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EDEXCEL INTERNATIONAL GCSE BUSINESS: QUESTIONS BY TOPIC

Resourcing for Business Activity (4)

International GCSE Business Topic 4

37 questions · 740 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.

QUESTION	SOURCE	MARKS	PAGE
4.1 PRODUCTION			24 questions · 480 marks
1. Q2	<i>also 3.3, 2.4</i>	Paper 1R June 2019	20
2. Q4	<i>also 2.2</i>	Paper 2 June 2019	20
3. Q1	<i>also 1.3, 5.3</i>	Paper 1 November 2020	20
4. Q2	<i>also 3.3, 2.1</i>	Paper 1R November 2020	20
5. Q4	<i>also 2.1</i>	Paper 1R November 2020	20
6. Q2	<i>also 3.3</i>	Paper 2R November 2020	20
7. Q2	<i>also 3.3, 2.1</i>	Paper 2 June 2021	20
8. Q4	<i>also 2.2</i>	Paper 1 November 2021	20
9. Q1	<i>also 3.3, 5.5</i>	Paper 2 November 2021	20
10. Q4	<i>also 3.3</i>	Paper 2 June 2022	20
11. Q1	<i>also 1.3</i>	Paper 2R June 2022	20
12. Q2	<i>also 2.3</i>	Paper 2R June 2022	20
13. Q3	<i>also 1.4</i>	Paper 2R June 2022	20
14. Q2	<i>also 2.4, 3.3</i>	Paper 1 June 2023	20
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16. Q1	<i>also 5.5, 2.1</i>	Paper 1 June 2024	20
17. Q4	<i>also 5.1</i>	Paper 2R June 2024	20
18. Q2	<i>also 5.1, 3.3</i>	Paper 1 November 2024	20
19. Q2	<i>also 3.3, 1.4</i>	Paper 2 November 2024	20
20. Q1	<i>also 1.2, 2.2</i>	Paper 2 June 2025	20
21. Q2	<i>also 2.3, 5.2, 1.3</i>	Paper 2 June 2025	20
22. Q3	<i>also 2.1</i>	Paper 2 June 2025	20
23. Q3	<i>also 3.3</i>	Paper 2R June 2025	20
24. Q4	<i>also 3.3</i>	Paper 2R June 2025	20
4.2 PRODUCTIVITY			2 questions · 40 marks
25. Q1	<i>also 2.5, 5.2</i>	Paper 1R June 2022	20
26. Q1	<i>also 1.2, 5.5</i>	Paper 2 June 2023	20
4.3 QUALITY			10 questions · 200 marks
27. Q4	<i>also 1.3</i>	Paper 2 June 2021	20
28. Q2	<i>also 3.3, 1.2</i>	Paper 1 November 2021	20
29. Q4	<i>also 3.1</i>	Paper 2 November 2021	20
30. Q2	<i>also 3.3, 2.1</i>	Paper 2R June 2023	20
31. Q2	<i>also 3.3, 5.1</i>	Paper 2 November 2023	20
32. Q4	<i>also 3.3</i>	Paper 2 June 2024	20



33.	Q4	<i>also 1.4</i>	Paper 1 November 2024	20	85
34.	Q4	<i>also 1.1</i>	Paper 2 November 2024	20	87
35.	Q2	<i>also 3.3, 2.5, 5.1</i>	Paper 1 June 2025	20	88
36.	Q2	<i>also 1.1</i>	Paper 1R June 2025	20	91

4.4 ECONOMIES AND DISECONOMIES OF SCALE

1 questions · 20 marks

93

37.	Q2	<i>also 3.3, 5.2</i>	Paper 2 June 2023	20	94
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QUESTIONS

37 questions · 740 marks · grouped by sub-topic, lowest tariff first



SUB-TOPIC 4.1

PRODUCTION

24 questions in this sub-topic · 480 marks · lowest tariff first



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

(1)

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

(1)

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

(3)

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

(3)

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

(3)



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

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

Option 1: batch production

Option 2: flow production.

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

(9)

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

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

(2)

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

(6)

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

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

(12)

- 1 *The Alternative Drum School (TADS)* was set up in the wealthy area of Cricklade, England in 2008 by Ollie Tanner who had a passion for and enjoyed drumming. Ollie invested all of his savings into the drumming school. He saw the potential of being located away from other drumming schools.

Ollie promotes his business by writing columns in local papers, performing at local music festivals and by word of mouth recommendations. He has invested heavily in computer technology to allow students to produce the music they enjoy playing.

Ollie finds it difficult to maintain a good work-life balance. Ollie currently works 60 hours a week in a business that does not have reliable profits.

- (a) (i) Which **one** of the following could a sole trader pay on its profits?

(1)

Select **one** answer.

- ☐ A Sales tax
- ☐ B Income tax
- ☐ C Corporation tax
- ☐ D Indirect tax

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

(1)

Select **one** answer.

- ☐ A Insurance
- ☐ B Rent
- ☐ C Salaries
- ☐ D Packaging



(iii) Which **one** of the following is a method of primary market research?

(1)

Select **one** answer.

- ☐ **A** Newspaper articles
- ☐ **B** Government statistics
- ☐ **C** Focus groups
- ☐ **D** Internet research

(iv) Which **one** of the following is used to calculate net cash flow?

(1)

Select **one** answer.

- ☐ **A** Total cash inflow – total cash outflow
- ☐ **B** Total cash inflow + total cash outflow
- ☐ **C** Opening balance – closing balance
- ☐ **D** Opening balance + closing balance

TADS has developed contracts with drumming schools in other countries to teach online music lessons.

An Italian drumming school has agreed that *TADS* can teach five lessons per week. Each lesson costs £15 for half an hour. The exchange rate in January 2019 was £1 = €1.15.

(v) What will the Italian drumming school pay in euros (€) for these five lessons?

(1)

Select **one** answer.

- ☐ **A** €5.75
- ☐ **B** €15.00
- ☐ **C** €75.00
- ☐ **D** €86.25

In May 2019 the exchange rate was £1 = €1.05. *TADS* continued to provide the Italian drumming school with five lessons a week.

(vi) What effect would this change in the exchange rate have on the Italian drumming school?

(1)

Select **one** answer.

- ☐ **A** A decrease in cash outflows
- ☐ **B** An increase in import costs
- ☐ **C** A decrease in revenue
- ☐ **D** An increase in the internet costs

(b) Define the term **fixed costs**.

(1)

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

(1)

(d) State **one** benefit to *TADS* of investing in computer technology.

(1)

TADS buys a drum kit for £190 and sells it for £350.

(e) Calculate, to two decimal places, the mark up on this drum kit.

(2)

..... %

(f) Explain **one** disadvantage of being in a partnership.

(3)

(g) Analyse the importance of location for *TADS*.

(6)

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

(1)

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

(1)

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

(3)



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

(3)

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

(3)



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

It is considering the following two options:

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

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

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

(9)



£50 per person. Variable costs will be £10 per head. Cost will be £2000.

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

(2)

..... people

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

(6)

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

(12)

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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)



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

(1)

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

(1)

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

(3)



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

(3)

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

(3)

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

Option 1: targeted advertising online

Option 2: e-newsletters.

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

(9)



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

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

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

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

(2)

..... MYR

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

(6)

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

(12)

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)

- 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)

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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)

- 1 *Cadbury* was founded in 1842 when John Cadbury opened a shop in Birmingham in the UK. The shop sold cocoa and drinking chocolate. *Cadbury* is now one of the major chocolate manufacturers in the world.

In 1918 the first overseas *Cadbury* factory was opened in Hobart, Tasmania in Australia. Another factory opened in South Africa in 1938. *Cadbury* chocolates are sold across the world and other factories have been opened. *Cadbury* produces many well-known brands, such as Dairy Milk, Buttons and Crunchie. It also produces ice cream and cakes.

Cadbury is now part of *Mondelez*, the largest snack business in the world.

- (a) (i) Which **one** of the following types of business ownership would usually be formed by a business of two solicitors?

Select **one** answer.

(1)

- ☐ A Sole trader
- ☐ B Partnership
- ☐ C Public Corporation
- ☐ D Public Limited Company

- (ii) Which **one** of the following would show a business its cash flow forecast?

Select **one** answer.

(1)

- ☐ A Cash inflows and outflows
- ☐ B Money owed to its creditors
- ☐ C Net cash flow
- ☐ D Opening and closing balances

In the UK an 850 gram *Cadbury Dairy Milk Bar* costs £9.99 (GBP).

The exchange rate is £1.00 = 20.58 ZAR (South African Rand)

(iii) Which **one** of the following would a customer in South Africa pay in ZAR for two 850 gram *Cadbury Dairy Milk Bars*?

Select **one** answer.

(1)

- ☐ A 41.60
- ☐ B 205.60
- ☐ C 411.19
- ☐ D 411.60

(iv) Which **one** of the following functional areas would a skilled machinist work in?

Select **one** answer.

(1)

- ☐ A Finance
- ☐ B Human Resources
- ☐ C Production
- ☐ D Marketing

A *Cadbury Crunchie Bar* normally costs £0.95. It is on special offer for £0.87.

(v) What is the percentage decrease in the price of the *Cadbury Crunchie*?

Select **one** answer.

(1)

- ☐ A 0.92%
- ☐ B 1.09%
- ☐ C 8.00%
- ☐ D 8.42%

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

Select **one** answer.

(1)

- ☐ A Telephone Survey
- ☐ B Market Report
- ☐ C Test Marketing
- ☐ D Focus Group

(b) Define the term **personal savings**.

(1)

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

(1)

(d) State **one** reason why *Cadbury* might pay its UK employees above the minimum wage.

(1)



Cadbury makes a chocolate cake for £6.50. A tax of 20% is added to give the selling price.

- (e) Calculate the selling price of the chocolate cake. You are advised to show your working.

(2)

£

- (f) Explain **one** advantage for businesses if banks reduce their interest rates.

(3)

- (g) Analyse **two** factors that could influence *Cadbury* when locating a new factory.

(6)



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

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

(1)

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

(1)

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

(3)



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

(3)

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

(3)

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

Option 1: allowing employees to work part-time

Option 2: allowing employees to job share.

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

(9)



- 3 *Cadbury* donates some of its charity funds to local activities in the communities where its factories are located.

(a) Define the term **public relations**.

(1)

(b) Outline **one** reason why *Cadbury* interviews shortlisted candidates for vacancies in its functional areas.

(2)

Cadbury donated £7 617 600 to its charity fund in 2017. In 2018 this donation was 1.2% lower.

(c) Calculate the donation *Cadbury* made in 2018. You are advised to show your working.

(2)

£

- (d) Analyse why some governments have introduced legislation to reduce the amount of sugar in chocolate.

(6)

Cadbury introduces new products on a regular basis, such as Dinky Deckers. The aim of this is to maintain customer loyalty by offering new products. Before releasing Dinky Deckers for sale to the public, *Cadbury* had to decide the method of production it would use. It considered the following two options:

Option 1: batch production

Option 2: flow production.

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

(9)



2 (a) State **one** method *Irsi Chocolatier* could use to improve its competitive position. (1)

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(b) State **one** way *Irsi Chocolatier* might extend the life cycle of one of its products. (1)

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(c) Explain **one** way a business could use e-newsletters. (3)

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

(3)

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

(3)

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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 AWG sells men’s jumpers for 34 000 ISK. An employee who sells a jumper is rewarded with a commission payment. This is 2% of the price of the jumper.
- (a) Calculate the commission payment paid to an employee selling 12 jumpers. You are advised to show your working.
- (2)

.....ISK

- AWG is considering introducing Kaizen.
- (b) Analyse how this could affect its business.
- (6)

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AWG's social objectives include the use of natural materials, being environmentally friendly and reducing waste.

- (c) Evaluate the impact on *AWG* of having these social objectives when planning to grow the business. You should use the information provided as well as your own knowledge of business.

(12)



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

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

Select **one** answer.

(1)

- ☐ A Skills
- ☐ B Age
- ☐ C Experience
- ☐ D Ability

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

Select **one** answer.

(1)

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

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

Select **one** answer.

(1)

- ☐ A Lean
- ☐ B Flow
- ☐ C Batch
- ☐ D Job

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

Select **one** answer.

(1)

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

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

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

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

Select **one** answer.

(1)

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

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

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

Figure 1

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

Select **one** answer.

(1)

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



Many manufacturers make use of robots in their production processes.

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

(1)

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

(1)

PPS has seen lower sales of its pet accessories.

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

(1)

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

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

(2)

€



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

(3)

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

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

Figure 2

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

(6)



4 *Jimmy Choo* has many shops around the world.

Figure 2 shows the number of *Jimmy Choo* shops in some locations.

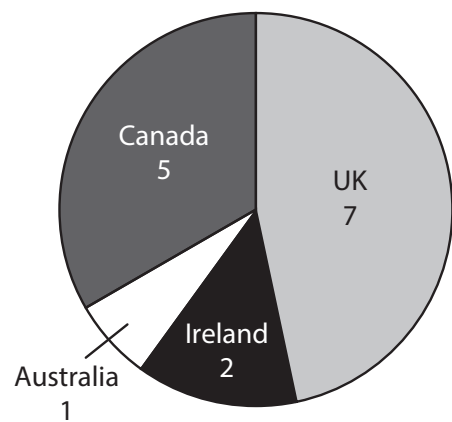


Figure 2

- (a) Calculate, to two decimal places, the percentage of *Jimmy Choo* shops in the UK.
You are advised to show your working.
- (2)

..... %

- (b) Analyse the benefit to *Jimmy Choo* of using share capital to fund its growth.
- (6)

Jimmy Choo is supplied by a number of different businesses. There are some factories that *Jimmy Choo* has a large financial interest in. The majority of the manufacturing businesses are located in Italy with a few in Spain and China.

Jimmy Choo is considering investing in another clothing and shoe factory and will require skilled employees.

- (c) Evaluate the factors *Jimmy Choo* would have to consider when making decisions on the location of a new factory. 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)

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

(1)

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

(3)

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

(3)

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

(3)

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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)

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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)

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(b) State **one** reason why *Premier Inn* uses seasonal employees. (1)

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(c) Explain **one** reason why a business would use robotics in its production. (3)

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

(3)

[illegible]

(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)



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

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

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

Select **one** answer.

(1)

- ☐ A Coal mining
- ☐ B Engineering
- ☐ C Farming
- ☐ D Insurance

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

Select **one** answer.

(1)

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



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

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

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

Select **one** answer.

(1)

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

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

Select **one** answer.

(1)

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

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

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

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

Select **one** answer.

(1)

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



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

Select **one** answer.

(1)

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

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

(1)

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

(1)

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

(1)

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

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

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

(2)

\$

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

(3)

Starbucks uses batch production to make its cakes and sandwiches.

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

(6)

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

(1)

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

(1)

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

(3)

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

(3)

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

(3)

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

Option 1: financial methods

Option 2: non-financial methods.

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

(9)



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

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

(1)

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

(2)

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

The exchange rate is \$1 = €0.91

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

(2)

€



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

(6)

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

Option 1: open coffee shops in supermarkets

Option 2: open coffee shops in hospitals.

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

(9)



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)

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)



SUB-TOPIC 4.2

PRODUCTIVITY

2 questions in this sub-topic · 40 marks · lowest tariff first



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

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

Select **one** answer.

(1)

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

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

Select **one** answer.

(1)

- ☐ A Internet
- ☐ B Postal survey
- ☐ C Newspaper
- ☐ D Government report

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

Select **one** answer.

(1)

- ☐ A Rent
- ☐ B Packaging
- ☐ C Weekly wages
- ☐ D Raw materials

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

Select **one** answer.

(1)

- ☐ **A** Fixed costs $\times$ (selling price + variable costs)
- ☐ **B** Fixed costs $\times$ (selling price – variable costs)
- ☐ **C** Fixed costs $\div$ (selling price + variable costs)
- ☐ **D** Fixed costs $\div$ (selling price – variable costs)

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

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

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

Select **one** answer.

(1)

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

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

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

Select **one** answer.

(1)

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

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

(1)

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

(1)

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

(1)

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

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

Figure 1

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

(2)

€.....



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

(3)

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

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

(6)



- 1 *IKEA* is a well-known home furniture retailer with stores throughout the world. It was started in 1943 by Ingvar Kamprad when he was given some money by his father for doing well at school. He wanted to produce furniture at a price that people could afford to buy.

He realised that transporting furniture to customers was difficult as goods were often damaged. He developed flat packs to avoid damage. A flat pack contained all the materials needed to self-assemble a table, a chair or a bed.

All *IKEA* stores are run as franchises.

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

Select **one** answer.

(1)

- ☐ A Challenge
- ☐ B Social objectives
- ☐ C Survival
- ☐ D Personal satisfaction

- (ii) Which **one** of the following is an advantage to a business of using venture capital?

Select **one** answer.

(1)

- ☐ A It decreases access to other sources of finance
- ☐ B It keeps ownership in the business
- ☐ C It improves public relations
- ☐ D It can receive expert advice

A Canadian supplier of timber charges *IKEA* \$19.75 Canadian Dollars (CAD) per load.

The exchange rate is \$1 CAD = 6.58 Swedish Krona (SEK).

(iii) Which **one** of the following would be the cost to *IKEA* for 1,000 loads in Swedish Krona?

Select **one** answer.

(1)

- ☐ **A** 151.98 SEK
- ☐ **B** 3 001.52 SEK
- ☐ **C** 19 750.00 SEK
- ☐ **D** 129 955.00 SEK

An *IKEA* dining table costs *IKEA* 3 800 SEK to make. The table sells for 4 400 SEK.

(iv) Which **one** of the following is the correct markup?

Select **one** answer.

(1)

- ☐ **A** 1.16%
- ☐ **B** 13.64%
- ☐ **C** 15.79%
- ☐ **D** 115.79%

Figure 1 is a diagram of a product life cycle.

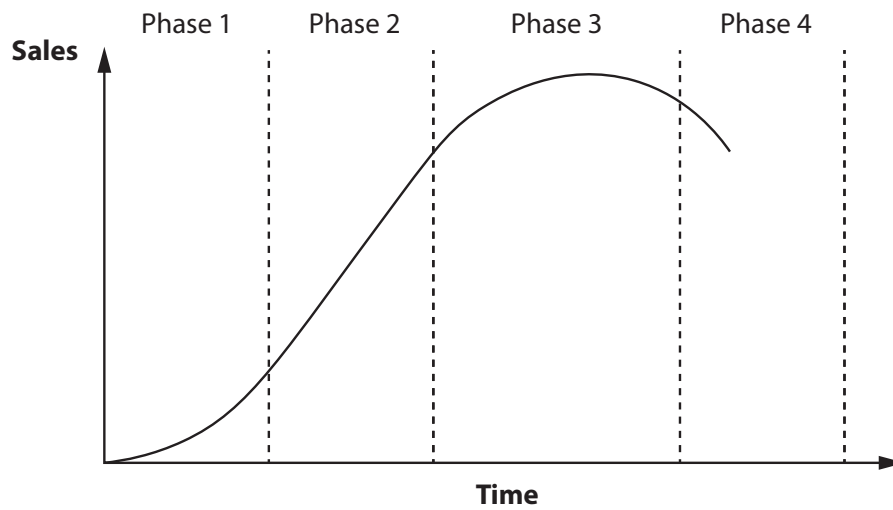


Figure 1

(v) Which **one** of the following is Phase 3 of the product life cycle?

Select **one** answer.

(1)

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

(vi) Which **one** of the following are equal in a break-even graph?

Select **one** answer.

(1)

- ☐ **A** Fixed costs and variable costs
- ☐ **B** Fixed costs and revenue
- ☐ **C** Total costs and fixed costs
- ☐ **D** Total costs and revenue

(f) Explain **one** reason why businesses want to use resources effectively in manufacturing.

(3)

(g) Analyse the benefits to *IKEA* of all its stores being franchises.

(6)

SUB-TOPIC 4.3

QUALITY

10 questions in this sub-topic · 200 marks · lowest tariff first



- 4 *NEXT* continually monitors progress so that it can measure the success of its business. It aims to do this through improving manufacturing techniques and cutting costs, whilst still maintaining the quality of the goods produced.

Figure 2 shows selected financial information for *NEXT* in 2019.

	2019 (£m)
Revenue	4 221
Operating profit	590

Figure 2

- (a) Calculate to two decimal places the operating profit margin for *NEXT* in 2019. You are advised to show your working.

(2)

..... %

- (b) Analyse the effects for *NEXT* of an increase in UK interest rates.

(6)

- (c) Evaluate the importance for *NEXT* of maintaining quality throughout all of its manufacturing processes. You should use the information provided as well as your own knowledge of business.

(12)



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)

[illegible]

(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)

[illegible]

- 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)



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)

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

(1)

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

(3)

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

(3)

This image shows a full page of white paper with horizontal dashed lines, typical of primary-ruled notebook paper. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

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

(3)

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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)



- 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)



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)



4 **Figure 3** is an extract from *Saha's* statement of financial position.

	TRY (million)
Current assets	12
Inventory	4
Current liabilities	7

Figure 3

(a) Calculate, to two decimal places, the acid test ratio for *Saha*. You are advised to show your working.

(2)

(b) Analyse the benefits for *Saha* of becoming a multinational business.

(6)



Saha aims to manufacture robots that are high quality and long lasting.

- (c) Evaluate the effects on *Saha* of introducing total quality management (TQM) to its business. You should use the information provided as well as your own knowledge of business.

(12)



4 In 2022 the current assets for *Premier Inn* were £9 566 million and current liabilities were £5 447 million.

- (a) Calculate, to two decimal places, the current ratio in 2022. You are advised to show your working.

(2)

- (b) Analyse the importance of making sure that guests have a quality service when staying at a *Premier Inn*.

(6)

- (c) Evaluate why a business such as *Premier Inn* would only consider profit to measure its success. You should use the information provided as well as your own knowledge of business.

(12)

new 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)

[illegible]

(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)



2 (a) State **one** financial method of motivation *CCT* could use with its employees. (1)

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(b) State **one** benefit to *CCT* of satisfying customer needs. (1)

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(c) Explain **one** way a business could increase its profit. (3)

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(d) Explain **one** way that the introduction of tariffs might affect a business importing goods.

(3)

This image shows a full page of white paper with horizontal dashed lines, typical of primary school writing paper. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

(e) Explain **one** reason why quality control is important to a business.

(3)

The owner of *CCT* wants to measure the success of the business.

The owner is considering two options:

Option 1: customer satisfaction

Option 2: profit.

(f) Justify which **one** of these two options the owner of *CCT* should choose.

(9)

This image shows four sets of primary writing lines. Each set is composed of three horizontal lines: a solid top line, a dashed midline, and a solid bottom line. These lines are provided for handwriting practice.

SUB-TOPIC 4.4

ECONOMIES AND DISECONOMIES OF SCALE

1 question in this sub-topic · 20 marks · lowest tariff first



- 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)

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

(1)

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

(3)

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(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)



MARK SCHEMES

official Pearson Edexcel mark schemes



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 <i>L.table</i> (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 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 – <i>Lavender</i> 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 – <i>Lavender</i> 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)	A02 - 2 marks $9\,000\,000 \div 6\,000$ (1) $= 1\,500$ (1)	Award 1 mark for correctly substituting numbers into the formula. Award full marks for correct numerical answer without working.	(2)

Question Number	Indicative content	Mark
4 (b)	A02 – 3 marks A03 – 3 marks A02 - Employees at <i>Tata Motor Company</i> are made familiar with their working environment, whether it is on the production line or in an office. - They are introduced to the staff they will be working with, e.g. the staff on the production line. A03 - If employees are given this training they begin to feel part of the company. - This would make staff feel more settled and made more welcome/productive.	(6)

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-2	- Limited application of knowledge and understanding of business concepts and issues to the business context. (A02) - Attempts to deconstruct business information and/or issues, finding limited connections between points. (A03)
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. (A02) - Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (A03)
Level 3	5-6	- Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (A02) - Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (A03)



Question Number	Indicative content	Mark
4 (c)	A01 = 3 marks A02 = 3 marks A03 = 3 marks A04 = 3 marks <u>A01</u> • Finding a location that has a skilled labour. • Making sure that the location is accessible so that deliveries can be made. <u>A02</u> • The <i>Tata Motor Company</i> needs a range of skilled employees, e.g. engineers and designers. • It may need to be located either near to a port or where there is easy access to motorways or railway lines so that the vehicles can be transported to their next destination. <u>A03</u> • If they are near to the skilled labour force that is required to run the factory/operation this could reduce the overall costs of the new factory. • The factory will need a continuous supply of materials and the finished vehicle will need to be transported for sale. <u>A04</u> • By locating near a skilled labour force, the cost of land/infrastructure may be higher thereby adding to the cost of the location • Infrastructure is one of many factors affecting the choice of location and other factors may be more important.	(12)

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



Question Number	Answer	Mark
1 (a) (i)	AO1 = 1 mark The only correct answer is B – Income tax A is not correct because sales tax is not a tax C is not correct because it is a tax paid by limited businesses D is not correct because it is not a tax	(1)
Question Number	Answer	Mark
1 (a) (ii)	AO1 = 1 mark The only correct answer is D – Packaging A is not correct because it is a fixed cost B is not correct because it is a fixed cost C is not correct because it is a fixed cost	(1)
Question Number	Answer	Mark
1 (a) (iii)	AO1 = 1 mark The only correct answer is C – Focus groups A is not correct because it is a method of secondary market research B is not correct because it is a method of secondary market research D is not correct because it is a method of secondary market research	(1)

Question Number	Answer	Mark
1 (a) (iv)	AO1 = 1 mark The only correct answer is A – Total cash inflow – total cash outflow B is not correct because it is the incorrect calculation C is not correct because it is the incorrect calculation D is not correct because it is the incorrect calculation	(1)
Question Number	Answer	Mark
1 (a) (v)	AO2 = 1 mark The only correct answer is D - €86.25 A is not correct because this is worked out by multiplying five lessons by the exchange rate of €1.15 B is not correct because this is the cost of the lesson C is not correct because this is worked out by multiplying the cost of each lesson at £15 by five lessons	(1)
Question Number	Answer	Mark
1 (a) (vi)	AO2 = 1 mark The only correct answer is A – A decrease in cash outflows B is not correct because this is not an impact of a decrease in the exchange rate C is not correct because this is not an impact of a decrease in the exchange rate D is not correct because this is not an impact of a decrease in the exchange rate	(1)

Question Number	Answer	Mark
1 (b)	AO1 = 1 mark Award 1 mark for a correct definition of fixed costs. Costs that do not vary with the level of output (1).	(1)

Question Number	Answer	Mark
1 (c)	AO1 = 1 mark Award 1 mark for the correct definition of stakeholder. An individual or a group with an interest in the business (1).	(1)

Question Number	Answer	Mark
1 (d)	AO2 = 1 mark Award 1 mark for a valid response that relates to investing in computer technology in the context of the business. <i>TADS</i> could improve the quality of the sound that the drums make (1).	(1)

Question Number	Answer	Additional guidance	Mark
1 (e)	AO2 = 2 marks $(350 - 190) / 190 \times 100$ (1) = 84.21% (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 disadvantage, plus 2 further marks for explaining how this will affect a business for a maximum of 3 marks. Partners may disagree and fall out (1) meaning decision making can take longer (1) stopping the business moving forward with new ideas (1). Accept any other appropriate response.	(3)

Question Number	Indicative content	Mark
1 (g)	AO2 = 3 marks AO3 = 3 marks AO2 - TADS is located in a wealthy area near to people with more disposable income. - TADS needs to be far away from competitors in the music school industry. AO3 - It is important to be located close to the target market as parents may not want to travel far for the lessons for their children. - As the service provided is specialised it is best to be far away from other drumming schools as not everyone will want to play them.	(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)
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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 <i>Loaf's</i> 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 <i>Loaf</i> 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 <i>Loaf</i>, 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 <i>Loaf</i> would want to purchase its goods.	(9)

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

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

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

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

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

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



Question Number	Answer	Mark
2 (a)	A02 = 1 mark Award 1 mark for a valid function of human resources in the context of the business. To recruit and select skilled employees to manufacture hockey sticks at <i>HRMW's</i> 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. <i>HRMW</i> 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 <i>HRMW</i> 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)

2 (a)	A02 - 1 mark Award 1 mark for a valid reason for <i>NEXT</i> promoting its own employees in the context of the business. • If <i>NEXT</i> promotes its own employees, they are experts in the home interiors <i>NEXT</i> sell (1) • By promoting their own employees <i>NEXT</i> 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)
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Question Number	State one reason why <i>NEXT</i> complies with health and safety laws. Answer	Mark
2 (b)	A02 - 1 mark Award 1 mark for a valid reason for <i>NEXT</i> complying with health and safety laws in the context of the business. • <i>NEXT</i> 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.	Mark
	Answer	
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 <i>NEXT</i> should choose. Indicative content	Mark
2 (f)	AO2 = 3 marks AO3 = 3 marks AO4 = 3 marks AO2 • Option 1 – By using targeted online advertising <i>NEXT</i> 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 – <i>NEXT</i> could test whether the people it is targeting are buying the furniture being advertised • Option 2 – The only expense <i>NEXT</i> 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 <i>NEXT</i> who might wish to purchase furniture • Option 2 – However, <i>NEXT</i> 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	Additional guidance	Mark
4 (a)	A02 - 2 marks $17.87 \times 3 = 53.61$ (1) $459.50 + 53.61 = 513.11$ (1)	Award full marks for correct numerical answer without working.	(2)

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

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

Question Number	Indicative content	Mark
4 (c)	A01 = 3 marks A02 = 3 marks A03 = 3 marks A04 = 3 marks <u>A01</u> • The availability of skilled labour. • The availability of materials available. <u>A02</u> • <i>Artify Studio</i> will need to find employees with art-based skills to work at the studio. • <i>Artify Studio</i> will need art supplies for its art courses. <u>A03</u> • Finding labour that is already skilled will help <i>Artify Studio</i> to progress and expand the range of art-based courses it offers. • The art supplies will allow all of the current courses to be offered at the new art studio so there is consistency between the studios. <u>A04</u> • However, if no skilled labour is available then the impact on the second art studio may be negative as it may not be able to run courses without skilled employees. • However, as they are relocating to a small mining town then they may find it difficult to source the art materials in such a remote area and therefore may not be able to offer its full range of services.	(12)

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

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)
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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 $76 \times .14$	(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 <i>Huawei</i> 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. <i>Huawei</i> does not have to pay the funds back it can use the money to pay the salaries of the smartphone designers (1) <i>Huawei</i> 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 <i>Huawei</i> . Answer	Additional guidance	Mark
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1 (e)	A02 - 2 marks $= 73\,287 \div 721\,202 \times 100$ (1) $= 10.16$ (1)	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	(2)
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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 <i>Huawei</i> of locating its factories near to its labour sources. Indicative content	Mark
1 (g)	AO2 = 3 marks AO3 = 3 marks <u>AO2</u> - By locating a factory in an area where there is a skilled labour force it could reduce training costs <i>Huawei</i> may need certain skills to operate manufacturing machinery for its products e.g. smartphones <u>AO3</u> - The money saved could then be used for other purposes within <i>Huawei</i> - 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).

4 (a)	A02 - 2 marks $34\,946 \div 12\,763$ (1) $= 2.74$ (1)	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	(2)
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Question Number	Analyse the benefits to <i>LEGO</i> of increasing the use of robotics in the manufacture of toys and games. Indicative content	Mark
4 (b)	A02 – 3 marks A03 – 3 marks <u>A02</u> - 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 <u>A03</u> - 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 <i>LEGO</i> 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 <u>AO1</u> • Customers purchase <i>LEGO</i> 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 <u>AO2</u> • <i>LEGO</i> has achieved 'Toy of the Century' twice meaning that people can rely on the products made • <i>LEGO</i> keeps up to date making toys to correspond to new films that are introduced such as Harry Potter <u>AO3</u> • 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 <i>LEGO</i> toys to play with <u>AO4</u> • 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 <i>LEGO</i> 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)



1 (a) (i)	AO1 - 1 mark B Partnership A A sole trader is only one person C Public Corporation is a large business run by many D Public Limited Company has directors and can be quite a large business	(1)
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Question Number	Which one of the following would show a business its cash flow forecast?	Mark
	Answer	
1 (a)(ii)	AO1 - 1 mark A Cash inflows and outflows B Money owed to its creditors is a debt and is not a forecast C Net cash flow is the difference between money in and money out D Opening and closing balances are actual amounts and not a forecast	(1)

Question Number	Which one of the following would a customer in South Africa pay in ZAR for two 850 gram <i>Cadbury</i> Dairy Milk Bars?	Mark
	Answer	
1 (a) (iii)	AO2 - 1 mark C 411.19 A 20.59 (20.58 + 1) B 205.60 (20.58 x 9.99) D 411.60 (20.58 x 10.00 x 2)	(1)

Question Number	Which one of the following functional areas would a skilled machinist work in?	Mark
	Answer	
1 (a)(iv)	AO1 - 1 mark C Production A Finance deals with the money side of the business B Human Resources deals with recruitment D Marketing deals with advertising the products	(1)

Question Number	What is the percentage decrease in the price of the <i>Cadbury Crunchie</i> ?	Mark
	Answer	
1 (a) (v)	AO2 - 1 mark D 8.42% A 0.92% ($0.87 \div 0.95$) B 1.09% ($0.95 \div 0.87$) C 8.00% ($0.95 - 0.87$)	(1)

Question Number	Which one of the following is an example of secondary market research?	Mark
	Answer	
1 (a)(vi)	AO1 - 1 mark B Market Report A Telephone Survey is primary research C Test Marketing is primary research D Focus Group is primary research	(1)

Question Number	Define the term personal savings .	Mark
	Answer	
1 (b)	AO1 - 1 mark Award 1 mark for a correct definition of personal savings. Money that belongs to an individual not a business (1)	(1)

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

Question Number	State one reason why <i>Cadbury</i> might pay its UK employees above the minimum wage. Answer	Mark
1 (d)	A02 - 1 mark Award 1 mark for a valid reason of why <i>Cadbury</i> pays its UK employees above the minimum wage in the context of the business. • Employees are more likely to stay with <i>Cadbury</i> and not move to a competitor such as Rowntree's to earn additional money (1) • Employees are less likely to take time off from producing chocolate bars if they are paid well (1) NB Do not accept a reason that is not in the context of <i>Cadbury</i>. Accept any other appropriate response.	(1)

Question Number	Calculate the selling price of the chocolate cake.	Additional guidance	Mark
	Answer		
1 (e)	A02 - 2 marks $6.50 \times .20 = 1.30$ (1) $6.50 + 1.30 = 7.80$ (1) OR 6.50×1.20 (1) $= 7.80$ (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 businesses if banks reduce their interest rates.	Mark
	Answer	
1 (f)	A01 - 3 marks Award 1 mark for identification of an advantage for a business if the banks reduce their interest rates, plus 2 further marks for explaining the reason, for a maximum of 3 marks. • This means that if a business took out loans (1) monthly repayments would be lower (1) leaving more funds for other business expenses (1) • If the interest rates are reduced, then customers may have more funds available (1) to spend on goods/products (1) thus increasing the turnover of businesses (1) NB No marks are awarded for a definition. Answers that list three advantages with no explanation will get 1 mark only. Accept any other appropriate response.	(3)

Question Number	Analyse two factors that could influence <i>Cadbury</i> when locating a new factory.	Mark
	Indicative content	
1 (g)	AO2 = 3 marks AO3 = 3 marks AO2 <i>Cadbury</i> may need to move to a location where there are skilled employees, such as cake designers and biscuit bakers - Locating near to motorways or railways means that cocoa can be delivered to <i>Cadbury</i> factories using a variety of methods AO3 - If <i>Cadbury</i> locates near to a pool of skilled employees they require, employees will be willing to work at <i>Cadbury</i> as they will not have far to travel - This means that the cocoa will arrive in time for the production of <i>Cadbury</i> 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	State one item of information that an applicant would include in their Curriculum Vitae (CV) when applying for a position with <i>Cadbury</i> .	Mark
	Answer	

2 (a)	A02 - 1 mark Award 1 mark for a valid item that could be included in a Curriculum Vitae in the context of the business. • Previous experience of health and safety legislation from working in food factories (1) • Previous employers as referees confirming that they have appropriate food experience (1) NB Do not accept an item that is not in the context of <i>Cadbury</i>. Accept any other appropriate response.	(1)
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Question Number	State one item of information that may appear in a job description for a <i>Cadbury</i> Production Line Supervisor.	Mark
	Answer	
2 (b)	A02 - 1 mark Award 1 mark for a valid item of information that may appear in a job description for a Production Line Supervisor in the context of the business. • Experience of supervising employees making chocolate on a production line (1) • Experience of supervising employees in a <i>Mondelez</i> production facility (1) NB Do not accept an item that is not in the context of <i>Cadbury</i>. Accept any other appropriate response.	(1)

Question Number	Explain one method a business could use to motivate its employees.	Mark
2 (c)	Answer A01 - 3 marks Award 1 mark for a method a business could use to motivate its employees, plus 2 further marks for explaining the reason, for a maximum of 3 marks. • Giving its employees fringe benefits (1) such as discounts off products produced (1) makes them feel that their work is valued (1) • Bonus payments given to employees (1) as an individual or teams (1) when they have met certain targets (1) NB No marks are awarded for a definition. Answers that list three methods why a business could use to motivate its employees, with no explanation will get 1 mark only. Accept any other appropriate response.	(3)

Question Number	Explain one reason why a business has fully trained employees. Answer	Mark
2 (d)	A01 - 3 marks Award 1 mark for a reason why businesses ensure that its employees are fully trained, plus 2 further marks for explaining this reason, for a maximum of 3 marks. • Training is important as it increases the skills and knowledge of the employee (1) so that they can perform their job more effectively (1) thereby increasing productivity (1) • The training keeps employees up-to-date (1) with any new technology/machines (1) so that they can maximise the amount they can produce per hour (1) NB No marks are awarded for a definition. Answers that list three reasons why businesses ensure that its employees are fully trained, with no explanation will get 1 mark only. Accept any other appropriate response.	(3)

Question Number	Explain one reason why many manufacturing businesses use Kaizen in their factories.	Mark
2 (e)	Answer A01 - 3 marks Award 1 mark for identification why businesses use Kaizen in manufacturing plus 2 further marks for explaining why, for a maximum of 3 marks. • Kaizen means employees are involved in the process of improvement (1) and suggest ways in the manufacturing process (1) that could lead to improved product quality (1) • Kaizen helps to reduce waste (1) as employees understand how to operate the machinery more effectively (1) resulting in lower overall costs for the business (1) NB No marks are awarded for a definition. Answers that list three reasons of why businesses use Kaizen in manufacturing with no explanation will get 1 mark only. Accept any other appropriate response.	(3)

Question Number	Option 1: allowing employees to work part-time Option 2: allowing employees to job share. Indicative content	Mark
2 (f)	AO2 = 3 marks AO3 = 3 marks AO4 = 3 marks <u>AO2</u> • Option 1 – By offering part-time working <i>Cadbury</i> can provide flexibility for their employees • Option 2 – If one employee in the job share is absent through illness then the other members may be able to take the place in the design of chocolate wrappers <u>AO3</u> • Option 1 – <i>Cadbury</i> can use the flexibility of part-time staff to meet increased seasonal demands such as Christmas • Option 2 – Job sharing benefits <i>Cadbury</i> as it provides the ideas and enthusiasm of two people rather than one <u>AO4</u> • Option 1 – However, it may increase employment costs because of legal benefits that have to be offered to part-time employees • Option 2 – However, the two people job sharing will have to work as a team and liaise effectively	(9)

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

3 (a)	A01 - 1 mark Award 1 mark for a correct definition of public relations. Building and maintaining a favourable image of a business for its products (1)	(1)
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Question Number	Outline one reason why <i>Cadbury</i> interviews shortlisted candidates for vacancies in its functional areas. Answer	Mark
3 (b)	A02 - 2 marks Award 1 mark for identifying a reason why <i>Cadbury</i> interviews people that are shortlisted for a vacancy, plus 1 further mark for linking it to the context of the question. So that <i>Cadbury</i> can check that the applicants interviewed match the details in their CV (1) and assess whether they are suitable to work in chocolate production line (1) NB Do not accept a reason that is not in the context of <i>Cadbury</i>. Accept any other appropriate response.	(2)

Question Number	Calculate the donation <i>Cadbury</i> made in 2018.	Additional guidance	Mark
	Answer		
3 (c)	A02 - 2 marks $7\,617\,600 \times 0.012$ $= 91\,411.20 \text{ (1)}$ $7\,617\,600 - 91\,411.20$ $= 7\,526\,188.80 \text{ (1)}$ OR $7\,617\,600 \times 0.988 \text{ (1)}$ $= 7\,526\,188.80 \text{ (1)}$	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	(2)

Question Number	Analyse why some governments have introduced legislation to reduce the amount of sugar in chocolate.	Mark
	Indicative content	
3 (d)	A02 = 3 marks A03 = 3 marks <u>A02</u> - By introducing legislation to reduce the amount of sugar in chocolate bars means that this would reduce the sugar levels for its customers - The legislation would help reduce the demands and impact on the health service as fewer customers will need its services <u>A03</u> - Consuming too much sugar can have other effects on the body such as being overweight - It could reduce the costs of health-related illnesses thereby benefiting the overall health of the country	(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: batch production Option 2: flow production. Indicative content	Mark
3 (e)	AO2 = 3 marks AO3 = 3 marks AO4 = 3 marks <u>AO2</u> • Option 1 – With batch production, if Dinky Deckers is not popular, they can limit or stop production of them • Option 2 – By using this method they can ensure that there will be sufficient Dinky Deckers available for all its customers wanting to try the new chocolate bars <u>AO3</u> • Option 1 – By limiting the number produced it could encourage more customers to want to purchase the chocolate bar • Option 2 – Shops/supermarkets will have a continuous supply of the new chocolate bar <u>AO4</u> • Option 1 – However, this method of production can be more expensive because of time spent changing the machines to produce Dinky Deckers • Option 2 – However, there is no guarantee on how popular the Dinky Deckers will be and if it will sell well; <i>Cadbury</i> could be left with a large quantity of unsold Dinky Deckers	(9)

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

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

2 (a)	A02 - 1 mark Award 1 mark for a valid method <i>Irsi Chocolatier</i> 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 <i>Irsi Chocolatier</i> Accept any other appropriate response.	(1)
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Question Number	State one way <i>Irsi Chocolatier</i> might extend the life cycle of one of its products. Answer	Mark
2 (b)	A02 - 1 mark Award 1 mark for a valid way <i>Irsi Chocolatier</i> might extend the life cycle of a product in the context of the business. <i>Irsi Chocolatier</i> can lower the price of its chocolates (1) NB Do not accept a way that is not in the context of <i>Irsi Chocolatier</i> 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	<i>Irsi Chocolatier</i> is considering using: Option 1: batch production Option 2: job production. Justify which one of these two options <i>Irsi Chocolatier</i> 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 <i>Irsi Chocolatier</i> to give customers the option of personalised chocolate lollipops <u>AO3</u> • Option 1 – This method will allow <i>Irsi Chocolatier</i> 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 $34\,000 \times 0.02$ $= 680$ (1) $680 \times 12 = 8\,160$ (1)	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	(2)
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Question Number	Analyse how this could affect its business. Indicative content	Mark
4 (b)	AO2 – 3 marks AO3 – 3 marks AO2 - Employees in the clothing workshop will be able to discuss different manufacturing techniques/designs for the jumpers - A major advantage of Kaizen is efficiency. Kaizen may help to improve the quality of children's clothing. AO3 - This helps create innovative ideas for AWG which will help them to stand out from other competitors selling clothing - This may result in attracting more customers who are seeking sustainable and long-lasting items of clothing.	(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 <i>AWG</i> of having these social objectives when planning to grow the business. 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> • Social objectives aim to benefit society • Social objectives focus on ethical factors other than profit <u>AO2</u> • <i>AWG</i> encourage families to re-use clothing made from natural materials and reduce waste in society • In the workshops at <i>AWG</i> waste is kept to a minimum and spare material is used to make hats and scarves <u>AO3</u> • This may enable <i>AWG</i> to meet the needs and wants of customers who care about the environment and are seeking a sustainable range of clothing • Minimising waste may enable <i>AWG</i> to reduce its costs and pass on the cost savings to its customers to encourage more sales <u>AO4</u> • However, it may be more costly to use natural material which may result in a high price for the jumpers and dresses. This may discourage some people from buying the clothes resulting in slow growth for the business • However, many people in society may not be concerned about social objectives and the environment. They may be more concerned about current fashion which may lead to a decrease in sales revenue for <i>AWG</i>.	(12)



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



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

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

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

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

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

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

Question Number	State one extension strategy <i>PPS</i> could use to extend the life cycle of the pet accessories. Answer	Mark
1 (d)	AO2 - 1 mark Award 1 mark for an extension strategy <i>PPS</i> could use to extend the life cycle of its pet accessories. <i>PPS</i> could change the design of a dog jacket (1) <i>PPS</i> could redesign UK dog collars (1) NB Do not accept an extension strategy that is not in the context of <i>PPS</i> . Accept any other appropriate response.	(1)

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

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

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

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

4 (a)	A02 - 2 marks $1 + 2 + 5 + 7 = 15$ (1) $7/15 \times 100$ $= 46.67$ (1)	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct answer with no working.	(2)
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Q. No.	Analyse the benefit to <i>Jimmy Choo</i> of using share capital to fund its growth. Indicative content	Mark
4 (b)	A02 = 3 marks A03 = 3 marks A02 - As <i>Jimmy Choo</i> is a large multinational, it might be easier to raise large amounts of share capital needed to fund any further expansion of its clothing factories - As an established multinational <i>Jimmy Choo</i> should be well placed to have a number of existing and new shareholders wanting to buy the shares A03 - The funds will allow <i>Jimmy Choo</i> to expand quickly so that it can take advantage of increased demand for its products - Therefore, <i>Jimmy Choo</i> will not have to incur additional payments of interest charges	(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 (A02) - Attempts to deconstruct business information and/or issues, finding limited connections between points (A03)
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 (A02) - Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (A03)
Level 3	5-6	- Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (A02) - Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (A03)

Q. No.	Evaluate the factors <i>Jimmy Choo</i> would have to consider when making decisions on the location of a new factory. 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> • <i>Jimmy Choo</i> would need to locate its factory near to where labour can be found • Locating the factory so it is easily accessible by road, rail and sea <u>AO2</u> • <i>Jimmy Choo</i> will need a wide variety of skilled labour from machinists producing handbags to employees with financial skills • If the factory is easily accessible it could reduce the transport costs of dress material from suppliers <u>AO3</u> • By locating near to skilled labour force in Italy could reduce the overall costs • It will also make delivery of the finished goods easier by having roads and rail nearby <u>AO4</u> • However, by locating near to skilled labour could be more expensive as the cost of labour may be higher, increasing overall costs • However, infrastructure may affect the location as opposed to other considerations such as delivery to the factory and from the factory may be more important	(12)

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

2 (a)	A02 - 1 mark Award 1 mark for a reason why branding is important to <i>Saha</i> in the context of the business. • The name/logo of the business should be recognisable to hotels and restaurants (1) • to distinguish <i>Saha</i>'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 <i>Saha</i> Accept any other appropriate response.	(1)
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Question Number	State one task that an employee working in the production department at <i>Saha</i> might do.	Mark
	Answer	
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 <i>Saha</i> Accept any other appropriate response.	(1)

Question Number	Explain one disadvantage for a business of using flow production to produce its goods.	Mark
2 (c)	Answer 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.	Mark
2 (e)	Answer 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 <i>Saha</i> 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 <i>Saha</i> should choose. Indicative content	Mark
2 (f)	A02 = 3 marks A03 = 3 marks A04 = 3 marks <u>A02</u> • Option 1 – <i>Saha</i> may appeal to the public for funding to expand its sale of robots into all continents of the world • Option 2 – <i>Saha</i> could use a loan to build new factories to manufacture the new robots for homes <u>A03</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 <i>Saha</i> • Option 2 – It is possible that a loan for a large amount of money can be received from the bank quickly to enable <i>Saha</i> to pursue its expansion programme <u>A04</u> • Option 1 – However, there is no guarantee that sufficient funds would be raised through crowdfunding to allow <i>Saha</i> 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).

2 (a)	A02 - 1 mark Award 1 mark for a valid activity carried by the marketing functional area at <i>Premier Inn</i> 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 <i>Premier Inn</i> hotels (1) NB Do not accept an activity that is not in the context of <i>Premier Inn</i> Accept any other appropriate response.	(1)
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Question Number	State one reason why <i>Premier Inn</i> uses seasonal employees. Answer	Mark
2 (b)	A02 - 1 mark Award 1 mark for a valid reason why <i>Premier Inn</i> 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 <i>Premier Inn</i> Accept any other appropriate response.	(1)

Question Number	Explain one reason why a business would use robotics in its production.	Mark
2 (c)	Answer 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 <i>Premier Inn</i> should choose. Indicative content	Mark
2 (f)	A02 = 3 marks A03 = 3 marks A04 = 3 marks <u>A02</u> Option 1 – <i>Premier Inn</i> will match the price of competitors for its rooms Option 2 – <i>Premier Inn</i> could offer a discount on the price of a 3-night stay at the hotel <u>A03</u> Option 1 – Customers could be tempted to book with <i>Premier Inn</i> 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>A04</u> Option 1 – However, there is no guarantee that customers will book with <i>Premier Inn</i> 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).

1 (a) (i)	AO1 - 1 mark The only correct answer is B - Engineering A – is not the correct answer as coal mining is primary sector C - is not the correct answer as farming is primary sector D - is not the correct answer as insurance is tertiary sector	(1)
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Q. No.	Which one of the following is an external source of finance? Answer	Mark
1 (a) (ii)	AO1 - 1 mark The only correct answer is D – Bank loan A – is not the correct answer as – selling assets is internal B - is not the correct answer as – retained profit is internal C - is not the correct answer as – personal savings is internal	(1)

Q. No.	Which one of the following is the percentage decrease in the price of a latte? Answer	Mark
1 (a) (iii)	AO2 - 1 mark The only correct answer is C – 9.32% A – is not the correct answer as 0.55% is $5.90 - 5.35$ B - is not the correct answer as 2.94% is $5.90 - 5.35 \times 5.35$ D - is not the correct answer as 10.28% is $5.90 - 5.35/5.35 \times 100$	(1)

Q. No.	Which one of the following is the minimum number of owners in a partnership? Answer	Mark
1 (a) (iv)	AO1 - 1 mark The only correct answer is B - 2 A – is not the correct answer as 1 is not a partnership C – is not the correct answer as 20 is not the minimum number of people needed D - is not the correct answer as 50 is not the minimum number of people needed	(1)

Q. No.	Which one of the following would be the price in Rupees to be a member in India? Answer	Mark
1 (a) (v)	AO2 - 1 mark The only correct answer is A – 413.48 B – is not the correct answer as 1105.08 is 92.09×12 C – is not the correct answer as 4134.84 is 920.90×4.49 D - is not the correct answer as 4961.81 is $4.49 \times 12 \times 92.09$	(1)

Q. No.	Which one of the following is an external source of finance for managing immediate cash flow problems? Answer	Mark
1 (a) (vi)	AO1 - 1 mark The only correct answer is D - overdraft A – is not the correct answer as personal savings are an internal source of finance B – is not the correct answer as retained profit is an internal source of finance C - is not the correct answer as selling assets is an internal source of finance	(1)

Q. No.	Define the term social enterprise . Answer	Mark
1 (b)	A01 - 1 mark Award 1 mark for a correct definition of social enterprise . • A business that aims to improve human or environmental well-being (1)	(1)

Q. No.	Define the term tertiary sector . Answer	Mark
1 (c)	A01 - 1 mark Award 1 mark for a correct definition of tertiary sector . • Provides services to consumers and other sectors of industry (1)	(1)

Q. No.	State one reason why <i>Starbucks</i> wants to retain its employees. Answer	Mark
1 (d)	A02 - 1 mark Award 1 mark for a valid reason why <i>Starbucks</i> wants to retain its employees in the context of the business • By retaining its employees <i>Starbucks</i> does not have to train new employees on how to make the coffee it sells (1) • If employees remain at <i>Starbucks</i> they will become more proficient and may be promoted to a coffee master or a coffee manager (1) NB Do not accept a reason that is not in the context of <i>Starbucks</i> . Accept any appropriate response	(1)

Q. No.	Calculate, to two decimal places, the estimated total revenue in 2030. You are advised to show your working. Answer	Additional Guidance	Mark
1 (e)	A02 - 2 marks 165.7 × 1.3825 (1) = 229.08 (1)	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct answer with no working.	(2)

Q. No.	Explain one disadvantage for a business of training its employees. Answer	Mark
1 (f)	A01 - 3 marks Award 1 mark for identification of a disadvantage for a business training its employees, plus 2 further marks, for a maximum of 3 marks. • Training employees takes a great deal of time (1) and needs existing employees to carry out the training (1) which can reduce the productivity of the business (1) • Existing employees have to be taught how to train employees (1) which incurs additional expense (1) for the business and there is no guarantee they are trained efficiently (1) NB No marks are awarded for a definition. Answers that list three disadvantages with no explanation will get 1 mark only. Accept any appropriate response.	(3)

Q. No.	Analyse the benefits for <i>Starbucks</i> of using batch production. Indicative content	Mark
1 (g)	AO2 = 3 marks AO3 = 3 marks AO2 • <i>Starbucks</i> uses batch production means that they can produce cakes at a lower cost per unit • It maximises the use of kitchen equipment and reduces waste of ingredients for sandwiches AO3 • Which ensure a uniform taste and quality across all locations • This decreases production time ensuring a wide range of sandwiches for sale	(6)

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

Q. No.	State one reason why <i>Starbucks</i> should have good communication with its customers. Answer	Mark
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2 (a)	A02 - 1 mark Award 1 mark for a reason why <i>Starbucks</i> should have good communication with its customers. - By communicating with customers, they are likely to return to buy more sandwiches from <i>Starbucks</i> (1) - Having good communication with customers encourages them to return to the shop so that a customer orders coffee and cake is understood and accurately delivered (1) NB Do not accept a reason that is not in the context of <i>Starbucks</i>. Accept any appropriate response.	(1)
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Q. No.	State one way <i>Starbucks</i> could follow health and safety legislation. Answer	Mark
2 (b)	A02 - 1 mark Award 1 mark for a valid way <i>Starbucks</i> could follow health and safety legislation in the context of the business - Employees must ensure that when they are serving customers with biscuits they are handled with tongs or gloved hands (1) - Employees need to following the rules and regulations when using the coffee machines to avoid hot water and steam that could burn their hands (1) NB Do not accept a way that is not in the context of <i>Starbucks</i>. Accept any appropriate response.	(1)

Q. No.	Explain one reason why many manufacturing businesses use just-in-time (JIT). Answer	Mark
2 (c)	A01 - 3 marks Award 1 mark for identification of a reason why many manufacturing business use just-in-time (JIT), plus 2 further marks for explaining the reason, for a maximum of 3 marks. - JIT reduces the amount of inventory held by a business (1) reducing the costs associated with over ordering of inventory (1) meaning overall costs for a business may be reduced (1) - JIT reduces the amount of out-of-date or damaged stock (1) reducing the amount of storage space required for inventory (1) and this can then be used for other business activities (1) NB No marks are awarded for a definition. Answers that list three reasons with no explanation will get a 1 mark only. Accept any appropriate response.	(3)

Q. No.	Explain one reason why it is important that businesses pay their suppliers on time. Answer	Mark
2 (d)	A01 - 3 marks Award 1 mark for identification of one reason why it is important for a business of paying its suppliers on time, plus 2 further marks for explaining the reason for a maximum of 3 marks. - Paying suppliers on time establishes a good relationship with suppliers (1) and if a business needs goods urgently from them (1) they would be more likely to help them knowing they would be paid on time (1) - Paying on time, gives the business better negotiating powers with the supplier (1) so that if the supplier trusts them they may negotiate better prices (1) thus keeping its costs down (1) NB No marks are awarded for a definition. Answers that list three reasons with no explanation will get a 1 mark only. Accept any appropriate response.	(3)

Q. No.	Explain one effect on a business if interest rates are decreased. Answer	Mark
2 (e)	A01 - 3 marks Award 1 mark for identification of an effect on a business if the interest rates are decreased, plus 2 further marks for explaining the importance, for a maximum of 3 marks. • A decrease in interest rates reduces the cost of borrowing for a business (1) making it cheaper to finance new projects/expansion (1) improving the profitability of the business (1) • This could increase sales income for a business (1) because consumers may have more money to spend (1) on additional items they might want, which the business sells (1) NB No marks are awarded for a definition. Answers that list three effects with no explanation will get 1 mark only. Accept any appropriate response.	(3)

Q. No.	Option 1: financial methods Option 2: non-financial methods. Justify which one of these two methods <i>Starbucks</i> should choose. Indicative content	Mark
2 (f)	A02 = 3 marks, A03 = 3 marks, A04 = 3 marks A02 Option 1 – By offering financial methods to its employees, such as bonus payments if the coffee shop increases its sales Option 2 – If <i>Starbucks</i> could offer its employee's non-financial benefits such as job enrichment within the coffee shop, so employees can gain more skills and knowledge of the business A03 Option 1 – Employees recognise that they are being financially rewarded for working hard and enjoy the extra income and this may encourage them to stay with the business Option 2 – Employees will gain new skills and knowledge and feel valued by <i>Starbucks</i>, which may help them gain promotion such as becoming an assistant manager and they will feel more loyal to Starbucks A04 Option 1 – However, not all employees are interested in bonus payments, as many employees are more interested in a good work-life balance and more concerned with non-financial incentives Option 2 – However, not all employees are motivated by non-financial methods of motivation, they may prefer having additional funds added to their pay slip so that they can pay their bills	(9)

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

Q. No.	Define the term crowdfunding . Answer	Mark
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3 (a)	A01 - 1 mark Award 1 mark for a correct definition of crowdfunding . Where a large number of individuals invest in a business using an online platform	(1)
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Q. No.	Outline one reason why the proximity of labour is important to <i>Starbucks</i> . Answer	Mark
3 (b)	A02 - 2 marks Award 1 mark for identifying one reason why the proximity of labour is important to <i>Starbucks</i> plus 1 further mark for linking it to the context of the business. It provides increased access to potential workers (1) to serve as baristas in the shop (1) NB Award a maximum of 1 mark if there is no context anywhere in the answer. Accept any other appropriate response.	(2)

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

Q. No.	Analyse why <i>Starbucks</i> wants to promote its existing employees. Indicative content	Mark
3 (d)	A02 = 3 marks A03 = 3 marks A02 - By promoting its own employees, to an Assistant Manager of a coffee shop, they will remain loyal to <i>Starbucks</i> - It reduces the cost of advertising for new employees who have experience of coffee shops A03 - As they are familiar with the aims of the business and how it works - As well as saving time and money training new employees in the ways that <i>Starbucks</i> works	(6)

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-2	- Limited application of knowledge and understanding of business concepts and issues to the business context (A02) - Attempts to deconstruct business information and/or issues, finding limited connections between points (A03)
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 (A02) - Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (A03)
Level 3	5-6	- Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (A02) - Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (A03)

Q. No.	Option 1: Open coffee shops in supermarkets Option 2: Open coffee shops in hospitals. Justify which one of these two options <i>Starbucks</i> should choose. Indicative content	Mark
3 (e)	A02 = 3 marks, A03 = 3 marks, A04 = 3 marks A02 Option 1 – If <i>Starbucks</i> opens coffee shops in supermarkets it could gain customers who want to have a coffee after finishing their shopping Option 2 – By opening coffee shops in hospitals, means that friends/relatives who have travelled a distance getting to the hospital can have a drink A03 Option 1 – Customers may also be encouraged to purchase a cake if they have had a busy time carrying out their food shopping Option 2 – They may even take their relative in hospital for a coffee A04 Option 1 – However, there is no guarantee that customers will want to stop and have a coffee after shopping they may prefer to go home Option 2 – However, there is no guarantee that visitors to the hospital would want to stay and have a drink if their time was limited	(9)

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

Q. No.	Calculate, to two decimal places, the cost of the meal with the employee's discount. You are advised to show your workings Answer	Additional Guidance	Mark
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3 (a)	A01 - 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)
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Q. No.	Outline one reason why <i>Rabanne</i> uses different methods to advertise job vacancies. Answer	Mark
3 (b)	A02 - 2 marks Award 1 mark for identifying one reason why <i>Rabanne</i> uses different methods to advertise job vacancies plus 1 further mark for linking it to the context of the business. <i>Rabanne</i> 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 <i>Rabanne</i> . 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) $-2\,577/8\,527 \times 100$ (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 <i>Rabanne</i> of using its resources effectively. Indicative content	Mark
3 (d)	AO2 = 3 marks AO3 = 3 marks AO2 - By <i>Rabanne</i> using its resources effectively by not wasting packaging material for its handbags/accessories - By <i>Rabanna</i> 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 <i>Rabanne</i> should choose. Indicative content	Mark
3 (e)	A02 = 3 marks, A03 = 3 marks, A04 = 3 marks A02 Option 1 – <i>Rabanne</i> 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 A03 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 A04 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
	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.		Additional Guidance	Mark
	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		

4 (a)	A02 - 2 marks $= 42.50$ (2) OR 850.00×0.05 (1)	Award full marks for correct answer with no working. Award 1 mark for correctly substituting numbers into formula.	(2)
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Q. No.	Analyse the benefits to <i>Rabanne</i> of using robotics to manufacture its products. Indicative content	Mark
4 (b)	A02 = 3 marks A03 = 3 marks A02 - 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 A03 - 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 <i>Rabanne</i> 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 <u>AO1</u> • By <i>Rabanne</i> 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 <u>AO2</u> • This means that customers are more likely to purchase the aftershave Invictus because they know that <i>Rabanne</i> help people out • It means that less packing is used for its Lady Million perfume <u>AO3</u> • <i>Rabanne</i> 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 <u>AO4</u> • However, not everyone is interested in <i>Rabanne</i> 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
	0	No Rewardable material.
Level 1	1-4	• Demonstrates elements of knowledge and understanding of business concepts and issues, with limited business terminology used. (AO1) • Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	5 - 8	• Demonstrates mostly accurate knowledge and understanding of business concepts and issues including appropriate use of business terminology in places. (AO1) • Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)
Level 3	9 - 12	• Demonstrates accurate knowledge and understanding of business concepts and issues throughout, including appropriate use of business terminology. (AO1) • Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)

1 (a) (i)	AO1 - 1 mark The only correct answer is D – Pay suppliers later A – this is not correct because it will decrease cash-flow B – this is not correct because it could increase cash-flow in the long-term but not immediately C – this is not correct because it will decrease cash-flow	(1)
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Question Number	Which one of the following is an example of primary market research? Answer	Mark
1 (a) (ii)	AO1 - 1 mark The only correct answer is B – Postal survey A – this is not correct because it is an example of secondary market research C – this is not correct because it is an example of secondary market research D - this is not correct as it is an example of secondary market research	(1)

Question Number	Which one of the following is a fixed cost? Answer	Mark
1 (a) (iii)	AO1 - 1 mark The only correct answer is A – Rent B – this is not correct because it is a variable cost C – this is not correct because it is a variable cost D – this is not correct because it is a variable cost	(1)

Question Number	Which one of the following is used to calculate the break-even point? Answer	Mark
1 (a) (iv)	AO1 - 1 mark The only correct answer is D – Fixed costs ÷ (selling price – variable costs) A – this is not correct because it is does not calculate the break-even point B – this is not correct because it is does not calculate the break-even point D – this is not correct because it is does not calculate the break-even point	(1)

Question Number	Which one of the following is the total cost in euros of buying 2 weeks of salmon? Answer	Mark
1 (a) (v)	AO2 - 1 mark The only correct answer is D – €448.58 A – this is not correct because it is the cost of 10kgs of salmon in pounds B – this is not correct because it is the cost of 10kgs of salmon in euros C – this is not correct because it is the cost of 20kgs of salmon in pounds	(1)

Question Number	Which one of the following is the markup of prawns? Answer	Mark
1 (a) (vi)	AO2 - 1 mark The only correct answer is C – 19.1% A – this is not correct because it is the cost of a kilogram of prawns as a percentage B – this is not correct because it is the selling price of a kilogram of prawns as a percentage D – this is not correct because it is double the cost of a kilogram of prawns as a percentage	(1)

Question Number	Define the term job production Answer	Mark
1 (b)	A01 - 1 mark Award 1 mark for a correct definition of job production. When an item is made and finished before the next one is started (1)	(1)

Question Number	Define the term diseconomies of scale Answer	Mark
1 (c)	A01 - 1 mark Award 1 mark for a correct definition of diseconomies of scale. Rising average costs as units increase (1)	(1)

Question Number	State one method <i>Can Culleretes</i> could use to collect quantitative market research. Answer	Mark
1 (d)	A02 - 1 mark Award 1 mark for a method <i>Can Culleretes</i> could use to collect quantitative market research in the context of <i>Can Culleretes</i> . <i>Can Culleretes</i> could use a questionnaire to get feedback on its new menu from its customers (1) NB: Do not accept a method that is not in the context of <i>Can Culleretes</i> . Accept any other appropriate response.	(1)

Question Number	Calculate the net cash flow for <i>Can Culleretes</i> . Answer	Additional guidance	Mark
1 (e)	A02 - 2 marks $4\,600 - 3\,000$ (1) $= 1\,600$ (1)	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	(2)

Question Number	Explain one benefit to a business of improving communication with its employees. Answer	Mark
1 (f)	A01 - 3 marks Award 1 mark for identification of a benefit to a business if it improves communication with employees, plus 2 further marks for explaining the benefit, for a maximum of 3 marks. Employees will have a clear understanding of what has to be done (1) this could mean that fewer mistakes will be made (1) leading to an increase in productivity of employees (1) NB Answers that list three benefits with no explanation will get 1 mark only. Accept any other appropriate response.	(3)

Question Number	Analyse the likely impact on productivity if <i>Can Culleretes</i> launch this app. Indicative content	Mark
1 (g)	AO2 = 3 marks AO3 = 3 marks AO2 - The app means waiters do not have to take orders at the customer's table - As soon as customers place the order the kitchen will receive the order immediately AO3 - This will reduce the cost to the business so the waiter can spend more time doing other tasks rather than taking orders - This will increase productivity as it will make for a more efficient ordering system for the restaurant	(6)

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

1 (a) (i)	AO1 - 1 mark The only correct answer is C Survival A - is incorrect as challenge is a non-financial objective B - is incorrect as social objectives is a non-financial objective D - is incorrect as personal satisfaction is a non-financial objective	(1)
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Question Number	Which one of the following is an advantage to a business of using venture capital?	Mark
	Answer	
1 (a)(ii)	AO1 - 1 mark The only correct answer is D It can receive expert advice A - is incorrect as venture capital increases access to other sources of finance B - is incorrect as venture capital does not keep ownership within the business C - is incorrect as public relations is not affected by venture capital	(1)

Question Number	Which one of the following would be the cost to <i>IKEA</i> for 1,000 loads in Swedish Krona?	Mark
	Answer	
1 (a) (iii)	AO2 - 1 mark The only correct answer is D 129 955.00 SEK A - is incorrect $1\,000 \div 6.58 = 151.98$ SEK B - is incorrect $19.75 \times 1\,000 \div 6.58 = 3\,001.52$ SEK C - is incorrect $19.75 \times 1\,000 = 19\,750$ SEK	(1)

Question Number	Which one of the following is the correct markup?	Mark
	Answer	
1 (a)(iv)	AO1 - 1 mark The only correct answer is C 15.79% A is incorrect because $4\,400 \div 3\,800 = 1.16\%$ B is incorrect because $4\,400 - 3\,800 = 600 \div 4\,400 \times 100 = 13.64\%$ D is incorrect because $4\,400 \div 3\,800 \times 100 = 115.79\%$	(1)

Question Number	Which one of the following is Phase 3 of the product life cycle?	Mark
	Answer	
1 (a) (v)	AO2 - 1 mark The only correct answer is D Maturity A is incorrect because phase 4 is decline B is incorrect because phase 2 is growth C is incorrect because phase 1 is introduction	(1)

Question Number	Which one of the following are equal in a break-even graph?	Mark
	Answer	
1 (a)(vi)	AO1 - 1 mark The only correct answer is D Total costs and revenue A is incorrect because fixed and variable costs do not indicate the revenue B is incorrect because fixed costs and revenue do not take into account variable costs C is incorrect because total costs and fixed costs do not take into account revenue	(1)

Question Number	Define the term person specification . Answer	Mark
1 (b)	AO1 - 1 mark Award 1 mark for a correct definition of person specification . Details of the qualifications, experience in the person appointed (1)	(1)

Question Number	Define the term quality control . Answer	Mark
1 (c)	AO1 - 1 mark Award 1 mark for a correct definition of quality control . A product or service that meets the standard set by the business (1)	(1)

Question Number	State one reason why <i>IKEA</i> provides induction training for new employees.	Mark
	Answer	
1 (d)	A02 - 1 mark Award 1 mark for a valid reason of why <i>IKEA</i> provides induction training for new employees in the context of the business. • New employees are made familiar with the furniture they will be selling in their own <i>IKEA</i> stores (1) • Staff will know how to show customers how the flat packs for sale are assembled (1) NB Do not accept a reason that is not in the context of <i>IKEA</i>. Accept any other appropriate response.	(1)

Question Number	Calculate to 2 decimal places the gross profit margin for 2020.	Additional guidance	Mark
	Answer		
1 (e)	A02 - 2 marks $11\,725/37\,368 \times 100$ (1) $= 31.38$ (1)	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	(2)

Question Number	Explain one reason why businesses want to use resources effectively in manufacturing.	Mark
1 (f)	Answer A01 - 3 marks Award 1 mark for a reason why businesses want to use resources effectively plus 2 further marks for explaining the reason, for a maximum of 3 marks. • Being effective in the use of resources reduces waste (1) this could decrease the amount of inventory held (1) thus lowering the expenses of the business (1) • If a business uses fewer machines to manufacture goods (1) this will make the business more efficient (1) allowing for greater productivity (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 benefits to <i>IKEA</i> of all its stores being franchises.	Mark
	Indicative content	
1 (g)	A02 = 3 marks A03 = 3 marks <u>A02</u> • Franchises allow <i>IKEA</i> to sell its flat pack products of tables and wardrobes throughout the world • All franchisees pay a percentage of their profit to <i>IKEA</i> for the use of its name and furniture <u>A03</u> • <i>IKEA</i> benefits because it has many retail stores selling furniture, creating wealth for the business • This allows <i>IKEA</i> to gain revenue from every franchised store making it more successful	(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 (A02). • Attempts to deconstruct business information and/or issues, finding limited connections between points (A03).
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 (A02). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (A03).
Level 3	5-6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (A02). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (A03).

4 (a)	A02 - 2 marks $590 \div 4\,221 \times 100$ (1) $= 13.98$ (1)	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	(2)
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Question Number	Analyse the effects for <i>NEXT</i> of an increase in UK interest rates. Indicative content	Mark
4 (b)	AO2 = 3 marks AO3 = 3 marks AO2 • If the interest rate rises then consumers will spend less on items such as clothing from <i>NEXT</i> • Consumers are less likely to purchase <i>NEXT</i> furniture on credit. AO3 • This could lead to a reduction in sales for <i>NEXT</i> which could have an impact on its profits • This could lead to <i>NEXT</i> not being able to sell its inventory	(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 for <i>NEXT</i> of maintaining quality throughout all of its manufacturing processes. Indicative content	Mark
4 (c)	AO1 = 3 marks AO2 = 3 marks AO3 = 3 marks AO4 = 3 marks <u>AO1</u> • Consumers who purchase clothes expect quality goods • Quality of products give a business a good reputation <u>AO2</u> • <i>NEXT</i> provide quality furniture and fashionable dress for customer to buy • A poor reputation may mean that <i>NEXT</i> attracts fewer customer to its worldwide shops <u>AO3</u> • <i>NEXT</i> will have to ensure that all manufacturers of their clothes and furniture, maintain the same standard throughout 70 countries • <i>NEXT</i> may have to close some of its shops which would reduce the number of its outlets and sales <u>AO4</u> • However, maintaining this standard is expensive as the production of clothes and furniture will need constant inspection to ensure that the items are of the quality set • However, once a poor reputation for quality is gained amongst customers for clothes or furniture 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).



Question Number	Answer	Mark
2 (a)	A02 - 1 mark Award 1 mark for a valid reason why <i>Artify Studio</i> 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)	A02 = 3 marks A03 = 3 marks A04 = 3 marks <u>A02</u> • Option 1 – this would increase the awareness of <i>Artify Studio</i> to those in the Kampong Glam area. • Option 2 – this can allow a business to become known to a wider market of artists. <u>A03</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>A04</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)

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)
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Question Number	Analyse why <i>Huawei</i> would want good quality control when producing its smartphones. Indicative content	Mark
4 (b)	A02 – 3 marks A03 – 3 marks <u>A02</u> • If <i>Huawei</i> 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 <i>Huawei</i> <u>A03</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 <i>Huawei</i> 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 (A02). • Attempts to deconstruct business information and/or issues, finding limited connections between points (A03).
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 (A02). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (A03).
Level 3	5–6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (A02). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (A03).

Question Number	Evaluate why <i>Huawei</i> would carry out market research before designing a new product. Indicative content	Mark
4 (c)	A01 = 3 marks A02 = 3 marks A03 = 3 marks A04 = 3 marks <u>A01</u> • Market research finds out what customers' needs and wants are • By carrying out market research <i>Huawei</i> will be able to make informed decisions as to actions it should take <u>A02</u> • If <i>Huawei</i> produces a watch that very few customers want then it could waste a great deal of money • <i>Huawei</i> may decide to add additional features or reduce or increase the size of its smartphones from comments made by potential customers <u>A03</u> • This could have a negative effect on <i>Huawei's</i> financial situation and also impact upon the development of other products such as tablets that <i>Huawei</i> makes and sells • This could help increase sales of tablets and smartphones and enable <i>Huawei</i> to remain competitive <u>A04</u> • 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).
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2 (a)	A02 - 1 mark Award 1 mark for a valid non-financial objective for <i>M&M</i> in the context of the business. • <i>M&M</i> may want to continue to help the environment by planting even more trees (1) • <i>M&M</i> 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 <i>M&M</i>. Accept any other appropriate response.	(1)
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Question Number	State one reason why <i>M&M</i> could dismiss an employee.	Mark
	Answer	
2 (b)	A02 - 1 mark Award 1 mark for a reason why <i>M&M</i> could dismiss an employee in the context of the business. • <i>M&M</i> might dismiss an employee who continually arrives late on the tractor production line (1) • <i>M&M</i> 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 <i>M&M</i>. Accept any other appropriate response.	(1)

Question Number	Explain one reason why branding is important to businesses.	Mark
2 (c)	Answer 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.	Mark
2 (d)	Answer 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)	A02 = 3 marks A03 = 3 marks A04 = 3 marks <u>A02</u> • Option 1 – By increasing promotion more people will know about <i>M&M</i> 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>A03</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>A04</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).

2 (a)	A02 - 1 mark Award 1 mark for one task that the human resources would carry out at <i>Kraft Heinz</i> 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 <i>Kraft Heinz</i>. Accept any other appropriate response.	(1)
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Question Number	State one financial objective <i>Kraft Heinz</i> might have.	Mark
	Answer	
2 (b)	A02 - 1 mark Award 1 mark for a financial objective <i>Kraft Heinz</i> might have in the context of the business. <i>Kraft Heinz</i> might want to increase its profit by increasing the number of different sauces they sell (1) <i>Kraft Heinz</i> 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 <i>Kraft Heinz</i> 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	<i>Kraft Heinz</i> constantly aims to promote its products to encourage people to increase sales. To do this <i>Kraft Heinz</i> 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)	A02 = 3 marks A03 = 3 marks A04 = 3 marks <u>A02</u> Option 1 – By sponsoring a local charity such as Animal Rescue gains <i>Kraft Heinz</i> 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>A03</u> Option 1 – Customers seeing notices of the charity event may then want to support <i>Kraft Heinz</i> Option 2 – This improves its sales and keeps <i>Kraft Heinz</i> ahead of its competitors <u>A04</u> Option 1 – However, there is no guarantee that because an event has been sponsored by <i>Kraft Heinz</i> people will purchase its products Option 2 – However, special offers may help increase sales but they can cost <i>Kraft Heinz</i> 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)	A02 - 2 marks $57\,498 - 39\,631 = 17\,867$ $17\,867 \div 39\,631 \times 100$ (1) $= 45.08$ (1)	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct answer with no working.	(2)
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Q. No.	Analyse how <i>TUI</i> could make use of the Boston Matrix to review all the different holidays it offers. Indicative content	Mark
4 (b)	A02 = 3 marks A03 = 3 marks A02 - By <i>TUI</i> using the Boston Matrix they can use the 'Star' to decide which are the most profitable holidays in Turkey <i>TUI</i> 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 A03 - 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 <i>TUI</i> 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 (A02) - Attempts to deconstruct business information and/or issues, finding limited connections between points (A03)
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 (A02) - Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (A03)
Level 3	5-6	- Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (A02) - Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (A03)

Q. No.	Evaluate the benefits for <i>TUI</i> 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 <i>TUI</i>'s holidays and experiences are good then customers are more likely to return and book further holidays and hotels • If <i>TUI</i> does not provide a variety of different opportunities for hiring a variety of cars <u>AO3</u> • They are more likely to then recommend <i>TUI</i> 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)

4 (a)	A02 - 2 marks 1.14 (2) If correct answer not given then award workings as follows: $12 - 4 = 8$ (1) $8/7$ (1)	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	(2)
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Question Number	Analyse the benefits for <i>Saha</i> of becoming a multinational business.	Mark
	Indicative content	
4 (b)	A02 – 3 marks A03 – 3 marks <u>A02</u> - As a multinational, <i>Saha</i> would manufacture its robots for hotels and restaurants in other continents of the world <i>Saha</i> could benefit from producing robots to help with cleaning and shopping for the home to a wider target market <u>A03</u> <i>Saha</i> may benefit from economies of scale by producing a higher number of robots which may lower its average unit costs and improve its competitiveness - Which could increase the number of robots sold and the profitability of <i>Saha</i>	(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 effects on <i>Saha</i> of introducing Total Quality Management (TQM) to its business. 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> • TQM should ensure that the robots are manufactured without any faults • TQM involves training every employee in quality assurance to reduce waste and costs <u>AO2</u> • If the robots are subject to quality checks throughout the production process, they should be delivered to the restaurants with no defects • Successful training of each employee should lead to a reduction in waste in the production of the new robots build for the home <u>AO3</u> • This may improve the reputation of <i>Saha</i> and attract more customers to buy the robots, increasing the revenue for its business • Trained employees who are focussed on quality should result in zero defects of robots to ensure <i>Saha</i> meets their objective of making the robots long lasting <u>AO4</u> • However, TQM involves disruption to the manufacturing facility as new processes are introduced which could cause delays /late deliveries of robots to the hotels and hospital customers • However, the cost of training all employees in TQM takes time and is costly which could reduce profitability in the short term and increase the price of the robots making <i>Saha</i> uncompetitive in the robot market	(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 1.76 (2) 1 mark for workings if correct answer not given 9 566/5 447 (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 making sure that guests have a quality service when staying at a <i>Premier Inn</i> . Indicative content		Mark
4 (b)	A02 – 3 marks A03 – 3 marks <u>A02</u> • If the reception staff at the hotel are helpful and accommodating to the guests, they are more likely to return • If the hotel room has all the amenities that guests require such as tea and coffee facilities <u>A03</u> • Which could increase the number of bookings and the potential profit for <i>Premier Inn</i> • Guests may tell friends and family about the excellent facilities and service they received whilst staying at the <i>Premier Inn</i>		(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 a business such as <i>Premier Inn</i> would only consider profit to measure its success. 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> • The more profit that is made from each <i>Premier Inn</i> will show how successful they are • Profit signifies if the total revenue of the business exceeds the total costs • <u>AO2</u> • <i>Premier Inn</i> will be able to see how much profit each hotel is making and compare it to other hotels • <i>Premier Inn</i> is planning to open more hotels in different parts of the world and will be able to see if these new hotels are making a profit <u>AO3</u> • By comparing the profit from each of the <i>Premier Inn</i>'s it can use the profit to develop or increase the size of certain hotels • By planning to open more hotels this shows how successful the business is with guests who return to stay <u>AO4</u> • However, an increase in profit is dependent upon many factors outside the control of <i>Premier Inn</i>, such as travel restrictions that stop people from travelling • However, there are other ways to measure business success such as market share and customer satisfaction, which might be as equally important as financial measures	(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 factor <i>Four Fitness</i> 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 <i>Four Fitness</i>. Accept any other appropriate response.	(1)
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Question Number	State one reason why branding is important to <i>Four Fitness</i> .	Mark
Answer		
2 (b)	A02 - 1 mark Award 1 mark for a valid reason why branding is important to <i>Four Fitness</i>. 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 <i>Four Fitness</i>. Accept any other appropriate response.	(1)

Question Number	Explain one advantage to a business of using total quality management.	Mark
Answer		
2 (c)	A01 - 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.	Mark
	Answer	
2 (d)	A01 - 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.	Mark
	Answer	
2 (e)	A01 - 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	<i>Four Fitness</i> 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
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2 (a)	A02 - 1 mark Award 1 mark for a valid financial method of motivation <i>CCT</i> could use with its employees. • Commission paid for each customer booked on a cycle tour (1) NB Do not accept a factor that is not in the context of <i>CCT</i>. Accept any other appropriate response.	(1)
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Question Number	State one benefit to <i>CCT</i> of satisfying customer needs. Answer	Mark
2 (b)	A02 - 1 mark Award 1 mark for a valid benefit to <i>CCT</i> of satisfying customer needs. • Its customers will recommend the cycle tours to friends and family (1) NB Do not accept a benefit that is not in the context of <i>CCT</i>. Accept any other appropriate response.	(1)

Question Number	Explain one way a business could increase its profit. Answer	Mark
2 (c)	A01 - 3 marks Award 1 mark for identification of a way a business could increase its profit, plus 2 further marks for explaining this way, for a maximum of 3 marks. • Increase the price of the product (1) if customers feel the quality is high they may be willing to pay the new price (1) and if costs stay the same profit will increase (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 that the introduction of tariffs might affect a business importing goods.	Mark
	Answer	
2 (d)	A01 - 3 marks Award 1 mark for a way that the introduction of tariffs might affect a business importing goods, plus 2 further marks for explaining this impact, for a maximum of 3 marks. Imported products will now become more expensive (1) because of the tax imposed on imports (1) which may lead to a decrease in sales for the importer NB Answers that list three impacts with no explanation will get 1 mark only. Accept any other appropriate response.	(3)

Question Number	Explain one reason why quality control is important to a business.	Mark
	Answer	
2 (e)	A01 - 3 marks Award 1 mark for a reason why quality control is importance to a business, plus 2 further marks for explaining that reason, for a maximum of 3 marks. Improved customer satisfaction (1) as defects would be identified before goods are despatched to customers (1) leading to fewer returns from customers (1) NB Answers that list three reasons with no explanation will get 1 mark only. Accept any other appropriate response.	(3)

Question Number	The owner of <i>CCT</i> wants to measure the success of the business. The owner is considering two options: Option 1: customer satisfaction Option 2: profit Justify which one of these two options the owner of <i>CCT</i> should choose. Indicative content	Mark
2 (f)	AO2 = 3 marks AO3 = 3 marks AO4 = 3 marks AO2 • Option 1 – Customer satisfaction will indicate to <i>CCT</i> how happy customers are with the level of the bicycle touring service • Option 2 – a high level of profit will show <i>CCT</i> they can provide the bicycle tours at a cost which is lower than the price they are selling them for AO3 • Option 1 – Customer satisfaction would be a useful measure of success since it would tell <i>CCT</i> the strengths of its brand and what customer are happy with • Option 2 – it would be a useful measure as it will show that the business is financially viable and it can cover any costs incurred AO4 • Option 1 – However, it is difficult to measure customer satisfaction accurately as it relies on customers leaving reviews and providing honest feedback of their experiences • Option 2 – However, profit can be affected by short-term fluctuations in the market, making it difficult to measure success over a longer period 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)

2 (a)	A02 - 1 mark Award 1 mark for a valid reason of <i>IKEA</i> 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 <i>IKEA</i>. Accept any other appropriate response.	(1)
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Question Number	State one financial objective <i>IKEA</i> might have. Answer	Mark
2 (b)	A02 - 1 mark Award 1 mark for a financial objective in the context of the business. • <i>IKEA</i> wants to increase its market share in the sale of furniture (1) • <i>IKEA</i> 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 <i>IKEA</i>. Accept any other appropriate response.	(1)

Question Number	Explain one reason why cash flow forecasting is important to a business.	Mark
2 (c)	Answer 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.	Mark
2 (d)	Answer 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.	Mark
2 (e)	Answer 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).