Past-paper walk-through

Analysis of accounts ▪ 5.5

eXercise

Questions in this set

- 0450/12 M25 Q3 ▪ 20 marks
- 0450/11 N24 Q3 ▪ 20 marks
- 0450/12 N24 Q3 ▪ 20 marks
- 0450/13 N24 Q4 ▪ 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 3

0450/12 M25 ▪ Q3 ▪ 20 marks

3 TJK manufactures candles. Contributing to sustainable development is important to TJK. The business uses batch production in its factory in country X. The target market for TJK's products is females between 20 and 50 years of age. The Managing Director is reviewing TJK's financial data. An extract is shown in Table 3.1. He is also considering the benefits to a business of becoming a multinational company.

Table 3.1

Extract from TJK's financial data for 2024 $000	
Working capital	900
Profit	400
Revenue	1000

(a) Define 'working capital'.

Question 3

(b) Calculate TJK's profit margin. Show your working.

Question 3

Question 3

(c) Identify **four** benefits to a business of becoming a multinational company.

Question 3

Question 3

Question 3

Question 3

Question 3

Question 3

Question 3

Question 3

(d) Explain **two** ways TJK could contribute to sustainable development.

Question 3

Question 3

Question 3

(e) Do you think batch production is the best method of production for a business to use? Justify your answer.

Solution 3

(a) Mark scheme

- Define 'working capital'.
- Award 2 marks for a full definition. Award 1 mark for a partial definition.
- ▪
- The money available for a business to pay its day-to-day
- expenses/short-term debts. [2]
- ▪
- Current assets - current liabilities. [2]
- Partial definition, e.g.

Solution 3

- ▪
- Funds used to pay inventory/wages/electricity [1]
- 2
- 0450/12
- February/March 2025
- Guidance

Solution 3

(b) Mark scheme

- Calculate TKJ's profit margin. Show your working.
- Award 2 marks for the correct calculation.
- Award 1 mark for correct method but wrong answer.
- Correct answer: 40% [2]
- Method:
- ▪
- Profit / revenue $\times$ 100 [1]
- ▪

Solution 3

- $(400\,000\ /\ 1\,000\,000) \times 100$ [1]
- ▪
- 40 [1]
- If correct answer given and no workings shown award 2 marks.
- 2 Award a maximum of one mark if 40% is
- calculated but is not written as the final answer.
- % is needed for 2 marks to be awarded.

Solution 3

(c) Mark scheme

- Identify four benefits to a business of becoming a multinational
- company.
- Award 1 mark for each relevant benefit [max 4].
- Points might include:
- ▪
- Increased sales/access to bigger/new markets
- ▪
- Better reputation/image

Solution 3

- ■
- Lower transport costs
- ■
- Avoid barriers to trade
- ■
- Spread risks
- ■
- Easier access to raw materials
- ■
- Access to cheaper labour

Solution 3

- ▪
- Take advantage of lower tax rates
- ▪
- Access to government funding/grants
- Other appropriate responses should be credited.
- 4 Only award the first four responses given.
- 0450/12
- February/March 2025
- Guidance

Solution 3

(d) Mark scheme

- Explain two ways TJK could contribute to sustainable
- development.
- Award 1 mark for 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:
- ▪
- Reduce waste [k] when making candles [app] leading to less

Solution 3

- pollution [an]
- ▪
- Use fewer resources [k] in the factory [app] so more resources left
- for future generations/other uses [an]
- ▪
- Use environmentally friendly production methods/sustainable
- materials [k] which could reduce harmful emissions [an]
- ▪
- Use renewable energy/resources [k] in batch production [app]
- ▪

Solution 3

- Develop environmentally friendly products [k] for females [app]
- ▪
- Buy resources locally [k] reducing their carbon footprint [an]
- ▪
- Recycle [k] which could reduce the amount of waste [an]
- ▪
- Use environmentally friendly/sustainable packaging / avoid use of
- plastic in packaging / biodegradable packaging [k]
- ▪
- Reuse materials [k] so reduce the number of materials needed [an]

Solution 3

- ▪
- Reduce amount/number of materials used [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:
- ▪
- Candles

Solution 3

- ▪
- Factory
- ▪
- Batch production
- ▪
- Females (aged between 20 and 50 years)
- ▪
- $400 000 (profit)
- ▪
- $1 million (revenue)

Solution 3

- Other appropriate examples can be credited.
- Some points could be [k] or [an] but only award
- once e.g. less waste.
- Less pollution is [an] only.
- 0450/12
- February/March 2025
- Guidance

Solution 3

(e) Mark scheme

- Do you think batch production is the best method of production for
- a business to use? Justify your answer.
- Award 1 mark for each relevant point [max 2].
- Award 1 mark for each relevant explanation [max 2].
- Award up to 2 marks for a justified decision as to whether batch
- production is the best method of production for a business to use.
- Points might include:
- Batch production:

Solution 3

- ▪
- Flexible / can easily change from one product to another [k] so can
- respond quickly to changing customer tastes [an]
- ▪
- Variety of products can be made [k] which can widen its customer
- base/help spread risk [an]
- ▪
- (Variety of tasks) can motivate employees [k]
- ▪
- Machines must be re-set between batches [k] which can reduce

Solution 3

- output [an]
- ▪
- Warehouse space needed [k] which increases storage costs [an]
- Other methods include:
- Flow production [k]
- ▪
- Quick/high output [an]
- ▪
- Economies of scale [an]
- ▪

Solution 3

- Low(er) unit cost [an] so able to charge a lower price [an]
- ▪
- Can operate 24 hours a day [an]
- ▪
- Few(er) employees / high levels of automation [an]
- ▪
- If a machine breaks down the whole production line will stop [an]
- ▪
- High initial cost of machinery [an]
- ▪

Solution 3

- Can lower motivation [an]
- Job production [k]
- ▪
- Can charge a high price [an] increasing profit margin [an]
- ▪
- Can meet the (exact) requirements of customers [an]
- ▪
- (Often) high quality [an]
- ▪
- Labour intensive [an] which increases (labour) costs [an]

Solution 3

- 6 This is a general question so there are no marks
- for application.
- Some points could be expressed as an
- advantage or disadvantage of different methods,
- but only award once.
- Some points can be [k] or [an] but only award
- once.
- Can accept comparative points e.g. batch
- production has higher output than job production

k .

Solution 3

- 0450/12
- February/March 2025
- Guidance
- Other appropriate responses should be credited.
- Justification might include:
- Batch production is flexible [k] which means businesses can quickly
- respond to changes in customer tastes [an]. However, flow production
- k might be better as a high output is produced [an]. Batch production is
- better because responding to customer tastes means you are likely to
- have less waste products [eval] whereas using flow could result in very

Solution 3

- high quantities of unwanted products which increases costs [eval].
- Guidance

Question 3

0450/11 N24 ▪ Q3 ▪ 20 marks

3 JTA is a public limited company. It sells holidays in a mass market. The business has 44 shops and 200 employees. The Finance Director is considering ways a business can increase its profit. She has been asked to analyse JTA's financial performance using ratio analysis. An extract from JTA's financial statements is shown in Table 3.1.

Table 3.1

Extract from JTA's financial statements for 2023 ($ million)	
Revenue	900
Profit	100
Capital employed	800

(a) Define 'capital employed'.

Question 3

(b) Calculate JTA's return on capital employed (ROCE). Show your working.

Question 3

(c) Outline **two** benefits to JTA of selling in a mass market.

Question 3

(d) Explain **one** advantage and **one** disadvantage of JTA being a public limited company.

Question 3

Question 3

Question 3

Question 3

Question 3

Question 3

(e) Do you think increasing prices is the best way for a business to increase its profit? Justify your answer.

Question 3

Solution 3

(a) Mark scheme

- Define ‘capital employed’.
- Award two marks for a full definition. Award one mark for a
- partial definition.
- (Shareholders/owners) equity plus non-current liabilities and
- is the total long-term capital invested in the business [2]
- OR
- Value of all long-term finance invested in a business [2]
- OR

Solution 3

- Represents how much money has been invested in the
- business to pay for all assets [2]
- Partial definition e.g. finance/money invested in a business

1

- 2 Accept correct calculations for 2 marks:
- ▪
- Non-current assets + working capital
- ▪
- Long term liabilities plus equity
- ▪

Solution 3

- Total assets – current liabilities
- 0450/11
- October/November 2024
- Notes

Solution 3

(b) Mark scheme

- Calculate JTA's return on capital employed (ROCE).
- Show your working.
- Award 2 marks for a correct answer.
- Award 1 mark for correct method but incorrect answer.
- Correct answer:
- 12.5% [2]
- Method:
- Profit $\div$ capital employed $\times$ 100 [1]

Solution 3

- OR $100 \div 800 \times 100$ [1]
- If correct answer given with no working shown award 2
- marks.
- 2 Only award 1 mark if 12.5% is written as part of the answer
- but is not given as the final answer.

Solution 3

(c) Mark scheme

- Outline two benefits to JTA of selling in a mass market.
- Award 1 mark for each relevant benefit (max 2).
- Award 1 mark for each relevant reference to this business
- (max 2).
- Points might include:
- ▪
- High number of customers/sales [k] from its 44 shops

app

Solution 3

- ▪
- Spread risk [k] when selling holidays [app]
- ▪
- Economies of scale/examples of economies of scale [k]
- which could help increase its profit of $100m [app]
- ▪
- Opportunities for growth [k] for this public limited
- company [app]
- Other appropriate responses should be credited.
- 4 To use words from the stem as application, the reference

Solution 3

- 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:
- ▪
- Holidays
- ▪
- $900m (revenue)
- ▪
- $100m (profit)

Solution 3

- ▪
- 44 shops
- ▪
- Public limited company
- ▪
- 200 employees
- ▪
- (Finance director is considering) increase to profit
- Other appropriate examples can be credited.
- 0450/11

Solution 3

- October/November 2024
- Notes

Solution 3

(d) Mark scheme

- Explain one advantage and one disadvantage of JTA
- being a public limited company.
- Award 1 mark for identification of each relevant
- advantage/disadvantage (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

- Advantages:
- ▪
- Able to raise more/large amount of finance [k] to fund
- growth [an] in this mass market [app]
- ▪
- No restrictions on buying/selling shares / can sell shares
- to general public [k] so can raise more/large amounts of
- finance [an]
- ▪
- Limited liability (for shareholders) [k] as personal assets

Solution 3

- do not have to sold if the business cannot pay its debts

an

- ▪
- Incorporated/separate legal identity [k]
- ▪
- Continuity [k] so the business will not have to close
- down on the death on any owner [an]
- Disadvantages:
- ▪
- Risk of takeover [k] of the holiday business [app] which

Solution 3

- could change the direction/objectives of the business

an

- ▪
- Many legal formalities to follow [k] which increases
- costs [an]
- ▪
- Have to publish accounts [k] which takes time away
- from other activities [an]
- ▪
- Business information can be seen by competitors [k]

Solution 3

- therefore they can copy ideas / find ways to compete
- with you [an]
- 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:
- ▪
- Holidays
- ▪

Solution 3

- Mass market
- ▪
- $900m (revenue)
- ▪
- $100m (profit)
- ▪
- $800m (capital employed)
- ▪
- 44 shops
- ▪

Solution 3

- 200 employees
- ▪
- (Finance director is considering) increase to profit
- Other appropriate examples can be credited.
- Some points can be [k] or [an] but only award once.
- 0450/11
- October/November 2024
- Notes
- ▪
- Shareholders expect dividends [k] which can decrease

Solution 3

- the amount of retained profit / increase cash outflows

an

- Other appropriate responses should be credited.
- 0450/11
- October/November 2024
- Notes

Solution 3

(e) Mark scheme

- Do you think increasing prices is the best way for a
- business to increase its profit? 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
- increasing price is the best way for a business to increase its
- profit.
- Points might include:

Solution 3

- Increasing prices:
- ▪
- Increases revenue (if sell the same amount of products)

k

- ▪
- Higher prices may suggest better quality [k] therefore
- customers will be willing to pay the higher prices. [an]
- ▪
- Fewer customers [k] because customers may switch to
- competitors [an] reducing their market share [an]

Solution 3

- ▪
- Increase profit margin [k]
- Alternatives to increasing prices:
- ▪
- Buy cheaper raw materials [k] which may lower quality

an leading to fewer sales [an]

- ▪
- Improve packaging/quality of product [k] increasing the
- number of sales [an]
- ▪

Solution 3

- Target new markets/develop new products [k] which
- could increase advertising costs [an]
- -
- Lower rent/expenses or other examples [k] lowering
- fixed costs [an]
- Other appropriate responses should be credited.
- 6 This is a general question so there are no marks for
- application.
- Some analysis can be used for different points, but only
- award once.

Solution 3

- Allow lower costs only once as either [k] or [an]
- Allow lower sales/higher sales as [an] only once.
- Customers may switch to competitors maybe [k] or [an] but
- allow only once.
- 0450/11
- October/November 2024
- Notes
- Justification might include:
- Increasing prices could increase revenue [k] if sales stay the
- same [an]. Reducing the cost of raw materials could

Solution 3

- increase the profit margin [k] but lower the quality [an].
- Increasing prices is a better way to increase profit because
- lower quality products could damage their reputation [eval]
- and higher prices if linked to quality may attract more
- customers [eval]
- Notes

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

Question 4

0450/13 N24 ▪ Q4 ▪ 20 marks

4 RHN is a clothing retailer. It has 50 shops and 290 employees. All RHN's employees are provided with training. Commission is used as one method of financial reward. The business often uses internal recruitment when there is a job vacancy. Last year RHN made a profit of $1.5 million. The Managing Director, as an internal user of accounts, has been analysing RHN's statement of financial position.

(a) Define 'commission'.

Question 4

(b) Identify **two** external users of accounts.

Question 4

Question 4

Question 4

Question 4

(c) Identify **four** ways the information in a statement of financial position can be used.

Question 4

Question 4

Question 4

Question 4

Question 4

Question 4

Question 4

Question 4

(d) Explain **two** possible reasons why providing training for its employees is important to RHN.

Question 4

Question 4

Question 4

Question 4

Question 4

(e) Do you think the advantages for a business of using internal recruitment are greater than the disadvantages? Justify your answer.

Solution 4

(a)

Mark scheme

- Define ‘commission’.
- Award 2 marks for a full definition. Award 1 mark for a partial definition.
- Payment to employees relating to the number/value of sales made [2]
- Partial definition e.g. money based on sales / what sold [1]
- 2

Solution 4

(b) Mark scheme

- Identify two external users of accounts.
- Award 1 mark per user of external accounts (max 2).
- Points might include:
- ▪
- Banks/lenders
- ▪
- Suppliers
- ▪

Solution 4

- Government
- ▪
- Potential investor
- ▪
- Local community/pressure groups
- Other appropriate responses should be credited.
- 2 Only award the first two responses given.
- 0450/13
- October/November 2024
- Notes

Solution 4

(c) Mark scheme

- Identify four ways the information in a statement of financial position
- can be used.
- Award 1 mark per way (max 4).
- Points might include:
- ▪
- Calculate working capital
- ▪
- Calculate current ratio

Solution 4

- ▪
- Calculate acid test ratio
- ▪
- Shows how the business finances its activities / shareholders can see how
- any expansion has been funded
- ▪
- Shows the assets the business owns / what the business owns
- ▪
- Show value of liabilities / what the business owes
- ▪

Solution 4

- Support loan application / raise finance / show investors
- ▪
- Show value of the business / what the business is worth
- ▪
- Compare performance over time
- ▪
- Compare performance against competitors
- Other appropriate responses should be credited.
- 4 Only award the first four responses given.
- 0450/13

Solution 4

- October/November 2024
- Notes

Solution 4

(d) Mark scheme

- Explain two possible reasons why providing training for its employees is
- important to RHN.
- Award 1 mark for identification of each relevant reason (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:
- ▪
- More skilled / flexible employees [k] so can cover absences of others [an]

Solution 4

- in its 50 shops [app]
- ▪
- Fewer mistakes / better quality (service) [k] from its 290 employees [app]
- which could improve its reputation [an]
- ▪
- Increases motivation [k] which can help reduce labour turnover [an] which
- is helpful as uses internal recruitment [app]
- ▪
- Fewer customer complaints [k] about its clothing [app] increasing
- customer loyalty [an]

Solution 4

- ▪
- Less supervision needed [k], so managers have time to focus on other
- activities [an]
- ▪
- Improves efficiency/productivity [k]
- ▪
- Fewer accidents / ensure safe working conditions [k]
- ▪
- Able to train others [k] reducing training costs [an]
- ▪

Solution 4

- Provide new ideas / improves innovation [k]
- ▪
- Helps attract (potential) employees [k]
- ▪
- Helps introduce a new process [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:
- ▪
- Clothing
- ▪
- Shops/retailer
- ▪
- 290 (employees)
- ▪
- Commission (financial reward)

Solution 4

- ▪
- Internal recruitment
- ▪
- \$1.5m (profit)
- ▪
- 50 (locations)
- Other appropriate examples can be
- credited.
- Some points can be [k] or [an] but only
- award once.

Solution 4

- The following are [an] only:
- ▪
- Better reputation
- ▪
- Increase sales
- ▪
- Employee loyalty / lower labour
- turnover
- ▪
- Customer loyalty

Solution 4

- 0450/13
- October/November 2024
- Notes

Solution 4

(e) Mark scheme

- Do you think the advantages for a business of using internal recruitment
- 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 of
- internal recruitment for a business are greater than the disadvantages.
- Points might include:
- Advantages:

Solution 4

- ▪
- Employees know the business [k] so can start work more quickly / less
- training needed [an]
- ▪
- Low cost/cheaper [k] which reduces cash outflows / as do not have to
- spend funds on job advertisements [an]
- ▪
- Less time-consuming / quicker [k] which means time can be used for
- other purposes [an]
- ▪

Solution 4

- Can motivate employees [k] so reducing labour turnover / encourages
- employee loyalty / improve efficiency [an]
- ▪
- Company knows the employee [k] which reduces risk / likelihood of
- employing someone who is not appropriate for the job [an]
- Disadvantages:
- ▪
- Suitable candidates may not be available / employees may not have
- experience / skills needed [k] which could lead to mistakes / wrong actions
- taken [an]

Solution 4

- ▪
- Reduces pool / fewer potential candidates [k]
- ▪
- Would create another vacancy for the business to fill [k]
- ▪
- Could create resentment / jealousy among those not selected [k] which
- could demotivate these employees [an]
- ▪
- Lack of new ideas [k] so business may become less competitive [an]
- 6 This is a general question so there are no

Solution 4

- marks for application.
- Some analysis could be used for more than
- one point, but only award once.
- 0450/13
- October/November 2024
- Notes
- Other appropriate responses should be credited.
- Justification might include:
- Internal recruitment is cheaper [k] which reduces cash outflows [an]. However,
- the current employees may not have skills needed [k] leading to mistakes

Solution 4

- being made [an]. The potential disadvantages are greater because those
- mistakes could damage the businesses reputation [eval] which is likely to cost
- the business more money in the long term. [eval]