

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 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 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]
- 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 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:

- 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 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:

- 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 <u>two</u> 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 • Deplete natural resources / overmining • (Traffic) congestion Other appropriate responses should be credited.
3(b)	Identify <u>two</u> 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 • Reduce risk of customer boycott • Differentiate from competitors • To avoid pressure group action • Help recruit employees • Help retain employees • Help attract investors • Reduce risk of legal action/fines / ensure meets legal standards Other appropriate responses should be credited.

3(c)

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]
- 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]
- 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.

3(d)

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:

- 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]
- Unique/one-off product / specialised products / USP [k]
- High-quality goods/service [k]

Other appropriate responses should be credited.

3(e)

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.

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]

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]
- 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.

3(e)

Justification might include:

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]

4(a)	Identify <u>two</u> objectives (other than growth) a business might have. Award 1 mark per objective (max 2). Points might include: • Survival/break-even • Make a profit • 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 employed • Be socially / ethically / environmentally responsible Other appropriate responses should be credited.
4(b)	Identify <u>two</u> 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 • Can use internal sources / profit <u>for other purposes</u> • Provider may offer advice/support Other appropriate responses should be credited.

4(c)

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

4(d)

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:

- 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 [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]
- 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.

4(e)

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.

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]
- 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]
- 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]

4(e)

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].

2(a)	Explain <u>one</u> objective each of the following TSE stakeholder groups might have. • Shareholders • Suppliers • Employees • 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 • To increase the price of their shares • To increase profit • To increase market share • To increase revenue/sales Suppliers: • 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 • 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 • 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.
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2(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

Level	Description	Marks
3	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
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.	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.	1–4
0	No creditable response.	0

2(b)	Relevant points might include:		
	Advantages	Disadvantages	
Improving labour skills	- Increases motivation of skilled production employees – made to feel more valued as training given to them – investment in the employees - Increases skills of employees so may enable them to work more quickly – output of sports equipment is produced in a shorter time - Output per worker increases – increases productivity – fewer inputs for a given output - Employees may become more flexible – with training they could possibly move around the factory covering for absent colleagues – keeps the factory running smoothly/fewer interruptions in output	- 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 - 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 - Skilled employees may be tempted to leave and work for a competitor that makes high-quality products – then costs of training wasted	

2(b)		Advantages	Disadvantages
	Increasing automation and technology	• May require fewer full-time employees on the production line – reduces wage costs • Output can be produced more quickly – reduces unit costs • Changes in design of badminton equipment may be 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 – increases sales	• May result in redundancy payments for the skilled employees – increases costs in the short-term – legal requirements for redundancy payments may be high • Maintenance costs of the technology may be high – increases total costs of making tennis balls • Increased training costs if employees 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
	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 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.	

3(a)	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 business [1] OR Items in the business for more than one year [1]
3(b)	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 ÷ current liabilities [1] OR 250/200 [1] If correct answer given with no working shown, award 2 marks.

3(c)

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
- Overdraft: Current liability
- Inventory: Current asset

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:

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:

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] 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 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]
- To be treated fairly [k]

Other appropriate responses should also be credited.

3(e)

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.

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]
- 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]

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].

3(e)	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].
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