

1 Which is an advantage for a manufacturer of using robotics?

- A Greater productivity
- B Initial investment cost
- C Operatives will require training
- D Will not break down

Your answer

[1]

2 In 2023 a business sold 22 million items at an average price of £0.75 per item. Its total costs for the year were £13.5 million.

The business made a net profit of:

- A £3 million
- B £16.5 million
- C £1636.5 million
- D £1650 million

Your answer

[1]

3 A manufacturer that makes and sells more than its break-even quantity will:

- A have insufficient revenue to cover costs
- B make a profit
- C need to improve its quality control
- D require an overdraft

Your answer

[1]

4 Which would be variable costs for a building firm?

- A Administrative and legal expenses
- B Bricks and roof tiles
- C Business rates and buildings insurance
- D Cement mixers and tools

Your answer

[1]

5 What has not contributed to increased globalisation?

- A A reduction in shipping costs due to bulk containerisation
- B An increase in labour migration worldwide
- C Restrictions on international trade
- D The internet and mobile communication technologies

Your answer

[1]

6 A company has recently experienced a fall in its net profit margin from 4.2% to 2.9%.

This means that:

- A every £100 of sales earns £1.30 less net profit than it used to
- B for every £100 of sales the company only earns £1.30
- C net profit levels have fallen by 1.3%
- D the company has made a net loss of 1.3%

Your answer

[1]

7 Zayn is the owner of an established business that makes heated gloves. The business has recently experienced an increase in product returns.

Which of the following would help Zayn deal with this problem?

- A Giving a bonus to the employee who sews the most gloves each month
- B Improving quality checks to ensure every glove heats up correctly
- C Researching other types of heated clothing that the business could make
- D Segmenting the market by age, gender and lifestyle

Your answer

[1]

8 Sam is a finance assistant for a national taxi firm.

Which task is **most** likely to be part of Sam's job role?

- A Phoning garages to negotiate vehicle servicing at reduced prices
- B Posting discount codes on social media for pre-booked journeys
- C Producing spreadsheets analysing quantitative market research data
- D Providing cost data to help decide when to purchase new vehicles

Your answer

[1]

9 In the context of business operations, what does the phrase 'proximity to market' refer to?

- A Advertising the business specifically to those who live in the local area
- B Locating a business close to its potential customers
- C Only employing workers who are part of the local community
- D Working on a site that is close to a source of raw materials

Your answer

[1]

10 The table below shows a company's total costs over the last four years.

	2020	2021	2022	2023
Operating costs	£200 000	£170 000	£280 000	£320 000
Other costs	£40 000	£30 000	£30 000	£40 000

The percentage change in the company's total costs from 2020 to 2023 was:

- A 33%
- B 37.5%
- C 50%
- D 60%

Your answer

[1]

11 The role of procurement for a car manufacturer might involve:

- A advertising a new range of electric vehicles
- B negotiating deals with car showrooms
- C receiving deliveries of tyres and windscreens
- D testing the brakes of every new car

Your answer

[1]

- 12 The bank statement for an established firm shows that it ended 2023 close to its overdraft limit with an overdrawn balance of £5000. The firm's accounts show a profit of £44 000 for the year ending 31 December 2023.

These figures show that:

- A an accounting error has been made because the firm is not profitable
- B at least £49 000 must have been stolen from the firm's bank account
- C despite being profitable, the firm may be unable to pay its short-term debts
- D the firm is unlikely to experience cash shortages and is highly profitable

Your answer

[1]

- 13 A market trader paid £4600 for goods which they sold for £12 500.

The market trader's gross profit margin was approximately:

- A 37%
- B 63%
- C 79%
- D 172%

Your answer

[1]

- 14 An entrepreneur has invested £150 000 to start up their own business. Their expected average rate of return is 10% per annum for the first three years.

Over the first three years of trading, the entrepreneur should expect to make:

- A average profits of £45 000 per year
- B average profits of £135 000 per year
- C profits totalling £15 000
- D profits totalling £45 000

Your answer

[1]

- 15 A well-known restaurant chain is reviewing its business performance. Financial data about two of its recent advertising campaigns are shown below.

Advertising campaign	Weekly cost of running the campaign	Average weekly sales		
		Before the advertising campaign	During the advertising campaign	After the advertising campaign
A	£3 million	£4 million	£6 million	£4 million
B	£0.6 million	£4 million	£5 million	£5 million

This data helps the company understand its business performance because it shows that:

- A both advertising campaigns were cost effective
- B campaign A was cost effective, but campaign B was not
- C campaign B was cost effective, but campaign A was not
- D neither of the advertising campaigns were cost effective

Your answer

[1]

16(a) Text 1

Unilever plc

Unilever plc is a multinational company that makes and sells a wide range of quality products including food, cleaning agents and beauty products across 190 countries.

Unilever plc has benefitted from operating in a global marketplace and the majority of its products are international brands. Some of its branded products include Lynx Body Spray, Dove Soap, Hellmann's Mayonnaise, Ben & Jerry's ice cream and Persil washing machine detergent. All of these products are made in factories all around the globe, some using flow production and others using batch production.

Unilever plc's average revenue has grown over the last five years. However, the economic climate is becoming more difficult and Unilever plc's directors are having to adapt to these challenges.

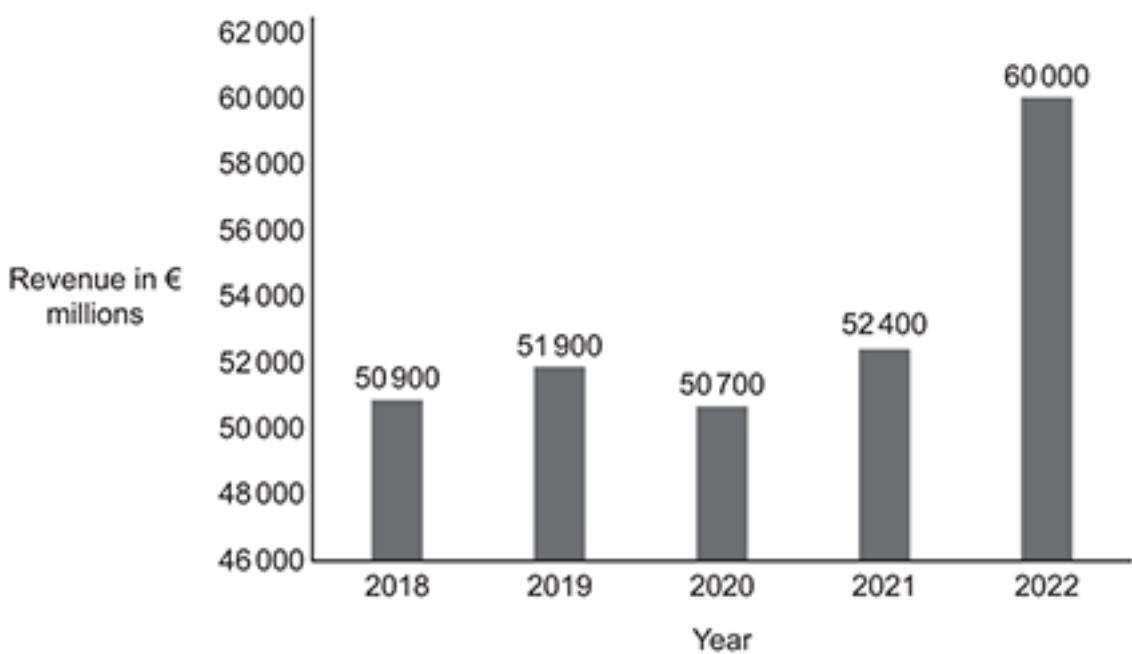


Fig. 1 Unilever plc worldwide revenue from 2018 to 2022

Identify two characteristics of flow production.

1

2

[2]

- (b) Analyse one way the marketing function impacts on the operations function of Unilever plc.

[3]

(c)

- i. Calculate Unilever plc's average revenue from 2019 to 2022.

Answer
[2]

- ii. Explain **one** way revenue affects a business' decision making.

[2]

- (d) Explain how operating in a difficult economic climate might affect a business.

[2]

(e)

- i. State what is meant by international branding.

[2]

- ii. Evaluate the benefits of international branding to Unilever plc.

[7]

The Sea View Hotel

The Sea View Hotel is a profitable hotel located near the coast. Anika and Charlie own the hotel in a business partnership. They are now considering opening a second hotel in a town further along the coast. It would cost them £1.5 million to buy the property and £0.5 million for redecoration.

To fund the £2 million expansion, the partners are considering getting a bank loan or accepting a new partner into the business. The partnership already has one bank loan but has worked out it can afford a second loan as long as the cost of borrowing does not rise too much.

If Anika and Charlie decide to take on a new partner, they would like to ask Finley, a friend of Anika's who has just returned to the UK from travelling around the world. Finley is currently unemployed but is a keen photographer and environmental campaigner.

Anika has forecasted the following revenues and costs for the proposed 25-room hotel:

- selling price: £100 a day per room
- fixed costs: £6300 per week
- variable costs: £40 a day per room.

Identify **one** reason, other than expansion, why a business needs finance.

[1]

(b)

- i. Explain why profit is important to a business' future.

[2]

- ii. Calculate the **daily** break-even quantity for the proposed hotel.

Answer rooms

[3]

- iii. Analyse one disadvantage to the partnership if the proposed hotel's fixed costs were 10% higher than expected.

[3]

[3]

- (c) Identify two uses of a cash flow forecast to a business.

1

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2

[2]

[2]

(d)

- i. Analyse one advantage to the partnership of taking on Finley as a new partner to fund the proposed hotel.

[3]

[3]

- ii. Analyse one disadvantage to the partnership of taking on Finley as a new partner to fund the proposed hotel.

[3]

- iii. Recommend whether the partnership should take on Finley as a new partner or use a bank loan to fund the proposed hotel

[3]

18(a) **Text 3**

Primark Ltd

Primark Ltd is a fashion retailer that sells clothing and homeware at prices lower than most other retailers. The company is aware of the importance of consumer law and of having low-cost suppliers.

Primark Ltd started to sell its products online in 2022. After changes in buying habits and pressure from customers, in 2022 Primark Ltd launched an online click and collect service for shoppers.

Primark Ltd is very aware of the need to have ethical suppliers. The following ethical factors are among those important to Primark Ltd:

- giving clothes a longer life by using material from sustainable sources
- encouraging its supply chain to pay a living wage and look after the health and well-being of their workers.

Identify **one** factor which can affect the quality of a business' products.

[1]

(b) Analyse one impact of consumer law on Primark Ltd.

[3]

(c) Analyse one benefit for Primark Ltd of having low-cost suppliers.

[3]

(d)

- i. Analyse **one** advantage and **one** disadvantage to Primark Ltd of offering an online click and collect service for shoppers.

Advantage

Disadvantage

[6]

- ii. Recommend whether Primark Ltd should continue to offer an online click and collect service for shoppers.

[3]

- (e) Evaluate whether Primark Ltd's use of ethical suppliers comes into conflict with its shareholders' objectives.

[9]

END OF QUESTION PAPER

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
1		A	1	1b
		Total	1	
2		A	1	2Q
		Total	1	
3		B	1	1b
		Total	1	
4		B	1	2
		Total	1	
5		C	1	1a
		Total	1	
6		A	1	<p>2Q</p> <p><u>Examiner's Comments</u></p> <p>This was the least well answered question in the whole paper. This appeared to come from a combination of weak numerate skills and a limited understanding of what is a profit margin. If the margin (which is the net profit per pound of sales revenue) falls 4.2% (4.2 pence per pound) to 2.9% (2.9 pence per pound) that equates to a fall of 1.3 pence per pound so £1.30 for each £100, giving the correct answer of A.</p> <p>Answer C was the most common wrong answer which shows a misunderstanding of how percentage change works. A fall in the net profit margin from 4.2% to 2.9% is a decrease of 31%. D was a slightly less popular answer. Although the net profit margin has fallen it remains positive, so a profit will still be made.</p>
		Total	1	
7		B	1	2 (PS)
		Total	1	
8		D	1	2
		Total	1	
9		B	1	1a
		Total	1	
10		C	1	2Q

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
		Total	1	
11		C	1	2
		Total	1	
12		C	1	2
		Total	1	
13		B	1	<p>2Q</p> <p><u>Examiner's Comments</u></p> <p>The correct answer of B was chosen by less than 40% of candidates. The question required candidates to first calculate the gross profit (£12500 - £4600) before calculating it as a percentage of the sales. Many candidates did not do this which explains the large number choosing answer A.</p> <p>Some candidates who did first calculate the gross profit ended up choosing answer D, as they incorrectly divided the gross profit figure by cost of sales rather than sales.</p>
		Total	1	

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
14		D	1	<p>2Q</p> <p><u>Examiner's Comments</u></p> <p>Only half of candidates were able to identify the correct answer as D. If an investment has an expected rate of return of 10% per annum that equates to £15000 per year, so a total profit of £45000.</p> <p>Answer A was the most popular wrong answer which suggests that the question was not carefully read by many candidates. This probably also applies to the smaller number who chose an answer of C.</p>
		Total	1	
15		C	1	2Q
		Total	1	

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
16	a	<p>Identify two characteristics of flow production.</p> <p>Answers may include:</p> <ul style="list-style-type: none"> • A business can make large quantities / in bulk • Costs of production <u>per unit</u> are lower (economies of scale) • Machinery / Automation • Very expensive <u>to initially set up</u> • Undifferentiated items / products all the same / consistent quality / specialised • Uses an assembly line • Production is continuous / can run 24/7 • Large stocks of components / raw materials may be necessary. 	2 (AO1a) ARA	<p>One mark for each correct characteristic, up to a maximum of two marks.</p> <p><i>Answers do not need to relate to Unilever</i></p> <p>No reward for comparative statements (with regards to other production methods) unless they contain a specific characteristic of flow production.</p> <p>No reward for the time it takes.</p> <p><u>Examiner's Comments</u></p> <p>Most candidates were able to identify at least one characteristic of flow production. However, a significant percentage suggested it was quicker or faster (which may or may not be true dependent on what is being produced). There were also some answers which suggested costs were high or low without being specific enough (e.g., high set up costs or low costs per unit of output).</p> <p>Some answers referred to consequences of flow production, rather than characteristics. A number of candidates appeared to have no knowledge of the term.</p> 
	b	<p>Analyse one way the marketing function impacts on the operations function of Unilever plc.</p> <p>Understanding may include:</p> <ul style="list-style-type: none"> • Advertising/promotion may take place • Price changes • New product development • Identifying new markets / market research • Using different selling methods – online & high street <p>Application may include:</p> <ul style="list-style-type: none"> • Global markets; 190 countries • Wide range of products • International brands – including Lynx, Dove, Hellmann's, Persil • Factories around the globe • Flow and batch production used 	3 (AO1b) (AO2) (AO3a)	<p>One mark for a way the marketing function may change.</p> <p><i>No further marks can be gained without understanding.</i></p> <p>One <u>further</u> mark for application to Unilever. </p> <p>One <u>further</u> mark for analysis of how marketing impacts on the operations function. </p> <p>NB: Analysis must be business-facing.</p> <p>The understanding mark is awarded for a <u>specific</u> aspect of the marketing function (no reward for general comments about 'marketing changing' or 'going well' or 'being a global business').</p> 

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
		<ul style="list-style-type: none"> • Average revenue has grown • Economic climate is difficult, adapting to changes. <p>Analysis may include:</p> <ul style="list-style-type: none"> • Changes in output / production / quantity produced. • Increase in production or production capacity. • Find new ways to produce a product • Need to invest in capital to increase / improve / enable production. <p><u>Exemplar response</u> The marketing department may increase the amount of advertising (1) for Lynx Body spray (APP). This means that operations will need to increase production to meet the changes in demand (1).</p>	ARA	<p>The analysis mark must be focused on a <u>specific</u> impact on the operations function.</p> <p><u>Examiner's Comments</u></p> <p>This question was very poorly answered with two thirds of candidates gaining no marks. This was typically due to a lack of any specific recognition of what the marketing department had to do for operations to be impacted. This meant that these answers did not achieve the understanding mark and were therefore not able to access any other marks. Many answers simply stated the business would be 'marketing the product' or would 'use marketing activities' which were too vague.</p> <p>Answers which did identify a marketing activity often did not then recognise that 'operations' was referring to the production activities of a business.</p> <p>Synoptic assessment</p> <p>Centres are reminded that, in addition to the final question, there is always one other synoptic question. It would appear that on this occasion, most candidates were not prepared for a question which required them to use something they had studied in J204/01. Very few candidates were able to identify anything that may be carried out by the marketing function of a business.</p>

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
	c i	<p>Calculate Unilever plc's average revenue from 2019 to 2022.</p> <p>Indicative content:</p> $51,900 + 50,700 + 52,400 + 60,000 = 215,000 \text{ (1)}$ $215,000 \text{m} \div 4$ <p><u>€53,750m</u> (1)</p>	2 (AO2)	<p>Two marks for correct answer (with or without workings).</p>  <p>NB: Accept an answer of 53,750.</p> <p>No reward for any answer which correctly calculates the average revenue for the wrong period.</p> <p>Examiner's Comments</p> <p>Less than half of candidates gained full marks on this question. Of the 50% who gained no marks, most did not use the correct time frame by using all five figures from 2018 to 2022, instead of the four figures from 2019 to 2022. Another common mistake was to calculate the difference between 2019 and 2022 (€8100) rather than the average.</p>
	ii	<p>Explain one way revenue affects a business' decision making.</p> <p>Answers may include:</p> <ul style="list-style-type: none"> • Price setting • Need to reduce costs • Able to increase costs • Ability to spend money on raw materials • Ability to continue to function • Entering a new market / expansion • Competing with others • Decision to remove / continue with / develop new products (or any other specific decision, e.g., to take more risky or less risky decisions). <p>Exemplar response</p> <p>It helps to decide how to price a product (1). If revenue is low, they may consider increasing prices (1).</p> <p>A business can look to expand (1) if it has lots of revenue (1).</p> <p style="text-align: right;">ARA</p>	2 (AO1b)	 <p>One mark for identifying a way revenue affects business decision making.</p>  <p>One further mark for explaining the way.</p> <p><i>Answers do not need to relate to Unilever.</i></p> <p>No reward for a definition of revenue.</p> <p>Examiner's Comments</p> <p>This was generally well answered, although some answers did not refer to specific business decisions or actions. Many candidates grasped the understanding of decision making and achieved at least one mark, though a number misunderstood the question and considered how decisions affect revenue.</p>

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
	d	<p>Explain how operating in a difficult economic climate might affect a business.</p> <p>Answers may include:</p> <ul style="list-style-type: none"> • increased unemployment / fewer jobs • reduced consumer incomes / less spending. <p>Exemplar response</p> <p>There may be increased unemployment (1). If consumer incomes fall the demand for products might fall (1).</p> <p>People may have less income (1) so demand may fall (1).</p> <p style="text-align: right;">ARA</p>	<p>2 (AO1a) (AO1b)</p>	<p>One mark for identifying knowledge about a difficult economic climate. </p> <p>One further mark for explaining how a business may be affected. </p> <p><i>Answers do not need to relate to Unilever.</i></p> <p>There must be evidence of a poor economic climate issue before any impact on a business can be rewarded.</p> <p>Accept other examples of a poor economic climate (e.g. <u>high</u> inflation, <u>low/negative</u> economic growth, <u>high</u> interest rates, etc.)</p> <p>Examiner's Comments</p> <p>This was not well answered, with less than 40% of candidates gaining any marks. 'Economic climate' is a term that was not understood by many candidates (including quite a few who thought it referred to the possible impact of climate change). There was little reference to unemployment or lack of consumer income which are the examples in the specification. Some answers had an idea of what the impact of a difficult economic climate would be but did not show any understanding of what is meant by a poor economic climate, so no marks could be credited.</p>

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
e	i	<p>State what is meant by international branding.</p> <p>Creating an image for a product (1) that is then communicated in countries all around the world (1).</p> <p>A <u>recognisable</u> brand (1) that is known worldwide (1).</p> <p>Having a logo (1) which is recognised around the globe (1).</p> <p>Promoting your product all over the world (1).</p>	<p>2 (AO1a)</p> <p>ARA</p>	<p>Two marks for a clear definition. </p> <p>One mark for a partial definition (e.g., a definition of branding <u>or</u> international marketing).</p> <p><i>Answers do not need to relate to Unilever</i></p> <p>No reward for a definition which is solely about international trade or being a multinational.</p> <p><u>Examiner's Comments</u></p> <p>This term was not well understood by most candidates. It was often confused with 'international marketing' and many answers suggested that it was the same as being a multinational or partaking in international trade. International branding has a very specific meaning which was largely misunderstood by most candidates.</p> <p>Assessment for learning</p>  <p>The two previous questions highlight the importance of ensuring that candidates are familiar with the specialised subject terms mentioned in the specification. Without this basic knowledge, candidates will be unable to show any higher order skills.</p>

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
	ii	<p>Evaluate the benefits of international branding to Unilever plc.</p> <p>Application may include:</p> <ul style="list-style-type: none"> • Multinational company; 190 countries • Products include Lynx, Dove, Hellmann's, Ben & Jerry's, Persil • Sells a wide range of quality products • Factories around the globe • Economic climate <u>is difficult</u> • Worldwide revenue high and increasing since 2020. <p>Analysis may include:</p> <ul style="list-style-type: none"> • Operating in many more countries may increase sales / profits. • Develop a global brand that is recognisable in every country to build customer loyalty or increase sales / profits. • Allows development of a larger range of products • The brand / reputation can provide a competitive advantage • More businesses may be wanting to set up partnerships or joint ventures. • Able to focus on countries where the economy is strong at that time. <p>Evaluation may include:</p> <ul style="list-style-type: none"> • The particular importance for a global business. • The relative influence of different factors, e.g., despite strong international brands, if consumer incomes reduce around the world Unilever profit levels will go down and lead to cost cutting such as redundancies. • Having strong international brands is very important to the growth of Unilever in terms of sales/profit but so is the range and quality of products they provide. <p>Exemplar response</p> <p>Unilever has a range of global brands that are familiar in the 190 countries (APP) they operate in. By having an international brand Unilever can use the same advertising across the globe to increase demand (AN).</p>	7 (AO2) (AO3a) (AO3b)	<p>Use marking grid to assess skill levels.</p> <p>Annotate as:</p> <p>Up to two marks for application to Unilever APP</p> <p>Up to two marks for analysis AN</p> <p>Up to three marks for evaluation EVAL</p> <p>NB: Context must be <u>used</u> to be awarded as application.</p> <p>NB: Analysis must be business facing impact.</p> <p>For strong evaluation i.e., the full three marks, the evaluation must be contextual.</p> <p>No reward for answers about being a multinational.</p> <p>No reward for disadvantages/drawbacks of international branding, unless it is part of evaluation.</p> <p>Examiner's Comments</p> <p>As a result of many candidates not really knowing what this term meant, it was unsurprising that many gained only 2 or 3 marks in total. Many answers wrongly referred to the benefits of being an MNC or confused international branding with international trade.</p> <p>A number of candidates repeated analytical comments, such as 'leads to higher sales' rather than developing this to include, for example, a reference to brand loyalty. Application was also noticeably weak in many answers. Some candidates gave a counter argument by considering the disadvantages of international branding, which was not required in this question. There were also misconceptions about changing products to suit different countries or cultures.</p> <p>Better answers were seen, with some very good analysis, although these answers still often lacked any evaluation, other than a</p>

Mark Scheme

Question		Answer/Indicative content		Marks	Guidance															
		<p>By having a marketing campaign that runs around the globe for its products like Ben and Jerry's ice cream (APP), marketing costs can be kept down (AN).</p> <p>I think international branding does have many benefits for Unilever (EVAL) because they are able to save on advertising costs through economies of scale (EVAL) which increase the profit margins on those branded products like Persil and Lynx (EVAL)</p>			<p>basic statement about international branding be important (see Exemplar 1).</p> <p>Exemplar 1</p> <p><i>one benefit of international branding could be that the business has has access to more markets. For example, the case study states that Unilever sells their products across 110 countries. This could impact Unilever because they could target different markets for different products (e.g. Persil washing machine detergent to adults) which could lead to an increase in customers and revenue, which could lead to an increase in profit.</i></p> <p><i>Another benefit could be that they can sell in countries where the economy is best for them the business. For example, the case study states that the economic climate is becoming more difficult, so Unilever could produce less expensive products, or start selling in a country with a more beneficial economy for Unilever.</i></p> <p><i>Overall, I think it's most beneficial that Unilever can access more markets. For example, if one product's sales start to go into decline, they could target a different market as an extension strategy. This could affect Unilever because they could increase revenue, which could lead to an increase in sales.</i></p> <p>This is one of the few examples seen by the examining team of an answer which scored most of the marks. In the first two paragraphs it clearly sets out two benefits (two are enough, as there are only two marks for both AO2 and AO3a) which make use of the context, so that both application and analysis marks could be credited.</p> <p>Unlike many 'better' answers, this does then make an attempt to evaluate in the final paragraph. A simple statement that it is beneficial gains the first evaluation mark. This is then supported to gain the second evaluation mark. Although this justification is quite weak, as it repeats analysis of what came before, it was felt to be just enough to gain the second evaluation mark. However, to be awarded all the evaluation marks, the evaluation must be applied to the context. This requires some reference to the context as part of the evaluation. For example, reference could have been made in the final paragraph to how having products as diverse as Dove soap and Ben & Jerry's ice cream makes targeting markets at different stages easy for Unilever.</p> <p>Misconception</p>															
		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>Application (2 marks)</th> <th>Analysis (2 marks)</th> <th>Evaluation (3 marks)</th> </tr> </thead> <tbody> <tr> <td>Strong</td> <td>2 marks Two uses of context in relation to the benefits of international branding</td> <td>2 marks Two different (business-facing) benefits of international branding [AN] [AN]</td> <td>3 marks A justified contextual judgement about the benefits to Unilever of international branding. [EVAL] [EVAL] [EVAL]</td> </tr> <tr> <td>Good</td> <td>[APP] [APP]</td> <td></td> <td>2 marks A justified judgement about the benefits of international branding. [EVAL]</td> </tr> <tr> <td>Limited</td> <td>1 mark One use of context in relation to the</td> <td>1 mark One (business-facing) benefit of international branding</td> <td>1 mark A decision about the importance of international branding.</td> </tr> </tbody> </table>		Application (2 marks)	Analysis (2 marks)	Evaluation (3 marks)	Strong	2 marks Two uses of context in relation to the benefits of international branding	2 marks Two different (business-facing) benefits of international branding [AN] [AN]	3 marks A justified contextual judgement about the benefits to Unilever of international branding. [EVAL] [EVAL] [EVAL]	Good	[APP] [APP]		2 marks A justified judgement about the benefits of international branding. [EVAL]	Limited	1 mark One use of context in relation to the	1 mark One (business-facing) benefit of international branding	1 mark A decision about the importance of international branding.		
	Application (2 marks)	Analysis (2 marks)	Evaluation (3 marks)																	
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Limited	1 mark One use of context in relation to the	1 mark One (business-facing) benefit of international branding	1 mark A decision about the importance of international branding.																	

Mark Scheme

Question		Answer/Indicative content			Marks	Guidance
		benefits of international branding [APP]	[AN]	[EVAL]		 <p>International branding, international trade, international marketing, and multinational companies are not inter-changeable terms. This confusion has been seen from many candidates in the last two examination sessions. Centres need to ensure that these are understood by candidates as clearly separate concepts.</p>
		Total			20	

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
17	a	<p>Identify one reason, other than expansion, why a business needs finance.</p> <p>Answers may include:</p> <ul style="list-style-type: none"> • Cash flow (day-to-day operations, such as buying raw materials or paying staff) • Establishing a <u>new</u> business • Recruitment costs • Develop new products • Develop marketing activities • Pay back any previous debt • To prevent it going bankrupt / help it survive. 	1 (AO1a) ARA	<p>One mark for a correct reason. </p> <p><i>Answers do not need to relate to The Sea View Hotel.</i></p> <p>No reward for any answer linked to expansion or growth (e.g. buying a new hotel).</p> <p><u>Examiner's Comments</u></p> <p>The vast majority of candidates gained this mark. Paying for salaries and raw materials were most common answers. Some answers were linked to growth, even though the question excluded this.</p> <p>Some candidates answered the question as if it was asking about the need for a finance department, rather than finance, per se.</p>
b	i	<p>Explain why profit is important to a business' future.</p> <p>Answers may include:</p> <ul style="list-style-type: none"> • To see if the business has improved on last year (1) by using profitability ratios (1) • To compare performance against competitors (1) by using profitability ratios (1) • No need to seek out other finance (1) which could be expensive (1) • To pay dividends (1) which keep shareholders happy (1) • To help to repay a loan / debt (1) so that costs fall (1) • Buy new equipment and buildings (1) to replace worn out items (1) • To help expansion (1) by opening new stores (1) • Attract new investors (1) so that the business can expand (1) • Develop new products (1) to allow more profit to be made in the future (1). 	2 (AO1a) (AO1b) ARA	<p>One mark for identifying why profit is important, plus one further mark for understanding. </p> <p><i>Answers do not need to relate to The Sea View Hotel.</i></p> <p>Understanding may come from how or why the profit allows the benefit or an explanation/example of the benefit itself.</p> <p>No reward for a definition of profit.</p> <p>No reward for answers about allowing the business to survive.</p> <p><u>Examiner's Comments</u></p> <p>Most candidates achieved at least one mark, with expansion or growth being a popular answer. To pay off debts/loans and the developing of new products were also common answers. Some answers were linked to survival (which showed a confusion between profit and cash/revenue). Although a clear majority of candidates were able to identify a reason for profit being important, many did not support their answer with a relevant explanation.</p>

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
	ii	<p>Calculate the daily break-even quantity for the proposed hotel.</p> <p>SP- VC = Contribution $100 - 40 = 60$ (1)</p> <p>FC/7 days $6300/7 = 900$ (1)</p> <p>Daily break-even = $900/60 = \underline{15}$ (1) [OFR]</p> <p><u>Alternative method</u> <i>Contribution = 60</i> (1) <i>Annual break-even = $6300/60 = 105$</i> (1) <i>Daily break-even = $105/7 = \underline{15}$</i> (1) [OFR]</p>	3 (AO2)	<p>Three marks for correct answer (with or without workings). </p> <p>No reward for the formula</p> <p>One mark for contribution calculation One mark for fixed cost calculation One mark for correct answer of 15 rooms</p> <p>A total of two marks for not dividing the weekly fixed costs by 7. (e.g., $6300/60 = 105$) (2).</p> <p>NB: Maximum of two marks for an answer with the wrong units (e.g. £).</p> <p>Examiner's Comments</p> <p>There was a clear distinction between candidates who were confident with the formula for break-even and others who did not make an attempt to answer the question (nearly 10%). Even though the word 'daily' was emboldened in the question, a significant number of candidates completed a partial calculation, resulting in an answer of 105 rooms which only gained 2 marks.</p>

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
	iii	<p>Analyse one disadvantage to the partnership if the proposed hotel's fixed costs were 10% higher than expected.</p> <p>Understanding may include:</p> <ul style="list-style-type: none"> • Could lead to lower profits (or a loss) • Could lead to price increases • Less money available for other needs (e.g. day-to-day running of the hotel) • Increases (harder to reach) the break-even level of output (less able to cover the costs). <p>Application may include:</p> <ul style="list-style-type: none"> • Fixed costs of £6300 a week • Increase of £630 a week / to £6930 / £90 more per day • Variable costs of £40 a day • Selling price is £100 per room • £0.5m for redecoration of new hotel • £1.5m for purchase of new hotel • 25 rooms in new hotel • Break-even is currently 15 per day (105 per week) [OFR from Q17bii] • Break-even will increase to 17 per day (119 per week) • Existing bank loan. <p>Analysis may include:</p> <ul style="list-style-type: none"> • Need to fill more rooms to cover the extra costs. • May reduce customer demand (if price has increased) • Decisions on new equipment or expansion may need to be postponed. • Share of the profits could be reduced for the owners. • May put off investors/new partner into the partnership. • May not be able to keep up with the competition. • May lead to business debts or a need for more finance. <p>Exemplar response If the fixed costs increased to £6930 (APP) the hotel makes less profit (1). This may make it difficult to attract new investors (1).</p>	3 (AO1b) (AO2) (AO3a)	<p>One mark for a disadvantage of having costs that may be higher than expected.</p> <p><i>No further marks can be gained without understanding.</i></p> <p>One <u>further</u> mark for application to the Sea View Hotel partnership. APP</p> <p>One <u>further</u> mark for an analysis of the disadvantage to a business of higher costs. ✓</p> <p>NB: Analysis must be business-facing.</p> <p>No reward for 'costs will increase'.</p> <p>No application marks for context about the <u>current</u> hotel (e.g. it is a profitable hotel).</p> <p>No reward for answers which suggest an implication on the stress levels of the owners.</p> <p>Examiner's Comments</p> <p>Following on from earlier comments about not showing understanding in an answer, this was another question where the lack of any clear understanding often prevented subsequent application and analysis from being credited.</p> <p>Better answers generally showed understanding related to profit or break-even, applied to the numbers available, and with an impact on the need to sell more rooms. This sort of full mark answer could be written in a sentence or two. Some analytical answers did not include any application.</p>

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
	c	<p>Identify two uses of a cash flow forecast to a business.</p> <p>Answers may include:</p> <ul style="list-style-type: none"> • A planning tool (e.g. estimating inflows or outflows) • Anticipate periods of cash shortages (negative cash flow) • Enable remedies to be put in place • Help with budgeting • <u>Identify or arrange</u> an overdraft / funding • Provide targets. 	<p>2 (AO1a)</p> <p>ARA</p>	<p>One mark for each correct use of a cash flow forecast, up to a maximum of two marks.</p> <p>No reward for answers about profit, loss, break-even, costs, spending money, etc.</p> <p>Examiner's Comments</p> <p>This question about cash flow was poorly answered, with nearly half of candidates gaining no marks.</p> <p>The most common correct answers were about the role in planning or anticipating periods of cash shortages. The most common wrong answers were to do with being able to calculate profit and loss, or break-even.</p> <p>Misconception</p>  <p>It continues to be the case that at this level of study candidates are very unclear about the distinction between cash, revenue, and profit. Centres need to ensure that candidates are familiar with this vitally important distinction.</p>

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
	d i	<p>Analyse one advantage to the partnership of taking on Finley as a new partner to fund the proposed hotel.</p> <p>Understanding may include:</p> <ul style="list-style-type: none"> • New skills introduced • A long-term source of finance • Injection of finance / no cost to raise finance. <p>Application may include:</p> <ul style="list-style-type: none"> • Currently a profitable hotel • £2m cost of expansion • Already have a loan • Concerns about the cost of borrowing increasing • Considering getting a bank loan • Friend of Anika • Has been travelling around the world • Photographer / Environmental campaigner. <p>Analysis may include:</p> <ul style="list-style-type: none"> • Will support cash flow therefore reduction in risk. • Frees up other money they may have to spend on current hotel. • May not need to borrow money from the bank. • The new hotel development can get started sooner. • Lenders may be willing to lend as now more partners. • Impact on reputation / success of business. <p>Exemplar response Taking on a new partner would be a cost-free option (1) to raise £2m (APP) for the development. Not needing to pay interest on this finance saves them money which can now be spent on the hotel (1).</p> <p style="text-align: right;">ARA</p>	3 (AO1b) (AO2) (AO3a)	<p>One mark for an advantage of taking on a partner. </p> <p><i>No further marks can be gained without understanding.</i></p> <p>One <u>further</u> mark for application to Sea View Hotel. </p> <p>One <u>further</u> mark for analysis of the advantage to a business of taking on a partner. </p> <p>NB: Analysis must be business-facing.</p>
	ii	<p>Analyse one disadvantage to the partnership of taking on Finley as a new partner to fund the proposed hotel.</p> <p>Understanding may include:</p> <ul style="list-style-type: none"> • Decision making longer 	3 (AO1b) (AO2) (AO3a)	<p>One mark for a disadvantage of taking on a partner. </p> <p><i>No further marks can be gained without understanding.</i></p> <p>One <u>further</u> mark for application to</p>

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
		<ul style="list-style-type: none"> • Loss of control for the current partnership • May not have the skills needed to help partnership • Will need to split income/profit three ways • May not have enough money for the investment. <p>Application may include:</p> <ul style="list-style-type: none"> • Currently profitable • £2m cost of expansion • Already have a loan • Can afford another loan <i>if</i> costs do not increase • Friend of Anika • Has been travelling around the world • Currently unemployed; photographer; environmental campaigner. <p>Analysis may include:</p> <ul style="list-style-type: none"> • Decision making longer which may mean delays / arguments as to how the hotel should look and operate • May cause conflict as Finley is a friend of Anika • May lead to less profit/success as his skills are not relevant • May need to raise money from other sources if Finley does not have £2m to invest? <p>Exemplar response It may mean that it takes longer to make decisions (1) especially as Finley may not have the skills needed as he is a photographer (APP). This could delay the development of the hotel. (1)</p>	ARA	<p>Sea View Hotel. APP</p> <p>One <u>further</u> mark for analysis of the disadvantage to a business of taking on a new partner. ✓</p> <p>NB: Analysis must be business-facing.</p> <p>Examiner's Comments</p> <p>Candidates responded to these two questions quite well and demonstrated good application to the case study. Many candidates focused on Finley's skill, or lack of, being useful in the partnership to help with marketing, but him not having any actual experience of running a hotel. Answers for the advantage were highly polarised, as many weaker answers were just reworded from the question or considered issues that were not relevant to funding the hotel (this was not a question about the pros and cons of operating as a partnership). However, there were some excellent full mark answers which often recognised the benefits of not having to take out a second bank loan.</p> <p>Answers about the disadvantage more consistently gained 1 or 2 marks. This was often due to answers considering Finley's employment status and a possible lack of funds but not then analysing the impact of this <u>for the business</u>. Also, some candidates wrote about Finley being a member of staff, so that he needed paying, which again showed a misunderstanding of how a partnership operates. Many understood that a disadvantage would be that profit would now have to be split three ways but could not form any analysis from this point. Often, candidates wrote that this would mean there was less profit available to reinvest which would not be the case – it will just be split in more ways if it is not reinvested.</p>

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
	iii	<p>Recommend whether the partnership should take on Finley as a new partner or use a bank loan to fund the proposed hotel.</p> <p>A full answer needs a supported judgement as to which option is MORE APPROPRIATE.</p> <p>Justification can be made using any combination of features/advantages/disadvantages so long as a comparison is being made (i.e. a link between them as opposed to separate points).</p> <p><u>Exemplar responses</u></p> <p>I think that Anika and Charlie should take out a bank loan (1). This will get them the £2m they need to develop the new hotel straight away (CONT) which may be preferable to taking on a partner who may not have enough money on his own (+2).</p> <p>The bank loan is a better option (1) as this will mean that the current owners will not have to dilute their ownership of the business whereas if they take on Finley, they will need to let him have a share of the profits (+1). <i>[A comparison answer but no use of context.]</i></p> <p>I recommend they take on Finley as a new partner (1). It could help them gain interest free finance and bring in new ideas to the business. Finley has just returned from travelling the world so would have useful experience. <i>[No comparison with taking out a bank loan so 1 mark is the maximum which can be awarded.]</i></p> <p style="text-align: right;">ARA</p>	3 (AO3b)	<p>One mark for a clear judgement whether they should take on a new partner or use a bank loan. </p> <p>Plus Two <u>further</u> marks for a contextual justification of whether the business should take on Finley or use a bank loan.   <i>Double tick</i></p> <p>or</p> <p>One <u>further</u> mark for a non-contextual justification of whether the business should take on Finley or use a bank loan.  <i>Single tick</i></p> <p>NB: Context, rather than application, required for full marks.</p> <p>NB: Justification is why one method is BETTER THAN the other for the business (rather than just good for business). A comparison is required; therefore, the response must cover both methods to gain a mark for justification. i.e. one method compared with rejected option (even if the comparative justification for the rejected option is basic e.g. 'cannot do ...' or 'does not allow ...').</p> <p>NB: If two separate points are made i.e. one about Finley and one about a bank loan, there must be a comparative link i.e. both about risk (accept riskier than), both about cost (accept cheaper than), etc.</p> <p><u>Examiner's Comments</u></p> <p>More than 90% were able to recommend either taking on Finley as a partner or using a bank loan. However, about half of these responses did not go any further in their evaluation as they did not compare the two options - some candidates just repeated responses from their previous two answers, so offered nothing additional to their evaluation.</p>

Mark Scheme

Question	Answer/Indicative content	Marks	Guidance
			<p>When a question asks for a choice between two options, to achieve more than 1 mark an answer must make a clear <u>comparative</u> decision. An answer which only considers the option chosen cannot gain 2 or 3 marks. This is clearly explained, with examples, in the published mark scheme.</p> <p>Exemplar 2</p> <p><u>Anita and Charlie should use a bank loan for the hotel expansion as Finley is unable to contribute finance as he is unemployed. Whereas the bank loan has finance available which would result in the second hotel being finished quicker. As a result Anita and Charlie would be able to pay back the bank loan quicker, hopefully avoiding the rising borrowing costs.</u></p> <p>This exemplar clearly shows what is required to gain full marks when asked for a comparative decision. The answer gains a mark in the first two lines for simply making the choice (the bank loan) – this is something which all candidates should be able to achieve. The answer then very succinctly says why this is the best option <u>rather than taking on Finley as a partner</u>. The candidate has recognised that Finley is unlikely to have a spare £2m given what we know about him, but a bank loan is already available (we are told in the context this is unlikely to be a problem) so the hotel could be built sooner.</p> <p>It is key to recognise that in this question the examiners are looking for context for what is effectively the third mark. In other words, it is the use of the evidence (embedding it into the answer) rather than quoting it as part of the answer. This is why repeating what a candidate has written in the previous two answers will not be awarded any marks in this question.</p>
	Total	20	

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
18	a	<p>Identify one factor which can affect the quality of a business' products.</p> <p>Answers may include:</p> <ul style="list-style-type: none"> • Quality of supplies / raw materials used • Employees experience / skill / motivation / training • Production method used • Use of technology • Use of quality control methods • Legislation. 	1 (AO1a)	<p>One mark for a correct factor. </p> <p>Answers may consider what will help improve quality <u>or</u> make it less good.</p> <p>No reward for a definition of quality (e.g., fit for purpose).</p> <p>No reward for assuming that 'low cost' means low quality.</p> <p>Examiner's Comments</p> <p>This was answered correctly by nearly two thirds of candidates. Those who did not gain the mark often gave vague answers, such as 'suppliers', rather than clarifying it was the quality of the supplies which was the issue. There were also a lot of candidates who wrongly suggested it was the cost of the raw materials, rather than the quality of them, which would be the limiting factor – surprising given the context being about Primark.</p>
	b	<p>Analyse one impact of consumer law on Primark Ltd</p> <p>Understanding may include:</p> <ul style="list-style-type: none"> • Satisfactory quality / fit for purpose / as described • Products meet the standard set • Aims to protect consumers • <u>Need to comply</u> with the law (or an example of a specific piece of consumer law). <p>Application may include:</p> <ul style="list-style-type: none"> • A fashion retailer • Sells clothing and homeware • Low-cost suppliers • Prices <u>lower than most retailers</u> • Selling online • Clothes made using material from sustainable sources. <p>Analysis may include:</p> <ul style="list-style-type: none"> • Higher costs: finance needed • Need to implement quality assurance or use better raw materials • Helps to improve the quality of goods / 	3 (AO1b) (AO2) (AO3a)	<p>One mark for understanding of consumer law. </p> <p><i>No further marks can be gained without understanding.</i></p> <p>One <u>further</u> mark for application to Primark. </p> <p>One <u>further</u> mark for analysis of an impact on a business of consumer law. </p> <p>No reward for issues that are ethical rather than a legal requirement.</p> <p>Examiner's Comments</p> <p>This question was not well answered and had a high omit rate, suggesting that many candidates were not familiar with the topic of consumer law. The best answers, only seen from one in five candidates, clearly knew about consumer law, with many citing the need for products to be 'fit for purpose' or of 'satisfactory quality'. These answers went on to consider the impact of this on the costs of quality assurance or</p>

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
		<p>products will be of a good standard</p> <ul style="list-style-type: none"> • Potential for returns which leads to loss of time and reduce profit • Not making products fit for purpose can negatively affect reputation / sales / profits • Financial impact (fines) of not complying with the law. <p><u>Exemplar response</u> If Primark Ltd sells some of its clothing and homeware products (APP) which are 'not as described' (1) it could get lots of returned goods. (1)</p>	ARA	<p>the need for refunds which is specially an issue when the business is trying to price at a level lower than most retailers.</p> <p>At the other extreme, many candidates did not understand consumer law and mixed it up with employment law (many referred to employee rights, fair pay, or working conditions) or ethical considerations. These candidates could not be credited with any marks, despite having application and analysis, due to not specifying any correct understanding (see Exemplar 3).</p> <p>Exemplar 3</p> <p><i>One impact of consumer law to Primark is paying workers a fair wage. From the text, I know that Primark sells its clothes at cheaper prices than most retailers, yet they must still make a profit. They must make sure that yes they are keeping both variable and fixed costs low, but must still be paying minimum wage to employees whilst selling at a fair price. (P)</i></p> <p>This candidate starts off by using the payment of a fair wage as their attempt at understanding of consumer law. However, paying a fair wage is an ethical issue. Although this answer goes on to correctly analyse that this would lead to higher costs for Primark, with application by referring to selling "at cheaper prices than most retailers" no marks can be awarded. As the mark scheme on all similar questions makes clear, "no further marks can be gained without understanding".</p>

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
	c	<p>Analyse one benefit for Primark Ltd of having low-cost suppliers.</p> <p>Understanding may include:</p> <ul style="list-style-type: none"> • Can pay less for raw materials (variable costs) • Help to keep prices low • Allows a business to buy in bulk • Will reduce break-even level of output • More money available for other parts of the business. <p>Application may include:</p> <ul style="list-style-type: none"> • Range of products, including clothing and homeware • Prices <u>lower than most retailers</u> • Selling online • Click and collect service • Aware of need for ethical suppliers • Clothes made using material from sustainable sources. <p>Analysis may include:</p> <ul style="list-style-type: none"> • To increase sales • Help maintain market share • Help to compete with other firms • Can maintain / increase profit margins (profitability) <p>Exemplar response Primark can keep prices low (1). As it aims to have prices lower than other retailers (APP) this will help to increase its market share (1).</p>	3 (AO1b) (AO2) (AO3a)	<p>One mark for a benefit of having low-cost suppliers. </p> <p><i>No further marks can be gained without understanding.</i></p> <p>One <u>further</u> mark for application to Primark. </p> <p>One <u>further</u> mark for analysis of the benefit of having low-cost suppliers for a business. </p> <p>NB: Analysis must be business-facing.</p> <p>No reward for only stating 'low costs' or 'costs will be lower'.</p> <p>Examiner's Comments</p> <p>This question was generally answered well with about 60% of candidates gaining 2 or 3 marks. Most candidates were able to demonstrate understanding, usually by stating that it helps to keep prices lower, or the business can pay less for raw materials, with a link to an impact on the business, such as higher sales or profits, with relevant application.</p> <p>As with the previous question, many candidates did not clearly state a benefit, often only mentioning 'low cost' in their answer and so did not gain the understanding mark, resulting in no marks being awarded. Some candidates thought low-cost suppliers would allow the business to raise their prices which shows a lack of understanding about what they have been told about Primark.</p>

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
d	i	<p>Analyse one advantage and one disadvantage to Primark Ltd of offering an online click and collect service for shoppers.</p> <p>Application may include:</p> <ul style="list-style-type: none"> • A fashion retailer • Lower prices than most other retailers • Low-cost suppliers • Changes in buying habits • Only started selling online in 2022 • Pressure from customers for online buying • Ethical factors are important • Clothing and homeware. <p><u>Advantages of offering click and collect service</u></p> <p>Understanding may include:</p> <ul style="list-style-type: none"> • Sell to more people / products • Open 24/7 for orders • Professional website adds to brand image • Save money on delivery <u>to customers' homes</u>. <p>Analysis may include:</p> <ul style="list-style-type: none"> • Primark is ‘coming into line’ with competitors hence this should boost revenue. • Increase or maintain market share / competitiveness. • More online presence leading to more awareness of the brand by customers. <p><u>Disadvantages of offering click and collect service.</u></p> <p>Understanding may include:</p> <ul style="list-style-type: none"> • Increased costs (e.g., for staffing or website management) • Increased levels of returns / refunds • Reduced chance of impulse purchases • More competition online • Keeping customer data safe online • Keeping up with advances in technology / possible failures in technology • Still need to arrange a collection service – no delivery to customer. <p>Analysis may include:</p>	6 (AO1b) (AO2) (AO3a)	<p>Advantage One mark for an advantage of offering an online click and collect service. </p> <p><i>No further marks can be gained without understanding.</i></p> <p>One further mark for application to Primark. </p> <p>One further mark for analysis of the given advantage for a business. </p> <p>NB: Analysis must be business-facing.</p> <p>NB: The advantage must be for Primark Ltd (and not other stakeholders, such as customers).</p> <p>No reward for a basic answer of ‘make more profit’ – it needs to be linked with higher revenue or competitiveness.</p> <p>Disadvantage One mark for a disadvantage of offering an online click and collect service. </p> <p><i>No further marks can be gained without understanding.</i></p> <p>One further mark for application to Primark. </p> <p>One further mark for analysis of the given disadvantage for a business. </p> <p>NB: Analysis must be business-facing.</p> <p>NB: The disadvantage must be for Primark Ltd (and not other stakeholders, such as customers).</p> <p>No reward for ‘customers may not want (or be able) to buy online’ – they can still go to the retail store.</p> <p>Examiner’s Comments</p> <p>As with Question 16, it is detrimental to the total mark gained by a candidate when they do not score many marks on a high-</p>

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
		<ul style="list-style-type: none"> • Competitors can see what Primark are doing more easily and compete better against them • May lead to lower sales / profits / productivity • May be fined / bad publicity if data is not kept safely • Primark still need expensive stores on the high street • May affect spending in other areas of the business. <p><u>Exemplar response</u></p> <p>One advantage is that more people can access the website 24/7 (1) which is what customers want due to changes in buying habits (APP). This may lead to an increase in market share (1).</p> <p>One disadvantage is that they have only started selling online in 2022 (APP) so would need new staff to handle the orders which would increase costs (1) and may lead to a reduction in profit margins (1).</p> <p style="text-align: right;">ARA</p>		<p>tariff question. Less than a quarter of candidates gained 4 or more marks on this question and a similar number scored no marks. Low mark answers were often caused by candidates writing their answer from the customer's point of view, rather than Primark's. For example, there were often references to customers being unable to leave home to shop in store (so surely, they would not have been shopping at Primark in the first place). A significant number of answers considered the advantages and disadvantages of delivering to the customer although that is not the service that Primark is offering.</p> <p>Better answers usually referred to the benefits of being able to take orders 24/7 but with the costs of having to operate a web-based service and the potential loss of instore impulse purchases.</p>

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
	ii	<p>Recommend whether Primark Ltd should continue to offer an online click and collect service for shoppers.</p> <p>A full answer needs a supported judgement based on the context.</p> <p>Justification can be made using any combination of features/advantages/disadvantages so long as the decision is supported.</p> <p>Exemplar responses</p> <p>Primark should continue to offer a click and collect service in their stores (1). If it stops then it may lose customers who have got used to ordering online, as people have changed the way they buy (CONT). (+2)</p> <p>Primark should continue to offer a click and collect service in their stores (1). If it stops then it may lose customers who have got used to ordering online. (+1)</p> <p style="text-align: right;">ARA</p>	<p>3 (AO3b)</p>	<p>One mark for a judgement whether Primark should or not continue to offer a click and collect service. </p> <p>Plus Two <u>further</u> marks for a contextual justification of whether Primark should or not continue to offer a click and collect service.   <i>Double tick</i></p> <p>or</p> <p>One <u>further</u> mark for a non-contextual justification of whether Primark should or not continue to offer a click and collect service.  <i>Single tick</i></p> <p>NB: Context, rather than application, required for full marks.</p> <p>To justify any decision, candidates need to do more than consider points which are a repetition or extension of advantages/disadvantages of providing a click and collect service.</p> <p>Examiner's Comments</p> <p>Most candidates were able to recommend whether to continue or not with the click and collect service but could not then adequately justify their decision. Often this justification was from the point of view of the customer, rather than Primark.</p> <p>Less than a quarter of candidates gained full marks, often by suggesting that otherwise Primark would lose out on customers who have recently changed their buying habits. As with Question 17diii, it is use of the context, rather than simple application, which the examiners are looking for in this question. This required the evidence from the text to be used, rather than repeated, to help support any justification.</p>

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
e		<p>Evaluate whether Primark Ltd's use of ethical suppliers comes into conflict with its shareholders' objectives.</p> <p>Knowledge may include:</p> <ul style="list-style-type: none"> • Ethics focuses on doing what is right or wrong. <p>Understanding may include:</p> <ul style="list-style-type: none"> • Pay suppliers a fair and appropriate amount • Using fair trade suppliers • Treat their workers well (no reward for legal requirements) • Using sustainable resources. <p>Application may include: Reference to the context of a <u>shareholder</u> objective.</p> <ul style="list-style-type: none"> • Profits / profitability • Growth of the business • Reputation of the business • Share price/value (market capitalisation) • Dividends. <p>Analysis may include (and may occur simultaneously with application):</p> <ul style="list-style-type: none"> • Higher costs will lead to lower profits • Decreased profits mean less dividends for shareholders • May increase the price of the clothes for customers which they do not like, and Primark could lose share value. <p>Evaluation may include:</p> <ul style="list-style-type: none"> • Primark's ethical supply chain will/will not come into conflict with the owners' objectives • Other factors may be more important • Other things may conflict with the shareholder's objectives like providing a good service • Consideration of short-term costs verses long-term benefits • A judgement about why a particular shareholder objective is most affected. <p><u>Exemplar response</u> Being ethical is doing what is right and</p>	9 (AO1a) (AO1b) (AO2) (AO3a) (AO3b)	<p>Use marking grid to assess skill levels.</p> <p>Annotate as: One mark for knowledge of ethics K</p> <p>One mark for understanding of ethics U</p> <p>Up to two marks for synoptic application* APP</p> <p>Up to two marks for analysis AN</p> <p>Up to three marks for evaluation EVAL</p> <p>*Application refers to synoptic application only.</p> <p>No reward for general <u>stakeholder</u> objectives.</p> <p>No reward for environmental considerations.</p> <hr/> <p>Knowledge – what is ethics?</p> <p>Understanding – an example of ethical behaviour or why it is followed.</p> <p>Application – examples of <u>shareholder</u> objectives (not application to Primark).</p> <p>Analysis – how the use of ethical suppliers will affect (positive or negative) a <u>shareholder</u> objective.</p> <p>Evaluation – the decision must be explicit for 1 mark. For two marks there must be a valid justification. For strong evaluation i.e., the full three marks, the evaluation must be contextual to Primark.</p> <p><u>Examiner's Comments</u></p> <p>There was a wide range of answers seen for this final synoptic question, although the first thing to note is the high omit rate. About one in six candidates did not attempt this question. This was most often seen in scripts where a candidate had also missed out many (or all) questions in</p>

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		wrong (K). This can be choosing a supplier who is fair trade (U).	Shareholders will want Primark to make a profit (APP) but ethical suppliers may charge more, increasing costs and reducing profits (AN).	They may also want Primark to grow (APP). This growth might be slower if they choose suppliers who cost more and reduce the profit available for growth (AN).	Primark's ethical supply chain will come into conflict with shareholder objectives (EVAL). Any increase in costs may force prices up so that customers go to competitors who are now relatively less expensive (EVAL). As Primark's key focus is low prices (CONT) it could affect profits, so dividends paid to its shareholders may fall. (EVAL)		<p>Section B, so it appeared to be due to a lack of knowledge (or unwillingness to tackle a longer question) rather than any time constraints.</p> <p>Only 10% of answers contained any specific knowledge about what is meant by ethics, although about half of answers were able to provide a suitable example of ethical behaviour (e.g., sustainable materials, or fair treatment and wellbeing of workers) to gain the mark for understanding. A similar number then identified the objectives of shareholders but did not always link them to the use of ethical suppliers by Primark. There was some confusion over who the ethical supplier was (some thought this referred to Primark). Some candidates interchanged the words shareholders and stakeholders; in some cases, an answer was solely about stakeholders other than the shareholders which gained very little reward. Many candidates did not know any shareholder objectives (e.g., profit or growth) and listed items from the text as objectives instead. Most weaker answers did not make any attempt to evaluate, or missed the point of the question by considering whether Primark should continue using ethical suppliers, rather than whether it conflicted with shareholders' objectives.</p> <p>A small number of very strong, well written answers discussed how profits, dividends, or return on investment for the shareholders may be positively or negatively affected by using ethical suppliers. These candidates went on to make a thoughtful decision that there was no conflict for Primark to continue using ethical suppliers, as even though they were wanting to sell at a price below rivals, customers now expect ethical behaviour from high street retailers. Without this, the profits and reputation of the business may be seriously damaged.</p>										
		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Knowledge (1 mark)</th> <th style="width: 15%;">Understanding (1 mark)</th> <th style="width: 15%;">Application (2 marks)</th> <th style="width: 15%;">Analysis (2 marks)</th> <th style="width: 15%;">Evaluation (3 marks)</th> </tr> </thead> <tbody> <tr> <td>Strong mark</td> <td>1 mark</td> <td>Understanding of ethics [U]</td> <td>2 marks Two examples of shareholder objectives [APP]</td> <td>2 marks Two business-facing pieces of analysis which show how two different shareholder objectives are af</td> <td>3 marks A justified contextual judgement about whether ethical objectives come into conflict with shareholder objectives.</td> </tr> </tbody> </table>	Knowledge (1 mark)	Understanding (1 mark)	Application (2 marks)	Analysis (2 marks)	Evaluation (3 marks)	Strong mark	1 mark	Understanding of ethics [U]	2 marks Two examples of shareholder objectives [APP]	2 marks Two business-facing pieces of analysis which show how two different shareholder objectives are af	3 marks A justified contextual judgement about whether ethical objectives come into conflict with shareholder objectives.				<p style="text-align: center;">ARA</p>  <p>OCR support</p> <p>Although there has been a small improvement year on year, many</p>
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					<p>fecte d by the use of eth ical s uppli ers.</p> <p>[AN] [AN]</p>	<p>[EVAL] [EVAL] [EVAL]</p> <p>2 marks</p> <p>A justifie d judg ement about wheth er ethical objecti ves come into conflic t with share holder objecti ve(s).</p> <p>[EVAL]</p>		<p>candidates gained 3 or less marks on this question. There is plenty of evidence that candidates are still not being adequately prepared for this question. In particular, the need to show specific knowledge and understanding of the basic concept (in this case, ethical behaviour), the need to show application to the synoptic context (in this case, shareholders' objectives) and a supported decision at the end.</p> <p>Centres are reminded of the discussion and exemplars provided for this type of question in previous Examiners' reports.</p>	
					<p>Li mit ed</p> <p>One exam ple of a sha rehol der o bjecti ve.</p> <p>[APP]</p>	<p>1 mark</p> <p>One (busin ess-f acing) piece of an alysis which show s how a sha rehol der o bjecti ve is affect ed by the use</p>	<p>1 mark</p> <p>A deci sion about wheth er there is conflic t betw een ethics and s hareh older objecti ve(s).</p> <p>[EVAL]</p>		

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					of eth ical s uppli ers. [AN]			
		Total					25	