

GCSE



# WJEC GCSE in BUSINESS

APPROVED BY QUALIFICATIONS WALES

# SAMPLE ASSESSMENT MATERIALS

Teaching from 2017



This Qualifications Wales regulated qualification is not available to centres in England.





For teaching from 2017  
For award from 2019

**GCSE BUSINESS**

**SAMPLE ASSESSMENT  
MATERIALS**



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Candidate Name	Centre Number					Candidate Number				



**GCSE BUSINESS**

**UNIT 1**

**BUSINESS WORLD**

**SAMPLE ASSESSMENT MATERIALS**

**2 hours**

### **ADDITIONAL MATERIALS**

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

### **INSTRUCTIONS FOR CANDIDATES**

Answer ALL questions.

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

Write your answers in the spaces provided in this booklet.

Use black ink or black ball-point pen.

Do not use pencil or gel pen.

Do not use correction fluid.

### **INFORMATION FOR CANDIDATES**

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

The total number of marks available is 100.

You are reminded of the need for good English and orderly, clear presentation in your answers. The quality of your written communication, including appropriate use of punctuation and grammar, will be assessed in your answer to questions 7(d); 8(c); 9(e) and 10(d).

1. Which **two** of the following apply to private limited companies? [2]

Tick **two** boxes only.

The business is owned by shareholders		The name of the business is usually followed by the letters plc	
The business has limited liability		The business sells shares on the stock exchange	

2. Identify two characteristics of an entrepreneur. [2]

- 1 .....
- 2 .....

3. Which of the following is a non-financial motive for entrepreneurs? [1]

Tick **one** box only.

Profit	
Salary increase	
Satisfaction	



4. (a) Which **two** of the following are stages involved in the recruitment process? [2]

Tick **two** boxes only.

Advertise		Interview	
Training		Job sharing	

- (b) (i) Identify **one** advantage of using external recruitment. [1]

.....

- (ii) Identify **one** disadvantage of using external recruitment. [1]

.....

5. Avon is an example of a direct selling business, where goods are sold directly to consumers.

Gemma Thomas is considering selling for AVON, which provides a wide range of cosmetics and had been the market leader for a number of years. They also offer some of the best incentives, paying 20% commission for sales over £75 and 25% commission for sales over £145.

- (a) Calculate the amount of money Gemma Thomas would earn if she sold £900 worth of AVON products. (Show your workings) [2]

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The table below is an extract of the global market share of leading direct selling companies:

Global direct selling market share	2016 (%)	2015 (%)
Amway	9.1	9.1
AVON	8.6	9.2
Herbalife	4.7	4.4
Mary Kay	3.4	3

- (b) With reference to the data in the table above, give **two** reasons why Gemma Thomas should consider selling for another company rather than AVON. [2]

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6. River Taff Kayaks (RTK) produces kayaks for sale to the outdoor pursuits market. They sell 1 200 kayaks a month, with each Kayak selling for £750.

RTK have variable costs of £350 per kayak, this is made up of £200 for raw materials and £150 for labour.

The fixed costs are £300 000.

As a result of their sales, the business achieves a profit of £180 000.

- (a) State the formula for calculating contribution. Using the contribution formula, calculate how many kayaks RTK will have to sell to break even. (Show your workings) [3]

Formula

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Workings

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- (b) With reference to the data, outline **two** ways RTK could improve profitability. [4]

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7. White Cars is a taxi business located in Swansea. It was set up 4 years ago by Zac White.

Zac operates his business in an ethical manner.

- (a) (i) What is meant by business ethics? [1]

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- (ii) Identify **three** ethical business practices Zac could use in running his taxi business. [3]

1 .....  
2 .....  
3 .....

Zac's business will be affected by economic factors.

- (b) Explain how Zac's business may have been affected by:

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

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- (ii) A rise in inflation in the UK. [2]

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White Cars is located on a side street on the outskirts of the city centre. Over the last year business has increased and Zac is considering relocating the business to a different site in Swansea.

- (c) Describe **two** factors Zac should take into account when deciding on a new site for his business. [4]

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At present Zac is a sole trader, however, the increased level of business has created problems for him. He is considering taking on a business partner.

- (d) Advise Zac on whether he should take on a business partner. Explain the reasons for your advice. [8]

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8. Zara is one of the world's most successful clothing retailers. The first Zara store opened in 1975 in Spain. In 2016 Zara had over 2 100 stores worldwide.

Zara focuses on meeting the needs of its customers and understanding what fashion items its customers want through the use of qualitative and quantitative market research.

- (a) (i) What is meant by qualitative market research? [1]

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- (ii) Give **one** example of qualitative market research. [1]

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- (iii) What is meant by quantitative market research? [1]

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- (iv) Give **one** example of quantitative market research. [1]

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- (v) Analyse why market research is important to Zara. [3]

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Zara recognise the importance of selling through various distribution channels. The business uses a multi-channel distribution approach, which includes selling in store, on the internet and by catalogue.

- (b) (i) What is meant by the term distribution channel? [1]

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Statistics suggest that the annual average weekly spending online more than doubled between 2012 and 2016. In 2012 it was £341.7 million compared with £718.7 million in 2016.

- (ii) Calculate the percentage increase in the annual average weekly spending online between 2012 and 2016. (Show your workings) [2]

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- (c) Discuss the advantages and disadvantages to Zara of using a multi-channel distribution approach to sell its products. [10]

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9. The owners of Sainsbury's supermarket are on the verge of a £1.4 billion pound takeover (acquisition) of Home Retail Group. Home Retail Group own a number of chain stores including Argos and Habitat. Both Sainsbury's and Home Retail Group are public limited companies (plc) and operate in the retail sector.

(a) What is meant by the retail sector? [1]

.....  
 .....

(b) Which of the following types of integration is taking place when Sainsbury's takes over Home Retail Group? [1]

**Tick one box only.**

HORIZONTAL	
VERTICAL FORWARD	
VERTICAL BACKWARD	

Sainsbury's have a very good reputation for providing excellent customer service.

(c) (i) Identify **two** features of good customer service. [2]

1 .....  
 2 .....

(ii) Why is customer service important to a business such as Sainsbury's? [2]

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Sainsbury's is a public limited company and has been a major supermarket in the UK for over 100 years. It owns over a 1000 stores throughout the UK and consistently makes an annual profit in excess of £500 million.

- (d) Analyse the most suitable sources of finance Sainsbury's could use to fund the takeover of Home Retail Group. [6]

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Sainsbury's takeover of Home Retail Group is an example of external growth.

- (e) Analyse the reasons why Sainsbury's decided to expand through external growth and not internal (organic) growth. [8]

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10. Whitbread plc is the UK's largest hotel, restaurant and coffee shop operator. It owns a number of popular brands including Costa Coffee, Premier Inn, Beefeater Grill, Table Table and Brewers Fayre.

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

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(ii) Give **two** reasons why having a strong and successful brand is important to businesses such as Whitbread plc. [2]

1 .....

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2 .....

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The management of Costa Coffee use SMART objectives to achieve their aims. One aim is to maximise profits.

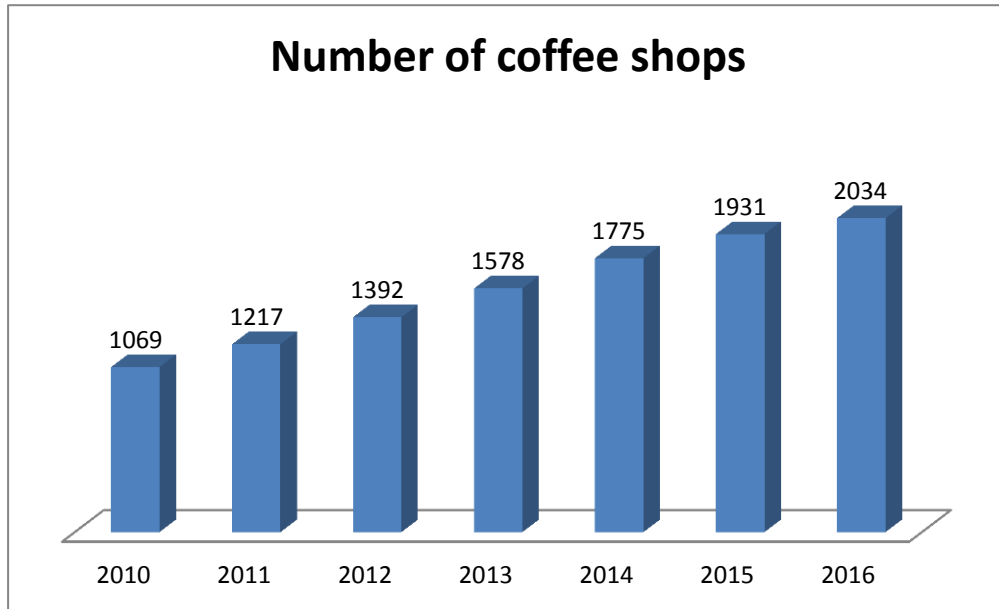
(b) (i) Complete the table below by identifying the missing SMART criteria. [2]

<b>S</b>	Specific
<b>M</b>	
<b>A</b>	Agreed
<b>R</b>	Realistic
<b>T</b>	

- (ii) Compose a profit maximisation SMART objective for Costa Coffee. [3]

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The graph below shows the increase in the number of Costa Coffee shops in the UK.



- (c) Calculate the average number of Costa Coffee shops between 2010 and 2016. (Show your workings) [2]

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## GCSE Business

### MARK SCHEME

#### Guidance for examiners

##### Positive marking

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

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

##### Banded mark schemes

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

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

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

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

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

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

### **Stage 1 – Deciding on the band**

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

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

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

### **Stage 2 – Deciding on the mark**

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

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

## Unit 1 – Business World

Question		Marks
1	<p><b>Which <u>two</u> of the following apply to private limited companies?</b></p> <p><i>AO1: 2 marks</i></p> <p>Award <b>1</b> mark for each correct answer</p> <p>The business is owned by shareholders The business has limited liability</p>	2
2	<p><b>Identify <u>two</u> characteristics of an entrepreneur.</b></p> <p><i>AO1: 2 marks</i></p> <p>Award <b>1</b> mark for each correct characteristic identified</p> <p>Risk taker Innovative Initiative Making decisions Organising the business Hardworking Determined</p>	2
3	<p><b>Which of the following is a non-financial motive for entrepreneurs?</b></p> <p><i>AO1: 1 mark</i></p> <p>Award <b>1</b> mark for correct answer</p> <p>Satisfaction</p>	1
4 (a)	<p><b>Which <u>two</u> of the following are stages involved in the recruitment process?</b></p> <p><i>AO1: 2 marks</i></p> <p>Award <b>1</b> mark for each correct answer</p> <p>Advertise Interview</p>	2

Question		Marks
4 (b) (i)	<p><b>Identify <u>one</u> advantage of using external recruitment.</b></p> <p><i>AO1: 1 mark</i></p> <p>Award <b>1</b> mark for correct advantage</p> <p><b>Indicative content:</b> Answers could include:</p> <p>Larger pool of applicants. Applicant can bring in new ideas. Applicant may have a wider range of experience.</p> <p>Credit any other valid advantage of external recruitment.</p>	1
4 (b) (ii)	<p><b>Identify <u>one</u> disadvantage of using external recruitment.</b></p> <p><i>AO1: 1 mark</i></p> <p>Award <b>1</b> mark for correct disadvantage</p> <p><b>Indicative content:</b> Answers could include:</p> <p>It is time consuming. It can be expensive. Applicants may not be known by the employer.</p> <p>Credit any other valid disadvantage of external recruitment.</p>	1



Question		Marks
5 (a)	<p><b>Calculate the amount of money Gemma Thomas would earn if she sold £900 worth of AVON products.</b></p> <p><i>AO2: 2 marks</i></p> <p>Award <b>1</b> mark for selecting the correct data</p> <p><math>\frac{25}{100} \times £900</math></p> <p>Award <b>1</b> mark for correct answer</p> <p>£225</p> <p>Note: if just £225 is written award 2 marks</p> <p>Apply OFR (own figure rule) for the correct answer if incorrect data selected.</p>	2
5 (b)	<p><b>With reference to the data in the table, give <u>two</u> reasons why Gemma Thomas should consider selling for another company rather than AVON.</b></p> <p><i>AO2: 2 marks</i></p> <p>Award <b>1</b> mark for <b>each</b> correct statement</p> <p><b>Indicative content:</b> Answers could include:</p> <p>The market share of AVON has fallen between 2015 and 2016. The data suggests that competitors are growing and increasing their number of customers. The data suggests that sales of AVON products may fall. AVON is no longer the market leader.</p> <p>Credit any other valid comment based on the data.</p>	2
6 (a)	<p><b>State the formula for calculating contribution. Using the contribution formula, calculate how many kayaks RTK will have to sell to break even.</b></p> <p><i>AO1: 1 mark</i></p> <p><u>Fixed costs</u>                      Award <b>1</b> mark for correct formula Contribution</p> <p><i>AO2: 2 marks</i></p> <p><math>\frac{£300\,000}{(£750-£350)}</math>                      Award <b>1</b> mark for selection of correct data</p> <p>750 Kayaks                      Award <b>1</b> mark for correct answer</p> <p>Note: if only 750 is written award 2 marks</p> <p>Apply OFR for the correct answer if incorrect data selected.</p>	3

Question		Marks
6 (b)	<p><b>With reference to the data, outline <u>two</u> ways RTK could improve profitability.</b></p> <p><i>AO1: 2 marks</i></p> <p>Award <b>1</b> mark for each correct statement on how to improve profitability</p> <p><b>Indicative content:</b> Answers could include:</p> <p>Could lower costs. Could increase sales revenue.</p> <p>Award <b>2</b> marks for a developed statement on either lowering costs or increasing sales revenue</p> <p><i>AO2: 2 marks</i></p> <p>Award <b>1</b> mark each for application of the statement to the data</p> <p><b>Costs</b></p> <p>RTK are paying £200 for raw materials to make each kayak so the owners could find a cheaper supplier. RTK are paying £150 in wages to make each kayak, they could pay workers less or reduce the number of workers. RTK could change location to find cheaper rent which will save them on fixed costs.</p> <p><b>Revenue</b></p> <p>RTK could increase the price of their Kayaks from £750 to £??? this will improve the profit made on each sale.</p> <p>Credit any other valid applied outline.</p>	4

Question		Marks
7 (a) (i)	<p><b>What is meant by business ethics?</b></p> <p><i>AO1: 1 mark</i></p> <p>Award <b>1</b> mark for correct understanding of business ethics</p> <p><b>Indicative content:</b> Answers could include:</p> <p>Moral principles that guide the way a business behaves. Doing what is morally right. Behaving good whilst carrying out business activities.</p> <p>Credit any other valid understanding.</p>	1
7 (a) (ii)	<p><b>Identify <u>three</u> ethical business practices Zac could use in running his taxi business.</b></p> <p><i>AO2: 3 marks</i></p> <p>Award <b>1</b> mark for each suitable ethical practice identified</p> <p><b>Indicative content:</b> Answers could include:</p> <p>Charging reasonable prices. Treatment of workers / fair pay / good working conditions. Operating quietly during the night time. Drivers driving safely and within speed limits. Charitable donations. Sponsorship.</p> <p>Credit any other valid ethical policy applied to Zac's taxi business.</p>	3
7 (b)	<p><b>Explain how Zac's business may have been affected by:</b></p> <p><b>(i) A fall in interest rates</b></p> <p><i>AO3: 1 mark</i></p> <p>Award <b>1</b> mark for explaining the consequences of a fall in interest rates.</p> <p><b>Indicative content:</b> Answers could include:</p> <p>A fall in interest rates means that people with loans and mortgages will have more money to spend so they may spend more money on wants. People with savings will experience a drop in the interest received so they may spend less money. People who have a loan or want to take out a loan, the cost will fall, if they have savings then income from these will fall.</p> <p>Credit any other valid consequence.</p>	4

*AO2: 1 mark*

Award **1** mark for applying the consequences to Zac's business

**Indicative content:**

Answers could include:

Zac may get more customers as people may spend more on taxis, so his revenue will increase.

He may get less customers if they are ones with savings so his revenue may decrease.

Zac could afford to borrow more money to invest in the business which could lead to expansion.

Credit any other valid application.

**(ii) A rise in inflation in the UK**

*AO3: 1 mark*

Award **1** mark for explaining the consequences of a rise in inflation

Indicative content:

Answers could include:

A fall in real income.

Workers may seek pay rises – increased business costs.

Raw materials/stock/components will cost more – increasing business costs.

Business may make less profit – increased costs.

Customers may have to pay higher prices – may lead to lower sales for business.

*AO2: 1 mark*

Award **1** mark for applying the consequences to Zac's business

**Indicative content:**

Answers could include:

Zac may get less customers as people will have to cut back on certain products and services as their real income falls.

Zac might have to put his prices up if workers demand higher pay, this will deter customers from using his business.

The cost of fuel will increase which will reduce his profits or he may have to pass the cost on to his customers.

Credit any other valid application.

Question		Marks
7 (c)	<p><b>Describe <u>two</u> factors Zac should take into account when deciding on a new site for his business.</b></p> <p><i>AO1: 2 marks</i></p> <p>Award <b>1</b> mark for each correct identification of a siting factor</p> <p><b>Indicative content:</b> Answers could include:</p> <p>Cost of rent / property. Level of employment / unemployment. Number of customers / passing trade / footfall. Accessibility for customers on foot / in car. Size. Proximity / closeness to competitors. Personal reasons.</p> <p>Credit any other valid identification of a siting factor.</p> <p><i>AO2: 2 marks</i></p> <p>Award <b>1</b> mark for each correct application to Zac's taxi business</p> <p><b>Indicative content:</b> Answers could include:</p> <p>It has to be accessible as the cars have to get to customers quickly. His business is only 4 years old, he may not be able to afford a prime site. A site that has a garage or inside parking would be good - he could check the cars and clean them. Footfall is not important as most customers will phone for taxis and expect the taxi to go to them – they will not visit the actual site.</p> <p>Credit any other valid application to Zac's taxi business.</p>	4

Question				Marks
7 (d)	<b>Advise Zac on whether he should take on a business partner. Explain the reasons for your advice.</b>			8
Band	AO1	AO2	AO3	
	2 marks	2 marks	4 marks	
3	<p>There are no Band 3 marks for this assessment objective</p> <p>2 marks are awarded as for Band 2</p>	<p>There are no Band 3 marks for this assessment objective</p> <p>2 marks are awarded as for Band 2</p>	<p><b>4 marks</b></p> <p>Excellent well-reasoned and balanced analysis on whether Zac should or should not take on a partner</p> <p>Writing is very well structured using accurate grammar, punctuation and spelling</p> <p>The advantages and disadvantages of taking on a partner are fully analysed</p> <p>Clear advice is given with supporting statements</p>	
2	<p><b>2 marks</b></p> <p>Good knowledge and understanding of the key characteristics of partnerships and sole traders are demonstrated</p> <p>Some attempt to use specialist vocabulary</p>	<p><b>2 marks</b></p> <p>Good application of the key characteristics of a partnership and sole trader to Zac's business</p> <p>Information from the data is used in development</p>	<p><b>2-3 marks</b></p> <p>Good analysis on whether Zac should or should not take on a partner</p> <p>Writing is generally well structured using reasonably accurate grammar, punctuation and spelling</p> <p>The analysis may be unbalanced and focus on either the advantages or disadvantages of taking on a partner</p> <p>Appropriate advice is given in conclusion</p>	
1	<p><b>1 mark</b></p> <p>Limited knowledge and/or understanding of the characteristics of partnerships and/or sole traders are demonstrated</p> <p>May only focus on either partnerships or sole traders</p> <p>Characteristics are identified rather than understood</p> <p>Limited or no use of specialist vocabulary</p>	<p><b>1 mark</b></p> <p>Limited application of the characteristics of a partnership and/or sole trader to Zac</p> <p>The response is mostly generic with brief application to Zac's business</p>	<p><b>1 mark</b></p> <p>Limited analysis on whether Zac should or should not take on a partner which may be one-sided</p> <p>Writing shows limited evidence of structure but with some errors in grammar, punctuation and spelling</p> <p>The analysis lacks detail and superficial comments are made with little development</p> <p>Advice may be given but it is not soundly justified</p> <p>Unsupported conclusions are made</p>	
0	<p><b>0 marks</b></p> <p>No knowledge or understanding of the characteristics of partnerships or sole traders is demonstrated</p>	<p><b>0 marks</b></p> <p>No reference is made to Zac's business</p>	<p><b>0 marks</b></p> <p>No valid analysis and advice is given</p>	

**Indicative content:**

Answers could include:

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

More capital can be brought into the business than Zac has available so there is greater scope to maintain and / or expand the business. He could then choose a better site when he relocates.

Extra skills and expertise can be brought into the business. The new partner may have skills that Zac does not have, such as marketing or IT skills that could benefit the business. The new partner may have contacts in a new market such as corporate or events.

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

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

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

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

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

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

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

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

Credit any other valid response.

Conclusion is reversible.

Question		Marks
8 (a) (i)	<p><b>What is meant by qualitative market research?</b></p> <p><i>AO1: 1 mark</i></p> <p>Award <b>1</b> mark for understanding of qualitative market research</p> <p><b>Indicative content:</b> Answers could include:</p> <p>Qualitative research looks into people's opinions. Data is in the form of words, pictures or objects. More in-depth research into peoples' attitudes and motives.</p> <p>Credit any other valid understanding.</p>	1
8 (a) (ii)	<p><b>Give <u>one</u> example of qualitative market research</b></p> <p><i>AO1: 1 mark</i></p> <p>Award <b>1</b> mark for suitable example of qualitative market research</p> <p><b>Indicative content:</b> Answers could include:</p> <p>Qualitative research - small focus groups / in-depth interviews / social network sites – for example blogs.</p> <p>Credit any other valid example.</p>	1
8 (a) (iii)	<p><b>What is meant by quantitative market research?</b></p> <p><i>AO1: 1 mark</i></p> <p>Award <b>1</b> mark for understanding of quantitative market research</p> <p><b>Indicative content:</b> Answers could include:</p> <p>Quantitative research can be measured. Data is in the form of numbers and statistics. The collection of statistical data such as sales figures and market share.</p> <p>Credit any other valid understanding.</p>	1
8 (a) (iv)	<p><b>Give <u>one</u> example of quantitative market research.</b></p> <p><i>AO1: 1 mark</i></p> <p>Award <b>1</b> mark for suitable example of quantitative market research</p> <p><b>Indicative content:</b> Answers could include:</p> <p>Quantitative research - questionnaires, surveys or secondary research such as census. Questions are often closed, where the answers are easy to categorise.</p> <p>Credit any other valid example.</p>	1



8 (a) (v)	<p><b>Analyse why market research is important to Zara.</b></p> <p><i>AO3: 2 marks</i></p> <p>Award <b>1</b> mark for a limited analysis on the importance of market research Award <b>2</b> marks for developed analysis on the importance of market research</p> <p><b>Indicative content:</b> Answers could include:</p> <p>Examples of limited analysis:</p> <p>To inform Zara what the customers want. To give information on how much they are willing to pay.</p> <p>Examples of developed analysis:</p> <p>Market research can find out a lot of information for Zara in a fast moving fashion industry.</p> <p>Customers can give information not just on their tastes and what they like, but also information like height and size can help Zara make the right size clothes.</p> <p>The information will reduce the risk for Zara in spending money on producing or buying huge quantities of clothes that nobody wants.</p> <p>Credit any other valid analysis.</p> <p><i>AO2: 1 mark</i></p> <p>Award <b>1</b> mark for analysing the importance of market research in the context of Zara or the fashion industry.</p>	3
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Question		Marks
8 (b) (i)	<p><b>What is meant by the term distribution channel?</b></p> <p><i>AO1: 1 mark</i></p> <p>Award <b>1</b> mark for understanding of distribution channels</p> <p><b>Indicative content:</b> Answers could include:</p> <p>How the product reaches the end customer. The chain of businesses involved in getting the product to the customer. It can include manufacturers, wholesalers and retailers.</p> <p>Credit any other valid understanding.</p>	1
8 (b) (ii)	<p><b>Calculate the percentage increase in the annual average weekly spending online between 2012 and 2016. (Show your workings)</b></p> <p><i>AO2: 2 marks</i></p> <p>Award <b>1</b> mark for calculating the increase</p> <p>£718.7 million - £341.7 million = <b>£377</b> million</p> <p>Award <b>1</b> mark for correct answer</p> <p><math>\frac{\text{£377 million}}{\text{£341.7 million}} \times 100 = \mathbf{110.3\%}</math> (accept 110%)</p> <p>Note: if only 110.3% or 110% is written award 2 marks</p> <p>Apply OFR for the correct answer if incorrect data selected or if the incorrect value for the increase is used correctly.</p>	2

8 (c)	<b>Discuss the advantages and disadvantages to Zara of using a multi-channel distribution approach to sell its products.</b>			10
Band	<i>AO1</i>	<i>AO2</i>	<i>AO3</i>	
	<i>3 marks</i>	<i>3 marks</i>	<i>4 marks</i>	
3	<p><b>3 marks</b></p> <p>Excellent knowledge and understanding of multi-channel distribution</p> <p>Specialist vocabulary is used with accuracy</p>	<p><b>3 marks</b></p> <p>Excellent application of multi-channel distribution methods is made to Zara and the clothing market</p> <p>There is clear and direct reference to Zara and the clothing market throughout the discussion</p>	<p><b>4 marks</b></p> <p>An excellent analysis and evaluation of the advantages and disadvantages to Zara of using multi-channel distribution</p> <p>Writing is very well structured using accurate grammar, punctuation and spelling</p> <p>Well-reasoned and balanced discussion with a clear line of argument</p> <p>Clear judgements are made with supporting statements</p>	
2	<p><b>2 marks</b></p> <p>Good knowledge and understanding of multi-channel distribution</p> <p>Some attempt to use specialist vocabulary</p>	<p><b>2 marks</b></p> <p>Good application of multi-channel distribution methods is made to Zara and the clothing market</p> <p>The learner will use the context of the clothing business to support their answer, but there are some omissions</p>	<p><b>2-3 marks</b></p> <p>A good analysis and evaluation of the advantages and disadvantages to Zara of using multi-channel distribution</p> <p>Writing is generally well structured using reasonably accurate grammar, punctuation and spelling</p> <p>The discussion may be unbalanced</p> <p>Judgements are made with some attempt to support the evaluation</p>	
1	<p><b>1 mark</b></p> <p>Limited knowledge and/or understanding of multi-channel distribution</p> <p>Limited or no use of specialist vocabulary</p>	<p><b>1 mark</b></p> <p>Limited application of multi-channel distribution methods is made to Zara and the clothing market</p> <p>The response is mostly generic with brief application to Zara and the clothing market</p>	<p><b>1 mark</b></p> <p>A limited analysis and evaluation of the advantages and disadvantages to Zara of using multi-channel distribution</p> <p>Writing shows limited evidence of structure but with some errors in grammar, punctuation and spelling</p> <p>The discussion lacks detail and superficial comments are made with little development</p> <p>The discussion may be one-sided</p> <p>Judgements are brief and unsupported</p>	
0	<p><b>0 marks</b></p> <p>No knowledge or understanding of multi-channel distribution</p>	<p><b>0 marks</b></p> <p>No reference to Zara or the clothing market</p>	<p><b>0 marks</b></p> <p>No analysis or evaluation of the advantages and disadvantages to Zara of using multi-channel distribution</p>	

**Indicative content:**

Answers could include:

Advantages

The retailer will be open 24 hours a day, 7 days a week, all year round and there are many ways a customer can buy a product – so more opportunities for people to shop, resulting in higher sales revenue.

There is more choice for the consumer, they can choose the channel that suits them best.

Zara could offer different prices through different channels, for example the internet price could be cheaper than the instore price, this is possible as the stock sold online or through catalogues does not have to be sent to stores and can be distributed centrally from a warehouse, this will reduce storage costs.

Zara can offer an even wider choice of goods and provide more information to the customer – this should increase customer satisfaction and customer loyalty whilst also appealing to a wider range of customers.

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

Online sales have increased by 52.45% since 2012, therefore the market has more than doubled, suggesting that an online presence is essential to keep up with or ahead of the competition such as River Island and New Look.

Customers can try on instore then buy online – this is very popular.

A mix of distribution channels could support and complement each other.

Disadvantages

Selling online and instore can be expensive due to the constant need to update and maintain – may not be cost-effective because Zara must generate enough sales and profit to justify the expenditure on all the channels it offers.

Customers will always look for the best bargains, if the shops are too expensive they will just buy online and the sales in the shops will fall. The shops are expensive to run.

A poorly constructed or out of date website can project a negative image of the business and sales may be lost to competitors, can they have excellent customer service in all three channels?

Not all customers have the internet which means that it may be better for Zara to invest in physical stores in more rural locations.

Technical problems on the website can result in loss of reputation and sales.

Poor performance through one distribution channel could affect the others in a negative way.

Credit any other valid answers and arguments.

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

In a competitive market, where rivals have multi-channel distribution, can a business such as Zara afford not to? Consumers expect this and therefore Zara may in fact have little choice but to offer all these channels.

Conclusion given is reversible.

Question		Marks
9 (a)	<p><b>What is meant by the retail sector?</b></p> <p><i>AO1: 1 mark</i></p> <p>Award <b>1</b> mark for correct understanding of the retail sector</p> <p><b>Indicative content:</b> Answers could include:</p> <p>Sells products to consumers. Final stage of distribution channels.</p> <p>Credit any other valid understanding.</p>	1
9 (b)	<p><b>Which of the following types of integration is taking place when Sainsbury's takes over Home Retail Group?</b></p> <p><i>AO2: 1 mark</i></p> <p>Award <b>1</b> mark for correct answer</p> <p>Horizontal</p>	1
9 (c) (i)	<p><b>Identify <u>two</u> features of good customer service.</b></p> <p><i>AO1: 2 marks</i></p> <p>Award <b>1</b> mark for each correct feature</p> <p><b>Indicative content:</b> Answers could include:</p> <p>Greeting the customer. Interacting with the customer. Identifying customer needs and wants. Encouraging feedback from the customer. Responding to feedback.</p> <p>Credit any other valid understanding.</p>	2
9 (c) (ii)	<p><b>Why is customer service important to a business such as Sainsbury's?</b></p> <p><i>AO3: 2 marks</i></p> <p>Award <b>1</b> mark for a limited analysis on the importance of customer service</p> <p><b>Indicative content:</b> Answers could include:</p> <p>To keep customers coming back. To increase customer spend. Improve reputation.</p> <p>Award <b>2</b> marks for developed analysis on the importance of customer service</p> <p><b>Indicative content:</b> Answers could include:</p> <p>Good customer service is a good way of getting customer loyalty in the grocery market which is very competitive. Customers are willing to pay premium prices if they get a good experience in the store and this can help Sainsbury's increase its sales revenue and profit.</p> <p>Credit any other valid analysis.</p>	2

Question				Marks
9 (d)	<b>Analyse the most suitable sources of finance Sainsbury's could use to fund the takeover of Home Retail Group.</b>			6
Band	A01	A02	A03	
	2 marks	2 marks	2 marks	
2	<b>2 marks</b> Good knowledge and understanding of at least 2 sources of finance  Some attempt to use specialist vocabulary	<b>2 marks</b> Good application of appropriate source(s) of finance in relation to the context  Information from the data is used in development	<b>2 marks</b> A good analysis of at least 2 sources of finance  There is clear reference to the impact of the chosen sources of finance on the business  There is balanced discussion of the sources of finance	
1	<b>1 mark</b> Limited knowledge and / or understanding of source(s) of finance  Limited or no use of specialist vocabulary	<b>1 mark</b> Limited application of appropriate source(s) of finance in relation to the context  The response is mostly generic with brief application to the data	<b>1 mark</b> A limited analysis of the source(s) of finance suggested  There is limited reference to the impact of the chosen source(s) of finance on the business  The discussion lacks detail and superficial comments are made with little development  The discussion may be one-sided	
0	No knowledge or understanding of sources of finance	No link to the context or no reference is made to the data	No analysis of appropriate sources of finance	

**Indicative content:**

Answers could include:

Sainsbury's could use profits/savings/reserves – they are an established and successful business, they will have some savings they can use. It requires no interest or repayments. However, Sainsbury's are unlikely to have the required amount as the takeover of Home Retail Group costs £1.4 billion.

Sainsbury's could get a bank loan which they should have access to due to their size. The money becomes immediately available and they can spread payments / instalments. However, interest has to be paid on the loan and some form of collateral may be required to secure the loan. This may put the business at risk in the future.

Sell additional shares which will raise money quite quickly and without interest payments. However, there will be a loss of control which could impact on decision making and the profits will be distributed through dividends to shareholders.

Sainsbury's may sell some of its assets if the assets are no longer required such as equipment, premises and vehicles. This could raise large sums of money to go towards the £1.4 billion. However, most assets are likely to be essential to the business.

Sainsbury's could use sale and lease back - possibility of raising large sums of money whilst still having the use of the essential assets. However, rental payments will be required which could negatively affect costs and lead to less profits for shareholders.

Credit any other valid analysis.

Question				Marks
9 (e)	<b>Analyse the reasons why Sainsbury's decided to expand through external growth and not internal (organic) growth.</b>			8
Band	A01 <i>2 marks</i>	A02 <i>2 marks</i>	A03 <i>4 marks</i>	
3	There are no Band 3 marks for this assessment objective  2 marks are awarded as for Band 2	There are no Band 3 marks for this assessment objective  2 marks are awarded as for Band 2	<b>4 marks</b> An excellent analysis of the reasons for selecting external growth  Writing is very well structured using accurate grammar, punctuation and spelling  The analysis includes reference to external and internal growth  At least 2 reasons are analysed  The impact on Sainsbury's of selecting external growth is clearly analysed  A well-reasoned and balanced analysis with a clear line of argument	
2	<b>2 marks</b> Good knowledge and understanding of external and internal growth  Some attempt to use specialist vocabulary	<b>2 marks</b> Good application to Sainsbury's  There is clear and direct reference to the grocery market/ tertiary sector	<b>2-3 marks</b> A good analysis of the reasons for selecting external growth  Writing is generally well structured using reasonably accurate grammar, punctuation and spelling  At least 2 reasons are analysed  The analysis may be unbalanced, focussing on either external or internal growth  Some reference is made to the impact on Sainsbury's of selecting external growth	
1	<b>1 mark</b> Limited knowledge and/or understanding of external and/ or internal growth  Limited or no use of specialist vocabulary	<b>1 mark</b> Limited application to Sainsbury's  Mostly generic with brief application to the grocery market/ tertiary sector	<b>1 mark</b> A limited analysis of the reason(s) for selecting external growth  Writing shows limited evidence of structure but with some errors in grammar, punctuation and spelling  The analysis lacks detail and superficial comments are made with little development  The analysis may be one-sided  Limited or no reference is made to the impact on Sainsbury's of selecting external growth	
0	<b>0 marks</b> No knowledge or understanding of external and internal growth	<b>0 marks</b> No reference to Sainsbury's	<b>0 marks</b> No analysis of the reasons for selecting external growth	

**Indicative content:**

Answers could include:

It is a fast method of growth, businesses such as Argos and Habitat are ready-made. Home Retail Group already has a proven track record in the retail sector and an established customer base to generate high sales revenue. Internal growth would take much longer to get the market share. Sainsbury's are known for grocery products and would have to build up their reputation and customer loyalty for the type of products Argos/Habitat sells.

The acquired company has products that enhance Sainsbury's product range, e.g. homeware, toys – this will help Sainsbury's to be more competitive with Tesco and Asda.

Likely to benefit from economies of scale – this reduces costs and provides a cost advantage to Sainsbury over other supermarkets when purchasing products from suppliers.

The grocery market is very competitive and dynamic and makes internal growth very challenging. Relying on internal growth might seem the safer option but in reality Sainsbury's have very fierce competitors who will always be looking for growth, Sainsbury's have to compete with these or they may lose market share.

Internal growth can be supported through increased advertising and promotion, however, the retail market for the products sold by Sainsbury's and Argos are already heavily advertised and there are constantly new promotions being introduced.

Savings can be made through rationalisation. For instance only one head office will be required.

Credit other valid points.



Question		Marks
10 (a) (i)	<p><b>What is meant by the term brand?</b></p> <p><i>AO1: 1 mark</i></p> <p>Award <b>1</b> mark for a valid definition or understanding</p> <p><b>Indicative content:</b> Answers could include:</p> <p>A well-known name / logo / symbol. It gives the business an identity. It is easily recognisable.</p> <p>Credit any other valid point.</p>	1
10 (a) (ii)	<p><b>Give <u>two</u> reasons why having a strong and successful brand is important to businesses such as Whitbread plc.</b></p> <p><i>AO1: 2 marks</i></p> <p>Award <b>1</b> mark for <b>each</b> correct reason</p> <p><b>Indicative content:</b> Answer could include:</p> <p>It differentiates the business/products from rivals. It helps promote the business and products on offer. The brand encourages customer loyalty. The business can charge higher prices.</p> <p>Credit any other valid reason.</p>	2

Question		Marks
10 (b) (i)	<p><b>Complete the table below by identifying the missing SMART criteria.</b></p> <p><i>AO1: 2 marks</i></p> <p>Award <b>1</b> mark for each correct response</p> <p>M – Measurable T – Time scale / time related</p>	2
10 (b) (ii)	<p><b>Compose a profit maximisation SMART objective for Costa Coffee.</b></p> <p><i>AO2: 3 marks</i></p> <p>The objective must relate to increasing profit (specific) (award no marks for this part of the response as profit maximisation is mentioned in the question)</p> <p>Award <b>1</b> mark for being measurable Award <b>1</b> mark for being realistic Award <b>1</b> mark for being timed</p> <p><b>Indicative content:</b> Answer could include:</p> <p>Increase profit by 7% over the next 12 months.</p>	3
10 (c)	<p><b>Calculate the average number of Costa Coffee shops between 2010 and 2016</b></p> <p><i>AO2: 2 marks</i></p> <p>Award <b>1</b> mark for selection of correct data</p> <p><math>1069+1217+1392+1578+1775+1931+2034/7=</math></p> <p>Award <b>1</b> mark for correct answer</p> <p>1570.85 or 1571</p> <p>Note: if only 1570.85 or 1571 is written award 2 marks</p> <p>Apply OFR for the correct answer if incorrect data selected</p>	2

Question				Marks
10 (d)	<b>Discuss the opportunities and threats to Costa Coffee of operating in a global marketplace.</b>			10
Band	A01	A02	A03	
	3 marks	3 marks	4 marks	
3	<b>3 marks</b> Excellent knowledge and understanding of globalisation and the global market  Specialist vocabulary is used with accuracy	<b>3 marks</b> Excellent application to Costa Coffee and/or Whitbread plc  The response is focused on the coffee shop market  Relevant data is used to develop and support the argument	<b>4 marks</b> Excellent analysis and evaluation of the opportunities and threats to Costa Coffee of operating globally  Writing is very well structured using accurate grammar, punctuation and spelling  Well-reasoned and balanced discussion with a clear line of argument  At least 2 opportunities and 2 threats are analysed  May provide a conclusion which offers an overall judgement	
2	<b>2 marks</b> Good knowledge and understanding of globalisation and the global market  Some attempt to use specialist vocabulary	<b>2 marks</b> Good application to Costa Coffee and/or Whitbread plc  Reference is made to the coffee shop market but there may be some omissions	<b>2-3 marks</b> A good analysis and evaluation of the opportunities and threats to Costa Coffee of operating globally  Writing is generally well structured using reasonably accurate grammar, punctuation and spelling  The discussion may be unbalanced focussing on either opportunities or threats  At least 1 opportunity and 1 threat are analysed.  May contain a brief conclusion	
1	<b>1 mark</b> Limited knowledge and understanding of globalisation and the global market  Limited or no use specialist vocabulary	<b>1 mark</b> Limited application to Costa Coffee or Whitbread plc  The discussion points are mostly generic with brief application to the coffee shop market	<b>1 mark</b> Limited analysis and evaluation of the opportunities and threats to Costa Coffee of operating globally  Writing shows limited evidence of structure but with some errors in grammar, punctuation and spelling  Discussion is limited and is likely to be one-sided with reference to either opportunities or threats  The discussion lacks detail and superficial comments are made with little development  Unsupported statements are made	
0	<b>0 marks</b> No relevant knowledge or understanding of globalisation and the global market	<b>0 marks</b> No application to Whitbread plc or Costa Coffee	<b>0 marks</b> No valid analysis or evaluation is given	

**Indicative content:**

Answers could include:

Opportunities

Whilst there is potential for more consumption of coffee in the UK, this is limited to a certain amount, therefore operating globally offers better prospects with more customers and a wide market available that is consuming large quantities of coffee. For Whitbread plc/Costa they have the opportunity to earn increased turnover which may lead to increased profits.

Whitbread is able to negotiate better prices on the things that it purchases including coffee beans and cardboard cups.

Spread the risks of the business – if coffee sales in the UK fall then having sales revenue from other countries will be beneficial.

A multinational business can benefit from many cost savings such as production costs, management costs and avoiding trade barriers.

It may benefit from other economies of scale, e.g., marketing and managerial economies. The cost of advertising can be spread and Whitbread will have access to more skilled labour to help improve efficiency and reduce costs.

By operating in many countries Whitbread plc/Costa has the option of moving operations to a country that offers cheaper costs, these could include labour cost, or lower taxes.

Costa can take advantage of its global brand, its reputation and products will already be known before they open up shops in a new country, this can increase sales and not have to spend so much on advertising.

Threats

Despite the huge size of the foreign markets and the potential for growth of the company, it is not always easy to succeed in new markets.

There may well be cultural differences so that in some countries there is no interest in the consumption of coffee, or there may be different flavours or strengths that will involve spending on research and different production techniques.

Starbucks is the bigger global brand, they will need to compete with these in order to gain market share. There may be legal and bureaucratic problems in setting up in other countries.

There may be language barriers and problems training staff.

Fluctuations in exchange rates may affect the business. Price transparency not always clear.

Credit other valid points.

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

The bigger market and the consequent higher sales and profits may offset the higher costs and regulations found abroad, clearly increasing sales abroad presents huge opportunities for Costa to become a successful global brand.

Conclusion given is reversible.



**GCSE BUSINESS**

**UNIT 2**

**BUSINESS PERCEPTIONS**

**SAMPLE ASSESSMENT MATERIALS**

**RESOURCE MATERIAL**

1. Jenna Phillips had always dreamed of being an entrepreneur and running her own business.

In March 2015 her dreams become true when she opened her gift and souvenir shop in the seaside town of Llandudno in North Wales. Llandudno is a popular tourist destination in the summer months with many tourists staying in the hotels and many more visiting for the day.

There are also many cafes, restaurants and take away outlets located throughout the town centre.



Jenna's shop is located on a quiet street just off the main high street. The shop sells a range of gifts and souvenirs, including;

- Pottery
- Jewellery
- Greeting cards
- Stationery
- Glassware
- Cushions
- Small items of furniture
- Chocolate
- Sweets
- Arts and crafts.

Many of the products she sells are produced locally and she supports local artists by displaying their paintings in her shop.

Jenna is a sole trader and she enjoys running the shop and experiencing the risks and rewards of being an entrepreneur. She has built up an excellent reputation and the shop often receives excellent reviews on TripAdvisor.

## Jenna's profit and loss account for 2015 and 2016

	2015 £	2016 £
Sales revenue	80 000	100 000
Cost of sales	52 000	60 000
Gross profit	28 000	40 000
Gross profit margin (GPM)	35 %	40%
Expenses		
Salary	15 000	15 000
Wages	4 000	6 000
Gas & electricity	800	900
Rent	4 000	4 000
Business rates	1 200	1 200
Other costs	2 000	2 500
Total expenses	27 000	29 600
Net profit	1 000	?
Net profit margin (NPM)	1.25%	?

During the winter months Jenna's shop has less customers and is often quiet, her main customers in these months are local people who enjoy arts and crafts. Jenna is worried about generating enough cash during these quiet months. She is thinking that it might be useful to construct a cash flow forecast for 2017.

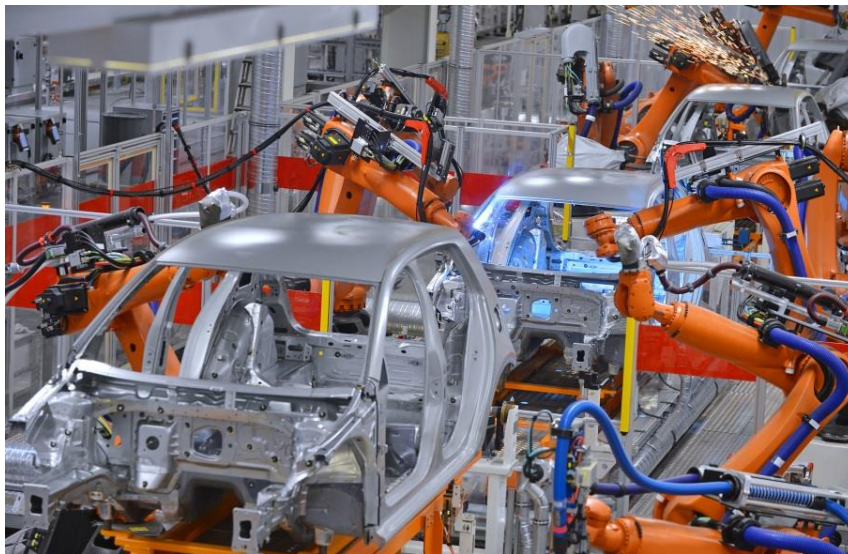
Jenna is also considering whether or not to diversify by opening a small cafe at the back of her shop in order to sell hot and cold drinks, hot snacks, ice cream and cakes.

She would have to refurbish the shop in order to have enough space for five or six tables, a small kitchen and a serving area. She would like to serve locally sourced produce to match what she sells in the shop. A local builder has estimated that the cost of refurbishing her shop and building the cafe will be £8 000. Jenna has no catering experience so she will have to employ an experienced cook to run the cafe. Jenna has received a good deal of positive reaction from tourists and local residents about her plans and she is confident that the cafe will be profitable.

2. A new car rolls off the production line every 20 seconds, with most car manufacturers using flow (mass) production.

2015 was an excellent year for car manufacturers with more cars being built than in any of the past 10 years. Sales of UK built cars rose by 3.9% with demand for these cars coming from the UK and abroad. One in seven new cars registered in the UK in 2015 was made in Britain. The average price of a new car in the UK is £28 973.

The success of the car manufacturing industry has been due to major industry investment in hi-tech machinery and skilled workers. This new hi-tech machinery includes the use of computer aided design (CAD) and computer aided manufacture (CAM) including industrial robots that are used to lift heavy items and assemble cars as shown in the picture below.



In the last 6 years Jaguar Land Rover has invested £11 billion on production processes and new machinery and the workforce has doubled in size and now employs 35 000 workers. In 2015 Jaguar Land Rover became the UK's biggest car manufacturer for the first time.

It is predicted that more jobs will be created by most of the leading car manufacturers in the UK. UK car manufacturers have also benefited from high levels of funding from the European Union.

The table below shows the number of cars built by the main car manufacturers in the UK.

Car manufacturer	2015 Number of cars built in the UK	2014 Number of cars built in the UK
Jaguar Land Rover	489 923	439 532
Nissan	476 589	498 372
Mini	201 000	176 063
Toyota	190 000	170 240
Honda	120 000	122 400
Vauxhall	85 000	76 925
<b>Total production</b>	<b>1 562 512</b>	<b>1 483 532</b>

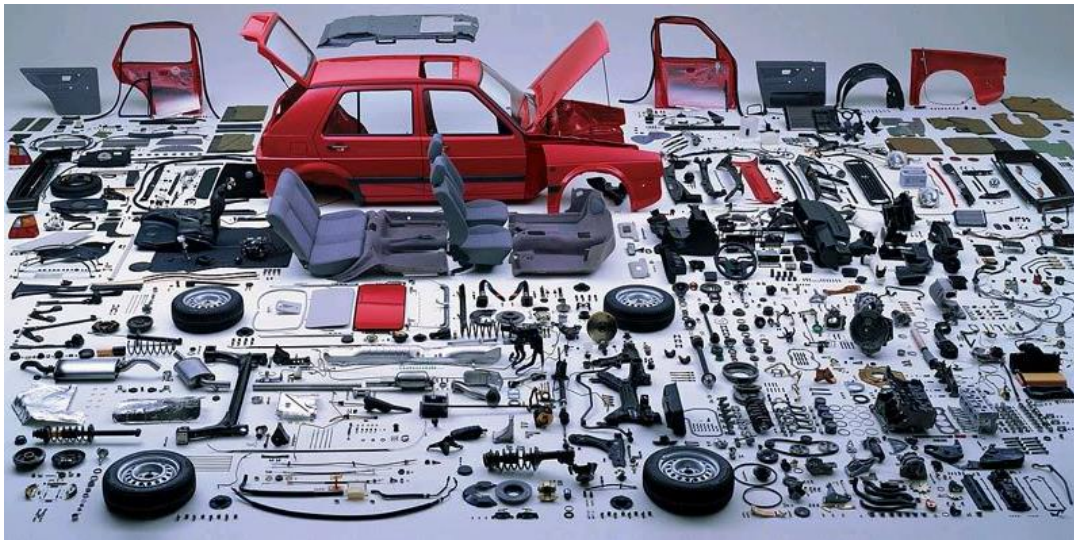


## Exports

- UK car manufacturers export to over 100 countries, and demand is growing.
- In 2015 just over 77% of all the cars built in the UK were exported.
- The member countries of the European Union are the UK's biggest customer, with 57.5% of all car exports.
- Other important markets are the United States of America, China, Russia, Australia and Japan.

Car manufacturers are concerned that the UK's decision to leave the European Union will affect future export sales.

The production of cars requires the procurement of many different parts, the average car has around 20 000 different parts, as illustrated in the picture below.



The supply chain for car manufacturers is a complicated process. These parts are sourced from a large number of different suppliers from all around the world, including Europe, America and China, and delivered to the production line only when they are needed, this is done through the just in time (JIT) process.



Candidate Name	Centre Number					Candidate Number				

**GCSE BUSINESS****UNIT 2****BUSINESS PERCEPTIONS****SAMPLE ASSESSMENT MATERIALS****1 hour 30 minutes****ADDITIONAL MATERIALS**

Resource Material.

Calculator.

**INSTRUCTIONS FOR CANDIDATES**

Answer ALL questions.

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

Write your answers in the spaces provided in this booklet.

Use black ink or black ball-point pen.

Do not use pencil or gel pen.

You are advised to spend your time as follows:

Question 1 - about 10 minutes reading the data  
 - about 35 minutes answering the questions

Question 2 - about 10 minutes reading the data  
 - about 35 minutes answering the questions

**INFORMATION FOR CANDIDATES**

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

The total number of marks available is 60.

You are reminded of the need for good English and orderly, clear presentation in your answers. The quality of your written communication, including appropriate use of punctuation and grammar, will be assessed in your answer to questions 1(d) and 2(e).

**READ THE CASE STUDY MATERIAL ON QUESTION 1 IN THE RESOURCE MATERIAL BEFORE ANSWERING THESE QUESTIONS.**

1. (a) Which of the following best describes the scale of operation of Jenna's gift and souvenir shop? [1]

Tick **one** box only.

Local	
National	
Global	

- (b) (i) What is meant by cost of sales? [1]

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- (ii) Calculate Jenna's net profit for 2016 [1]

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- (iii) State the formula for calculating net profit margin (NPM). Use the formula to calculate Jenna's net profit margin (NPM) for 2016. (Show your workings) [2]

Formula

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Workings

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- (iv) Analyse the financial performance of Jenna's gift and souvenir shop in the first two years of business. [4]

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- (c) (i) What is meant by a cash flow forecast? Explain why is it important for businesses such as Jenna's to have a positive cash flow? [3]

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- (ii) Analyse the usefulness of constructing a cash flow forecast for 2017 to Jenna. [6]

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- (d) Advise Jenna as to whether or not she should open a small cafe at the back of her shop. Refer to quantitative and qualitative data in your answer. [12]

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**READ THE CASE STUDY MATERIAL ON QUESTION 2 IN THE RESOURCE MATERIAL BEFORE ANSWERING THESE QUESTIONS.**

2. (a) (i) What is meant by flow (mass) production? [1]

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(ii) Explain why flow (mass) production is the most appropriate method for most car manufacturers. [3]

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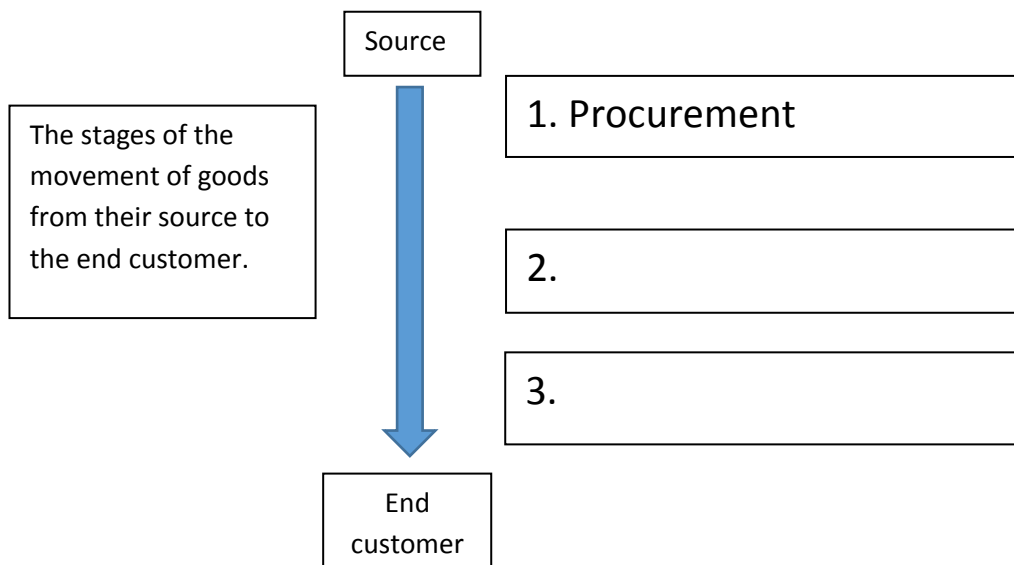
(b) Calculate how many UK built cars were exported in 2015. (Show your workings) [2]

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(c) Analyse the potential impact on UK car manufacturers of the UK's decision to leave the European Union. [6]

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



- (ii) Analyse why an effective supply chain is important for car manufacturers. [6]

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(e) Discuss the advantages and disadvantages of investing in hi-tech machinery **and** skilled workers to car manufacturers. [10]

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**END PAPER**



## GCSE Business

### MARK SCHEME

#### Guidance for examiners

##### Positive marking

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

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

##### Banded mark schemes

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

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

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

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

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

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

### **Stage 1 – Deciding on the band**

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

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

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

### **Stage 2 – Deciding on the mark**

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

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

## Unit 2 – Business Perceptions

Question		Marks
1 (a)	<p><b>Which of the following best describes the scale of operation of Jenna's gift and souvenir shop?</b></p> <p><i>AO2: 1 mark</i></p> <p>Award <b>1</b> mark for correct answer</p> <p>Local</p>	1
1 (b) (i)	<p><b>What is meant by cost of sales?</b></p> <p><i>AO1: 1 mark</i></p> <p>Award <b>1</b> mark for correct understanding</p> <p><b>Indicative content:</b> Answers could include:</p> <p>The price paid by the business for the products they sell. The direct cost of producing the products.</p> <p>Credit any other valid understanding of cost of sales.</p>	1
1 (b) (ii)	<p><b>Calculate Jenna's net profit for 2016</b></p> <p><i>AO2: 1 mark</i></p> <p>Award <b>1</b> mark for correct answer</p> <p>£10 400</p>	1
1 (b) (iii)	<p><b>State the formula for calculating net profit margin (NPM). Use the formula to calculate Jenna's net profit margin (NPM) for 2016. (Show your workings)</b></p> <p><i>AO1: 1 mark</i> <i>AO2: 1 mark</i></p> <p>Award <b>1</b> mark for correct formula</p> <p>NPM = <math>\frac{\text{Net profit}}{\text{Sales revenue}} \times 100</math></p> <p>Award <b>1</b> mark for correct NPM</p> <p><math>\frac{10\,400}{100\,000} \times 100 = \mathbf{10.4\%}</math></p> <p>OFR applies if net profit margin not correctly calculated.</p>	2

1 (b) (iv)	<p><b>Analyse the financial performance of Jenna's gift and souvenir shop in the first two years of business.</b></p> <p><i>AO2: 2 marks</i></p> <p>Award <b>1</b> mark for a limited reference to the data in the profit and loss account</p> <p>Award <b>2</b> marks for a detailed reference to the data in the profit and loss account</p> <p><i>AO3: 2 marks</i></p> <p>Award <b>1</b> mark for a limited analysis of the financial performance</p> <p><b>Indicative content:</b> Answers could include:</p> <p>Jenna has made a profit in both years, in 2016 she made a bigger profit of £10 400. Jenna sold more products in 2016 as her sales revenue increased.</p> <p>Award <b>2</b> marks for a developed analysis of the financial performance</p> <p><b>Indicative content:</b> Answers could include:</p> <p>The business has performed well over the two years, the first year is always difficult for a new business so Jenna did well to make a small profit. The business improved in the second year with an increase in sales revenue from £80 000 to £100 000 which has improved the gross profit and the net profit. The GPM and NPM have both improved with a big increase in the NPM from 1.25% to 10.4% which shows that Jenna's business is more profitable in the second year.</p> <p>Credit any other valid analysis.</p>	4
1 (c) (i)	<p><b>What is meant by a cash flow forecast? Explain why is it important for businesses such as Jenna's to have a positive cash flow?</b></p> <p><i>AO1: 1 mark</i></p> <p>Award <b>1</b> mark for understanding of a cash flow forecast</p> <p><b>Indicative content:</b> Answers could include:</p> <p>A cash flow forecast is a prediction of money going into and out of a business over a period of time.</p> <p><i>AO3: 2 marks</i></p> <p>Award <b>1</b> mark for a limited analysis on the importance of a positive cash flow</p> <p><b>Indicative content:</b> Answers could include:</p> <p>So that Jenna can pay her bills. She may go out of business if she doesn't have enough cash.</p> <p>Award <b>2</b> marks for a developed analysis on the importance of a positive cash flow</p> <p><b>Indicative content:</b> Answers could include:</p> <p>Having enough cash is essential to Jenna as she must pay her bills on time. She will need cash to buy stock for her shop and if she can't do this then she will have no stock to sell and customers will not be happy. In the worst case the business could become bankrupt if there is not enough cash in the business to keep it running.</p> <p>Credit any other valid analysis.</p>	3

1 (c) (ii)	<b>Analyse the usefulness of constructing a cash flow forecast for 2017 to Jenna.</b>			6
Band	AO1	AO2	AO3	
	2 marks	2 marks	2 marks	
2	<p><b>2 marks</b></p> <p>Good knowledge and understanding of cash flow forecasts</p> <p>Some attempt to use specialist vocabulary</p>	<p><b>2 marks</b></p> <p>Good application of cash flow forecasts to Jenna's business</p> <p>Information from the data is used in development</p>	<p><b>2 marks</b></p> <p>A good analysis of the usefulness of constructing a cash flow forecast</p> <p>The usefulness is clearly discussed</p> <p>The analysis shows clear understanding of how cash flow forecasting can help Jenna's business</p>	
1	<p><b>1 mark</b></p> <p>Limited knowledge and understanding of cash flow forecasts</p> <p>Limited or no use of specialist vocabulary</p>	<p><b>1 mark</b></p> <p>Limited application of cash flow forecasts to Jenna's business</p> <p>The analysis is mostly generic with brief application to the data</p>	<p><b>1 mark</b></p> <p>A limited analysis of the usefulness of constructing a cash flow forecast</p> <p>An attempt is made to discuss the usefulness</p> <p>The analysis shows brief or superficial understanding of how cash flow forecasting can help Jenna's business</p>	
0	<p><b>0 marks</b></p> <p>No knowledge or understanding of cash flow forecasts</p>	<p><b>0 marks</b></p> <p>No reference is made to Jenna's business</p>	<p><b>0 marks</b></p> <p>No analysis is given</p>	

**Indicative content:**

Answers could include

It shows the potential revenue and expenses of a business in a given time.

A cash flow forecast can forewarn Jenna about future possible cash flow problems. Identifying the timing of cash shortages and surpluses to help her make decisions about improving the cash flow. For example in the quiet months she could think of increasing her income by targeting local people with her shop, or she could try to reduce her costs in these months.

It will improve the planning process, guiding Jenna towards taking appropriate action to prevent cash flow problems.

It will help to show if she is likely to have the cash to invest in the refurbishment.

Reward the use of quantitative data from the profit and loss account, including relevant calculations, if used to explain the usefulness of cash flow forecasts. For example, having to pay £4 000 every month on rent.

Credit any other valid points.

1 (d)	<b>Advise Jenna as to whether or not she should open a small cafe at the back of her shop. Refer to quantitative and qualitative data in your answer.</b>			12
Band	AO1	AO2	AO3	
	3 marks	3 marks	6 marks	
3	<p><b>3 marks</b></p> <p>Excellent knowledge and understanding of the key indicators that Jenna needs to consider</p> <p>Clear reference is made to qualitative and quantitative data</p> <p>Specialist vocabulary is used with accuracy</p>	<p><b>3 marks</b></p> <p>Excellent application of the data</p> <p>There is clear and direct reference to the qualitative and quantitative data on Jenna and her business</p> <p>Relevant data is used to develop and support the argument</p>	<p><b>5-6 marks</b></p> <p>An excellent analysis and evaluation of the key points Jenna should consider</p> <p>Writing is very well structured using accurate grammar, punctuation and spelling</p> <p>Well-reasoned and balanced discussion with a clear line of argument</p> <p>Information from the data is clearly used to support the discussion</p> <p>Clear advice is given with supporting statements</p>	
2	<p><b>2 marks</b></p> <p>Good knowledge and understanding of the key indicators that Jenna needs to consider</p> <p>An attempt has been made to refer to qualitative and quantitative data</p> <p>Some attempt to use specialist vocabulary</p>	<p><b>2 marks</b></p> <p>Good application of the data</p> <p>Reference is made to the qualitative and quantitative data on Jenna and her business, but there may be some omissions</p>	<p><b>3-4 marks</b></p> <p>A good analysis and evaluation of the key points Jenna should consider</p> <p>Writing is generally well structured using reasonably accurate grammar, punctuation and spelling</p> <p>The discussion may be unbalanced focussing on either qualitative or quantitative data</p> <p>An attempt is made to use the information and context to support the discussion</p> <p>Advice is given with some attempt to support the evaluation</p>	
1	<p><b>1 mark</b></p> <p>Limited knowledge and/or understanding of the key indicators that Jenna needs to consider</p> <p>Reference made to either qualitative or quantitative data</p> <p>Limited or no use of specialist vocabulary</p>	<p><b>1 mark</b></p> <p>Limited application of the data</p> <p>The advice given is mostly generic with brief application to Jenna and her business</p> <p>There is limited use of qualitative and quantitative data</p>	<p><b>1-2 marks</b></p> <p>A limited analysis of the key points Jenna should consider</p> <p>Writing shows limited evidence of structure but with some errors in grammar, punctuation and spelling</p> <p>The discussion is limited and is likely to be one-sided</p> <p>Unsupported assumptions made with little reference to the data</p> <p>Brief unsupported advice is given</p>	
0	<p><b>0 marks</b></p> <p>No knowledge or understanding demonstrated</p>	<p><b>0 marks</b></p> <p>No application to Jenna and her business</p>	<p><b>0 marks</b></p> <p>No valid analysis or evaluation is given</p>	



**Indicative content:**

Answers could include:

**Quantitative data includes:**

Jenna's profit and loss account for 2015 and 2016

	2015 £	2016 £
Sales revenue	80 000	100 000
Cost of sales	52 000	60 000
Gross profit	28 000	40 000
Gross profit margin (GPM)	35 %	40%
Expenses		
Salary	15 000	15 000
Wages	4 000	6 000
Gas & electricity	800	900
Rent	4 000	4 000
Business rates	1 200	1 200
Other costs	2 000	2 500
Total expenses	27 000	29 600
Net profit	1 000	<b>10 400</b>
Net profit margin (NPM)	1.25%	<b>10.4%</b>

**The cost of refurbishing the shop will be £8 000**

**Qualitative data to consider includes:**

The business is only 2 years old.

Jenna is enthusiastic and enjoys the risks and rewards of being an entrepreneur.

Jenna has built up loyal customers with an excellent reputation.

Popular seaside town with many tourists.

The shop is located off the main street.

Jenna does not own the property, she pays rent.

There are many competitors.

The shop is doing very well – why diversify?

Jenna is a sole trader – risk of unlimited liability if the cafe fails.

Excellent reviews on TripAdvisor – good publicity.

The business struggles in the winter months.

Jenna has no experience of running a cafe.

Employing a cook will increase costs.

Using and supporting locally sourced food may be expensive, but could be popular with customers.

**Analysis of key indicators may include:**

During the two years Jenna's sales revenue has increased, she is making a profit, this increased quite a bit in the second year, she can use this profit to fund the cafe. However, she will have unlimited liability and she faces losing more than the £8 000 if the cafe fails.

Jenna has a cash flow problem as the sales in her shop are seasonal, she is located in a tourist town, the summers are busy but the winters are quiet, is there enough demand in the winter for a café? Both the shop and cafe are seasonal, maybe she needs to look at other business ideas that do not involve seasonal fluctuations.

Jenna enjoys the challenge of being an entrepreneur and this will help her make the cafe successful. However Llandudno has many other cafes that are established and she will have to compete with these. Starting a cafe that uses local produce will enhance her shop as this also sells local products; this will give Jenna an USP and will help make the business successful.

As Jenna has no experience of running a cafe she may find it difficult to make this profitable, she does enjoy a risk but is this too much for her?

Jenna is renting a property in the town and paying £4 000 in rent very year, this property is located on a quiet street, and she could look at renting a bigger property that has catering facilities.

Credit other valid answers and arguments.

**Advice:**

Jenna should expand and invest in the cafe as there is potential to make a lot of money with a cafe in Llandudno. Many tourists will buy her products and then have a quick drink or snack at the back of the shop, the shop and cafe will complement each other.

Jenna should not expand, she is still building up her shop business and she needs to concentrate on this as the profit is relatively small. If the business continues to do well she could look at the cafe again in two or three years' time.

Credit other valid advice.

Advice given is reversible.

Question		Marks
2 (a) (i)	<p><b>What is meant by flow (mass) production?</b></p> <p><i>AO1: 1 mark</i></p> <p>Award <b>1</b> mark for correct understanding</p> <p><b>Indicative content:</b> Answers could include:</p> <p>A production method that is continuous / operates 24 hours a day 7 days a week. A production method uses automation / machinery. A production method that uses an assembly line.</p> <p>Credit any other valid statements.</p>	1
2 (a) (ii)	<p><b>Explain why flow (mass) production is the most appropriate method for most car manufacturers.</b></p> <p><i>AO3: 2 marks</i></p> <p>Award <b>1</b> mark for a limited analysis on the appropriateness Award <b>2</b> marks for developed analysis on the appropriateness</p> <p><b>Indicative content:</b> Answers could include</p> <p>Examples of limited analysis:</p> <p>It can reduce production costs so they can make a larger profit. It can produce many cars more quickly than by job or batch production.</p> <p>Examples of developed analysis:</p> <p>Car manufacturers can reduce costs of production by having lower unit costs through economies of scale, therefore making more profit or they can charge lower prices to attract customers.</p> <p>Use can be made of computer controlled machinery and consistency of quality and uniformity can be attained to satisfy customers and ultimately generate sales.</p> <p>Production can continue virtually non-stop for long periods of time, ensuring customer orders are met and production levels are high.</p> <p>Less labour is required, only machine supervisors are needed, thus lower labour costs so car manufacturers can generate more profit or reduce prices for customers to attract sales.</p> <p><i>AO2: 1 mark</i></p> <p>Award <b>1</b> mark for explaining the appropriateness of mass production in the context of car manufacturing</p> <p>Credit any other valid statements.</p>	3

Question		Marks
2 (b)	<p data-bbox="320 259 1118 293"><b>Calculate how many UK built cars were exported in 2015.</b></p> <p data-bbox="320 327 512 360"><i>AO2: 2 marks</i></p> <p data-bbox="320 394 863 427">Award <b>1</b> mark for selection of correct data</p> <p data-bbox="320 461 839 528">Total cars made in 2015 was 1 562 512 77% of these were exported</p> <p data-bbox="320 562 751 595">Award <b>1</b> mark for correct answer</p> <p data-bbox="320 629 727 696"><math>1\,562\,512 \times \frac{77}{100} = 1\,203\,134</math></p> <p data-bbox="320 730 1094 763">Apply OFR for the correct answer if incorrect data selected.</p>	2

2 (c)	<b>Analyse the potential impact on UK car manufacturers of the UK's decision to leave the European Union</b>			6
Band	A01	A02	A03	
	2 marks	2 marks	2 marks	
2	<p><b>2 marks</b></p> <p>Good knowledge and understanding of the European Union and Single Market</p> <p>Some attempt to use specialist vocabulary</p>	<p><b>2 marks</b></p> <p>Good application of non-membership of the European Union is made to the car manufacturing industry</p> <p>Information from the data is used in development</p>	<p><b>2 marks</b></p> <p>A good analysis of the potential impact on UK car manufacturers of leaving the European Union</p> <p>The potential impact is clearly discussed</p> <p>The analysis shows clear understanding of the possible consequences of leaving the European Union</p>	
1	<p><b>1 mark</b></p> <p>Limited knowledge and/or understanding of the European Union and Single Market</p> <p>Limited or no use of specialist vocabulary</p>	<p><b>1 mark</b></p> <p>Limited application of non-membership of the European Union is made to the car manufacturing industry</p> <p>The analysis is mostly generic with brief application to the data</p>	<p><b>1 mark</b></p> <p>A limited analysis of the potential impact on UK car manufacturers of leaving the European Union</p> <p>An attempt is made to discuss the potential impact</p> <p>The analysis shows brief or superficial understanding of the possible consequences of leaving the European Union</p>	
0	<p><b>0 marks</b></p> <p>No knowledge or understanding of the European Union and Single Market</p>	<p><b>0 marks</b></p> <p>No reference is made to the car manufacturing industry</p>	<p><b>0 marks</b></p> <p>No analysis is given</p>	

**Indicative content:**

Answers could include

The countries in the European Market are the most important market for cars produced in the UK, 57.5% are exported to the European Union. However, UK car manufacturers still export to other parts of the world.

The removal of the single market could lead to the introduction of tariffs which would put the price of UK cars up and this will affect demand, sales revenue may reduce drastically and this will affect profits. Car manufacturers have spent a lot of money investing in new technology and employing more workers to increase production, this will be wasted if demand falls.

Car manufacturers source some of their components from Europe, these may become more expensive and will affect the cost of producing cars, and this could reduce the profit margin or force prices to increase.

However, leaving the European Union could leave UK businesses free to compete with remaining member states as well as other countries in a more competitive market to sell their cars and buy components.

The single market also allows the free movement of labour, fewer skilled workers will be available from Europe and the manufacturers might find it difficult to recruit suitable workers, or they will have to spend money on training existing workers. It could also push up pay as there will be a reduction in the supply of workers.

Car manufacturers will not have access to any European Union grants or funding, this could slow down investment and expansion. However, the UK Government may have more money available to give in grants to businesses as payments to the European Union will stop.

Credit any other valid points.

Question		Mark
2 (d) (i)	<p><b>Complete the diagram below by identifying the missing two stages of the supply chain.</b></p> <p><i>AO1: 2 marks</i></p> <p>Award <b>1</b> mark <b>each</b> for Logistics and Stock control</p>	2

2 (d) (ii)	<b>Analyse why an effective supply chain is important for car manufacturers.</b>		6
Band	AO2	AO3	
	2 marks	4 marks	
3	There are no Band 3 marks for this assessment objective  2 marks are awarded as for Band 2	<b>4 marks</b> An excellent analysis on the importance of an effective supply chain for car manufacturers  At least two stages of the supply chain are analysed  The importance of an effective supply chain is clearly explained	
2	<b>2 marks</b> Good application of the supply chain to car manufacturers  There is clear and direct reference to the data and/or car manufacturers	<b>2-3 marks</b> A good analysis on the importance of an effective supply chain for car manufacturers  The discussion may focus on one or two stages only  The importance of an effective supply chain is explained	
1	<b>1 mark</b> Limited application of the supply chain to car manufacturers  The response is mostly generic with brief application to the data	<b>1 mark</b> A limited analysis on the importance of an effective supply chain for car manufacturers  The discussion may focus on just one stage  The analysis lacks detail and superficial comments are made	
0	<b>0 marks</b> No reference is made to the data or car manufacturers	<b>0 marks</b> No analysis is given	

**Indicative content:**

Answers could include:

Procurement is important as it is vital to get suppliers to provide quality products at a good price.

Car manufacturers use suppliers from across the world, if these suppliers cannot deliver on time then orders may be lost because production will be delayed. There may be language issues when dealing with suppliers in different countries.

If suppliers deliver poor standard products then they could lose customers and sales will fall due to the final product being of unsatisfactory quality. All car parts have to be of good quality to make the car safe. Using poor quality parts could result in producing cars that are not safe to drive, this could have a negative effect on the image of the car manufacturer.

Logistics must be efficient in order to deliver the products as and when they are required. Car manufacturers operate just in time production, therefore deliveries must be on time. However, this may prove difficult for some parts that need to be shipped from across the world; there could be problems when transporting parts such long distances.

Car manufacturers are producing 1000s cars a week therefore it is essential that materials/components are delivered efficiently to maintain the high levels of production. If they fall behind production customers, who are now demanding more cars from UK manufacturers, may buy elsewhere.

Stock Control is essential to ensure car manufacturers have the right amount of stock to produce on such a large scale and with so many different parts. JIT is used and this relies on the efficient ordering and timing of the delivery of the products. It is pointless ordering the correct parts if they are not in the right place, in the right quantity at the right time.

If production is delayed, then customers could be lost due to the late delivery of the final product. There are many competitors (as shown in the table) that produce high numbers of cars in the UK, and customers could switch to these competitors.

Credit any other valid points.

2 (e)	<b>Discuss the advantages and disadvantages of investing in hi-tech machinery <u>and</u> skilled workers to car manufacturers.</b>			10
Band	AO1	AO2	AO3	
	3 marks	3 marks	4 marks	
3	<p><b>3 marks</b></p> <p>Excellent knowledge and understanding of the use of technology in production and the importance of a skilled workforce</p> <p>Specialist vocabulary is used with accuracy</p>	<p><b>3 marks</b></p> <p>Excellent application to car manufacturers</p> <p>There is clear and direct reference to the data throughout the discussion</p> <p>Relevant data is used to develop and support the argument</p>	<p><b>4 marks</b></p> <p>An excellent analysis and evaluation of the advantages and disadvantages of investing in hi-tech machinery and skilled workers</p> <p>Writing is very well structured using accurate grammar, punctuation and spelling</p> <p>Well-reasoned and balanced discussion with a clear line of argument</p> <p>Both hi-tech machinery and skilled workers are discussed</p> <p>At least two advantages and two disadvantages are discussed</p> <p>May provide a conclusion which offers an overall judgement</p>	
2	<p><b>2 marks</b></p> <p>Good knowledge and understanding of the use of technology in production and/or the importance of a skilled workforce</p> <p>Some attempt to use specialist vocabulary</p>	<p><b>2 marks</b></p> <p>Good application to car manufacturers</p> <p>Reference is made to the data throughout the discussion, but there are some omissions</p>	<p><b>2-3 marks</b></p> <p>A good analysis and evaluation of the advantages and disadvantages of investing in hi-tech machinery and skilled workers</p> <p>Writing is generally well structured using reasonably accurate grammar, punctuation and spelling</p> <p>The discussion may be unbalanced</p> <p>Both hi-tech machinery and skilled workers are discussed</p> <p>At least one advantage and one disadvantage are discussed</p> <p>May contain a brief conclusion</p>	
1	<p><b>1 mark</b></p> <p>Limited knowledge and understanding of the use of technology in production and/or the importance of a skilled workforce</p> <p>Limited or no use of specialist vocabulary</p>	<p><b>1 mark</b></p> <p>Limited application to car manufacturers</p> <p>The discussion is mostly generic with brief application to the data</p>	<p><b>1 mark</b></p> <p>A limited analysis and evaluation of the advantages and disadvantages of investing in hi-tech machinery and skilled workers</p> <p>Writing shows limited evidence of structure but with some errors in grammar, punctuation and spelling</p> <p>Discussion is limited and likely to be one-sided with reference to either an advantage or disadvantage</p> <p>Either hi-tech machinery or skilled workers are discussed</p> <p>The discussion lacks detail and superficial comments are made with little development</p> <p>Unsupported assumptions are made</p>	
0	<p><b>0 marks</b></p> <p>No knowledge or understanding the use of technology in production or the importance of a skilled workforce</p>	<p><b>0 marks</b></p> <p>No application to car manufacturers</p>	<p><b>0 marks</b></p> <p>No analysis or evaluation</p>	



**Indicative content:**

Answers could include:

Hi-tech machinery

The quality of the cars would be improved as hi-tech machinery can improve quality, accuracy and consistency, which satisfy customers and help to generate sales. This could give them the edge in a competitive market.

Cars are complex products and contain thousands of different components, the use of technology can reduce the risk of mistakes being made in production and help to ensure a consistent quality.

The use of flow production can mean that production time can be reduced as robots, for example, can operate at high speeds, meaning that cars can be produced more quickly, which could reduce costs and help to meet the increased demand.

Less waste and idle time could result from using hi-tech machinery.

Robots can do repetitive, boring, dirty, dangerous jobs without complaining. They do not get tired, sick and take days off. This will ensure that the high levels of production can be maintained. Cars are large heavy products, the use of robotics is ideal to make cars.

Although initial costs are high, long term costs are reduced as the machinery will be far more efficient. A lot of money is invested, as shown by Jaguar Land Rover, the value of the car market is large, cars are expensive and many people have them, therefore the manufacturers can afford these initial high costs if they help produce better cars for a cheaper cost.

**However**

Initial purchase cost can be very high (Jaguar Land Rover alone has spent £11bn in the last 6 years) This is a lot of money to invest and can cause financial problems.

Breakdowns can also be very expensive to resolve. Maintenance can be costly as downtime is required and parts of production may be on stop for long periods of time which can become inefficient. Not good when using flow production.

Reprogramming of robots, and CAM can be very expensive.

Technology is always changing so the car manufacturer will continually have to invest large sums of money to keep up with technological achievements.

Skilled workers

The workforce is a very important resource for a business. A quality workforce can ensure a business succeeds. JLR alone employs 35 000 workers, and it is predicted that more jobs will be created by most of the leading car manufacturers in the UK, this shows that the workforce are a major factor for car manufacturers so it is important to have a skilled workforce to ensure high standards are maintained.

Cars are complicated and expensive products, skilled workers are needed to ensure quality.

Skilled workers can be more motivated and contribute to the planning and decision making. They could offer solutions to problems. There are high production levels which will put a lot of pressure on workers to get the job done right the first time, the more trained they are the better chance they have of doing this.

Having multi-skilled workers helps the manufacturers to have a more flexible workforce and respond quicker to circumstances.

Skilled workers will be needed to operate the hi-tech machinery, mistakes could be costly.

**However**

Why are skilled workers needed if hi-tech machinery is used? The robots and other technology will carry out the skilled aspects of the job.

Training existing workforce to improve skills can be expensive and time consuming.

Credit other valid points

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

In the future it is possible that most of the design and production of cars could be carried out by hi-tech machinery, therefore it is more important to invest in this than to maintain a highly skilled workforce.

Conclusion given is reversible.

Mapping grid of assessment objectives and quantitative skills in the sample assessment materials

<b>Unit 1: Business World</b>					
<b>Question</b>	<b>AO1 marks</b>	<b>AO2 marks</b>	<b>AO3 marks</b>	<b>Total marks</b>	<b>Quantitative skills marks</b>
1	2	-	-	2	-
2	2	-	-	2	-
3	1	-	-	1	-
4 (a)	2	-	-	2	-
4 (b) (i)	1	-	-	1	-
4 (b) (ii)	1	-	-	1	-
5 (a)	-	2	-	2	2
5 (b)	-	2	-	2	2
6 (a)	1	2	-	3	2
6 (b)	2	2	-	4	-
7 (a) (i)	1	-	-	1	-
7 (a) (ii)	-	3	-	3	-
7 (b)	-	2	2	4	-
7 (c)	2	2	-	4	-
7 (d)	2	2	4	8	-
8 (a) (i)	1	-	-	1	-
8 (a) (ii)	1	-	-	1	-
8 (a) (iii)	1	-	-	1	-
8 (a) (iv)	1	-	-	1	-
8 (a) (v)	-	1	2	3	-
8 (b) (i)	1	-	-	1	-
8 (b) (ii)	-	2	-	2	2
8 (c)	3	3	4	10	-
9 (a)	1	-	-	1	-
9 (b)	-	1	-	1	-
9 (c) (i)	2	-	-	2	-
9 (c) (ii)	-	-	2	2	-
9 (d)	2	2	2	6	-
9 (e)	2	2	4	8	-
10 (a) (i)	1	-	-	1	-
10 (a) (ii)	2	-	-	2	-
10 (b) (i)	2	-	-	2	-
10 (b) (ii)	-	3	-	3	-
10 (c)	-	2	-	2	2
10 (d)	3	3	4	10	-
<b>Total</b>	<b>40</b>	<b>36</b>	<b>24</b>	<b>100</b>	<b>10</b>
<b>Mark as % of qualification</b>	<b>25%</b>	<b>22.5%</b>	<b>15%</b>	<b>62.5%</b>	

Mapping grid of assessment objectives and quantitative skills in the sample assessment materials

<b>Unit 2: Business Perceptions</b>					
<b>Question</b>	<b>AO1 marks</b>	<b>AO2 marks</b>	<b>AO3 marks</b>	<b>Total marks</b>	<b>Quantitative skills marks</b>
1 (a)	-	1	-	1	-
1 (b) (i)	1	-	-	1	-
1 (b) (ii)	-	1	-	1	1
1 (b) (iii)	1	1	-	2	1
1 (b) (iv)	-	2	2	4	2
1 (c) (i)	1	-	2	3	-
1 (c) (ii)	2	2	2	6	-
1 (d)	3	3	6	12	4
2 (a) (i)	1	-	-	1	-
2 (a) (ii)	-	1	2	3	-
2 (b)	-	2	-	2	2
2 (c)	2	2	2	6	-
2 (d) (i)	2	-	-	2	-
2 (d) (ii)	-	2	4	6	-
2 (e)	3	3	4	10	-
<b>Total</b>	<b>16</b>	<b>20</b>	<b>24</b>	<b>60</b>	10
<b>Marks as a % of qualification</b>	<b>10%</b>	<b>12.5%</b>	<b>15%</b>	<b>37.5%</b>	
<b>Qualification</b>					
<b>Unit 1 Total</b>	<b>40</b>	<b>36</b>	<b>24</b>	<b>100</b>	<b>10</b>
<b>Unit 2 Total</b>	<b>16</b>	<b>20</b>	<b>24</b>	<b>60</b>	<b>10</b>
<b>Qualification Total</b>	<b>56</b>	<b>56</b>	<b>48</b>	<b>160</b>	<b>20</b>
<b>Total qualification weighting</b>	<b>35%</b>	<b>35%</b>	<b>30%</b>	<b>100%</b>	<b>12.5%</b>