1(a)	**Define 'trade union'.** Award 2 marks for a full definition. Award 1 mark for a partial definition. • Group of <u>workers</u> who join together to ensure their interests are protected [2] • An organisation of employees aimed at improving pay and working conditions [2] • An organisation that exists to provide <u>workplace</u> support for its members [2] Partial definition e.g. • Group of <u>workers/employees</u> (who join together) [1] • People/organisation who fight for employee/worker rights [1] • Stand for worker`s rights/protect workers [1] • Group of people who protect workers [1] • An organisation that ensures workers' rights are not violated [1]

1(b)	**Define 'secondary sector'.** Award 2 marks for a full definition. Award 1 mark for a partial definition. Businesses that: • Process/manufacture <u>goods</u> from natural resources [2] • Manufacture goods using the raw materials provided by the primary sector [2] • Use manufacturing to transform the raw materials generated in the primary sector into a product [2] • Converts raw materials into manufactured goods [2] Partial definition e.g. • Makes products [1] • Manufactures goods [1] • Refines/processes raw materials [1]

1(c)	**Identify <u>four</u> reasons why a business might remain small.** Award 1 mark per reason (max 4). Points might include: • Limited access to/lack of capital (to expand) • Limited access to/lack of suitable labour • Limited access to/lack of suitable land • Limited access to/lack of suitable resources/raw materials • Personal preference / owners' choice / owner does not want the responsibility / wants to keep control • Lack of skills/knowledge/experience (to expand) • Size of the market / amount of customers / level of demand / small market • To maintain close customers relationships / provide a personal service / type of industry • Some large firms dominate the market / low market share / too much competition • Can be flexible / respond quickly to changes in customer tastes • No economies of scale / to avoid diseconomies of scale • Operating at maximum possible output Other appropriate responses should be credited.

1(d)	**Explain <u>two</u> possible effects of WMH introducing new technology.** Award 1 mark for identification of each relevant effect (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: Positive effects: • Improve quality / less waste / fewer mistakes [k] leading to a better reputation [an] for its furniture [app] • Increases productivity / efficiency / quicker production [k] leading to lower (average) costs [an] for this small business [app] • Improved communication [k] leading to fewer mistakes / better efficiency [an] in the factory [app] • Can design new products [k] which may increase sales / access new markets [an] • Greater job satisfaction/motivation [k] reducing absenteeism/lowering labour turnover [an] • Employees may gain new skills [k] leading to higher pay/chances of promotion [an] • Reduces time/costs to design new products [k] • Increase output [k] • Safer workplace [k]

1(d)	Negative effects: • Purchasing new equipment / expensive to buy/set up [k] increasing cash outflows/debt [an] • Need to train workers [k] which can increase costs [an] • If technology is rapidly changing it will need to change often to remain competitive [k] which will increase costs [an] • Some employees may lose their jobs/made redundant [k] • May demotivate employees [k] Other appropriate responses should be credited.
1(e)	**Explain <u>two</u> factors a manufacturing business should consider when deciding on a suitable location for a factory. Which factor 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 location factor is likely to be the most important for a manufacturing business.

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1(e)	Points might include: • Access to skilled labour [k] as may be difficult to find/recruit / could increase recruitment/labour costs [an] • Access to raw materials/components [k] so production is not delayed [an] • Availability / rent of suitable land [k] which could restrict size of factory / increase fixed costs [an] • Good transport links [k] to ensure materials arrive / products sent when needed [an] • Proximity to market [k] to ensure sales/revenue can be made [an] • Type of product [k] a fragile/heavy product may need to be closer to customers to reduce risk of damage/cost [an] • Government grants [k] which could help reduce costs [an] • Legal controls [k] which may prevent the business from locating in certain areas [an] • Access to utilities/power/water [k] as needed for production [an] • Trade barriers [k] • Security of the area/level of crime [k] Other appropriate responses should be credited. Justification might include: Skilled labour [k] if difficult to find could increase recruitment costs [an]. Another factor is availability of suitable land [k] which could restrict the size of the factory [an]. Having suitable land is more important because this might limit output which could reduce its ability to meet demand [eval] whereas a business can train employees, and the extra cost might be covered by the additional revenue gained [eval].

2(a)	**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] • A specific form of tax imposed/charged on imported goods [2] Partial definition: • A type of tax [1]
2(b)	**Identify <u>one</u> non-current asset and <u>one</u> current liability.** Award 1 mark per non-current asset/current liability (max 2). Points might include: Non-current assets: • Machinery • Equipment • Land • Buildings/shops/factories/offices • Motor vehicles/delivery vehicles Current liabilities: • Overdraft • Short-term loan • Trade payables (creditors) Other appropriate responses should be credited.

2(c)	**Outline <u>two</u> 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 <u>value of</u> liabilities/what the business owes [k] as has current liabilities of $110 million [app] • Show <u>value of</u> 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] • 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] • 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.

2(d)	**Explain <u>two</u> 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: • 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 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] • Security/collateral needed [k] • Level of control [k] • How urgently the funds are required [k] Other appropriate responses should be credited.

2(e)	**Explain <u>two</u> 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: • 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] • 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] • 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 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].

3(a)	**Identify X and Y.** Award 1 mark for each correct answer. **X**: Break-even (point) **Y**: (Total) revenue
3(b)	**Define 'margin of safety'.** Award 2 marks for a full definition. Award 1 mark for a partial definition. • The difference between the current level of output/sales and break-even output/sales [2] • The amount by which sales exceed the break-even point [2] Partial definition e.g. • Difference between total output and break-even point [1] • Number of units that exceed break-even output [1]

3(c)	**Outline two advantages of Vicki delegating tasks to her employees.** Award 1 mark for each relevant advantage (max 2). Award 1 mark for each relevant reference to this business (max 2). Points might include: • Motivate employees [k] helping increase sales above 900 units [app] • Develop employee skills / increase flexibility of workforce [k] when making burgers [app] • Builds trust between the owner and her employees / better working relations [k] • The owner cannot do all tasks alone / reduces her workload / she has time to focus on other tasks [k] such as completing the break-even chart [app] • Quality of the owner's work is often improved / she is less likely to make mistakes [k] at the restaurant [app] • She can measure performance/success of employees [k] Other appropriate responses should be credited.

3(d)	**Explain <u>two</u> possible effects of an economic recession on Vicki's business.** 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: • Lower/fewer sales [k] leading to lower revenue [an] from selling burgers [app] • May need to lower costs [k] as revenue is likely to be falling [an] for the restaurant [app] • More workers available to select from [k] so may be able to lower labour costs [an] of the 14 employees [app] • Workers may be made redundant / reduce workforce / downsize [k] which could demotivate other workers [an] • Low business confidence [k] so less willing/likely to invest [an] • The business may fail / hard to survive [k] so may lose their investment [an] • May have cash flow problems [k] so cannot pay day-to-day costs [an] • May have to lower prices [k] • May delay any expansion plans [k] • Banks may not be willing to lend [k] • May change objective to survival [k] • Lower profit [k] so less funds to invest [an] Other appropriate responses should be credited.

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3(e)	**Explain <u>two</u> methods of training a business might use. Which is likely to be the best method for a service business to use? 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 which is likely to be the best method for a service business to use. Points might include: On-the-job training [k] • Being trained in the workplace [an] • Watching a more experienced worker doing the job [an] • Allows business specific training to be given [an] • Low(er) cost [an] • Some work completed during training [an] • May learn bad habits from trainer [an] • Trainer may not be as productive as usual [an] Off-the-job training [k] • Being trained away from the workplace [an] • Allows employees to be trained by experts [an] • New/up-to-date skills/knowledge can be taught [an] • High(er) cost [an] • Wages paid but no work is being done [an] • Induction training [k] • Can help new employees understand / familiarise with the work/workplace/job role [an] • New workers settle into their job quickly [an] • Delays when start work [an] Other appropriate responses should be credited.

3(e)	Justification might include: On-the-job training [k] is where trainees watch a more experienced worker [an]. Alternatively, off-the-job training [k] will teach up to date skills [an]. Off-the-job training is the best method as the business is more likely to improve productivity by learning the ideas [eval] whereas on-the-job training may lead to employees picking up bad habits so would have limited value [eval].

4(a)	**Define 'brand image'.** Award 2 marks for a full definition. Award 1 mark for a partial definition. • The image or identity given to a product/business which distinguishes it from its competitors brand [2] • Characteristics that distinguish a business from others through design or logo [2] • The general impression of a product/business held by consumers [2] • Personality given to a product/business through marketing activities [2] Partial definition e.g. • Identity given to a product/business [1] • How product/business is seen by others [1] • Characteristics that make a <u>business</u> unique [1]

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4(b)	**Identify <u>two</u> reasons why some markets have become more competitive.** Award 1 mark for each relevant reason (max 2). Points might include: • Globalisation/growth of free trade agreements • Changes in technology or examples e.g. ecommerce/internet/social media • Changes in legal controls / more or fewer regulations / government intervention in the market • Transport improvements/infrastructure improvements Other appropriate responses should be credited.

4(c)	**Outline <u>one</u> way MTL could act ethically with each of the following stakeholder groups:** **Employees** **Customers** Award 1 mark for each relevant way (max 2). Award 1 mark for each relevant reference to this business (max 2). Points might include: Employees: • Pay fair/good wages [k] to its 430 employees [app] • Ensure fair/good working conditions [k] when making the toys [app] • Not employ child labour [k] • Not use zero hours contracts [k] Customers: • Charge a fair price [k] which can help maintain its good brand image [app] • Not advertise misleading prices [k] when operating in a competitive market [app] Other appropriate responses should be credited.

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4(d)	**Explain <u>two</u> problems MTL might have when entering a new market in another country.** Award 1 mark for identification of each relevant problem (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: • Lack of market knowledge [k] so may not be aware of competitors' pricing/promotion [an] for toys [app] • Language differences) [k] so it may have to translate/change wording on the packaging [an] to explain how it is ethical [app] • Cultural differences [k] so product may not sell there [an] which could damage its brand image [app] • Changes in exchange rates [k] may make it difficult to set prices [an] for this large business [app] • Different legal controls [k] which could restrict what/how they can sell [an] • Import restrictions or examples such as quotas [k] which could restrict the number of products they can import [an] • Economic differences e.g. average income, stage in business cycle [k] • Social differences e.g. age structure [k] • Increased transport costs [k] as products may have to be transported over long distances [an] • Level of competition [k] • Lack of recognition of the business [k] • High taxes [k] • Difficulty in locating suppliers [k]

4(d)	• Increased risk of non-payment/incorrect payment [k] as methods of payment are likely to be different between each country [an] Other appropriate responses should be credited.

4(e)	Points might include: • Television [k] is expensive/can include moving images to attract attention [an] • Magazines [k] as able to target specific types of customers [an] • Discount offers/promotional pricing/ (money off) coupons/loyalty card [k] which can make the products more affordable [an] • Social media/internet-based advertising/influencers [k] to reach large numbers of people [an] • Leaflets [k] as this is a low-cost method [an] • Posters/billboards [k] as can be seen by everyone who is passing by [an] • Point of sale displays/demonstrations [k] as this allows the customer to be shown how it is used [an] • Radio advertising [k] which allows them to target specific regions [an] • Newspapers [k] • Gifts [k] • Sponsorship [k] • Competitions [k] encourage customer to buy to receive a reward/win [an] • Free samples [k] increase costs [an] • BOGOF [k] • After-sales service [k] Other appropriate responses should be credited. Justification might include: Television [k] as able to include moving images to attract attention [an]. Another method is posters [k] as it can be seen by everyone who is passing by [an]. Television is the best method as this is a large business so it should be able to afford the cost involved [eval] and is likely to reach far more people than a poster [eval].