



National  
Qualifications  
2022

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# **2022 Business Management**

## **National 5**

### **Finalised Marking Instructions**

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## General marking principles for National 5 Business Management

*This information is provided to help you understand the general principles you must apply when marking candidate responses to questions in this paper. These principles must be read in conjunction with the detailed marking instructions, which identify the key features required in candidate responses.*

- (a) Marks for each candidate response must **always** be assigned in line with these general marking principles and the detailed marking instructions for this assessment.
- (b) Marking should always be positive. This means that, for each candidate response, marks are accumulated for the demonstration of relevant skills, knowledge and understanding: they are not deducted from a maximum on the basis of errors or omissions.
- (c) If a specific candidate response does not seem to be covered by either the principles or detailed marking instructions, and you are uncertain how to assess it, you must seek guidance from your team leader.

- (d) i. Questions that ask candidates to Describe...  
Candidates must make a number of relevant, factual points up to the total mark allocation for the question. These should be key points. The points do not need to be in any particular order. Candidates may provide a number of straightforward points or a smaller number of developed points, or a combination of these.

Up to the total mark allocation for this question:

- **1 mark** should be given for each accurate relevant point of knowledge.
- a second mark could be given for any point that is developed from the point of knowledge.

- ii. Questions that ask candidates to Explain...  
Candidates must make a number of points that relate cause and effect and/or make the relationships between things clear, for example by showing connections between a process/situation. These should be key reasons and may include theoretical concepts. There is no need to prioritise the reasons.

Candidates may provide a number of straightforward reasons or a smaller number of developed reasons, or a combination of these.

Up to the total mark allocation for this question:

- **1 mark** should be given for each accurate relevant point of reason.
- a second mark could be given for any other point that is developed from the same reason.

- iii. Questions that ask candidates to Compare...  
Candidates must demonstrate a true comparison in order to gain any mark. Both sides of the point must be clear but need not be linked. Candidates can write several points regarding the first comparison item followed by several points on the second and the marker match the points using codes (eg a, b, c)

Up to the total mark allocation for this question:

- **1 mark** should be given for each compared point

Where a mark is available for the development of a response this is exemplified in the marking instructions, a hollow bullet point is used to show the developed response.

## Marking instructions for each question

### Section 1

Question			Expected response(s)	Max mark	Additional guidance
1.	(a)	(i)	<ul style="list-style-type: none"> <li>• low-carbon refrigeration system/reduced energy usage</li> <li>• four wind turbines</li> <li>• 10-acre solar panel farm</li> <li>• renewable energy</li> </ul>	2	<p>Candidates must identify <b>2</b> ways from the case study to gain full marks.</p> <p>Award <b>1 mark</b> for each valid identification.</p> <p>Do <b>not</b> accept any other response.</p>
		(ii)	<ul style="list-style-type: none"> <li>• better for the environment</li> <li>• improves the image of an organisation                             <ul style="list-style-type: none"> <li>◦ leading to increased sales</li> </ul> </li> <li>• attracts ethical buyers</li> <li>• attracts a quality workforce</li> <li>• retains workforce</li> <li>• may be cheaper to produce using recycled materials</li> <li>• can give a competitive edge</li> <li>• limits the items ending up in landfills</li> <li>• may help the organisation win awards</li> </ul>	3	<p>Award <b>1 mark</b> for each valid justification.</p> <p>Award <b>1 mark</b> for each valid development.</p> <p>Accept any other suitable response.</p>

Question			Expected response(s)	Max mark	Additional guidance
	(b)	(i)	<p><b>Postal survey</b></p> <ul style="list-style-type: none"> <li>• a written list of questions sent to a respondent's home</li> <li>• can cover a wide geographic area</li> <li>• has a very low response rate</li> </ul> <p><b>Personal interview</b></p> <ul style="list-style-type: none"> <li>• market researcher meets face-to-face with respondent to answer questions</li> <li>• questions can be clarified</li> <li>• difficult to arrange a suitable time</li> </ul> <p><b>Telephone survey</b></p> <ul style="list-style-type: none"> <li>• respondents contacted by telephone and asked to answer questions</li> <li>• large numbers of people can be surveyed</li> <li>• people may be unwilling to participate/would hang up</li> </ul> <p><b>Online survey</b></p> <ul style="list-style-type: none"> <li>• gathering customers' views via website/social media</li> <li>• do not need to spend on printing surveys</li> <li>• computer can analyse and summarise results</li> <li>• pop up blockers may prevent completion</li> </ul> <p><b>Competitor's website</b></p> <ul style="list-style-type: none"> <li>• a webpage of a similar company</li> <li>• free to access</li> <li>• could be out of date</li> </ul>	5	<p>Candidates must discuss at least <b>2</b> methods to gain full marks.</p> <p>Award <b>1 mark</b> for each valid discussed point.</p> <p>Up to <b>4 marks</b> may be awarded for any one method.</p> <p>Maximum of <b>2 marks</b> for descriptions/definitions.</p> <p>Watch for repetition/flips between methods.</p> <p>Do not accept desk/field points without reference to a method.</p> <p>Accept any other suitable response.</p>
		(ii)	<ul style="list-style-type: none"> <li>• can plan which flavours to produce more of</li> <li>• could promote slow selling flavours/do more advertising of chocolate ice cream <ul style="list-style-type: none"> <li>○ this can help increase sales</li> </ul> </li> <li>• could use it to adjust pricing of least popular ice cream</li> </ul>	2	<p>Award <b>1 mark</b> for each valid outline.</p> <p>Award <b>1 mark</b> for a valid development.</p> <p>Accept any other suitable response.</p>

Question			Expected response(s)	Max mark	Additional guidance													
	(c)		<ul style="list-style-type: none"><li>close to raw materials - to reduce transport cost<ul style="list-style-type: none"><li>reducing its carbon footprint</li></ul></li><li>availability of land - room to expand facilities/solar farm</li><li>if location has low rent/purchase price - this will help to minimise costs of the business</li><li>if location is close to customers - it gives them easy access</li><li>if the location has parking close by - more convenient for customers/employees</li><li>if the location does not have a lot of competition nearby - sales are likely to increase</li><li>close to labour market - to attract staff with necessary skills</li></ul>	3	Candidates must explain at least 2 factors to gain full marks.  Award 1 mark for each valid explanation.  Up to 2 marks may be awarded for any one factor.  Accept any other suitable response.													
	(d)		<table><tr><th>Premium</th><td rowspan="6">whereas</td><th>Low</th></tr><tr><td>Mackie's/Sainsbury's has a high price/£3.50</td><td>Strachan's/Aldi has a low price/£1.99</td></tr><tr><td>gives a quality image</td><td>may be seen as inferior quality</td></tr><tr><td>high mark-up/margin</td><td>lower mark-up/margin</td></tr><tr><td>high end brand</td><td>unbranded product</td></tr><tr><td>high income target market</td><td>lower income target market</td></tr></table>	Premium	whereas	Low	Mackie's/Sainsbury's has a high price/£3.50	Strachan's/Aldi has a low price/£1.99	gives a quality image	may be seen as inferior quality	high mark-up/margin	lower mark-up/margin	high end brand	unbranded product	high income target market	lower income target market	2	Candidates must give 2 points of distinction to gain full marks.  Candidates must demonstrate a true distinction in order to gain any mark.  Award 1 mark for each valid distinction.  Accept any other suitable response.
Premium	whereas	Low																
Mackie's/Sainsbury's has a high price/£3.50		Strachan's/Aldi has a low price/£1.99																
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high income target market		lower income target market																
	(e)		<b>recession</b> Economic  <b>lockdown</b> Political  <b>panic buying rush</b> Social/economic	3	Candidates must identify one external factor for each example to gain full marks.  Award 1 mark for each valid identification.													

Question			Expected response(s)	Max mark	Additional guidance
2.	(a)	(i)	<ul style="list-style-type: none"> <li>private limited company</li> </ul>	1	<p>Candidates must name the type of business organisation from the case study to gain full marks.</p> <p>Award <b>1 mark</b> for correct naming.</p> <p>Do <b>not</b> accept LTD.</p>
		(ii)	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>increased finance - as more owners contributing equity</li> <li>increased specialisation - shareholders could bring new skills</li> <li>limited liability - only lose investment in the event of business going bust <ul style="list-style-type: none"> <li>family and friends more likely to invest</li> </ul> </li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>profits are shared - as each shareholder receives a dividend</li> <li>decision making takes longer - as shareholders must be involved/consulted</li> <li>legal procedure must be followed - takes longer to set up <ul style="list-style-type: none"> <li>leading to additional expenses</li> </ul> </li> <li>publication of its accounts - so its accounts are not private</li> </ul>	4	<p>Candidates must explain at least <b>one</b> advantage and <b>one</b> disadvantage to gain full marks.</p> <p>Award <b>1 mark</b> for each valid explanation.</p> <p>Up to <b>3 marks</b> may be awarded for any one advantage/disadvantage.</p> <p>Accept consequentiality eg sole trader.</p> <p>Accept any other suitable response.</p>
	(b)		<ul style="list-style-type: none"> <li>customer loyalty gained <ul style="list-style-type: none"> <li>leading to an increase in sales revenue/profits</li> </ul> </li> <li>can be used as a marketing tool</li> <li>improves reputation</li> <li>attracts new customers</li> <li>gives a competitive edge</li> <li>shows you are environmentally friendly</li> </ul>	3	<p>Candidates must describe at least <b>2</b> benefits to gain full marks.</p> <p>Award <b>1 mark</b> for each valid description.</p> <p>Award <b>1 mark</b> for a valid development.</p> <p>Up to <b>2 marks</b> may be awarded for any one benefit.</p> <p>Accept any other suitable response.</p>

Question			Expected response(s)	Max mark	Additional guidance
	(c)		<p><b>Quality assurance</b></p> <ul style="list-style-type: none"> <li>• checks the product at various stages in the production <ul style="list-style-type: none"> <li>○ reduces waste</li> <li>○ errors are spotted early</li> </ul> </li> </ul> <p><b>Quality control</b></p> <ul style="list-style-type: none"> <li>• checks the product at the (start and the) end of the production process <ul style="list-style-type: none"> <li>○ fault not found until end of process</li> <li>○ increase wastage</li> <li>○ prevents faulty products reaching market</li> </ul> </li> </ul> <p><b>Quality inputs</b></p> <ul style="list-style-type: none"> <li>• training employees</li> <li>• recruiting best staff</li> <li>• using high quality raw materials</li> <li>• using latest machinery/equipment</li> </ul>	3	<p>Candidates must describe at least <b>2</b> methods to gain full marks.</p> <p>Award <b>1 mark</b> for each valid description.</p> <p>Award <b>1 mark</b> for a valid development. Up to <b>2 marks</b> may be awarded for any one method.</p> <p>Accept any other suitable response.</p>
	(d)		<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• provides customer appeal <ul style="list-style-type: none"> <li>○ increasing sales</li> </ul> </li> <li>• provides protection during transport <ul style="list-style-type: none"> <li>○ decreasing waste</li> </ul> </li> <li>• helps to keep goods fresh</li> <li>• provides easy recognition of a product/brand</li> <li>• creates opportunities for promotion/advertising</li> <li>• provides legally required information</li> <li>• provides information on it such as nutritional values/traffic lighting</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• cost of producing packaging <ul style="list-style-type: none"> <li>○ reducing profit (margins)</li> </ul> </li> <li>• environmental impact</li> </ul>	3	<p>Candidates must discuss at least <b>one</b> advantage and <b>one</b> disadvantage to gain full marks.</p> <p>Award <b>1 mark</b> for each valid discussion point.</p> <p>Award <b>1 mark</b> for a valid development.</p> <p>Award up to <b>2 marks</b> for any one advantage/disadvantage.</p> <p>Accept any other suitable response.</p>

Question			Expected response(s)	Max mark	Additional guidance
	(e)		<ul style="list-style-type: none"> <li>• wider pool of candidates</li> <li>• posts can be shared/spread</li> <li>• can link directly from a social media post to the advert on a website</li> <li>• no cost/cheaper than other methods</li> <li>• can update at any time</li> </ul>	2	<p>Candidates must outline <b>2</b> benefits to gain full marks.</p> <p>Award <b>1 mark</b> for each valid outline.</p> <p>Accept any other suitable response.</p>
	(f)		<p><b>Application forms</b></p> <ul style="list-style-type: none"> <li>• a standardised document produced by an organisation <ul style="list-style-type: none"> <li>◦ filled in by a candidate to include personal details, qualifications, and work experience</li> </ul> </li> </ul> <p><b>CVs</b></p> <ul style="list-style-type: none"> <li>• a document created by a candidate to apply for a job</li> </ul> <p><b>Interview</b></p> <ul style="list-style-type: none"> <li>• a face-to-face meeting where a candidate is asked a series of questions</li> </ul> <p><b>References</b></p> <ul style="list-style-type: none"> <li>• a written statement which vouches for an applicant's character</li> </ul> <p><b>Testing</b></p> <ul style="list-style-type: none"> <li>• IQ test - measures a candidate's mental skills including their numeracy, literacy and problem-solving skills</li> <li>• psychometric test - used to find out a candidate's personality</li> <li>• medical/fitness test - measures a candidate's physical suitability for a job</li> <li>• attainment test - demonstrates a learned skill</li> <li>• aptitude test - measures a candidate's natural abilities related specifically to a job</li> </ul>	4	<p>Candidates must describe at least <b>2</b> methods to gain full marks.</p> <p>Award <b>1 mark</b> for each valid description.</p> <p>Award <b>1 mark</b> for each valid development.</p> <p>Up to <b>3 marks</b> may be awarded for any one method.</p> <p>Accept any other suitable response.</p>



## Section 2

Question			Expected response(s)	Max mark	Additional guidance
3.	(a)		<p><b>Private sector</b></p> <ul style="list-style-type: none"> <li>• organisations owned by private individuals</li> <li>• financed by owner's personal savings (capital)</li> <li>• controlled by the owner/partners/shareholders/board of directors</li> <li>• key aim to make a profit</li> <li>• <i>these include - sole traders, partnerships and private limited companies (Ltd)</i></li> </ul> <p><b>Public sector</b></p> <ul style="list-style-type: none"> <li>• organisations owned by the government</li> <li>• financed by taxes</li> <li>• controlled by the elected members of government/MPs/Councillors/MSPs</li> <li>• key aim to provide services necessary for the public</li> <li>• <i>these include - NHS, schools, local councils, armed forces</i></li> </ul> <p><b>Third sector</b></p> <ul style="list-style-type: none"> <li>• owned by private individuals</li> <li>• non-profit making organisations</li> <li>• social enterprises reinvest profit</li> <li>• financed by donations/subscriptions</li> <li>• controlled by board of trustees/committee/board of directors</li> <li>• key aim to benefit specific groups that they feel need special assistance</li> <li>• <i>these include - charities, clubs and social enterprises</i></li> </ul>	4	<p>Candidates must describe 2 sectors of the economy to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Award 1 mark for each valid development.</p> <p>Up to 3 marks may be awarded for any one sector.</p> <p>Third sector - accept features in relation to any of the three types of organisation.</p> <p>Watch for repetition of aims.</p> <p>If examples are used, 2 must be given for 1 mark.</p> <p>Accept any other suitable response.</p>

Question			Expected response(s)	Max mark	Additional guidance																
	(b)		<table><tr><td><b>Sole trader</b></td><td rowspan="3"><b>whereas</b></td><td><b>Charity</b></td></tr><tr><td>make a profit</td><td>increase donations</td></tr><tr><td>increase market share</td><td>raise awareness of cause</td></tr><tr><td colspan="3">both aim to survive</td></tr><tr><td colspan="3">both aim to grow</td></tr><tr><td colspan="3">both aim to be socially responsible</td></tr></table>	<b>Sole trader</b>	<b>whereas</b>	<b>Charity</b>	make a profit	increase donations	increase market share	raise awareness of cause	both aim to survive			both aim to grow			both aim to be socially responsible			2	<p>Candidates must make <b>2</b> valid comparisons to gain full marks.</p> <p>Both sides of the point must be clear but do not need to be linked.</p> <p>Award <b>1 mark</b> for each valid comparison.</p> <p>Accept any other suitable response.</p>
<b>Sole trader</b>	<b>whereas</b>	<b>Charity</b>																			
make a profit		increase donations																			
increase market share		raise awareness of cause																			
both aim to survive																					
both aim to grow																					
both aim to be socially responsible																					
	(c)	(i)	<ul style="list-style-type: none"><li>• volunteers</li><li>• employees</li><li>• donors</li><li>• customers</li><li>• board of trustees</li><li>• government</li><li>• managers</li><li>• suppliers</li></ul>	2	<p>Candidates must identify <b>2</b> stakeholders to gain full marks.</p> <p>Award <b>1 mark</b> for each valid identification.</p> <p>Do not accept competitor.</p> <p>Accept any other suitable response.</p>																
		(ii)	<ul style="list-style-type: none"><li>• <b>volunteers</b> may refuse to work – can’t provide its services</li><li>• <b>employees</b> can ask for a pay rise – increases expenses</li><li>• <b>donors</b> may stop donating money to the cause – leaves the charity with no money to fund its work</li><li>• <b>customers</b> may stop buying goods from the charity’s shops – reduces revenue</li><li>• <b>board of trustees</b> will make decisions on how the charity is run – can change the services it offers to the public</li><li>• <b>government</b> can provide funding or support for the charity – means it can survive/expand its work</li><li>• <b>managers</b> may make poor decisions – means a loss of reputation for a charity</li><li>• <b>suppliers</b> can extend credit terms – improving cash flow</li></ul>	2	<p>Candidates must explain the influence of <b>2</b> stakeholders identified in (c)(i) to gain full marks.</p> <p>Award <b>1 mark</b> for each valid explanation.</p> <p>Accept any other suitable response.</p> <p>Accept consequentiality eg shareholders.</p> <p>Do not accept competitor.</p>																

Question			Expected response(s)	Max mark	Additional guidance
4.	(a)	(i)	<ul style="list-style-type: none"> <li>• emails</li> <li>• intranet</li> <li>• bulletin boards/notice board</li> <li>• staff meeting</li> </ul>	2	<p>Candidates must identify <b>2</b> methods to gain full marks.</p> <p>Award <b>1 mark</b> for each valid identification.</p> <p>Accept any other suitable response.</p>
		(ii)	<ul style="list-style-type: none"> <li>• identify the vacancy</li> <li>• carry out a job analysis <ul style="list-style-type: none"> <li>○ identifying where a job actually exists</li> <li>○ tasks involved in the job</li> </ul> </li> <li>• create a job description <ul style="list-style-type: none"> <li>○ states the tasks and responsibilities of the job</li> <li>○ includes the conditions of the post for example, pay, hours</li> </ul> </li> <li>• create a person specification <ul style="list-style-type: none"> <li>○ the skills and qualifications the ideal candidate would possess</li> <li>○ includes essential and desirable skills and qualities</li> </ul> </li> <li>• advertise the job <ul style="list-style-type: none"> <li>○ internally on the organisation's intranet, noticeboard etc</li> <li>○ externally in newspapers, job centres etc</li> </ul> </li> <li>• send out application forms</li> </ul>	4	<p>Candidates must outline at least <b>2</b> stages to gain full marks.</p> <p>Award <b>1 mark</b> for each valid outline.</p> <p>Award <b>1 mark</b> for each valid development.</p> <p>Up to <b>3 marks</b> may be awarded for any one stage.</p> <p>Accept any other suitable response.</p>

Question			Expected response(s)	Max mark	Additional guidance																	
	(b)	(i)	<table><tr><th>On-the-job</th><td rowspan="8">whereas</td><th>Off-the-job</th></tr><tr><td>carried out in the place of work</td><td>carried out away from the business</td></tr><tr><td>training is specific to the business</td><td>training is generic</td></tr><tr><td>does not require the employee to be away from the business</td><td>requires the employee to be away from the business</td></tr><tr><td>employees may implement training</td><td>training is delivered by a fully trained specialist</td></tr><tr><td>can be delivered cheaply</td><td>may be costly to pay for outside training</td></tr><tr><td>gain workplace qualification</td><td>gain externally recognised qualification</td></tr><tr><td>can be shadowing etc</td><td>can be at a college/training centre</td></tr></table>	On-the-job	whereas	Off-the-job	carried out in the place of work	carried out away from the business	training is specific to the business	training is generic	does not require the employee to be away from the business	requires the employee to be away from the business	employees may implement training	training is delivered by a fully trained specialist	can be delivered cheaply	may be costly to pay for outside training	gain workplace qualification	gain externally recognised qualification	can be shadowing etc	can be at a college/training centre	2	<p>Candidates must make <b>2</b> valid points of distinction to gain full marks.</p> <p>Candidates must demonstrate a true distinction in order to gain any mark.</p> <p>Award <b>1 mark</b> for each valid point of distinction.</p> <p>Accept any other suitable response.</p>
On-the-job	whereas	Off-the-job																				
carried out in the place of work		carried out away from the business																				
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can be delivered cheaply		may be costly to pay for outside training																				
gain workplace qualification		gain externally recognised qualification																				
can be shadowing etc		can be at a college/training centre																				
		(ii)	<ul style="list-style-type: none"><li>• higher quality output – which will improve customer satisfaction</li><li>• motivated/happy employees – which will increase productivity</li><li>• reduced staff turnover – which will reduce the cost of recruitment and selection</li><li>• better customer service – which may encourage customer loyalty</li><li>• good reputation for organisation – which may attract new customers to the organisation</li><li>• easier to recruit new employees – as they see the organisation as investing in their workforce</li><li>• staff develop new skills – higher chance of promotion</li></ul>	2	<p>Candidates must explain <b>2</b> benefits to gain full marks.</p> <p>Award <b>1 mark</b> for each valid explanation.</p> <p>Accept any other suitable response.</p>																	

Question			Expected response(s)	Max mark	Additional guidance
5.	(a)		A = maximum inventory level  B = re-order level  C = minimum inventory level	3	Award <b>1 mark</b> for each correct label.
	(b)		<ul style="list-style-type: none"> <li>• monitoring inventory levels</li> <li>• highlighting the maximum inventory levels</li> <li>• highlighting the point at which a business should order new inventory</li> <li>• highlighting the lead time for a product</li> <li>• highlighting the minimum inventory levels</li> <li>• prevents overstocking</li> <li>• prevents understocking</li> </ul>	1	Award <b>1 mark</b> for a valid justification.  Accept any other suitable response.
	(c)		<b>Advantages</b> <ul style="list-style-type: none"> <li>• larger quantity of products produced <ul style="list-style-type: none"> <li>◦ economies of scale can be achieved</li> </ul> </li> <li>• lower labour costs</li> <li>• goods created are more consistent quality <ul style="list-style-type: none"> <li>◦ due to less human error</li> </ul> </li> <li>• production continues 24/7</li> </ul> <b>Disadvantages</b> <ul style="list-style-type: none"> <li>• capital intensive/high set up costs</li> <li>• jobs can be repetitive <ul style="list-style-type: none"> <li>◦ employees can lack motivation</li> </ul> </li> <li>• breakdowns may occur <ul style="list-style-type: none"> <li>◦ production may halt</li> </ul> </li> <li>• can't fully customise the products</li> </ul>	4	Candidates must discuss at least <b>one</b> advantage and <b>one</b> disadvantage to gain full marks.  Award <b>1 mark</b> for each valid discussed point.  Award <b>1 mark</b> for each valid development.  Up to <b>3 marks</b> can be awarded for any one advantage/disadvantage.  Accept any other suitable response.

Question			Expected response(s)	Max mark	Additional guidance
	(d)		<ul style="list-style-type: none"> <li>dependable/reliable – so that goods are delivered on time</li> <li>competitive prices – to allow for unit costs to be kept down</li> <li>discounts available – to help reduce the overall price of the supplies</li> <li>extended credit allowed – to help the organisation’s cash flow</li> <li>acceptable quality of raw materials – to ensure that the input into the production process is high</li> <li>can meet required quantities – so that production is uninterrupted</li> <li>ethical suppliers – so that the company can project a good image</li> <li>location of suppliers – to reduce transport costs/low carbon footprint</li> </ul>	2	<p>Candidates must explain 2 factors to gain full marks.</p> <p>Award 1 mark for each valid explanation.</p> <p>Accept any other suitable response.</p>
6.	(a)		<ul style="list-style-type: none"> <li>to predict cash income and outgoings</li> <li>to identify any predicted cash deficits</li> <li>to identify potential cash surpluses</li> <li>to plan for large future purchases</li> <li>to set targets</li> <li>to make decisions</li> <li>to help secure sources of finance</li> <li>to control costs</li> </ul>	4	<p>Award 1 mark for each valid outline.</p> <p>Accept any other suitable response.</p>
	(b)	(i)	<ul style="list-style-type: none"> <li>Income Statement</li> </ul>	1	<p>Award 1 mark for a valid identification.</p> <p>Do not accept any other response.</p>
		(ii)	<ul style="list-style-type: none"> <li>£7,000</li> </ul>	1	<p>Award 1 mark for the correct calculation.</p> <p>Do not accept any other response.</p>
	(c)	(i)	<ul style="list-style-type: none"> <li>personal savings</li> <li>bank loan</li> <li>bank overdraft</li> <li>mortgage</li> <li>government grant</li> </ul>	1	<p>Award 1 mark for a valid identification.</p> <p>Accept any other suitable response.</p>

Question			Expected response(s)	Max mark	Additional guidance
		(ii)	<p><b>Personal savings</b></p> <ul style="list-style-type: none"> <li>• no interest added</li> <li>• no need to repay</li> <li>• funds may be limited</li> </ul> <p><b>Bank loan</b></p> <ul style="list-style-type: none"> <li>• large sums of money available</li> <li>• can be paid back in instalments</li> <li>• interest on repayments</li> <li>• may need to put up collateral against a loan</li> </ul> <p><b>Bank overdraft</b></p> <ul style="list-style-type: none"> <li>• more funds can be withdrawn than are in the account</li> <li>• can be arranged quickly with phone call/online</li> <li>• aids short term cash flow problems</li> <li>• daily/high interest charged</li> </ul> <p><b>Mortgage</b></p> <ul style="list-style-type: none"> <li>• large amounts can be raised</li> <li>• can be paid back over long period of time</li> <li>• interest on repayments</li> <li>• property can be repossessed</li> </ul> <p><b>Government grant</b></p> <ul style="list-style-type: none"> <li>• does not need to be repaid</li> <li>• must follow criteria or may need to be repaid</li> <li>• complicated application process</li> <li>• usually a one-off payment</li> </ul>	3	<p>Candidates must discuss at least <b>one</b> advantage and <b>one</b> disadvantage to gain full marks.</p> <p>Award <b>1 mark</b> for each valid discussed point.</p> <p>Up to <b>2 marks</b> may be awarded for any advantage or disadvantage.</p> <p>Accept consequentiality from (i), eg share issue.</p> <p>Accept any other suitable response.</p>

Question			Expected response(s)	Max mark	Additional guidance
7.	(a)		<ul style="list-style-type: none"> <li>• generate the idea</li> <li>• analyse the idea</li> <li>• carry out market research</li> <li>• produce a prototype</li> <li>• test the product</li> <li>• alter the design from the feedback</li> <li>• create a marketing campaign</li> </ul>	3	<p>Candidates must outline <b>3</b> stages to gain full marks.</p> <p>Award <b>1 mark</b> for each valid outline.</p> <p>Accept any other suitable response.</p>
	(b)		<ul style="list-style-type: none"> <li>• brands are easily recognised – which means that customers may buy more due to them being familiar               <ul style="list-style-type: none"> <li>○ this could lead to an increase in the level of profit made</li> <li>○ this may make it easier to launch new products</li> <li>○ this reduces need for advertising</li> </ul> </li> <li>• brand loyalty can develop – which could lead to repeated purchases</li> <li>• customers may be willing to pay more for branded products - which could lead to a higher level of profit for the organisation</li> <li>• branded products are seen as high quality – which means that customers may trust the brand</li> </ul>	3	<p>Candidates must explain at least <b>2</b> advantages to gain full marks.</p> <p>Award <b>1 mark</b> for each valid explanation.</p> <p>Award <b>1 mark</b> for a valid development.</p> <p>Up to <b>2 marks</b> may be awarded for any one explained advantage.</p> <p>Accept any other suitable response.</p>



Question			Expected response(s)	Max mark	Additional guidance
	(c)	(i)	<ul style="list-style-type: none"> <li>• internet pop ups</li> <li>• internet adverts</li> <li>• targeted e-mails</li> <li>• websites</li> <li>• push notifications</li> <li>• text messages</li> <li>• social media</li> <li>• posters</li> <li>• flyers/leaflets</li> <li>• billboards</li> <li>• television advert</li> <li>• radio advert</li> <li>• newspaper advert</li> <li>• magazine advert</li> <li>• cinema advert</li> </ul>	2	<p>Candidates must identify <b>2</b> methods to gain full marks.</p> <p>Award <b>1 mark</b> for each valid identification.</p> <p>Accept any other suitable response.</p>

Question			Expected response(s)	Max mark	Additional guidance
		(ii)	<p><b>Internet/push notifications/text messages/social media (electronic methods)</b></p> <ul style="list-style-type: none"> <li>• can direct customer to websites to allow immediate purchases (hyperlink)</li> <li>• can target the advert to specific groups</li> <li>• can involve consumers in advert (for example, viral ads)</li> <li>• attracts customers worldwide</li> <li>• 24/7 advertising is possible</li> <li>• low cost worldwide advertising</li> </ul> <p><b>Flyers/posters/leaflets/newspapers/magazines (printed methods)</b></p> <ul style="list-style-type: none"> <li>• can persuade consumers as many believe what they read</li> <li>• can hold consumers attention as they are visual</li> <li>• use of colour and graphics can make the advert more appealing</li> <li>• can target specific segments through local papers</li> <li>• can tap into loyalty of a newspaper or magazine</li> <li>• can keep a copy for reference</li> </ul> <p><b>Television/radio/cinema (broadcast methods)</b></p> <ul style="list-style-type: none"> <li>• can make to product look/sound attractive - attention grabbing</li> <li>• often easier to remember these types of adverts</li> <li>• can target specific market segments</li> <li>• can target specific geographical locations</li> </ul>	2	<p>Candidates must justify 2 methods identified in (a)(i).</p> <p>Award <b>1 mark</b> for each valid justification.</p> <p>Watch for repetition.</p> <p>Accept consequentiality for sales promotions.</p> <p>Accept any other suitable response.</p>

[END OF MARKING INSTRUCTIONS]