# Past-paper walk-through

## Business objectives and stakeholder objectives ▪ 1.5

eXercise

# Questions in this set

- 0450/11 N25 Q2 ▪ 20 marks
- 0450/13 N25 Q3 ▪ 20 marks
- 0450/13 J25 Q4 ▪ 20 marks
- 0450/22 J25 Q2 ▪ 20 marks
- 0450/12 N24 Q3 ▪ 20 marks

# Reading the mark scheme

- **B1** a mark that stands on its own – the point is either made or not.
- **M1** a *method* mark: the right approach, even if the number is wrong.
- **A1** an *answer* mark, and it usually needs its M mark first.
- **C1** a working mark on the way to the answer.
- // separates answers the examiner accepts equally.
- **ecf** = error carried forward: a later part is marked on your own earlier answer.
- **owtte** = "or words to that effect" – the wording need not match.

# Question 2

0450/11 N25 ▪ Q2 ▪ 20 marks

**2** CPW is a private sector business which has many objectives. It sells electrical goods including kettles and ovens in its 36 shops in country X. CPW also offers a delivery service. The business buys all its inventory from local suppliers to avoid import tariffs. The Finance Director is analysing CPW's statement of financial position. An extract is shown in Table 2.1. He has been asked to find a source of finance to purchase 10 new delivery vehicles.

**Table 2.1**

| **Extract from CPW's statement of financial position for 2024 ($ million)** | |
|---|---|
| Non-current assets | 120 |
| Current assets | 70 |
| Current liabilities | 110 |
| Non-current liabilities | 75 |

# Question 2

**(a)** Define ‘import tariff’.

# Question 2

**(b)** Identify **one** non-current asset and **one** current liability.

# Question 2

# Question 2

# Question 2

# Question 2

**(c)** Outline **two** ways the information in Table 2.1 might be useful to CPW.

# Question 2

# Question 2

**(d)** Explain **two** factors CPW should consider when deciding on a source of finance for the new vehicles.

# Question 2

# Question 2

**(e)** Explain **two** objectives a private sector business might have. Which objective is likely to be the most important? Justify your answer.

# Question 2

# Solution 2

## (a) Mark scheme

- Define ‘import tariff’.
- Award 2 marks for a full definition. Award 1 mark for a partial
- definition.
- ▪
- A tax (placed) on imported goods [2]
- ▪
- A tax applied to the value of imported goods [2]
- ▪

# Solution 2

- A specific form of tax imposed/charged on imported
- goods [2]
- Partial definition:
- ▪
- A type of tax [1]
- 2 First mark is for understanding this is a tax.

# Solution 2

## (b) Mark scheme

- Identify one non-current asset and one current liability.
- Award 1 mark per non-current asset/current liability (max 2).
- Points might include:
- Non-current assets:
- ▪
- Machinery
- ▪
- Equipment

# Solution 2

- ▪
- Land
- ▪
- Buildings/shops/factories/offices
- ▪
- Motor vehicles/delivery vehicles
- Current liabilities:
- ▪
- Overdraft
- ▪

## Solution 2

- Short-term loan
- ▪
- Trade payables (creditors)
- Other appropriate responses should be credited.
- 2 Only award the first responses given for each.
- 0450/11
- October/November 2025
- Guidance

# Solution 2

## (c) Mark scheme

- Outline two ways the information in Table 2.1 might be
- useful to CPW.
- Award 1 mark for each relevant way (max 2).
- Award 1 mark for each relevant reference to this business
- (max 2).
- Points might include:
- ▪
- Show value of liabilities/what the business owes [k] as

# Solution 2

- has current liabilities of $110 million [app]
- ▪
- Show value of assets/what the business owns [k] which
- is $190 million [app]
- ▪
- Support loan application/help raise finance [k] for the 10
- vehicles [app]
- ▪
- Calculate working capital/current assets minus current
- liabilities [k] of this private sector business [app]

# Solution 2

- ▪
- Show how the business finances its activities [k] when
- selling kettles/ovens [app]
- ▪
- Calculate current ratio/ratio of current assets to current
- liabilities [k] 0.63:1/0.64:1 [app]
- ▪
- Compare performance with other businesses [k]
- ▪
- Compare performance over time/against other years [k]

# Solution 2

- ▪
- Show value of the business/capital employed [k]
- $80 million [app]
- ▪
- Equity/owners capital [k] of $5 million [app]
- Other appropriate responses should be credited.
- 4 To use words from the stem as application, the reference
- must be appropriate (i.e. make sense) in relation to the point
- being made.
- The following words are likely to be appropriate for this

# Solution 2

- question:
- ▪
- Private sector business
- ▪
- Electrical goods or examples such as kettles/ovens
- ▪
- (36) shops
- ▪
- (Inventory from) local suppliers
- ▪

# Solution 2

- Import tariffs
- ▪
- Delivery (service)
- ▪
- (10) vehicles
- ▪
- Source of finance
- ▪
- Local suppliers
- ▪

# Solution 2

- $75 million (non-current liabilities)
- $120 million (non-current assets)
- $110 million (current liabilities)
- $70 million (current assets)
- 0.63:1/0.64:1 (current ratio)

# Solution 2

- $190 million (value of assets)
- ▪
- Negative $40 million (working capital)
- ▪
- $80 million (capital employed)
- ▪
- $5 million (equity)
- Other appropriate examples can be credited.
- Can award ‘assess liquidity’ where no individual liquidity
- ratios identified.

# Solution 2

- 0450/11
- October/November 2025
- Guidance

# Solution 2

## (d) Mark scheme

- Explain two factors CPW should consider when
- deciding on a source of finance for the new vehicles.
- Award 1 mark for identification of each relevant factor (max
- 2).
- Award 1 mark for each relevant reference to this business
- (max 2).
- Award 1 mark for each relevant explanation (max 2).
- Points might include:

# Solution 2

- ▪
- Amount required [k] for the 10 (vehicles) [app] because
- this is a large amount a bank loan/selling non-current
- assets maybe required [an]
- ▪
- Current level of borrowing/loans [k] as the bank might
- not be willing to lend extra finance [an] when have non-
- current liabilities of $75 million [app]
- ▪
- Time period [k] as the vehicles may be needed for the

# Solution 2

- long-term, the source needs to be long-term [an] to
- make deliveries [app]
- ▪
- Cost of finance/is it affordable [k] as high interest rates
- could increase cash outflows/expenses [an] adding to
- its current liabilities of \$110 million [an]
- ▪
- Size/legal form of the business [k] of this private sector
- business [app]
- ▪

# Solution 2

- Security/collateral needed [k]
- ▪
- Level of control [k]
- ▪
- How urgently the funds are required [k]
- Other appropriate responses should be credited.
- 6 To use words from the stem as application, the reference
- must be appropriate (i.e. make sense) in relation to the point
- being made.
- The following words are likely to be appropriate for this

# Solution 2

- question:
- ▪
- Private sector (business)
- ▪
- Electrical goods (business)
- ▪
- (36) shops
- ▪
- 10 (vehicles)
- ▪

## Solution 2

- (Inventory from) local suppliers
- ▪
- Import tariffs
- ▪
- Delivery (service)
- ▪
- \$75 million (non-current liabilities)
- ▪
- \$120 million (non-current assets)
- ▪

# Solution 2

- \$110 million (current liabilities)
- ▪
- \$70 million (current assets)
- Other appropriate examples can be credited.
- 0450/11
- October/November 2025
- Guidance

# Solution 2

## (e) Mark scheme

- Explain two objectives a private sector business might
- have. Which objective is likely to be the most
- important? Justify your answer.
- Award up to 2 marks for identification of relevant points.
- Award up to 2 marks for relevant development of points.
- Award up to 2 marks for justified decision as to which
- objective is likely to be the most important.
- Points might include:

# Solution 2

- ▪
- Survival/stay in business [k] to breakeven/ensure costs
- are covered [an]
- ▪
- Make a profit [k] when revenue exceeds total costs [an]
- ▪
- Growth/expansion [k] as this can help spread risk [an]
- ▪
- Increase sales [k] as this can lead to higher revenue

an which is necessary to cover costs [an]

# Solution 2

- ▪
- Increase market share [k] which could provide an
- opportunity to control prices/dominate the market [an]
- ▪
- Socially/ethically/environmentally responsible / provide
- a service (to the community) [k]
- ▪
- Increase returns to shareholders/owners [k] to
- encourage investment [an]
- ▪

# Solution 2

- Increase brand image / reputation / increase brand
- awareness [k]
- ▪
- Increase customer loyalty [k]
- ▪
- Customer satisfaction [k]
- Justification might include:
- One objective is survival [k] to ensure costs are covered

an . Another objective is making a profit [k] to provide a

- source of finance [an]. Survival is likely to be the most

# Solution 2

- important objective for private sector business as they may
- operate in a competitive market [eval.] Without survival,
- there is no opportunity to make profit in the long term [eval].
- 6 This is a general question so there are no marks for
- application.
- Analysis could focus on explaining what the objective is or
- advantages of that objective.
- Some points can be awarded as [k] or [an] e.g. break-even
- but only award once.
- 0450/11

# Solution 2

- October/November 2025
- Guidance

# Question 3

0450/13 N25 ▪ Q3 ▪ 20 marks

**3** STB is a public limited company. It uses job production to build houses. In 2024 the business built 13 500 houses. STB has many stakeholder groups including its 5000 employees. The Managing Director knows business activity can affect the environment and that there are many reasons why a business should respond to environmental pressures. She also wants to know how economic growth might affect STB.

**(a)** Identify **two** ways business activity can affect the environment.

# Question 3

# Question 3

# Question 3

# Question 3

**(b)** Identify **two** reasons why a business should respond to environmental pressures.

# Question 3

# Question 3

# Question 3

# Question 3

**(c)** Outline **two** ways economic growth might affect STB.

# Question 3

# Question 3

**(d)** Explain **two** benefits to STB of using job production.

# Question 3

# Question 3

# Question 3

# Question 3

# Question 3

**(e)** Do you think employees are the most important stakeholder group for a manufacturing business? Justify your answer.

# Solution 3

## (a) Mark scheme

- Identify two ways business activity can affect the
- environment.
- Award 1 mark per way (max 2).
- Points might include:
- ▪
- Pollution (or examples)
- ▪
- Use up green space / deforestation / loss of habitat

# Solution 3

- ▪
- Deplete natural resources / overmining
- ▪
- (Traffic) congestion
- Other appropriate responses should be credited.
- 2 Only award the first two responses given.

# Solution 3

## (b) Mark scheme

- Identify two reasons why a business should respond to
- environmental pressures.
- Award 1 mark per reason (max 2).
- Points might include:
- ▪
- Enhance/protect brand image / reputation
- ▪
- Attract/maintain sales

## Solution 3

- ▪
- Reduce risk of customer boycott
- ▪
- Differentiate from competitors
- ▪
- To avoid pressure group action
- ▪
- Help recruit employees
- ▪
- Help retain employees

# Solution 3

- ▪
- Help attract investors
- ▪
- Reduce risk of legal action/fines / ensure meets legal
- standards
- Other appropriate responses should be credited.
- 2 Only award the first two responses given.
- 0450/13
- October/November 2025
- Guidance

# Solution 3

## (c) Mark scheme

- Outline two ways economic growth might affect STB.
- Award 1 mark for each relevant way (max 2).
- Award 1 mark for each relevant reference to this business
- (max 2).
- Points might include:
- ▪
- High demand/sales [k] for houses [app]
- ▪

# Solution 3

- More difficult to recruit/find suitable employees [k] for
- job production [app]
- ▪
- High(er) business profits likely [k] for this public limited
- company [app]
- ▪
- Can increase output [k] above 13 500 (houses) [app]
- ▪
- Increase in/high level of business confidence for STB [k]
- ▪

# Solution 3

- STB may consider more investment [k]
- ▪
- Employees may ask for higher wages [k]
- ▪
- Increased rent costs / less choice of location [k]
- Other appropriate responses should be credited.
- 4 To use words from the stem as application, the reference
- must be appropriate (i.e. make sense) in relation to the point
- being made.
- The following words are likely to be appropriate for this

## Solution 3

- question:
- ▪
- (Builds) houses / construction industry
- ▪
- 13 500 (houses)
- ▪
- 5000 employees / builders
- ▪
- Public limited company (PLC)
- ▪

# Solution 3

- Job production
- Other appropriate examples can be credited.
- 0450/13
- October/November 2025
- Guidance

# Solution 3

## (d) Mark scheme

- Explain two benefits to STB of using job production.
- Award 1 mark for identification of each relevant benefit (max
- 2).
- Award 1 mark for each relevant reference to this business
- (max 2).
- Award 1 mark for each relevant explanation (max 2).
- Points might include:
- ▪

# Solution 3

- Motivate employees [k] helping lower absenteeism /
- increase retention [an] among its 5000 employees [app]
- ▪
- Could set high(er) price [k] for each house [app] which
- may help increase added value/increase profit margin

an

- ▪
- Meet exact customer requirements/needs [k] can help
- brand loyalty / increase competitive advantage [an] for
- this public limited company [app]

# Solution 3

- ▪
- Unique/one-off product / specialised products / USP [k]
- ▪
- High-quality goods/service [k]
- Other appropriate responses should be credited.
- 6 To use words from the stem as application, the reference
- must be appropriate (i.e. make sense) in relation to the point
- being made.
- The following words are likely to be appropriate for this
- question:

# Solution 3

- ▪
- Public limited company (PLC)
- ▪
- (Builds) houses / construction industry
- ▪
- 13 500 (houses)
- ▪
- 5000 employees / builders
- ▪
- (Economic) growth

# Solution 3

- Other appropriate examples can be credited.
- Some analysis can be awarded for different benefits but only
- award once.
- Some points could be [k] or [an] but only award once.
- 0450/13
- October/November 2025
- Guidance

# Solution 3

## (e) Mark scheme

- Do you think employees are the most important
- stakeholder group for a manufacturing business?
- Justify your answer.
- Award up to 2 marks for identification of relevant points.
- Award up to 2 marks for relevant development of points.
- Award up to 2 marks for justified decision about whether
- employees are the most important stakeholder group for a
- manufacturing business.

# Solution 3

- Points might include:
- ▪
- Make/produce the products [k] otherwise there is
- nothing to sell/cannot meet demand [an]
- ▪
- Responsible for quality [k] which could improve/damage
- its reputation [an]
- ▪
- Without sufficient employees the business may not be
- able to meet demand [k]

# Solution 3

- Other stakeholder groups include:
- ▪
- Shareholders/owners [k] who provide finance / invest
- money / capital for the business [an]
- ▪
- Customers [k] as they buy the products [an] generating
- revenue [an]
- ▪
- Suppliers [k] who provide materials/inventory [an]
- ▪

# Solution 3

- Local community [k] who provide the workers for the
- business [an]
- ▪
- Government [k] as it provides the legal framework in
- which the business operates [an]
- ▪
- Bank [k] who provide finance/loans [an]
- Other appropriate responses should be credited.
- 6 This is a general question so there are no marks for
- application.

# Solution 3

- Candidates can focus solely on employees and still access
- evaluation.
- For evaluation to be awarded justification will usually follow
- on from relevant analysis of points.
- Some points can be relevant to more than one stakeholder
- group [an] but only award once.
- 0450/13
- October/November 2025
- Guidance
- Justification might include:

# Solution 3

- Employees are important as they make the products [k]
- otherwise there is nothing to sell [an]. Another stakeholder
- group is customers [k] as they buy the products [an].
- Customers are the most important stakeholder because
- without them, the manufacturing business cannot generate
- revenue, which is necessary to pay the costs including
- wages [eval] whereas the business could use machinery
- instead of some employees. [eval]
- 0450/13
- October/November 2025

# Solution 3

- Guidance

# Question 4

0450/13 J25 ▪ Q4 ▪ 20 marks

**4** HYT is a travel business which sells holidays. One of its objectives is growth. Last year HYT completed a takeover of one of its competitors. External sources of finance were used to fund this growth. HYT now has 460 shops and 4000 employees. The Human Resources Director knows there are benefits and limitations for a business of having full-time employees. HYT's managers use ideas from Herzberg's motivational theory to keep employees motivated. Good internal communication is important for HYT.

**(a)** Identify **two** objectives (other than growth) a business might have.

# Question 4

**(b)** Identify **two** advantages to a business of using external sources of finance.

# Question 4

**(c)** Using Herzberg's theory, state whether each of the following would be classed as a hygiene factor or as a motivator.

# Question 4

# Question 4

# Question 4

**(d)** Explain **two** methods of internal communication HYT might use with its employees.

# Question 4

# Question 4

# Question 4

# Question 4

# Question 4

# Question 4

**(e)** Do you think the benefits to a business of having full-time employees are greater than the limitations? Justify your answer.

# Question 4

# Solution 4

## (a) Mark scheme

- Identify two objectives (other than growth) a business
- might have.
- Award 1 mark per objective (max 2).
- Points might include:
- ▪
- Survival/break-even
- ▪
- Make a profit

# Solution 4

- ▪
- Increase/gain market share
- ▪
- Increase / maintain number of sales / customers
- ▪
- Increase / gain revenue / value of sales
- ▪
- Improve/create business image
- ▪
- Increase return to shareholders / return on capital

# Solution 4

- employed
- ▪
- Be socially / ethically / environmentally responsible
- Other appropriate responses should be credited.
- 2 Only award the first two responses given.
- Accept increase sales where no specific examples given
- (i.e. value and volume).

# Solution 4

## (b) Mark scheme

- Identify two advantages to a business of using external
- sources of finance.
- Award 1 mark per advantage (max 2).
- Points might include:
- ▪
- Able to raise funds quicker / quickly
- ▪
- May be able to raise full / large(r) amount of finance

# Solution 4

- ▪
- Can use internal sources / profit for other purposes
- ▪
- Provider may offer advice/support
- Other appropriate responses should be credited.
- 4 Only award the first two responses given.
- 0450/13
- May/June 2025
- Guidance

# Solution 4

## (c) Mark scheme

- Using Herzberg's theory, state whether each of the
- following would be classed as a hygiene factor or as a
- motivator:
- Award 1 mark per correct answer (max 4).
- Working conditions: hygiene
- Wages: hygiene
- Opportunities for promotion: motivator
- Relationship with supervisor: hygiene

# Solution 4

- 6 Only award the first response given for each answer.
- 0450/13
- May/June 2025
- Guidance

# Solution 4

## (d) Mark scheme

- Explain two methods of internal communication HYT
- might use with its employees.
- Award 1 mark for identification of each relevant method
- (max 2).
- Award 1 mark for each relevant reference to this business
- (max 2).
- Award 1 mark for each relevant explanation (max 2).
- Points might include:

# Solution 4

- ▪
- Meetings/team briefings [k] about its growth objective

app as can get (instant) feedback / ask / answer

- questions [an]
- ▪
- Email [k] which can be sent to multiple people (at the
- same time) [an] to its 4000 employees [app]
- ▪
- Phone/mobile calls [k] to one of its 460 shops [app] as
- allows for discussion / explanation / immediate feedback

# Solution 4

an

- ■
- Letter [k] as a written record [an]
- ■
- Text / SMS / WhatsApp / WeChat [k] as can be sent
- quickly [an]
- ■
- Posters / noticeboards / notices [k] as they can be
- placed in various locations (for employees to read) [an]
- ■

# Solution 4

- Video conference / Zoom / Teams / Google Meet /
- FaceTime [k]
- ▪
- Social media or examples e.g. Facebook, TikTok [k]
- ▪
- Internal newspapers / newsletter / magazine [k]
- Other appropriate responses should be credited.
- 6 To use words from the stem as application, the reference
- must be appropriate (i.e. make sense) in relation to the point
- being made.

# Solution 4

- The following words are likely to be appropriate for this
- question:
- ▪
- Travel business
- ▪
- Sells holidays
- ▪
- (460) shops/stores
- ▪
- 4000 (employees)

# Solution 4

- ▪
- Full-time (employees)
- ▪
- Takeover
- ▪
- Objective is growth
- ▪
- External sources of finance
- Other appropriate examples can be credited.
- Some analysis can be used for different methods but only

# Solution 4

- award the same point once.
- 0450/13
- May/June 2025
- Guidance

# Solution 4

## (e) Mark scheme

- Do you think the benefits to a business of having full-
- time employees are greater than the limitations? Justify
- your answer.
- Award up to 2 marks for identification of relevant points.
- Award up to 2 marks for relevant development of points.
- Award up to 2 marks for a justified decision as to whether
- the benefits of having full-time employees for a business are
- greater than the limitations.

# Solution 4

- Points might include:
- Benefits:
- ▪
- More familiar with business / consistent service / quality
- k which helps build / maintain customer relationships /
- better reputation / more productive [an]
- ▪
- Workers likely to be loyal / committed / less likely to
- leave [k] reducing (recruitment) costs [an]
- ▪

# Solution 4

- Easy to communicate / update [k] leading to fewer
- errors [an]
- ▪
- Fewer employees to train / recruit [k] saving time / cost

an

- Limitations:
- ▪
- May not be willing / want to increase hours / not want to
- work overtime [k] so may be difficult to meet demand

an

# Solution 4

- ▪
- Must pay whether (sufficient) work for them to do or not
- k increasing labour costs [an]
- ▪
- May miss out on potential employees who cannot work
- full-time [k]
- This is a general question so there are no marks for
- application.
- Points must relate to the business and not the employees.
- Expensive/high cost can be [k] or [an].

# Solution 4

- The following are [an] only:
- ▪
- More output
- ▪
- Lower training/recruitment cost
- ▪
- More/less productive
- Accept points about cost once, unless clearly explained.
- 0450/13
- May/June 2025

# Solution 4

- Guidance
- Other appropriate responses should be credited.
- Justification might include:
- Full-time employees can provide a consistent service [k]
- which helps maintain customer relationships [an]. However,
- they may not be willing to increase hours [k] so it may be
- difficult to meet demand [an]. The benefits are greater
- because maintaining customer relationships is more likely to
- lead to additional sales even if they must wait slightly longer
- to receive the goods [eval] [eval].

# Question 2

0450/22 J25 ▪ Q2 ▪ 20 marks

**2** **(a)** Explain **one** objective each of the following TSE stakeholder groups might have.

# Question 2

# Question 2

# Question 2

# Question 2

[8]

**(b)** Consider the following **two** ways TSE could use to increase efficiency. Which way should TSE use? Justify your answer.

- Improving labour skills
- Increasing automation and technology

# Question 2

# Question 2

[12]

# Solution 2

## (a) Mark scheme

- Explain one objective each of the following TSE stakeholder groups
- might have.
- ▪
- Shareholders
- ▪
- Suppliers
- ▪
- Employees

# Solution 2

- ▪
- Customers
- Award 1 mark for each objective (max 4).
- Award a maximum of 1 additional mark for each explanation of the objective
- applied to this context.
- Relevant objectives might include:
- Shareholders:
- ▪
- To receive dividends – from increased profit when more tennis balls are
- sold

# Solution 2

- ▪
- To increase the price of their shares
- ▪
- To increase profit
- ▪
- To increase market share
- ▪
- To increase revenue/sales
- Suppliers:
- ▪

# Solution 2

- To increase sales/revenue/profits from selling its raw materials – such as
- plastic to make the rackets
- ▪
- To be paid on time/paid back
- Employees:
- ▪
- To receive higher wages – when working full-time in the factory
- ▪
- To have a secure job / no risk of being made redundant
- ▪

# Solution 2

- To have good working conditions
- ▪
- To have opportunities for promotion – as looking into a new market in
- another country
- Customers:
- ▪
- To receive a quality product / doesn't break easily – when playing
- badminton
- ▪
- To pay a low price for the product

# Solution 2

- ▪
- To get it delivered on time
- For example: To receive dividends (1) from increased profit when more sports
- equipment is sold (app).
- Application could include: sports equipment; skilled and full-time workers;
- sells in 30 countries; factories in 10 countries; two companies that may be
- taken over; want to increase market share; a well-motivated workforce is
- important; uses new technology and automation for flow production; rubber;
- plastic; high-quality products.
- 8

# Solution 2

- 0450/22
- May/June 2025

# Solution 2

## (b) Mark scheme

- Consider the following two ways TSE could use to increase efficiency.
- Which way should TSE use? Justify your answer.
- ▪
- Improving labour skills
- ▪
- Increasing automation and technology
- Level Description
- 3

# Solution 2

- Sound application of knowledge and understanding of
- relevant business concepts using appropriate
- terminology.
- Detailed discussion of both ways.
- Well-justified recommendation.
- Candidates discussing both ways in detail, in context and
- with a well-justified recommendation, including why the
- alternative way is rejected, should be rewarded with the
- top marks in the band.
- 9–12

# Solution 2

- 2
- Sound application of knowledge and understanding of
- relevant business concepts using appropriate
- terminology.
- Detailed discussion of at least one way.
- Judgement with some justification / some evaluation of
- choices made.
- Candidates discussing at least one way in detail and
- applying it to the case should be rewarded with the top
- marks in the band.

# Solution 2

- 5–8
- 1
- Limited application of knowledge and understanding of
- relevant business concepts.
- Limited ability to discuss the ways with little/no
- explanation.
- Simple judgement with limited justification / limited
- evaluation of choices made.
- Candidates outlining both ways in context should be
- rewarded with the top marks in the band.

# Solution 2

- 1–4
- 0
- No creditable response.
- 0
- 12
- 0450/22
- May/June 2025
- Relevant points might include:
- Advantages
- Disadvantages

# Solution 2

- Improving labour
- skills
- 
  - 
- Increases motivation
- of skilled
- production
- employees – made
- to feel more valued
- as training given to
- them – investment in

# Solution 2

- the employees
- ▪
- Increases skills of
- employees so may
- enable them to work
- more quickly –
- output of sports
- equipment is
- produced in a
- shorter time

# Solution 2

- 
  - 
- Output per worker
- increases –
- increases
- productivity – fewer
- inputs for a given
- output
- 
  - 
- Employees may
- become more

# Solution 2

- flexible – with
- training they could
- possibly move
- around the factory
- covering for absent
- colleagues – keeps
- the factory running
- smoothly/fewer
- interruptions in
- output

# Solution 2

- ▪
- Increases costs of
- making footballs – in
- the short-term may
- reduce profitability – if
- increase in costs is
- greater than increase in
- output when the
- employees are being
- trained

# Solution 2

- ▪
- Output of sports
- equipment may be
- reduced whilst
- employees are being
- trained – amount of
- decrease in output
- depends on whether it
- is off-the-job or on-the-
- job training

# Solution 2

- ▪
- Skilled employees may
- be tempted to leave
- and work for a
- competitor that makes
- high-quality products –
- then costs of training
- wasted
- 0450/22
- May/June 2025

# Solution 2

- Advantages
- Disadvantages
- Increasing
- automation and
- technology
- - 
- May require fewer
- full-time employees
- on the production
- line – reduces wage

# Solution 2

- costs
- ▪
- Output can be
- produced more
- quickly – reduces
- unit costs
- ▪
- Changes in design
- of badminton
- equipment may be

# Solution 2

- made more quickly –
- quicker to react to
- changes in customer
- preferences
- - 
- Lower unit costs of
- footballs – may
- allow prices to be
- reduced – price may
- be more competitive

# Solution 2

- – increases sales
- ▪
- May result in
- redundancy payments
- for the skilled
- employees –
- increases costs in the
- short-term – legal
- requirements for
- redundancy payments

# Solution 2

- may be high
- ▪
- Maintenance costs of
- the technology may be
- high – increases total
- costs of making tennis
- balls
- ▪
- Increased training
- costs if employees

# Solution 2

- need training how to
- use the equipment
- ▪
- May need to employ
- new skilled workers to
- operate the equipment
- on the flow
- production line –
- increased recruitment
- costs

# Solution 2

- Recommendation Justification might include:
- ▪
- Improving labour skills is the best way to increase
- efficiency at TSE's factories. The skilled
- production employees will learn more skills which
- will enable them to produce more output per worker
- than previously. This will also motivate the workers
- to work harder and produce more output.
- Automation is very expensive to purchase the new
- equipment, and TSE may find it difficult to raise

# Solution 2

- sufficient funds for the investment in many
- factories.
- ▪
- Introducing automation and technology in the
- factory to make tennis balls in the best way to
- increase efficiency. Technology will mean fewer
- production workers will be needed so saving on
- wage costs and greatly increasing output for each
- remaining employee in the factories.
- 0450/22

# Solution 2

- May/June 2025

# Question 3

0450/12 N24 ▪ Q3 ▪ 20 marks

**3** HRO manufactures children's toys. It is a private limited company. The main objective of HRO's shareholders is to increase profit. This might conflict with the objectives of other stakeholder groups, including its 30 suppliers. HRO's Managing Director knows that market research can help when making marketing decisions. The Finance Director is preparing HRO's statement of financial position. An extract is shown in Table 3.1.

**Table 3.1**

| **Extract from HRO's statement of financial position at 30 June 2024 ($000s)** | |
|---|---|
| Non-current assets | 480 |
| Current assets | 250 |
| Current liabilities | 200 |
| Non-current liabilities | 300 |

**(a)** Define 'non-current assets'.

# Question 3

# Question 3

**(b)** Calculate HRO's current ratio. Show your working.

# Question 3

# Question 3

**(c)** State whether each of the following would be classified as a current asset or as a current liability.

# Question 3

# Question 3

# Question 3

# Question 3

# Question 3

# Question 3

# Question 3

# Question 3

**(d)** Explain **one** way the objective of HRO's shareholders to increase profit might conflict with the objectives of each of the following stakeholder groups:

# Question 3

# Question 3

# Question 3

**(e)** Do you think the advantages to a business of using primary market research are greater than the disadvantages? Justify your answer.

# Solution 3

## (a) Mark scheme

- Define 'non-current assets'.
- Award 2 marks for a full definition. Award 1 mark for a partial
- definition.
- Resources owned by a business which will be used for a
- period longer than one year [2]
- OR
- Items owned by a business for more than one year [2]
- Partial definition e.g. items owned/bought/possessed by the

# Solution 3

- business [1]
- OR Items in the business for more than one year [1]
- 2 For both marks must have idea of 'owned by a business' and
- held for 'more than 1 year'.

# Solution 3

## (b) Mark scheme

- Calculate HRO's current ratio. Show your working.
- Award 2 marks for a correct answer.
- Award 1 mark for correct method but incorrect answer.
- Correct answer
- 1.25:1 [2] OR 1.25 [2]
- Correct method but incorrect answer e.g.
- Current assets $\div$ current liabilities [1]
- OR 250/200 [1]

# Solution 3

- If correct answer given with no working shown, award 2
- marks.
- 2 Award only 1 mark if 1.25 is written as part of the answer but
- is not given as the final answer.
- If answer incorrect, check for the correct working.
- 0450/12
- October/November 2024
- Notes

# Solution 3

## (c) Mark scheme

- State whether each of the following would be classified
- as a current asset or as a current liability.
- Award 1 mark per correct answer (max 2).
- ▪
- Trade receivables: Current asset
- ▪
- Trade payables: Current liability
- ▪

# Solution 3

- Overdraft: Current liability
- ▪
- Inventory: Current asset
- 4 Only award the first response given for each answer.
- 0450/12
- October/November 2024
- Notes

# Solution 3

## (d) Mark scheme

- Explain one way the objective of HRO's shareholders to
- increase profit might conflict with the objectives of each
- of the following stakeholder groups:
- Award 1 mark for identification of each relevant way (max 2).
- Award 1 mark for each relevant reference to this business
- (max 2).
- Award 1 mark for each relevant explanation (max 2).
- Points might include:

# Solution 3

- Customers:
- ▪
- Value for money/lower prices [k] but HRO might want to
- increase prices [an] of its toys [app]
- ▪
- HRO might want to increase the prices [k] of its toys

app whereas customers want value for money/lower

- prices/refuse to buy / go to competitor [an]
- ▪
- Customers want good/better quality of products [k]

# Solution 3

- which may increase (material) costs [an] of this private
- limited company [app]
- ▪
- Wider range of products [k] but this could increase
- HRO's costs [an]
- ▪
- Reliable products/services [k]
- Suppliers:
- ▪
- Might want to increase prices [k] whereas HRO might

# Solution 3

- want to lower prices [an], so HRO has more funds for
- market research [app]
- ▪
- HRO wants to pay lower prices [k] which lowers
- revenue/profit for suppliers [an]
- ▪
- Increased/regular number of orders [k] but HRO might
- want to place fewer orders [an] to reduce its $200 000
- current liabilities [app]
- ▪

# Solution 3

- To be treated fairly [k]
- Other appropriate responses should also be credited.
- 6 To use words from the stem as application, the reference
- must be appropriate (i.e. make sense) in relation to the point
- being made.
- The following words are likely to be appropriate for this
- question:
- ▪
- (Children's) toys
- ▪

# Solution 3

- Private limited company
- ▪
- Market research
- ▪
- 30 (suppliers)
- ▪
- $200 000 (current liabilities)
- Other appropriate examples can be credited.
- Knowledge can be awarded for identifying an objective of
- either the business (other than profit) or stakeholder.

# Solution 3

- Analysis mark for explaining how this might conflict with the
- other party.
- 0450/12
- October/November 2024
- Notes

# Solution 3

## (e) Mark scheme

- Do you think the advantages to a business of using
- primary market research are greater than the
- disadvantages? Justify your answer.
- Award up to 2 marks for identification of relevant points.
- Award up to 2 marks for relevant development of points.
- Award up to 2 marks for a justified decision as to whether the
- advantages to a business of using primary market research
- are greater than the disadvantages.

# Solution 3

- Points might include:
- Advantages:
- ▪
- Up to date/new (data) [k] which can help make
- better/informed decisions/able to satisfy customer
- demand [an] increasing sales [an]
- ▪
- Business specific/relevant data can be gathered [k] so
- should help the business find out only what it needs to
- know [an]

# Solution 3

- ▪
- Only available to own business / not available to the
- competition [k]
- Disadvantages:
- ▪
- Expensive [k] as need to recruit experts to assist [an]
- which increase cash outflows/increase costs [an]
- ▪
- Time to collect [k] which could mean opportunities are
- missed [an]

# Solution 3

- Other appropriate points should also be credited.
- Justification might include:
- It allows for business specific data to be gathered [k] helping
- the business find out exactly what it wants to know [an].
- However, it does take time to collect [k] which may mean
- opportunities are missed [an].
- 6 This is a general question so there are no marks for
- application.
- To access [eval], must discuss a valid advantage and a valid
- disadvantage.

# Solution 3

- For analysis:
- Can explain the effect of the advantage/disadvantage
- Reason why the advantage/disadvantage arises
- 0450/12
- October/November 2024
- Notes
- The advantages are greater because the time spent now to
- gather specific information is likely to help the business make
- better decisions [eval] which could save the business from
- wasting resources in the future [eval].

# Solution 3

- 0450/12
- October/November 2024
- Notes