



GCSE MARKING SCHEME

SUMMER 2019

**GCSE (NEW)
BUSINESS - UNIT 1
3510U10-1**

INTRODUCTION

This marking scheme was used by WJEC for the 2019 examination. It was finalised after detailed discussion at examiners' conferences by all the examiners involved in the assessment. The conference was held shortly after the paper was taken so that reference could be made to the full range of candidates' responses, with photocopied scripts forming the basis of discussion. The aim of the conference was to ensure that the marking scheme was interpreted and applied in the same way by all examiners.

It is hoped that this information will be of assistance to centres but it is recognised at the same time that, without the benefit of participation in the examiners' conference, teachers may have different views on certain matters of detail or interpretation.

WJEC regrets that it cannot enter into any discussion or correspondence about this marking scheme.

WJEC GCSE BUSINESS (NEW)

SUMMER 2019 MARK SCHEME

Question		Marks
1	<p>Identify which two of the following are examples of durable goods.</p> <p>AO1: 2 marks</p> <p>Award 1 mark for each correct answer</p> <p>Chair Mobile Phone</p>	2
2	<p>Identify which two of the following services are usually provided by the public sector in the UK.</p> <p>AO1: 2 marks</p> <p>Award 1 mark for each correct answer</p> <p>Armed Forces Education</p>	2
3	<p>Identify which of the terms above best describes each of the following:</p> <p>AO1: 4 marks</p> <p>Award 1 mark for each correct answer</p> <p>(a) The term used to describe the buying of supplies for a manufacturing business.</p> <p>Procurement</p> <p>(b) The stage of the product life cycle when the product is first available to buy.</p> <p>Launch</p> <p>(c) Increasing the size of the business through mergers and takeovers</p> <p>External growth</p> <p>(d) Managing the movement of products through transportation, storage and security.</p> <p>Logistics</p>	4

Question		Marks
4	<p>Identify three market segments The Ford Motor Company are likely to use.</p> <p>AO2: 3 marks</p> <p>Award 1 mark for each correct segment identified</p> <p>Gender Income Location/Geographic Lifestyle</p> <p>Do not accept age or cultural</p>	3
5 (a)	<p>Describe why it is important for Jet2.com to provide high quality customer service.</p> <p>AO1: 1 mark AO2: 1 mark</p> <p>Award 1 mark for limited description Award 2 marks for developed description relevant to the holiday industry/Jet2.com</p> <p>Indicative content:</p> <p>Gain customer loyalty/repeat custom - important in competitive markets such as airlines. Increases revenue - customers willing to pay more for luxury (high quality) holidays. Free media coverage for winning awards - increasing customer awareness/brand recognition. Opportunities to promote excellent customer service - using award logo on promotional materials e.g. adverts/brochures/website. Customers recommend to friends and family – increasing future customers and revenue</p> <p>Credit any other valid answers.</p>	2

Question		Marks
5 (b)	<p>Recommend one suitable sales promotion method for Jet2.com and explain how this may boost sales.</p> <p>AO2: 1 mark AO3: 1 mark</p> <p>Award 1 mark for sales promotion used in airline/holiday business.</p> <p>Award 2 marks for correct suggestion and analysis of why an airline business uses the suggested type of sales promotion.</p> <p>Indicative content: Discount - customers may try the company as the reduced price is cheaper than competitors, so more likely to use the company. Free Child Places - Those customers travelling with children can reduce the price of their holiday, encouraging them to book with the company. Loyalty Card - Customers regularly use the same airline/holiday company with the aim of claiming a free flight. Free Upgrade - customers get a better seat or hotel room than they pay for, increasing positive feedback/repeat custom. Competition - Buying a ticket gives the customer the chance to win a prize, may choose a particular airline if the prize is appealing.</p> <p>Not BOGOFF Not free trial and samples Not advertising or promotion</p> <p>Credit any other valid answers.</p>	2

Question		Marks
6 (a)	<p>Define the term span of control.</p> <p>AO1: 1 mark</p> <p>Award 1 mark for correct definition</p> <p>The <u>number</u> of people a person has <u>direct</u> responsibility for</p>	1
6 (b)	<p>From the organisation chart, identify the span of control of the Finance Director.</p> <p>AO2: 1 mark</p> <p>Award 1 mark for correct answer</p> <p>4 office workers or 4</p>	1
6 (c)	<p>From the organisation chart, name which director is responsible for the training of workers.</p> <p>AO2: 1 mark</p> <p>Award 1 mark for correct answer</p> <p>Human Resources</p> <p>Do not accept Human Resources Manager</p>	1
6 (d)	<p>Explain why an organisational chart, like the one opposite, is important to businesses such as Maids-in-Wales.</p> <p>AO3: 2 marks</p> <p>Award 1 mark for a simple explanation relevant to a hierarchy organisation chart</p> <p>Award 2 marks for detailed explanation relevant to a hierarchy organisation chart</p> <p>Indicative content:</p> <p>Improves communication - information can be passed onto other parts of the business e.g.</p> <p>Allows them to delegate - tasks can be passed to others lower down the hierarchy.</p> <p>Allows them to improve control - workers can be managed, particularly good with low paid workers.</p> <p>Can be used to motivate staff - workers can see promotion opportunities</p> <p>Allows a person to report a problem to the right person - these problems can be dealt with correctly</p> <p>Credit any other valid answers.</p>	2

Question		Marks
7 (a)	<p>Outline the role of an entrepreneur.</p> <p>AO1: 4 marks</p> <p>Award 1 mark for each suitable suggestion or explanation</p> <p>Indicative content:</p> <p>They set up a business – have the idea – show the initiative/identify a gap in the market</p> <p>They are the business owners – they invest/put money into the business</p> <p>They run the business – they are the managers – survival/success depends on their efforts</p> <p>They earn the profits/make money – to fund their lifestyle – to further invest</p> <p>They take the risks/face the uncertainties – of e.g. not selling/low demand</p> <p>Suffer the consequences of failure – particularly with unlimited liability</p> <p>Qualities/characteristics of entrepreneur – determined/organised/risk taker</p> <p>Max 2 marks for characteristics</p> <p>Credit any other valid answers.</p>	4
7 (b)	<p>Describe two factors that Isabelle needs to consider before choosing a site for her new shop.</p> <p>AO1: 2 marks</p> <p>AO2: 2 marks</p> <p>Award 1 mark for each correct identification of a siting factor (2 max)</p> <p>Award 1 mark for each correct application to Isabelle’s dress business (2 max)</p> <p>Indicative content:</p> <p>Cost of rent/property- her business is only 1 year old/this will be a second site so she may not be able to afford a prime site.</p> <p>Target market - items are likely to be expensive so needs to be near target market/suitable customers.</p> <p>Number of customers/passing trade/ footfall – increase awareness of her new shop</p> <p>Accessibility for customers on foot/in car - parking needed as customers likely to drive due to difficulty of transporting dresses once bought.</p> <p>Size - a site that has space for changing rooms/existing changing rooms.</p> <p>Proximity/closeness to competitors - could attract customers to her shop, increasing sales – customers may use a more established business reducing sales.</p> <p>Personal reasons - on a main route/easy access from her other shop to reduce travel time.</p> <p>Credit any other valid identification of a siting factor.</p> <p>Credit any other valid application to Isabelle’s dress business.</p>	4

Question		Marks
7 (c)	<p>Outline why market research is important to Isabelle Davies, the owner of Belle’s Boutique.</p> <p>AO2: 2 marks</p> <p>Award 1 mark for a limited outline on the importance of market research to Isabelle Davies</p> <p>Award 2 marks for developed outline on the importance of market research to Isabelle Davies</p> <p>Indicative content:</p> <p>Examples of limited analysis:</p> <p>To inform Isabelle what the customers want. To give information to Isabelle on how much they are willing to pay. To help Isabelle decide what stock to buy. Isabelle can check competitors’ prices.</p> <p>Examples of developed analysis:</p> <p>Isabelle can find out what styles are popular in a fast moving fashion industry.</p> <p>Customers can give information not just on their tastes and what they like, but also information like height and size can help Isabelle make/buy the right size clothes.</p> <p>The information will reduce the risk for Isabelle of spending money on producing or buying styles of clothes that customers won’t buy.</p> <p>Isabelle can attract her target market by charging suitable prices for her products.</p>	2
7 (d)	<p>Apart from market research, name two other pieces of information that Isabelle should include in her business plan.</p> <p>AO1: 2 marks</p> <p>Award 1 mark for each correct answer</p> <p>Aims of business/mission statement Product/service Cash flow forecast/projected sales/projected costs Profit and loss account/profits Break even Isabelle’s CV/Owner’s/personal details Type of ownership Worker recruitment Marketing strategy Location/premises</p> <p>Credit any other valid suggestion</p>	2

7 (e)	Discuss the advantages and disadvantages to Belle's Boutique of being an ethical business. (8)		
Band	AO1	AO2	AO3
	2	2	4
3	There are no Band 3 marks for this assessment objective, 2 marks are awarded as for Band 2	There are no Band 3 marks for this assessment objective, 2 marks are awarded as for Band 2	<p>4 marks</p> <p>An excellent discussion of the advantages and disadvantages for Belle's Boutique of being an ethical business</p> <p>Writing is very well structured using accurate grammar, punctuation and spelling</p> <p>Well-reasoned and balanced discussion with a clear line of argument</p>
2	<p>2 marks</p> <p>Good knowledge and understanding of ethics in business</p>	<p>2 marks</p> <p>Good application of business ethics to Belle's Boutique</p> <p>There is reference to women's clothes/fashion industry</p>	<p>2-3 marks</p> <p>Good discussion of the advantages and/or disadvantages for Belle's Boutique of being ethical</p> <p>Writing is generally well structured using reasonably accurate grammar, punctuation and spelling</p> <p>The discussion may be unbalanced and focus on either the advantages or disadvantages of being ethical</p>
1	<p>1 mark</p> <p>Limited knowledge and/or understanding of ethics in business</p>	<p>1 mark</p> <p>Limited application of business ethics to Belle's Boutique</p> <p>The response is mostly generic with brief application to Belle's Boutique</p>	<p>1 mark</p> <p>Limited discussion of the advantages and/or disadvantages for Belle's Boutique of being ethical</p> <p>Writing shows limited evidence of structure but with some errors in grammar, punctuation and spelling</p> <p>The discussion lacks detail and superficial comments are made with little development</p>
0	<p>0 marks</p> <p>No knowledge or understanding of ethics in business</p>	<p>0 marks</p> <p>No reference is made to Belle's Boutique</p>	<p>0 marks</p> <p>No valid discussion</p>

Indicative content

Advantages

Enables Belle's Boutique to attract customers, as they become more aware of ethical issues and will buy products from businesses which share the same ideas. Belle's Boutique would benefit from an excellent image of the business. This can be used to promote the business and increase sales revenue.

Belle's Boutique avoids bad publicity as they are acting in a moral way. Bad publicity may lead to a loss of customers.

Improves the morale of shop workers as their pay and conditions are fair/reasonable. This may improve individual performance and therefore company performance e.g. sales, customer satisfaction etc.

Belle's Boutique may be able to attract better quality staff to the shop as they want to work for an ethical company. This gives Belle's Boutique a better chance of employing a suitable member of staff as the quality and number of applicants for jobs increases. This will improve the standard of customer service in their store(s).

Suppliers using ethical policies may see an improvement in motivation amongst its staff, leading to greater quality products for Belle's Boutique. This boosts reputation and sales as customers see the benefit of being ethical in the quality of the products. Prices may also be able to be increased to reflect the improved quality of products.

Disadvantages

It can be expensive to be ethical. Suppliers often charge more for Fair Trade products which mean that Belle's Boutique needs to increase prices or has to reduce their profit margins to compete. This may mean a reduction in sales or falling profits.

Sourcing suppliers of clothes that are ethical may be difficult. Often clothing manufacturers are based abroad which means it can be difficult to check their ethical practices/claims. Belle's boutique may have to use alternative suppliers that are more expensive or do not offer the type of clothes they need.

If Belle's Boutique claims to be ethical but gives out misleading information to customers, then this could lead to a damaging effect on their reputation. If false claims are made then the business reputation can be damaged, leading to less sales and bad publicity.

Question		Marks
8 (a)	<p>Apart from growth, state a business aim that The Crazy Cow may have.</p> <p>AO1: 1 mark</p> <p>Award 1 mark for a correct answer</p> <p>Indicative content</p> <p>Survival/break-even Earn profit Reduce costs Increase sales/market share Improve customer satisfaction/service Ethical aims Environmentally friendly aims To serve the community</p> <p>Do not accept growth or type of growth</p>	1
8 (b)	<p>Suggest an example of a variable cost that The Crazy Cow might have.</p> <p>AO2: 1 mark</p> <p>Award 1 mark for a correct answer</p> <p>Stock/Ingredients/example of ingredient e.g. milk Electricity Wages</p> <p>Credit any other valid suggestion</p> <p>Not raw materials</p>	1

Question		Marks
8 (c)	<p>State the formula for calculating break-even. Using the formula, calculate how many milkshakes The Crazy Cow needs to sell to break even.</p> <p>AO1: 1 mark</p> <p>Award 1 mark for correct formula</p> <p><u>Fixed costs</u> or <u>Fixed Costs</u> Contribution Selling Price – Variable Cost</p> <p>AO2: 2 marks</p> <p>Award 1 mark for correct use of data in the correct formula</p> <p>$\frac{\pounds 6\ 000}{(\pounds 3.50 - \pounds 2)}$ or $\frac{6\ 000}{\pounds 1.50}$</p> <p>Award 1 mark for correct answer</p> <p>4 000 milkshakes</p> <p>If only 4 000 is written award 2 marks</p> <p>If £4 000 is written award 1 mark</p>	3

Question		Marks
8 (d)	<p>Analyse one impact that a change of supplier could have on a business like The Crazy Cow.</p> <p>AO1: 1 mark AO2: 1 mark AO3: 1 mark</p> <p>Award 1 mark for identification of a suitable impact of changing a supplier</p> <p>Award 2 marks for applying impact to a business like The Crazy Cow</p> <p>Award 3 marks for analysis of the impact</p> <p>Credit any other valid suggestion</p> <p>Indicative content: Reliability - the business may not receive the products - which means they cannot sell products leading to less sales/profits</p> <p>Cheaper stock - increase profit margin/reduce variable costs - which will increase the profitability of the business. (Accept opposite for expensive stock)</p> <p>Lower quality ingredients - lower quality products will lead to lower customer satisfaction - may decrease sales - prices may need to be reduced to attract customers</p> <p>Better quality ingredients - higher quality products will lead to higher customer satisfaction - may increase sales and customer loyalty - Prices may be increased which will increase revenue</p> <p>May get more flexible/reliable deliveries - less wastage/out of date stock - which will reduce costs -The business can make more sales with same amount of ingredients - This leads to an increase in profit</p> <p>Credit any other valid analysis</p>	3

Question		Marks
8 (e)	<p>Using the data in the graph, calculate the percentage increase in annual sales revenue for The Crazy Cow between 2015 and 2018. (Show your workings)</p> <p>AO2: 2 marks</p> <p>Award 1 mark for calculating the increase</p> <p>$\pounds 45\ 000 - \pounds 35\ 000 = \pounds 10\ 000$</p> <p>Award 1 mark for correct answer</p> <p>$\frac{\pounds 10\ 000}{\pounds 35\ 000} \times 100 = \mathbf{29\%}$ accept 28.6% or 28.57%</p> <p>Note: if only 29% or 28.6% is written award 2 marks</p> <p>Apply OFR if the incorrect value for the increase is used correctly.</p>	2

8 (f)	Advise The Crazy Cow on whether or not they should expand the business by becoming a franchisor. (10)		
Band	AO1	AO2	AO3
	3	3	4
3	<p>3 marks</p> <p>Excellent knowledge and understanding of expanding by franchising</p> <p>Specialist vocabulary is used with accuracy</p>	<p>3 marks</p> <p>Excellent application of franchising to The Crazy Cow and the café/fast food market</p> <p>There is clear and direct reference to The Crazy Cow and the café/fast food market throughout</p>	<p>4 marks</p> <p>An excellent analysis and evaluation of the advantages and disadvantages for The Crazy Cow of becoming a franchisor</p> <p>Writing is very well structured using accurate grammar, punctuation and spelling</p> <p>Well-reasoned and balanced discussion with a clear line of argument</p> <p>Clear judgements are made with supporting statements/advice</p>
	2	<p>2 marks</p> <p>Good knowledge and understanding of expanding by franchising</p> <p>Good use of specialist vocabulary</p>	<p>2 marks</p> <p>Good application of franchising to The Crazy Cow and the café/fast food market</p> <p>Information from the data is used in development</p>
1	<p>1 mark</p> <p>Limited knowledge and/or understanding of expanding by franchising</p> <p>Limited or no use of specialist vocabulary</p>	<p>1 mark</p> <p>Limited application of franchising to The Crazy Cow and the café/fast food market</p> <p>The response is mostly generic with brief application to The Crazy Cow</p>	<p>1 mark</p> <p>Limited analysis/evaluation on whether The Crazy Cow should or should not become a franchisor which may be one-sided</p> <p>Writing shows limited evidence of structure but with some errors in grammar, punctuation and spelling</p> <p>The analysis lacks detail and superficial comments are made with little development</p> <p>Advice may be given but it is not soundly justified</p>
0	<p>0 marks</p> <p>No knowledge or understanding of expanding by franchising</p>	<p>0 marks</p> <p>No reference is made to The Crazy Cow or the café/fast food market</p>	<p>0 marks</p> <p>No valid analysis or evaluation</p>

Indicative content

Advantages

Enables growth for The Crazy Cow with less risk, as the franchisee takes on the financial burden (debt). 'The Crazy Cow' would not be responsible for debts for a failed franchise.

The franchisee organises The Crazy Cow outlet, reducing the workload/stress for the owners of The Crazy Cow. Examples may include managing the workforce, recruiting staff, complying with employment law etc.

The Crazy Cow receives money from the franchisees both when setting up and throughout the franchise agreement. The franchisee pays start-up fees so The Crazy Cow does not need to fund the expansion, making growth more affordable for a small business. The franchisee pays royalties so The Crazy Cow receive revenues throughout the year to pay overheads/fixed costs/management costs.

The franchisee must buy stock from The Crazy Cow. This increases revenue/profit. This also means that The Crazy Cow can monitor ingredient quality to ensure the standard of the milkshakes is as expected.

The Crazy Cow may benefit from Economies of Scale (bulk-buying) if they order stock for a large number of franchises. This may enable them to better compete with larger competitors e.g. Starbucks/McDonalds etc.

The Franchisee may be more enthusiastic than a company manager – the franchise would gain sales/revenue. The Crazy Cow would benefit from improved business reputation and increased royalty payments and stock sales.

The Franchisee may have a good idea about the local market, improving the chances of success. Examples may include knowledge of competitors, consumer wants and location. The franchisee would generate more sales/profit, leading to more royalty payments.

Disadvantages

The Crazy Cow would have to pay some of the franchise costs such as training and advertising. This must be covered by royalty payments, reducing potential profits. As there are not many franchises the royalty payment fees may be high, potentially dissuading some franchisees from investing in the business.

The Crazy Cow would have less control over franchised outlets as they would be run by the franchisee. Detailed interview/references needed for potential franchisees to reduce the risk to the business, slowing down expansion.

The Crazy Cow might suffer from a damaged reputation if the franchisee runs an outlet badly. 'The Crazy Cow' franchises would only be located in South Wales so a bad reputation would be easily spread and have a large impact on all their businesses, due to their close proximity.

Visiting the franchises/providing on-site training could be time consuming if the franchises are spread over South Wales. There could be extra business costs by employing specialist trainers to help new franchisees. The owners may need to appoint a manager to run the original store in Swansea to allow them time to visit franchises. This would lead to increase costs.

Question		Marks
9 (a)	<p>Identify which of the following best describes Sound as a Pound Ltd.</p> <p>AO1: 1 mark</p> <p>Award 1 mark for the correct answer</p> <p>Retailer</p>	1
9 (b)	<p>Outline one advantage to Sound as a Pound Ltd of operating as a private limited company.</p> <p>AO1: 2 marks</p> <p>Award 1 mark for identification of correct advantage of a Private Limited Company</p> <p>Award 1 mark for outlining the advantage</p> <p>Indicative content:</p> <p>Shareholders are chosen - no opportunity for the business to be taken over without consent from a current shareholder</p> <p>Limited liability - the personal possessions of the owners cannot be taken to pay off the debts of the business/owner only loses what they invested in the business</p> <p>Can own as an individual (don't have to have a second shareholder) - can have full control over the business e.g. keep profits, make all decisions</p> <p>Continuity (can transfer ownership to family member in event of death) - business may continue despite death of an owner</p> <p>Credit any other valid explanation.</p>	2

Question		Marks
9 (c)	<p>Consider two appropriate media that Sound as a Pound Ltd could use to advertise the vacancies to ensure they recruit the right people.</p> <p>AO1: 2 marks AO2: 2 marks AO3: 2 marks</p> <p>Award 1 mark for each correct media method identified</p> <p>Award 1 mark for applying suitability to Sound as a Pound</p> <p>Award 1 mark for considering why the media is relevant and suitable</p> <p>Indicative content:</p> <p>Shop window – this is low cost – seen by people that use the shop/familiar with the business – advertise to many people – good for jobs where many people meet the person specification e.g. shop assistant.</p> <p>Social media - this is low cost/free – many people use social media – followed by people who may be familiar with the brand – can be seen by local people/people in North Wales – good for jobs where many people meet the person specification e.g. shop assistant</p> <p>Job centre – seen by people actively looking for a job – candidates are vetted by the job centre (only suitable candidates will apply) – less time spent shortlisting - able to offer trials to those on benefits cost free to Sound as a Pound – good for jobs where many people meet the person specification e.g. shop assistant</p> <p>Recruitment agency - candidates are vetted by the recruitment agency (only suitable candidates will apply) – less time spent shortlisting - anyone with a suitable CV is contacted and notified about the job/not just unemployed so better quality of applicants - good for targeting those with experience – good for skilled roles e.g. managers – high cost to the business</p> <p>Newspaper – can target specific geographical areas, depending on the newspaper coverage – jobs sections designed to target those looking for work – low cost – ideal for businesses with a large number of jobs to fill like Sound as a Pound – as many different roles can be placed in one advert</p> <p>Company website – no cost – likely to attract people specifically wanting to work for Sound as a Pound – application forms can be downloaded and e-mailed – can contain lots of info e.g. job description and person specification – good at attracting all roles – HR can shortlist and may see candidates that are suitable for other roles than people applied for.</p> <p>University noticeboard or university job fair – seen by people gaining qualifications – cheap (possibly free) as universities want good employment rates – can train those with qualifications to business methods as may be more willing to learn – lower wage costs as workers seeking first-time employment have lower wage expectations</p> <p>Credit other valid suggestions.</p>	6

Question		Marks
9 (d)	<p>With reference to Sound as a Pound Ltd, suggest why training new shop assistants is important.</p> <p>AO2: 3 marks</p> <p>Award 1 mark for a valid suggestion (max 2)</p> <p>Award 1 mark for each valid application to why training is important to Sound as a Pound</p> <p>Indicative content:</p> <p>Improve customer service – able to provide a better in store experience to customers – may create upselling opportunities - may result in repeat custom (loyalty) increasing sales or profits</p> <p>Improve Health and Safety knowledge – workers do not put themselves at risk – do not put customers at risk – reduce the chance of prosecution (being sued) – days off work due to injury</p> <p>Quality of work – tasks completed to a high standard – less mistakes - less supervision - meeting business targets</p> <p>Increase motivation - improved work rate, higher number of customers served (productivity) – need to employ less workers – reduce wage costs</p> <p>Credit any other valid suggestions and explanations.</p>	3

9 (e)	Evaluate how Sound as a Pound can motivate its workforce. (8)		
Band	AO1	AO2	AO3
	2	2	4
3	There are no Band 3 marks for this assessment objective, 2 marks are awarded as for Band 2	There are no Band 3 marks for this assessment objective, 2 marks are awarded as for Band 2	<p>4 marks</p> <p>An excellent analysis and evaluation of how Sound as a Pound can motivate its workforce</p> <p>Writing is very well structured using accurate grammar, punctuation and spelling</p> <p>The discussion will be balanced and focus on both the advantages and disadvantages of motivational methods</p> <p>Well-reasoned discussion with a clear line of argument</p>
2	<p>2 marks</p> <p>Good knowledge and understanding of methods of motivating workers</p>	<p>2 marks</p> <p>Good application of the methods of motivating workers</p> <p>Suggestions are suitable for Sound as a Pound (retailer)</p>	<p>2-3 marks</p> <p>Good analysis and evaluation of how Sound as a Pound can motivate its workforce</p> <p>Writing is generally well structured using reasonably accurate grammar, punctuation and spelling</p> <p>The analysis may be unbalanced and focus on either the advantages or disadvantages of motivating methods</p>
1	<p>1 mark</p> <p>Limited knowledge and/or understanding of methods of motivating workers</p>	<p>1 mark</p> <p>Limited application of the methods of motivating workers</p> <p>The response is mostly generic with brief application to Sound as a Pound</p>	<p>1 mark</p> <p>Limited analysis and evaluation of how Sound as a Pound can motivate its workforce</p> <p>May be one-sided</p> <p>Writing shows limited evidence of structure but with some errors in grammar, punctuation and spelling</p> <p>The discussion lacks detail and superficial comments are made with little development</p>
0	<p>0 marks</p> <p>No knowledge or understanding of methods of motivating workers</p>	<p>0 marks</p> <p>No reference is made to Sound as a Pound</p>	<p>0 marks</p> <p>No valid analysis or evaluation is given</p>

Indicative content

Sound as a Pound could increase workers' pay. This will encourage workers to work harder as they get a wage to pay their living costs and fund their lifestyle. Staff will work hard to keep their job and therefore keep earning their wage. However, increasing pay will increase the wage costs, reducing profits. Also pay increases only have a temporary effect and workers will want another pay increase again in the future, raising costs further.

Sound as a Pound could give their workers staff discounts on products. This will encourage workers to stay with the business as they will save money when they buy products from the company. It also increases staff loyalty and workers will feel that they are getting an extra reward for doing their job. However, increasing giving staff discounts on products will reduce Sound as a Pounds already small profit margin per product. This will lead to reduced profits when staff buy the business products.

Sound as a Pound could run an employee of the month competition. Workers will work hard and compete to win the award, improving productivity. Winners will appreciate being recognised by managers/bosses and can also be rewarded with further prizes. However, those workers that are not awarded the prize could become demotivated, particularly those that have worked hard to achieve it. Demotivated staff may provide poor customer service, resulting in complaints.

Sound as a Pound could increase the amount of paid days off (holiday) each worker can have each year. The staff would work hard to keep this benefit as if they lost their job and became employed elsewhere, the new employers may not be so generous with their holiday allowance. Staff may also return from holidays refreshed, so increase their work rate. However, when staff are on holiday they need to be covered in store. This would lead to an increase in staff needed, increasing wage costs and reducing profits. If staff are not 'covered' why they are absent then the workload of colleagues in store may increase, making them demotivated. There will also be less staff to deal with customers, which may increase queue waiting times at the till or poorer customer service for shoppers. This could damage the business reputation.

Sound as a Pound could offer promotions to workers that impress the managers/owners. This means that workers will increase their work rate and compete to gain a promotion, improving productivity. However, the opportunities for promotions are not always available meaning that this is not always possible. Sound as a Pound won't want too many supervisors or managers and lose shop assistants. Those workers that don't get a promotion may become demotivated or envious of colleagues, reducing their work rate. They may even look for a job elsewhere, leading to more recruitment being needed, which is a costly and time taking process.

Sound as a Pound could adapt their management style to create a positive working environment. By listening to the ideas of workers (democratic), they become responsible for the performance of the business. Workers often like added responsibility and the feeling of importance in the workplace. There is also no cost to this which benefits the business further. However, this can cause some issues with staff who feels that the management of the business is weak and this may undermine the authority of those in charge. Staff may start to make their own decisions, for example open a till, or change a product display, without consulting the person in charge. This can also slow down decision making which may reduce the productivity of the business.

NB: Do not credit; Staff Share Scheme (unlikely in Ltd), Commission as not sales jobs.

Question		Marks
10 (a)	<p>Compose a possible SMART objective for Wilson McGregor PLC.</p> <p>AO2: 2 marks</p> <p>Award 1 mark for being measurable e.g. Wilson McGregor will increase <u>sales revenue by 20%</u></p> <p>Award 1 mark for being timed e.g. <u>in 2019</u></p>	2
10 (b)	<p>Name two legal responsibilities that Wilson McGregor PLC has to its employees.</p> <p>AO1: 2 marks</p> <p>Award 1 mark for each appropriate legal responsibility for Wilson McGregor PLC</p> <p>Indicative content</p> <p>Health and Safety/must ensure work environment is safe Contract (of employment) is followed Working hours/breaks No unfair dismissal/rules which must be followed before anyone can be dismissed Equality laws/no discrimination/workers treated the same Right to Minimum Wage/paid living wage</p>	2
10 (c) (i)	<p>State the formula for gross profit margin (GPM). Use the formula to calculate Wilson McGregor PLC's gross profit margin in 2016.</p> <p>AO1: 1 mark</p> <p>Award 1 mark for correct formula</p> $\text{GPM} = \frac{\text{Gross profit}}{\text{Sales revenue}} \times 100$ <p>AO2: 1 mark</p> <p>Award 1 mark for correct GPM</p> $\frac{9\,000\,000}{45\,000\,000} \times 100 = 20\%$	2
10 (c) (ii)	<p>Calculate the net profit for Wilson McGregor PLC in 2018.</p> <p>AO2: 1 mark</p> <p>Award 1 mark for the correct answer</p> $£18\,000\,000 - £13\,000\,000 = £5\,000\,000$ <p>NB: Accept 5 000 000 or 5 million</p>	1

Question		Marks
10 (d)	<p>Name one stage of the sales process.</p> <p>AO1: 1 mark</p> <p>Award 1 mark for identifying a correct stage</p> <p>Preparing through good product knowledge Identify sales opportunities Customer engagement: Understanding the needs and wants of customers Informing customers of the features and benefits of the product or service Closing the sale Following up/after sale</p>	1
10 (e)	<p>Explain how businesses such as Wilson McGregor PLC may have been affected by a rise in interest rates in the UK.</p> <p>AO3: 2 marks</p> <p>Award 1 mark for limited explanation Award 2 marks for developed explanation</p> <p>Indicative content: Answers could include:</p> <p>A rise in interest rates means that people with non-fixed loans and variable mortgages will have less money to spend - so they may spend less money on products/services.</p> <p>People with savings will experience an increase in the interest received – so they may spend more money.</p> <p>The cost will rise for people who want to take out a loan – may therefore choose not to borrow money – reduce demand</p> <p>Businesses may get less customers - as people may not be able to afford products/services – high end products are often financed through borrowing</p> <p>Businesses may get more customers - if they are ones with savings so revenue may increase.</p> <p>Businesses may be not be able to afford to borrow money/can only afford to borrow less money - which could lead to less investment in the business.</p> <p>Credit any other valid explanation - including specific examples to the housing industry.</p>	2

10 (f)	Evaluate the most suitable sources of finance that Wilson McGregor PLC can use to build new homes. (10)		
Band	AO1	AO2	AO3
	3	3	4
3	<p>3 marks</p> <p>Excellent knowledge and understanding of the different sources of finance</p> <p>Specialist vocabulary is used with accuracy</p>	<p>3 marks</p> <p>Excellent application of different sources of finance to Wilson McGregor PLC</p> <p>Information from the data is used in development</p> <p>There is clear and direct reference to Wilson McGregor or the home builders market throughout</p>	<p>4 marks</p> <p>An excellent analysis and evaluation of the different sources of finance available to Wilson McGregor PLC</p> <p>Writing is very well structured using accurate grammar, punctuation and spelling</p> <p>The discussion will be balanced and focus on both the advantages and disadvantages of suitable sources of finance</p> <p>Well-reasoned discussion with a clear line of argument</p> <p>Clear judgements are made with supporting statements</p>
	2	<p>2 marks</p> <p>Good knowledge and understanding of the different sources of finance</p> <p>Good use of specialist vocabulary</p>	<p>2 marks</p> <p>Good application of sources of finance to Wilson McGregor PLC</p> <p>Information from the data is used</p> <p>There is reference to Wilson McGregor or the home builders market</p>

<p style="text-align: center;">1</p>	<p style="text-align: center;">1 mark</p> <p>Limited knowledge and/or understanding of the different sources of finance</p> <p>Limited or no use of specialist vocabulary</p>	<p style="text-align: center;">1 mark</p> <p>Limited application of sources of finance available to Wilson McGregor PLC</p> <p>The response is mostly generic with brief application to Wilson McGregor or the home builders market</p>	<p style="text-align: center;">1 mark</p> <p>Limited analysis and evaluation on the different sources of finance to Wilson McGregor PLC.</p> <p>Writing shows limited evidence of structure but with some errors in grammar, punctuation and spelling</p> <p>The analysis lacks detail and superficial comments are made with little development</p>
<p style="text-align: center;">0</p>	<p style="text-align: center;">0 marks</p> <p>No knowledge or understanding of the different sources of finance</p>	<p style="text-align: center;">0 marks</p> <p>No reference is made to Wilson McGregor or the home builders market</p>	<p style="text-align: center;">0 marks</p> <p>No valid analysis and evaluation is given</p>

Indicative content

Answers could include:

Wilson McGregor could use profits/savings/reserves – they are an established and successful business, with substantial Gross and Net profits, according to the P&L account. It is likely that they will have some savings they can use. It requires no interest or repayments. However, Wilson McGregor are unlikely to have the required amount to buy everything that is required, based on cost of sales figures.

Wilson McGregor could get a bank loan which they should have access to due to their size. The money becomes immediately available and they can spread payments/instalments. However, interest has to be paid on the loan, meaning they pay back more than they borrowed. Also, some form of collateral may be required to secure the loan. This may put the business at risk in the future.

Wilson McGregor could sell additional shares which will raise money quite quickly and without interest payments. However, there will be a loss of control which could impact on decision making and the profits will be distributed through dividends to shareholders. The amount raised will also depend on the value the investors place on the business.

Wilson McGregor may sell some of its assets if the assets are no longer required such as equipment, premises and vehicles. This could raise large sums of money to go towards the cost of building more homes. However, most assets are likely to be essential to the business.

Wilson McGregor could lease equipment and still have access to essential machinery/equipment. Leasing allows new equipment to be used, the latest equipment might help produce higher quality homes. However, rental payments will be required which could negatively affect costs and lead to less profits for shareholders. Equipment will need to be kept for the term of the lease, returning equipment early will cost the business more.

Wilson McGregor could use hire purchase. This is useful for purchasing equipment and machinery which can be obtained quickly. However, interest rates are usually high and the property is not owned by the business until the last payment has been made. Items can be legally repossessed if the business falls behind with repayments.

Wilson McGregor could access government grants: usually given to businesses in regions where unemployment is high, although government housebuilding targets mean that Wilson McGregor may qualify too. Often they are grants which do not have to be repaid. However, they tend to be small amounts that last only for a relatively short period of time. They are hard to get and there are restrictions/specific criteria to comply with.

Credit any other valid analysis.