoox* develop robots that are technologically superior or less expensive • This could lead to a shortage of cash/ liquidity problems for *Saha* leading to its insolvency	**(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	*Saha* is planning to develop a new range of robots aimed at helping people in the home with cleaning, shopping, security and entertainment. It is considering two pricing methods for these robots: **Option 1:** price skimming **Option 2:** cost plus pricing. Justify which **one** of these two options *Saha* should choose. **Indicative content**	**Mark**
3 (e)	**AO2 = 3 marks AO3 = 3 marks AO4 = 3 marks** **AO2** • **Option 1** – Using a price skimming strategy enables *Saha* to charge a high price for its new robots designed for the home • **Option 2** – Cost plus pricing ensures all costs involved in the manufacture of robots such as metal and assembly costs are considered when setting a price **AO3** • **Option 1** – Charging a high price will allow *Saha* to recover its research and development costs which can be reinvested into its business for further expansion/new designs • **Option 2** – assuming the robots are sold, *Saha* will be guaranteed to make a profit due to the mark-up it adds to the cost of producing the robots **AO4** • **Option 1** – However, if the price is considered too high for its target audience it may lose sales to competitors such as *Zoox* or *Vention* • **Option 2** – However, the price charged does not take into consideration the price the customer is willing to pay, which may potentially limit revenue/profit	**(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 acid test ratio for *Saha*. You are advised to show your working. **Answer**	Additional guidance	Mark

2 (a)	**A02 - 1 mark** Award 1 mark for a valid activity carried by the marketing functional area at *Premier Inn* in the context of the business. • To decide the prices of the hotel rooms so that visitors would consider staying at the hotel **(1)** • To advertise the hotels to encourage visitors to book rooms at *Premier Inn* hotels **(1)** **NB** Do not accept an activity that is not in the context of *Premier Inn* **Accept any other appropriate response**.	**(1)**

Question Number	State **one** reason why *Premier Inn* uses seasonal employees. **Answer**	**Mark**
2 (b)	**A02 - 1 mark** Award 1 mark for a valid reason why *Premier Inn* uses seasonal employees in the context of the business. • Enables the hotel to continue working when there is an increase in demand for rooms during the summer holidays **(1)** • Students with their long holidays can be employed as full-time employees, such as waiters and housemaids **(1)** **NB** Do not accept a reason that is not in the context of *Premier Inn* **Accept any other appropriate response.**	**(1)**

Question Number	Explain **one** reason why a business would use robotics in its production. **Answer**	Mark
2 (c)	**A01 - 3 marks** Award 1 mark for a reason why a business would use robotics in its production, plus 2 further marks for explaining the reason, for a maximum of 3 marks. • Using robots in the production process reduces production errors **(1)** as robots can be programmed to do the same thing time after time **(1)** products can be made with greater consistency/higher quality **(1)** • Using robotics in the production process increases the number of goods produced **(1)** reducing the cost of production **(1)** leading to the possibility of greater profits **(1)** **NB** No marks are awarded for a definition. Answers that list three reasons why a business would use robotics in its production, with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	Explain **one** reason why a business might use sponsorship. **Answer**	Mark
2 (d)	**A01 - 3 marks** Award 1 mark for a reason why business might use sponsorship, plus 2 further marks for explaining this reason, for a maximum of 3 marks. • If a business sponsored an event the business would gain publicity **(1)** this would mean the business would raise awareness in a wide range of people **(1)** which may attract new customers **(1)** • The business would gain brand awareness from any sponsorship **(1)** this could encourage followers of the event to consider purchasing from the business **(1)** leading to increased revenue/profits **(1)** **NB** No marks are awarded for a definition. Answers that list three reasons why a business might use sponsorship to promote itself, with no explanation will get 1 mark only. **Accept any other appropriate response**.	**(3)**

Question Number	Explain **one** advantage for a country of being in a trading bloc. **Answer**	**Mark**
2 (e)	**A01 - 3 marks** Award 1 mark for an advantage for a country being in a trading bloc, plus 2 further marks for explaining the advantage, for a maximum of 3 marks. • Businesses within a country can trade with no tariff barriers **(1)** This means that there will be no additional costs involved **(1)** therefore prices could be lower **(1)** • It gives a wider choice of goods for consumers **(1)** as the goods move freely with no trade restrictions **(1)** from one country to another country **(1)** **NB** No marks are awarded for a definition. Answers that list three advantages why a business is in a trading bloc, with no explanation will get a maximum of 1 mark **Accept any other appropriate response.**	**(3)**

Question Number	**Option 1:** competition pricing **Option 2:** promotional pricing. Justify which **one** of these two options *Premier Inn* should choose. **Indicative content**	**Mark**
2 (f)	**AO2 = 3 marks AO3 = 3 marks AO4 = 3 marks** **<u>AO2</u>** • **Option 1** – *Premier Inn* will match the price of competitors for its rooms • **Option 2** – *Premier Inn* could offer a discount on the price of a 3-night stay at the hotel **<u>AO3</u>** • **Option 1** – Customers could be tempted to book with *Premier Inn* because the price is similar or slightly lower than its competitors • **Option 2** – The lower price could mean that they get more bookings which means revenue for the business **<u>AO4</u>** • **Option 1** – However, there is no guarantee that customers will book with *Premier Inn* as they may prefer the facilities at another hotel • **Option 2** – However, even though the bookings may be higher there is no guarantee that the profit will be same or higher	**(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 – Capital intensive** **A –** Kaizen - this is not correct because it is a method of lean production **B** – Job production - this is not correct because it is usually labour intensive **C** – Just-in-time - this is not correct because this is a method of lean production	**(1)**

Question Number	Which **one** of the following is a pricing strategy that involves setting a low price for a product when it is first introduced to the market to quickly gain market share? **Answer**	**Mark**
1 (a) (ii)	**AO1 - 1 mark** **The only correct answer is C – Penetration** **A –** Skimming **-** this is not correct because it is when a business charges a high price to begin with **B –** Competition **-** this is not correct because it is when a business considers its competitors price before setting theirs **D –** Cost plus - this is not correct because it is adding a mark-up to the product	**(1)**

Question Number	Which **one** of the following is most likely to improve the cash flow position of a small business to help prevent its failure? **Answer**	Mark
1 (a) (iii)	**AO1 - 1 mark** **(1)** Select **one** answer **The only correct answer is B – Paying suppliers later** **A** – Paying overhead costs sooner - this is not correct because it will increase the cash outflow **C** – Increasing the rate of pay for its employees- this is not correct because it will increase the cash outflow **D** –Decreasing the net cash flow - this is not correct because this means increased cash outflows compared to cash inflows	**(1)**

Question Number	Which **one** of the following is a financial business aim? **Answer**	Mark
1 (a) (iv)	**AO1 - 1 mark** **The only correct answer is C – Survival** **A –** Challenge - this is not correct because it is a non-financial business aim **B –** Independence - this is not correct because it is a non-financial business aim **D –** Control - this is not correct because it is a non-financial business aim	**(1)**

Question Number	Which **one** of the following would *CCT* pay in CNY for **six** electric bicycles? **Answer**	Mark
1 (a) (v)	**AO2 - 1 mark** **The only correct answer is D – 30 855.00 CNY** **A –** 550.00 CNY - this is not correct because it is the cost of one electric bicycle in £ **B –** 3 300.00 CNY - this is not correct because it is £550 x 6 bicycles **C –** 5 142.50 CNY - this is not correct because it is £550 x the exchange rate of 9.35	**(1)**

Question Number	Using **Figure 1** which **one** of the following is correct for *CCT*? **Answer**	Mark
1 (a) (vi)	**AO2 - 1 mark** **The only correct answer is C – it made a profit of 412 658 CYN** **A –** it made a loss of 1 031 646 CYN - this is not correct because it is the total costs **B –** it made a loss of 412 658 CYN - this is not correct because it is the total costs minus revenue **D –** it made a profit of 1 031 646 CYN - this is not correct because it is the total costs	**(1)**

Question Number	Define the term **branding**. **Answer**	Mark
1 (b)	**AO1 - 1 mark** Award 1 mark for a correct definition of **branding**. • A name or logo that distinguishes it from its competition **(1)**	**(1)**

Question Number	Define the term **autonomy**. **Answer**	Mark
1 (c)	**AO1 - 1 mark** Award 1 mark for a correct definition of **autonomy**. • Employees are given the authority to make decisions about how they work **(1)**	**(1)**

Question Number	State **one** method of secondary market research *CCT* could use to collect market data. **Answer**	Mark
1 (d)	**A02 - 1 mark** Award 1 mark for a method of secondary market research *CCT* could use to collect market data. • The internet to search for other bicycle-hire businesses in the local area **(1)** **NB** Do not accept a way that is not in the context of *CCT.* **Accept any other appropriate response.**	**(1)**

Question Number	Calculate, to **two** decimal places, the current ratio for 2024. You are advised to show your working **Answer**	Additional guidance	Mark
1 (e)	**A02 - 2 marks** 561 258/ 233 098 **(1)** = 2.41 **(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 the business owner of operating as a private limited company. **Answer**	Mark
1 (f)	**A01 - 3 marks** Award 1 mark for a benefit to an owner of a private limited company, plus 2 further marks for explaining the benefit, for a maximum of 3 marks. • A private limited company has limited liability **(1)** which reduces the risk of ownership **(1)** as personal possessions will be protected in the event the business has to pay back any outstanding debts **(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 concerns *CCT* may have of introducing this app for its customers. **Indicative content**	Mark
1 (g)	**AO2 = 3 marks AO3 = 3 marks** **<u>AO2</u>** • Customers might be reluctant to download the app for a one-off biking experience • It can be costly for *CCT* to introduce an app where customers can book the bicycles. **<u>AO3</u>** • Its customers may have a lot of apps on their phones and might not see the point of downloading another one if they are only using it for a short amount of time whilst on holiday • *CCT* may not have the experience to create an app so may need to pay a designer to build the app and pay someone to maintain the app	**(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** financial method of motivation *CCT* could use with its employees. **Answer**	**Mark**

4 (a)	**A02 - 2 marks** 938 x 8 = 7 504 **(1)** 7 504 x 6% = 450.24 **(1)** **Or** 938 x 6% = 56.28 **(1)** 56.28 x 8 = 450.24 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	**(2)**

Question Number	Analyse other forms of technology *CCT* can use to communicate its services. **Indicative content**	**Mark**
4 (b)	**AO2 – 3 marks AO3 – 3 marks** **<u>AO2</u>** • Social media can be used to target the bicycle enthusiasts • E-newsletters can keep previous customers up-to-date on any new bicycle services being offered **<u>AO3</u>** • This helps *CCT* to personalise the information to the customer based on what they have searched for on the internet • This allows *CCT* to reach out to customers who have already been on the bicycle tours to encourage them to book another tour or recommend *CCT* to friends and family	**(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 on *CCT* of an increase in the Chinese interest rate. 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** • The cost of borrowing money • The rate of interest charged by the banks **AO2** • If *CCT* want to take out a loan to cover the cost of buying electric bicycles it will be more expensive if interest rates increase • People living in China will have to pay more for borrowing money and may have less disposable income to spend on touring the country **AO3** • Leading to an increase in fixed costs. This means more revenue will be required to be able to reach the break-even point • This could lead to a reduction in the demand for the bicycle tours lowering the revenue for *CCT* and increasing the risk of business failure **AO4** • However, if *CCT* strongly believe that taking out a loan will help them to expand then it might be worth taking the risk as the additional revenue can be used to cover the higher interest rates. • However, an increase in interest rates in China may not impact the foreign tourists that visit the country, and therefore this increase in rates may have little impact on the demand for *CCT*'s bicycle tours	**(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)

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)

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

3 (a)	**AO1 - 1 mark** Award 1 mark for a correct definition of **just-in-time (JIT)**. • Produces goods/receives inventory when needed reducing the need to hold inventory	**(1)**

Q. No.	Outline **one** reason why *Rabanne* uses different methods to advertise job vacancies. **Answer**	**Mark**
3 (b)	**A02 - 2 marks** Award 1 mark for identifying one reason why *Rabanne* uses different methods to advertise job vacancies plus 1 further mark for linking it to the context of the business. • *Rabanne* could advertise to a larger audience **(1)** giving them access to a wider pool of skills designers/dress makers **(1)** **NB** Do not accept a reason that is not in the context of *Rabanne*. **Accept any other appropriate response.**	**(2)**

Q. No.	Calculate to **two** decimal places, the percentage decrease in current assets. You are advised to show your workings. **Answer**	**Additional Guidance**	**Mark**
3 (c)	**A02 - 2 marks** = 30.20 **(2)** **OR** 5 952 – 8 527 = -2 575 **(1)** **-**2 527/8 527 x 100 **(1)**	Award full marks for correct answer with no working. Award 1 mark for correctly substituting numbers into formula.	**(2)**

Q. No.	Analyse the importance for *Rabanne* of using its resources effectively. **Indicative content**	Mark
3 (d)	**AO2 = 3 marks AO3 = 3 marks** **AO2** • By *Rabanne* using its resources effectively by not wasting packaging material for its handbags/accessories • By *Rabanna* developing higher quality packaging for its fragrances/perfumes **AO3** • It not only saves them money but also makes them more environmentally friendly • Would reduce the number of damaged bottles of fragrances that need to be replaced , thus reducing 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)**

Q. No.	**Option 1:** increasing the number of product trials **Option 2:** increasing advertising. Justify which **one** of these two options *Rabanne* should choose. **Indicative content**	Mark
3 (e)	**AO2 = 3 marks, AO3 = 3 marks, AO4 = 3 marks** **AO2** • **Option 1** – *Rabanne* introduces a variety of aftershaves for men to test and state their opinions • **Option 2** – Increasing the advertising of a new perfume for women means it could reach a much wider customer base throughout the world **AO3** • **Option 1** – Amendments can be made to the product before going into full production • **Option 2** – This could encourage more women to buy the perfume **AO4** • **Option 1** – However, because product trials are based in a limited location, the results may not be representative of all locations in all countries • **Option 2** – However, if they cannot find the perfume in a shop, then they will not be able to purchase it	**(9)**

Level	Mark	Descriptor
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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)
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Q. No.	Calculate, to **two** decimal places, the commission a sales assistant would earn if they have sold goods valued at £850. You are advised to show your workings. **Answer**	Additional Guidance	Mark

4 (a)	**A02 - 2 marks** = 42.50 **(2)** **OR** 850.00 x 0.05 **(1)**	Award full marks for correct answer with no working. Award 1 mark for correctly substituting numbers into formula.	**(2)**

Q. No.	Analyse the benefits to *Rabanne* of using robotics to manufacture its products. **Indicative content**	**Mark**
4 (b)	**AO2 = 3 marks AO3 = 3 marks** **AO2** • Increasing the use of robotics in the manufacture of 1 Million perfume reduces the number of errors in the manufacturing process • Using robotics means that production can continue 24/7 in the manufacture of Pour Homme aftershave **AO3** • This means that there will be fewer perfume bottles rejected as there will be fewer faults in the manufacturing process • Thus, increasing production and reducing the manufacturing costs of having additional labour involved	**(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 the effect for *Rabanne* of working hard to maintain and improve its public relations. 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** • By *Rabanne* donating funds to various charities, it highlights to customers that they want to help the communities • By decreasing the impact on the environment by using sustainable material in its packing **AO2** • This means that customers are more likely to purchase the aftershave Invictus because they know that *Rabanne* help people out • It means that less packing is used for its Lady Million perfume **AO3** • *Rabanne* will gain more interest from charities around the world because of the donations they make to charities • Which could increase the number of people that want to purchase its perfume as they are seen to care for the environment **AO4** • However, not everyone is interested in *Rabanne* donations, they would be more interested in the perfumes and aftershaves they produce • However, there is no guarantee that a business caring for the environment will see a positive change in its sales volume	**(12)**

Level	Mark	Descriptor
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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)
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