

# **Business Studies A**

General Certificate of Secondary Education **1951**

General Certificate of Secondary Education (Short Course) **1051**

## **Mark Schemes for the Units**

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**June 2008**

**1951/1051/MS/R/08**

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### GCSE Business Studies A (Short Course) (1051)

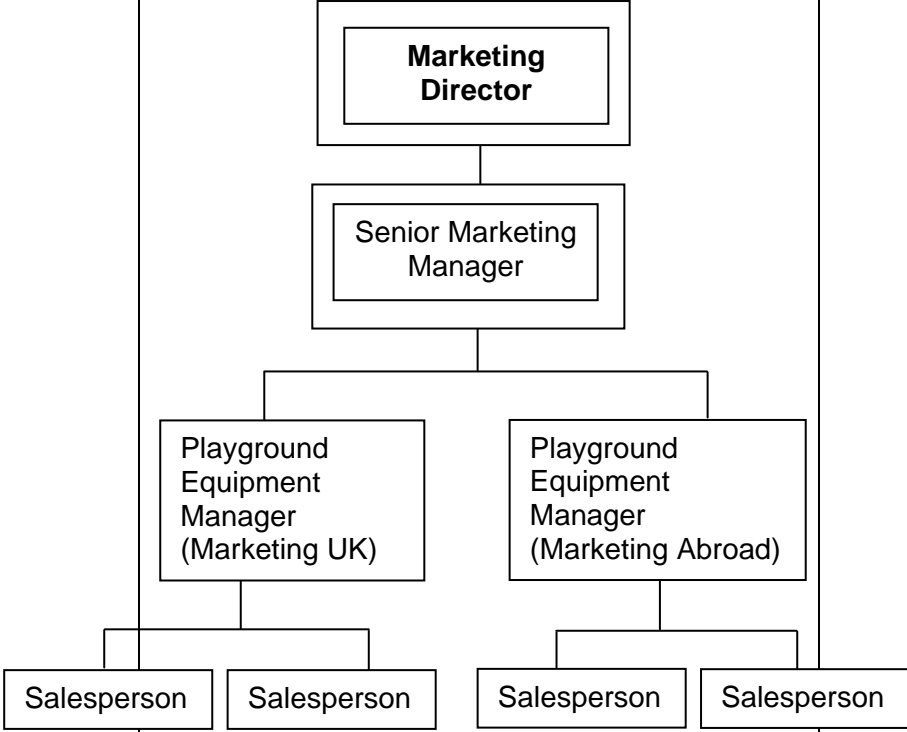
### MARK SCHEMES FOR THE UNITS

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# 1051/01 Paper 1 Foundation Tier

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(a)			
		<b>Target: To and apply knowledge of business organisations in terms of control and distribution of profits.</b>		
1	(a)	(i)		
			[2]	Limited refers to limited liability (1) meaning that the shareholders liability for debt is limited to the value of their investment (1).  1+1 for explanation
1	(a)	(ii)		
		<p>Methods of growth:</p> <ul style="list-style-type: none"> <li>• new markets</li> <li>• new outlets</li> <li>• new segments</li> <li>• more products</li> <li>• merger/takeover</li> <li>• diversification</li> <li>• new type of business eg Ltd, Partnership</li> </ul> <p>Any other reasonable suggestion 1+1 for explanation.</p>	[2]	<p>Example: Businesses can grow by opening new shops or outlets in different parts of the country or abroad (1). This will increase the number of customers they may get (1).</p> <p>No marks for increase market share unless supported.</p>
1	(a)	(iii)		
		<p>Benefits to shareholders:</p> <ul style="list-style-type: none"> <li>• Dividend – % of profit/money</li> <li>• Increase in value of shares</li> <li>• Have a vote at AGM</li> </ul> <p>1+1 for explanation</p>	[2]	<p>For example, a dividend (1) is money paid to shareholders (1).</p> <p>No marks for have a say in how the company is run.</p>

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(a)	(iv)		<p>It is easier to set up as a sole trader than a plc because a sole trader does not have to complete legal documents and a plc does (L1). These documents take time and a great deal of money. Therefore, it is cheaper for the business (L2)</p> <p>Candidates need to look at two differences to gain the highest marks.</p>	[4]	<p><b>Level 2 (3-4 marks)</b> Candidate discusses one or more differences between setting up a sole trader and a plc. Conclusion should be stated as to why it is easier to set up a sole trader</p> <p><b>Level 1 (1-2 marks)</b> Candidate selects and explains how a sole trader and/pr a plc are set up with no comparisons in terms of ease.</p> <p>Candidate must focus on setting up not running the business.</p>
1	(b)			<b>Target: To apply and evaluate differing roles within a business in terms of delegation and communication.</b>		
		(i)		<p>Responsibilities: (Focus on tasks at board level)</p> <ul style="list-style-type: none"> <li>• to organise production</li> <li>• to motivate workforce/managers</li> <li>• to maintain quality</li> <li>• to set production targets</li> <li>• to communicate with employees/other departments</li> <li>• to attend board meetings</li> <li>• major production decisions</li> <li>• employing managers</li> </ul> <p>Any other reasonable suggestion.</p>	[3]	

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(b)	(ii)		 <pre> graph TD     MD[Marketing Director] --- SMM[Senior Marketing Manager]     SMM --- PEMUK[Playground Equipment Manager (Marketing UK)]     SMM --- PEMAB[Playground Equipment Manager (Marketing Abroad)]     PEMUK --- S1[Salesperson]     PEMUK --- S2[Salesperson]     PEMAB --- S3[Salesperson]     PEMAB --- S4[Salesperson]             </pre>	[7]	1 mark for each correct entry.
1	(b)	(iii)		Delegation is the passing down of tasks and/or authority (1) to subordinates (1).	[2]	

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(c)	<b>Target: To explain, analyse and evaluate different methods of communication in terms of the solution of a particular problem.</b>		
1	(c) (i)	<p>Problems between these two departments arise because:</p> <ul style="list-style-type: none"> <li>• they have different objectives</li> <li>• different costs</li> <li>• different budgets</li> <li>• quality issues</li> <li>• labour issues</li> </ul> <p>Any other reasonable suggestion</p>	[4]	<p>Market research may show that the market might demand a certain number of goods (1) but this will conflict with the production department which may say that it has targets to meet and cannot make that number (1). They may say that if the sales department needs that many then it will cost more in overtime or employing more workers, Also, quality may fall if the workforce is under too much pressure.</p> <p>2 marks for each reason developed.</p>
1	(c) (ii)	<p>Suggestions could include:</p> <ul style="list-style-type: none"> <li>• there should be regular meetings held to overcome these problems</li> <li>• targets for sales and production should be discussed</li> <li>• different payment systems should be implemented</li> <li>• perhaps the production processes should be changed</li> <li>• consideration of methods of communication can be rewarded.</li> </ul> <p>Candidates should be rewarded for considering methods of communication and how they could solve the problem between the two departments.</p>	[4]	<p><b>Level 2 (3-4 marks)</b> Candidate discusses at least two of the problems associated with communication between the two departments and comes to conclusion(s) about how the problems should be resolved.</p> <p>Max 3 marks if no application to the problem</p> <p><b>Level 1 (1-2 marks)</b> Candidate analyses one or more of the problems involved in communication between the departments. No conclusions or solutions are suggested.</p> <p>No marks for e-mails, reference to board of directors or a working group.</p>
<b>Total</b>			<b>[30]</b>	

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(a)		<b>Target: To show and apply knowledge of marketing mix to the business.</b>		
2	(a)	(i)	Reasons why 'product' is important: <ul style="list-style-type: none"> <li>• Quality</li> <li>• Safety</li> <li>• Colour</li> <li>• Variety</li> <li>• Materials - durability</li> <li>• Instructions/Dimensions</li> <li>• Age Suitability</li> </ul> Any other reasonable suggestions 1 mark each.	[2]	
2	(a)	(ii)	Problems of selling playground equipment over the internet: <ul style="list-style-type: none"> <li>• businesses may want to see a demonstration of how children use the equipment in order to decide how many of each part to buy</li> <li>• size and measurements</li> <li>• quality and feel of equipment</li> <li>• information about manufacturing</li> <li>• access to internet</li> </ul> Candidates can be rewarded for a good argument for only using the Internet: <ul style="list-style-type: none"> <li>• wide accessible market</li> <li>• ease of use</li> <li>• mail order</li> <li>• easy payment</li> <li>• reduced costs</li> <li>• security / risk of fraud</li> </ul>	[4]	<b>Level 2 (3-4 marks)</b> Candidates discuss both sides of the issue and comes to supported conclusion about whether to use only the Internet or not  <b>Level 1 (1-2 marks)</b> Candidates analyse one or more reasons for using/not using only the Internet but makes no comparisons and no recommendations.



Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(a)	(iii)		
2	(a)	(iii)		
2	(a)	(iii)		
2	(a)	(iii)		
2	(b)	(i)		

**Target: To apply and evaluate the use of marketing in the global context of the business.**

- Segments may include:
- Schools, PTA, Teachers/Head Teachers
  - local authorities, parks
  - restaurants, pubs, garden centres
  - activity centres
  - playgroups/nurseries/crèches
  - highly paid
  - people who live in cities
  - people with families.

Any other reasonable suggestion 1 mark each.

- Reasons to sell in China:
- large untapped market
  - growing economy
  - many Chinese speak English
  - opportunities to build a factory.

- Reasons not to expand in UK:
- saturated market
  - competition
  - limited sales
  - not so many schools, parks, children, etc.

**[2]**

**Level 2 (3-4 marks)**  
Candidate has selected a reason for expanding into China and discussed it in terms of a comparison with the UK.

**Level 1 (1-2 marks)**  
Candidate has selected reason(s) for expanding into China with no comparison in terms of expansion into the UK.

Max 1 mark for large population or less competition unless supported.

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(b)	(ii)		<p>The best way in the first instance may be to use secondary information collected by other businesses, the government or the industry (level 1). This is because secondary information is the most easily collected and will cost less money than the other two options (Level 2). The other two options would cost a lot of money, take more time and may be hindered by problems of language and culture. The other two options will require Play Here plc to travel to China or to employ people in China to carry out the research. In the long term it might be useful for the business to carry out primary research, but in the first instance it would be better to get an idea of how big the market is in China (level 2).</p> <p>It should be quite easy for candidates to make an evaluative statement here using limited analysis.</p>		<p><b>Level 2 (5-8 marks)</b> Candidate is able to discuss why they have chosen an option and rejected the other two. Any evaluative statement can be rewarded in this level.</p> <p>No reference to China – Max 5 marks</p> <p><b>Level 1 (1-4 marks)</b> Candidate chooses an option and explains/analyses why it has been chosen.</p> <p>No explanation/analysis for choice – Max 2 marks</p> <p>No mark for merely choosing one option.</p>
				<p>Candidates will also be assessed for the Quality of Written Communication on this part of the question, according to the following requirements:</p> <p>Ideas are expressed clearly, fluently, legibly and in an appropriate way. There are few errors in spelling, punctuation and grammar.(2)</p> <p>Straightforward ideas are expressed relatively clearly, legibly and appropriately. They may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer.(1)</p> <p>Candidate fails to reach the threshold standard in all respects.(0)</p>	<p><b>[8 + 2]</b></p> <p><b>[1]</b></p> <p><b>[0]</b></p>	

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(c)			<b>Target: To show and apply knowledge of costs, revenue and profit.</b>		
2	(c)	(i)		TRUE TRUE	[2]	
2	(c)	(ii)		100%	[1]	
2	(c)	(iii)		3 swings £3000 + 3 seesaws £1500 (1) = £4500 (1)	[2]	OFR applies £ sign not required
2	(c)	(iv)		Revenue = £4500 (OFR applies)  Costs = 3 swings £1500 (1) + 3 seesaws £750 (1) = £2250 (1)  Profit £4500 - £2250 = £2250 (1)	[4]	OFR applies £ sign not required
				<b>Total</b>	<b>[31]</b>	

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
3	(a)		<b>Target: To apply knowledge of production processes and to evaluate in terms of differing stakeholder groups.</b>		
3	(a)	(i)	Advantages of batch production to Play Here plc: <ul style="list-style-type: none"> <li>• more products</li> <li>• more variety</li> <li>• faster production</li> <li>• use of more specialised machinery</li> <li>• ability to supply a larger market economies of scale/ reduces costs</li> </ul>	[3]	Example: The business would benefit from batch production because it would be able to make more products (1) than in job production where each product is made at a time (1) and, therefore, it would be able to sell a lot of products to a large market such as China (1).  Any <b>one</b> explained. No credit for additional advantages.
3	(a)	(ii)	The candidate could pick any of the stakeholders. For example:  I think that the employees would be most affected by these changes in production. They would be affected by the move to batch production because their skills may not be appreciated and they may become demotivated (level 1). They may find it difficult to use the new machinery and have to take part in further training. This is not always popular with workers. However, the employees may enjoy the opportunity to learn new processes and to take part in the expansion of the firm which may lead to more work and higher pay (level 2). The other two stakeholder groups would also be affected in that customers would have a greater variety of goods to buy and shareholders may look forward to higher profits and higher dividends (level 2).  <i>Candidates may think that the factory is in either China or the UK. Both are rewardable if analysis and evaluation are appropriate.</i>	[6]	<b>Level 2 (3-6 marks)</b> Candidate assesses reasons for choosing a stakeholder group. Needs to show some idea of why this group will be affected by the change more than others.  Max 4 marks if good analysis but no comparison between stakeholders.  <b>Level 1 (1-2 marks)</b> Candidate selects one group with limited analysis of effects on the group and with little/no reference to the other groups.

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance														
3	(b)																	
		<b>Target: To show and apply knowledge of different sources of finance.</b>																
3	(b) (i)		[1]															
		<table border="1"> <thead> <tr> <th>Type of finance</th> <th>Tick (✓)</th> </tr> </thead> <tbody> <tr> <td>Trade credit</td> <td></td> </tr> <tr> <td>Overdraft</td> <td></td> </tr> <tr> <td>Sales of Shares</td> <td>✓</td> </tr> </tbody> </table>	Type of finance	Tick (✓)	Trade credit		Overdraft		Sales of Shares	✓								
Type of finance	Tick (✓)																	
Trade credit																		
Overdraft																		
Sales of Shares	✓																	
3	(b) (ii)		[2]	Example: The business will have to be in debt (1) and paying interest for a long time (1).														
		<p>Disadvantage of long term loan:</p> <ul style="list-style-type: none"> <li>• interest payments</li> <li>• fixed term</li> <li>• regular instalments</li> </ul> <p>One disadvantage explained.</p>																
3	(c) (i)		[3]	No marks if more than three boxes have been ticked														
		<table border="1"> <thead> <tr> <th>ITEM</th> <th>Tick (✓)</th> </tr> </thead> <tbody> <tr> <td>Gross profit</td> <td></td> </tr> <tr> <td>New machinery</td> <td>✓</td> </tr> <tr> <td>New factory</td> <td>✓</td> </tr> <tr> <td>Wages</td> <td></td> </tr> <tr> <td>Loan</td> <td>✓</td> </tr> <tr> <td>Electricity</td> <td></td> </tr> </tbody> </table>	ITEM	Tick (✓)	Gross profit		New machinery	✓	New factory	✓	Wages		Loan	✓	Electricity			
ITEM	Tick (✓)																	
Gross profit																		
New machinery	✓																	
New factory	✓																	
Wages																		
Loan	✓																	
Electricity																		

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
3	(c)	(ii)		<p><b>Target: To show knowledge of final accounts and to analyse and evaluate factors which affect profit.</b></p> <p>Candidates should choose one. Both of them could be acceptable answers.</p> <p>For example: I believe that the quickest way to reduce costs would be to buy more raw materials and to get bulk buying economies of sale (level1). This would allow the costs of raw material to fall and profits to rise. It would take much longer for the business to change to new technology and would cost much more money in the first place (Level 2).</p>	[6]	<p><b>Level 2 (3-6 marks)</b> Candidate selects one option and recommends why it would be the best option. Gives reasons for rejecting the other option.</p> <p>Max 4 marks if there is no comparison of the options</p> <p><b>Level 1 (1-2 marks)</b> Candidate selects an option with little explanation or analysis of why it would be the best.</p>
				<b>Total</b>	<b>[21]</b>	

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
4	(a)			<b>Target: To show and apply knowledge of different methods of motivation and training</b>		
4	(a)	(i)		Suggestions: On the job and off the job training. Candidates can be rewarded for explaining specific types, eg work shadowing, college course, etc. Candidates should evaluate each in terms of cost, time, suitability, etc.	[4]	<p><b>Level 2 (3-4 marks)</b> Candidates discuss both types of training and comes to conclusion as to which would be the most appropriate in terms of this business.</p> <p><b>Level 1 (1-2 marks)</b> Candidate selects one type of training and explains its usefulness to this business. No comparison made.</p>
4	(a)	(ii)		<p>Motivation methods:</p> <ul style="list-style-type: none"> <li>• pay</li> <li>• bonuses</li> <li>• social activities</li> <li>• fringe benefits</li> <li>• promotion</li> <li>• apprenticeship</li> <li>• praise</li> <li>• working conditions</li> <li>• delegation (if candidate demonstrates understanding)</li> </ul> <p>Any 2 methods</p>	[2]	

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance												
4	(a)	(iii)		reasons for a well-motivated workforce: <ul style="list-style-type: none"> <li>• loyalty</li> <li>• high quality work</li> <li>• want to come to work</li> <li>• good wages and bonuses</li> <li>• good environment</li> </ul>	[2]	For example, if the workforce is well motivated, they will be happy at work (1) and so will want to go to work (1).  NOT profit unless linked to profit sharing												
4	(b)			<b>Target: To show and apply knowledge of methods of recruitment and selection.</b>														
4	(b)	(i)		<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Stage of recruitment</th> <th>Numbers</th> </tr> </thead> <tbody> <tr> <td>Advertisement</td> <td>2</td> </tr> <tr> <td>Interview</td> <td>5</td> </tr> <tr> <td>Application</td> <td>3</td> </tr> <tr> <td>Job description</td> <td>1</td> </tr> <tr> <td>Short list</td> <td>4</td> </tr> </tbody> </table> <p>1 mark for each in correct order.</p>	Stage of recruitment	Numbers	Advertisement	2	Interview	5	Application	3	Job description	1	Short list	4	[4]	
Stage of recruitment	Numbers																	
Advertisement	2																	
Interview	5																	
Application	3																	
Job description	1																	
Short list	4																	



Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance																		
4	(b)	(ii)		Advantages: <ul style="list-style-type: none"> <li>• See the person / Face to Face</li> <li>• Can ask many questions in a short time</li> <li>• Can find out opinions</li> <li>• Can judge communication skills</li> <li>• Testing knowledge</li> </ul> Suggestion explained in terms of the new designer	[2]	Max 1 mark unless linked to the context (new designer).																		
4	(b)	(iii)		<table border="1"> <thead> <tr> <th>Characteristics</th> <th>Tick (✓)</th> </tr> </thead> <tbody> <tr> <td>Experience with children</td> <td>✓</td> </tr> <tr> <td>Hours of work</td> <td></td> </tr> <tr> <td>Artistic experience</td> <td>✓</td> </tr> <tr> <td>Contact number</td> <td></td> </tr> <tr> <td>Responsibilities</td> <td></td> </tr> <tr> <td>Interest in modern technology</td> <td>✓</td> </tr> <tr> <td>Job description</td> <td></td> </tr> <tr> <td>Good communication skills</td> <td>✓</td> </tr> </tbody> </table>	Characteristics	Tick (✓)	Experience with children	✓	Hours of work		Artistic experience	✓	Contact number		Responsibilities		Interest in modern technology	✓	Job description		Good communication skills	✓	[4]	No marks if more than four boxes ticked.
Characteristics	Tick (✓)																							
Experience with children	✓																							
Hours of work																								
Artistic experience	✓																							
Contact number																								
Responsibilities																								
Interest in modern technology	✓																							
Job description																								
Good communication skills	✓																							
<b>Total</b>					<b>[18]</b>																			

## 1051/02 Paper 2 Higher Tier

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(a)			<b>Target: To show and apply knowledge of business organisations in terms of control and distribution of profits.</b>		
1	(a)	(i)		The public sector is owned and controlled by the government (1) either local or national. An example of an organisation in the public sector is a school (1)  A public limited company is owned and controlled by private individuals (1) and is part of the private sector (1).	[4]	Any reasonable suggestion explained/or example 2x2 or 4x1
1	(a)	(ii)		This means that a plc has a great number of shareholders (1) who all own a little bit of the company but who have little control over the running of the business (1). The board of Play Here plc control and run the company (1) but may not own all of it. The shareholders may make their own decisions at the AGM (1).	[4]	Shareholders are owners (1) board are in daily control (1) Understanding of conflict (2)
1	(b)			<b>Target: To apply and discuss organisation charts and to show an understanding of the roles and responsibilities of people within organisations.</b>		
1	(b)	(i)		Functions of Board of Directors: <ul style="list-style-type: none"> <li>• Set strategy/policy/objectives</li> <li>• In charge of departmental areas</li> <li>• Attend AGM</li> <li>• Agrees major decisions</li> <li>• Write Directors Report</li> <li>• Satisfy shareholders</li> </ul>	[3]	3x1 mark

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	b	(ii)		Must explain both UK and abroad for 4 marks. If only mention one place – max 2	[4]	Reasons: Markets abroad have different languages, cultures, laws (1). Markets at home can be easily researched, contacted and communicated with (1). Therefore it is important that those marketing abroad should have the skills and budget (1) to deal with many different countries and markets in order to make the highest sales (1).
1	b	(iii)		Delegation is the passing down of tasks and/or authority (1) to subordinates (1).	[2]	
1	I			<b>Target: To explain, analyse and evaluate different methods of communication in terms of the solution of a particular problem</b>		
1	I	(i)		Problems between these two departments arise because: <ul style="list-style-type: none"> <li>• they have different objectives</li> <li>• different costs</li> <li>• different budgets</li> <li>• quality issues</li> <li>• labour issues</li> </ul>	[4]	Market research may show that the market might demand a certain number of goods (1) but this will conflict with the production department which may say that it has targets to meet and cannot make that number (1). It may say that if the sales department needs that many then it will cost more in overtime or employing more workers. Also, quality may fall if the workforce is under too much pressure.  2 marks for each reason developed.

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(c)	(ii)		<p>Suggestions could include:</p> <ul style="list-style-type: none"> <li>• there should be regular meetings held to overcome these problems</li> <li>• targets for sales and production should be discussed</li> <li>• different payment systems should be implemented</li> <li>• perhaps the production processes should be changed</li> <li>• consideration of methods of communication can be rewarded.</li> </ul> <p>Candidates should be rewarded for considering methods of communication and how they could solve the problem between the two departments.</p> <p>No marks for emails, reference to Board of Directors or working groups.</p>	[4]	<p><b>Level 2 (3-4 marks)</b> Candidate discusses at least two of the problems associated with communication between the two departments and comes to conclusion(s) about how the problems should be resolved.</p> <p><b>Level 1 (1-2 marks)</b> Candidate analyses one or more of the problems involved in communication between the departments. No conclusions or solutions are suggested.</p> <p>Max 3 marks for no application to the problem</p>
				<b>Total</b>	<b>[25]</b>	

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(a)		<p><b>Target: To identify and evaluate the main elements of the marketing mix in terms of business.</b></p> <p>Candidate could choose any of the four but I would expect them to choose product or promotion.</p> <p>Example: Playground equipment is a technical product which will need a great deal of information about design and quality. Therefore, I think that details of the product will be most important when selling on the Internet. The customers cannot actually see the product and, therefore, need to be able to judge how it will perform, how safe it is and how it will suit their purpose. Price is not so important as I think the customers will be putting safety and design first. Promotion is quite important and it may be necessary for the business to send leaflets and brochures and to attend sales conferences in other countries. Place also has some importance as Play Here plc will have to choose a suitable distribution channel.</p>	[6]	<p><b>Level 3 (5-6 marks)</b> Candidate selects and discusses one of the 4p's and evaluates its importance above the others. Some comparison is made in terms of selling on the Internet.</p> <p><b>Level 2 (3-4 marks)</b> Candidate selects one and gives reasons for its importance to this business in terms of selling on the Internet. No reference to Internet max 3 marks.</p> <p><b>Level 1 (1-2 marks)</b> Candidate selects one and gives reasons with little or no mention of playground equipment or selling on the Internet.</p>

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(a)			<b>Target: To apply and evaluate the use of marketing in the global context of the business.</b>		
2	(a)	(ii)		Segments may include: <ul style="list-style-type: none"> <li>• Schools / PTA / teachers/ headmasters</li> <li>• local authorities / communities</li> <li>• restaurants</li> <li>• playgroups/nurseries/crèches</li> <li>• highly paid</li> <li>• people who live in cities</li> <li>• people with families/ parents.</li> <li>• pubs</li> </ul>	[2]	
2	(b)	(i)		Reasons to sell in China: <ul style="list-style-type: none"> <li>• large untapped market</li> <li>• growing economy</li> <li>• many Chinese speak English</li> <li>• opportunities to build a factory.</li> </ul> Reasons not to expand in UK: <ul style="list-style-type: none"> <li>• saturated market</li> <li>• competition</li> <li>• limited sales</li> <li>• not so many schools, parks, children, etc.</li> </ul>	[4]	<b>Level 2 (3-4 marks)</b> Candidate has selected a reason for expanding into China and discussed it in terms of a comparison with the UK.  <b>Level 1 (1-2 marks)</b> Candidate has selected reason(s) for expanding into China with no comparison in terms of expansion into the UK.  Max 1 mark for large population or less competition unless supported.

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	b	(ii)		<p>The best way in the first instance may be to use secondary information collected by other businesses, the government or the industry (level 1). This is because secondary information is the most easily collected and will cost less money than the other two options (Level 2). The other two options would cost a lot of money, take more time and may be hindered by problems of language and culture. The other two options will require Play Here plc to travel to China or to employ people in China to carry out the research. In the long term it might be useful for the business to carry out primary research, but in the first instance it would be better to get an idea of how big the market is in China (level 2).</p> <p>It should be quite easy for candidates to make an evaluative statement here using limited analysis.</p>	[8 + 2]	<p><b>Level 2 (5-8 marks)</b> Candidate is able to discuss why they have chosen an option and rejected the other two. Any evaluative statement can be rewarded in this level. No reference to China Max 5</p> <p><b>Level 1 (1-4 marks)</b> Candidate chooses an option and explains/analyses why it has been chosen.  No mark merely for choosing one option.  No explanation/analysis for choice – Max 2 marks.</p>
				<p>Candidates will also be assessed for the Quality of Written Communication on this part of the question, according to the following requirements:</p> <p>Ideas are expressed clearly, fluently, legibly and in an appropriate way. There are few errors in spelling, punctuation and grammar (2)</p> <p>Straightforward ideas are expressed relatively clearly, legibly and appropriately. They may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer (1)</p> <p>Candidate fails to reach the threshold standard in all respects (0)</p>		

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(c)		<b>To show and apply knowledge of costs, revenue and profit.</b>		
2	(c)	(i)	The cost of a product is the amount it costs for the product to be bought or made (1). For example, the cost of the raw materials (1). The price of the product is the amount that the product is sold for (1). For example, Play Here plc add 100% mark up to the cost of the product to get the price (1).	<b>[4]</b>	Must have an example for 4 marks. Only examples no explanation 1 mark
2	(c)	(ii)	3 swings £3000 + 3 seesaws £1500 (1) = £4500 (1)	<b>[2]</b>	OFR applies £ sign not required
2	(c)	(iii)	Revenue = £4500 (OFR applies)  Costs = 3 swings £1500 (1) + 3 seesaws £750 (1) = £2250 (1)  Profit £4500 - £2250 = £2250 (1)	<b>[4]</b>	OFR applies £ sign not required
<b>Total</b>				<b>[32]</b>	



Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
3	(a)	<p><b>Target: To demonstrate understanding of the effect of changing production processes on stakeholders.</b></p> <p>The candidate could pick any of the stakeholders. For example:</p> <p>I think that the employees would be most affected by these changes in production. They would be affected by the move to batch production because their skills may not be appreciated and they may become demotivated (level 1). They may find it difficult to use the new machinery and have to take part in further training. This is not always popular with workers. However, the employees may enjoy the opportunity to learn new processes and to take part in the expansion of the firm which may lead to more work and higher pay (level 2). The other two stakeholder groups would also be affected in that customers would have a greater variety of goods to buy and shareholders may look forward to higher profits and higher dividends (level 2).</p> <p><i>Candidates may think that the factory is in either China or the UK. Both are rewardable if analysis and evaluation are appropriate.</i></p>	[6]	<p><b>Level 2 (3-6 marks)</b> Candidate assesses reasons for choosing a stakeholder group. Needs to show some idea of why this group will be affected by the change more than others. Max 4 marks if good analysis but no comparison between stakeholders.</p> <p><b>Level 1 (1-2 marks)</b> Candidate selects one group with limited analysis of effects on the group and with little/no reference to the other groups.</p>

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance										
3	(b)			<b>Target: To appreciate the difference between and the uses of internal, external, long term and short term sources of finance.</b>												
3	(b)	(i)		<table border="1"> <thead> <tr> <th>Type of finance</th> <th>Tick (✓)</th> </tr> </thead> <tbody> <tr> <td>Trade credit</td> <td></td> </tr> <tr> <td>Overdraft</td> <td></td> </tr> <tr> <td>Sales of Shares</td> <td>✓</td> </tr> <tr> <td>Retained profit</td> <td></td> </tr> </tbody> </table>	Type of finance	Tick (✓)	Trade credit		Overdraft		Sales of Shares	✓	Retained profit		[1]	
Type of finance	Tick (✓)															
Trade credit																
Overdraft																
Sales of Shares	✓															
Retained profit																
3	(b)	(ii)		Advantages: <ul style="list-style-type: none"> <li>• Asset will last a long time</li> <li>• A large amount of money is needed</li> <li>• Can spread interest payments</li> <li>• Little risk involved</li> </ul>	[4]	Example: The new factory and equipment will cost a lot of money (1). A large amount of money is difficult to pay back over a short time, therefore, the business can spread the interest and payments out over a long period if it takes a loan for example (1).  2x2										

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance												
3	I		<p><b>Target: To show knowledge of final accounts and to analyse and evaluate factors which affect profit.</b></p> <p>Candidates should choose one. Both of them could be acceptable answers.</p> <p>For example: I believe that the quickest way to reduce costs would be to buy more raw materials and to get bulk buying economies of sale (level1). This would allow the costs of raw material to fall and profits to rise. It would take much longer for the business to change to new technology and would cost much more money in the first place (Level 2).</p>	[6]	<p><b>Level 2 (3-6 marks)</b> Candidate selects one option and recommends why it would be the best option. Gives reasons for rejecting the other option. Max 4 marks if there is no comparison of the options.</p> <p><b>Level 1 (1-2 marks)</b> Candidate selects an option with little explanation or analysis of why it would be the best.</p>												
3	(d)		<p><b>To demonstrate understanding of the main elements of the Balance Sheet and analyse how it can be used to aid financial decision-making.</b></p>														
3	(d)	(i)	<table border="1"> <thead> <tr> <th>Balance sheet item</th> <th>Tick (✓)</th> </tr> </thead> <tbody> <tr> <td>Current Assets</td> <td></td> </tr> <tr> <td>Current Liabilities</td> <td></td> </tr> <tr> <td>Fixed Assets</td> <td>✓</td> </tr> <tr> <td>Long term liabilities</td> <td>✓</td> </tr> <tr> <td>Gross profit</td> <td></td> </tr> </tbody> </table>	Balance sheet item	Tick (✓)	Current Assets		Current Liabilities		Fixed Assets	✓	Long term liabilities	✓	Gross profit		[2]	
Balance sheet item	Tick (✓)																
Current Assets																	
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Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
3	(d)	(ii)		<p>The balance sheet can be used:</p> <ul style="list-style-type: none"> <li>• to make decisions to buy new assets</li> <li>• to finance new assets</li> <li>• to calculate working capital</li> </ul> <p>Example: Play Here plc could use the balance sheet to calculate how much working capital it has (L1). This will show if it has enough money for the day to day running of the business. It will help it to decide if it is holding too much stock which may be tying up money that could be used elsewhere (L2).</p>	[6]	<p><b>Level 2 (4-6 marks)</b> Candidate identifies ways in which the balance sheet can be used to make financial decisions for Play Here plc and analyses what decisions can be taken.</p> <p><b>Level 1 (1-3 marks)</b> Candidate gives one or more ways in which balance sheet is useful with no application to decision making.</p>
				<b>Total</b>	<b>[25]</b>	

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
4	(a)			<b>Target: To show awareness of the need for continuous training and other methods of motivating the workforce.</b>		
4	(a)	(i)		Reasons: <ul style="list-style-type: none"> <li>• staff development</li> <li>• motivation</li> <li>• higher quality work</li> <li>• upgrading skills</li> <li>• flexibility</li> <li>• new legislation</li> </ul>	<b>[3]</b>	Example: A key motivating factor is recognition by managers that workers are worth training (1). Continuous training does this by various methods of training in new equipment, health and safety, etc (1) on a regular basis (1).  Any reason explained: 1 mark for reason + 1 mark for explanation + 1 mark for application to Play Here plc/or example.
4	(a)	(ii)		Other methods: <ul style="list-style-type: none"> <li>• pay increases</li> <li>• bonuses</li> <li>• fringe benefits</li> <li>• social activities</li> <li>• promotion</li> <li>• job rotation</li> <li>• working conditions</li> </ul>	<b>[6]</b>	Example: A key motivating factor is recognition by managers that workers are worth training (1). Continuous training does this by various methods of training in new equipment, health and safety, etc (1) on a regular basis (1).  Any reason explained: 1 mark for reason + 1 mark for explanation + 1 mark for application to Play Here plc/or example.

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
4	(b)		<p><b>Target: To show understanding of the content of a person specification.</b></p> <p>Characteristics:</p> <ul style="list-style-type: none"> <li>• communication</li> <li>• work with children</li> <li>• artistic ability</li> <li>• design experience</li> <li>• team worker</li> </ul>	[3]	Any suggestion needs to be applied to case study for max 3 marks
4	©		<p><b>Target: To explain different pay systems in the context of the business.</b></p> <p>A salary is a fixed amount paid monthly to the designer. It is fixed and does not take account of hours worked or overtime. Wages are based on hours worked or products made and therefore would be less appropriate for a designer. A designer would have higher status and would be required to work as hard as necessary to get the job done. Wages are usually paid to production workers whose work can be measured.</p>	[6]	<p><b>Level 2 (4-6 marks)</b> Candidate applies the explanation to the business and the type of job being done. Candidate compares both wages and salaries in the context of the business.</p> <p><b>Level 1 (1-3 marks)</b> Candidate shows knowledge of different methods of payment with no reference to the business.</p>
<b>Total</b>				<b>[18]</b>	

# 1051/03 Case Study Paper Foundation Tier

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(a)	<b>Target: to apply knowledge and understanding of stakeholders in Link Spas.</b>		
		<p>Customers - good price quality variety of goods good service buy services from the business</p> <p>Workers - wages security working conditions</p>	[2]	Any reasonable answer 2x1 marks
	(b)	<b>Target: to apply knowledge and understanding and analyse business organisations in relation to Link Spas plc.</b>		
		<p>Any two advantages *2 marks such as: Limited liability for shareholders in LS rather than unlimited liability, meaning liability for debts is limited to investment.(1) This encourages investors in Link Spas.(1)</p> <ul style="list-style-type: none"> <li>• Larger access to finance through sale of shares to the public to expand and build new spas.</li> <li>• Able to compete globally due to more finance eg Poland/EU</li> <li>• Benefit from economies of scale eg buying food for spas.</li> <li>• Continuity of existence – if the Board is dismissed the company will still continue.</li> </ul>	[4]	Limited liability has to be stated in the answer. An answer without the statement is 1 mark only.

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
	(c)		Target: To apply knowledge and understanding of classification of occupations relating to LS.		
			TRUE	[1]	



Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
1 (d)		<p><b>Target: to apply knowledge and understanding of business organisations in terms of Link Spas plc in order to analyse and evaluate different objectives.</b></p> <p>Reasons for changing objectives:</p> <p>Basic references to changing objectives for Level 1.</p> <p>There needs to be a reference to the time element to gain L2.</p> <ul style="list-style-type: none"> <li>• Reference to the business moving forward/time</li> <li>• More people are involved (stakeholders)</li> <li>• Two objectives at least.</li> </ul> <p>Example: the objectives have changed over the years because the business has changed in the following ways. It has changed from a private limited company to a public limited company (L1), which has many more stakeholders and therefore has more responsibility to satisfy those stakeholders (L2). At first Alan's objectives were short term and involved survival and security. He also wanted to use his interest in leisure and sport to be successful in business (L1). Now it is important that he must ensure that the business makes a profit in order to pay dividends to shareholders (L2). It is important that the business continues to change to meet market demands and this would require the company to expand both in terms of the products and services which it provides and in terms of the global market which is opening up. The competition is also growing and many more people are now demanding more personal services. Over the last 20 years more people have become better off and now have disposable income to spend on these luxury services.</p>	[6+2]	<p><b>Level 2 (4-6 marks)</b> Candidate must compare <u>at least two objectives over time</u> in order to evaluate the changing nature and requirements. <u>Evaluation is assessed through the idea of time scale.</u></p> <p><b>In this level candidate should explain and give reasons why the objectives have changed over time, in context.</b></p> <p><b>Level 1 (1-3 marks)</b> Candidate analyses reasons for changes in at least one objective with no real idea of why these have changed over time.</p>

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
				Ideas are expressed clearly, fluently, legibly and in the appropriate way. There are few errors in spelling, punctuation and grammar.	[2]	
				Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar but these do not obscure the meaning of the answer.	[1]	
				Candidate fails to reach the threshold standard in all respects.	[0]	
				<b>Total</b>	<b>[15]</b>	

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(a)	<b>Target: to apply knowledge and understanding, analyse and evaluate that knowledge in terms of LS organisational structure.</b>		
	(i)	Spa Manager	[1]	
	(ii)	3, or 3 job titles listed, but ALL three must be given.	[1]	Do not accept "supervisors"
	(b)	<b>Target: ability to identify, analyse and evaluate problems within LS.</b>		
	(i)	Problems: <ul style="list-style-type: none"> <li>• staff problems with performance appraisal</li> <li>• accidents</li> <li>• complaints from the local community</li> <li>• falling membership applications/renewals</li> <li>• competition from other clubs</li> <li>• rumours/lack of motivation</li> </ul>	[3]	Any 3 *1 mark <ul style="list-style-type: none"> <li>• complaints from the local community includes "noise pollution" and "traffic problems", therefore 1 mark only, not a mark for each.</li> </ul>
	(ii)	Candidate must offer a good reason to explain why one of the problems may be more important than the others. This will depend on which 3 have been chosen.  No mark for choice.	[3]	Example: I think it is more urgent for LS to solve the problems of falling revenue(1) which may be also be affected if they don't solve the problems of accidents in the pool(1). This is more important than the problems with workforce because falling revenue affects the whole business and ultimately jobs(1).  Up to 2 marks only if no comparison. A comparison could be between 2 of the 3 problems stated. It need not be all 3.

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance										
2 (c)		<p><b>Target: to apply knowledge and understanding of the impact of LS on people, the economy and the environment.</b></p> <table border="1" data-bbox="546 411 1263 584"> <tr> <td data-bbox="546 411 1048 443">FACTORS</td> <td data-bbox="1055 411 1263 443">TICK (✓)</td> </tr> <tr> <td data-bbox="546 448 1048 480">Increased employment</td> <td data-bbox="1055 448 1263 480"></td> </tr> <tr> <td data-bbox="546 485 1048 517">Increased traffic</td> <td data-bbox="1055 485 1263 517">✓</td> </tr> <tr> <td data-bbox="546 521 1048 553">Increased taxation</td> <td data-bbox="1055 521 1263 553"></td> </tr> <tr> <td data-bbox="546 558 1048 590">Increased noise</td> <td data-bbox="1055 558 1263 590">✓</td> </tr> </table>	FACTORS	TICK (✓)	Increased employment		Increased traffic	✓	Increased taxation		Increased noise	✓	[2]	
FACTORS	TICK (✓)													
Increased employment														
Increased traffic	✓													
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Increased noise	✓													
(d)		<p><b>Target: ability to analyse and evaluate methods of advertising in relation to increasing revenue for LS.</b></p> <p><b>Choice = 0 marks, as any are feasible.</b></p> <p>Candidate must remember that the objective is to increase revenue so some are more likely to do this than others.</p> <p>Only expect comparison with one for full marks.</p>	[4]	<p><b>Example:</b> the website would be the most effective in increasing sales revenue as this would reach all the market segments (1) which the spas target and more (1). It is easy to set up and to improve regularly unlike the other options, which are irregular, and often cost a lot of money. Leaflets will only reach the local area (2). Endorsement from a sports personality is relatively short lived but effective in the short term, magazines and newspapers are expensive and trade shows are only once or twice a year.</p> <p>A sensible supported answer including the impact on sales revenue is a minimum of 3 marks. No reference to increasing sales revenue is a maximum of 2 marks.</p>										

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(d)	QWC	Ideas are expressed clearly, fluently, legibly and in the appropriate way. There are few errors in spelling, punctuation and grammar	[2]	
			Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar but these do not obscure the meaning of the answer.	[1]	
			Candidate fails to reach the threshold standard in all respects	[0]	
			<b>Total</b>	<b>[16]</b>	

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
3 (a)		<p><b>Target: to show knowledge and understanding and to select information in relation to costs for the spa in Poland.</b></p> <p>Wages or power</p>	[1]	If "Wages/Salaries" = 0 marks 'Salaries' = 0 marks.
(b)		<p><b>Target: to apply knowledge of costs and revenues in order to evaluate future financial decisions to be made by LS.</b></p>		
(i)		600(1) – 75(1 for process) = £525 (1)	[2]	OFR applies
(ii)		<p><b>Target: to select and analyse data in relation to revenue growth at LS.</b></p> <p>26461 – 24510 = 1951 (1), does not need to have a pound sign or to be labelled as "000's"</p> <p><math>\frac{1951}{24510} * 100(1) = 7.96\%</math> (1) does not need to have a %</p> <p>Accept 7.9%</p> <p>Allow 8% if all working shown, only (1 bod) if no working shown</p>	[3]	Accept answer without percentage sign. OFR applies, max 2 marks.

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
3	(b)	(iii)		Candidates need to select two types. Any are relevant; it is the reasoning behind the analysis which is important.		
				<p>Example:</p> <ul style="list-style-type: none"> <li>• annual subscription for individuals and families (counts as 2)</li> <li>• vouchers for individuals and families (counts as 2)</li> <li>• family weekends</li> <li>• individual weekends.</li> </ul> <p>Reasons:</p> <ul style="list-style-type: none"> <li>• in all cases revenue has fallen or stayed the same</li> <li>• group is easier to target</li> <li>• advertising/marketing costs are cheaper</li> <li>• website can be used</li> <li>• possible price change discounts?</li> </ul>		<p>If the prices table is used from resource sheet 1 instead of revenue figures then 0 (zero) marks.</p> <p>Example: Link Spas plc should concentrate on increasing sales of annual subscriptions to families. From the information it looks as though this is an area where demand is growing. For every family membership they get twice as much money as they would get from individual memberships (L2).</p> <p>If candidate only evaluates one up to 3 marks.</p>
						<b>Level 2 (3-4 marks)</b>
						Candidate analyses and evaluates one or two revenue streams in terms of the likelihood of them being improved and how this might be achieved. (3 marks only for one revenue stream)
						<b>Level 1 (1-2 marks)</b>
					<b>[4]</b>	Candidate selects one or two appropriate revenue streams but gives little or no reason as to why they are more important.

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
3	(c)	<b>Target: to apply and analyse market research information relating to personal trainers.</b>		
	(i)	Segments shown on Resource Sheet:  Male and female aged 31-40 (1)	[1]	
	(ii)	300	[1]	
	(iii)	Insurance (1) training (1) advertising (1).	[1]	
	(d)	<p><b>Target: to apply knowledge of different sources of finance and to analyse and evaluate their use in terms of financing the personal trainers.</b></p> <p><b>Overdraft</b> – this is used for ongoing expenditure and is a realistic use of money for financing this option in part. Transport could be used to purchase the van and equipment but variable costs such as petrol could be financed by means of an overdraft.</p> <p><b>Sale of existing spa</b> – this would be a quick way of raising the money due to the buoyant market. However it would result in people losing their jobs and it is a risk in case the plan is unsuccessful. Not really practical as it is too big a move for this plan.</p>		<p><b>Level 2 (3-5 marks)</b> Candidate selects the bank loan with reasons and evaluated why it is better than the others.</p> <p><b>Level 1 (1-2 marks)</b> Candidate selects bank loan and gives superficial reason with no evaluation.</p> <p>An answer of sale of existing spa is not the logical answer. If the candidate justifies their decision in detail then a maximum of 2 marks.</p>



Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
3	(d)		<b>Loan</b> – this is an appropriate amount of money to raise from a loan. However it would depend on how much the bank was prepared to lend. Interest and capital repayments would have to be made. However the term can be fixed and there is much more flexibility for this plan. It can be set up very quickly.	[5]	
			<b>Total</b>	<b>[18]</b>	

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
4			<p><b>Target: to apply knowledge and understanding, analyse and evaluate the plans put forward to the Board of directors of LS plc.</b></p> <p>Any one argument for and against each proposal explained * 2 marks, or any 2 advantages and disadvantages * 1 mark for each part question.</p>		To score 2 marks the candidate must show development of the advantages and disadvantages. Two separate advantages and disadvantages in the one answer and no development scores 1 mark maximum for each part of the question.
(a)	(i)		<p><b>Advantages of personal trainers:</b></p> <ul style="list-style-type: none"> <li>• easy to set up and run</li> <li>• very much cheaper than others</li> <li>• market research shows a definite demand</li> <li>• finance is easier to get</li> <li>• easy to employ staff</li> </ul> <p><b>Disadvantages of personal trainers:</b></p> <ul style="list-style-type: none"> <li>• limited range of services offered</li> <li>• limited geographical sphere</li> <li>• people may try it and not like it</li> <li>• probably will give limited revenue</li> </ul>	[4]	
					Example: An advantage to employing personal trainers is that it is relatively easy and cheap to set up and run (1) and because there are no large buildings or equipment to buy (1).

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
4	(a)	(ii)		<p><b>Advantages of Polish Spa</b></p> <ul style="list-style-type: none"> <li>• large market</li> <li>• open to European mainland</li> <li>• cheaper costs</li> <li>• cheaper land</li> <li>• less legislation</li> <li>• growing economy</li> </ul>		
				<p><b>Disadvantages of Polish Spa</b></p> <ul style="list-style-type: none"> <li>• language</li> <li>• culture</li> <li>• luxury product</li> <li>• limited investment</li> <li>• distance/transport</li> </ul>	[4]	
						Example: A disadvantage of setting up a spa in Poland is the high cost of the expansion.(1) £2m is a lot of money to raise and it is also very risky.(1)
	(b)			<p>Choice = 0 marks.</p> <p>Award up to 3 marks for any well-explained reason to substantiate choice. Answers may be repeat points from advantages already stated in (a)(i) or (a)(ii).</p> <p>I think that it would better for Link Spas to employ trainers to visit peoples' homes. The information shows that there are quite a few people, both male and female who would use this service (1) and it is a lot less expensive than dealing with building and operating large spa abroad.(1) Raising the money for the spa may involve selling off another spa and making people redundant.(1)</p> <p>Up to 2 marks if no comparison made with other proposal.</p>	[3]	
				<b>Total</b>	<b>[11]</b>	

## COPY OF QUALITY OF WRITTEN COMMUNICATION QUESTIONS

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(d)		<p>Reasons for changing objectives:</p> <p>Basic references to changing objectives for Level 1.</p> <p>There needs to be a reference to the time element to gain L2.</p> <ul style="list-style-type: none"> <li>• Reference to the business moving forward/time</li> <li>• More people are involved (stakeholders)</li> <li>• Two objectives at least.</li> </ul> <p>Example: the objectives have changed over the years because the business has changed in the following ways. It has changed from a private limited company to a public limited company (L1), which has many more stakeholders and therefore has more responsibility to satisfy those stakeholders (L2). At first Alan's objectives were short term and involved survival and security. He also wanted to use his interest in leisure and sport to be successful in business (L1). Now it is important that he must ensure that the business makes a profit in order to pay dividends to shareholders (L2). It is important that the business continues to change to meet market demands and this would require the company to expand both in terms of the products and services which it provides and in terms of the global market which is opening up. The competition is also growing and many more people are now demanding more personal services. Over the last 20 years more people have become better off and now have disposable income to spend on these luxury services.</p>		<p><b>Level 2 (4-6 marks)</b> Candidate must compare <u>at least two objectives over time</u> in order to evaluate the changing nature and requirements. <u>Evaluation is assessed through the idea of time scale.</u></p> <p><b>In this level candidate should explain and give reasons why the objectives have changed over time, in context.</b></p> <p><b>Level 1 (1-3 marks)</b> Candidate analyses reasons for changes in at least one objective with no real idea of why these have changed over time.</p>

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
	QWC	<p>Ideas are expressed clearly, fluently, legibly and in the appropriate way. There are few errors in spelling, punctuation and grammar.</p> <p><b>[2]</b> Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar but these do not obscure the meaning of the answer.</p> <p><b>[1]</b> Candidate fails to reach the threshold standard in all respects.</p> <p><b>[0]</b></p>	<b>[6+2]</b>	

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(d)		<p><b>Target: ability to analyse and evaluate methods of advertising in relation to increasing revenue for LS.</b></p> <p><b>Choice = 0 marks, as any are feasible.</b></p> <p>Candidate must remember that the objective is to increase revenue so some are more likely to do this than others.</p> <p>Only expect comparison with one for full marks.</p>		<p><b>Example:</b> the website would be the most effective in increasing sales revenue as this would reach all the market segments (1) which the spas target and more (1). It is easy to set up and to improve regularly unlike the other options, which are irregular, and often cost a lot of money. Leaflets will only reach the local area (2). Endorsement from a sports personality is relatively short lived but effective in the short term, magazines and newspapers are expensive and trade shows are only once or twice a year.</p> <p>A sensible supported answer including the impact on sales revenue is a minimum of 3 marks. No reference to increasing sales revenue is a maximum of 2 marks.</p>
2	(d)	<b>QWC</b>	<p>Ideas are expressed clearly, fluently, legibly and in the appropriate way. There are few errors in spelling, punctuation and grammar <b>[2]</b></p> <p>Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar but these do not obscure the meaning of the answer. <b>[1]</b></p> <p>Candidate fails to reach the threshold standard in all respects <b>[0]</b></p>		

# 1051/04 Case Study Paper Higher Tier

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
1 (a)		<p><b>Target: to apply knowledge and understanding and analyse business organisations in relation to Link Spas plc.</b></p> <p>Any two advantages explained *2 marks such as:</p> <ul style="list-style-type: none"> <li>• Larger access to finance through sale of shares to the public to expand and build new spas.</li> <li>• Able to compete globally due to more finance eg Poland/EU</li> <li>• Benefit from economies of scale eg buying food for spas.</li> <li>• Continuity of existence – if the Board is dismissed the company will still continue.</li> </ul>	[4]	<p>Limited liability for shareholders in LS rather than unlimited liability, meaning liability for debts is limited to investment(1). This encourages investors in Link Spas(1)</p> <p>Limited liability has to be stated in the answer. An answer without the statement is 1 mark only.</p>
(b)		<p><b>Target: to apply knowledge of HRM issues, analyse and evaluate methods to solve those issues at LS.</b></p> <p>HRM problems:</p> <ul style="list-style-type: none"> <li>• performance appraisal</li> <li>• seasonal workers</li> <li>• rumours and motivation.</li> </ul>		

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(b)	<p>Solutions:</p> <ul style="list-style-type: none"> <li>• communication – meetings, information leaflets regarding closure. Information about packages to be offered. Interviews with Reg. Perhaps organising retirement do, perhaps saying that it would be good for his final pay</li> <li>• give incentives for seasonal workers to return. Minimum wage provisions</li> <li>• encourage staff to be motivated by social activities, investors in people, ongoing training such as NVQ</li> <li>• negotiation about conditions of work, holiday provision.</li> </ul> <p>Exemplar answer for one problem: Mosin has problems with Reg in terms of the implementation of the performance appraisal system. Reg is an older worker and he is set in his ways. In order to get Reg on side about the performance appraisal he needs to have a meeting with Reg and explain exactly what the system means, the type of information that would be needed and the time it would take. It might be a good idea to explain that it would emphasise Reg's experience, his expertise and his final pay and may be influential towards giving him a better pension. It is important that Mosin is tactful in his approach to Reg and does not simply impose the system without proper explanation. This may result in Reg getting the unions involved and this would cause more problems for the business. (L3 if 2 problems are evaluated)</p>	[6]	<p><b>Level 3 (5-6 marks)</b> Has analysed one HRM problem and has justified solutions to deal with that problem Maximum 5 marks Has evaluated at least two HRM problems and has justified solutions to deal with those problems 6 marks</p> <p><b>Level 2 (3-4 marks)</b> Has analysed one or two HRM problems with one solution.</p> <p><b>Level 1 (1-2 marks)</b> Has commented on one or two HRM problems and has not suggested solutions.</p> <p>Any answer that includes references to “the sack”, to “paying bonuses”, and “wait for him to leave” are not valid responses because they are not viable in the business world in the short term. An answer which states that the cleaner who missed the glass should be warned is appropriate. The appraisal system is a policy of Link Spas and must apply to everyone.</p>



Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(c)	<p><b>Target: to apply knowledge and understanding of business organisations in terms of Link Spas plc in order to analyse and evaluate different objectives.</b> Reasons for changing objectives:</p> <p>Example: the objectives have changed over the years because the business has changed in the following ways. It has changed from a sole trader to a public limited company (L1), which has many more stakeholders and therefore has more responsibility to satisfy those stakeholders (L2). At first Allen's objectives were short term and involved survival and security. He also wanted to use his interest in leisure and sport to be successful in business (L1). Now it is important that he must ensure that the business makes a profit in order to pay dividends to shareholders (L2). It is important that the business continues to change to meet market demands and this would require the company to expand both in terms of the products and services which it provides and in terms of the global market which is opening up. The competition is also growing and many more people are now demanding more personal services. Over the last 20 years more people have become better off and now have disposable income to spend on these luxury services. Size is an important factor here.</p>	6+2	<p><b>Level 2 (4-6 marks)</b> Candidate must compare at least two objectives over time in order to evaluate the changing nature and requirements. Evaluation is assessed through the idea of time scale.</p> <p><b>Level 1 (1-3 marks)</b> Candidate analyses reasons for changes in at least one objective with no real idea of why these have changed over time.</p>

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(c)		<p>Ideas are expressed clearly, fluently, legibly and in the appropriate way. There are few errors in spelling, punctuation and grammar. [2]</p> <p>Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar but these do not obscure the meaning of the answer. [1]</p> <p>Candidate fails to reach the threshold standard in all respects. [0]</p>		
			<b>Total</b>	<b>[18]</b>	

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(a)	<p><b>Target: ability to apply and analyse knowledge and understanding of quality and quality assurance Link spas plc.</b></p> <p>Example:</p> <p>Quality service is important to LS because they offer an exclusive and luxury service which costs a lot of money (L1). It is important that they provide an excellent environment; good helpful staff and the customers feel safe. This will encourage customers to return or to renew their membership and this will increase sales revenue (L2).</p> <p>Any reason developed.</p>	<b>[4]</b>	<p><b>Level 2 (3-4 marks)</b> Has identified and analysed reason/s for quality service with specific application to Link Spas.</p> <p><b>Level 1 (1-2 marks)</b> Has identified some reasons for Link Spas needing a quality service with little or no development.</p> <p>No reference to Link Spas plc is maximum of 1 mark</p>
	(b)	<p><b>Target: to apply knowledge of organisation charts in order to discuss delegation at LS.</b></p> <p>Delegation is the passing down of jobs to subordinates, (1) for example from Spa Manager to Assistant managers (1). The Spa manager will retain ultimate responsibility (1).</p>	<b>[3]</b>	

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(c)	<p><b>Target: ability to analyse and evaluate methods of advertising in relation to increasing revenue for LS.</b></p> <p><b>Choice = 0 marks as any are feasible.</b></p> <p>Candidate must remember that the objective is to increase revenue so some are more likely to do this than others.</p> <p><b>Example:</b> the website would be the most effective in increasing sales revenue (1) as this would reach all the market segments which the spas target and more (1). It is easy to set up and to improve regularly unlike the other options, which are irregular, and often cost a lot of money. Leaflets will only reach the local area (2). Endorsement from a sports personality is relatively short lived but effective in the short term, magazines and newspapers are expensive and trade shows are only once or twice a year.</p> <p>Only expect comparison with one for full marks.</p> <p>Ideas are expressed clearly, fluently, legibly and in the appropriate way. There are few errors in spelling, punctuation and grammar. [2]</p> <p>Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar but these do not obscure the meaning of the answer. [1]</p> <p>Candidate fails to reach the threshold standard in all respects. [0]</p>		<p>A sensible supported answer including the impact on sales revenue is a minimum of 3 marks.</p> <p>No reference to increasing sales revenue is a maximum of 2 marks.</p>
		<b>Total</b>	<b>[13]</b>	

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
3 (a)		<b>Target: to apply knowledge of costs and revenues in order to evaluate future financial decisions to be made by LS.</b>		
	(i)	600(1) – 75(1 for process) = £525 (1) OFR applies 1 mark deducted for no £ sign	[2]	OFR applies
	(ii)	26461 - 24510 = 1951 (1), does not need to have a pound sign or to be labelled as “000’s” $\frac{1951}{24510} * 100(1) = 7.96\% (1)$ does not need to have a % Accept 7.9% Allow 8% if all working shown, only (1 bod) if no working shown	[3]	Accept answer without percentage sign. OFR applies, max 2 marks.
	(iii)	Candidates need to select two types. Any are relevant; it is the reasoning behind the analysis which is important. Example: <ul style="list-style-type: none"> <li>• annual subscription for individuals and families (counts as 2)</li> <li>• vouchers for individuals and families (counts as 2)</li> <li>• family weekends</li> <li>• individual weekends.</li> </ul> Reasons: <ul style="list-style-type: none"> <li>• in all cases revenue has fallen or stayed the same</li> <li>• group is easier to target</li> <li>• advertising/marketing costs are cheaper</li> <li>• website can be used</li> <li>• possible price changes discounts?</li> </ul>	[4]	If the prices table is used from resource sheet 1 instead of revenue figures then 0 (zero) marks.  <b>Level 2 (3-4 marks)</b> Candidate analyses and evaluates one or two revenue streams in terms of the likelihood of them being improved and how this might be achieved. (3 marks only for one revenue stream)  <b>Level 1 (1-2 marks)</b> Candidate selects one or two appropriate revenue streams but gives little or no reason as to why they are more important.

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
3					
	(b)		<b>Target: to apply knowledge and understanding of market research methods, analyse and evaluate that knowledge in relation to the market research used by Link Spas.</b>		
		(i)	Award 1 mark for the reason applied to Polish Spa and up to 2 further marks for analysis and judgement.	<b>[3]</b>	Link Spas employ market research agencies because they are experts in collecting information for a specific purpose such as opening a spa in Poland (1). It would be difficult for Bath Spas to carry out either primary or secondary research into this option since there would be problems of language, culture and legislation to deal with (2).

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
3	(b)	(ii)		<b>Target: to select information from market research findings and evaluate in terms of LS future plans.</b>		
				Segments shown on Resource Sheet: Male and female aged 31-40 (1)	[1]	
	©			<p><b>Target: to apply knowledge of methods of finance to analyse and evaluate different ways of financing LS' plans.</b></p> <p><b>Personal trainers – Bank Loan</b> – this is an appropriate amount of money to raise from a loan. However it would depend on how much the bank was prepared to lend. Interest and capital repayments would have to be made. However the term can be fixed and there is much more flexibility for this plan. It can be set up very quickly. Overdraft is not appropriate as this is generally regarded as short term and for the day to day running of the business. The other two options are for major capital investment and are long term.</p> <p><b>Polish Spa</b> – either sale of shares or sale of existing spa. Sale of shares would have less effect on the workforce but is a long-term solution which takes some time to set up and dilutes the value of the existing shares. A combination of sale of shares and a loan may be the way forward.</p>		<p><b>Level 2 (5-8 marks)</b> Has analysed at least two forms of finance and evaluated them in terms of one of the options.</p> <p>No use of data or figures from the case study is a maximum of six marks.</p> <p><b>Level 1 (1-4 marks)</b> A weak analysis of one or more method of finance, not linked to a choice of option, maximum two marks. Has commented on one or more methods of finance with little or no analysis in terms of one of the options maximum four marks.</p>
				<b>Total</b>	<b>[21]</b>	

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
4		<p><b>Target: to apply knowledge and understanding, analyse and evaluate the plans put forward to the Board of directors of LS plc.</b></p> <p><b>Points to consider:</b></p> <p><b>Advantages of personal trainers:</b></p> <ul style="list-style-type: none"> <li>• easy to set up and run</li> <li>• very much cheaper than others</li> <li>• market research shows a definite demand</li> <li>• finance is easier to get</li> <li>• easy to employ staff.</li> </ul> <p><b>Disadvantages of personal trainers:</b></p> <ul style="list-style-type: none"> <li>• limited range of services offered</li> <li>• limited geographical sphere</li> <li>• people may try it and not like it</li> <li>• probably will give limited revenue.</li> </ul> <p><b>Advantages of Polish Spa</b></p> <ul style="list-style-type: none"> <li>• large market</li> <li>• open to European mainland</li> <li>• cheaper costs</li> <li>• cheaper land</li> <li>• less legislation</li> <li>• growing economy.</li> </ul> <p><b>Disadvantages of Polish Spa</b></p> <ul style="list-style-type: none"> <li>• language</li> <li>• culture</li> <li>• luxury product</li> <li>• limited investment</li> <li>• distance/transport.</li> </ul>	<p>[4]</p> <p>[4]</p>	



Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
		<p>Exemplar: investing in new services such as personal trainers would be less of a financial risk than opening a new spa in Poland which carries with it not only increased financial risk but also the unknown market and culture in which the business will operate. This could result in failure of the option and a greater risk to the shareholders (L2). However although employing personal trainers is the safer option in the short term that market in this country is limited and there is a large amount of competition already. It may be the case that in the long term investment in a new growing market which is relatively close geographically would be the best move for the business at this point (L3).</p>		<p><b>Level 3 (6-8 marks)</b> Candidate has analysed arguments for and against plans and has given a substantiated opinion in context.</p> <p>No use of data or figures from the case study is a maximum of six marks.</p> <p><b>Level 2 (3-5 marks)</b> Candidate has attempted to analyse the arguments without a reasoned opinion OR has analysed <u>only one side of the argument</u> giving a reasoned opinion.</p> <p><b>Level 1 (1-2 marks)</b> Has commented on the arguments for and/or against and may have given an opinion without adequate reason.</p>
		<b>Total mark</b>	<b>[8]</b>	

## COPY OF QUALITY OF WRITTEN COMMUNICATION QUESTIONS

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
1 (c)		<p><b>Target: to apply knowledge and understanding of business organisations in terms of Link Spas plc in order to analyse and evaluate different objectives.</b></p> <p>Reasons for changing objectives:</p> <p>Example: the objectives have changed over the years because the business has changed in the following ways. It has changed from a sole trader to a public limited company (L1), which has many more stakeholders and therefore has more responsibility to satisfy those stakeholders (L2). At first Allen's objectives were short term and involved survival and security. He also wanted to use his interest in leisure and sport to be successful in business (L1). Now it is important that he must ensure that the business makes a profit in order to pay dividends to shareholders (L2). It is important that the business continues to change to meet market demands and this would require the company to expand both in terms of the products and services which it provides and in terms of the global market which is opening up. The competition is also growing and many more people are now demanding more personal services. Over the last 20 years more people have become better off and now have disposable income to spend on these luxury services. Size is an important factor here.</p>	<b>[6+2]</b>	<p><b>Level 2 (4-6 marks)</b> Candidate must compare at least two objectives over time in order to evaluate the changing nature and requirements. Evaluation is assessed through the idea of time scale.</p> <p><b>Level 1 (1-3 marks)</b> Candidate analyse reasons for changes in at least one objective with no real idea of why these have changed over time.</p>

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(c)		<p>Ideas are expressed clearly, fluently, legibly and in the appropriate way. There are few errors in spelling, punctuation and grammar. <b>[2]</b></p> <p>Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar but these do not obscure the meaning of the answer. <b>[1]</b></p> <p>Candidate fails to reach the threshold standard in all respects. <b>[0]</b></p>		

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(c)		<p><b>Target: ability to analyse and evaluate methods of advertising in relation to increasing revenue for LS.</b></p> <p><b>Choice = 0 marks as any are feasible.</b></p> <p>Candidate must remember that the objective is to increase revenue so some are more likely to do this than others.</p> <p><b>Example:</b> the website would be the most effective in increasing sales revenue (1) as this would reach all the market segments which the spas target and more (1). It is easy to set up and to improve regularity unlike the other options, which are irregular, and often cost a lot of money. Leaflets will only reach the local area (2). Endorsement from a sports personality is relatively short lived but effective in the short term, magazines and newspapers are expensive and trade shows are only once or twice a year.</p> <p>Only expect comparison with one for full marks.</p> <p>Ideas are expressed clearly, fluently, legibly and in the appropriate way. There are few errors in spelling, punctuation and grammar. <b>[2]</b></p> <p>Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar but these do not obscure the meaning of the answer. <b>[1]</b></p> <p>Candidate fails to reach the threshold standard in all respects. <b>[0]</b></p>	<b>[4]</b>	<p>A sensible supported answer including the impact on sales revenue is a minimum of 3 marks.</p> <p>No reference to increasing sales revenue is a maximum of 2 marks.</p>

# 1951/01 Foundation Common Core

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(a)	(i)	5.1.1	Private sector organisations: <ul style="list-style-type: none"> <li>• Corner Shop Ltd</li> <li>• Bowton Athletic Football Club plc</li> <li>• Bowton Building Society</li> <li>• Royal Oak Hotel Ltd.</li> <li>• Mencaster Sixth Form College (allow)</li> </ul> Public sector organisations: <ul style="list-style-type: none"> <li>• Bowton NHS Hospital</li> <li>• Mencaster Borough Council</li> <li>• Mencaster Sixth Form College.</li> </ul>	[2]	<b>Target: Ability to apply knowledge of public and private sectors.</b>  One mark for each correct answer. NB Mencaster Sixth Form College could be either public or private.  1 + 1 = 2
1	(a)	(ii)	5.1.1	Private sector <ul style="list-style-type: none"> <li>• Owned by individuals/shareholders/privately owned (1), exist to make a profit (1), include sole traders/partnerships/limited companies (1) <i>some</i> have limited liability (1).</li> </ul>	[2]	<b>Target: Knowledge of the main features of private and public sector organisations.</b>  One mark for each feature stated.  <b>Max : 2</b>
1	(a)	(iii)		Public sector <ul style="list-style-type: none"> <li>• Owned by the state/central government/publicly owned (1) by local councils or as public corporations (1) may not aim to make a profit (1) but to provide a service (1). Funded by the government/through tax (1)</li> </ul>	[2]	One mark for each feature stated.  <b>Max : 2</b>

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(b)  (i)	5.1.1	The biggest percentage sales in 2007 were made to private sector.	[1]	<b>Target: Ability to apply numeracy skills to business data</b> One mark for the correct answer.
1	(b)  (ii)	5.1.1	<ul style="list-style-type: none"> <li>• <math>\frac{\pounds 2m \times 40}{100}</math> (1) = £800,000 (1)</li> <li>• 40% of £2million (1)</li> </ul>	[2]	Two marks for the correct answer, one mark for an appropriate method where an incorrect answer has been given. £ sign not necessary
1	(c)	5.1.3	<ul style="list-style-type: none"> <li>• <i>Having a stand at a trade exhibition</i> (1) because this will make the consultants/architects/surveyors/customers aware of Airtight Ltd (1) and these will recommend them to businesses (1) when they are dealing with their building needs (1).</li> <li>• <i>Advertising in local trade magazines</i> (1) this will raise awareness (1) amongst retailers (1) who will read these types of magazines (1). It will cost less than national advertising/cut down the amount of money they have to spend (1) because it will target the right customers (1) This is good local because business will attract other local businesses/shopkeepers are likely to buy it as it is a retail magazine (1) would be able to use glossy and colourful images (1).</li> <li>• <i>Having a web-site</i> (1) which will raise awareness of Airtight Ltd (1) because people who need air conditioning will look up firms on the internet (1) because it is a cheap and quick way of finding things out (1). Also it will not cost Airtight Ltd a lot of money to</li> </ul>		<p><b>Target: Ability to evaluate the appropriateness of different methods of advertising.</b></p> <p>One mark for selecting an appropriate response, one mark for each point of development. Advertising in the national press is <b>not</b> to be credited. Advertising on TV has to be specified as <b>local</b> TV. NB raising awareness can be credited on both methods.</p> <p><b>QWC:</b> indicate this by ticks under the question total on the script, no tick equals no marks</p> <p>3 + 3 or 4 + 2 = 6</p>

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
		<p>advertise in this way (1).They can put a lot of information in the website (1) It is interactive (1) and it can be updatet regularly (1).</p> <ul style="list-style-type: none"> <li>• Advertising on <b>Local/regional</b> Television (1) reaches a large audience (1), so the expense is worthwhile (1). Catches people's attention/uses colour (1).</li> </ul>	<b>[6+2]</b>	
		<p>Candidates will also be assessed for the quality of their written communication, according to the following criteria:</p> <p>Ideas expressed clearly, fluently, legibly and in an appropriate way. There are few errors in spelling, punctuation and grammar. <b>[2]</b></p> <p>Straightforward ideas are expressed relatively clearly, legibly and appropriately. there may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer. <b>[1]</b></p> <p>Candidate fails to reach the threshold standard in all respects. <b>[0]</b></p>		

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(d)		5.1.3			<b>Target: Ability to interpret and evaluate statistical data.</b>
		(i)		<ul style="list-style-type: none"> <li>May has the highest sales.</li> </ul>	[1]	One mark for correct answer.
1	(d)	(ii)	5.1.3	<ul style="list-style-type: none"> <li>Sales will be highest in the early months of the year (1) to prepare for the hot weather (1) and in the summer months (1) of the year when the weather will be the hottest (1). All to do with seasons (1)</li> </ul>	[2]	<ul style="list-style-type: none"> <li>One mark for a description of the pattern of sales, one for appropriate explanation.</li> <li>Must make some reference to seasonal temperatures</li> </ul> <p>1 + 1 = 2</p>
1	(d)	(iii)	5.1.3	<ul style="list-style-type: none"> <li>Its income will be high in the spring/summer months (1) and low in autumn and winter (1). This may mean it has difficulty paying its costs in autumn winter (1).</li> <li>It may not be a problem if the business can get an overdraft (1) or they have enough cash (1) to see it through the period when there is negative cash flow (1).</li> <li>If they plan ahead (1) it may reduce future cash flow problems (1).</li> <li>Any reference to profit is no credit = 0 marks</li> </ul>	[3]	One mark for each point of justification of their conclusion ie for saying what the problem is and explaining why it is not a problem or for explaining how the business can deal with the situation so that it is not a problem.



Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(a)	5.1.3	<p>Circular pipes – recommended method of production.</p> <ul style="list-style-type: none"> <li>Flow production (1) because it will be a standardised product (1) so cheaper to produce (1) it will achieve economies of scale (1) technology can be applied/machinery can be used (1) semi-skilled labour (1) reduction in labour costs (1) pipes can be produced quickly (1)</li> </ul> <p>Square pipes – recommended method of production.</p> <ul style="list-style-type: none"> <li>Job production (1) because this needs to be made individually/one-off production (1) to fit the specific situation/methods have to be precise (1). And to avoid wastage (1).</li> </ul>	[6]	<p><b>Target: Ability to evaluate the appropriateness of different methods of production.</b></p> <p>One mark for selecting an appropriate method, one mark for each point of elaboration Credit only <b>new</b> information that adds to the information in the rubric <b>No reward for repeating the rubric.</b></p> <p>2 x 3 or 2 X 4 = 6</p>

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(b)	5.1.3	<p>Advantages</p> <ul style="list-style-type: none"> <li>• New technology should reduce costs (1) because less workers will be needed (1) as the productivity of workers improves (1) because the production can be automated (1).</li> <li>• Individually designed pipes can be made/production can be flexible (1) as machines can be programmed to meet the needs of different customers (1) and they can be controlled by computer/using CAD/CAM (1).</li> <li>• Repetitive and dangerous jobs (1) can be done by machines instead which reduces risks for Airight Ltd (1), problems arising from injured staff (1) reduces compensation to be paid out (1),</li> <li>• The quality of production may improve (1) because machines tend to make less mistakes than people (1) so less waste (1) and costs lower (1). Produces less waste (1).</li> <li>• Faster production (1) and larger amounts can be made (1) using continuous production (1) which may reduce costs (1) due to technical economies of scale (1). So they can make more (1) and sell more (1)</li> <li>• The products will be the same/standardised (1)</li> <li>• The job will be quicker/takes less time (1) so more could be made (1) machines work non-stop/don't need a break (1).</li> </ul> <p>Disadvantages</p> <ul style="list-style-type: none"> <li>• Manufacturing workers may need to be laid off/made redundant (1) and this may cost in terms of redundancy money (1). Bad publicity for the company (1)</li> </ul>		<p><b>Target: Ability to apply knowledge of the advantages and disadvantages of using new technology.</b></p> <p>One mark for identifying an advantage/disadvantage to the business; one for explaining it.</p> <p>4 x 2 = 8</p> <p>No marks for repetition.</p>

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
		<ul style="list-style-type: none"> <li>• New workers may need to be recruited (1) to run/maintain the machines (1) and this costs money (1) and time (1).</li> <li>• Production may stop (1) if the machines break down (1) or there is a power cut (1) which means money will be lost (1)</li> <li>• The machines may be expensive to buy and install (1) so the firm is risking a lot of money by investing in them (1).</li> <li>• Workers will need training (1) to be able to function the equipment efficiently (1)</li> <li>• Running costs may increase (1) for example increases in electricity costs (1), maintaining equipment (1)</li> <li>• Staff may leave as a result of this change (1) because they find it difficult to adjust to new ways of working (1).</li> </ul>	<b>[max 8]</b>	

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(c)		5.1.1	<p>Advantage</p> <ul style="list-style-type: none"> <li>• Airight Ltd may be able to get motors more cheaply (1) by buying from China because they have cheaper labour/are more efficient (1).</li> <li>• A rise in exchange rates would lead to lower prices (1).</li> </ul> <p>Disadvantages Airight may have problems importing from China:</p> <ul style="list-style-type: none"> <li>• they will need to change the currency (1) which costs money/commission (1)</li> <li>• there may be delays in receiving the goods (1) because it is a long way to transport the goods (1)</li> <li>• there may be problems in communications (1) because China is a long way away/because of language differences (1). Instructions might not be in English (1).</li> <li>• A fall in exchange rates would lead to higher prices (1).</li> <li>• Possible quality assurance problems (1) for example unable to visit/monitor factory production (1); working to different quality standards (1).</li> <li>• Possible ethical issues (1) company gets poor publicity (1) as a result of its association with the firm (1).</li> </ul>	<b>[4+2]</b>	<p><b>Target: Knowledge of the advantages and disadvantages of foreign trade to Airight.</b> One mark for each problem and one mark for any point of explanation.</p> <p>2 x 2 = 4 + 2 (QWC)</p> <p><b>QWC:</b> indicate this by ticks under the question total on the script, no tick equals no marks</p> <p>Candidates will also be assessed for the quality of their written communication, according to the following criteria:</p> <p><i>Ideas expressed clearly, fluently, legibly and in an appropriate way. There are few errors in spelling, punctuation and grammar. [2]</i></p> <p><i>Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer. [1]</i></p> <p><i>Candidate fails to reach the threshold standard in all respects. [0]</i></p>

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
3	(a)	(i)	5.1.3	<ul style="list-style-type: none"> <li>The information will help the bank manager to judge if the business is likely to succeed (1) if they will be able to repay the loan (1) they both have past experience (1) They will know how to start the business up (1) The information would tell the bank manager that Nazeem and Andrea each bring different but relevant skills (1) to the business. <b>Max of 2 for general points.</b></li> <li>Detailed/Explanation points: to show that they are very specialised in that industry (1)</li> </ul> <p>As an engineer, Nazeem will be able to work on/control production/how to make the products (1) deciding what systems businesses need (1). Andrea will be able to use her marketing expertise to research the market (1) and to find customers (1) to sell the systems (1). She will already have contacts who might become customers (1),</p> <ul style="list-style-type: none"> <li>Reference to experience (1) professional expertise (1) because they will know what they are doing (1).</li> <li>Banks prefer to lend to professional people (1) more likely to repay the loan (1)</li> </ul>	[4]	<p><b>Target: Ability to evaluate the relevance of business experience to the success of a new business.</b></p> <p>Credit two general points (two marks maximum) .</p> <p>Credit detailed/explanatory points written about Nazeem and Andrea by one mark each. Eg look for some explanation of how engineering skills and marketing skills would help the business.</p> <p>NB Maximum of 3 marks if the candidate only writes about one person (Nazeem or Andrea).</p> <p>Max: 4</p>

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
3	(a)	(ii)	5.1.1	<p>How many other firms manufactured and fitted air conditioning units in the county of Moorshire. <b>ie amount of competition</b></p> <ul style="list-style-type: none"> <li>This will show how much competition there is (1). The more competition there is, the less Airight Ltd will be likely to sell (1) and so the lower will be its revenue/profits (1).</li> </ul> <p>What prices were charged by competitors for air conditioning units. <b>ie pricing strategies</b></p> <ul style="list-style-type: none"> <li>The lower the prices charged by competitors (1) the less will be the profits of Airight Ltd (1). Airight Ltd may not be able to charge more than its competitors (1)/its prices will be affected by what the competitors charge (1).</li> <li>Airight might be able to charge lower prices to undercut the competition (1) and gain more sales (1) leading to increased revenue (1).</li> </ul>		<p><b>Target: Ability to evaluate external influences on business success.</b></p> <p>One mark for each point explaining how the information would help the bank manager to assess the chances of success of the proposed business.</p> <p>Must be why the <b>BANK</b> not Airight needs the information.</p> <p>3 x 2 = 6</p>
				<p>How many firms, other than air conditioning firms existed in the area of Moorshire. <b>ie customer base</b> – be wary of answers relating to competition, must be about potential customer.</p> <ul style="list-style-type: none"> <li>The more firms that there are (1) the more customers that Airight Ltd is likely to have (1).</li> </ul>	[6]	

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
3	(b)	5.1.3	<p>Purchase of factory (1)</p> <ul style="list-style-type: none"> <li>Mortgage (1) because these are special loans used to buy property (1). The factory will be a large amount of money (1) and the mortgage will allow it to be paid off over a long period of time (1) in monthly payments (1). A negative is that interest has to be paid (1).</li> </ul> <p>Purchase of raw materials (1)</p> <ul style="list-style-type: none"> <li>Trade credit (1). This allows them 90 days before paying for the materials (1) so they can make the air conditioning systems (1) and sell them to customers (1) so earning revenue (1) with which they can then pay for the materials (1). Trade credit is usually interest free (1) so they do not need to pay interest on a loan or overdraft (1).</li> </ul> <p>Sale of assets</p> <ul style="list-style-type: none"> <li>Andrea and Nazeem may raise finance by selling any private assets (1) such as their house/remortgaging (1)</li> </ul>	[2x3or 2+4=6]	<p><b>Target: The ability to evaluate the appropriateness of different forms of finance.</b></p> <p>One mark for correctly identifying an appropriate source of finance and one mark for each point of justification of that source.</p> <p><math>2 \times 3</math> or <math>2 + 4 = 6</math></p> <p>NB Sales of assets will need to be very precise – the business has no assets yet as it is just starting, so reward only an answer that clearly identifies the owners will sell their personal assets. Sale of assets on its own will get no reward.</p>
3	(c)	5.1.2	<ul style="list-style-type: none"> <li>If the business goes into <u>liquidation</u> and it has <u>debts</u> it must sell off its <u>assets</u> to raise money. The owners do not have to sell their <u>private possessions</u> to raise money.</li> </ul>	[4]	<p><b>Target: Knowledge of the advantages of limited companies.</b></p> <p>One mark for each one appropriate use of the terms in explaining limited liability.</p> <p>Max: 4</p>

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
3	(d)	(i)	5.1.2	<ul style="list-style-type: none"> <li>• A limited company can have more owners (1) than partnerships. The owners are shareholders (1) who put money in by buying shares(1).</li> <li>• A limited company can have liability (1) which means it would be less of a risk for investors to invest in their business (1) because their private possessions would not need to be sold (1) to pay off any unpaid debts (1) in the event of going into liquidation (1).</li> </ul>	[2x1or 1+1=2]	<p><b>Target: Knowledge of the advantages of limited companies.</b></p> <p><b>No mark for repeating stem: raise more money</b></p> <p>One mark for each appropriate point.</p> <p>2 x 1 or 1 + 1 = 2</p>
3	(d)	(ii)	5.1.3	<ul style="list-style-type: none"> <li>• Nazeem and Andrea may need more money in order to expand the business (1) perhaps by buying bigger premises or more machinery (1).</li> <li>• They may need money to buy new vans {or equipment} (1) when the old ones are no good any more (1).</li> <li>• They may need money to pay for advertising (1) in order to gain more customers (1).</li> <li>• They have spent all their own savings/money (1) unable to borrow more money (1).</li> </ul>	[2]	<p><b>Target: Ability to explain why firms need to raise finance.</b></p> <p>One mark for each appropriate reason plus point of explanation.</p> <p>Do not award any marks for paying off debts.</p> <p>Max: 2</p>



Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
4	(a)	(i)	5.1.4	£492 - £72 (1) = £420 (2).	[2]	<p><b>Target: Ability to apply numerical skills to business data.</b></p> <p>Two marks for the correct answer, one mark for an appropriate method if the answer is incorrect.</p> <p>£ sign not necessary</p> <p>Max : 2</p>
		(ii)	5.1.4	<ul style="list-style-type: none"> <li>• <math>\frac{£72}{4}</math> (1) = £18 (2)</li> </ul>		<p>Two marks for the correct answer, one mark for an appropriate method if the answer is incorrect.</p> <p>£ sign not necessary</p> <p>Max: 2</p>
		(iii)	5.1.4	<p>Workers need extra pay to encourage them to work extra hours (1) as they are giving up their leisure time (1).</p> <p>So company can meet deadlines/targets (1)</p> <p>Worker is working more hours than they should be (1).</p>		<p><b>Target: Ability to evaluate the appropriateness of a method of motivation.</b></p>
					[2]	<p>One mark for each appropriate point.</p> <p>Benefit to the business <b>NOT</b> the worker.</p> <p>Max: 2</p>

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
4	(a)	(iv)	5.1.4	<p><b>Statement</b> Tick the <i>three</i> statements that are disadvantages of paying piece rates to air conditioning engineers.</p> <p>The engineers will concentrate better on their work to get more done.</p> <p>The engineers may rush their work leading to poorer quality. ✓</p> <p>Airight Ltd will fit more air conditioning units in the same amount of time.</p> <p>Airight Ltd could get a reputation for poor workman ship. ✓</p> <p>Airight Ltd would need to employ people to check the quality of the work done by its engineers to reduce mistakes. ✓</p> <p>Engineers would need more training.</p>	[3]	<p><b>Target: Ability to evaluate the appropriateness of different forms of motivation.</b></p> <p>One mark for each correctly ticked response.</p>

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
4	(b)	(i)	5.1.4	<ul style="list-style-type: none"> <li>Redundancy is when a worker is laid off (1) because there is no work for him to do (1) perhaps because the firm goes out of business (1) or it is losing sales (1) or new technology is introduced (1).</li> </ul>	[2]	<p><b>Target: Knowledge of the term redundancy.</b></p> <p>One mark for each relevant point.</p> <p>Max: 2</p>
4	(b)	(ii)	5.1.2	<p>Advantages</p> <ul style="list-style-type: none"> <li>Keep all profits (1) no one to share profits with (1)</li> <li>Own Boss (1) Makes all decisions/is in sole charge/ holidays anytime/ own hours/no one tells him what to do (1).</li> <li>Easy/cheap to set up – few forms/no need for a Deed of Partnership for example.</li> <li>Private financial information – does not need to publish accounts.</li> </ul>	[4]	<p><b>Target: Ability to apply knowledge of the advantages and disadvantages of being a sole trader.</b></p> <p>One mark for stating an advantage, one mark for an explanation of why it exists or why it is an advantage.</p> <p><b>Credit any own boss statements only once plus any explanation only once.</b></p> <p>2 + 2 = 4</p>

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
4	(b)	(iii)		<p>Disadvantages</p> <ul style="list-style-type: none"> <li>• Unlimited liability(1) risk to private possessions (1)</li> <li>• Shortage of capital (1) limited own funds/problems of getting bank loans (1)</li> <li>• Illness (1) no one else to run the business (1)</li> <li>• Long hours (1) sole responsibility (1)</li> <li>• Shortage of skills (1) jack of all trades (1).</li> <li>• No one to share decision making (1) so ideas become limited (1)</li> </ul> <p><b>No marks for just hours of work must qualify ie 'long'</b></p>	[4]	<p>One mark for stating a disadvantage, one mark for an explanation of why it exists or why it is a disadvantage.</p> <p>2 + 2 = 4</p>

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
4	(c)	(i)	5.1.4	<p><b>Types of training for workers. Letter giving appropriate reason. Reason of training.</b></p> <p>1 Re-training e)</p> <p>2 Induction training d)</p> <p>3 To develop engineering skills a)</p> <p>4 Management skills c)</p> <p>5 Communication Skills b)</p>	[4]	<p><b>Target: Knowledge of the different reasons why workers need training.</b></p> <p>One mark for each correctly matched reason. Max: 4</p>
4	(c)	(ii)	5.1.4	<p>For</p> <ul style="list-style-type: none"> <li>Mark may need training in order to deal with new types of air conditioning units (1) so that he knows how they work (1) and how to fit them properly (1). If he cannot do this Airight Ltd and other companies will not want to employ him (1).</li> <li>Mark may need management training (1) in order to run his business better (1) perhaps learning how to manage other workers that he employs (1).</li> </ul> <p>Against</p> <ul style="list-style-type: none"> <li>The cost of the course is expensive (1) and this will reduce his profits (1). Mark will lose income whilst he is being trained (1) because he will not be able to fit air conditioning systems (1).</li> </ul>	[3]	<p><b>Target: Ability to evaluate the appropriateness of training.</b></p> <p>One mark for each point of explanation to a maximum of 2 marks for statements in favour of training and 2 for statements against training.</p> <p>If only one argument for or against 2 marks maximum</p> <p>NB Accept any reasonable answer.</p> <p>2 + 1 = 3</p>

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
5	(a)	(i)	5.1.5	<ul style="list-style-type: none"> <li>Corporation tax.</li> </ul>	[1]	<p><b>Target: Knowledge of the tax that companies pay on profits. State the name of the tax that Airight Ltd pays on its profits.</b></p> <p>One mark for the correct answer.</p> <p>Max; 1</p>
5	(a)	(ii)	5.1.3	<ul style="list-style-type: none"> <li>Dividend is the share of the profits (1) paid to the shareholder (1). It is usually paid as so many pence per share (1) that the shareholder owns.</li> </ul>	[2]	<p><b>Target: Knowledge of the term dividend.</b></p> <p>One mark for each point of explanation. NB Candidate must use the word "profit" correctly in the answer to get 2 marks.</p>
5	(a)	(iii)	5.1.3	<p>One mark for each appropriate expense:</p> <ul style="list-style-type: none"> <li>Electricity</li> <li>Petrol</li> <li>Postage</li> <li>Interest on loans/mortgage (not mortgage repayments).</li> <li>Wages</li> <li>Insurance</li> <li>Advertising</li> <li>Water</li> <li>Heating</li> <li>Vehicle maintenance</li> <li>Rent</li> </ul>	[2]	<p><b>Target: Knowledge of business expenses.</b></p> <p>Credit any reasonable expenses but not raw materials</p> <p>2 x 1 + 2</p>

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
5	(a)	(iv)	5.1.3	<ul style="list-style-type: none"> <li>2,000,000 – 1,500,000 (1) = £500,000 (2)</li> </ul>	[2]	<p><b>Target: Ability to apply numerical skills to business data.</b></p> <p>Two marks for the correct answer, one mark for an appropriate method where the answer is incorrect. £ sign not necessary Max: 2</p>
5	(a)	(v)	5.1.3	<p>Buying from a cheaper supplier of air conditioning units.</p> <ul style="list-style-type: none"> <li>This will reduce the costs of the business (1). This means that Airight Ltd will be able to sell the air conditioning systems more cheaply (1) which may give them an advantage over competitors (1) increasing their sales (1). However the quality of the air conditioning may not be as good (1) and this may cause customers to be less satisfied with the services of Airight Ltd (1) which may harm its reputation (1). Also it may lead to extra costs (1) to deal with the faults (1) and this will mean that profits are not increased (1).</li> </ul> <p>Raise the prices of the air conditioning units that they sell. It depends on the prices charged by their competitors (1) if there are any (1). Raising prices may cause sales to fall (1) reducing revenue (1) which may result in profits falling not rising (1).</p>	<p>[4]</p> <p>[4]</p>	<p><b>Target: Ability to evaluate methods of increasing profits.</b></p> <p>One mark for each appropriate point in favour and one mark for explanation. Maximum 2 points. Total 4 marks.</p> <p>One mark for each appropriate point against and one mark for explanation. Maximum 2 points. Total 4 marks.</p> <p>2 + 2 = 4</p> <p>One mark for each appropriate point in favour and one mark for explanation. Maximum 2 points. Total 4 marks.</p> <p>One mark for each appropriate point against and one mark for explanation. Maximum 2 points. Total 4 marks.</p> <p>2 + 2 = 4</p>

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
5	(b)	5.1.1	<ul style="list-style-type: none"> <li>The people of Bowton will gain because there will be more jobs in NXP/Airright(1) increasing their income (1) which in turn will help other businesses in the area to increase sales (1).</li> <li>NXP may buy services from local firms (1) and this too will increase jobs in these firms(1).</li> <li>Investment by a foreign firm may encourage more inward investment/investment by other foreign firms/it brings more money into Bowton from abroad/Korea (1) adding to the prosperity of the town (1).</li> <li>Increase in the business rate (1) and therefore the services will improve (1)</li> <li>Increase in the standard of living (1)</li> </ul>	[6]	<p><b>Target: Ability to apply knowledge of the benefits of business activity for stakeholders.</b></p> <p>One mark for each point of explanation.</p> <p>Max: 6</p>
5	(c)	5.1.1	<ul style="list-style-type: none"> <li>John Brown / Owner of Fastfit Airconditioning (1) because the expansion of NXP plc may lead to more competition (1) which will reduce his sales/profits (1) force him out of business (1).</li> <li>Amelie Day / Leader of the local environmentalist group (1) because it may increase pollution/noise/traffic (1) or reduce the green belt (1) or affect the habitat of wildlife (1).</li> <li>Chelsea Williams / a resident on the housing estate near the factory (1) because the new factory may lead to more traffic (1) past her house leading to more noise/pollution (1). The new factory may spoil the view from her house (1) reduce property value (1).</li> </ul>	[6]	<p><b>Target: Ability to apply knowledge of the costs of business activity for stakeholders.</b></p> <p>One mark for choosing a stakeholder who would be affected negatively by the new factory and one mark for explaining why.</p> <p>Do not accept Asa, Darren or Ryan</p> <p>3 x 2 = 6</p>



# 1951/02 Higher Common Core

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(a)	(i)	5.1.1	Private sector organisations: <ul style="list-style-type: none"> <li>• Corner Shop Ltd</li> <li>• Bowton Athletic Football Club plc</li> <li>• Bowton Building Society</li> <li>• Royal Oak Hotel Ltd.</li> <li>• Mencaster Sixth Form College (allow)</li> </ul> Public sector organisations: <ul style="list-style-type: none"> <li>• Bowton NHS Hospital</li> <li>• Mencaster Borough Council</li> <li>• Mencaster Sixth Form College.</li> </ul>	[2]	<b>Target: Ability to apply knowledge of public and private sectors.</b>  One mark for each correct answer. NB Mencaster Sixth Form College could be either public or private.  1 + 1 = 2
1	(a)	(ii)	5.1.1	Private sector <ul style="list-style-type: none"> <li>• Owned by individuals/shareholders/privately owned (1), exist to make a profit (1), include sole traders/partnerships/limited companies (1) <i>some</i> have limited liability (1).</li> </ul>	[2]	<b>Target: Knowledge of the main features of private and public sector organisations.</b>  One mark for each feature stated.  Max : 2
1	(a)	(iii)		Public sector <ul style="list-style-type: none"> <li>• Owned by the state/central government/publicly owned (1) by local councils or as public corporations (1) may not aim to make a profit (1) but to provide a service (1). Funded by the government/through tax (1)</li> </ul>	[2]	One mark for each feature stated.  Max : 2

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(b)	5.1.1	<p><u>Level 2 Example</u></p> <ul style="list-style-type: none"> <li>The value of sales to the public sector has increased (3) by £50,000/from £750,000 to £800,000 (L2).</li> </ul> <p><u>Level 1 (1-2 marks)</u></p> <p>Candidate draws conclusions without processing data.</p> <ul style="list-style-type: none"> <li>Sales to the public sector have fallen (L1) by 10%/from 50% to 40% of the total (L1).</li> </ul>	[4]	<p><b>Target: Ability to apply numeracy skills to business data.</b></p> <p><u>Level 2 (3-4 marks)</u></p> <p>Candidates calculates a change in the <b>value</b> of sales for Airight Ltd. The candidate will state that the value goes up and say by how much or give the figures for one year (1) or both years (2). This demonstrates they can interpret pie charts properly.</p> <p><u>Level 1 (1-2 marks)</u></p> <p>Candidate draws conclusions without processing data – here the candidate will say the value has fallen (1) and may give a figure of 10% which can also be rewarded by 1 mark.</p>
1	©	5.1.3	<ul style="list-style-type: none"> <li><i>Having a stand at a trade exhibition</i> (1) because this will make the consultants/architects/surveyors/customers aware of Airight Ltd (1) and these will recommend them to businesses (1) when they are dealing with their building needs (1).</li> </ul>		<p><b>Target: Ability to evaluate the appropriateness of different methods of advertising.</b></p> <p>One mark for selecting an appropriate response, one mark for each point of development. Advertising in the national press is <b>not</b> to be credited. Advertising on TV has to be specified as <b>local</b> TV. NB raising awareness can be credited on both methods.</p> <p><b>QWC:</b> indicate this by ticks under the question total on the script, no tick equals no marks</p> <p>3 + 3 or 4 + 2 = 6</p>

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(c)	<ul style="list-style-type: none"> <li>• <i>Advertising in local trade magazines</i> (1) this will raise awareness (1) amongst retailers (1) who will read these types of magazines (1). It will cost less than national advertising/cut down the amount of money they have to spend (1) because it will target the right customers (1) would be able to use glossy and colourful images (1).</li> <li>• <i>Having a web-site</i> (1) which will raise awareness of Airtight Ltd (1) because people who need air conditioning will look up firms on the internet (1) because it is a cheap and quick way of finding things out (1) and a lot of people have access to the internet now (1). Also it will not cost Airtight Ltd a lot of money to advertise in this way (1). They can put a lot of information in the website (1) It is interactive (1) and it can be updated regularly (1).</li> <li>• <i>Advertising on <b>Local/regional</b> Television</i> (1) reaches a large audience (1), so the expense is worthwhile (1). Catches people's attention /uses colour (1).</li> </ul> <p>Candidates will also be assessed for the quality of their written communication, according to the following criteria:</p> <p><i>2 marks:</i>  <i>Ideas expressed clearly, fluently, legibly and in an appropriate way.</i>  <i>There are few errors in spelling, punctuation and grammar.</i></p>	[6+2]	

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
				<p><i>1 mark:</i>            Straightforward ideas are expressed relatively clearly, legibly and appropriately. there may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer.</p> <p><i>0 marks</i>            Candidate fails to reach the threshold standard in all respects.</p>		

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(a)	5.1.3	<p>Circular pipes – recommended method of production.</p> <ul style="list-style-type: none"> <li>• Flow production (1) because it will be a standardised product (1) so cheaper to produce (1) it will achieve economies of scale (1) technology can be applied/machinery can be used (1) semi-skilled labour (1) reduction in labour costs (1) pipes can be produced quickly (1) and IT can be integrated into the production system (1).</li> </ul> <p>Square pipes – recommended method of production.</p> <ul style="list-style-type: none"> <li>• Job production (1) because this needs to be made individually/one-off production (1) to fit the specific situation/methods have to be precise (1). And to avoid wastage (1)</li> </ul>	<b>[6]</b>	<p><b>Target: Ability to evaluate the appropriateness of different methods of production.</b></p> <p>One mark for selecting an appropriate method, one mark for each point of elaboration Credit only <b>new</b> information that adds to the information in the rubric <b>No reward for repeating the rubric.</b></p> <p>2 x 3 or 2 X 4 = 6</p>
2	(b)	5.1.3	<p>Advantages</p> <ul style="list-style-type: none"> <li>• New technology should reduce costs (1) because less workers will be needed (1) as the productivity of workers improves (1) because the production can be automated (1).</li> <li>• Individually designed pipes can be made/production can be flexible (1) as machines can be programmed to meet the needs of different customers (1) and they can be controlled by computer/using CAD/CAM (1).</li> </ul>		<p><b>Target: Ability to apply knowledge of the advantages and disadvantages of using new technology.</b></p> <p>One mark for identifying an advantage/disadvantage, one for explaining it.</p> <p>4 x 2 = 8</p> <p>No marks for repetition.</p>

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
		<ul style="list-style-type: none"> <li>• Repetitive and dangerous jobs (1) can be done by machines instead which reduces risks for Airight Ltd (1), problems arising from injured staff (1) reduces compensation to be paid out (1),</li> <li>• The quality of production may improve (1) because machines tend to make less mistakes than people (1) so less waste/less time is taken (1) and costs lower (1).</li> <li>• Faster production/Large amounts can be made (1) using continuous production (1) which may reduce costs (1) due to technical economies of scale (1). So they can make more (1) and sell more (1)</li> <li>• The products will be the same/standardised (1)</li> </ul> <p>Disadvantages</p> <ul style="list-style-type: none"> <li>• Manufacturing workers may need to be laid off/made redundant (1) and this may cost in terms of redundancy money (1). Bad publicity for the company (1)</li> <li>• New workers may need to be recruited (1) to run/maintain the machines (1) and this costs money (1) and time (1).</li> <li>• Production may stop (1) if the machines break down (1) which means money will be lost (1)</li> <li>• The machines may be expensive to buy and install (1) so the firm is risking a lot of money by investing in them (1). The machines may be expensive to maintain (1) and cost a lot in electricity (1).</li> <li>• Workers will need training (1) to be able to function the equipment efficiently (1)</li> </ul>	<b>[max 8]</b>	

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
				<ul style="list-style-type: none"><li>• Running costs may increase (1) for example increases in electricity costs (1), maintaining equipment (1)</li><li>• Staff may leave as a result of this change (1) because they find it difficult to adjust to new ways of working (1).</li></ul>		

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
3	(a)	(i)	5.1.3	<ul style="list-style-type: none"> <li>The information will help the bank manager to judge if the business is likely to succeed (1) if they will be able to repay the loan (1) they both have past experience (1) They will know how to start the business up (1) The information would tell the bank manager that Nazeem and Andrea each bring different but relevant skills (1) to the business. <b>Max of 2 for general points.</b></li> <li>Detailed/Explanation points: to show that they are very specialised in that industry (1)</li> </ul> <p>As an engineer, Nazeem will be able to work on/control production/how to make the products (1) deciding what systems businesses need (1). Andrea will be able to use her marketing expertise to research the market (1) and to find customers (1) to sell the systems (1). She will already have contacts who might become customers (1),</p>	[4]	<p><b>Target: Ability to evaluate the relevance of business experience to the success of a new business.</b></p> <p>Credit two general points (two marks maximum) .</p> <p>Credit detailed/explanatory points written about Nazeem and Andrea by one mark each. Eg look for some explanation of how engineering skills and marketing skills would help the business.</p> <p>NB Maximum of 3 marks if the candidate only writes about one person (Nazeem or Andrea).</p> <p>Max: 4</p>
3	(a)	(ii)	5.1.1	<ul style="list-style-type: none"> <li><i>The number of competitors</i> eg if there are a lot (1) of competitors they may not get enough customers (1) and may not be able to charge a high price (1)</li> <li><i>The prices charged by competitors</i> since this will determine the prices that Nazeem and Andrea can charge (1) so they can be competitive (1) and will get enough customers (1). It will help them decide to charge a price which allows them to break even (1)</li> </ul>		<p><b>Target: Ability to evaluate external influences on business success.</b></p> <p>No mark for repeating the factor stated in the question. One mark for each point explaining how the information would help the bank manager to assess the chances of success of the proposed business.</p> <p>Reward the statement that as a result of the information, the bank will know if the loan is likely to be repaid or not. – but do not accept “judge if it will be successful” – it needs to be more precise, for example, that there will be enough sales.</p>



Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
		<ul style="list-style-type: none"> <li>• <i>The number of possible customers in the area.</i> If there are a lot of customers (1) and Nazeem and Andrea have more chance of gaining sales/profit/do well / how quickly the business will gain money (1).</li> <li>• <i>How profitable other businesses are.</i> If businesses are expanding and making good profits/or if not profitable and failing (1) they may feel that they can afford or cannot afford air conditioning systems (1) there may or may not be a demand for air conditioning systems (1).It may or may not be the right time to start a new business. (1)</li> </ul>	<p>[2x3=6]</p>	<p><b>NB</b> no mirror argument, e.g  <i>The prices charged by competitors</i> since this will determine the prices that Nazeem and Andrea can charge (1) so they can be competitive (1) and will get enough customers (1). It will help them decide to charge a price which allows them to break even (1)  = if there are not many competitors (1) they will get a lot of customers/sales (1) and will be able to charge a high price (1)</p> <p>3 x 2 = 6</p>

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
3 (b)	5.1.3	<p>Purchase of factory (1)</p> <ul style="list-style-type: none"> <li>• Mortgage (1) because these are special loans used to buy property (1). The factory will be a large amount of money (1) and the mortgage will allow it to be paid off over a long period of time (1) in monthly payments (1). A negative is that interest has to be paid (1).</li> </ul> <p>Purchase of raw materials (1)</p> <ul style="list-style-type: none"> <li>• Trade credit (1). This allows them 90 days before paying for the materials (1) so they can make the air conditioning systems (1) and sell them to customers (1) so earning revenue (1) with which they can then pay for the materials (1). Trade credit is usually interest free (1) so they do not need to pay interest on a loan or overdraft (1).</li> </ul> <p>Sale of assets</p> <ul style="list-style-type: none"> <li>• Andrea and Nazeem may raise finance by selling any private assets (1) such as their house/remortgaging (1)</li> </ul>	<p>[2x3 or 2+4 = 6]</p>	<p><b>Target: The ability to evaluate the appropriateness of different forms of finance.</b></p> <p>One mark for correctly identifying an appropriate source of finance and one mark for each point of justification of that source.</p> <p>2 x 3 or 2 + 4 = 6</p> <p>NB Sales of assets will need to be very precise – the business has no assets yet as it is just starting, so reward only an answer that clearly identifies the owners will sell their personal assets. Sale of assets on its own will get no reward.</p>

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
3	(c)		5.1.2	<ul style="list-style-type: none"> <li>• More capital (1) – because they can sell shares (1) to a greater number of people (1). Also more people may be willing to invest since they will have limited liability (1). It is often easier to borrow</li> <li>• from a bank (1) as they do not appear as big a risk to the bank (1).</li> <li>• As shareholders of a limited company, Nazeem and Andrea will have limited liability (1). This means that if the business goes into liquidation (1) and it cannot pay off its debts (1) they will not have to sell off their private possessions (1) to repay the loans but they will lose out on what they invest in the company (1). Their business will have a separate legal identity (1) so the debts are debts of the company not of them (1).</li> <li>• As a limited company the business will be able to continue trading (1) even if one of the owners dies (1).</li> </ul>		<p><b>Target: Knowledge of the advantages of limited companies.</b></p> <p>One mark for each advantage stated and one mark for each point of explanation of that advantage. The advantages must be advantages <b>compared with being a partnership</b>.  <i>NB If a candidate states that the owners will have unlimited liability but then correctly writes about the benefits of limited liability, give a maximum of 2 marks on that part of the response..</i></p> <p>2 x 3 or 4 + 2 = 6</p>
4	(a)	(i)	5.1.4	£492 - £72 (1) = £420 (2).	[2]	<p><b>Target: Ability to apply numerical skills to business data.</b></p> <p>Two marks for the correct answer, one mark for an appropriate method if the answer is incorrect.</p> <p>£ sign not necessary</p> <p>Max : 2</p>

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
4	(a)	(ii)	5.1.4	<p><u>Level 4 Example</u></p> <p>It depends on the marketing priority of Airight Ltd – if quality is the main competitive advantage required it should use overtime (L4), if low costs are more important it should use piece rates (L4). The piece rate set will need to be such that it gives a profit to the business i.e does not cost more than the revenue it brings in (L4).</p> <p>I recommend overtime but there will be a need for managers to check the work of employees (L4) to make sure they are using their time effectively.(L4).</p> <p><u>Level 2 and Level 3 Example</u></p> <p>Overtime</p> <ul style="list-style-type: none"> <li>Advantages – this will encourage/motivate Mark to work longer hours (L2), Airight Ltd have a better chance of getting air conditioning systems fitted in as few days as possible/quickly (L2) which customers will like/will be good for sales (L2).</li> <li>Disadvantages – the downside is that Mark may not work quickly in his normal hours (L2) so that he has the opportunity to do overtime and he will need watching to make sure he does not do this (L2). Either way this increases the costs to Airight Ltd (L2).</li> </ul>	[8+2]	<p><b>Target: Ability to evaluate the appropriateness of different forms of motivation.</b></p> <p><u>Level 4 (7-8 marks)</u></p> <p>Candidate justifies recommendation in context – this means the candidates is able to suggest something about the business activity which is a reason why the advantage/disadvantage are appropriate in this case OR Candidates indicate further information required to come to a recommendation. OR The candidate states a consideration that the decision will depend on.</p> <p><u>Level 3 (5-6 marks)</u></p> <p>Candidates considers <b>both</b> options – advantages and/or disadvantages of piece rates <b>AND</b> overtime. NB One point about each method is enough for L3, any additional point about either option takes them to top of L3 band, i.e 6 marks.</p> <p>To reach Level 3 the candidate would have to reach Level 2 equivalent statements in <b>BOTH</b> methods ie piece rate <b>and</b> overtime. A L2 statement about one method combined with an L1 statement about the other does not result in a L3 award.</p>

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
				<p><u>Level 2 (3-4 marks)</u></p> <p>One method, piece rate <b>OR</b> overtime only is discussed, ie advantages and/or disadvantages.</p> <p>NB Using the phrase “it will motivate workers” on its own is not rewardable, this just repeating the question</p>
		<p>Piece rates</p> <ul style="list-style-type: none"> <li>Advantages – this will encourage Mark to work more quickly (L2) so that he completes more jobs (L2) and earns more money (L2).</li> <li>Disadvantages – Mark may rush the jobs (L2) and this may result in a lower quality (L2) earning the firm a poor reputation (L2) which can lead to a loss of sales (L2). Workers may not always be prepared to work overtime (L2).</li> </ul> <p><u>Level 1 Example</u></p> <p>Overtime</p> <ul style="list-style-type: none"> <li>Description – involves paying a higher hourly rate (L1) e.g time and a half (L1).</li> </ul> <p>Piece rates</p> <ul style="list-style-type: none"> <li>Description – this involves paying an amount for each job completed (L1) eg £X pounds per job.</li> </ul>	[8]	<p><u>Level 1 (1-2 marks)</u></p> <p>Candidate displays <b>knowledge</b> of the two methods of pay - one mark for each. The answer <b>describes</b> what the methods are but does not indicate an advantage or disadvantage of it.</p>

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
				Candidates will also be assessed for the quality of their written communication, according to the following criteria:		
				<p><i>2 marks:</i>  Ideas expressed clearly, fluently, legibly and in an appropriate way.  There are few errors in spelling, punctuation and grammar.</p> <p><i>1 mark:</i>  Straightforward ideas are expressed relatively clearly, legibly and appropriately. there may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer.</p> <p><i>0 marks</i>  Candidate fails to reach the threshold standard in all respects.</p>		
4	(a)	(iii)	5.1.4	<ul style="list-style-type: none"> <li>Redundancy is when a worker is laid off (1) because there is no work for him to do (1) so cannot afford to keep on the worker (1) or because the firm goes out of business (1) or it is losing sales (1) or new technology is introduced (1).</li> </ul>	[2]	<p><b>Target: Knowledge of the term redundancy.</b></p> <p>One mark for each relevant point.</p> <p>Max : 2</p>

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
4	(a)	(iv)	5.1.4	<p>Four marks for a correct answer, up to three marks for showing appropriate method if the answer is wrong.</p> <ul style="list-style-type: none"> <li>• <math>\text{£}290 \times 5 = \text{£}1450</math> (1)</li> <li>• <math>1450 \times \frac{125}{100} = 1812.5</math> (1)</li> </ul> <p>OR</p> <p><math>1450 \times 0.25 = 362.50</math> (1)  <math>362.50 + 1450 = 1812.5</math></p> <ul style="list-style-type: none"> <li>• <math>1812.5 - 1450</math> (1)  <b>Answer = 362.50 (4)</b></li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>• <math>\text{£}290 \times 5 = \text{£}1450</math> (1)</li> <li>• <math>1450/100 \times 25</math> (1) =  <b>Answer = 362.50 (4)</b></li> </ul> <p>25% of <math>\text{£}290 = \text{£}72.50</math> is <b>1 mark</b></p> <p><b>Common errors:</b>  <math>(362.5 \times 52 \times 5 = 94250) - (290 \times 52 \times 5 = 75400)</math>  worth max <b>1 mark</b> for knowing to subtract one from the other</p>	[4]	<p><b>Target: ability to apply numerical skills to business data.</b></p> <p>Four marks for a correct answer, up to three marks for showing appropriate method if the answer is wrong.  NB Reward a candidate who is factoring a 25% calculation in to another otherwise wrong method.</p>

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
4	(a)	(v)	5.1.4	<p><u>Advantages:</u></p> <ul style="list-style-type: none"> <li>If Airight Ltd want to be sure to have fitters always available (1), they should employ Mark directly (1) so they can complete work to deadlines (1)</li> <li>It depends on how much work Airight Ltd have for Mark (1) – if there is a lot they may be better employing him directly as it will be cheaper (1).</li> <li>Save on National Insurance (1)</li> <li>As a self employed person Mark will need to provide his own vehicle (1) so the firm does not have the problem of buying and maintaining it (1).</li> <li>Mark will not need paying (1) if there is no work for him to do (1) so this will save money (1).</li> </ul> <p><u>Disadvantages:</u></p> <ul style="list-style-type: none"> <li>If Airight Ltd do not always have air conditioning systems to fit (1), it will be cheaper to contract out the work to Mark (1) since they will not need to pay him when there is no work to do (1).</li> <li>Variable costs rise (1) having to pay 45p per mile (1)</li> <li>£120 per day is more than they had to pay him when he was employed for them (1) so if they have a lot of work for him it may cost them more (1)</li> </ul>	[6]	<p><b>Target: Ability to evaluate the advantages and disadvantages of contracting work out.</b></p> <p>If candidate only discusses <b>Either</b> advantage <b>OR</b> disadvantage then award <b>UP</b> to 4 marks</p> <p>4 + 2 or 2 x 3 = 6 marks</p>



Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
				<ul style="list-style-type: none"><li>Mark may not always be available to work when they want him to (1) as he does 20% of his work for other businesses (1) and Airight would need to find someone else to do the work/the work could not be done (1).</li></ul>		

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
4	(b)	5.1.4	[6]	<p><b>Target: Ability to explain the benefits of training in the context.</b></p> <p>One mark for each point of explanation.</p> <p>2 x 3 or 4 + 2 = 4</p>
		<p>Benefits of training to Mark.</p> <ul style="list-style-type: none"> <li>• Mark will update his knowledge/skills (1). The work he does will be a better quality/faster (1) It will mean that air conditioning firms will still want to employ him (1) and he may get more jobs/work with Airight or other companies (1), He may be able to earn more (1).</li> </ul> <p>Benefits of training to Airight Ltd.</p> <ul style="list-style-type: none"> <li>• Airight Ltd will know that Mark can fit the air conditioning systems to current standards/produce quality work (1) and meet safety requirements (1) and that customers will get the quality of service they need (1) persuading them to recommend Airight Ltd to other firms/increasing sales/number of customers (1) or come back for repeat business/maintenance work (1).</li> <li>• Mark may work more quickly (1) reducing Airight costs (1).</li> <li>• Mark may want to continue to work for Airight (1) as he is getting the training from them/it builds a relationship with them (1).</li> </ul>		

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
5	(a)	(i)	5.1.5	<ul style="list-style-type: none"> <li>Corporation tax.</li> </ul>	[1]	<p><b>Target: Knowledge of the tax that companies pay on profits. State the name of the tax that Airight Ltd pays on its profits.</b></p> <p>One mark for the correct answer.</p>
5	(a)	(ii)	5.1.3	<ul style="list-style-type: none"> <li>Dividend is the share of the profits (1) paid to the shareholder (1). It is usually paid as so many pence per share (1) that the shareholder owns.</li> </ul>	[2]	<p><b>Target: Knowledge of the term dividend.</b></p> <p>One mark for each point of explanation. NB Candidate must use the word "profit" correctly in the answer to get 2 marks.</p>
5	(a)	(iii)	5.1.3	<ul style="list-style-type: none"> <li><math>\frac{\pounds 500,000 \times 100}{\pounds 1,500,000} (1) = 33\% (2)</math></li> </ul>	[2]	<p><b>Target: Ability to apply numerical skills to business data.</b></p> <p>Two marks for the correct answer, one mark for an appropriate method where the answer is wrong.</p>
5	(a)	(iv)	5.1.3	<ul style="list-style-type: none"> <li><math>\frac{\pounds 200,000 \times 100}{\pounds 1,500,000} (1) = 13\% \text{ or } 13.3\% (2)</math></li> </ul>	[2]	<p><b>Target: Ability to apply numerical skills to business data.</b></p> <p>Two marks for the correct answer, one mark for an appropriate method where the answer is wrong.</p>

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
5	(a)	(v)	5.1.3	<p><u>Level 3 Examples</u></p> <ul style="list-style-type: none"> <li>The fall in the gross profit margin means that the cost of goods sold has increased (L3) perhaps because of a fall in the exchange rate (L3), raw material prices increased (L3), selling price has not been changed and the firm needs to do something to reduce costs (L3).</li> <li>The rise in the net profit margin shows that the firm is now run more efficiently (L3) so that business expenses are less (L3).</li> </ul>		<p><b>Target: Ability to evaluate financial accounts.</b></p> <p><u>Level 3 (5-8)</u></p> <p>Candidate is able to infer appropriate <b>conclusions</b> from the data ie make judgements <b>based</b> on the use of ratios</p>
				<p><u>Level 2 Examples</u></p> <ul style="list-style-type: none"> <li>Gross profit margin falls from 33-25%</li> <li>Net profit margin rises from 13-15%</li> <li>15% (L2)</li> <li>25% (L2)</li> </ul> <p><u>Level 1 Examples</u></p> <ul style="list-style-type: none"> <li>Shareholders will be pleased because the dividend has increased (1) and the net profit has risen (1). There is more retained profit (1).</li> </ul>	[8]	<p><u>Level 2 (3-4)</u></p> <p>Candidate recognises the need to compare ratios and calculates them accurately. It is enough to indicate the ratio for 2007 for a L2 mark.</p> <p><u>Level 1 (1-2)</u></p> <p>Candidate draws conclusions based on evidence taken at face value.</p>

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
5	(b)	5.1.5	<p><i>Business Closures</i></p> <ul style="list-style-type: none"> <li>• Business closures may lead to falling sales/less customers/less profits (1) and Airight Ltd may go out of business (1) as most of their customers are based in the local area (1). One mark for using the multiplier effect (1). If competitors close (1) Airight will get more business (1). It is making profit (1) so is likely to stay in business (1).</li> </ul> <p><i>The fall in the interest rates may help Airight Ltd as follows:</i></p> <ul style="list-style-type: none"> <li>• it reduces its interest payments on loans (1) leading to more profit (1).</li> <li>• Other firms may want to expand (1) or set up (1) so there is more trade (1), as it makes it cheaper to borrow (1). This may increase sales for Airight Ltd (1).</li> <li>• Other firms may be willing to finance installing air conditioning (1) because it will now be cheaper for them to get a loan to pay for it (1) which increases demand/sales (1).</li> <li>• Also consumers may be encouraged to borrow (1) and this may mean that the forecast recession does not occur (1).</li> </ul> <p><i>The rise in unemployment</i> This may reduce or remove the possibility of sales/means fewer customers (1) to private individuals (1) as they are likely to have less money (1) to spend on luxuries like air conditioning (1). _Rising unemployment may lead to lower wages (1) reducing the costs of Airight Ltd (1).</p>	<b>[6+2]</b>	<p><b>Target: Ability to evaluate the effects of events in the external environment on a business.</b></p> <p>One mark for each point of explanation of the consequences of the prediction for Airight Ltd.</p> <p><i>Credit the phrase:</i> sales/demand/customers/less profits only award once – then one or more reasons as appropriate).</p> <p>2 + 2 + 2, or 2 x 3, or 4 + 2 = 6</p>

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
5	(c)	(i)	5.1.1	<ul style="list-style-type: none"> <li>The people of Bowton will gain because there will be more jobs in NXP/Airright(1) increasing their income (1) which in turn will help other businesses in the area to increase sales (1).</li> <li>NXP may buy services from local firms (1) and this too will increase jobs in these firms(1).</li> <li>Investment by a foreign firm may encourage more inward investment/investment by other foreign firms/it brings more money into Bowton from abroad/Korea (1) adding to the prosperity of the town (1).</li> <li>Increase in the business rate (1) and therefore the services will improve (1)</li> <li>Increase in the standard of living (1)</li> </ul>	[6]	<p><b>Target: Ability to apply knowledge of the benefits of business activity for stakeholders.</b></p> <p>One mark for each point of explanation.</p> <p>Max: 6</p>
5	(c)	(ii)	5.1.1	No tariffs/free trade (1), common standards (1), a large market (1), ability to compete with existing EU customers (1), increased brand awareness (1), lower transport costs (1), benefit from EU grants (1)	[3]	<p><b>Target: Knowledge of the benefits of producing within the EU.</b></p> <p>One mark for each point.</p> <p>Look for specific benefits as listed in the Expected Answer column, not general statements.</p> <p>Max: 3</p>
5	©	(iii)	5.1.3	<p><u>Level 2 Example</u></p> <ul style="list-style-type: none"> <li>It is not possible to conclude whether or not the offer is a good one (L2). Nazeem and Andrea would need to know the current value of the business (L2) to decide if £2.5M was a good offer (L2).</li> </ul>		<p><b>Target: Ability to evaluate a business issue.</b></p> <p><u>Level 2 (3-6)</u></p> <p>Candidate identifies considerations that the owners need to take into consideration in making a decision.</p>

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
		<ul style="list-style-type: none"> <li>• They would also need to take into consideration the prospects of the business for the future (L2). If they thought there was the opportunity for expansion (L2) they may be better off not selling and making increased profits (L2) or selling at a later date for more money (L2). They should not sell business because interest rates are falling which will reduce their costs (1) and increase sales (1) so the business may make good profits in the future (1).</li> <li>• They may enjoy being in control of the business (L2) so may prefer not to accept the offer however good it is (L2). They might have other business ideas (L2) and the £2.5m would help them to start these up (L2).</li> <li>• It may be a good time to sell the business (L2) because of the forecast recession (L2). This would result in lower sales and profits (L2) and may lead to a fall in the value of the business (L2).</li> </ul> <p><u>Level 1 Example.</u></p> <ul style="list-style-type: none"> <li>• They should accept the offer because £2.5m is a lot of money (L1) and they would no longer have the hassle of running the business (L1), they could use the money to start up a new business (L1).</li> </ul>	<b>[6]</b>	<p><u>Level 1 (1-2)</u></p> <p>Candidate draws conclusions on limited information.</p>

# 1951/03 Foundation Business and Change

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(a)			Target: To demonstrate knowledge of private limited companies and apply this knowledge to stated company: to demonstrate knowledge of business objectives.		
1	(a)	(i)		<p>Many possible answers</p> <p><u>Advantages</u>            Limited liability            Issuing shares to raise capital            Easier to raise finance from bank...</p> <p><u>Disadvantages</u>            Accounts are public            Payment of dividends            Loss of control            Allow 'takes longer to set up'            Allow 'costs money to set up'.</p> <p><u>Example</u>            Limited liability (1) which means owners only lose the amount invested not their personal possessions as with partnerships (1).</p> <p>Accounts are public (1) therefore competitors can see your information which it may use. Partnership information is private thus not open to the general public (1).</p>	[4]	<p>Stated advantage one mark            Explanation one mark</p> <p>Stated disadvantage one mark            Explanation one mark</p> <p>Please be aware of the standard answers relating to Ltd's. To obtain both marks there <b>must be reference to the difference between partnerships and ltd's</b>, whether implicit or explicit.</p> <p>Do not allow 'someone may buy 50% of the shares so they may want a say in how the business is run' <b>although do allow</b> 'dilution of control through share ownership'.</p> <p><u>Disadvantage</u>            Do not allow 'someone may buy 50% of the shares so they may want a say in how the business is run' although allow dilution of control through share ownership.</p>



Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance				
1	(a)	(ii)		<p>Many possible answers</p> <p><u>Objectives</u> profit, improve quality, improve service, increasing turnover, survival, break-even, expansion, increase market share, increase customers, increase sales.....</p> <p><u>Example</u> Profit (1) – if the business does not make enough profit then it does not have the money to reinvest (1) which means they will find it difficult to stay competitive (1).</p> <p>Profit (1) thus enabling the purchase of machines (1) Profit (1) to increase dividends/keep shareholders happy (1).</p> <p>BE (1) so they can carry on running the business / keeping the business afloat (1)</p> <p>Allow “increase quality (1) to increase sales” (1). Allow ‘survive (1) in order to make profit and grow (1)’.</p>	[2]	<p>An appropriate reason must be given for both marks.</p> <p>Students are <b>NOT</b> to be awarded 2 marks for ‘Profit (1) so as they can purchase materials / pay debts....’</p> <p>Allow survive (1) in order to make profit and grow.</p>				
1	(b)			<b>Target: to demonstrate knowledge of competitive markets and apply this knowledge stated company.</b>						
1	(b)	(i)		<table border="1"> <tr> <td></td> <td>✓ Box</td> </tr> <tr> <td>A market which has many companies.</td> <td></td> </tr> </table>		✓ Box	A market which has many companies.		[1]	
	✓ Box									
A market which has many companies.										

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(b)	(ii)		<p>Many possible answers</p> <p>Lose market share (1) lower prices (1) lose customers (1) less profits (1)</p> <p>Allow 'hard for them to sell its products' / 'constant pressure', 'less chance of market share', 'difficult to break into market'</p>	[1]	<p>The stated disadvantage must be linked to the problems of a competitive market.</p> <p>Do <b>NOT</b> allow increased competition.</p>
1	I			<b>Target: analyse data thus enabling an appropriate selection thus showing knowledge of the term liquidation.</b>		
1	I	(i)		<p>£10 million - £5 million (1) = <b>£ 5 million</b> (1)</p>	[2]	<p>Student CAN obtain both marks if they have not shown their working.</p> <p><b>Students must give £ sign for both marks UNLESS student has used the £ sign in the calculation</b></p>
1	I	(ii)		Answer = liquidation	[1]	

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance															
1	(d)		<p><b>Target: To apply knowledge of government methods of stimulating investment.</b></p> <table border="1"> <thead> <tr> <th></th> <th><u>Likely</u></th> <th><u>Unlikely</u></th> </tr> </thead> <tbody> <tr> <td><b>ACTION</b></td> <td colspan="2">to encourage companies to invest in more environmentally friendly production processes.</td> </tr> <tr> <td><b>Decrease taxes on oil, gas, electricity used by companies such as Wallis Ltd.</b></td> <td></td> <td>✓</td> </tr> <tr> <td><b>Decrease taxes on companies such as Wallis Ltd when it invests in new environmentally friendly machinery.</b></td> <td>✓</td> <td></td> </tr> <tr> <td><b>Decrease government grants for training managers of companies in environmental matters.</b></td> <td></td> <td>✓</td> </tr> </tbody> </table>		<u>Likely</u>	<u>Unlikely</u>	<b>ACTION</b>	to encourage companies to invest in more environmentally friendly production processes.		<b>Decrease taxes on oil, gas, electricity used by companies such as Wallis Ltd.</b>		✓	<b>Decrease taxes on companies such as Wallis Ltd when it invests in new environmentally friendly machinery.</b>	✓		<b>Decrease government grants for training managers of companies in environmental matters.</b>		✓	[3]	Ensure the 'ticks' are in the appropriate boxes.
	<u>Likely</u>	<u>Unlikely</u>																		
<b>ACTION</b>	to encourage companies to invest in more environmentally friendly production processes.																			
<b>Decrease taxes on oil, gas, electricity used by companies such as Wallis Ltd.</b>		✓																		
<b>Decrease taxes on companies such as Wallis Ltd when it invests in new environmentally friendly machinery.</b>	✓																			
<b>Decrease government grants for training managers of companies in environmental matters.</b>		✓																		

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(e)			<p><b>Target: To analyse data thus allowing accurate calculation: analyse data provided thus enabling the application of possible company responses which allows a judgement to be made for stated business.</b></p>		
1	(e)	(i)		<p>£115.8 million - £85 million (1) = £30.8 million (1)</p> <p><b>Do not award other than change in value of Wallis Ltd. Market share.</b></p>	[2]	<p>Student <b>CAN</b> obtain both marks if they have not shown their working.</p> <p><b>Students must give £ sign for both marks UNLESS student has used the £ sign in the calculation.</b></p>

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
1 (e) (ii)		<p><u>Data shows</u>            Significant reduction in the UK convenience food market.            Market share falling            Market share revenue expected to fall by £85 million.</p> <p><u>Many possible actions</u></p> <ul style="list-style-type: none"> <li>• Lower prices.</li> <li>• Increased advertising.</li> <li>• Diversify into other areas.</li> </ul> <p><u>Level 3 answer</u>  <i>Significant reduction in the UK <b>convenience food market</b> may lead to revenue problems for Wallis Ltd. This appears to be so as even though market share is a high 10% the business will be getting 10% of a lower figure ie a reduction from £103.95 million to £85 million. This is particularly worrying as the <b>market share</b> also forecasted to fall in 2008 which suggests the company has competition, quality or price issues ie its prices may be too high. Therefore, overriding is the reduction in the market itself thus my <b>action</b> would be to diversify the business to try and access other forms of income’.</i></p> <p><u>Level 2 answer</u>  <i>Significant reduction in the <b>UK convenience food market</b> may lead to revenue problems Wallis Ltd.. This appears to be so as even though market share is a high 10% the business will be getting 10% of a lower figure ie a reduction from £103.95 million to £85 million. This is particularly worrying as <b>the market share</b> also forecasted to fall in 2008 which suggests the company has competition, quality or price issues ie its prices may be too high.</i></p> <p><u>Level 1 answer</u>  <i>The business should expand to the EU.</i></p>	[6]	<p><b>Level 3 (5-6 marks)</b>  <b>Evaluation</b>            Developed <b>action</b> based on data trends identified.</p> <p><b>Level 2 (3-4 marks)</b>  <b>Analysis</b> of at least two pieces of data.</p> <p><b>Level 1 (1 – 2 marks)</b>            Basic comments linked to Wallis Ltd            Action with no context of the data trends</p>

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(f)			<b>Target: To demonstrate K/U of mergers, and evaluating its use to stated company.</b>		
1	(f)	(i)		Conglomerate	[1]	
1	(f)	(ii)		<p>Many possible answers</p> <ul style="list-style-type: none"> <li>Given downward trend in market share...diversification is an issue</li> <li>Staff – may provide more skills, ideas, economies of scale (labour savings) OR create industrial problems which may effect the harmony and efficiency of the business.</li> <li>High borrowings have interest payment / liquidity implications.</li> <li>Less control of the business as two companies made into one – business decisions ....</li> </ul> <p>For level 2 all of list should be appropriately referred to. <u>Level 2</u>            ‘Overall, Wallis Ltd should merge with Doyle Ltd as it will mean that they will have a range products, thus a range of customers, to sell and hence more potential profit. The need to do this is supported by the data showing a significant drop in spending on convenience food. Thus it <b>spreads risk</b> for the business. There is a downside in that Wallis Ltd will <b>lose some control over</b> its business as they will have to share with Doyle Ltd, and this may mean a <b>reduction of some of their staff</b> which may cause industrial relations problems</p>		<p><b>Level 2 (4-5)</b>            Evaluation            Judgement supported by correct analysis of <b>at least 3 factors.</b></p> <p><b>Level 1 (1-3)</b>            Application and analysis            Simple copying of factors.</p> <p>NB No mark for choice if left unsupported.</p>

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(f)	(ii)		<p>especially as they have 25 more staff. Also their staff may have problems with Doyle's staff which causes efficiency problems. Additionally Doyle Ltd <b>owe more money to the bank</b> which means they will become liable for their debt. However given the available information the upside outweighs the down side'.</p> <p>Allow reference to 'ensure survival'</p>		
				<p>Candidates may say they should merge with a company in the same market and give reasons eg, elimination of a competitor, and Wallis Ltd benefiting from economies of scale. Candidate should be awarded 3 marks.</p> <p><b>Level 1</b></p> <p><i>Wallis should merge with Doyleas they can get new ideas from the additions to staff</i></p>	[5]	
				<b>Total</b>	<b>[28]</b>	

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(a)			<b>Target: To demonstrate knowledge of the terms multinational company and subsidiary: apply knowledge of multinational company to stated business.</b>		
2	(a)	(i)		<b>Multinational company. A company which has a head office in one country but manufacturing/service facilities in another.</b>	<b>[1]</b>	Be mindful of more than one line being drawn. If this is the case award no marks.
2	(a)	(ii)		<p>Many possible answers</p> <p><b><u>Advantages</u></b>  Manufacturing bases can be spread around the world nearer to the markets they serve (1) thus saving on transport costs (1).   Production may be located where production costs are low (1) thus giving more profit (1).</p> <p><b><u>Disadvantages</u></b>  Communication difficulties (1) caused by being located in different countries which have different languages (1) / facilities being far away (1).   The high cost of transporting goods between countries (1) which means business may have to pay taxes (1) / additional fuel costs (1).</p> <p>Allow reference to improved sales IF CANDIDATE LINKS TO MUTINATIONALS ASSISTING WITH REPUTATION / BEING MORE WELL KNOWN.</p> <p>2x2</p>	<b>[4]</b>	<p>Note;  Question refers to the advantages and disadvantages to <b>Anne-Marie plc</b></p> <p>Stated advantage one mark  Explanation one mark</p> <p>Stated disadvantage one mark  Explanation one mark</p>



Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(b)			<b>Target: To apply knowledge of external costs to stated company and to government methods of controlling these costs.</b>		
2	(b)	(i)		<p>Many possible answers</p> <p>Allow reference to:</p> <ul style="list-style-type: none"> <li>• air pollution</li> <li>• noise pollution</li> <li>• visual pollution</li> </ul> <p>Also, allow reference to packaging pollution, use of cars/lorries, <b>and reference to use of energy in manufacture ie Global warming, plus disposal of machines</b></p> <p><u>Example</u>            Visual pollution (1) as companies factories are often built on green site areas and thus become a blight on the landscape (1).</p> <p>Amplc make a lot of products. To do this they have to use materials and machinery (1). This may cause noise (1)/smoke/wastage which can pollute the environment.</p>	<b>[2]</b>	Must be one clear cause of pollution with an appropriate explanation.

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(b)	(ii)		<p>Many possible answers</p> <ul style="list-style-type: none"> <li>• fines</li> <li>• increase taxes</li> <li>• regulation</li> </ul> <p><u>Example</u></p> <p>'Government may input a large fine (1) which decreases profits (1).</p> <p>Allow 'impose a toll (1) on large vehicles to stop them entering congested areas (1)'</p> <p>Allow 'using lorry (1) to transport the goods to the customer (1)'</p> <p>Not allow 'punish them'.</p>	[2]	Candidates must provide one way in which governments force businesses to reduce pollution.

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	I		<b>Target: To apply knowledge of locating to LDCs and to analyse related data thus allowing an appropriate judgement to be made.</b>		
2	I	(i)	<ul style="list-style-type: none"> <li>• Wage per hour – 50 pence – would lead to cheaper labour costs.</li> <li>• Low health and safety costs would contribute to lower total costs.</li> <li>• Quality of products may suffer if the workforce are not skilled.</li> <li>• Newspaper headlines such as ‘UK firms exploiting Bangladesh’ may lead to bad publicity thus reduction in demand albeit only likely in the short term.</li> </ul> <p><b><i>Students can obtain full marks with either conclusion</i></b></p> <p><u>Level 3</u>  ‘Bangladesh has much cheaper hourly wage and this would lead to much cheaper labour costs. Further savings on total costs would be made with the low health and safety costs. However quality of products may suffer if the workforce is not skilled and at the end of the day if consumers do not buy the product there will be no business. The first newspaper headline will have more of an impact because more UK consumers will buy its products than Bangladesh consumers as they do not have the money. THEREFORE, I would suggest they do not relocate as the disadvantages clearly outweigh the advantages’.</p>		<p><b>Level 3 (5– 6)</b>  Judgement based on comparative analysis of data. This judgement made after ‘weighing-up’ each factor.</p> <p>At least <b>two factors</b> fully discussed.</p> <p><b><i>Students can obtain full marks with either conclusion</i></b></p> <p><b>Level 2 (3-4)</b>  <b>Analysis</b> of at least one factor.</p> <p><b>Level 1 (1 – 2)</b>  <b>Knowledge and Application</b>  Basic statements related to company. This maybe implicit.  Candidate simply copies statements from the table.</p>

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance		
2	I	(i)		<p><u>Level 2</u>            'Bangladesh has much cheaper hourly wage and this would lead to much cheaper labour costs. Further savings on total costs would be made with the low health and safety costs. However quality of products may suffer if the workforce is not skilled and at the end of the day if consumers do not buy the product there will be no business.</p> <p><u>Level 1</u>  <i>Anne Marie Plc should make sure it has good quality products in order to make profit therefore I suggest it stay in the UK</i></p>				
						<p>Candidates will also be assessed for the quality of their written communication, according to the following criteria;</p> <p>Ideas expressed clearly, fluently, legibly and in an appropriate way. There are few errors in spelling, punctuation and grammar. <b>2</b></p> <p>Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer. <b>1</b></p> <p>Candidate fails to reach the threshold standard in all respects. <b>0</b></p>	<b>2</b>	<b>2</b>
					<b>[6+2]</b>			

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	I	(ii)		<p>Many possible answers</p> <p><u>Advantage</u>            “If you close a business in the UK and relocate out of the country other businesses which supply similar products may benefit due to less competition (1) which means more profits (1).</p> <p>Allow ‘less competition (1) as Ampic has gone to another country therefore increase sales (1)),            Allow ‘more possible workers (1) as Ampic is making workers redundant as she is locating abroad (1)’</p> <p><u>Disadvantage</u>            ‘If you close a business in the UK and relocate out of the country other businesses which may have supplied Anne-Marie’ lose profit (1) and this may mean they have to reduce workforce (1) which may cause industrial relations problems (1) and a poor image (1) for the business which may lead to further drops in demand (1)’.</p> <p>“If you close a business in the UK and relocate out of the country other businesses which may have supplied Anne-Marie’ lose profit (1) and this may mean they have to reduce workforce (1). These workers who lose their jobs may have less money to spend in the local shops (1) so these shops also suffer drops in profits (1).....’</p> <p>allow ‘less demand (1) as Ampic is making its products abroad thus not using UK suppliers (1)’</p> <p>2x2</p>	[4]	<p><b>NOTE</b> The question centres on the impact on <b>other businesses</b> of Anne Marie plc relocating.</p> <p>Stated advantage one mark            Explanation one mark</p> <p>Stated disadvantage one mark            Explanation one mark</p>

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(d)	<b>Target: To analyse accounting data thus allowing a judgement to be made: demonstrate knowledge of the terms dividend and shares.</b>		
2	(d) (i)	<p>Many possible answers</p> <p>Shareholders should be pleased as both net profit increased (1) which means the business is likely to give more money back to them (1)</p> <p>Share price increased (1) thus if they sell their shares they may make more money (1) assuming they bought the share at a lower price.</p>	[2]	<p>Candidate makes judgements based on correctly interpreting data.</p> <p>Candidate <u>does not have</u> to input correct data changes.</p>
2	(d) (ii)	<p><b>SHARES</b> Gives the owner part ownership of the business. A payment made to shareholders</p> <p><b>DIVIDEND</b> Issued as a way of raising finance Is usually paid twice a year.</p> <p>4x1</p>	[4]	Candidate is expected to correctly copy the statements into the relevant box although some students may label the statements 1 to 4. Allow this and award appropriately.

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(e)		<b>Target: To analyse data thus applying knowledge of external influences to allow evaluation.</b>		
2	(e)		<p>Many possible answers</p> <p><u>Level 2</u>            'It is difficult to say as we don't know how many workers they have on the minimum wage although even if they had a lot the wage is still small thus a large multinational would not be harmed very much. Therefore I think consumers spending more on household products will have more of an effect. This will directly link to sales assuming they are spending on Anne-Marie's products. This will then provide more money/profits which then can be reinvested'.</p>		<p><b>Level 2 (4-5)</b>            Analysis of <b>both</b> headlines leading to judgement. Judgement provided backed by logical reasoning.</p> <p><b>Level 1 (1-3)</b>            Application            Statements related to stated companies.</p>
			<p><u>Level 1</u>            I think consumers spending more on household products will have more of effect as this will increase sales.</p>	[5]	
			<b>Total</b>	<b>[30+2]</b>	

# 1951/04 Higher Business and Change

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(a)		<b>Target: To demonstrate knowledge of private limited companies and apply this knowledge to stated company: to demonstrate knowledge of business objectives.</b>		
1	(a)	(i)	<p>Many possible answers</p> <p><u>Advantages</u>            Limited liability            Issuing shares to raise capital            Easier to raise finance from bank...</p> <p><u>Disadvantages</u>            Accounts are public            Payment of dividends            Loss of control            Allow 'takes longer to set up'            Allow 'costs money to set up'.</p> <p><u>Example</u>            Limited liability (1) which means owners only lose the amount invested not their personal possessions as with partnerships (1).</p> <p>Accounts are public (1) therefore competitors can see your information which it may use. Partnership information is private thus not open to the general public (1).</p>	[4]	<p>Stated advantage one mark            Explanation one mark</p> <p>Stated disadvantage one mark            Explanation one mark</p> <p>Please beware of the standard answers relating to Ltd's. To obtain both marks there <b>must be reference to the difference between partnerships and Ltd's</b>, whether implicit or explicit.</p>



Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(a)	(ii)		<p>Many possible answers</p> <p><u>Objectives</u> profit, improve quality, improve service, increasing turnover, survival, break-even, expansion, increase market share, increase customers, increase sales.....</p> <p><u>Example</u> Profit (1) – if the business does not make enough profit then it does not have the money to reinvest (1) which means they will find it difficult to stay competitive (1).</p> <p>Profit (1) thus enabling the purchase of machines (1) Profit (1) to increase dividends/keep shareholders happy (1). BE (1) so they can carry on running the business / keeping the business afloat (1)</p> <p>Allow “increase quality (1) to increase sales” (1).</p>	[2]	<p>An appropriate reason must be given for both marks.</p> <p>Students are <b>NOT</b> to be awarded 2 marks for ‘Profit (1) so as they can purchase materials / pay debts....’</p>
1	(b)			<p><b>Target: to demonstrate knowledge of mixed and market economies: apply knowledge of market economy to stated company.</b></p>		
1	(b)	(i)		<p>Mixed economy is where the economy has a private (1) and public sector (1).</p> <p>Mixed economy is where the economy is dominated with individuals and private businesses (1) with little government ownership (1)</p> <p>Allow ‘a mixture of a planned (1) and market (1) economy’</p>	[2]	<p>Two parts to the required answer</p> <ol style="list-style-type: none"> <li>1. Reference to the private sector</li> <li>2. Reference to the role of the government (public) sector</li> </ol>

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance																		
1	(b)	(ii)		<p>Many possible answers</p> <p><i>More variety</i> <i>Increased quality</i> <i>Competitive prices</i></p> <p>Due to little government intervention, there should be many businesses competing (1) and this may lead to cheaper prices thus consumers save money (1).</p> <p>Allow 'consumers decide what to produce and consume (1) so they get what they want' (1) Allow 'business run to make a profit (1) thus consumers receive good quality products and service' (1).</p>	[2]	<p>The question is centred on the <b>advantages to the consumer</b> of market based economies.</p> <p>Stated advantage one mark <u>Explanation</u> one mark</p>																		
1	I			<p><b>Target: To apply knowledge of government methods of stimulating investment.</b></p> <table border="1"> <thead> <tr> <th></th> <th>Likely</th> <th>Unlikely</th> </tr> </thead> <tbody> <tr> <td><b>ACTION</b></td> <td>to encourage companies to invest in more env. Friendly production processes.</td> <td></td> </tr> <tr> <td><b>Decrease taxes on oil, gas, electricity used by companies such as Wallis Ltd.</b></td> <td></td> <td>✓</td> </tr> <tr> <td><b>Decrease taxes on companies such as Wallis Ltd when it invests in new environmentally friendly machinery.</b></td> <td>✓</td> <td></td> </tr> <tr> <td><b>Decrease government grants for training managers of companies in environmental matters.</b></td> <td></td> <td>✓</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>		Likely	Unlikely	<b>ACTION</b>	to encourage companies to invest in more env. Friendly production processes.		<b>Decrease taxes on oil, gas, electricity used by companies such as Wallis Ltd.</b>		✓	<b>Decrease taxes on companies such as Wallis Ltd when it invests in new environmentally friendly machinery.</b>	✓		<b>Decrease government grants for training managers of companies in environmental matters.</b>		✓				[3]	
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Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(d)		<p><b>Target: To analyse data provided thus enabling the application of possible company responses thus allowing a judgement to be made for stated business.</b></p> <p><u>Data shows</u>            Significant reduction in the UK convenience food market.            Market share falling.            Market share revenue expected to fall by £85 million.</p> <p><u>Many possible actions</u></p> <ul style="list-style-type: none"> <li>• Lower prices.</li> <li>• Increased advertising.</li> <li>• Diversify into other areas.</li> </ul> <p><u>Level 3 answer</u>  <i>Significant reduction in the UK <b>convenience food market</b> may lead to revenue problems for Wallis Ltd. This appears to be so as even though market share is a high 10% the business will be getting 10% of a lower figure ie a reduction from £103.95 million to £85 million. This is particularly worrying as the <b>market share</b> also forecasted to fall in 2008 which suggests the company has competition, quality or price issues ie its prices may be too high. Therefore, overriding is the reduction in the market itself thus my <b>action</b> would be to diversify the business to try and access other forms of income'.</i></p> <p><u>Level 2 answer</u>  <i>Significant reduction in the <b>UK convenience food market</b> may lead to revenue problems Wallis Ltd.. This appears to be so as even though market share is a high 10% the business will be getting 10% of a lower figure ie a reduction from £103.95 million to £85 million. This is particularly worrying as <b>the market share</b> also forecasted.</i></p>		<p><b>Level 3 (5-6 marks)</b>  <b>Evaluation</b>            Developed <b>action</b> based on data trends identified.            If using diversification as an action this must be specific eg selling organic health food.</p> <p><b>Level 2 (3-4 marks)</b>  <b>Analysis</b> of at least two pieces of data <b>OR</b> good action with any one piece of data.</p> <p><b>Level 1 (1 – 2 marks)</b>            Basic comments linked to Wallis Ltd.            Action with no context of the data trends.</p>

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(d)		<p><i>to fall in 2008 which suggests the company has competition, quality or price issues ie its prices may be too high.</i></p> <p><u>Level 1 answer</u> <i>The business should expand to the EU.</i></p> <p><u>Level 1 answer</u> <i>Company revenue may fall as the amount spent on convenience food falls.</i></p>	[6]	
1	(e)		<p><b>Target: To demonstrate K/U of mergers, and evaluating its use to stated company</b></p> <p>Implications of data.</p> <ul style="list-style-type: none"> <li>Given downward trend in market share...diversification is an issue.</li> <li>Staff – may provide more skills, ideas, economies of scale (labour savings) OR create industrial problems which may effect the harmony and efficiency of the business.</li> <li>High borrowings have interest payment / liquidity implications.</li> </ul> <p><i>Allow reference to 'ensure survival'. Candidates may select 'Redmonds Ltd' and centre on the elimination of a competitor, and Wallis Ltd benefiting from economies of scale.</i></p>		<p><b>Level 4 (7 – 8)</b> <b>Evaluation</b> Judgement supported by reasoned analysis of <b>all three of the factors</b> shown in the list.</p> <p><b>Level 3 (5 – 6)</b> <b>Analysis</b> of at least 2 pieces of data. Implications of the data highlighted.</p> <p><b>Level 2 (3 – 4)</b> <b>Application</b> Explained reference to the businesses stated.</p> <p><b>Level 1 (1 – 2)</b> <b>Knowledge</b> General knowledge of mergers shown. No context.</p>

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(e)		<p>Award any reference to Fig1 and the declining trends ie, significant reduction in the UK convenience food market, market share falling, market share revenue expected to fall by £85 million.</p> <p><u>Example level 4</u>  <i>'Overall, Wallis Ltd should merge with Boyle Ltd as it will mean that they will have a <b>range of products</b>, thus a range of customers, to sell and hence more potential profit. The need to do this is supported by the data showing a significant drop in spending on convenience food. For this reason I am discarding merging with Redmonds Ltd. However, there is a downside in that Wallis Ltd will lose some control over its business as they will have to share with Boyle Ltd, and this may mean a reduction of some of their <b>staff</b> which may cause industrial relations problems especially as they have 25 more staff. Also their staff may have problems with Boyle's staff which causes efficiency problems. Additionally Boyle Ltd <b>owe more money to the bank</b> which means they will become liable for their debt. However given the available information the upside outweighs the down side'.</i></p> <p><u>Example level 3</u>  <i>'Overall, Wallis Ltd should merge with Boyle Ltd as it will mean that they will have a range of products, thus a range of customers, to sell and hence more potential profit. The need to do this is supported by the data showing a significant drop in spending on convenience food. For this reason I am discarding merging with Redmonds Ltd. However, there is a downside in that Wallis Ltd will lose some control over its business as they will have to share with Boyle Ltd, and this may mean a reduction of some of</i></p>	[8]	<p><b>NB</b> No mark for choice if left unsupported.</p> <p><b>NB</b> candidates may use data from q (d). this should be awarded as good analysis assuming full use of the said data.</p> <p><b>Candidate</b> may refer to additional factors in their answer. To obtain level 3 students must process them with at least 2 factors outlined in fig 2.</p>

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
		<p><i>their staff which may cause industrial relations problems especially as they have 25 more staff. Also their staff may have problems with Boyle's staff which causes efficiency problems.</i></p> <p><u>Example level 2</u>  <i>Wallis should merge with Redmonds as they can enjoy economies of scale.</i></p> <p><u>Example level 1</u>  <i>Mergers help reduce costs due to economies of scale.</i></p>		
		<b>Total</b>	<b>[27]</b>	

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(a)	<b>Target: To demonstrate knowledge of the terms multinational company and subsidiary: apply knowledge of multinational company to stated business.</b>		
2	(a) (i)	<b>Multinational company</b> A company which has a head office in one country but manufacturing/service facilities in another.	[1]	
2	(a) (ii)	Many possible answers  <u>Advantages</u> Manufacturing bases can be spread around the world nearer to the markets they serve (1) thus saving on transport costs (1). Production may be located where production costs are low (1) thus giving more profit (1).  <u>Disadvantages</u> Communication difficulties (1) caused by being located in different countries which have different languages (1) / facilities being far away (1). The high cost of transporting goods between countries (1) which means business may have to pay taxes (1) / additional fuel costs (1). Allow fluctuating exchange rates (1) which may mean losing money when buying materials from abroad (1). Allow differences in business law. 2x2  Allow reference to improved sales if candidate links to multinationals assisting with reputation / being more well known.	[4]	Note; Question refers to the advantages and disadvantages to <b>Anne-Marie plc</b>  Stated advantage one mark Explanation one mark  Stated disadvantage one mark Explanation one mark

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(a)	(ii)		Not allow reference to tariffs / spread risk / simple reference to larger market or higher sales.		
2	(b)			<b>Target: To apply knowledge of locating to LDCs and to analyse related data thus allowing an appropriate judgement to be made.</b>		
2	(b)	(i)		<ul style="list-style-type: none"> <li>• Wage per hour – 50 pence – would lead to cheaper labour costs.</li> <li>• Low health and safety costs would contribute to lower total costs.</li> <li>• Quality of products may suffer if the workforce are not skilled.</li> <li>• Newspaper headlines such as ‘UK firms exploiting Bangladesh’ may lead to bad publicity thus reduction in demand albeit only likely in the short term.</li> </ul> <p><b><i>Students can obtain full marks with either conclusion</i></b></p> <p><u>Level 3</u> ‘Bangladesh has much cheaper hourly wage and this would lead to much cheaper labour costs. Further savings on total costs would be made with the low health and safety costs. However quality of products may suffer if the workforce is not skilled and at the end of the day if consumers do not buy the product there will be no business. The first newspaper headline will have more of an impact because more UK consumers will buy its products than Bangladesh consumers as they do not have the money. Therefore, I would suggest they do not relocate as the disadvantages clearly outweigh the advantages’.</p>		<p><b>Level 3 (5– 6)</b> Judgement based on comparative analysis of data. This judgement made after ‘weighing-up’ each factor. At least two factors fully discussed.</p> <p><b><i>Students can obtain full marks with either conclusion</i></b></p> <p><b>Level 2 (3-4)</b> <b>Analysis</b> of at least one factor including relevant factors eg transport, exchange rates.</p> <p><b>Level 1 (1 – 2)</b> <b>Knowledge and Application</b> Basic statements related to company. This maybe implicit. Candidate simply copies statements from the table.</p> <p>Candidates will also be assessed for the quality of their written communication, according to the following criteria;</p>



Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(b)	(i)		<p><u>Level 2</u>            'Bangladesh has much cheaper hourly wage and this would lead to much cheaper labour costs. Further savings on total costs would be made with the low health and safety costs. However quality of products may suffer if the workforce is not skilled and at the end of the day if consumers do not buy the product there will be no business.</p> <p><u>Level 1</u>  <i>Anne Marie Plc should make sure it has good quality products in order to make profit therefore I suggest it stay in the UK</i></p>		<p><i>Ideas expressed clearly, fluently, legibly and in an appropriate way. There are few errors in spelling, punctuation and grammar.</i></p> <p><i>Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer.</i></p> <p><i>Candidate fails to reach the threshold standard in all respects.</i></p> <p style="text-align: right;"><b>[6+2]</b></p>

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(b)	(ii)		<p>Many possible answers</p> <p><u>Advantage</u>            “If you close a business in the UK and relocate out of the country other businesses which supply similar products may benefit due to less competition (1) which means more profits (1).</p> <p>Allow ‘less competition (1) as Ampic has gone to another country (1)’.</p> <p>Allow ‘more possible workers (1) as Ampic is making workers redundant as she is locating abroad (1)’.</p> <p><u>Disadvantage</u>            ‘If you close a business in the UK and relocate out of the country other businesses which may have supplied Anne-Marie’ lose profit (1) and this may mean they have to reduce workforce (1) which may cause industrial relations problems (1) and a poor image (1) for the business which may lead to further drops in demand (1)’.</p> <p>“If you close a business in the UK and relocate out of the country other businesses which may have supplied Anne-Marie’ lose profit (1) and this may mean they have to reduce workforce (1). These workers who lose their jobs may have less money to spend in the local shops (1) so these shops also suffer drops in profits (1).....’.</p> <p>allow ‘less demand (1) as Ampic is making its products abroad thus not using UK suppliers (1)’.</p> <p>2x2 marks</p>	[4]	<p><b>NOTE</b> The question centres on the impact on <b>OTHER BUSINESSES</b> of Anne Marie plc relocating.</p> <p>Stated advantage one mark            Explanation one mark</p> <p>Stated disadvantage one mark            Explanation one mark</p>

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance									
2	1		<p><b>Target: To demonstrate and apply knowledge of accounting information thus allowing analysis and evaluation.</b></p> <p>Many lines of argument; Regarding Hygiene Ltd</p> <ul style="list-style-type: none"> <li>• Gross profit higher</li> <li>• Working capital is better – this maybe calculated</li> <li>• Higher bank loans thus interest rate charges higher</li> <li>• Higher value of fixed assets</li> <li>• Information gained from calculating of ratios</li> </ul> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; width: 20%;">Ratio</th> <th style="text-align: center; width: 20%;">Young and Happy Ltd</th> <th style="text-align: center; width: 20%;">Hygiene Ltd</th> </tr> </thead> <tbody> <tr> <td><b>Gross profit to sales</b></td> <td style="text-align: center;">33%</td> <td style="text-align: center;">66%</td> </tr> <tr> <td><b>Current ratio</b></td> <td style="text-align: center;">0.5:1</td> <td style="text-align: center;">1.66:1</td> </tr> </tbody> </table> <p><u>Level 4</u> Whilst Hygiene Ltd has higher LT Liabilities, therefore higher interest payments, its gross profit ratio is higher 66% compared to YHLtd 33% which means their return on stock sold is yielding a higher return. They also clearly have better working capital with a current ratio of 1.6:1 which sharply contrasts YHLtd's 0.5:1. This means Hygiene Ltd will not have difficulty in repaying its short term debt. In addition, the value of fixed assets for Hygiene Ltd is higher than YHLtd <b>thus Anne-Maries plc would get more for the sale of Hygiene Ltd.</b></p> <p><u>Level 3</u> Hygiene Ltd clearly has the better working capital with a current ratio of 1.6:1 which sharply contrasts YHLtd's 0.5:1. This means Hygiene Ltd will not have difficulty in repaying its short term debt.</p>	Ratio	Young and Happy Ltd	Hygiene Ltd	<b>Gross profit to sales</b>	33%	66%	<b>Current ratio</b>	0.5:1	1.66:1		<p><b>NOTE</b> Question refers to raising the most money hence the answer <u>must be Hygiene Ltd</u></p> <p><b>Level 4 (7 – 8 marks)</b> <b>Evaluation</b> Judgement with appropriate backing. Two ratios correctly calculated and interpreted for <b>BOTH</b> companies.</p> <p><b>Level 3 (5 – 6 marks)</b> <b>Analysis</b> of data At least one ratio completed for <b>BOTH</b> companies and the <b>implication</b> of the result explained.</p> <p><b>Level 2 (3 – 4 marks)</b> <b>Application</b> Statements related to stated companies or correct calculation of ratios without implication..</p> <p>A developed statement related to stated company.</p> <p><b>Level 1 (1 – 2 marks)</b> <b>Knowledge</b> A basic statement related to stated company.</p>
Ratio	Young and Happy Ltd	Hygiene Ltd												
<b>Gross profit to sales</b>	33%	66%												
<b>Current ratio</b>	0.5:1	1.66:1												

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	1		<p><u>Level 2</u> I would sell <b>Hygiene Ltd</b> because it has the highest gross profit.</p> <p><u>Level 1</u> I would sell the business with the highest Gross Profit</p>	[8]	
2	(d)		<p><b>Target: To demonstrate and apply knowledge of economic factors to stated businesses; to analyse and evaluate economic data thus enabling a judgement to be made.</b></p> <p><b>Data shows</b> <i>UK Interest rate higher and forecasted to be higher than Germany</i> <i>UK inflation rate higher and forecasted to be higher than Germany</i> <i>£ forecasted to be sharply stronger</i></p> <p>Many lines of argument;</p> <ul style="list-style-type: none"> <li>increase in UK <b>interest rate</b> may lead to drops in UK spending thus sales/profits from the UK may drop</li> <li>increase in interest rate may lead to an <b>appreciation in the £</b>, as forecasted, thus major negative impact on export demand (German consumers switch away from UK businesses and domestic demand (UK switch to imports) thus sales/profits from both markets may drop</li> <li>higher UK <b>RPI</b> may mean UK consumers begin to buy from foreign businesses and not Amplc therefore drops in sales revenue from UK</li> <li>higher UK <b>RPI</b> may mean German consumers begin to buy from businesses other than Amplc as its prices are too expensive therefore drops in sales revenue from Germany allow 'RPI higher therefore sales revenue higher' reference to PED and type of products which Amplc sales to be awarded at least L3</li> </ul>		<p><b>Level 4 (7 – 8)</b> Evaluation <b>Judgement</b> with appropriate backing. All 3 factors discussed. Either UK or Germany may be the answer.</p> <p><b>Level 3 (5 – 6)</b> <b>Analysis</b> of at least 2 pieces of data. This data explained and linked to Amplc</p> <p><b>Level 2 (3 – 4)</b> <b>Application</b> A developed statement related to stated company.</p> <p><b>Level 1 (1 – 2)</b> <b>Knowledge</b> A basic statement related to stated company.</p>

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
2 (d)		<ul style="list-style-type: none"> <li>• <b>difficult to say as only forecasts</b></li> <li>• businesses who purchase from Amplc may absorb changes thus no change to sales revenue percentage for both countries</li> </ul> <p><u>Level 4</u>  The increase in UK <b>interest rate</b> may lead to drops in UK spending thus sales/profits from the UK may drop. The forecasted increase in German R/I may not have much of an affect as the increase is only .25 as compared to .75 with UK. The increase in UK interest rate may lead to an <b>appreciation in the £</b>, as forecasted, thus major negative impact on export demand (German consumers switch away from Amplc) and domestic demand (UK switch to imports) thus sales/profits from both markets may drop may drop. The predicted higher UK <b>RPI</b> may mean UK consumers begin to buy from foreign businesses and not Amplc therefore drops in sales revenue from UK. Additionally, higher UK <b>RPI</b> may mean German consumers begin to buy from f businesses other than Amplc as its prices are too expensive therefore drops in sales revenue from Germany. However, due to the nature of the product – household goods – it is unlikely UK consumers will significantly change whereas a approx. 30% appreciation in £ may easily deter Germans from purchasing from Amplc.</p> <p><b>Therefore, I believe the UK will hold the highest sales revenue</b></p> <p><u>Level 2</u>  <i>'If interest rates increase people will have less money therefore Anne –Maries plc may experience less demand from the UK market'.</i>  <i>Students can argue either way – UK, Germany, or no change.</i></p>		

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(d)		<p><i>Award reference to;</i>  <i>Some students may say AM plc operates in France then ER change will have no effect.</i>  <i>Some students may say Germany not interest rate sensitive unlike UK thus the increase in the UK interest rate will have a large impact.</i></p> <p><u>Level 1</u>  The pound is stronger and this will have a big effect.</p>	[8]	
			<b>Total</b>	<b>[33]</b>	

# 1951/05 Foundation Business Communication and Marketing

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(a)	<p><b>Target: Apply knowledge of e-commerce to explain possible advantages and disadvantages in its use.</b></p> <p>Many possible answers</p> <p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Can reach a global market</li> <li>• Seven day opening</li> <li>• Can present a professional image</li> <li>• Low promotion costs</li> <li>• Can achieve economies of scale</li> </ul> <p><u>Example</u> By using e-commerce in her business Organicas Ltd can reach a global market (1). This means that Organicas Ltd website can be seen by billions of people giving the company a lot of potential customers (1).</p> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Global competition which may force prices down</li> <li>• Cost of maintaining site</li> <li>• Change in skills to run e-commerce thus company will incur cost of training workers/recruitment of workers.</li> <li>• Site may crash</li> </ul> <p><u>Example</u> Just as Organicas Ltd can reach a global market other competitors can compete for its market share (1). This competition may force prices down (1).</p> <p>Allow 'most have internet (1) therefore easy to purchase from Organicas Ltd (1).'</p>		<p>Stated advantage one mark Explanation one mark</p> <p>Do not allow customer related answers eg, 'customers like to buy on the internet'</p> <p>Stated disadvantage one mark Explanation one mark</p> <p>Answers must refer to the business. Do not allow customer related answers eg, 'customers not like using the internet to buy because of fraud'</p>

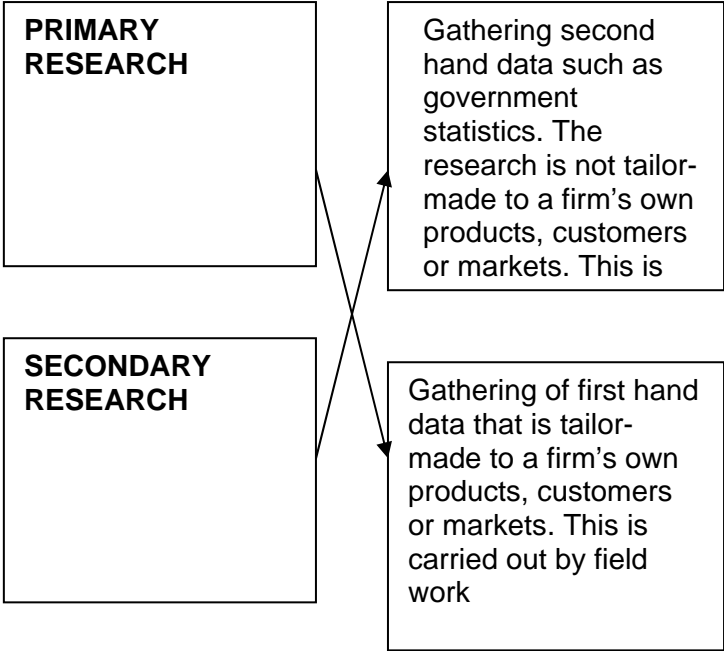
Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(a)		<p>Allow ' wide range of people', 'faster to use', easy for customers to purchase (1) therefore may lead to increase in sales (1).</p> <p>Allow 'pay for someone to design the website (1) which costs a lot of money (1).</p> <p>Allow 'people may be sent the wrong goods (1)'.</p>	[4]	<p><i>state</i> 1 mark</p> <p><i>explanation</i> 1 mark 2x2</p>
1	(b)		<p><b>Target: To apply knowledge of supply and demand theory to stated company.</b></p> <p><u>Many possible answers</u></p> <ul style="list-style-type: none"> <li>- Organicas Ltd may raise prices.</li> <li>- Organicas Ltd may have high sales.</li> <li>- Organicas Ltd may have high profits.</li> <li>- This information may lead to Organicas Ltd expanding.</li> <li>- Increase supply by buying new stock from supplier.</li> </ul> <p>Allow two marks for may increase advertising (1) to inform customers its products are available (1).</p> <p><u>Example</u></p> <p>The likely event would be that Organicas Ltd should be experiencing increases in both sales and profits (1) due to there being high demand for organic produce (1). Having high demand is a good thing for the business as it can increase prices (1) thus maximising profits (1).</p>	[3]	<p>NB: the question is <b>how the business will react</b>.</p> <p>Be aware that the question relates to demand is <b>greater than</b> supply.</p> <p>As stated there are many possible answers thus use professional judgement.</p> <p>Allow three stated points, eg  <i>increased profit (1)</i>  <i>increased advertising (1)</i>  <i>increased supply(1)</i></p>



Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	I		<p><b>Target: To demonstrate knowledge of revenue by selecting appropriate data thus allowing appropriate calculation and judgement.</b></p>		
		(i)	<p>Calculating elasticity:</p> $100\,000 \times .80 \text{ (1)}$ $\pounds 80\,000 \text{ (1)}$	[2]	<p>Students <b>do not</b> need to show workings to obtain both marks. To attain workings point must show pence or decimal.</p> <p><b>If correct answer is repeated in the table with pound sign absent then allow 1 mark.</b></p> <p><u>BUT</u> students <u>must</u> have £ to obtain both marks.</p> <p>Exceptions allow 8 million pence.</p>
1	I	(ii)	<p>The Marketing Director was correct (1) to increase its price on baby food as revenue is still higher than before the change (1). Whilst the business did experience a decrease in demand due to the price increase, overall they have benefited, ie the gain from the price increase is greater than the financial loss in the reduction in demand (1).</p> <p><u>Candidate 3 mark examples</u></p> <p>“Yes (1) they did make the correct decision to increase their prices. Even though they lost 5000 customers(1), as every item they sold cost an extra 10p their total amount was up by <math>\pounds 6500</math>(1).”</p> <p>“Yes(1)they did make the right decision, because even though they sold less(1), because of increasing the price, they still make more money(1) in 2007 than 2006”</p>	[3]	<p><u>Basis format point mark scheme</u></p> <p><i>Judgement(1)</i>  <i>Sold less(1)</i>  <i>More money(1)</i></p> <p>Students <b>do not</b> get a mark for a judgement which is not backed by correct reasoning.</p> <p>Do not have to refer to the calculations, trends can be implicit.</p> <p>If the student <b>decides against the rise</b> with good justification eg less customers means less sales of product (2 max) 1 mark judgement + 1 mark explanation (OFR).</p> <p>If student has incorrectly calculated part (i) but makes an appropriate reason given their calculation, student can be awarded full marks.</p>

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance															
1	(d)		<b>Target: Demonstrate K/U of supply and demand curves thus allowing evaluation: demonstrate knowledge of possible business actions based on scenario.</b>																	
	(i)		<table border="1"> <thead> <tr> <th>Event</th> <th><u>Likely</u></th> <th><u>Unlikely</u></th> </tr> </thead> <tbody> <tr> <td></td> <td colspan="2">to cause a shift in the supply curve from S to S1</td> </tr> <tr> <td>An improvement in production methods at Organicas Ltd</td> <td></td> <td>✓</td> </tr> <tr> <td>A successful advertising campaign by Organicas Ltd</td> <td></td> <td>✓</td> </tr> <tr> <td>A poor harvest causing a shortage in baby food</td> <td>✓</td> <td></td> </tr> </tbody> </table>	Event	<u>Likely</u>	<u>Unlikely</u>		to cause a shift in the supply curve from S to S1		An improvement in production methods at Organicas Ltd		✓	A successful advertising campaign by Organicas Ltd		✓	A poor harvest causing a shortage in baby food	✓		[3]	
Event	<u>Likely</u>	<u>Unlikely</u>																		
	to cause a shift in the supply curve from S to S1																			
An improvement in production methods at Organicas Ltd		✓																		
A successful advertising campaign by Organicas Ltd		✓																		
A poor harvest causing a shortage in baby food	✓																			
	(ii)		Prices will rise.	[1]	No other correct answer															

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance		
1 (e)		<p><b>Target: To apply understanding of the importance of sales and competition; candidate to analyse and evaluate data, and highlight likely implications.</b></p> <p>Many possible answers</p> <p>Data shows</p> <ul style="list-style-type: none"> <li>• Sharp increase in competition forecasted</li> <li>• Sales predicted to decrease.</li> </ul> <p><u>Action</u></p> <p>Many possible answers</p> <table border="1" data-bbox="501 687 1245 868"> <tbody> <tr> <td> <ul style="list-style-type: none"> <li>• Diversify</li> <li>• Do nothing</li> <li>• International expansion</li> <li>• Sell online</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>• Increase product range</li> <li>• Advertise</li> <li>• Destroyer pricing</li> <li>• Allow concession / branding within other retailers</li> </ul> </td> </tr> </tbody> </table> <p>The action must be backed by reasoning in order to obtain L2.</p> <p><u>Level 2 example:</u> We can see that there has been a sharp increase in competition forecasted, and sales are predicted to significantly decrease. Therefore, it appears that the business is struggling to compete with the extra 800 new health shops albeit it is only a forecast. Therefore my action would be to diversify into producing other organic food</p> <p>Allow level 2 for 'Organicas Ltd still selling £7 million and the 2009 is only a forecast. Therefore I would <b>do nothing</b>'.</p>	<ul style="list-style-type: none"> <li>• Diversify</li> <li>• Do nothing</li> <li>• International expansion</li> <li>• Sell online</li> </ul>	<ul style="list-style-type: none"> <li>• Increase product range</li> <li>• Advertise</li> <li>• Destroyer pricing</li> <li>• Allow concession / branding within other retailers</li> </ul>		<p><b>Level 2 (3 – 4 marks)</b> Data analysed with logical reasoning explaining the trends of <b>both</b> sets of data.</p> <p>Appropriate action provided with appropriate link to data</p> <p><b>Level 1 (1 – 2 marks)</b> Knowledge and application. No reference to figures stays within level 1 Basic action with minimal reference to data</p> <p><i>Candidate answer</i> "They should sell in different locations other than own stores eg online, because in every year more shops are opening and Organicas Ltd' sales are going down. The UK stores have increased by 800 to 5000 in 2009 and the competition means a forecasted drop in sales of 1.2 million to £7 million."</p>
<ul style="list-style-type: none"> <li>• Diversify</li> <li>• Do nothing</li> <li>• International expansion</li> <li>• Sell online</li> </ul>	<ul style="list-style-type: none"> <li>• Increase product range</li> <li>• Advertise</li> <li>• Destroyer pricing</li> <li>• Allow concession / branding within other retailers</li> </ul>					

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(e)		Allow 'do nothing' as only a forecast. Therefore not wasting any money in diversification.  <u>Level 1 example:</u> 'I think Organicas Ltd are facing more competition because more shops are opening'.	[4]	
1	(f)		<b>Target: Demonstrate K/U of primary and secondary research and apply this knowledge to stated company; analyse advertising choices to make an appropriate judgement to stated company.</b>		
	(i)		 <p>The diagram consists of four rectangular boxes. On the left, there are two boxes: the top one is labeled 'PRIMARY RESEARCH' and the bottom one is labeled 'SECONDARY RESEARCH'. On the right, there are two boxes containing descriptive text. The top-right box describes gathering second-hand data (government statistics, not tailor-made). The bottom-right box describes gathering first-hand data (tailor-made, field work). Two arrows originate from the 'PRIMARY RESEARCH' box: one points to the top-right box and the other points to the bottom-right box. Two arrows originate from the 'SECONDARY RESEARCH' box: one points to the top-right box and the other points to the bottom-right box.</p>	[2]	One mark for each correct line drawn. Correct answers as eg If students draw more than one line from a box but the other box is correct allow 1 mark.  If students draws more than 1 line from both boxes award no marks.

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(f)	(ii)		<p>Many possible answers</p> <p>Primary research involves collecting information first hand whereas secondary research is research carried out by another organisation. Organicas Ltd can ask questions it wants (1) which means it can find out exactly the information required thus not wasting time money (1). <b>I suggest primary research (1).</b></p> <p><u>Allow</u> Information will be up-to-date (1) which is important because consumers do change their opinion (1) and thus Organicas Ltd can make more informed decisions (1). Secondary research may have been carried out two years ago which may mean Organicas Ltd making decisions based on information that is now wrong (1).</p> <p>Allow 'With secondary research, Organicas Ltd do not know the individuals which carried out the research, what methods they used (1). With primary research you do not (1) hence Organicas Ltd are likely to be more confident when making decisions (1).</p> <p>For 3 marks, allow Primary research (1) because data more accurate (1) and reliable than secondary research (1).</p>	[3]	<p>Students <b>do not</b> get a mark for a judgement which is not backed by correct reasoning.</p> <p>Given the definition in part (i), the correct judgement is Primary research therefore if students has selected <b>secondary research</b> as the correct choice award no marks.</p>

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(f)	(iii)		<p>The appropriate recommendations are the <b>internet</b> and <b>television</b>.</p> <p><u>Internet</u> (1) This is open 24-7 and makes shopping easier for the consumer. Thus more and more consumers shop on-line and are thus more likely to see the adverts.(1)</p> <p>This is in contrast to issuing leaflets in local areas. This clearly would not reach many potential consumers and demand for the organic food hence sales would be low(1).In addition, most people have access to a computer and the internet hence many people around UK would see adverts, and possibly in the EU, may see and demand the organic food.(1)</p> <p><u>Television</u> (1) Everyone watches TV therefore many may see its adverts and thus may be informed/persuaded to buy its organic food thus higher sales(1). This is in contrast to advertising in two local papers. This clearly would not reach many potential consumers hence sales would be low.(1)</p> <p>Candidate response example Allow – Internet(1) will reach a large audience, wide variety of people(1), I did not choose TV as it would be very expensive(1).</p>	[6]	<p>Question is targeted at the 'national' picture therefore if candidates choose local newspapers or leaflets they are incorrect <b>hence no marks for the wrong choice</b>.</p> <p><b>Marks to be awarded on a points basis</b></p> <p>Choice (1 mark) Explanation in support of choice (1 mark) Reasons for disregarding other option (1 mark) Could include internet if <u>wrong</u> choice made, eg not everyone has access to internet.</p> <p>2 x 3 marks</p>
				<b>Total</b>	<b>[31]</b>	

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(a)		<b>Target: To demonstrate knowledge of the possible ways businesses communicate with its employees using ICT.</b>		
		(i)	<p>Many possible answers</p> <p><b>Video conferencing</b> communication between businesses using video link/images of the workers concerned. Allows visual demonstrations ...</p> <p>Allow webcam.  Allow 'speaking to employees via computer, seeing their face and they can see yours.'  Allow 'sender and receiver are live to each other via a camera and can make visual and audio communication.'  Allow 'video messaging – can see and hear each other'.</p> <p><b>e-mail</b> mail sent electronically communication between workers over the Internet</p>	[2]	<b>BEWARE;</b> - question asks for <u>meaning</u> not advantage/disadvantage.

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(a)	(ii)		<p>Many possible answers            Phone/mobile phone            Computers            Intranet            Scanner            Spreadsheets            Websites            Internet telephone (Skype)            Fax.....</p> <p><u>Example</u>            The MD may use computers (1) to save documents onto a shared area thus allowing others workers access to the document quickly (1).</p> <p>Use mobile phone (1) so you can have a quick conversation (1).</p> <p>Allow:            'Use of website (1) to show all holidays on offer (1)'            'Store information about employees on a database'.            'Employees checking flight and accommodation (1) using computers (1).'</p>	[2]	<p>As stated there are many possible answers thus use professional judgement.</p> <p>Stated 'way' one mark            Explanation one mark</p> <p><b>NB: the MD represents the business. The question is <u>not</u> specific to the MD.</b></p>



Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(b)			<b>Target: To demonstrate and apply knowledge of marketing / internet marketing to show its importance to stated company: analyse given data to allow judgement regarding implications for stated business.</b>
	(i)	Marketing is identifying and satisfying consumer wants at a profit.	[1]	Be mindful of more than one tick in each column. If this is the case award no marks.
	(ii)	<p><u>Data shows</u></p> <ul style="list-style-type: none"> <li>Marked increase in the number of holidays purchased on-line</li> <li>sharp increase in the number of business developing internet marketing</li> </ul> <p><u>Level 2 example</u> The sharp increase in businesses advertising over the internet shows that more businesses and consumers are trading on the internet. This suggests that Flighty Ltd should be as well as if they are not they are losing potential profit. Also, more consumers are buying holidays on-line. By trading on the internet both businesses and consumers have more transparency thus consumers can see prices, product range from their home and quickly in order to get the best deal. This forces businesses to be more aware when setting prices etc.</p> <p><b>Candidate example</b> “Flighty should react to this information by using the internet more for marketing. The percentage of holidays purchased over the net increases from 26% to 32% as UK businesses use internet marketing more 9%-20% over the same period. Clearly using this method would increase their sales.”</p> <p><u>Level 1 example</u> ‘More business using the internet to sell to customers therefore Flighty Ltd should use the internet’.</p>	[5]	<p><b>Level 2 (4 – 5 marks)</b> <b>Evaluation</b> Action provided which is supported by analysis of <b>the trends for each of the 2 pieces of information.</b></p> <p><b>Level 1 (1 – 3 marks)</b> <b>Analysis</b> of data with basic action provided, but only <b>one set</b> of data used</p> <p><b>Application</b> – comments linked to Flighty Ltd. Can be implicit or explicit</p>

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	I		<p>Many possible answers.</p> <p><u>Example</u> The business will be able to create a database which have visited their website and as a result will be able to directly target these potential customers with 'direct mailshots' which may lead to sales. They may also use loyalty cards which reward their customers when they use their airline.</p> <p>Allow four marks for 'use information on age (1), previous booking to send offers on holidays (1) because certain locations are targeted by different ages and they might want to go there again (1) further increasing profits (1)'.</p> <p>Allow four marks for 'as information from customers are reviewed such as addresses (1) which are all kept in a database. Flighty Ltd can then target (1) them for future advertising by sending offers (1) to their email which may entice them into travelling with them again (1).'</p> <p>Allow three marks for 'email customers (1) with offers (1) to buy again (1).</p>	[4]	<p>Points mark scheme</p> <ul style="list-style-type: none"> <li>- Personal information, eg age, income, address, email (1).</li> <li>- Target specific group/create holiday based on their data (1).</li> <li>- relevant offer/ response ie email (1)</li> <li>- profit/sales/loyalty/decreased costs/repeat purchasing (1).</li> </ul> <p>There could be other responses that are worthy of credit, eg 'if the business gets the permission of the customers they could sell the information to another organisation for money'. This is linked to fourth point above'.</p>

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(d)	<p><b>Target: Analyse data, and apply knowledge or product range thus allowing evaluation.</b></p> <p><u>Data shows</u></p> <ul style="list-style-type: none"> <li>• Sharp percentage increase in holiday makers forecasted to go to USA/Canada</li> <li>• Highest number visiting Spain but the number is decreasing</li> <li>• Sizeable number of visitors visiting Ireland</li> </ul> <p><u>Statements show</u></p> <ul style="list-style-type: none"> <li>• High popularity of EU as a destination</li> <li>• Pricing implications for July and August</li> <li>• High popularity of beach holidays</li> </ul> <p><u>Possible relevant external factors</u></p> <ul style="list-style-type: none"> <li>• Fuel crisis</li> <li>• Terrorism</li> <li>• Harming the environment</li> <li>• Possible exchange rate fluctuations</li> </ul> <p><u>Example at Level 3</u> At the moment Flighty Ltd only sell to USA and Canada. The data suggests that this is a sharply growing market thus they should most certainly stay selling these holidays. However, the data also shows the highest number of tourists go to Spain and France. These numbers are 3 times as many as those going to USA and Canada (2002) and twice as high forecasted. Therefore by not selling to these countries they may be missing profit albeit there will be higher competition. The</p>		<p><b>Note: the company already sells to the USA and Canada</b></p> <p><b>Level 3 (5-6 marks) – Evaluation</b> Judgement with appropriate reasoning.</p> <p>Both tables considered which includes correct interpretation of the trend in the data. Data reference can be implicit or explicit.</p> <p>Student will have noted Flighty only sell to USA and Canada</p> <p><b>Level 2 (3-4 marks) – Analysis</b> Analysis of data with limited recommendation. Data reference can be implicit or explicit. Reference to one table only – L2 max</p> <p><b>Level 1 (1-2 marks) – Application</b> Basic statements related to company. This may be implicit. Candidate simply copies statements from table.</p>

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(d)		<p>implication of the statements are they should have, if they have not already got, higher prices in July and August. Also, popularity of beach holidays and visiting EU countries, namely Spain and France, is still high as is supported by the data.</p> <p><b>In my opinion</b>, the market for selling beach holidays is too competitive and the trend in numbers is forecasted to decline. Therefore, I suggest staying as they are especially as there is a 66% increase in visiting USA/Canada.</p> <p><b>NOTE; Students must refer to both tables albeit they do not have to refer to each individual piece of data/statement for L3.</b></p> <p><u>Level 2</u>  'Maximum number of customers Filghty Ltd sells to is 5 million hence it might not get as much profit as if it were to sell to other countries esp. as beach holidays preferred and Spain/France has 10 million visitors thus much more profit'.</p> <p><u>Level 1</u>  'Maximum number of customers Filghty Ltd sells to is 5 million hence it might not get as much profit'.</p> <p>Allow Level 2, 4 marks, for  '<i>the cost of fuel has sharply increased therefore the price of holidays may have to increase, especially to Canada as it is far away and this may deter customers.</i>'</p>	<p>[6+2]</p>	<p><u>Quality of Written communication</u></p> <p>Candidates will also be assessed for the quality of their written communication, according to the following criteria;</p> <p><i>Ideas expressed clearly, fluently, legibly and in an appropriate way. There are few errors in spelling, punctuation and grammar.</i> 2</p> <p><i>Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer.</i> 1</p> <p><i>Candidate fails to reach the threshold standard in all respects</i> 0</p>

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(e)	<b>Target: Demonstrate knowledge of term ethically by applying its meaning to stated company and making appropriate judgement based on analysis of factors.</b>		
	(i)	Making sure customers are safe.	[1]	
	(ii)	<p>Many possible answers</p> <p><u>Level 2 example</u>            It could be that in the short run sales will increase as its new range our cheap which may mean more demand. However, if any accidents do happen, poor quality of holiday, this is likely to be publicised which may harm the Flighty Ltd's reputation thus its sales of holidays to USA and Canada. This may then have disastrous affects regarding sales. Therefore, I suggest strongly they do not sale these cheap holidays.</p> <p><u>Level 1 example</u>            They should not sell the cheap ski holiday as it will harm their reputation if someone gets hurt.</p>	[6]	<p><b>Level 2 (4 – 6 marks) Evaluation</b>            Analysis of each of the three factors and recommendation to be made. A strong answer would link a loss of customers to sales revenue and profit.</p> <p><b>Level 1 (1 – 3 marks) Knowledge and application</b>            General knowledge of one of the factors.            Linkage to Flighty Ltd – implicit or explicit</p>
		<b>Total</b>	<b>[29]</b>	

# 1951/06 Higher Business Communication and Marketing

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
1 (a)		<p><b>Target: Apply knowledge of e-commerce to explain possible advantages and disadvantages in its use.</b></p> <p>Many possible answers</p> <p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Can reach a global market</li> <li>• Seven day opening</li> <li>• Can present a professional image</li> <li>• Low promotion costs</li> <li>• Can achieve economies of scale</li> </ul> <p><u>Example</u> By using e-commerce in her business Organicas Ltd can reach a global market (1). This means that Organicas Ltd website can be seen by billions of people giving the company a lot of potential customers (1).</p> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Global competition which may force prices down</li> <li>• Cost of maintaining site</li> <li>• Change in skills to run e-commerce thus company will incur cost of training workers/recruitment of workers.</li> <li>• Site may crash</li> </ul> <p><u>Example</u> Just as Organicas Ltd can reach a global market other competitors can compete for its market share (1). This competition may force prices down (1).</p>		<p>Stated advantage one mark Explanation one mark</p> <p>Do not allow customer related answers eg, 'customers like to buy on the internet'</p> <p>Stated disadvantage one mark Explanation one mark</p> <p>Answers must refer to the business. Do not allow customer related answers.</p>

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(a)		<p>Allow 'most have internet (1) therefore easy to purchase from Organicas Ltd (1).'</p> <p>Allow ' wide range of people', 'faster to use', easy for customers to purchase (1) therefore may lead to increase in sales (1).</p> <p>Allow 'pay for someone to design the website (1) which costs a lot of money (1).</p> <p>Allow 'people may be sent the wrong goods (1)'.</p>	[4]	<p><b>eg, 'customers not like using the internet to buy because of fraud'.</b></p> <p><i>state</i> 1 mark</p> <p><i>explanation</i> 1 mark 2x2</p>
1	(b)		<p><b>Target: To apply knowledge of supply and demand theory to stated company.</b></p> <p><u>Many possible answers</u></p> <ul style="list-style-type: none"> <li>- Organicas Ltd may raise prices.</li> <li>- Organicas Ltd may have high sales.</li> <li>- Organicas Ltd may have high profits.</li> <li>- This information may lead to Organicas Ltd expanding.</li> <li>- Increase supply by buying new stock from supplier.</li> </ul> <p>Allow two marks for may increase advertising (1) to inform customers its products are available (1).</p> <p><u>Example</u> The likely event would be that Organicas Ltd should be experiencing increases in both sales and profits (1) due to there being high demand for organic produce (1). Having high demand is a good thing for the business as it can increase prices (1) thus maximising profits (1).</p>	[3]	<p>NB: the question is <b>how the business will react.</b></p> <p>Be aware that the question relates to demand is <b>greater than</b> supply.</p> <p>As stated there are many possible answers thus use professional judgement.</p> <p>Allow three stated points, eg <i>increased profit (1)</i> <i>increased advertising (1)</i> <i>increased supply(1)</i></p>

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	I		<p><b>Target: To apply knowledge of the term ethics thus allowing analysis and evaluation.</b></p> <p><u>Factors show</u></p> <p>Non EU farms may use <b>child labour</b> which harms <b>reputation</b> which may lead to less sales / profits (note may increase profits as costs of production is low).</p> <p>Easy to obtain <b>organic certification</b> in non EU countries – this will allow them to market its goods as organic which may increase sales..although is this <b>ethical</b>?</p> <p><u>Any other information may include</u>  <i>Exchange costs</i>  <i>Transport costs</i>  <i>Long run implications</i></p> <p><u>Example Level 2</u>            In theory yes as costs will be lower as <b>non-EU farms</b> lower wages to children thus cost of supplies are cheaper for Organicas, and Organicas will also <b>pay less money to get organic certification</b>. These lower costs will increase profits. However, <b>ethically</b> it is wrong to pay children to work and if the press find out your <b>image will suffer</b> which may result in lower sales/profits. Therefore overall the weighting of the last 2 factors outweigh the benefits of the first 2 thus Organics Ltd should continue buying supplies of organic vegetables from within the EU.</p> <p><u>Level 1</u>            Organicas Ltd should not use non-LEU farms as they use child labour which is wrong as it is exploitation of children.</p>	[6]	<p><b>Level 2 (4-6 marks) Evaluation</b></p> <p>At least three of the four factors or two plus one other factor explained and appropriately reasoned thus leading to judgement.</p> <p>Analysis of factors which are linked to Organicas Ltd but no recommendations.</p> <p><b>Level 1 (1 – 3 marks) Application</b></p> <p>Basic comments linked to Organicas Ltd.</p>



Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance								
1	(d)		<p><b>Target: To demonstrate knowledge of price elasticity of demand by selecting appropriate data and evaluation of the concept of elasticity to a business.</b></p>										
		(i)	<p>Calculating elasticity:</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;">Q/D</td> <td style="text-align: center;">Price</td> </tr> <tr> <td style="text-align: center;"><math>100\ 000 - 95\ 000 = 5\ 000</math></td> <td style="text-align: center;"><math>7/70</math></td> </tr> <tr> <td style="text-align: center;"><math>5\ 000/100\ 000</math></td> <td></td> </tr> <tr> <td style="text-align: center;"><math>= 5\%</math></td> <td style="text-align: center;"><math>10\%</math></td> </tr> </table> <p>Therefore <math>PED = 5/10 = .5</math></p> <p><b>Allow -0.5 but DO NOT ALLOW 0.5%</b></p>	Q/D	Price	$100\ 000 - 95\ 000 = 5\ 000$	$7/70$	$5\ 000/100\ 000$		$= 5\%$	$10\%$	<b>[3]</b>	<p><b>Candidates who show workings will be awarded ONE mark for correct price calculation (10%) and ONE mark for correct Q/D calculation (5%). Student CAN obtain the full 3 marks if they have not shown their working.</b></p> <p>OFR – if candidate has made on mistake only penalise one mark assuming their answer is correct with the mistake.</p>
Q/D	Price												
$100\ 000 - 95\ 000 = 5\ 000$	$7/70$												
$5\ 000/100\ 000$													
$= 5\%$	$10\%$												
		(ii)	<p>The Marketing Director was correct to increase its price on baby food as its PED is inelastic (1). Whilst the business did experience a decrease in demand due to the price increase, overall they have benefited (1), ie the gain from the price increase is greater than the financial loss in the reduction in demand (1).</p> <p>TR has increased from £70 000 before the price increase to £73150 after the price increase (1) therefore the company was correct (1) to increase the price.</p>	<b>[2]</b>	<p>If student has incorrectly calculated part (i) but makes an appropriate reason given their calculation, student can be awarded full marks.</p> <p>Answer may be linked to q1(di) OR an understanding shown of the TR increase. To be awarded both marks for the TR version a calculation MUST be present.</p>								

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance															
1	(e)		<b>Target: Demonstrate K/U of supply and demand curves thus allowing evaluation.</b>																	
		(i)	<table border="1"> <thead> <tr> <th>Event</th> <th>Likely</th> <th>Unlikely</th> </tr> </thead> <tbody> <tr> <td></td> <td colspan="2">to cause a shift in the supply curve from S to S1</td> </tr> <tr> <td>An improvement in production methods at Organicas Ltd</td> <td></td> <td>✓</td> </tr> <tr> <td>A successful advertising campaign by Organicas Ltd</td> <td></td> <td>✓</td> </tr> <tr> <td>A poor harvest causing a shortage in baby food ingredients</td> <td>✓</td> <td></td> </tr> </tbody> </table>	Event	Likely	Unlikely		to cause a shift in the supply curve from S to S1		An improvement in production methods at Organicas Ltd		✓	A successful advertising campaign by Organicas Ltd		✓	A poor harvest causing a shortage in baby food ingredients	✓		[3]	<p>Be mindful of more than one tick in each row. If this is the case award no marks for that row.</p> <p>Please ensure that you annotate candidates' response with ticks and crosses.</p>
Event	Likely	Unlikely																		
	to cause a shift in the supply curve from S to S1																			
An improvement in production methods at Organicas Ltd		✓																		
A successful advertising campaign by Organicas Ltd		✓																		
A poor harvest causing a shortage in baby food ingredients	✓																			
1	(e)	(ii)	<p>Many possible answers.</p> <p>Organicas should be concerned as a reduction in supply will mean less baby food to sell (1) thus less revenue (1).</p> <p>Also, this reduction in supply may increase both the supply price (1) to Organicas Ltd thus decreases profits (1)</p> <p>Organicas Ltd may increase its own price to the customer (1) and consumers thus they may go elsewhere thus reduction in sales (1).</p> <p>'No because Organicas Ltd makes more profit because price increases (1) and there is clearly still demand for it (1)'.</p>	[2]	<p>Allow either judgement but candidates must give logical reasoning.</p> <p>Reference to a reducing supply with a likely increase in price which is linked to customers going elsewhere / revenue is the basis of a two mark answer.</p>															

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(f)		<p><b>Target: To apply understanding of the importance of sales and competition and UK household expenditure; candidate to analyse and evaluate data, and highlight likely implications.</b></p> <p>Many possible answers</p> <p>Data shows</p> <ul style="list-style-type: none"> <li>• Sharp increase in competition forecasted</li> <li>• Net profit not predicted to increase <b>albeit</b> stays at £13m. We do not know about profits especially as sharp increase in workers.</li> <li>• Sharp increase in the number of workers employed by Organicas.</li> <li>• Expenditure on organic food expected to increase sharply.</li> </ul> <p>Possible actions</p> <ul style="list-style-type: none"> <li>• <i>Diversify as there is sharp increase in competition.</i></li> <li>• <i>More aggressive advertising as there is sharp increase in competition.</i></li> <li>• <i>Allow find cheaper suppliers thus keeping costs down thus helping to improve net profit.</i></li> <li>• <i>Allow 'do nothing' as only a forecast.</i></li> <li>• <i>Allow reference to better use of technology thus enabling a decrease in workers.</i></li> </ul> <p>Trends can be implicit or explicit.</p>		<p><b>Level 4 (7 – 8 marks) Evaluation</b> Judgement supported by reasoned analysis of <b>each of the factors</b> Appropriate action provided which is backed by detailed analysis of the data.</p> <p><b>Level 3 (5 – 6 marks) Analysis</b> Data analysed with logical reasoning explaining the trends of <b>at least two factors</b>.</p> <p>Action would have been provided eg, 'reduce costs by making workers redundant'.</p> <p><b>Level 2 (3 – 4 marks) Application</b> Reference to the businesses stated Basic action not or poorly developed 'reduce costs'.</p> <p><b>Level 1 (1 – 2 marks) Knowledge</b> Action provided but no context.</p>

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(f)		<p><u>Level 4 example</u>            From the data, we can see that there has been a sharp increase in competition forecasted and net profit is not predicted to increase, albeit stays at a high £13 million. However, regarding NP there has been a sharp increase in the number of workers employed in the supermarkets over the time period given, and thus wage expenditure therefore we can assume sales are increasing. An additional point however is the expenditure on organic food is expected to increase sharply which implies the market share which Organicas Ltd has is expected to fall as sales forecasted to remain the same.</p> <p>Looking overall it is clear there is a great opportunity for the business (UK spending increase by (62.5%). However, at present it appears, <b>if you believe</b> the forecasted data, that the business is not as competitive as it once was. This point is emphasised by the sharp increase in workers (25%) with no major impact on NP. Therefore, it does appear Organicas Ltd is struggling to complete with its competitors.</p> <p><i>Action I advise the business to carry out research into its existing customers and potential customers, then aggressively market its products taking into account its current pricing strategy and product portfolio. I also advise looking closely at worker numbers which have been sharply increasing with no impact on sales.</i></p>		
			<p><u>Level 3 example</u>            From the data, we can see that there has been a sharp increase in competition forecasted and net profit is not predicted to increase, albeit stays at a high £13 million. However, regarding NP there has been a sharp increase in the number of workers employed in the supermarkets over the time period given, and thus wage expenditure therefore we can assume sales are increasing. An additional point however is the expenditure on organic food is expected to increase sharply which implies the market share which Organicas Ltd has is expected to fall as sales forecasted to remain the same.</p> <p>Looking overall it is clear there is a great opportunity for the business (UK spending increase by (62.5%). However, at present it appears, if you believe the forecasted data, that the business is not as competitive as it once was. This point is emphasised by the sharp increase in workers (25%) with no major impact on NP. Therefore, it does appear Organicas Ltd is struggling to complete with its competitors.</p>		
			<p><u>Level 2 example</u>            'I think Organicas Ltd are not doing well as although they get £13 million of NP (money after materials and overheads taken out) this figure is the same as in 2006 – 2/3 years ago. This suggests Organicas Ltd may be struggling with the competition.</p>		

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
		<u>Level 1 example</u> 'I think Organicas Ltd are doing well as they get £13 million of NP therefore they should do nothing as a lot of money is coming into the business'.	[8]	
		<b>Total</b>	<b>[31]</b>	

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(a)		<b>Target: To demonstrate knowledge of the possible ways businesses communicate with its employees using ICT.</b>		
		(i)	<p>Many possible answers</p> <p><b>Video conferencing</b> communication between businesses using video link/images of the workers concerned. Allows visual demonstrations ...</p> <p>Allow webcam.  Allow 'speaking to employees via computer, seeing their face and they can see yours.'  Allow 'sender and receiver are live to each other via a camera and can make visual and audio communication.'  Allow 'video messaging – can see and hear each other'.</p> <p><b>e-mail</b> mail sent electronically communication between workers over the Internet</p>	[2]	<p>The important words required are <b>video link</b> and <b>electronic communication</b>. <b>If these are present award the 2 marks.</b></p> <p><b>BEWARE;</b> - question asks for <u>meaning</u> not advantage/disadvantage.</p>

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(a)	(ii)		<p>Many possible answers</p> <ul style="list-style-type: none"> <li>• <i>Phone/mobile phone</i></li> <li>• <i>Computers</i></li> <li>• <i>Intranet</i></li> <li>• <i>Scanner</i></li> <li>• <i>Spreadsheets</i></li> <li>• <i>Websites</i></li> <li>• <i>Internet telephone (Skype)</i></li> <li>• <i>Fax.....</i></li> </ul> <p><u>Example</u> The MD may use computers (1) to save documents onto a shared area thus allowing others workers access to the document quickly (1).</p> <p>Use mobile phone (1) so you can have a quick conversation (1).</p> <p>Allow: 'Use of website (1) to show all holidays on offer (1)' 'Store information about employees on a database'. 'Employees checking flight and accommodation (1) using computers (1).'</p>	[2]	<p>As stated there are many possible answers thus use professional judgement.</p> <p>Stated 'way' one mark Explanation one mark</p> <p><b>NB: the MD represents the business. The question is <u>not</u> specific to the MD.</b></p>

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(b)	<p><b>Target: Apply knowledge of the Internet to show its importance to stated company.</b></p> <p>Data shows</p> <ul style="list-style-type: none"> <li>• Percentage of UK businesses which are advertising on the Internet increased from 9% in 2005 to 20% by 2007</li> <li>• 60% of consumers believed the Internet had given them more power ie, potential customers can go elsewhere as the internet allows them to easily compare company prices etc.</li> <li>• 60% of consumers believed that companies have to be more open with the consumer as a result of the Internet</li> </ul> <p>Allow reference to 'comfortable shopping' and 'no pressure of dealing face to face with a travel sales representative'.</p> <p><u>Level 2 example</u> The sharp increase in businesses advertising over the Internet shows that more businesses and consumers are trading on the Internet. This suggests that Flighty Ltd should be as well as if they are not they are losing potential profit. Regarding the second and third statements these are interlinked as both businesses and consumers believe that transparency is evident in that consumers can see prices, product range from their home and quickly in order to get the best deal. This forces businesses to be more aware when setting prices etc. This again will have the same implication to Flighty regardless whether they trade on the Internet or not.</p>		<p><b>Level 2 (5 – 6 marks)</b></p> <p><b>Each factor of information used and appropriately reasoned thus leading to judgement.</b></p> <p>Analysis of each of the factors provided with explained implications linked to Flighty Ltd.</p> <p>Note factor 2 and 3 are interlinked.</p> <p><b>Level 1 (1 – 4 marks)</b> Application – linked to Flighty Ltd</p> <p>Knowledge – basic comments linked to at least one factor</p>
		<p><u>Level 1 example</u> Flighty Ltd should advertise more.</p>	<b>[6]</b>	



Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(c)			
	(i)	<p><b>Target: Apply knowledge of ways in which consumers are changing the way in which they purchase; apply knowledge of electronic information to highlight how this information may be used to target customers.</b></p> <p><b>Data shows</b></p> <ul style="list-style-type: none"> <li>• Number of travel agent shops decreasing.</li> <li>• Number of people buying holidays on line sharply increasing.</li> <li>• Number of workers employed by call centres and shops increasing steadily.</li> </ul> <p><b>Actions</b></p> <ul style="list-style-type: none"> <li>• Decrease travel shops</li> <li>• Open call centre</li> <li>• Use internet to sell holidays</li> </ul> <p>Allow 'close smaller travel shops and open large travel shops – note 'number of travel shops' factor does not refer to the size of shops therefore this does represent good analysis.</p> <p><u>Level 2 example</u> The trends in the data show that the number of travel agent shops decreasing and the number of people buying holidays on line sharply increasing. These two are logical as there is less of a need for travel agent shops. What is interesting is the number of workers employed by call centres and shops staying the same over the period shown. This suggests more and more travel agents are using call centres than shops. This is probably due to the relative cheapness of call centres in that you do not have to have loads of shops which means rent, heating etc... you could simply go the cheapest area and sell your holidays over the phone. <b>'Therefore, I suggest opening a call centre and reducing the number of shops which Flighty Ltd has'.</b></p>		<p><b>Level 2 (4-5 marks)</b> Explained action based on the analysis of the data.</p> <p>All 3 trends <b>must</b> be noted. This may be implicit or explicit.</p> <p>Reference to the increased use of call centres is the indicator for L2.</p> <p><b>Level 1 (1-3 marks)</b> Application – linked to Flighty Ltd Knowledge – basic comments linked to trend Simple description of any of the trends award only one mark. Candidates may have given brief description of each – <b>ONLY AWARD ONE</b> mark.</p>

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
				<u>Level 1 example</u> 'More holiday businesses using the Internet to sell to customers therefore Flighty Ltd it maybe good for them it may be good for Flighty Ltd'.	[5]	

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(c)	(ii)		<p>Many possible answers.</p> <p><u>Example</u> The business will be able to create a database which have visited their website and as a result will be able to directly target these potential customers with 'direct mailshots' which may lead to sales. They may also use loyalty cards which reward their customers when they use their airline.</p> <p>Allow four marks for 'use information on age (1), previous booking to send offers on holidays (1) because certain locations are targeted by different ages and they might want to go there again (1) further increasing profits (1)'.</p> <p><i>Allow 'four marks for 'as information from customers are reviewed such as addresses (1) which are all kept in a database. Flighty Ltd can then target (1) them for future advertising by sending offers (1) to their email which may entice them into travelling with them again (1).'</i></p> <p><i>Allow three marks for 'email customers (1) with special offers (1) to buy again (1).</i></p>	[4]	<p><b>Points mark scheme</b></p> <p>Personal information, eg age, income, address, email (1)</p> <p>Target specific group/create holiday based on their data - (1)</p> <p>Relevant offer/ response ie email - (1)</p> <p>Profit/sales/loyalty/decreased costs/repeat purchasing - (1)</p> <p>There could be other responses that are worthy of credit, eg 'if the business gets the permission of the customers they could sell the information to another organisation for money'. This is linked to fourth point above'.</p>

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(d)		<p><b>Target: Analyse data, and apply knowledge or product range thus allowing evaluation.</b></p> <p><u>Data shows</u></p> <ul style="list-style-type: none"> <li>• Sharp percentage increase in holiday makers forecasted to go to USA/Canada</li> <li>• Highest number visiting Spain but the number is decreasing</li> <li>• Sizeable number of visitors visiting Ireland</li> </ul> <p><u>Statements show</u></p> <ul style="list-style-type: none"> <li>• High popularity of EU as a destination</li> <li>• Pricing implications for July and August</li> <li>• High popularity of beach holidays</li> </ul> <p><u>Possible relevant external factors</u></p> <ul style="list-style-type: none"> <li>• Fuel crisis</li> <li>• Terrorism</li> <li>• Harming the environment</li> <li>• Possible exchange rate fluctuations</li> </ul> <p><u>Example at level 3</u>            At the moment Flighty Ltd only sell to USA and Canada. The data suggests that this is a sharply growing market thus they should most certainly stay selling these holidays. However, the data also shows the highest number of tourists go to Spain and France. These numbers are three times as many as those going to USA and Canada (2002) and twice as high forecasted. Therefore by not selling to these countries they may be missing profit albeit there will be higher competition. The implication of the statements are they should have, if they have not already got, higher prices in July and August. Also, popularity of</p>		<p><b>NOTE: THE COMPANY ALREADY SELLS TO THE USA AND CANADA</b></p> <p><b>Level 3 (5-6 marks) - Evaluation</b>            Judgement with appropriate reasoning.</p> <p>Both tables considered which includes correct interpretation of the trend in the data. Data reference can be implicit or explicit.</p> <p>Student will have noted Flighty Ltd only sells to USA and Canada</p> <p><b>Level 2 (3-4 marks) – Analysis</b>            Analysis of data with limited recommendation. Data reference can be implicit or explicit.</p> <p><b>Level 1 (1-2 marks) – Application</b>            Basic statements related to company. This may be implicit.            Candidate simply copies statements from table.</p>

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
		<p>beach holidays and visiting EU countries, namely Spain and France, is still high as is supported by the data.  <b>In my opinion</b>, the market for selling beach holidays is too competitive and the trend in numbers is forecasted to decline. Therefore, I suggest staying as they are especially as there is a 66% increase in visiting USA/Canada.</p> <p><b>NOTE; Students must refer to both tables albeit they do not have to refer to each individual piece of data/statement for L3.</b></p> <p><u>Level 2</u>  'Maximum number of customers Filghty Ltd sells to is 5 million hence it might not get as much profit as if it were to sell to other countries esp. as beach holidays preferred and Spain/France has 10 million visitors thus much more profit'.</p> <p><u>Level 1</u>  'Maximum number of customers Filghty Ltd sells to is 5 million hence it might not get as much profit'.</p> <p>Allow Level 2, 4 marks, for  'the cost of fuel has sharply increased therefore the price of holidays may have to increase, especially to Canada as it is far away and this may deter customers.'</p>	<p>[6+2]</p>	<p><u>Quality of Written communication</u></p> <p>Candidates will also be assessed for the quality of their written communication, according to the following criteria;</p> <p><i>Ideas expressed clearly, fluently, legibly and in an appropriate way. There are few errors in spelling, punctuation and grammar.</i>  2</p> <p><i>Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer.</i>  1</p> <p><i>Candidate fails to reach the threshold standard in all respects</i>  0</p>

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(e)		<p><b>Target: Apply knowledge of the Acts of Parliament which protect consumers.</b></p> <p>Many possible answers</p> <p>Sale and goods Act, Trade Descriptions Act, Sale of goods Act, Consumer Credit Act, Data Protection Act.</p> <p><u>Example</u> Consumer Credit Act (1) – if companies lend money to customers to buy its products then they must state the amount extra the consumer will pay (1).</p>	[2]	<p>Be wary - there are many possible pieces of legislation.</p> <p>Stated legislation one mark Explanation of the Act one mark</p> <p>Student can obtain one mark without reference to an Act of Parliament eg, 'confidentiality of keeping bank details / personal information safe (1)'.</p>
			<b>Total</b>	<b>[29]</b>	

# 1951/07 Foundation Case Study

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(a)	<b>Target: to apply knowledge and understanding of business organisations in terms of Link spas plc in order to analyse and evaluate different objectives.</b>		
	(i)	Reasons: <ul style="list-style-type: none"> <li>• more capital/finance/shares</li> <li>• limited liability</li> <li>• shared decision-making</li> <li>• prevent takeover</li> <li>• keep the business private</li> <li>• ability to choose their shareholders</li> </ul> Any generic advantages (0) Any other relevant reason.	[2]	Any reason *1 mark + 1 mark for explanation. Eg limited liability (1) allows LS/Alan to be protected from liability from all debts unlike a sole trader which has unlimited liability (1).
	(ii)	Advantages: <ul style="list-style-type: none"> <li>• no borrowing/loan</li> <li>• no interest payment</li> <li>• no capital payments</li> <li>• no liability for debt.</li> </ul> Any other reasonable suggestion.	[2]	Any one advantage explained - eg if Alan used his own money he would not have to borrow from a bank (1) and he would not get into debt (1).  <b>Any advantage 1 mark + 1 for explanation.</b>  <u>Do not accept</u> two advantages for two marks.

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
		<p>Reasons for changing objectives:</p> <p>Basic references to changing objectives for Level 1.</p> <p>There needs to be a reference to the time element to gain L2.</p> <ul style="list-style-type: none"> <li>• Reference to the business moving forward/time</li> <li>• More people are involved (stakeholders)</li> <li>• Two objectives at least.</li> </ul> <p>Example: the objectives have changed over the years because the business has changed in the following ways. It has changed from a private limited company to a public limited company (L1), which has many more stakeholders and therefore has more responsibility to satisfy those stakeholders (L2). At first Alan's objectives were short term and involved survival and security. He also wanted to use his interest in leisure and sport to be successful in business (L1). Now it is important that he must ensure that the business makes a profit in order to pay dividends to shareholders (L2). It is important that the business continues to change to meet market demands and this would require the company to expand both in terms of the products and services which it provides and in terms of the global market which is opening up. The competition is also growing and many more people are now demanding more personal services. Over the last 20 years more people have become better off and now have disposable income to spend on these luxury services.</p>		<p><b>Level 2 (4-6 marks)</b> Candidate must compare <u>at least two objectives over time</u> in order to evaluate the changing nature and requirements. <u>Evaluation is assessed through the idea of time scale.</u></p> <p><b>In this level candidate should explain and give reasons why the objectives have changed over time, in context.</b></p> <p><b>Level 1 (1-3 marks)</b> Candidate analyses reasons for changes in at least one objective with no real idea of why these have changed over time.</p>



Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
	QWC	<p>Ideas are expressed clearly, fluently, legibly and in the appropriate way. There are few errors in spelling, punctuation and grammar. [2]</p> <p>Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar but these do not obscure the meaning of the answer. [1]</p> <p>Candidate fails to reach the threshold standard in all respects. [0]</p>	[6+2]	

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
(b)		<p><b>Target: to apply knowledge and understanding in order to analyse LS location decisions.</b></p> <p>Any two advantages explained –</p> <ul style="list-style-type: none"> <li>• less congestion, room for parking, lack of traffic</li> <li>• more opportunity for large grounds to expand and to increase activities</li> <li>• more opportunity for building extra hotel facilities etc</li> <li>• closer to roads motorways for access</li> <li>• large towns provide large markets and increase marketing opportunities</li> <li>• large towns can provide supporting businesses eg food suppliers, maintenance engineers, seasonal workforce.</li> </ul> <p>1 for advantage and 1 for development Any other relevant advantage explained. 1+1 x 2 marks</p>	<b>[4]</b>	<p>Example: locating on the outskirts of a large town means that there is less traffic (1) and congestion and noise because there are less people living there to be disturbed (1).</p> <p>However, if two advantages are stated in one section of the answer, and the other section has no valid response, then the maximum mark is 2.</p>
		<b>Total</b>	<b>[16]</b>	

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(a)	<b>Target: to apply knowledge and understanding, analyse and evaluate that knowledge in terms of LS organisational structure.</b>		
	(i)	Spa manager	[1]	
	(ii)	3, or 3 job titles listed, but ALL three must be given.	[1]	Do not accept "supervisors"
	(iii)	<p>Performance appraisal meetings are regarded by many as:</p> <ul style="list-style-type: none"> <li>• confidential</li> <li>• sensitive</li> <li>• waste of time</li> <li>• stressful.</li> </ul> <p>Therefore the type of communication chosen must fit the situation.</p> <p><b>Telephone</b> is private and two way and allows for a conversation regarding details of the meeting with immediate feedback and confirmation.</p> <p><b>Email</b> could be used but is only one way and may not get an immediate response. Due to sensitive nature of PA the email may be ignored. It does not allow for any real feedback.</p> <p><b>Intranet</b> – not particularly confidential or personal. Like e-mail does not really give a two way response. Could be ignored by receiver.</p>		<p><b>Points to consider: no marks for choice.</b></p> <p><b>Letter, interview or notice board could be used but argument would have to be very good to be convincing in terms of them being the best methods in terms of this situation.</b></p> <p><b>There are likely to be some convincing arguments regarding the remaining options.</b></p> <p>Candidates should consider the nature of the communication which is in the question.</p> <p><b>Level 2 (4-6 marks)</b> Candidate should select 2 methods evaluating their use in terms of appropriateness in this situation. All answers will say why they have rejected other options.</p>

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
	QWC	<p>Ideas are expressed clearly, fluently, legibly and in the appropriate way. There are few errors in spelling, punctuation and grammar. [2]</p> <p>Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar but these do not obscure the meaning of the answer. [1]</p> <p>Candidate fails to reach the threshold standard in all respects. [0]</p>	[6 + 2]	<p><b>Level 1 (1-3 marks)</b>  Candidate selects appropriate methods and analyses them in terms of their advantages and disadvantages. Little or no application to PA and no comment on rejected options is TWO marks. Any relevant comment with application to PA achieves THREE marks.</p> <p><b>Responses must refer to the setting up of the meeting to discuss PA.</b></p>

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
(b)		<p><b>Target: to apply knowledge and understanding about how to solve conflict in the workplace.</b></p> <p>Any one suggestion explained 1*2</p> <ul style="list-style-type: none"> <li>• explain how and why the system is being implemented</li> <li>• organise meetings with Reg about other issues eg garden development</li> <li>• delegate more interesting jobs eg planning</li> <li>• explain that it will be linked to his pay and this will be good for his retirement</li> </ul> <p>1 mark for suggestion + 1 mark for development.</p>	[2]	<p>Example: Mosin could organise a meeting (1) with Reg and explain why the performance appraisal is to be implemented. Explain to him that it will recognise his strengths. (1)</p> <p>No marks for early retirement or dismissal of the individual.</p> <p><b>NB: answer should relate to setting up performance appraisal, not the resultant action from the performance appraisal.</b></p>
(c)		<p><b>Target: to apply knowledge and understanding of recruitment and staff problems to LS.</b></p> <p>Problems:</p> <ul style="list-style-type: none"> <li>• language</li> <li>• culture</li> <li>• religion</li> <li>• discrimination</li> <li>• problems with wage rates</li> <li>• immigration issues</li> <li>• ignorance of laws eg Health and safety</li> <li>• different customs and practise</li> <li>• different standards of service and way of working</li> <li>• Additional costs of training.</li> </ul> <p>2*1 mark</p>	[2]	

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
(d)		<p><b>Target: to analyse and evaluate knowledge of Health and Safety and the minimum wage as it affects LS.</b></p> <p>Answer: candidates can suggest either, it is the reasoned argument which gains the marks. However to gain (4), candidates need to refer to both Health and Safety and Minimum Wage</p> <p>Max of 3 if reference to one area only</p> <p>Example: Health and Safety will have the greatest effect on the operation of Link Spas because if it is not adhered to accidents can result and compensation has to be paid (L1). This will also affect the customers directly unlike the minimum wage which will only affect the employees. The customers are more important because they pay money and provide revenue. It is often the case that businesses that employ seasonal workers can get away with paying less than the minimum wage because people do not want to lose their jobs (L2).</p>	[4]	<p><b>Level 2 (3-4 marks)</b> Candidate makes a judgement as to which will have the most effect <b>eg a relative statement/comparison</b> on Link Spas.</p> <p><b>Level 1 (1-2 marks)</b> Candidate analyses one or both superficially but makes little or no supporting judgement relating to Link Spas.</p>
		<b>Total</b>	<b>[18]</b>	

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
3	(a)		<p><b>Target: to apply knowledge and understanding, analyse and evaluate methods of improving community relationship.</b></p> <p>A,B,C and D are all legitimate answers if supported by valid reasons.</p>		<p>Candidates are required to select any two actions.</p> <p>Candidates need to understand that they are looking at whether or not the some of the actions are more likely to achieve solving their problems with the community and its <u>stakeholders</u>. (not specifically increasing membership revenue and profit.)</p>
	(i)		<p>1 mark for each choice, but a valid reason must be given. No mark just for a choice alone. Maximum 3 marks for each action x 2.</p> <p><b>Example:</b></p> <p>A – this will allow the people of the village to meet with the managers of the spa (1) to discuss the problems (1) which have been reported in the newspaper (1). It has direct relevance to the situation (1).</p> <p>B – this will give the residents of the Skathely area special privileges that noone else can get (1). This makes it exclusive to Skathely and the residents feel appreciated (1). This will improve the reputation of the business (1).</p> <p>C – this will be well received, as the people will think that LS is putting something back into the community (1) and not just using it for their own ends (1).</p> <p>D – this will improve the access to health facilities to customers (1), improving their reputation in the community (1).</p>	[6]	<p>No mark for repetition of the question, ie improve relationship with the community (on its own).</p>

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
(ii)		<p>Any reasoned explanation saying why the others were rejected.</p> <p>Up to 2 marks for each explanation.</p> <p><b>Example:</b></p> <p>B – this may help the situation in a very general sense (1) but is unlikely to be as popular as A or C since it targets people who are not directly affected by the spa (1). It targets everybody in a wide area and this may be a waste of money in the long term (1).</p> <p>D – will not directly help the community (1). It may help the overall sales for LS (1).</p>		<p><b>Level 2 (3-4 marks)</b> Makes a comparison in terms of the ones chosen and makes a judgement why the others have not been chosen.</p> <p><b>Level 1 (1-2 marks)</b> Explains why one or two of the other choices have been rejected with no comparison with those chosen.</p>
		<p>Ideas are expressed clearly, fluently, legibly and in the appropriate way. There are few errors in spelling, punctuation and grammar. <b>[2]</b></p> <p>Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar but these do not obscure the meaning of the answer. <b>[1]</b></p> <p>Candidate fails to reach the threshold standard in all respects. <b>[0]</b></p>	<b>[4+2]</b>	



Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
(b)		<p><b>Target: to select and analyse data in relation to revenue growth at LS.</b></p> <p>26461 - 24510 = 1951 (1), does not need to have a pound sign or to be labelled as "000's"</p> <p><math>\frac{1951}{24510} * 100(1) = 7.96\% (1)</math> does not need to have a %</p> <p>Accept 7.9%</p> <p>Allow 8% if all working shown, only (1 bod) if no working shown</p> <p>OFR applies, max 2 marks.</p>	<b>[3]</b>	

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
(c)		<p><b>Target: to analyse and evaluate various options for increasing revenue for LS.</b></p> <p>NB: no mark for choice.</p> <p>Any one of the options is possible. Candidates are required to make a good case for their recommendation.</p> <p>Example:</p> <p>Transportation – will have more affect on the environment than a direct affect on sales revenue. It may encourage different segments of the market that can't or prefer not to drive. There may be some reference to fuel costs in light of recent events. Offering free bus will save customers money and is part of offering quality service</p> <p>Local rates – this may encourage more local people of all ages etc to buy or give vouchers or weekends this will increase sales revenue. Local people are most likely to attend the spa.</p> <p>Low subscription prices – may encourage people to join LS rather than joining competitors in the low season when revenue will be lower.</p>	<b>[4]</b>	<p><b>Level 2 (3-4 marks)</b> Candidate makes a good case for one option. Candidate analyses the option and may make statements about why it would be more effective than the others. Candidates may mention that all of the options relate to marketing.</p> <p><b>Level 1 (1-2 marks)</b> Candidate selects one option and analyses it in terms of increasing revenue.</p> <p>(No marks if candidate just mentions 'will increase attendance', there must be links to increased revenue.)</p>
<b>Total</b>			<b>[19]</b>	

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
4	(a)	<p><b>Target: to show knowledge and understanding and to select information in relation to costs for the spa in Poland.</b></p> <p>Wages or power</p>	[1]	If "Wages/Salaries" = 0 marks 'Salaries' = 0 marks.
	(b)	<p><b>Target: to show knowledge and understanding and to select information in relation to break even for the spa in Poland.</b></p>		
	(i)	£0.2m    £200,000    no £ sign but 200,000 is acceptable	[1]	200 or £200 alone is not acceptable '000' notation is needed.
	(ii)	2000 subscriptions	[1]	£2000 is not acceptable
	(iii)	<p>Total revenue for 4000 subscriptions = £1,000,000 (1)</p> <p>Total cost for 4000 subscriptions = £800,000 (1)</p> <p>Profit = £200,000 (1)    no £ sign but 200,000 is acceptable</p>	[3]	<p><b>OFR Applies</b></p> <p>200 or £200 alone is not acceptable '000' notation is needed.</p>
	(c)	<p><b>Target: to select and carry out calculations to show changes in accounting information.</b></p> <p> <math display="block">\frac{\pounds 300,000}{\pounds 300 - \pounds 200} = \frac{300,000}{100} = 3000 \text{ subscriptions (1)}</math> </p> <p>or 0.3 million</p>	[3]	<p><b>OFR Applies</b></p> <p>Max (2) marks for process to 300,000/100 <b>Use of (£) in final answer is incorrect, maximum mark is 2 if candidate writes £3,000.</b></p>

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
(d)		<p><b>Target: to select information from market research findings and evaluate in terms of LS future plans.</b></p> <p>Segments shown on Resource Sheet:</p> <p>Male and female aged 31-40 (1)</p>	[1]	Accept 31-40 and 30-40 without reference to gender
	(ii)	300 people	[1]	
	(iii)	Insurance (1) training (1) advertising (1).	[1]	
(e)		<p><b>Target: to select information from market research findings and evaluate in terms of LS future plans.</b></p> <p>They should sell and install hot tubs in the South of the country (1) as the graph shows high level of sales (1). However they could also sell in North West or the North East where the growth is greater in comparison to previous years (1). If Scotland is given it has to be linked with potential or opportunity.</p>	[3]	<p>Any other region is acceptable and with 1 mark if some valid support given.</p> <p>Any reasoned argument drawn from the chart and general understanding is acceptable.</p>

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
(f)		<p><b>Target: to use knowledge of revenues and costs to evaluate its importance in terms of the decision making of LS plc.</b></p> <p>Candidates must produce a reasoned argument about the importance of revenue and costs to decision making. Candidates may mention the following:</p> <ul style="list-style-type: none"> <li>• break even</li> <li>• cash flow</li> <li>• profit</li> <li>• dividends</li> <li>• paying back capital cost</li> <li>• assessing demand</li> <li>• forecast profit and loss account</li> </ul> <p>Candidate should show evaluation by stating how important it is eg very important, quite important, not as important as etc.</p> <p>Example: It is very important for Link Spas to find out about costs and revenues because if it costs more than they are likely to get by selling the hot tubs and saunas they will not break even. This means that they will not make a profit.(L2) OR It is very important for them to find out what the demand for the tubs is so that they can work out what price they would need to charge in order to make enough revenue to cover costs such as wages and advertising.(L2)</p> <p>Maximum 3 marks if only mentions costs or revenues.</p>	<b>[4]</b>	<p><b>Level 2 (3-4 marks)</b> Candidate makes a <b>judgement</b>, supported by relevant comment, as to why costs and revenue are important for success of new products and services to Link Spas plc.</p> <p><b>Level 1 (1-2 marks)</b> Candidate selects certain costs and revenues and gives a general analysis of why they are important to decision making for Link Spas plc.</p> <p>Maximum of 3 marks for an answer which only refers to costs or revenues.</p>

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
(g)		<p><b>Target: to apply knowledge and of different sources of finance and to analyse and evaluate their use in terms of financing the Polish Spa.</b></p> <p>Choice 0 marks.</p> <p><b>Sale of shares</b> – could be used, as this is a plc. This would raise a lot of money but may take some time. No interest needs to be paid but dividends will probably have to be paid, The shareholders may have to agree and a good plan would have to be put forward to ensure profit was made reasonably quickly.</p> <p><b>Sale of existing spa</b> – this would be a quick way of raising money due to the buoyant market. However it would result in people losing their jobs and it is a risk in case the Polish Spa is not successful.</p> <p><b>Loan</b> – this is a great deal of money to raise from a loan. It would depend on how much the bank was prepared to lend. Interest and capital repayments would have to be made.</p>	[3]	<p><b>Level 2 (2-3 marks)</b> Candidates selects one with reasons and evaluates why it is better than the others.</p> <p><b>Level 1 (1 mark)</b> Candidate selects one and gives superficial reason with no evaluation.</p> <p>(NB: if no comparison, maximum 2 marks.)</p>
<b>Total</b>			<b>[22]</b>	

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
5				<p><b>Target: to apply knowledge and understanding, analyse and evaluate the plans put forward to the Board of directors of LS plc.</b></p> <p>Exemplar: An advantage to employing personal trainers is that it is relatively easy and cheap to set up and run (1) and because there are no large buildings or equipment to buy (1).</p>		<p>Any one argument for and against each proposal explained * 2 marks, or any 2 advantages and disadvantages * 1 mark for each part question.</p> <p>All responses to 5(i), (ii) and (iii) must be advantages and disadvantages to Link Spas and not to the customers alone</p> <p>A basic statement as an advantage that sales and/or profit will increase in any answer is a maximum of 1 mark</p>
		(i)		<p><b>Advantages of personal trainers:</b></p> <ul style="list-style-type: none"> <li>• easy to set up and run</li> <li>• very much cheaper than others</li> <li>• market research shows a definite demand</li> <li>• finance is easier to get</li> <li>• easy to employ staff</li> </ul> <p><b>Disadvantages of personal trainers:</b></p> <ul style="list-style-type: none"> <li>• limited range of services offered</li> <li>• limited geographical sphere</li> <li>• people may try it and not like it</li> <li>• probably will give limited revenue</li> <li>• health and safety issues for trainers working alone with customers</li> <li>• you have to pay for them</li> </ul>	[4]	

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
		<p><b>(ii)</b></p> <p><b>Advantages of hot tubs and saunas:</b></p> <ul style="list-style-type: none"> <li>• demand is increasing across all areas</li> <li>• wider market</li> <li>• can enter retail business</li> </ul> <p>greater revenue stream</p> <p><b>Disadvantages of hot tubs and saunas:</b></p> <ul style="list-style-type: none"> <li>• more expensive to set up</li> <li>• luxury item, expensive and may not be affordable</li> <li>• more expensive advertising/costs</li> <li>• reliance on suppliers</li> </ul> <p>• <b>Any other relevant point</b></p>	<b>[4]</b>	
		<p><b>(iii)</b></p> <p><b>Advantages of spa in Poland:</b></p> <ul style="list-style-type: none"> <li>• large growth market (1) with high incomes (1)</li> <li>• plenty of land to build spa</li> <li>• cheap costs eg power, wages, building materials</li> <li>• plenty of labour</li> </ul> <p><b>Disadvantages:</b></p> <ul style="list-style-type: none"> <li>• local laws eg tax and planning</li> <li>• language and culture may mean it is difficult to explain different requirements such as Health and Safety</li> <li>• distance in terms of visits and control and management</li> <li>• new risks as a result of new market</li> </ul>	<b>[4]</b>	



Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
(b)		<p>Choice = 0 marks.</p> <p>I think that Link Spas should start to sell hot tubs and saunas. The information shows that there is a growing demand for these (1) and the cost is less than opening a new sauna.(1) It is also less risky than opening the sauna but will probably bring in more money than employing personal trainers.(1)</p>	<b>[3]</b>	<p>Up to 2 marks if no comparison made with other proposals.</p> <p>Award up to 3 marks for any well-explained reason to substantiate choice.</p> <p>Answers may be repeat points from advantages already stated in (i) or (ii)</p>
<b>Total</b>			<b>[15]</b>	<b>Answer must relate to Link Spas.</b>

# 1951/08 Higher Case Study

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(a)		<b>Target: to apply knowledge and understanding of business organisations in terms of Link spas plc in order to analyse and evaluate different objectives.</b>		
		(i)	Reasons: <ul style="list-style-type: none"> <li>• more capital/finance/shares</li> <li>• limited liability</li> <li>• shared decision-making</li> <li>• prevent takeover</li> <li>• keep the business private</li> <li>• ability to choose their shareholders</li> </ul> Any genetic advantages (0) Any other relevant reason.	[2]	Any reason *1 mark + 1 mark for explanation. Eg limited liability (1) allows LS/Alan to be protected from liability from all debts unlike a sole trader which has unlimited liability (1).

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
		<p>(ii)</p> <p>Reasons for changing objectives:</p> <p>Basic references to changing objectives for Level 1</p> <ul style="list-style-type: none"> <li>• There needs to be a reference to the time element to gain L2.</li> <li>• Reference to the business moving forward/time</li> <li>• More people are involved (stakeholders)</li> <li>• Two objectives at least.</li> </ul> <p>Example: the objectives have changed over the years because the business has changed in the following ways. It has changed from a private limited company to a public limited company (L1), which has many more stakeholders and therefore has more responsibility to satisfy those stakeholders (L2). At first Alan's objectives were short term and involved survival and security. He also wanted to use his interest in leisure and sport to be successful in business (L1). Now it is important that he must ensure that the business makes a profit in order to pay dividends to shareholders (L2). It is important that the business continues to change to meet market demands and this would require the company to expand both in terms of the products and services which it provides and in terms of the global market which is opening up. The competition is also growing and many more people are now demanding more personal services. Over the last 20 years more people have become better off and now have disposable income to spend on these luxury services.</p>	<b>[6+2]</b>	<p><b>Level 2 (4-6 marks)</b> Candidate must compare at least two objectives over time in order to evaluate the changing nature and requirements. Evaluation is assessed through the idea of time scale.</p> <p>In this level candidate should explain and give reasons why the objectives have changed over time, in context.</p> <p><b>Level 1 (1-3 marks)</b> Candidate analyses reasons for changes in at least one objective with no real idea of why these have changed over time.</p>

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
	(b)		<p><b>Target: ability to apply and analyse knowledge and understanding of quality and quality assurance Link spas plc.</b></p> <ul style="list-style-type: none"> <li>• Luxury service</li> <li>• Competition</li> <li>• Customers high expectations</li> <li>• Word of mouth</li> </ul>		<p><b>Level 2 (3-4 marks)</b> Has identified and analysed reason/s for quality service with specific application to Link Spas.</p>
	(ii)		<p>Example:</p> <p>Quality service is important to LS because they offer an exclusive and luxury service which costs a lot of money (L1). It is important that they provide an excellent environment; good helpful staff and the customers feel safe. This will encourage customers to return or to renew their membership and this will increase sales revenue (L2).</p> <p>Any reason developed eg increased competition in the leisure industry.</p> <p>Methods:</p> <ul style="list-style-type: none"> <li>• feedback questionnaires</li> <li>• training - needs explanation, but 'on the job/off the job' training(1) only; need well-motivated staff through pay/team building</li> <li>• health and safety</li> <li>• procedures for maintaining standards</li> <li>• ensuring procedures are followed eg booking in forms, accident forms.</li> <li>• third party review</li> <li>• suggestion box</li> <li>• modern/quality equipment</li> </ul>	[4]	<p><b>Level 1 (1-2 marks)</b> Has identified some reasons for Link Spas needing a quality service i.e, competition with little or no development.</p> <p>LS plc could use evaluation forms left in rooms and around the spas (1) to encourage customers to give their views on the services provided. These could be used to improve service still further (1).</p> <p>Each method 1 mark x 2</p>

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
		<ul style="list-style-type: none"> <li>• use of actors/mystery shopper</li> <li>• close supervision of staff</li> </ul> <p>Any other reasonable suggestion.</p> <p>LS plc could use evaluation forms left in rooms and around the spas (1) to encourage customers to give their views on the services provided. These could be used to improve service still further (1).</p> <p>Each method 1 mark x 2</p>	<b>[4]</b>	
		<b>Total</b>	<b>[18]</b>	

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(a)			<p><b>Target: to apply knowledge and understanding of trade unions and how they are involved in the closure of the spa.</b></p> <p>Any idea about how the TU would be involved 1 mark + 2 marks for development.</p> <p>TU involvement:</p> <ul style="list-style-type: none"> <li>• protect workers interests eg give legal advice</li> <li>• redundancy issue eg payment</li> <li>• relocation issues</li> <li>• negotiation issues</li> <li>• payment when out of work</li> <li>• representation at tribunals</li> <li>• industrial action</li> <li>• pressure brought on company</li> <li>• need to draw attention to the problem</li> </ul> <p>answer must not be generic</p> <p>Any other relevant point.</p>	<b>[3]</b>	<p>Example: a trade union may use its understanding of employment law (1) to advise members on their general legal rights (1) regarding redundancy and negotiate (1) on their behalf for the best possible relocation and redundancy packages (1).</p>
	(b)	(i)		<p><b>Target: to apply and analyse knowledge and understanding of recruitment and communication issues for Link spas plc.</b></p> <p>Any two qualities explained and relevant specifically to a spa manager working in Scotland.</p>		

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
			<p>Qualities:</p> <ul style="list-style-type: none"> <li>• Scottish?</li> <li>• ability to motivate</li> <li>• good communicator</li> <li>• team builder</li> <li>• previous experience in leisure work/management</li> <li>• ability to take initiative</li> <li>• good decision maker</li> </ul> <p>Do not allow reference to managerial or problem-solving skills</p> <p>Any reasonable suggestion</p>	<b>[4]</b>	<p>Example: the manager needs to be a good communicator (1) as there will be a number of staff to manage and control (1).</p>
	<b>(ii)</b>		<p><b>Points to consider: no marks for choice.</b></p> <p><b>Intranet, notice board and interview are likely to give the least convincing arguments for being the best methods.</b></p> <p><b>There are likely to be some convincing arguments regarding the remaining options.</b></p> <p>Candidates should consider the nature of the communication which is in the question.</p> <p>Marks to be awarded if candidate takes into account the nature of the job (outdoor activities of grounds and buildings Supervisors)</p> <p>Performance appraisal meetings are regarded by many as:</p> <ul style="list-style-type: none"> <li>• confidential</li> <li>• sensitive</li> <li>• waste of time</li> <li>• stressful.</li> </ul> <p>Therefore the type of communication chosen must fit the situation.</p>		

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
		<p><b>Telephone</b> - is private and two way and allows for a conversation regarding details of the meeting with immediate feedback and confirmation.</p> <p><b>Email</b> - could be used and is quick, there is evidence of the message and there is confidentiality, but is only one way and may not get an immediate response. Due to sensitive nature of PA the email may be ignored. It does allow feedback if requested by sender</p> <p><b>Letter</b> – would give status to the meeting, it is more formalised and there is evidence, but it will take longer.</p> <p><b>Level 2 (4-6 marks)</b> Candidate should select 2 methods evaluating their use in terms of appropriateness in this situation. Best answers will say why they have rejected other options.</p> <p><b>Level 1 (1-3 marks)</b> Candidate selects appropriate methods and analyses them in terms of their advantages and disadvantages. Little or no application to PA and little/no comment on rejected options. Ideas are expressed clearly, fluently, legibly and in the appropriate way. There are few errors in spelling, punctuation and grammar. <b>[2]</b></p> <p>Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar but these do not obscure the meaning of the answer. <b>[1]</b></p> <p>Candidate fails to reach the threshold standard in all respects. <b>[0]</b></p>	<p><b>[6+2]</b></p>	<p><b>Level 2 (4-6 marks)</b> Candidate should select 2 methods evaluating their use in terms of appropriateness in this situation. Best answers will say why they have rejected other options.</p> <p><b>Level 1 (1-3 marks)</b> Candidate selects appropriate methods and analyses them in terms of their advantages and disadvantages. Little or no application to PA and little/no comment on rejected options.</p> <p>Max 4, if answer not in context.</p>



Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
(c)		<p><b>Target: to analyse and evaluate knowledge of Health and Safety and the minimum wage as it affects LS.</b></p> <p>Answer: candidates can suggest either, it is the reasoned argument which gains the marks. However to gain (4), candidates need to refer to both Health and Safety and Minimum Wage</p> <p>Max of 3 if reference to one area only</p> <p>Example: Health and Safety will have the greatest effect on the operation of Link Spas because if it is not adhered to accidents can result and compensation has to be paid (L1). This will also affect the customers directly unlike the minimum wage which will only affect the employees. The customers are more important because they pay money and provide revenue. It is often the case that businesses that employ seasonal workers can get away with paying less than the minimum wage because people do not want to lose their jobs (L2).</p>	[4]	<p><b>Level 2 (3-4 marks)</b> Candidate makes a judgement as to which will have the most effect eg a relative statement/comparison on Link Spas.</p> <p><b>Level 1 (1-2 marks)</b> Candidate analyses one or both superficially but makes little or no supporting judgement.</p>
<b>Total</b>			<b>[19]</b>	

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
3	(a)	<p><b>Target: to apply and analyse understanding about how Link Spas add value to their business.</b></p> <ul style="list-style-type: none"> <li>• More revenue to the business</li> <li>• Attract a wider range of people</li> <li>• General reference to added value</li> </ul>	[3]	<p><b>Example</b> Golf courses add value because they are an extra activity (1) which enhances and expands on the whole package offered by Link Spas plc (1). This should result in increased revenue through little extra cost after the initial investment (1).</p>
	(b)	<p><b>Target: to select and analyse data in relation to revenue growth at LS.</b></p> <p>26461 - 24510 = 1951 (1), does not need to have a pound sign or to be labelled as "000's"</p> <p><math>\frac{1951}{24510} * 100(1) = 7.96\% (1)</math> does not need to have a %</p> <p>Accept 7.9%</p> <p>Allow 8% if all working shown, only (1 bod) if no working shown</p> <p>OFR applies</p>	[3]	Accept answer without percentage sign.
	(c) (i)	<p><b>Target: to analyse and evaluate various options for increasing revenue for LS.</b></p> <p>NB: no mark for choice.</p> <p>Any one of the options is possible. Candidates are required to make a good case for their recommendation.</p>		<p><b>Level 2 (3-4 marks)</b> Candidate makes a good case for one option. Candidate analyses the option and may make statements about why it would be more effective than the others. Candidates may mention that all of the options relate to marketing.</p>

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
		<p>Example:            Transportation – will have more affect on the environment than a direct affect on sales revenue. It may encourage different segments of the market that can't or prefer not to drive. There may be some reference to fuel costs in light of recent events. Offering free bus will save customers money and is part of offering quality service</p> <p>Local rates – this may encourage more local people of all ages etc to buy or give vouchers or weekends this will increase sales revenue. Local people are most likely to attend the spa.</p> <p>Low subscription prices – may encourage people to join LS rather than joining competitors in the low season when revenue will be lower.</p>	<b>[4]</b>	<p><b>Level 1 (1-2 marks)</b>            Candidate selects one option and analyses it in terms of increasing revenue.</p> <p>(No marks if candidate just mentions 'will increase attendance', there must be links to increased revenue.)</p>

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
		<p data-bbox="499 276 1317 403">Candidates need to target their answers specifically towards increasing sales to businesses eg corporate days; team building etc. Candidates need to talk about a variety of methods.</p> <p data-bbox="499 443 779 475">Advertising methods:</p> <ul data-bbox="499 483 1317 1010" style="list-style-type: none"> <li>• web page – detailing all facilities offered to business with pricing and discounts for groups</li> <li>• pop-ups on business web sites</li> <li>• trade shows – stand showing virtual tours and example training activities</li> <li>• target local businesses with flyers/leaflets/brochures or visits to sell the spa</li> <li>• complimentary visits for businesses</li> <li>• advertise conference facilities</li> <li>• local newspapers, maybe business section or pull-out</li> <li>• national newspapers with reference to business section</li> <li>• business magazines</li> <li>• local radio and local television</li> <li>• fitness magazines</li> <li>• open days</li> </ul> <p data-bbox="499 1042 1317 1106">Little reward for National TV and National Radio as probably not appropriate. Would need to be very good case.</p>		<p data-bbox="1440 276 1798 308"><u>Mark to be given for choice</u></p> <p data-bbox="1440 339 2145 403">No marks given to be awarded for <u>promotion</u> (money off vouchers)</p> <p data-bbox="1440 443 1709 475"><b>Level 2 (4-6 marks)</b></p> <p data-bbox="1440 483 2145 675">Candidate analyses the case and makes a supported judgement about the most appropriate methods to be used specifically for business. Best answers will reject other options. L2 achieved by giving a good case for one method. Comparison needed for full marks (6)</p> <p data-bbox="1440 715 1709 746"><b>Level 1 (1-3 marks)</b></p> <p data-bbox="1440 754 2145 882">Candidate identifies appropriate methods in terms of Link Spas or recognises target groups but shows weak analysis or little development of reasons for choice of advertising.</p>

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
		<p>Ideas are expressed clearly, fluently, legibly and in the appropriate way. There are few errors in spelling, punctuation and grammar. [2]</p> <p>Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar but these do not obscure the meaning of the answer. [1]</p> <p>Candidate fails to reach the threshold standard in all respects. [0]</p>	[6+2]	
		<b>Total</b>	<b>[18]</b>	

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
4	(a)			
	(i)	<p><b>Target: to show knowledge and understanding and to select information in relation to break-even analysis for the Polish spa.</b></p> <p>Total revenue for 4000 subscriptions = £1000000 (1)</p> <p>Total cost for 4000 subscriptions = £800000 (1)</p> <p>Profit = £200000 (1)</p>	[3]	<p>OFR applies</p> <p>1000 – 800 = 200 (2), must use 000's for (3)</p> <p>no need for (£) sign</p>
	(ii)	<p><u>£300.000</u>                      <u>300,000</u></p> <p>£300 - £200 (1)                      100 (1)                      3000 subscriptions (1)</p> <p>or 0.3 million</p>	[3]	<p>OFR applies</p> <p>Max (2) marks for process to 300,000/100</p> <p><b>Use of (£) in final answer is incorrect, maximum mark is 2 if candidate writes £3,000.</b></p>
	(iii)	<p>Limitations of BE in terms of setting a price for annual subscriptions:</p> <ul style="list-style-type: none"> <li>• takes no account of market conditions in Poland</li> <li>• assumes that all subscriptions will be sold</li> <li>• price depends on costs. Break even says that costs increase in a straight line but this is not true</li> <li>• difficult to predict sales and costs in Poland</li> <li>• BE is very short term, prices need to adapt to the market</li> </ul> <p>Benefits of BE to setting the price:</p> <ul style="list-style-type: none"> <li>• shows level of demand needed to make a profit</li> <li>• indication of what price is needed to cover costs</li> <li>• allows different prices to be checked to see if venture is profitable</li> <li>• shows financial impact of different prices.</li> </ul>		

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
		<p>Exemplar: Break even is a useful method to see at what price the total revenue will match total cost when a certain amount of sales are made. The price can be changed and the graph adjusted to show how many sales will need to be made at each price either to make a profit or to break even. (L1) However break even assumes that all the subscriptions will be sold and this is unlikely to happen especially in the first year(L2). Therefore it is important not to rely upon it completely when setting prices.</p> <p>Candidate can refer to costs but the question must be answered with reference to setting a price</p>	<b>[4]</b>	<p><b>Level 2 (3-4 marks)</b> Candidate make a judgement about the use of BE in terms of LS setting a price by giving at least one limitation and benefit of break-even.</p> <p><b>Level 1 (1-2 marks)</b> Simple statement about usefulness of break even for LS. ( no reference to LS)</p>
<b>(b)</b>		<p><b>Target: to apply knowledge and understanding, analyse and evaluate the most suitable methods of finance for the Polish spa.</b></p> <p>Methods of finance available:</p> <ul style="list-style-type: none"> <li>• sale of shares</li> <li>• sale of existing spa</li> <li>• bank loan</li> <li>• retained profit</li> <li>• mortgage</li> <li>• overdraft</li> <li>• grant from the EU</li> <li>• sponsorship</li> <li>• delayering of hierarchy to reduce costs/wages</li> <li>• involvement of the local Polish council</li> </ul>		<p>There is no reason why candidates should not suggest use of a variety of different methods rather than just one.</p>

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
		<p>Candidates should consider the following when making decision about methods:</p> <ul style="list-style-type: none"> <li>• interest rates</li> <li>• capital repayments</li> <li>• length of time</li> <li>• security</li> <li>• risk</li> <li>• use of money</li> </ul> <p>Exemplar: Link Spas plc will use a variety of sources of finance to pay for the costs involved in opening the spa in Poland. For example the cost of the site and its refurbishment is a substantial amount of money which needs a long term source of finance such as the sale of shares, sale of an existing spa and/or a loan. The spa is regarded as an asset to the business and if unsuccessful will be able to be sold. It is important that Link Spa choose a form of finance which can be pay off the capital and interest over a long period using the profit which is generated by the business over its lifetime.(L3). However costs such as wages, insurance etc have to be paid continuously and therefore require a short-term form of finance such as an overdraft or profit. These are not assets of the business and therefore do not represent something which can be resold. (L3)</p>	<b>[8]</b>	<p>There is no reason why candidates should not suggest use of a variety of different methods rather than just one.</p> <p><b>Level 3 (6-8 marks)</b> Candidate makes a recommendation based on analysis of at least two methods of finance and has shown, with reasons, why they would be appropriate for the Polish Spa. Reference to costs/different methods/Poland spa</p> <p><b>Level 2 (3-5 marks)</b> Candidate analyses one method without discussion of others with relevance to the spa in Poland. No ref to Poland or spa (4 max) Full L2 can be awarded with well developed answer to costs</p> <p><b>Level 1 (1-2 marks)</b> Candidate explains one or more methods with little/no context.</p>



Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
(c)		<p><b>Target: to apply knowledge and understanding of market research methods, analyse and evaluate that knowledge in relation to the market research used by Link Spas.</b></p> <ul style="list-style-type: none"> <li>• Unbiased results</li> <li>• Independent outfit</li> <li>• Experience/knowledge</li> </ul> <p>Award 1 mark for the reason applied to Polish Spa and up to 2 further marks for analysis and judgement.</p>	[3]	Link Spas employ market research agencies because they are experts in collecting information for a specific purpose such as opening a spa in Poland. (1) It would be difficult for Bath Spas to carry out either primary or secondary research into this option since there would be problems of language (1), culture and legislation (1) to deal with.
(d)		<p><b>Target: to select information from market research findings and evaluate in terms of LS future plans.</b></p> <p>Segments shown on Resource Sheet:</p> <p>Male and female aged 31-40 (1)</p>	[1]	Accept 31-40 and 30-40 without reference to gender
(e)		<p><b>Target: to select information from market research findings and evaluate in terms of LS future plans.</b></p> <p>They should sell and install hot tubs in the South of the country (1) as that is growing fastest (1). However they could also sell in North West or the North East where the growth is greater in comparison to previous years (1). If Scotland mention it has to be linked with potential or opportunity</p>	[3]	Any region is acceptable and with 1 mark if some support given.  Any reasoned argument drawn from the chart and general understanding is acceptable
		<b>Total</b>	<b>[25]</b>	

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
5		<p><b>Target: to apply knowledge and understanding, analyse and evaluate the plans put forward to the Board of directors of LS plc.</b></p> <p><b>Points to consider:</b></p> <p><b>Advantages of personal trainers:</b></p> <ul style="list-style-type: none"> <li>• easy to set up and run</li> <li>• very much cheaper than others</li> <li>• market research shows a definite demand</li> <li>• finance is easier to get</li> <li>• easy to employ staff</li> </ul> <p><b>Disadvantages of personal trainers:</b></p> <ul style="list-style-type: none"> <li>• limited range of services offered</li> <li>• limited geographical sphere</li> <li>• people may try it and not like it</li> <li>• probably will give limited revenue</li> </ul> <p><b>Advantages of hot tubs and saunas:</b></p> <ul style="list-style-type: none"> <li>• demand is increasing across all areas</li> <li>• wider market</li> <li>• can enter retail business</li> <li>• greater revenue stream</li> </ul> <p><b>Disadvantages of hot tubs and saunas:</b></p> <ul style="list-style-type: none"> <li>• more expensive to set up</li> <li>• luxury item</li> <li>• more expensive advertising/costs</li> <li>• reliance on suppliers</li> <li>• maintenance and after sales</li> </ul>		

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
		<p><b>Advantages of Polish Spa:</b></p> <ul style="list-style-type: none"> <li>• large market</li> <li>• open to European mainland</li> <li>• cheaper costs</li> <li>• cheaper land</li> <li>• less legislation</li> <li>• growing economy</li> </ul> <p><b>Disadvantages of Polish Spa:</b></p> <ul style="list-style-type: none"> <li>• language</li> <li>• culture</li> <li>• luxury product</li> <li>• limited investment</li> <li>• distance/transport</li> </ul> <p>Exemplar: Investing in new services such as personal trainers would be less of a financial risk than opening a new spa in Poland which carries with it not only increased financial risk but also the unknown market and culture in which the business will operate. This could result in failure of the option and a greater risk to the shareholders.(L2) However although employing personal trainers is the safer option in the short term the market in this country is limited and there is a large amount of competition already. It may be the case that in the long term investment in a new growing market which is relatively close geographically would be the best move for the business at this point.(L3)</p>		

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
					[10]	<p>Candidates could come to the conclusion that LS should consider more than one of the options. They might consider not doing anything but this would have to be well supported.</p> <p><b>Level 3 (7-10 marks)</b> Candidate has analysed arguments for and against plans and has given a substantiated opinion in context.</p> <p><b>Level 2 (4-6 marks)</b> Candidate has attempted to analyse the arguments without a reasoned opinion OR has analysed <u>only one side of the argument/or one choice</u> giving a reasoned opinion.</p> <p><b>Level 1 (1-3 marks)</b> Has commented on the arguments for and/or against and may have given an opinion without adequate reason.</p>
				<b>Total</b>	<b>[10]</b>	

# Grade Thresholds

## General Certificate of Secondary Education June 2008 Examination Series Component Threshold Marks

### GCSE Business Studies Short Course 1051

Component	Max Mark	A*	A	B	C	D	E	F	G
1051/1	100				61	51	41	32	23
1051/2	100		65	54	43	30			
1051/3	60				33	29	25	22	19
1051/4	60		39	35	32	24			
1051/5	60		45	40	35	27	20	13	6

### Specification Options

#### 1051 FA Foundation Tier with Coursework (Components 01, 05)

	Max Mark	A*	A	B	C	D	E	F	G
Overall Threshold Marks	200				121	100	79	59	39
Percentage in Grade					28.5	25.3	16.5	14.0	10.1
Cumulative Percentage in Grade					28.5	53.8	70.3	84.3	94.4

The total entry for the option was 310.

#### 1051 FB Foundation Tier with Case Study (Components 01, 03)

	Max Mark	A*	A	B	C	D	E	F	G
Overall Threshold Marks	200				116	99	82	66	50
Percentage in Grade					22.8	27.2	29.6	10.2	7.3
Cumulative Percentage in Grade					22.8	50.0	79.6	89.8	97.1

The total entry for the option was 223.

#### 1051 HA – Higher Tier with Coursework (Components 02, 05)

	Max Mark	A*	A	B	C	D	E	F	G
Overall Threshold Marks	200	154	134	114	94	68	55		
Percentage in Grade		9.1	22.8	31.5	23.2	11.4	0.7		
Cumulative Percentage in Grade		9.1	31.9	63.4	86.6	98.0	98.7		

The total entry for the option was 302.

### 1051 HB – Higher Tier with Case Study (Components 02, 04)

	Max Mark	A*	A	B	C	D	E	F	G
Overall Threshold Marks	200	144	126	108	91	65	52		
Percentage in Grade		4.0	15.1	27.8	28.3	19.9	3.6		
Cumulative Percentage in Grade		4.0	19.1	46.9	75.2	95.1	98.7		

The total entry for the option was 306.

### 1051 Overall

	A*	A	B	C	D	E	F	G
Percentage in Grade	3.7	10.8	14.5	25.9	20.2	10.9	5.3	3.7
Cumulative Percentage in Grade	3.7	14.5	31.3	57.2	77.4	88.3	93.6	97.3

The total entry for the examination was 1141.

### GCSE Business Studies A Full Course 1951

#### Component Threshold Marks

Component	Max Mark	A*	A	B	C	D	E	F	G
1951/1	120				72	59	47	35	23
1951/2	120		81	66	51	34			
1951/3	60				37	31	25	20	15
1951/4	60		42	34	26	18			
1951/5	60				39	32	26	20	14
1951/6	60		43	35	28	19			
1951/7	90				44	38	32	26	20
1951/8	90		55	48	42	32			
1951/9	60		45	40	35	27	20	13	6

#### Specification Options

### 1951 FA - Foundation Tier Business and Change with Coursework (Components 01, 03, 09)

	Max Mark	A*	A	B	C	D	E	F	G
Overall Threshold Marks	240				139	115	91	68	45
Percentage in Grade					24.5	32.4	28.6	9.7	3.5
Cumulative Percentage in Grade					24.5	56.9	85.5	95.2	98.7

The total entry for the option was 1793.

**1951 FB – Foundation Tier Business Communication and Marketing with Coursework (Components 01, 05, 09)**

	<b>Max Mark</b>	<b>A*</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
Overall Threshold Marks	240				141	116	92	68	44
Percentage in Grade					20.7	34.8	23.3	14.4	4.8
Cumulative Percentage in Grade					20.7	55.5	78.8	93.2	98.0

The total entry for the option was 1448.

**1951 FC – Foundation Tier Business and Change with Case Study (Components 01, 03, 07)**

	<b>Max Mark</b>	<b>A*</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
Overall Threshold Marks	240				136	114	93	72	51
Percentage in Grade					20.8	33.0	24.3	11.9	7.6
Cumulative Percentage in Grade					30.8	53.8	78.1	90.0	97.6

The total entry for the option was 720.

**1951 FD – Foundation Tier Business Communication and Marketing with Case Study (Components 01, 05, 07)**

	<b>Max Mark</b>	<b>A*</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
Overall Threshold Marks	240				137	115	93	72	51
Percentage in Grade					23.3	339.8	22.1	11.7	6.3
Cumulative Percentage in Grade					23.3	57.1	79.2	90.9	97.2

The total entry for the option was 1241.

**1951 HA – Higher Tier Business and Change with Coursework (Components 02, 04, 09)**

	<b>Max Mark</b>	<b>A*</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
Overall Threshold Marks	240	189	163	137	112	79	62		
Percentage in Grade		5.2	21.9	33.2	27.8	11.1	0.6		
Cumulative Percentage in Grade		5.2	27.1	60.3	88.1	99.2	99.8		

The total entry for the option was 3226.

**1951 HB – Higher Tier Business Communication and Marketing with Coursework (02, 06, 09)**

	<b>Max Mark</b>	<b>A*</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
Overall Threshold Marks	240	186	162	138	114	80	63		
Percentage in Grade		3.2	16.4	29.6	30.2	18.5	1.5		
Cumulative Percentage in Grade		3.2	19.6	49.2	79.4	97.9	99.4		

The total entry for the option was 2069.

**1951 HC – Higher Tier Business and Change with Case Study (02, 04, 08)**

	<b>Max Mark</b>	<b>A*</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
Overall Threshold Marks	240	183	157	131	105	73	57		
Percentage in Grade		6.4	25.0	31.9	25.4	10.6	0.6		
Cumulative Percentage in Grade		6.4	31.4	63.3	88.7	99.3	99.9		

The total entry for the option was 1771.

**1951 HD – Higher Tier Business Communication and Marketing with Case Study (02, 06, 08)**

	<b>Max Mark</b>	<b>A*</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
Overall Threshold Marks	240	179	155	131	107	74	57		
Percentage in Grade		4.9	18.6	33.1	29.2	13.0	0.8		
Cumulative Percentage in Grade		4.9	23.5	56.6	85.8	98.8	99.6		

The total entry for the option was 1546.

**1951 Overall**

	<b>A*</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
Percentage in Grade	3.0	12.6	19.8	26.1	21.0	10.1	4.5	1.9
Cumulative Percentage in Grade	3.0	15.6	35.4	61.5	82.5	92.6	97.1	99.0

The total entry for the examination was 13,816.

Statistics are correct at the time of publication.



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