

GCSE (9-1)

WJEC Eduqas GCSE (9-1) in
BUSINESS

ACCREDITED BY OFQUAL

**SAMPLE ASSESSMENT
MATERIALS**

Teaching from 2017



For teaching from 2017
For award from 2019

GCSE (9-1) BUSINESS

**SAMPLE ASSESSMENT
MATERIALS**

Contents

	Page
COMPONENT 1: BUSINESS DYNAMICS	
Question paper	5
Mark scheme	25
COMPONENT 2: BUSINESS CONSIDERATIONS	
Question paper	55
Mark scheme	67

Candidate Name	Centre Number				Candidate Number			
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GCSE BUSINESS

COMPONENT 1

BUSINESS DYNAMICS

SAMPLE ASSESSMENT MATERIALS

2 hours



ADDITIONAL MATERIALS

In addition to this examination, you will need a calculator.

INSTRUCTIONS TO CANDIDATES

Answer ALL questions.

Write your name, centre number and candidate number in the spaces at the top of this page.

Write your answers in the spaces provided in this booklet.

Use black ink or black ball-point pen.

Do not use pencil or gel pen.

Do not use correction fluid.

INFORMATION FOR CANDIDATES

The number of marks is given in brackets at the end of each question or part-question. You are advised to divide your time accordingly.

The total number of marks available is 100.

You are reminded of the need for good English and orderly, clear presentation in your answers.

Answer **all** questions in the spaces provided.

1. Diana is planning her wedding. She has contacted a number of local businesses to supply goods for the wedding.

Identify whether the goods described below are most likely to have been produced using job, batch or flow production.

- (a) 100 bread rolls baked for the wedding reception. [1]

Tick **one** box only.

JOB	<input type="checkbox"/>	BATCH	<input type="checkbox"/>	FLOW	<input type="checkbox"/>
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- (b) The wedding dress made to Diana's specific requirements. [1]

Tick **one** box only.

JOB	<input type="checkbox"/>	BATCH	<input type="checkbox"/>	FLOW	<input type="checkbox"/>
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2. (a) Describe what is meant by the public sector. [2]

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- (b) Which **two** of the following services are usually provided by the public sector? [2]

*Tick **two** boxes only.*

ACCOUNTANCY	<input type="checkbox"/>	POLICING	<input type="checkbox"/>
HEALTHCARE	<input type="checkbox"/>	INTERNET PROVIDER	<input type="checkbox"/>

3. Swoosh has been selling sports tops, bags and baseball caps from its shop in a small town in the Midlands for a number of years. The owners want to plan ahead, so they have drawn up the following cash flow forecast for the next six months.

	July	Aug	Sep	Oct	Nov	Dec
Revenue	£	£	£	£	£	£
Sales of tops	1 000	1 000	1 000	2 000	3 000	4 000
Sales of bags	2 000	2 000	1 500	1 500	1 500	1 500
Sales of caps	500	500	500	500	600	600
Total revenue	3 500	3 500	3 000	4 000	5 100	6 100
Payments						
Cost of sales	1 500	1 500	1 750	2 000	3 000	1 500
Rent	500	500	500	500	500	600
Gas & electricity	100			200		
Wages	1 000	1 000	1 500	1 500	1 500	1 500
Total payments	3 100	3 000	3 750	4 200	5 000	3 600
Net cash flow	400	500	(750)	(200)	100	2 500
Opening bank balance	100	500	1 000	250	50	150
Closing bank balance	500	1 000	250	50	150	2 650

Study the cash flow forecast for Swoosh.

- (a) Which **three** of the following statements are correct?

[3]

*Do not tick more than **three** boxes.*

Swoosh will not need an overdraft facility in the next six months	
Swoosh will pay their gas and electricity bills quarterly	
Swoosh plan to cut wages in August	
Swoosh forecast £500 in the bank at the end of August	
Swoosh forecast an overall increase in sales revenue in December	
Swoosh forecast a profit of £2 650 in December	

- (b) With reference to the data in the cash flow forecast, describe **one** way Swoosh could improve its cash flow. [2]

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4. Spinners Cycles Ltd is looking for people to take on franchises in their cycle hire business around the UK. They have placed the following advertisement in a national newspaper.

Do you want to run your own business?

Franchises Available

For £30 000 you can become part of the fastest growing cycle hire business in the UK

Training and support provided

For details about royalties etc.

Telephone 0123 1234567

Joy Hockridge, who already owns her own cycle hire shop, has seen the advertisement and is interested in taking on the franchise.

- (a) What is the name given to a person who takes on a franchise? [1]

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- (b) Using the information in the advertisement, analyse **one** advantage and **one** disadvantage of taking on a franchise with Spinners Cycles Ltd. [4]

Advantage

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Disadvantage

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5. Jill Johnson left school at the age of 16 and trained to be a gas engineer and plumber with British Gas. After working for this business for ten years she is thinking about setting up her own business in her home town of Westhampton, installing and repairing central heating systems. She knows that apart from British Gas there are no other such businesses in the town.

(a) Analyse why market research is important in helping Jill decide to set up her business. [2]

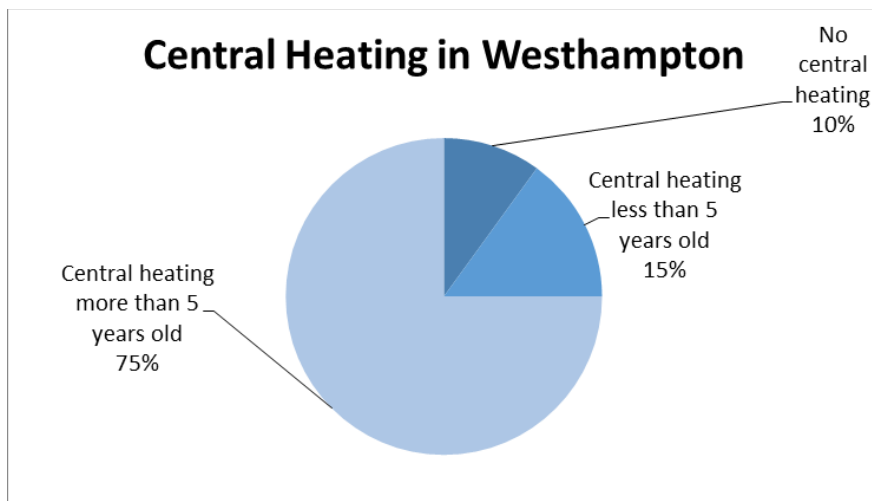
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Jill carried out the market research to find out how many of the 4 000 homes in Westhampton did not have central heating and, of those that did, how old their systems were. The results were as follows.



(b) Calculate the number of homes in Westhampton which have central heating which is more than 5 years old. (Show your workings.) [2]

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6. In 2013 Graham Moore saw an advertisement for a small empty hotel in a popular holiday resort on the Yorkshire coast. He had read that the number of people taking holidays in the UK was increasing, so he decided to use all his savings to buy the hotel. He had the hotel decorated, employed staff and bought the resources to operate the hotel.

Graham considers himself to be an entrepreneur.

- (a) Describe **one** feature from the above scenario which shows that Graham could be called an entrepreneur. [2]

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Graham is very much concerned about the environment and the sustainability of running his hotel.

- (b) (i) Describe what is meant by the term sustainability. [2]

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- (ii) Describe **one** way in which Graham can operate his hotel business in a sustainable manner. [2]

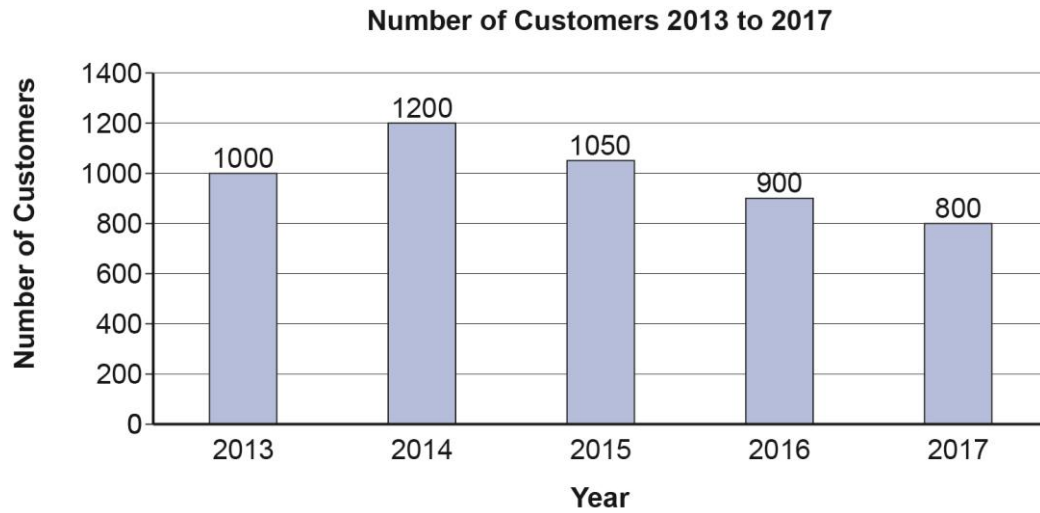
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After five years of business, Graham has had a varying number of customers each year as shown by the graph below.



- (c) Calculate the percentage fall in the number of customers between the peak in 2014 and 2017. (Show your workings.) [2]

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Graham's business has been affected by economic factors.

- (d) Describe how Graham's business may have been affected by:
- (i) A rise in unemployment in the UK. [2]

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- (ii) A fall in interest rates in the UK. [2]

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7. Gemma Gregory graduated in Computer Science in 2014. She was keen to use the knowledge and skills gained at university. In 2015 she set up a small business developing and selling computer games and apps for tablets and smartphones.

Sales only take place online and on the telephone.

Gemma created the brand, 'Gapp', to help market her products.

- (a) (i) What is meant by the term brand? [1]

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- (ii) Describe **one** way in which the use of a brand will help Gemma's business succeed. [1]

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The table below shows the number of smartphone users in the UK between 2010 and 2018.

Year	Million
2010	10
2011	22
2012	26
2013	33
2014	36
2015	39
2016	42
2017 *	45
2018 *	46

* predicted users

- (b) (i) Analyse the trend in the use of smartphones in the UK between 2010 and 2018. [2]

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The figures in the table can be used to show the product life cycle of smartphones in the UK.

- (ii) Which stage of the product life cycle do these figures appear to suggest smartphones will reach in 2018? [1]

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- (iii) What might happen in future years if smartphone businesses take no further action? [1]

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Gemma's sales only take place online and on the telephone. She appreciates the need for good customer service if her business is to succeed.

- (c) Describe the main features of good customer service relevant to Gemma's business when interacting with customers online and on the telephone. [6]

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8. Golf is a very popular and growing participation sport around the world. In the UK there are close to 1.5 million players on 3 000 golf courses. Players pay to play on a golf course, with many playing at the weekend.

One such business is Bristol based Green Grass Golf Limited who own three golf courses around the UK. One of these courses is called Chelsfield Lakes Golf Centre.

The golf course at Chelsfield Lakes Golf Centre is available to members (who pay an annual fee of over £1 000) and non-members of the club, who pay every time they want to play. In addition Chelsfield Lakes Golf Centre teach people who want to play golf, or want to improve their game, and also provide facilities for weddings and business conferences.

The service fees for non-members of the golf course are shown below:

The Lakes Course	Monday to Friday	Weekend & Bank Holidays
Non Members	£25	£32
Members' Guest	£15	£22
Seniors (over 60yrs)	£16	£22
Juniors (under 18yrs)	£12.50	£17.50
Twilight (Mon-Sun after 1pm)	£20	£25
Super Twilight (Mon-Sun after 4pm)	£15	£15

- (a) Give **one** example of a service provided by Chelsfield Lakes Golf Centre. [1]

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- (b) Using the information on Chelsfield Lakes Golf Centre identify **two** ways in which they segment the market. [2]

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- (c) Give **one** reason why players may have to pay more at weekends and bank holidays than at other times. [1]

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With the growth in the business, Green Grass Golf Limited needs to employ additional workers at Chelsfield Lakes Golf Centre. As part of the recruitment process they will produce a job description and a person specification for each job role.

- (d) (i) What is a job description and why is it important in the recruitment process? [2]

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- (ii) What is a person specification and why is it important in the recruitment process? [2]

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Green Grass Golf Limited has decided to advertise the new jobs externally.

- (iii) Analyse **one** benefit and **one** problem with advertising the jobs externally. [4]

Benefit

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Problem

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9. Harry Sanders is 52 years old and has owned a cafe in a small market town in the Cotswolds since 2012. His cafe has grown in popularity, increasing custom at a time when other cafes in the town have closed down, leaving Harry and two other remaining cafes competing with each other. Harry enjoys running the cafe and dealing with his many customers.

The quality of the products and the excellent service provided by Harry and his two employees, who have worked for him since he opened the cafe, have helped the business to survive in a difficult economic environment. However, Harry works very long hours and spends little time relaxing with his family. He is considering whether to retire and sell his business.

Harry's business costs and revenue for 2017 are shown below:

Harry Sanders Profit and Loss Account 2017

	£	£
Sales revenue		80 000
less Cost of food	20 000	
Cost of drink	5 000	
Total cost of sales		25 000
Gross profit		?
less expenses		
Wages	25 000	
Gas & electricity	5 000	
Rent	6 000	
Business rates	5 000	
Other costs	4 000	
Total expenses		?
Net profit		?

In this profit and loss account there are a number of fixed costs including rent and business rates.

- (a) What is meant by the term fixed cost? [2]

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(b) (i) Calculate Harry's gross profit for 2017. [1]

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(ii) Calculate Harry's net percentage margin (NPM) for 2017.
(Show your workings.) [3]

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Harry uses SMART objectives to help manage his business. One of his SMART objectives is to increase the number of customers that use his cafe by 15% over the next 12 months.

(c) (i) Suggest **two** ways Harry can increase the number of customers he has using the cafe. [2]

1
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- (ii) Complete the table below by identifying the missing SMART criteria. [2]

S	Specific
M	
A	Agreed
R	
T	Timed

The table below shows how Harry's profits have changed since he set up the business in 2012.

Cafe Sales Revenue and Profit 2012 to 2017

	2012	2013	2014	2015	2016	2017
	£	£	£	£	£	£
Sales Revenue	35 000	55 000	60 000	75 000	75 000	80 000
Gross Profit	20 000	30 000	40 000	45 000	45 000	?
Net Profit	3 000	7 000	9 000	9 500	10 000	?
GPM	57%	54.5%	66.5%	60%	60%	69%
NPM	9%	13%	15%	12.5%	13.5%	?

Harry is considering retiring and selling his business as he is not sure that the cafe has been the success he hoped for.

- (d) Using **all** the information given on Harry's business, including quantitative and qualitative data, advise Harry on whether the cafe has been a success and if he should retire or continue with his business. [10]

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GCSE Business

MARK SCHEME

Guidance for examiners

Positive marking

It should be remembered that learners are writing under examination conditions and credit should be given for what the learner writes, rather than adopting the approach of penalising him/her for any omissions. It should be possible for a very good response to achieve full marks and a very poor one to achieve zero marks. Marks should not be deducted for a less than perfect answer if it satisfies the criteria of the mark scheme.

For questions that are objective or points-based the mark scheme should be applied precisely. Marks should be awarded as indicated and no further subdivision made.

Banded mark schemes

For band marked questions mark schemes are in two parts, the indicative content and the assessment grid.

The indicative content suggests the range of business concepts and issues which may be included in the learner's answers. It can be used to assess the quality of the learner's response. Indicative content is **not** intended to be exhaustive and learners **do not** have to include all the indicative content to reach the highest level of the mark scheme.

In order to reach the highest levels of the mark scheme a learner need not cover all of the points mentioned in the indicative content but must meet the requirements of the highest mark band. Where a response is not creditworthy, that it contains nothing of any significance to the mark scheme, or where no response has been provided, no marks should be awarded.

The assessment grid states the bands and associated marks that should be given to responses which demonstrate the qualities needed in AO1, AO2 and AO3. Where a response is not creditworthy or not attempted it is indicated on the grid as mark band zero.

The assessment grid sub-divides the total mark to allocate for a question in to individual assessment objectives. These are shown in bands in the mark scheme. For each assessment objective, descriptors will indicate the different skills and qualities at the appropriate level. Learners' responses to questions are assessed against the relevant individual assessment objectives and they may achieve different bands within a single question. A mark will be awarded for each assessment objective targeted in the question and then totalled to give an overall mark for the question.

Examiners should first read and annotate a learner's answer to pick out the evidence that is being assessed in that question. Once the annotation is complete, the mark scheme can be applied. This is done as a two stage process.

Stage 1 – Deciding on the band

Beginning at the lowest band, examiners should look at the learner's answer and check whether it matches the descriptors for that band. If the descriptors at the lowest band are satisfied, examiners should move up to the next band and repeat this process for each band until the descriptors match the answer.

If an answer covers different aspects of different bands within the mark scheme, a 'best fit' approach should be adopted to decide on the band and then the learner's response should be used to decide on the mark within the band. For instance if a response is mainly in band 2 but with a limited amount of band 3 content, the answer would be placed in band 2, but the mark awarded would be close to the top of band 2 as a result of the band 3 content.

Examiners should not seek to mark learners down as a result of small omissions in minor areas of an answer.

Stage 2 – Deciding on the mark

During standardising (marking conference), detailed advice from the Principal Examiner on the qualities of each mark band will be given. Examiners will then receive examples of answers in each mark band that have been awarded a mark by the Principal Examiner. Examiners should mark the examples and compare their marks with those of the Principal Examiner.

When marking, examiners can use these examples to decide whether a learner's response is of a superior, inferior or comparable standard to the example. Examiners are reminded of the need to revisit the answer as they apply the mark scheme in order to confirm that the band and the mark allocated is appropriate to the response provided.

3 (b)	<p>With reference to the data in the cash flow forecast, describe one way Swoosh could improve its cash flow.</p> <p>AO1: 1b 1 mark AO2: 1 mark</p> <p>Award 1 mark for correct <u>understanding</u> of how cash flow can be improved</p> <p>Award 1 mark for a <u>descriptive application</u> of the data to Swoosh</p> <p>Indicative content: Answers could include:</p> <p><u>Understanding:</u></p> <p>Swoosh can improve its cash flow by either reducing the costs it pays or by increasing the revenue obtained through sales, this may include;</p> <p>Increasing prices Having promotional activities Buying cheaper stock Delaying payments to suppliers Reducing wages/ making workers redundant</p> <p>Credit any other valid understanding of improving cash flow</p> <p><u>Descriptive application:</u></p> <p>Costs - Swoosh pay £500 rent every month, which increased to £600 in December, if they looked for a shop with a cheaper rent they could save money</p> <p>Swoosh could change its supplier for gas and electricity, but would only save them a small amount of money as they only paid £300 for 6 months</p> <p>Wages have increased by £500 from September, they could make one staff member redundant which will save them a considerable amount</p> <p>Swoosh could change its supplier for the sports goods as there is not a huge mark up on what they pay and what they sell</p> <p>Revenue – Swoosh could increase its prices for the products, the revenue for sport tops is the best, bringing in £4 000 in December, an increased price would increase this amount</p> <p>Swoosh could reduce the price of the goods to sell more, they only sold £600 worth of caps in December, with lower prices they may sell more</p> <p>Swoosh could carry out promotional activities to increase its revenue, for example by having a bogof offer on its bags, customers then may buy a top whilst they are in the store</p> <p>Credit any other valid applied description</p>	2
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4 (a)	<p>What is the name given to a person who takes on a franchise?</p> <p><i>AO1: 1a 1 mark</i></p> <p>Award 1 mark for franchisee</p>	1
4 (b)	<p>Using the information in the advertisement, analyse one advantage and one disadvantage of taking on a franchise with Spinners Cycles Ltd.</p> <p><i>AO2: 2 marks</i> <i>AO3: 1a 2 marks</i></p> <p>Award 1 mark for correct <u>advantage</u> identified from the advertisement</p> <p>Fastest growing cycle hire business in the UK Training and support provided</p> <p>Award 1 mark for an analysis of the <u>advantage</u> identified</p> <p>Indicative content: Answers could include:</p> <p>As the fastest growing business it will be well known with a good customer base and a strong brand, therefore it is likely to have many customers which will increase the chance of success</p> <p>Training and support will help to run the business more effectively and profitably, Spinners are already successful so its training will help to increase sales and profit</p> <p>Award 1 mark for correct <u>disadvantage</u> identified from the advertisement</p> <p>£30 000 initial payment Royalties have to be paid</p> <p>Award 1 mark for an analysis of the <u>disadvantage</u> identified</p> <p>Indicative content: Answers could include:</p> <p>The initial investment is a lot of money and will need to be found/raised which could be difficult to do, it will also be costly to borrow the money</p> <p>Paying royalties will reduce profits received by Joy and will have to be paid on the sales revenue made</p> <p>Credit any other valid analysis</p>	4

5 (a)	<p>Analyse why market research is important in helping Jill decide to set up her business.</p> <p><i>AO3: 1a 2 marks</i></p> <p>Award 1 mark for a limited analysis on the importance of market research</p> <p>Indicative content: Answers could include:</p> <p>To inform Jill if there is enough demand in Westhampton for her business Will enough people use her services</p> <p>Award 2 marks for developed analysis on the importance of market research</p> <p>Indicative content: Answers could include:</p> <p>Market research can find out a lot of information for Jill, such as is there demand, how much people are prepared to pay, what work do they need done, what market segment are likely to use her, etc. and this can help her decide on what services to offer. The information will reduce the risk for Jill as she will have a better idea of what customers want</p> <p>Credit any other valid analysis</p>	2
5 (b)	<p>Calculate the number of homes in Westhampton which have central heating which is more than 5 years old.</p> <p><i>AO2: 2 marks</i></p> <p>Award 1 mark for selection of correct data</p> <p>$\frac{75}{100} \times 4000$</p> <p>Award 1 mark for correct answer</p> <p>3 000</p> <p>Apply Own Figure Rule (OFR) for the correct answer if incorrect data selected</p>	2

6 (a)	<p>Describe one feature from the above scenario which shows that Graham could be called an entrepreneur.</p> <p><i>AO1: 1a 1 mark</i> <i>AO2: 1 mark</i></p> <p>Award 1 mark for correctly <u>identifying</u> a characteristic of an entrepreneur</p> <p>Indicative content: Answers could include:</p> <p>Show initiative Making decisions Risk taker Organise resources</p> <p>Award 1 mark for <u>applying</u> this to Graham</p> <p>Indicative content: Answers could include:</p> <p>Show initiative/making decisions – Graham had seen the advertisement, wanted to buy the hotel and acted on his idea</p> <p>Identify opportunities – Graham realised that the demand for holidays was increasing and acted on this</p> <p>Organise resources – Graham decorated the hotel, employed workers and bought materials</p> <p>Take risks – Graham used his savings which may be lost if the business fails</p> <p>Credit any other valid application</p>	2
6 (b) (i)	<p>Describe what is meant by the term sustainability.</p> <p><i>AO1: 1ab 2 marks</i></p> <p>Award 1 mark for <u>limited knowledge</u> of sustainability</p> <p>Indicative content: Answers could include:</p> <p>Not harming the environment Looking after the environment</p> <p>Award 2 marks for <u>clear understanding</u> of sustainability</p> <p>Indicative content: Answers could include:</p> <p>Sustainability is concerned about meeting the needs of the present without compromising the ability of future generations to meet their own needs</p> <p>Sustainability in business is carrying out business activity with minimal negative impact on the global or local environment</p> <p>Credit any other valid point</p>	2

6 (b) (ii)	<p>Describe one way in which Graham can operate his hotel business in a sustainable manner.</p> <p><i>AO1: 1a 1 mark</i> <i>AO2: 1 mark</i></p> <p>Award 1 mark for correct <u>identification</u> of sustainable action</p> <p>Indicative content: Answers could include:</p> <p>Renewable energy Use of bio-degradable packaging Recycling schemes Using fairtrade products Water efficiency Minimising waste</p> <p>Credit any other valid identification of sustainable action</p> <p>Award 1 mark for <u>applying</u> the action to Graham's hotel business</p> <p>Indicative content: Answers could include:</p> <p>Renewable energy – Graham could have solar panels installed on the roof of the hotel to help power the guest rooms.</p> <p>Use of bio-degradable packaging – he will have to buy products such as toilet rolls, cleaning products and cooking products on a regular basis, he can make sure he buys from suppliers who use bio-degradable packaging</p> <p>Recycling schemes – he could put recycle bins in the bedrooms and the bar to encourage his customers to recycle</p> <p>Using fairtrade products – he could buy the food for the restaurant/bar from fairtrade organisations only</p> <p>Water efficiency – encourage visitors to use towels more than once, to have only showers in rooms and no baths</p> <p>Minimising waste – by using efficient stock ordering for his food, if he doesn't do this some may go beyond use by dates and will have to be thrown away</p> <p>Credit any other valid application to a hotel business</p>	2
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6 (c)	<p>Calculate the percentage fall in the number of customers between the peak in 2014 and 2017.</p> <p><i>AO2: 2 marks</i></p> <p>Award 1 mark for selection of correct data</p> $\frac{1200 - 800}{1200} \times 100$ <p>Award 1 mark for correct answer</p> <p>33.3%</p> <p>Apply OFR for the correct answer if incorrect data selected</p>	2
6(d) (i)	<p>Describe how Graham's business may have been affect by: A rise in unemployment in the UK.</p> <p><i>AO1: 1b 1 mark</i> <i>AO2: 1 mark</i></p> <p>Award 1 mark for <u>understanding</u> the consequences of a rise in unemployment</p> <p>Indicative content: Answers could include:</p> <p>A rise in unemployment means people lose their jobs or will need benefits resulting in lower incomes</p> <p>Credit any other valid consequence</p> <p>Award 1 mark for <u>applying</u> the consequence to Graham's business</p> <p>Indicative content: Answers could include:</p> <p>As a result Graham will have fewer customers, as holidays are a luxury, which will lead to lower income and lower profits</p> <p>More people may look for work with Graham so he could lower wages which would lower costs</p> <p>Credit any other valid application</p>	2

6 (d) (ii)	<p>Describe how Graham's business may have been affect by:</p> <p>A fall in interest rates in the UK.</p> <p><i>AO1: 1b 1 mark</i> <i>AO2: 1 mark</i></p> <p>Award 1 mark for <u>understanding</u> the consequences of a fall in interest rates.</p> <p>Indicative content: Answers could include:</p> <p>A fall in interest rates means that people with loans and mortgages will have more money to spend so they may spend more money on wants</p> <p>People with savings will experience a drop in the interest received so they may spend less money</p> <p>If Graham has a loan or wants to take out a loan the cost will fall, if he has savings then his income from this will fall</p> <p>Credit any other valid consequence</p> <p>Award 1 mark for <u>applying</u> the consequence to Graham's business</p> <p>Indicative content: Answers could include:</p> <p>Graham may get more customers as people may spend more on luxuries like holidays, so his revenue will increase</p> <p>He may get less customers if they are ones with savings so his revenue may decrease</p> <p>Graham could afford to borrow more money to invest in the business which could lead to expansion</p> <p>Credit any other valid application</p>	2
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6 (e)	Advise Graham on whether he should take on a business partner.			8
Band	<i>AO1: 1ab</i>	<i>AO2</i>	<i>AO3: 1ab</i>	
	<i>2 marks</i>	<i>2 marks</i>	<i>4 marks</i>	
3	<p>There are no Band 3 marks for this assessment objective</p> <p>2 marks are awarded as for Band 2</p>	<p>There are no Band 3 marks for this assessment objective</p> <p>2 marks are awarded as for Band 2</p>	<p>4 marks</p> <p>Excellent well-reasoned and balanced analysis on whether Graham should or should not take on a partner</p> <p>The advantages and disadvantages of taking on a partner are fully analysed</p> <p>Clear advice is given in conclusion, with supporting statements</p>	
2	<p>2 marks</p> <p>Good knowledge and understanding of the key characteristics of partnerships and sole traders are demonstrated</p> <p>Some attempt to use specialist vocabulary</p>	<p>2 marks</p> <p>Good application of the key characteristics of a partnership and sole trader to Graham's business</p> <p>Information from the data is used in development</p>	<p>2-3 marks</p> <p>Good analysis on whether Graham should or should not take on a partner</p> <p>The analysis may be unbalanced and focus on either the advantages or disadvantages of taking on a partner</p> <p>Appropriate advice is given in conclusion</p>	
1	<p>1 mark</p> <p>Limited knowledge and/or understanding of the characteristics of partnerships and/or sole traders are demonstrated</p> <p>May only focus on either partnerships or sole traders</p> <p>Characteristics are identified rather than understood</p> <p>Limited or no use of specialist vocabulary</p>	<p>1 mark</p> <p>Limited application of the characteristics of a partnership and/or sole trader to Graham</p> <p>Some information from the data may be included, but the response is mainly theoretical</p>	<p>1 mark</p> <p>Limited analysis on whether Graham should or should not take on a partner which may be one-sided</p> <p>The analysis lacks detail and superficial comments are made with little development</p> <p>Advice may be given but it is not soundly justified</p> <p>Unsupported conclusions are made</p>	
0	<p>0 marks</p> <p>No knowledge or understanding of the characteristics of partnerships or sole traders is demonstrated</p>	<p>0 marks</p> <p>No reference is made to Graham's business</p>	<p>0 marks</p> <p>No valid analysis and advice is given</p>	

Indicative content:

Answers could include:

Possible arguments for Graham taking on a partner might include:-

More capital can be brought into the business than Graham has available so there is greater scope to maintain and / or expand the business. He could then build more rooms to increase custom or improve the current facilities.

Extra skills and expertise can be brought into the hotel. Graham can concentrate on his expertise and the partner can specialise in other areas, or may have an additional skill or experience that they can introduce to the hotel, such as diversifying to business conferences, weddings and other special events. This may lead to an increase in the services offered by the hotel.

An additional person is available to help take the pressure of running the hotel, which will have long working hours.

Partnerships are relatively easy to set up. Graham runs a small business and will not have a lot of money to spend on legal documents as would be required when setting up a limited company. A Deed of Partnership is straight forward.

Possible arguments against Graham taking on a partner might include:-

The partners may disagree about running the business and about future developments. As a sole trader Graham can make his own decisions. This could affect the success of the hotel and the service they offer to its guests.

Graham is used to being a sole trader he might not like giving up some control of his business, he built it from scratch and may find it difficult listening to another point of view.

Profits will be shared but as a sole trader Graham kept all of the profits. This may not be an issue if profits are increased as a result of any additional income generated as a result of being a partnership.

Success may depend on the efforts of both partners but the partner may not work as hard or be as motivated as Graham, for example, Graham may be more willing to work unsociable hours required in the hotel industry.

A sole trader does not benefit from continuity and this applies to a partnership. The partnership will end if the partner leaves: this may cause financial and organisational problems for Graham.

Conclusion and advice: Graham may benefit from the extra capital and skills in the business and will help him to start increasing the number of customers again with some new initiatives or a marketing campaign, as long as the relationship between the partners is clearly set out in the Deed of Partnership, and they can work together it should succeed.

Credit any other valid response

Conclusion is reversible

7(a) (i)	<p>What is meant by the term brand?</p> <p><i>AO1: 1a 1 mark</i></p> <p>Award 1 mark for valid definition</p> <p>Indicative content: Answers could include:</p> <p>A brand is the name / logo / trade mark / image / marque etc. given to a good or service</p>	1
7(a) (ii)	<p>Describe one way in which the use of a brand will help Gemma's business succeed.</p> <p><i>AO1: 1b 1 mark</i></p> <p>Award 1 mark for an appropriate description</p> <p>Indicative content: Answers could include:</p> <p>It differentiates the product from rivals / it is unique - / it is associated with Gemma's business / customers can recognise the brand / ask for the brand</p> <p>It is used in the advertising of Gemma's products / it helps to promote the range of products made by Gemma</p> <p>The brand encourages brand / customer loyalty and encourages sales</p> <p>It enables Gemma to charge higher prices which customers will be willing to pay for the known brand</p> <p>Credit any other valid suggestion</p>	1
7(b) (i)	<p>Analyse the trend in the use of smartphones in the UK between 2010 and 2018.</p> <p><i>AO3: 1a 2 marks</i></p> <p>Award 1 mark for limited analysis</p> <p>Indicative content: Answers could include:</p> <p>There is a rise in the number of smartphone users by 36 million between 2010 and 2018</p> <p>Award 2 marks for developed analysis</p> <p>Indicative content: Answers could include:</p> <p>The number of users rose rapidly in the first few years, but slowed down by 2013, with a steady increase of 3 million between 2013 to 2017</p> <p>Credit any other valid analysis of the data</p>	2

7(b) (ii)	Which stage of the product life cycle do these figures appear to suggest smartphones have reached in in 2018?		1
	AO2: 1 mark		
	Award 1 mark for maturity or saturation		
7 (b) (iii)	What might happen in future years if smartphone businesses take no further action?		1
	AO1: 1a 1 mark		
	Award 1 mark for decline/ fall in sales		
7 (c)	Describe the main features of good customer service relevant to Gemma's business when interacting with customers online and on the telephone		6
Band	AO1: 1ab	AO2	
	3 marks	3 marks	
3	3 marks Excellent knowledge and understanding of the key features of customer service Specialist vocabulary is used with accuracy	3 marks Excellent application of the features as appropriate to Gemma's business which sells online and on the telephone There is direct specific reference to Gemma's business to support a given point The response will refer to online and telephone sales	
2	2 marks Good knowledge and understanding of the key features of customer service Some attempt to use specialist vocabulary	2 marks Good application of the features as appropriate to Gemma's business which sells online and on the telephone There are some references to Gemma's business The response will refer to online and telephone sales, but may be unbalanced	
1	1 mark Limited knowledge and/or understanding of the key features of customer service Limited or no use of specialist vocabulary	1 mark Limited reference to how the features apply to Gemma's business Limited or brief data will be included, but the response is mainly theoretical The response may only refer to either online or telephone sales	
0	0 marks No knowledge or understanding of what is meant by customer service	0 marks No reference to Gemma's business	

Indicative content:

Answers could include:

In dealing with customers, employees will have to be aware of the need to provide the best customer experience

Main features include:

Greeting the customer
Interacting with the customer
Identifying customer needs and wants
Encouraging feedback from the customer
Responding to feedback

Gemma's business only sells online and on the telephone, the application of these key features must relate to this form of sales

Greeting – the website must be easy to use, have a welcoming home page and encourage the user to use the website

On the telephone the sales person must be polite, friendly and clear

The website should be interactive with images, links, sound and display the products attractively, the product is games and apps so these should be demonstrated

On the telephone, the sales person should ask clear and straightforward questions as well as answering questions to help explain the product features to the customer and anything else they need to know

Customer needs and wants can be completed online with search features for products and demonstrations to show what the apps and games can do

On the telephone sales people can ask questions and make sure they give the correct information to the customers to make sure they are getting what they want

This may involve answering queries and complaints about Gapp's products

The website should have contact details and facilities for customers to give feedback and these should be easy to use, then Gemma must make sure that these queries are answered quickly

On the phone the sales staff should be trained to make sure that they can answer the queries and deal with any complaints

Credit any other valid responses

7 (d)	<p>Analyse appropriate advertising media Gemma could use to advertise her computer games and apps. Consider how technological influences and financial implications will affect what advertising media to use.</p> <p>Advise Gemma on the most appropriate advertising media to use.</p>			8
Band	<i>AO1: 1ab</i> 3 marks	<i>AO2</i> 2 marks	<i>AO3: 1ab</i> 3 marks	
3	<p>3 marks</p> <p>Excellent knowledge and understanding of appropriate advertising media</p> <p>A clear understanding of the interdependent nature of business and the linkages between different areas of business</p> <p>Specialist vocabulary is used with accuracy</p>	<p>There are no Band 3 marks for this assessment objective</p> <p>2 marks are awarded as for Band 2</p>	<p>3 marks</p> <p>Excellent analysis and judgement of the suitability of the media suggested to Gemma's business</p> <p>Clear reference to technological influence and financial implications</p> <p>The analysis draws together different areas of business in a coherent way</p> <p>Well-reasoned and balanced discussion with a clear line of argument</p> <p>Clear advice is given with supporting statements that consider the interdependent nature of business activity</p>	
2	<p>2 marks</p> <p>Good knowledge and understanding of appropriate advertising media</p> <p>Some understanding of the interdependent nature of business and the linkages between different areas of business</p> <p>Some attempt to use specialist vocabulary</p>	<p>2 marks</p> <p>Good application of the appropriate advertising media to Gemma's business</p> <p>There is clear and direct reference to computer games and apps</p>	<p>2 marks</p> <p>Good analysis and judgement of the suitability of the media suggested to Gemma's business</p> <p>Some reference to technological influence and financial implications</p> <p>An attempt is made to draw together different areas of business</p> <p>The discussion may be unbalanced</p> <p>Advice is given with some attempt to support the judgement</p>	
1	<p>1 mark</p> <p>Limited knowledge and/or understanding of advertising media</p> <p>Limited or no understanding of the interdependent nature of business and the linkages between different areas of business</p>	<p>1 mark</p> <p>Limited application of the appropriate advertising media to Gemma's business</p> <p>Suggestions of appropriate media are mostly generic with brief application to computer games</p>	<p>1 mark</p> <p>Limited analysis of the suitability of the media suggested to Gemma's business</p> <p>Limited reference to technological influence and/or financial implications</p> <p>There is no attempt to draw together different areas of business in a coherent way</p>	

	Limited or no use of specialist vocabulary	and apps	The discussion lacks detail and superficial comments are made with little development The discussion may be one-sided Advice is brief and unsupported	
0	0 marks No knowledge or understanding of appropriate advertising media	0 marks No reference to Gemma's business	0 marks No analysis or judgement of appropriate advertising media for Gemma's business is given	

Indicative content:

Answers could include:

Application to Gemma's business:

Gemma sells computer games and apps, so it is likely that she will concentrate her advertising online

The data suggests that Gemma's business is not well established and that her scale is possibly small, therefore could she afford the costs of some of the mass media suggested, such as television and national press

Computer games and apps possibly target younger people so the media chosen should appeal to this target market

Interdependent nature of business

The decision that Gemma makes will have impacts on other parts of her business, can she afford the suggested media? Will she have to look at financing this through external sources of finance? Will the chosen media compliment her dependence on e-commerce? Has she got the technical skills to develop online adverts? Has she got time to run the business and keep a social blog up to date/ will it suit her target market?

Possible appropriate media may include:

Online

- Internet/digital advertising is appropriate to the target market most interested in games and apps, technology has made this new and exciting
- Social media and the use of blogs is also a new effective way of advertising, hitting the right market with little or no costs
- Internet advertising can be cheaper than other advertising media, such as television and newspapers, which might be helpful for Gemma
- The growth of the internet may cause advertisements to become more expensive as more businesses seek to advertise on the internet, this makes it more difficult for businesses such as Gemma's to advertise
- Technology allows internet users to block out the advertisements

Local and national press

- National press can reach all parts of the country, some have a wide coverage beyond the market which may attract those not usually interested
- Or by using local press Gemma could target certain geographical areas, this would also be more affordable

- Local press is much cheaper and may be appropriate to Gemma if she has little money for advertising or if she wants to target a specific geographical area
- Newspaper sales have fallen as more people read the news on their tablets and smartphones or watch it on television
- Does the image of newspapers fit with the image Gemma wants for her games and apps?, also the target market, if they are younger, will tend not to read printed newspapers

Television

- Reaches a very large market, almost everyone watches television
- Most of the new channels are funded by advertisements and some of the satellite channels may not be too expensive, which will allow smaller businesses like Gemma's to use television advertising
- Television advertising is expensive and may be beyond the ability of Gemma to pay, it is more suitable for bigger companies
- Gapp's likely customers may be more involved in their own technology and are less likely to be watching the television

Credit other valid points on any other appropriate advertising media

If a conclusion is offered (though this is not necessary to gain full marks) give credit for comments that are developed from the points above, not just repeating the points made in the analysis and earlier evaluation

For example, learners could suggest a multi-media approach may work, using online, magazines and TV adverts at the same time for greater effect and to create a stronger brand for Gemma.

8 (a)	<p>Give one example of a service provided by Chelsfield Lakes Golf Centre.</p> <p><i>AO2:1 mark</i></p> <p>Award 1 mark for a correct service offered by Chelsfield Lakes Golf Centre</p> <p>Indicative content:</p> <p>Answers could include:</p> <p>Playing golf Teaching golf Weddings Business conferences</p> <p>Credit any other valid example of a service provided by a golf club</p>	1
8 (b)	<p>Using the information on Chelsfield Lakes Golf Centre identify two ways in which they segment the market.</p> <p><i>AO2: 2 marks</i></p> <p>Award 1 mark for each correct market segment identified from the information</p> <p>Income - Members / non-members Age - Seniors / Juniors Lifestyle - Different times of play - weekend / weekday / twilight Geographical - Members' guest (people not living in the area)</p>	2
8 (c)	<p>Give one reason why players may have to pay more at weekends and bank holidays than at other times.</p> <p><i>AO2: 1 mark</i></p> <p>Award 1 mark for suitable suggestion applied to playing golf</p> <p>Indicative content:</p> <p>Answers could include:</p> <p>Price discrimination at peak times/ higher demand at the weekend when people are likely to play golf</p> <p>Higher employment costs at the weekend and bank holiday so have to be paid with higher prices</p> <p>Other golf courses may be charging more at weekends so prices can be increased without losing customers</p> <p>Credit any other valid suggestion</p>	1

8 (d) (i)	<p>What is a job description and why is it important in the recruitment process?</p> <p><i>AO1: 1a 1 mark</i> <i>AO3: 1a 1 mark</i></p> <p>Award 1 mark for correct <u>definition</u> of a job description</p> <p>Indicative content: Answers could include:</p> <p>The job description is a written statement about the job providing details such as duties, purpose, responsibilities, scope, and working conditions</p> <p>Award 1 mark for the <u>importance</u> of a job description in recruitment</p> <p>Indicative content: Answers could include:</p> <p>It will be used in advertising the job and attracting suitable applicants</p> <p>It will show what the applicant will be expected to do / what the employer wants the applicant to do - so the right people apply</p> <p>It will show other details such as pay, hours etc, that can help the applicant decide if they want to apply</p> <p>Credit any other valid reason for the importance of a job description</p>	2
8 (d) (ii)	<p>What is a person specification and why is it important in the recruitment process?</p> <p><i>AO1: 1a 1 mark</i> <i>AO3: 1a 1 mark</i></p> <p>Award 1 mark for correct <u>definition</u> of a person specification</p> <p>Indicative content: Answers could include:</p> <p>The person specification is a written statement about the ideal person for the job providing details such as qualifications, skills and experience</p> <p>Award 1 mark for the <u>importance</u> of a person specification in recruitment</p> <p>Indicative content: Answers could include:</p> <p>It outlines the skills, experience and qualifications required by the business for its applicants so only suitable people will apply</p> <p>The possible applicant can decide whether he or she has the skills / aptitude to do the job</p> <p>Allows the business to match suitable applicants to the job role</p> <p>It improves the chances of employing the right person for the job</p> <p>Credit any other valid reason for the importance of a person specification</p>	2

8 (d) (iii)	<p>Analyse one benefit and one problem with advertising the jobs externally.</p> <p>AO1: 1ab 2 marks AO3: 1a 2 marks</p> <p>Award 1 mark for correct <u>benefit</u> of using external advertising</p> <p>Indicative content: Answers could include:</p> <p>Seen by more people Attract new people to the business New people can bring new/fresh ideas to the business</p> <p>Credit any other valid benefit</p> <p>Award 1 mark for <u>analysing</u> the impact of the benefit</p> <p>Indicative content: Answers could include:</p> <p>Because more people see it the business can choose from a greater pool of talent</p> <p>Increases the chances of finding the right person for the job</p> <p>New people will bring fresh ideas to the business that may improve it and make it more efficient</p> <p>Credit any other valid analysis</p> <p>Award 1 mark for correct <u>problem</u> of using external advertising</p> <p>Indicative content: Answers could include:</p> <p>It can take longer to recruit It can be more expensive than internal recruitment It can damage existing employee morale It could take time to train the new person (induction)</p> <p>Credit any other valid problem</p> <p>Award 1 mark for <u>analysing</u> the impact of the problem</p> <p>Indicative content: Answers could include:</p> <p>The longer time needed in recruiting an external candidate may mean the job is not started for some time and this may affect the performance of the business</p> <p>As external recruitment is more expensive this will use up money in the business that could have been used elsewhere</p> <p>Existing employees may decide that they will not work as hard as they resent a new person coming in</p> <p>Many people can look good in an interview but may have lied about their skills and experience, this will not be the same if they recruited internally as they will know that person quite well</p> <p>Credit any other valid analysis</p>	4
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8 (e)	Consider the three motivational methods shown above and recommend which method would be the most effective in improving the performance of Green Grass Golf Limited's workers.			8
Band	<i>AO1: 1ab</i>	<i>AO2</i>	<i>AO3: 1ab</i>	
	<i>3 marks</i>	<i>2 marks</i>	<i>3 marks</i>	
3	<p>3 marks</p> <p>Excellent knowledge and understanding of all three motivational methods</p> <p>Specialist vocabulary is used with accuracy</p>	<p>There are no Band 3 marks for this assessment objective</p> <p>2 marks are awarded as for Band 2</p>	<p>3 marks</p> <p>Excellent analysis of the three motivational methods with a clear and supported recommendation</p> <p>Well-reasoned and balanced discussion of all three motivational methods</p> <p>Clear reference is made to the effectiveness of the three motivational methods</p> <p>Clear recommendation is made with supporting statements</p>	
2	<p>2 marks</p> <p>Good knowledge and understanding of two or three motivational methods</p> <p>Some attempt to use specialist vocabulary</p>	<p>2 marks</p> <p>Good application of how the three methods could be used by Green Grass Golf Limited</p> <p>The learner will use the context of the golf business to support their answer</p>	<p>2 marks</p> <p>Good analysis of the motivational methods that offers an appropriate recommendation</p> <p>The discussion may be unbalanced focusing on just two methods</p> <p>Some reference is made to the effectiveness of two or three motivational methods</p> <p>An appropriate recommendation is made</p>	
1	<p>1 mark</p> <p>Limited knowledge and/or understanding of the motivational methods</p> <p>May only show knowledge or understanding of one of the methods</p> <p>Limited or no use of specialist vocabulary</p>	<p>1 mark</p> <p>Limited application of how one or two methods could be used by Green Grass Golf Limited</p> <p>Development is generic and not always applied in context</p>	<p>1 mark</p> <p>Limited analysis of motivational methods which may include an unsupported recommendation</p> <p>The discussion may focus on just one or two of the methods</p> <p>The discussion lacks detail and superficial comments are made with little development</p> <p>Limited or no reference is made to the effectiveness of motivational methods</p> <p>Unsupported recommendation is made</p>	
0	<p>0 marks</p> <p>No knowledge or understanding of the motivational methods</p>	<p>0 marks</p> <p>No application to Green Grass Golf Limited</p>	<p>0 marks</p> <p>No valid discussion and recommendation is given</p>	

Indicative content:

Answers could include:

Paying Higher Wages and Bonuses

- Higher wages may mean a higher hourly rate which is going to be the way most of the workers at the golf course will be paid
- Bonuses may depend upon the employees encouraging greater membership or greater use of the facilities, or linked to coming up with new ideas
- Green Grass Golf limited is an established and successful business so they are likely to be able to afford to increase wages

For

Clearly employees will be pleased with the higher wages and will be encouraged to work harder

Rewards workers for achieving targets and showing initiatives, therefore encourage workers to work harder to reach the targets

Workers not receiving the increased wages or bonuses may be encouraged to work harder so that they receive the rewards in the future

Against

The workers will only see the higher wages in the shorter term as in time the higher rates will be seen as the norm

Workers not receiving the increased wages or bonuses may be dissatisfied that their colleagues are receiving more and may not be motivated to work harder

The bonuses have to be realistic and achievable otherwise this may actually demotivate the workers

Providing Fringe Benefits

- These are payments to a worker in addition to salary or wages
- It may take the form of goods, or services, and may include such items as health insurance, pension plans, and paid holidays
- For workers at the golf course this could include staff uniforms, free membership, staff discount, holiday pay and travelling expenses
- For more senior positions with the company this may include a company car, pensions and healthcare

For

As fringe benefits are financial they will have the same advantages as higher wages and bonuses

In addition they may give workers increased status and make them feel valued

Against

Eventually employees may see these fringe benefits as part of their entitlement and consider them the norm

Workers not receiving the fringe benefits may be dissatisfied that their colleagues are receiving more and may not be motivated to work harder

Job Enlargement

- This involves an increase in job tasks and responsibilities to make a position more challenging
- Workers are encouraged to perform a variety of tasks, for example, workers in the club or restaurant may be used as marshals on the course when big events are being held

For

Workers become less bored by the work they do and are more likely to carry out tasks with enthusiasm

Workers become more flexible and able to take on more tasks, this improves their skills and training

Workers become more aware of the fuller operation of the golf business, they won't work in isolation

Against

Job enlargement is often used on production lines rather than in the service industries, is it practicable in a golf business

Workers may resent being moved to a different area and may not work as hard, they may be outside their comfort zone

Workers who have more responsibility may want more pay, and if they don't they could be demotivated

Recommendation

As most workers work to maintain a standard of living, increased pay appears to be the best option for the employees and as Green Grass Ltd may employ a high proportion of low paid workers in total the increase may not cost them much

In the long term job enlargement will help to increase the skills of employees and could lead to further non-financial methods such as job empowerment or enrichment

Recommendations are reversible

Credit other valid points

9 (a)	<p>What is meant by the term fixed cost?</p> <p><i>AO1: 1a 2 marks</i></p> <p>Award 1 mark for <u>limited</u> definition</p> <p>Indicative content: Answers could include:</p> <p>Does not change It has to be paid It is an overhead</p> <p>Award 2 marks for <u>full</u> definition</p> <p>Indicative content: Answers could include:</p> <p>A cost that has to be paid and does not change with the level of output / products sold</p> <p>Credit any other valid definition</p>	2
9 (b) (i)	<p>Calculate Harry's gross profit for 2017.</p> <p><i>AO2: 1 mark</i></p> <p>Award 1 mark for correct answer</p> <p>80 000 – 25 000 =</p> <p>£55 000</p>	1
9 (b) (ii)	<p>Calculate Harry's net percentage margin (NPM) for 2017. (Show your workings)</p> <p><i>AO1: 1a 1 mark</i> <i>AO2: 2 marks</i></p> <p>Award 1 mark for correct formula</p> <p>NPM = $\frac{\text{Net profit}}{\text{Sales revenue}} \times 100$</p> <p>Award 1 mark for correct calculation of net profit</p> <p>Net profit = gross profit – expenses = £55 000 - £45 000 = £10 000</p> <p>Award 1 mark for correct NPM</p> <p>$\frac{10\,000}{80\,000} \times 100 = 12.5\%$</p> <p>OFR applies if gross or net profit not correctly calculated</p>	3

<p>9 (c) (i)</p>	<p>Suggest two ways Harry can increase the number of customers he has using the cafe.</p> <p><i>AO1: 1a 2 marks</i></p> <p>Award 1 mark for each valid suggestion</p> <p>Indicative content: Answers could include:</p> <p>Harry could reduce his prices He could advertise the cafe He could have promotions, such as two meals for the price of one He could use a loyalty card scheme He could diversify into new types of food or products He could open for longer hours</p> <p>Credit any other valid suggestions</p>	<p>2</p>										
<p>9 (c) (ii)</p>	<p>Complete the table below by identifying the missing SMART criteria.</p> <p><i>AO1: 1a 2 marks</i></p> <p>Award 1 mark for Measurable and Realistic</p> <table border="1" data-bbox="459 1182 1145 1843"> <tr> <td style="text-align: center;">S</td> <td style="text-align: center;">Specific</td> </tr> <tr> <td style="text-align: center;">M</td> <td style="text-align: center;">Measurable</td> </tr> <tr> <td style="text-align: center;">A</td> <td style="text-align: center;">Agreed</td> </tr> <tr> <td style="text-align: center;">R</td> <td style="text-align: center;">Realistic</td> </tr> <tr> <td style="text-align: center;">T</td> <td style="text-align: center;">Timed</td> </tr> </table>	S	Specific	M	Measurable	A	Agreed	R	Realistic	T	Timed	<p>2</p>
S	Specific											
M	Measurable											
A	Agreed											
R	Realistic											
T	Timed											

9 (d)	Using all the information given on Harry's business, including quantitative and qualitative data, advise Harry on whether the cafe has been a success and if he should retire or continue with his business.			10
Band	<i>A01: 1ab</i>	<i>A02</i>	<i>A03: 1ab</i>	
	<i>3 marks</i>	<i>3 marks</i>	<i>4 marks</i>	
3	<p>3 marks</p> <p>Excellent knowledge and understanding of the key indicators that Harry needs to consider</p> <p>Clear reference is made to quantitative and qualitative data</p> <p>Specialist vocabulary is used with accuracy</p>	<p>3 marks</p> <p>Excellent application of the data</p> <p>There is clear, correct and direct reference to the quantitative and qualitative data on Harry and his business</p> <p>Relevant data is used to develop and support the argument</p>	<p>4 marks</p> <p>Excellent analysis and evaluation of the key points Harry should consider</p> <p>Well-reasoned and balanced discussion using quantitative and qualitative data with a clear line of argument looking at the reasons for retiring and continuing with his business</p> <p>Information from the data is clearly used to support the discussion</p> <p>Clear advice is given with supporting statements</p>	
2	<p>2 marks</p> <p>Good knowledge and understanding of the key indicators that Harry needs to consider</p> <p>An attempt has been made to refer to quantitative and qualitative data</p> <p>Some attempt to use specialist vocabulary</p>	<p>2 marks</p> <p>Good application of the data</p> <p>Reference is made to the quantitative and qualitative data on Harry and his business, but there may be some omissions and/or errors</p>	<p>2-3 marks</p> <p>Good analysis and evaluation of the key points Harry should consider</p> <p>Unbalanced discussion in terms of:</p> <ul style="list-style-type: none"> • quantitative or qualitative data <p>and/or</p> <ul style="list-style-type: none"> • the reasons for retiring or continuing with his business <p>An attempt is made to use the information and context to support the discussion</p> <p>Advice given with some attempt to support the evaluation</p>	
1	<p>1 mark</p> <p>Limited knowledge and/or understanding of one or two indicators that Harry needs to consider</p> <p>Reference made to either quantitative or qualitative data</p> <p>Limited or no use of specialist vocabulary</p>	<p>1 mark</p> <p>Limited application of the data</p> <p>The advice given is mostly generic with brief application to Harry and his business</p> <p>There is limited use of the quantitative or qualitative data</p>	<p>1 mark</p> <p>Limited analysis and evaluation of the key points Harry should consider</p> <p>Discussion is limited and is likely to be one-sided including either quantitative or qualitative data</p> <p>Unsupported assumptions made with little reference to the data</p> <p>Brief unsupported advice is given</p>	
0	<p>0 marks</p> <p>No relevant knowledge or understanding</p>	<p>0 marks</p> <p>No application to Harry and his business</p>	<p>0 marks</p> <p>No valid analysis or evaluation is given</p>	

Indicative content:

Answers could include:

Qualitative data to consider includes:

Harry is 52

The cafe was established 5 years ago and is growing in popularity

Other cafes have closed down

2 competitors

Harry enjoys running the cafe

Sells good products and has excellent customer service

Employs two employees

The business has survived in a difficult economic environment

Harry works long hours

Harry has little time with his family

His is unsure if he should continue or retire

Quantitative data includes:

	2012	2013	2014	2015	2016	2017
	£	£	£	£	£	£
Sales Revenue	35 000	55 000	60 000	75 000	75 000	80 000
Gross Profit	20 000	30 000	40 000	45 000	45 000	55 000
Net Profit	3 000	7 000	9 000	9 500	10 000	10 000
	2012	2013	2014	2015	2016	2017
GPM	57%	55.5%	66.5%	60%	60%	69%
NPM	9%	13%	15%	12.5%	13.5%	12.5%

	£	£
Sales Revenue		80 000
less Cost of food	20 000	
Cost of drink	5 000	
Total cost of sales		25 000
Gross profit		55 000
less Expenses		
Wages	25 000	
Gas & electricity	5 000	
Rent	6 000	
Business Rates	5 000	
Other costs	4 000	
Total Expenses		45 000
Net profit		10 000

Analysis of key indicators may include:

During the period Harry's sales revenue has been increasing, he is making a net profit every year and this has increased over the 5 years, his gross profit has grown in most years, his GPM has increased in 2017 and is the best it has ever been, however, although sales revenue has risen along with gross profit and GPM, his net profit has not grown much and is quite stagnant, he should sell before the profit starts to drop and he starts making a net loss

Harry enjoys running the cafe and at 52 he is too young to retire, he would find getting a job difficult and he may not have enough savings to retire, however, he wants to spend more time with his family and if he continues to work long hours it might affect his health

The cafe has gone through a tough few years in a negative economic environment and establishing itself, he should now reap the benefits of the first 5 years as not all sole traders can survive, the next stage now may be growth, however, the NPM suggests that Harry's expenses seem to be rising quicker than his revenue, it might be that he has reached the point where he will get no more customers and his sales may not rise anymore, the town is only a small market town so custom is limited

The other cafes could be a danger by trying to get some of Harry's market share, this would be very stressful for Harry, also the profit he is making is quite small and he could get a higher income if he sold the business and worked elsewhere, if he enjoys the work he could go and work for one of the other cafes in the town

Credit other valid answers and arguments

Advice:

Harry should retire as financially the business is not performing that well and seems to be slowing down. For the amount of hours he puts in, the return is quite low and he could have more time with his family if he worked for someone else with a fixed wage and fixed hours

Harry should continue with the business as he has worked hard to get it to where it is today, he enjoys the work and the people in the town seem to enjoy his cafe, he would take satisfaction from this

Advice given is reversible

Credit other valid advice

Candidate Name	Centre Number				Candidate Number			
					0			



GCSE BUSINESS
COMPONENT 2
BUSINESS CONSIDERATIONS
SAMPLE ASSESSMENT MATERIALS
1 hour 30 minutes



ADDITIONAL MATERIALS

In addition to this examination, you will need a calculator.

INSTRUCTIONS TO CANDIDATES

Answer ALL questions.

Write your name, centre number and candidate number in the spaces at the top of this page.

Write your answers in the spaces provided in this booklet.

Use black ink or black ball-point pen.

Do not use pencil or gel pen.

Do not use correction fluid.

INFORMATION FOR CANDIDATES

The number of marks is given in brackets at the end of each question or part-question. You are advised to divide your time accordingly.

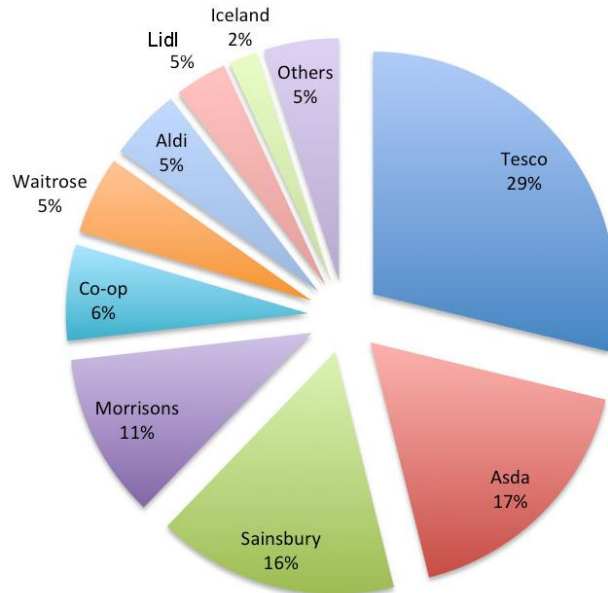
The total number of marks available is 60.

You are reminded of the need for good English and orderly, clear presentation in your answers.

Read the following information then answer **all** the questions that follow:

- In 2015 the total value of sales in the UK grocery market was £175 billion. This market is dominated by the big four supermarkets, Tesco, Sainsbury, Asda and Morrisons.

The market share in 2015 of the main supermarkets is shown below:



In recent years the combined market share of the big four supermarkets has fallen with Aldi and Lidl making significant gains. The big four supermarkets are under pressure following a change in shopping habits as consumers spend more in small convenience stores, online, and in cheaper alternatives such as Aldi and Lidl.

One way that supermarkets compete with each other for sales is through the use of pricing strategies.

Aldi and Lidl are attracting new shoppers by opening new stores and using adverts that attempt to persuade consumers that they offer quality and fresh products and not just value for money. The big four supermarkets have scrapped new store openings to save money. Lidl opened more stores in 2015 than Tesco, Sainsbury and Morrisons combined.

However, the four big supermarkets have all experienced an increase in their online retail sales and as the online market is expected to be the fastest growing part of supermarket sales, they may be about to start fighting back.

Expected increase in value of online grocery sales:

2015	£8 billion
2019	£17 billion

Distribution of products

The major supermarkets operate on a large scale and they all have distribution centres around the UK. Goods are delivered to these distribution centres in huge quantities where they are broken up into smaller quantities, stored and then redistributed to their retail outlets.

One example of this is Morrison's distribution centre near Bridgwater in Somerset. It was opened in 2011 and covers the size of eleven football pitches. Lorries are using the site 24 hours a day delivering goods and taking goods to destinations in the South West of England and South Wales.

This process is part of logistics, an important aspect of the supply chain.

- (a) (i) Calculate the value of sales made by Morrisons in 2015. [2]
(Show your workings.)

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- (ii) What is meant by market share? [1]

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- (iii) Analyse why increasing market share is an important aim for supermarkets. [3]

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(c) Analyse the benefits to supermarkets of selling their products online. [6]

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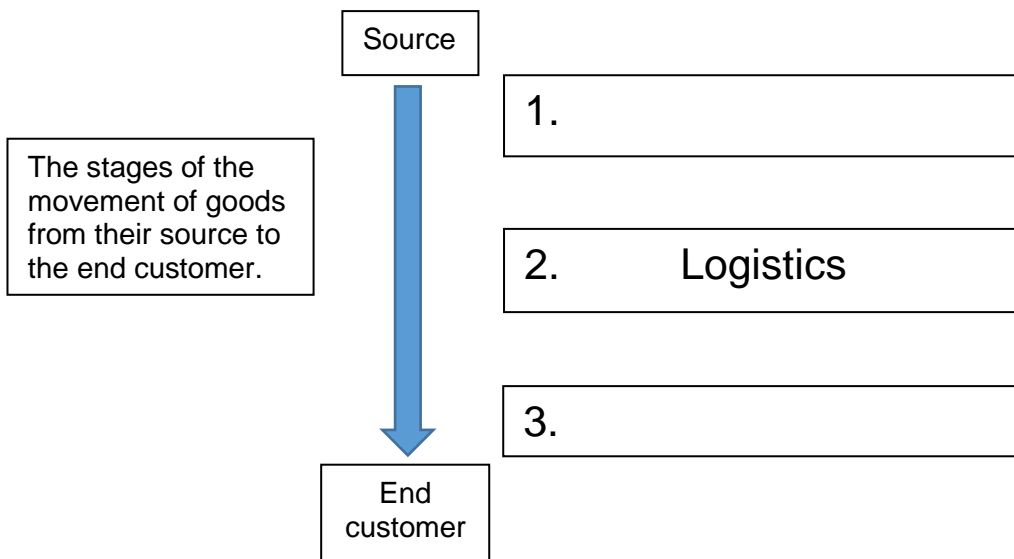
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(d) (i) Complete the diagram below by identifying the missing two stages of the supply chain. [2]

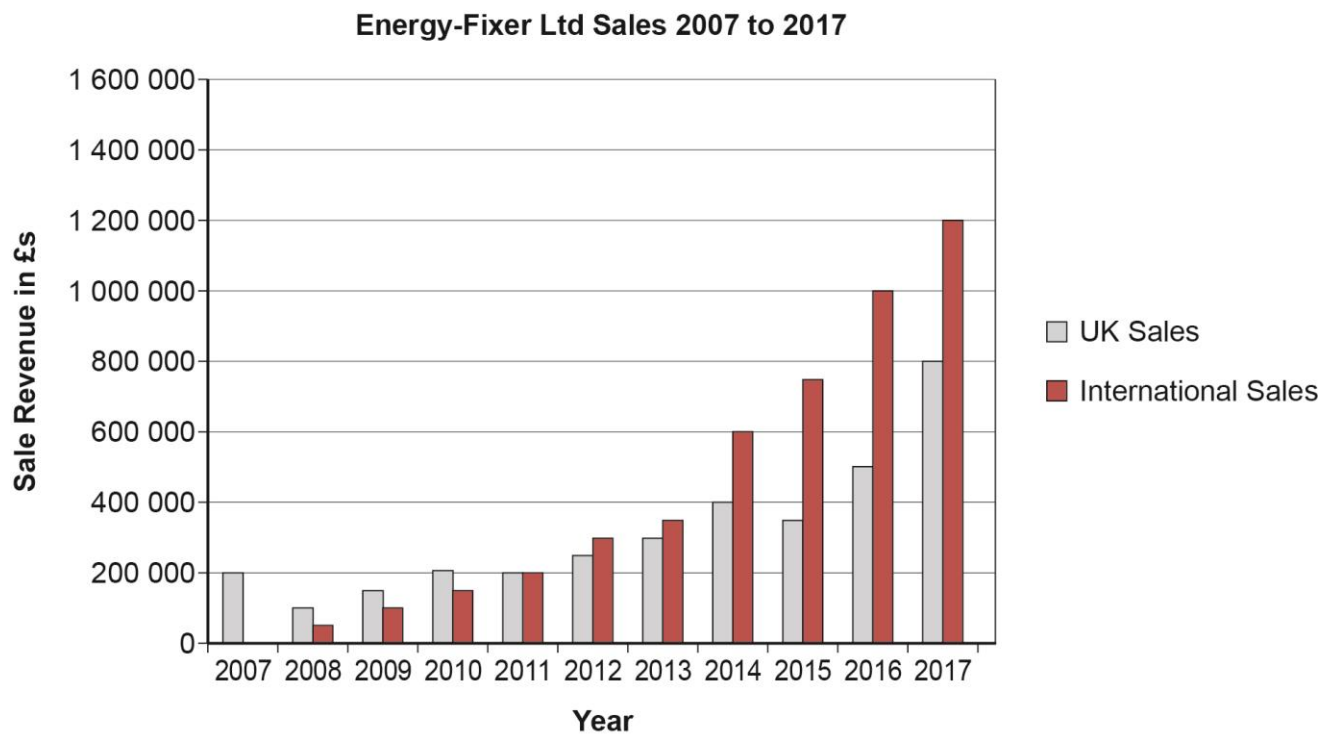


Read the following information then answer **all** the questions that follow:

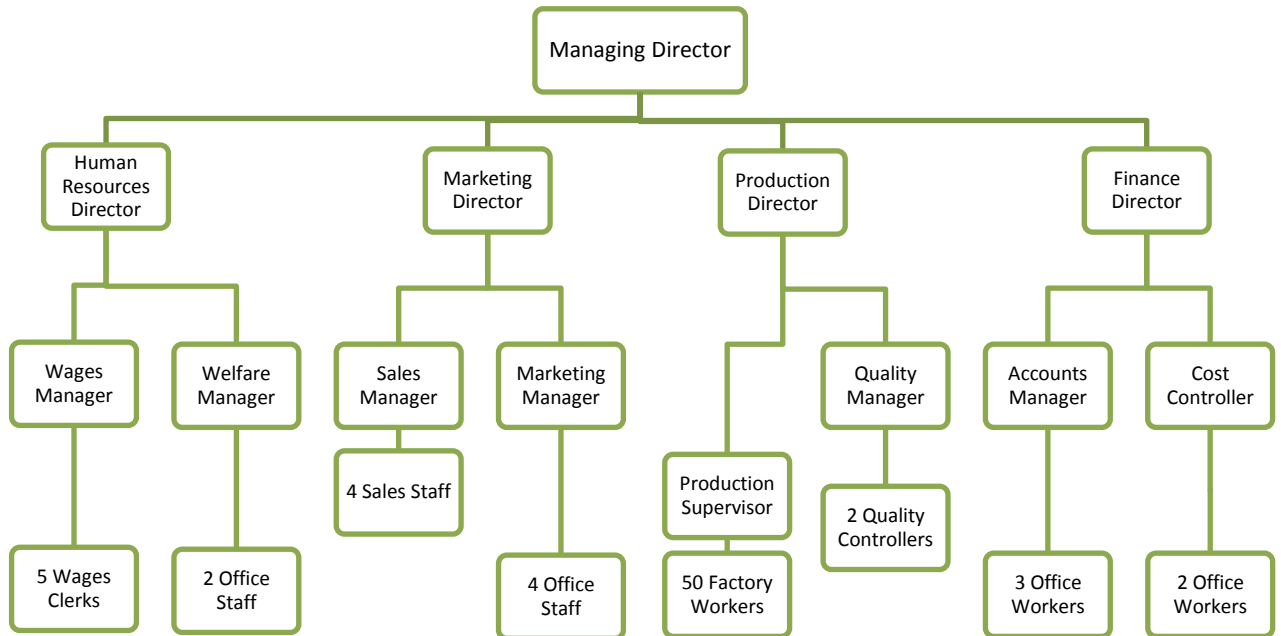
2. Energy-Fixer Ltd manufacture energy and protein drinks sold in shops, sports clubs and leisure centres in the UK and Europe. The company produces its drinks in a small factory in the South of England. Located here, Energy-Fixer Ltd have been able to take advantage of the pure local spring water, which is a unique selling point of its drinks. Other ingredients are bought from other parts of the UK, Spain and the United States. They also buy materials for their packaging from China.

The business began by just selling to British customers, mainly around the London area, which remains an important market to them. However they soon realised the potential of selling internationally and started to sell to other countries. Their drinks are very popular in Europe. The high quality of their products and their ability to keep to delivery dates meant that sales have grown.

A bar graph taken from their annual report to shareholders is shown below:



Energy-Fixer Ltd is a growing business and now employs over 80 workers. The hierarchical organisational chart of the company is shown below:



As sales are growing in the UK and abroad, Energy-Fixer Ltd is considering closing its factory in the South of England, which is now getting too small to keep up with demand and building a new larger factory in the North of England, which will cost £1.5 million to complete.

Energy-Fixer Ltd has carried out some research to help make its decision. The results are shown in the table below:

	North of England factory	South of England factory
Distance to London	220 miles	50 miles
Cost of land	£120 per square metre	£300 per square metre
Unemployment rate	6.1%	3.9%

Energy-Fixer Ltd understands that the decision to relocate to the North of England will have an impact on a number of its business functions including, business operations human resources and marketing.

(a) (i) What term is used to describe the goods which Energy-Fixer Ltd sells to other countries? [1]

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(ii) In which year were international sales for Energy-Fixer Ltd the same as UK sales? [1]

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(iii) What is the total value of sales for Energy-Fixer Ltd in 2017? [1]

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(b) (i) What is meant by a hierarchical structure? [1]

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(ii) Using an example from Energy-Fixer Ltd's organisational chart, describe what is meant by the span of control. [2]

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(iii) Who should Energy-Fixer Ltd Factory Workers first report to if there is a problem? [1]

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(iv) Identify **one** problem of using a hierarchical structure and analyse how this problem could be solved. [3]

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END OF PAPER

GCSE Business

MARK SCHEME

Guidance for examiners

Positive marking

It should be remembered that learners are writing under examination conditions and credit should be given for what the learner writes, rather than adopting the approach of penalising him/her for any omissions. It should be possible for a very good response to achieve full marks and a very poor one to achieve zero marks. Marks should not be deducted for a less than perfect answer if it satisfies the criteria of the mark scheme.

For questions that are objective or points-based the mark scheme should be applied precisely. Marks should be awarded as indicated and no further subdivision made.

Banded mark schemes

For band marked questions mark schemes are in two parts, the indicative content and the assessment grid.

The indicative content suggests the range of business concepts and issues which may be included in the learner's answers. It can be used to assess the quality of the learner's response. Indicative content is **not** intended to be exhaustive and learners **do not** have to include all the indicative content to reach the highest level of the mark scheme.

In order to reach the highest levels of the mark scheme a learner need not cover all of the points mentioned in the indicative content but must meet the requirements of the highest mark band. Where a response is not creditworthy, that it contains nothing of any significance to the mark scheme, or where no response has been provided, no marks should be awarded.

The assessment grid states the bands and associated marks that should be given to responses which demonstrate the qualities needed in AO1, AO2 and AO3. Where a response is not creditworthy or not attempted it is indicated on the grid as mark band zero.

The assessment grid sub-divides the total mark to allocate for a question in to individual assessment objectives. These are shown in bands in the mark scheme. For each assessment objective descriptors will indicate the different skills and qualities at the appropriate level. Learners' responses to questions are assessed against the relevant individual assessment objectives and they may achieve different bands within a single question. A mark will be awarded for each assessment objective targeted in the question and then totalled to give an overall mark for the question.

Examiners should first read and annotate a learner's answer to pick out the evidence that is being assessed in that question. Once the annotation is complete, the mark scheme can be applied. This is done as a two stage process.

Stage 1 – Deciding on the band

Beginning at the lowest band, examiners should look at the learner's answer and check whether it matches the descriptors for that band. If the descriptors at the lowest band are satisfied, examiners should move up to the next band and repeat this process for each band until the descriptors match the answer.

If an answer covers different aspects of different bands within the mark scheme, a 'best fit' approach should be adopted to decide on the band and then the learner's response should be used to decide on the mark within the band. For instance if a response is mainly in band 2 but with a limited amount of band 3 content, the answer would be placed in band 2, but the mark awarded would be close to the top of band 2 as a result of the band 3 content.

Examiners should not seek to mark learners down as a result of small omissions in minor areas of an answer.

Stage 2 – Deciding on the mark

During standardising (marking conference), detailed advice from the Principal Examiner on the qualities of each mark band will be given. Examiners will then receive examples of answers in each mark band that have been awarded a mark by the Principal Examiner. Examiners should mark the examples and compare their marks with those of the Principal Examiner.

When marking, examiners can use these examples to decide whether a learner's response is of a superior, inferior or comparable standard to the example. Examiners are reminded of the need to revisit the answer as they apply the mark scheme in order to confirm that the band and the mark allocated is appropriate to the response provided.

Component 2 - Business Considerations

Q.1		Marks
(1) (a) (i)	<p>Calculate the value of sales made by Morrisons in 2015.</p> <p><i>AO2: 2 marks</i></p> <p>Award 1 mark for selection of correct data</p> <p>Total market value is £175 billion Morrison's market share is 11%</p> <p>Award 1 mark for correct answer</p> $175 \times \frac{11}{100} = \text{£}19.25 \text{ billion}$ <p>Apply OFR for the correct answer if incorrect data selected</p>	2
(1) (a) (ii)	<p>What is meant by market share?</p> <p><i>AO1: 1b 1 mark</i></p> <p>Award 1 mark for an understanding of market share</p> <p>Indicative content:</p> <p>Market share shows the proportion of sales by one business compared with the total sales of the market</p>	1
(1) (a) (iii)	<p>Analyse why increasing market share is an important aim for supermarkets.</p> <p><i>AO2: 1 mark</i> <i>AO3: 1a 2 marks</i></p> <p>Award 1 mark for each analytical point on the importance of market share or 2 marks for one developed analysis</p> <p>Award 1 mark for applying this to supermarkets</p> <p>Indicative content:</p> <p>Answers could include:</p> <p><u>Increased bargaining power</u> with suppliers which means they can get products for less and then sell these at cheaper prices to consumers, as supermarkets are so competitive and that they compete on price this is very important in the grocery market</p> <p><u>Economies of scale</u> a bigger market share in a large market worth £175 billion will lead to very high volumes of stock being bought, which can give the supermarket a cost advantage</p> <p><u>Reputation</u> market leaders, such as Tesco have a higher status which they can use to their advantage</p> <p><u>Key indicator/measurement</u> shows how well they are doing, it can be compared against aims and objectives to judge if they are performing well, to see if current strategies are working, or if they need to change their strategy, such as Tesco, Sainsbury and Morrisons stopping their expansion plans to open up new stores</p> <p><u>Brand recognition</u>, as the market leader, Tesco, is in a stronger position than the other supermarkets, this can increase customer loyalty and the prices they can charge</p> <p>Credit any other valid analysis</p>	3

1 (b)	Evaluate the different pricing strategies that a supermarket could use to increase sales.			10
Band	<i>A01: 1ab</i>	<i>A02</i>	<i>A03: 1ab</i>	
	<i>2 marks</i>	<i>4 marks</i>	<i>4 marks</i>	
3	<p>There are no Band 3 marks for this assessment objective</p> <p>2 marks are awarded as for Band 2</p>	<p>4 marks</p> <p>Excellent application to the grocery market and supermarkets</p> <p>There is clear and direct reference to how supermarkets could use the pricing strategies</p> <p>Suitable pricing strategies are applied in context</p>	<p>4 marks</p> <p>Excellent analysis and evaluation of how pricing strategies can increase sales for supermarkets</p> <p>Well-reasoned and balanced discussion of at least two suitable pricing strategies appropriate for supermarkets</p> <p>Advantages and disadvantages of at least two pricing strategies are clearly discussed</p> <p>Clear judgements and recommendations are made with supporting comments</p>	
2	<p>2 marks</p> <p>Good knowledge and understanding of at least two pricing strategies</p> <p>Some attempt to use specialist vocabulary</p>	<p>2-3 marks</p> <p>Good application to the grocery market and supermarkets</p> <p>There is some direct reference to how supermarkets could use the pricing strategies</p> <p>An attempt is made to use suitable pricing strategies in context</p>	<p>2-3 marks</p> <p>Good analysis and evaluation of how pricing strategies can increase sales</p> <p>At least two pricing strategies appropriate for supermarkets are considered</p> <p>Unbalanced discussion that focuses on either the advantages or disadvantages of at least two pricing strategies</p> <p>Judgements and recommendations are made with some supporting comments which may be brief</p>	
1	<p>1 mark</p> <p>Limited knowledge and/or understanding of at least one pricing strategy</p> <p>Limited or no use of specialist vocabulary</p>	<p>1 mark</p> <p>Limited application to the grocery market and supermarkets</p> <p>Suggestions of the use of pricing strategies is mostly generic with brief application to supermarkets</p>	<p>1 mark</p> <p>Limited analysis and evaluation of how pricing strategies can increase sales</p> <p>The discussion lacks detail and may only include one pricing strategy</p> <p>Superficial comments are made with little development</p> <p>The discussion is one-sided</p> <p>Judgements are brief and unsupported</p>	
0	<p>0 marks</p> <p>No knowledge or understanding of pricing strategies</p>	<p>0 marks</p> <p>No application to the grocery market and supermarkets</p>	<p>0 marks</p> <p>No valid analysis and evaluation is given</p>	

Indicative content:

Answers could include:

Competitive pricing this is where the main influence on price is the price of the competitors, and what is the norm in the grocery market

- If one supermarket charged lower prices this may get them more custom and increase sales, however this can lead to a price war and could actually lead to a reduction in sales revenue and or profit
- As the grocery market is a very competitive market most supermarkets will use competitive pricing, in that they will charge the same or very similar prices as their competitors
- Supermarkets will need another way to attract customers, they will have to use non-price methods to compete – e.g. providing distinct customer service, promotional activities or better availability of products

Cost plus pricing is used for most businesses, also known as mark-up, this is when the price is based on a mark-up from the cost of purchasing the product

- Cost price is good as supermarkets will know the gross profit for each item sold so it will know it will cover its costs, however, cost plus pricing does not consider the prices of competitors so it could lead to un-competitive pricing

Loss leaders this is when the supermarkets sell some of their products below cost price, (at very cheap prices), in order to attract customers into their stores

- They could do this on low cost items such as bread and milk and then tempt the customer to make other purchases whilst they are in the store
- However, shoppers are now more aware of this and they may just go to the supermarket looking for the loss leaders and then go to another supermarket to buy the rest of their shopping

Psychological pricing is when supermarkets want their customers to respond to their prices in an emotional rather than rational way, examples include, "saver menu", "only", "price crash" and "£1.99"

- A lot of products in supermarkets are priced at 99p or £9.99, this makes the product look cheaper than it actually is and customers are tempted to buy it, however, most customers are aware of this and are not influenced by it

Credit any other valid points on the strategies above and any other suitable pricing strategies

If a conclusion is offered (though this is not necessary to gain the full marks) award comments that are developed from the points above, not just repeating the points made in the analysis and earlier evaluation

For example, supermarkets will use pricing strategies in order to increase their sales and market share, the grocery market is very competitive and all supermarkets will use a combination of pricing strategies to try and attract customers away from their competitors

1 (c)	Analyse the benefits to supermarkets of selling their products online.			6
Band	<i>AO1: 1ab</i>	<i>AO2</i>	<i>AO3: 1a</i>	
	<i>2 marks</i>	<i>2 marks</i>	<i>2 marks</i>	
2	2 marks Good knowledge and understanding of the characteristics and issues of selling online Some attempt to use specialist vocabulary	2 marks Good application of selling online is made to the grocery market and supermarkets Information from the data is used in development	2 marks Good analysis of the benefits to supermarkets of selling online The impact of selling online is clearly analysed The analysis shows a clear understanding of the benefits of selling online	
1	1 mark Limited knowledge and/or understanding of the characteristics and issues of selling online Points are identified rather than understood Limited or no use of specialist vocabulary	1 mark Limited application of selling online is made to the grocery market and supermarkets Some information from the data may be included, but the response is mainly theoretical	1 mark Limited analysis of the benefits to supermarkets of selling online An attempt is made to analyse the impact of selling online The analysis shows a superficial understanding of the benefits of selling online	
0	0 marks No knowledge or understanding of the characteristics and issues of selling online	0 marks No reference is made to the grocery market or supermarkets	0 marks No valid analysis is given	

Indicative content:

Answers could include:

The store is always open 24 hours a day, 7 days a week, all year round – so more opportunities for people to shop, resulting in higher sales

Possible reduction in costs as online stores have less overheads than physical stores – this is important for the big four supermarkets who are trying to save money by scrapping new store openings

With an online store the supermarkets can offer an even wider choice of goods, and provide more information to the customer which could increase customer loyalty and appeal to a wider range of customers

Access to more and new customers who don't live near to the store, they can shop online and then get their products delivered

It is predicted that online sales will increase to £17 billion in 2019, this is more than double what it is now, so supermarkets need to make sure they are ready to keep their market share which will result in larger profits

Credit any other valid analysis

(1) (d) (i)	<p>Complete the diagram below by identifying the missing two stages of the supply chain.</p> <p><i>AO1: 1a 2 marks</i></p> <p>Award 1 mark for procurement and stock control</p> <div style="text-align: center; margin: 10px 0;"> <div style="border: 1px solid black; padding: 5px; display: inline-block; margin-bottom: 10px;">1. Procurement</div> <div style="border: 1px solid black; padding: 5px; display: inline-block; margin-bottom: 10px;">2. Logistics</div> <div style="border: 1px solid black; padding: 5px; display: inline-block;">3. Stock control</div> </div>	2
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1 (d) (ii)	Analyse why an effective supply chain is important for supermarkets.		6
Band	<i>AO2</i> 2 marks	<i>AO3: 1a</i> 4 marks	
3	<p>There are no Band 3 marks for this assessment objective</p> <p>2 marks are awarded as for Band 2</p>	<p style="text-align: center;">4 marks</p> <p>Excellent analysis on the importance of an effective supply chain for supermarkets</p> <p>All the key stages of the supply chain are analysed</p> <p>The analysis shows a clear understanding of the importance of the supply chain</p>	
2	<p style="text-align: center;">2 marks</p> <p>Good application of the supply chain to supermarkets</p> <p>There is clear and direct reference to supermarkets</p>	<p style="text-align: center;">2-3 marks</p> <p>Good analysis on the importance of an effective supply chain for supermarkets</p> <p>The analysis may focus on one or two stages only</p> <p>The analysis shows an understanding of the importance of the supply chain, though there may be minor omissions</p>	
1	<p style="text-align: center;">1 mark</p> <p>Limited application of the supply chain to supermarkets</p> <p>Some reference to supermarkets, but the response is mainly theoretical</p>	<p style="text-align: center;">1 mark</p> <p>Limited analysis on the importance of an effective supply chain for supermarkets</p> <p>The analysis may focus on just one stage</p> <p>The analysis shows a superficial understanding of the importance of the supply chain</p>	
0	<p style="text-align: center;">0 marks</p> <p>No reference is made to supermarkets</p>	<p style="text-align: center;">0 marks</p> <p>No valid analysis is given</p>	

Indicative content:

Answers could include:

Procurement

It is important as it is vital to get suitable suppliers to provide quality products at a suitable price

If the supermarkets select suppliers who cannot deliver on time, or deliver poor standard products then they could lose customers and sales will fall

Many customers today are concerned about sustainability and Fairtrade, it is important that when sourcing their products, supermarkets are careful in selecting ethical suppliers otherwise they may attract some very bad publicity

Supermarkets want fresh produce that tastes good so the procurement stage is vital as if the product is not right this will affect their profit

Consumers have much choice in the grocery market, so it is essential that supermarkets get the products that consumers want otherwise they will shop elsewhere

Logistics

Supermarkets must be efficient in ordering from suppliers in order to deliver the right products to the right distribution centres and then to the right stores

Supermarkets sell a huge quantity of products everyday so it is essential that the distribution runs smoothly otherwise supermarkets will have empty shelves

Stock control

Is essential when selling fresh food as it will have sell buy dates and if this is not organised properly then a lot of food will have to be thrown away

Also an efficient stock control system is needed to make sure the shelves are stocked before busy times such as Easter and Christmas as the customers will go to other supermarkets if they don't stock what they want

Credit any other valid analysis

Q.2		Marks
(2) (a) (i)	<p>What term is used to describe the goods which Energy-Fixer Ltd sells to other countries?</p> <p><i>AO1: 1a 1 mark</i></p> <p>Award 1 mark for export(s)</p>	1
(2) (a) (ii)	<p>In which year were international sales for Energy-Fixer Ltd the same as UK sales?</p> <p><i>AO2: 1 mark</i></p> <p>Award 1 mark for 2011</p>	1
(2) (a) (iii)	<p>What is the total value of sales for Energy-Fixer Ltd in 2017?</p> <p><i>AO2: 1 mark</i></p> <p>Award 1 mark for £2 000 000 or £2 million</p>	1
(2) (b) (i)	<p>What is meant by a hierarchical structure?</p> <p><i>AO1: 1a 1 mark</i></p> <p>Award 1 mark for correct definition</p> <p>Indicative content: Answers could include:</p> <p>An organisational structure with many levels (tall)</p> <p>An organisation structure with clearly defined roles and chain of command</p> <p>Credit any other valid definition</p>	1
(2) (b) (ii)	<p>Using an example from Energy-Fixer Ltd's organisational chart, describe what is meant by the span of control?</p> <p><i>AO1: 1b 1 mark</i> <i>AO2: 1 mark</i></p> <p>Award 1 mark for correct <u>understanding</u> of span of control</p> <p>The number of workers an individual is directly responsible for</p> <p>Award 1 mark for a correct <u>example</u> from the organisational chart</p> <p>For example:</p> <p>Managing Director has a span of control of 4 The Production Supervisor has a span of control of 50</p>	2

(2) (b) (iii)	<p>Who should Energy-Fixer Ltd Factory Workers first report to if there is a problem?</p> <p><i>AO2: 1 mark</i></p> <p>Award 1 mark for Production Supervisor</p>	1
(2) (b) (iv)	<p>Identify one problem of using a hierarchical structure and analyse how this problem could be solved.</p> <p><i>AO1: 1a 1 mark</i> <i>AO3: 1a 2 marks</i></p> <p>Award 1 mark for <u>identifying</u> correct problem</p> <p>Indicative content: Answers could include:</p> <p>The chain of command is too long Communication can be poor Workers are disconnected from management and decision making Workers on the lower levels are demotivated Can be bureaucratic</p> <p>Credit any other valid suggestion</p> <p>Award 1 mark for a <u>limited analysis</u> of how to solve the problem</p> <p>Indicative content: Answers could include:</p> <p>Get rid of a level in the organisation Fire the middle managers Improve communication by holding weekly meetings</p> <p>Award 2 marks for a <u>developed analysis</u> of how to solve the problem</p> <p>Indicative content: Answers could include:</p> <p>A business could delayer the organisation, this would get rid of one of the levels to make the organisation flatter</p> <p>By improving communication between the employees on the different levels, the workers at the bottom of the chart will feel more valued, this can be done by meetings, newsletters or a suggestion box</p> <p>Credit any other valid analysis</p>	3

2 (c)	Discuss the advantages and disadvantages of international trade to Energy-Fixer Ltd.			8
Band	<i>AO1: 1ab</i> 2 marks	<i>AO2</i> 2 marks	<i>AO3: 1ab</i> 4 marks	
3	There are no Band 3 marks for this assessment objective 2 marks are awarded as for Band 2	There are no Band 3 marks for this assessment objective 2 marks are awarded as for Band 2	4 marks Excellent analysis and evaluation of the key advantages and disadvantages to Energy-Fixer Ltd of international trade At least two advantages and two disadvantages are discussed Well-reasoned and balanced discussion Information in the data is clearly used to support the discussion May provide a conclusion which offers an overall judgement on international trade for Energy-Fixer Ltd	
2	2 marks Good knowledge and understanding of international trade Reference made to exports and imports Some attempt to use specialist vocabulary	2 marks Good application of international trade to Energy-Fixer Ltd Information from the data is used throughout the discussion	2-3 marks Good analysis and evaluation of the key advantages and disadvantages to Energy-Fixer Ltd of international trade At least one advantage and one disadvantage are discussed The discussion may be unbalanced An attempt is made to use the information and context to support the discussion May contain a brief conclusion	
1	1 mark Limited knowledge and/or understanding of international trade May only refer to exports or imports Knowledge is identified rather than understood Limited or no use of specialist vocabulary	1 mark Limited application of international trade to Energy-Fixer Ltd Some information from the data may be included, but the response is mainly theoretical	1 mark Limited analysis and evaluation of the key advantages and disadvantages to Energy-Fixer Ltd of international trade The discussion is one sided with reference to either advantages or disadvantages The discussion lacks detail and superficial comments are made with little development Little or no use of the context to support the discussion Unsupported statements are made	
0	0 marks No knowledge or understanding of international trade	0 marks No application to Energy-Fixer Ltd	0 marks No valid analysis or evaluation is given	

Indicative content:

Answers could include:

Advantages

There is a wider market for the products produced by Energy-Fixer Ltd, this will enable the company to make more sales and higher profits

The graph shows that since 2012 the value of international sales began to exceed the value of goods sold at home, since then international sales have increased faster than those at home so that by 2017 sales at home were only half of the international sales

Energy-Fixer Ltd also import materials from abroad for its drink, the ingredients from Spain and America may be for produce that cannot be grown in the UK as it is not sunny enough, without importing they would not be able to offer a full product range

Production costs for the packaging may be much cheaper in China and this allows Energy-Fixer Ltd to keep their costs down so they can be competitive in the energy drink market

International sales also allow Energy-Fixer Ltd to spread the risks of business, a fall in sales in the UK may be offset by increasing or maintained sales through the rest of the world as is shown for the sales in 2015

Selling goods abroad will earn foreign currency for Energy-Fixer Ltd which can be used to buy some of the materials which are bought from abroad

Disadvantages

The wider market and the distances involved mean that there may be supply chain issues to resolve, these may involve logistical issues for imports and exports such as costs, modes of transport and the storage of goods to be sold abroad, which have cost implications for the business

If there are problems in Spain, America and China, which are a long distance away, Energy-Fixer Ltd may not get the materials they need to produce its drink and this will affect its production

Language problems may need translation services for marketing, documentation, instruction manuals etc, which will increase costs

The greater distances involved will complicate the management of sales and communication with the buyers

Different countries have different laws which may affect sales through consumer rights and environmental issues, some of the ingredients used in Energy-Fixer Ltd may not be allowed in some countries, which may require the need to change products for international markets

There may be price and payment issues surrounding such things as different currencies and local taxes which may take time to organise

Credit any other valid answers and arguments

If a conclusion is offered (though this is not necessary to gain the full marks) award comments that are developed from the points above, not just repeating the points made in the analysis and earlier evaluation

The bigger market and the consequent higher sales and profits may offset the higher costs and regulations found abroad, clearly the increasing sales abroad make overseas trading worthwhile for Energy-Fixer Ltd

Conclusion given is reversible

2 (d)	<p>Analyse the impact on Energy-Fixer Ltd of closing its factory in the South of England and opening a new factory in the North of England.</p> <p>Your analysis should include reference to:</p> <ul style="list-style-type: none"> • Business operations • Human resources • Marketing <p>Recommend which is the best option for Energy-Fixer Ltd. Justify your answer.</p>			12
Band	AO1: 1ab 3 marks	AO2 3 marks	AO3: 1ab 6 marks	
3	<p>3 marks</p> <p>Excellent knowledge and understanding of location factors</p> <p>A clear understanding of the interdependent nature of business and the linkages between different areas of business</p> <p>Specialist vocabulary is used with accuracy</p>	<p>3 marks</p> <p>Excellent application of the data in the context of Energy-Fixer Ltd</p> <p>There is clear and direct reference to the data throughout the discussion</p> <p>Relevant data is used to develop and support the argument</p>	<p>5-6 marks</p> <p>Excellent analysis and evaluation of the key location factors Energy-Fixer Ltd need to consider</p> <p>Clear reference to business operations, human resources and marketing</p> <p>The analysis draws together different areas of business in a coherent way</p> <p>Well-reasoned and balanced discussion with a clear line of argument</p> <p>Information from the data is clearly used to support the discussion and recommendation</p> <p>Clear recommendation is made with supporting comments that consider the interdependent nature of business activity</p>	
2	<p>2 marks</p> <p>Good knowledge and understanding of location factors</p> <p>Some understanding of the interdependent nature of business and the linkages between different areas of business</p> <p>Some attempt to use specialist vocabulary</p>	<p>2 marks</p> <p>Good application of the data in the context of Energy-Fixer Ltd</p> <p>Reference is made to the data throughout the discussion, but there are some omissions</p>	<p>3-4 marks</p> <p>Good analysis and evaluation of the key location factors Energy-Fixer Ltd need to consider</p> <p>Some reference to at least two business functions - business operations, human resources or marketing</p> <p>An attempt is made to draw together different areas of business</p> <p>The discussion may be unbalanced focusing on either one of the location sites</p> <p>An attempt is made to use the information and context to support the discussion</p> <p>Recommendation is made with some attempt to support the evaluation</p>	

<p>1</p>	<p>1 mark</p> <p>Limited knowledge and/or understanding of location factors</p> <p>Limited or no use of specialist vocabulary</p> <p>Limited or no understanding of the interdependent nature of business and the linkages between different areas of business</p>	<p>1 mark</p> <p>Limited application of the data in the context of Energy-Fixer Ltd</p> <p>The discussion is mostly generic with brief application to the data</p>	<p>1-2 marks</p> <p>Limited analysis and evaluation of the key location factors Energy-Fixer Ltd need to consider</p> <p>Limited reference to business operations and/or human resources and/or marketing</p> <p>There is no attempt to draw together different areas of business in a coherent way</p> <p>Discussion is limited and likely to be one-sided</p> <p>Unsupported assumptions made</p> <p>Brief unsupported recommendation</p>	
<p>0</p>	<p>0 marks</p> <p>No knowledge or understanding of location factors</p>	<p>0 marks</p> <p>No application to Energy-Fixer Ltd</p>	<p>0 marks</p> <p>No valid analysis and evaluation is given</p>	

Indicative content:

Answers could include:

Interdependent nature of business

Business operations are concerned with the efficient management of the key functions and resources within a business to maximise profit, a decision to relocate to the North of England will have an impact on:

- The management and workers at Energy-Fixer Ltd, including recruitment of new workers, training, retraining existing workers, possible redundancies, reorganisation of workforce, motivation of existing workers
- The organisation of production including the use of new technology, quality and the supply chain
- Marketing will also be affected; will they lose their USP by relocating? Will the price have to be increased to pay for the costs of relocation? Will they lose touch with their customers in the South? Will the relocation affect their channels of distribution?

Factors affecting the decision to move to the North of England

The business would be moving from a smaller factory to a larger one, this would enable greater economies of scale

As the factory would be new it could include more up to date technology such as the use of CAD and CAM, as well as improving the organisation of the process with e.g. division of labour

The current factory is getting too small, so they have to move, they could extend their current factory by buying land, but this is very expensive compared to moving North

More workers may be available as the rates of unemployment are higher in the North (6.1% compared with 3.9%)

The business may also be able to pay lower wage rates

As Energy-Fixer Ltd export most of its products abroad they can take advantage of cheaper transport costs away from London which could be expensive

The workers at the existing factory have the skills needed to produce the products, staying would not require expensive retraining costs

The costs of moving may be high, workers not moving to the new location would need to be paid redundancy money and those moving would receive relocation costs, who might not want to move

The product at present is high quality because of the local spring water, which is its USP, it is not known whether such water is available at the new site, if not the quality of the product may be reduced with a negative effect on sales

The distance between the factory and London, an important market is lower (50 miles) between the existing factory and the proposed one (220 miles), this means that logistical costs will increase when transporting goods

Credit other valid arguments for and against relocating

Recommendation

Although in the short term the move is expensive and may upset production and the workforce, the current site is no longer suitable and Energy-Fixer Ltd have to consider relocating, moving North will allow them to produce their drinks on a much larger scale that will make sure they continue to grow and expand into new markets

Recommendation given is reversible