



GCSE

Business Studies

General Certificate of Secondary Education **J253**

OCR Report to Centres June 2015

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This report on the examination provides information on the performance of candidates which it is hoped will be useful to teachers in their preparation of candidates for future examinations. It is intended to be constructive and informative and to promote better understanding of the specification content, of the operation of the scheme of assessment and of the application of assessment criteria.

Reports should be read in conjunction with the published question papers and mark schemes for the examination.

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A291 Marketing and Enterprise

General Comments

The overall standard this session was broadly in line with that seen in previous years. The two scenarios presented to candidates were centred on Asma and Joe. They were both 24, and neither had experience of running their own business. Asma, who worked in a child day nursery, wanted to open a similar business of her own. She had the backing of wealthy parents. Joe, who had experience in the computer business wanted to set up his own computer repair operation. Candidates were given no details of any financial backing he might have. Assessment A (Asma) was the more popular of the two options.

It is vital in the OCR controlled assessment that candidates understand that the details presented to them will affect the marketing decisions they have to make. A number of candidates made no reference to Asma's wealthy parents – could they have provided finance for expensive research to be undertaken? Could her parents support an aggressive penetration pricing strategy in order for Asma to attract customers from other nurseries? How could Joe use his obvious experience in computing to help his promotional strategy?

Whilst candidates saw that as they were both *new businesses* (and the impact this might have) there were many examples of work where the above issues were not addressed, despite being in the pre release material.

Administration remains an issue with a number of centres failing to add up the marks correctly on the URS form, or incorrectly transferring the mark from the URS to the MS1 or Interchange.

Application of the Assessment Objectives

AO1

The knowledge element of the assessment was covered well by the majority of candidates. In controlled assessment A (Asma) candidates showed good knowledge of business plans, market research and pricing strategies. If centres are in any doubt as to which market research and pricing strategies they should cover, reference should be made to the specification and teacher guidance provided by OCR.

In assessment B (Joe), there was good knowledge shown of SWOT analysis, promotion (to include both advertising and point of sale) and distribution. In this assessment there was at times too much coverage of different distribution methods when the concentration should have been on those contained in the assessment.

AO2

This assessment objective is the most important within the assessment as a whole. Candidates should look to *apply* their knowledge to:

- The local area. Clearly if there were a number of close competitors then pricing strategies for Asma and promotional strategies for Joe would be affected. With no competitors, rather different decisions may well be justified. To help with this, candidates should look to providing a map showing the number, location and importance of potential competitors.
- The circumstances of the person involved. As stated above, Asma has financial backing; Joe's situation regarding finance is unknown. They are both 24 and new to business ownership. Asma works in a day nursery, Joe has experience of different computer companies. How will these factors influence decisions on pricing, market research, promotion and distribution?

- The industry. Candidates should be aware of how the industry operates. For example do new, small computer repair businesses in general promote themselves by billboard advertising? Is there a pattern within the day nursery industry to operate a competitor pricing strategy in a local area?

Many candidates look at the features of say penetration pricing in a generic way without focusing on whether it would be applicable to Asma *in her particular circumstances*. It is important in AO2 that candidates looking for the higher grades understand how all the bullet points above relate to the situation they are investigating. Writing that Joe should ‘advertise in the local paper because local people will see he is open for business’ is not wrong, but it fits *any* business. Why should this method be suitable for Joe?

Many candidates saw that as Asma was working in a day nursery she could possibly conduct some research there, whilst recognising that the owner of that business would not accept such approaches. Asma would, however, have contacts amongst local parents which could be used for say an informal focus group. She is of an age where she may well know young mothers who she could use as a resource in her research of the local market.

In assessment B (Joe) candidates rightly saw that he could not afford television advertising, with more able candidates adding that this would give far greater area coverage than he would need. In promotion, there is still an emphasis on a range of advertising which for a small, new business would be inappropriate. Candidates should understand that the launch of many such businesses is very much low key. Point of sale promotions were not covered as well, though may well be more applicable to Joe in his new venture.

In this aspect of the work it is vital that candidates look to explain *why* a particular pricing strategy/promotion etc. is applicable to the person, the local area and the industry in which the person is operating.

AO3

Here candidates should look to analyse collected data and reached justified conclusions as to the actions they are recommending.

In assessment A (Asma) a number of candidates in investigation 2, looked into the type of questions that Asma should be asking rather than the market research method she should use. Local research should have been undertaken on whether the local target market would take part in a focus group, would they mind telephone interviews would they complete a questionnaire if left with them etc. This would give clear data to analyse and use to justify the recommendations being made.

In investigation 3, candidates concentrated rather too much on the price Asma should charge rather than the *strategy* she should use. Much local data on pricing was collected by many candidates. This was best used to show competitor pricing, or differential pricing with different rates at different times of day. Local research on pricing should have been concentrated on a possible recommendation. For example a question such as ‘would you use a new day nursery if it charged higher prices but offered superior facilities?’ would have given data on whether skimming was a possible strategy that Asma might consider. Other questions could be devised to research other potential pricing strategies.

In the case of Joe, good research was often undertaken in investigation 2 on where local consumers looked to find a computer repair service. This helped justify the recommendations being made. The research in investigation 3 was rather patchier. Good candidates conducted primary research, concentrating on the preferences of local consumers as to where they would

like any computer repairs carried out – in the shop or at home. This was supplemented with research on whether local consumers would buy related products from a local shop or use the Internet. A further development on this is whether they would buy on the Internet from a *new* supplier or stay with their existing provider.

In all cases, in investigations 2 and 3, primary and secondary research should be collected, analysed with the results of the analysis being used to justify the recommendations. Figures/percentages from the analysis should be used to add detail and weight to the ideas being put forward.

The use of appendices should be kept to a minimum. For moderation, it is helpful when the data (graphs, tables etc.) is within the body of the work with the analysis. Any supplementary information should be commented on within the work and not just added to the investigation, as it is more of a distraction than a meaningful addition.

A292 Business and People

General Comments:

The general impression is that the paper was appropriate for the ability range of candidates.

Many candidates displayed an excellent knowledge of the specification content and outstanding scripts were seen. However, there were other scripts which displayed major gaps in knowledge and understanding. The main one which caused difficulty related to question 1c(ii) namely organisational charts and the relating span of control questions. This question was targeted at the higher end and differentiated as such.

Comments on Individual Questions:

Question 1

- A(i) This part of the question was well answered with approximately 70% of candidates were able to achieve at least two of the four marks on offer by correctly explaining an advantage or disadvantage of being a public limited company. The most common correct responses for an advantage included ‘shares are sold on the stock exchange therefore capital can be put back into the business to buy more vans to rent out’. For a disadvantage correct responses included ‘someone could buy a majority of the shares from the stock exchange and launch a hostile takeover bid’.
- (ii) This part of the question was generally well answered with approximately 80% of candidates obtaining at least one of the two marks on offer. This mark was obtained for essentially referencing ‘profit was the funding of the growth’. The second mark proved difficult to achieve as students did not go on to explain that retaining the profit can be used for buying more vans/premises’.

Correct responses included ‘Profit provides money for growth and the more the business grows the more money is available for the business to invest to expand and grow’. Candidates were also awarded two marks for ‘profit needed to reinvest e.g., buy new vans’.

- (iii) This part of the question was well answered with approximately 75% of candidates able to correctly select the meaning of corporation tax, namely ‘A tax on profits’.
- B This part of the question was well answered. The vast majority of candidates, over 70%, could obtain the three marks on offer by stating why each of the three stakeholders (government, customers, and workers) may have an interest in the stated business. For some candidates, explaining why a government may have an interest in the business proved difficult.

Correct responses included those outlined in the mark scheme namely ‘the Government is interested in whether Transport plc has paid enough tax’, ‘Customers are interested in the hiring of vans from Transport plc’, and ‘Workers are interested in whether Transport plc will pay them’.

- C (i) This part of the question was satisfactorily answered and it produced a variety of responses. Nearly 60% of candidates could select the span of control of the manager that is ‘3 supervisors’.. A common incorrect answer was ‘narrow span of control’.

- (ii) This part of the question was targeted at the higher ability range. Candidates struggled to interpret and compare the organisational charts provided. In addition, many candidates gave answers centring on ‘chain of command’ and not ‘span of control’.

Correct responses included ‘Transport plc should not introduce a wide span of control (SOC) because with a wide SOC the controlling of supervisors is more difficult which may lead to inefficiency as some workers may not be monitored closely enough. Also, this may be far more stressful for managers as they will have to control more supervisors. In addition, a narrow span of control allows a manager to communicate quickly with the supervisors and control them more easily. In addition, feedback of ideas from the workers will be quick and this can lead to any problems being sorted quickly’.

- D (i) This part of the question was generally well answered and this was expected as it was an evaluation question targeted at the grades E, F and G. Over 60% of candidates could obtain level 2(at least four of the five marks on offer) by analysing three recruitment advertising methods, and making an appropriate judgement as the appropriateness of each in recruiting local people. The more able could analyse each suggestion and provide reasons for their choices. The main reason for not achieving level 2 was due to a lack of linking job centres to recruiting local people.

An example of a good response included ‘It is not a good idea to use all three methods as Transport plc wants to use local workers so advertising on national TV would be a waste of money. Both the other methods are targeting local employees in that Transport plc intends to use a local newspaper and a local job centre therefore these would be the best methods’.

- (ii) This part of the question was satisfactorily answered. Approximately 75% of candidates could demonstrate some knowledge of group activities as a means of selecting candidates. Only 25% could obtain both marks. The reason for the loss of the second mark was the lack of application to the type of job being advertised, namely a sales position.

A two mark response is, ‘seeing candidates interacting shows their interpersonal skills and ability to work as a member of a team and this is really important for a sales person’.

- E(i) This part of the question was well answered. The vast majority of candidates, over 90%, could achieve both of the marks on offer by stating accurately two methods a business may use when communicating with its employees when they are out of the office.

Correct and most common answers included ‘Mobile phone’, and ‘Email’.

- (ii) This part of the question was well answered with approximately 60% of candidates able to correctly explain one barrier to communication. Correct responses included ‘Breakdown in technology means message cannot be sent’ and ‘Language barrier as some of the employees may not speak/write fluent English’.

Question 2

- A(i) This part of the question was poorly answered. Over 50% of candidates did not achieve a mark with only 30% achieving the full mark allocation for correctly explaining the meaning of a ‘separate legal identity’. Correct answers included ‘the owners have limited liability and, therefore, cannot be sued’.
- (ii) This part of the question was well answered. Over 55% of candidates achieved full marks by explaining the meaning of ‘monetary motivation’ and ‘non-monetary motivation’. Correct answers included ‘*Bonus as workers will feel valued and will want to work harder for more money*’ for monetary motivation, and for non-monetary motivation ‘*If doing the same job*

'day-in' workers may get bored, therefore, rotating their job doing different duties will help keep interest'. Approximately 25% of students were not able to explain non-monetary motivation.

- B(i) This part of the question was well answered with over 90% of candidates able to obtain the two marks on offer by explaining which sector of the economy the stated business belongs. Correct responses included 'Di-Tech Ltd is in the tertiary sector as it sells/provides computers. We also allowed 'Di-Tech Ltd is in the secondary sector as it makes the computers'.
- (ii) This part of the question was generally well answered with over 75% of candidates achieving at least level two and therefore awarded at least three of the six marks on offer. Approximately 40% of candidates achieved level 3 by identifying and explaining the trend in primary and tertiary sector.

An example of a good response included 'The Primary sector has decreased. There are many reasons for this e.g., foreign competition has meant that businesses in UK cannot produce goods as cheaply as other countries therefore demand in the UK gone down and therefore the need for workers. Tertiary sector is increasing due to an increase in population which means more demand for teachers/nurses'.

- C This part of the question was targeted at the lower ability range and as a consequence was well answered with approximately 80% of candidates able to correctly explain the consequences of strike action on the stated business and employees. Correct responses included those outlined in the mark scheme namely 'a strike will decrease production therefore Di-Tech has less to sell which means less profit' and for employees 'a strike will mean they do not get paid, therefore, will have difficulty paying living expenses'.
- D This part of the question was well answered. Approximately 60% of candidates obtained each of the two marks on offer by explaining a legal requirement imposed on a business. Correct responses included 'Minimum wage means that workers in the UK should not be paid less than a certain amount per hour. They should not be exploited' and 'workers should feel safe in their job therefore businesses have to follow various safety guidelines'.
- E This part of the question was answered as expected with an appropriate 'normal distribution' of marks. Over 80% of candidates could obtain level 2 and achieved at least three of the six marks on offer by explaining at least one advantage or disadvantage of locating a business in either India or the UK using the prompts provided. Approximately 35% of the more able could analyse and provide a reasoned judgement as to which country the stated business should operate from. Usually those that expanded went for 'higher quality goods for the UK' or 'higher profits for India'. A significant number did not understand the meaning of infrastructure, and some candidates did not go beyond restating the points provided by the question.
- An example of a good response included 'The cost of premises is lower in India than in the UK which will mean costs are lower in India. However, the infrastructure in India, road and rail networks, will be worse than in UK which means the receiving of supplies may harm efficiency as well as the distribution of products to Di-Tech Ltd's customers who are around the world. Also a major issue is labour quality. This is lower in India than in the UK which means if you locate in India productivity may be lower and the quality of products may be lower which may mean lower sales and a poor reputation. Overall I would choose the UK as the weighting of the quality of the product factor outweighs everything else'.
- F This part of the question was satisfactorily answered with approximately 55% of candidates able to achieve L2 and four marks of the six on offer. There were some really well constructed responses displaying good analysis of the data provided. The modal mark

for this question was 4 as many candidates did not reference the growth in the numbers of home-workers hence the restriction on marks.

An example of a good response included ‘it looks as if Di-Tech Ltd should allow some of its employees to work from home. The graph is showing home working on the increase and this implies it is a good idea as there would not be an increase if it did not work. Also the BT article states its homeworkers save it an average of £6,000 a year each which would help in getting back the money that the business needs to spend on installing and maintaining home links. Obviously, before any decision, the business needs to think about how many employees it will allow because this will impact on costs, as well as, on the management of staff’.

A293 Production, Finance and the External Environment

General Comments:

The examination was based on a pre-release case study. The case study was constructed around two fictional businesses, Holden plc and Bromley Furnishings. Holden plc manufactured cushions and bean bags. It had moved production from the UK to China but was considering moving production back to the UK. Bromley Furnishings was a small retailer selling a range of household furnishings including products produced by Holden plc. Information related to Holden plc was provided about the process of production of cushions, cost issues, considerations regarding the location of the business, the possibility of using kapok as a cushion filler and the general economic context in the fictional town of Bowton. Information was provided about the sales of Bromley Furnishings as well as a cash flow forecast.

The case study appeared to be accessible to the vast majority of candidates and there were indications that many centres had prepared candidates in detail. The overall level of performance was good.

The examination was aimed at the full range of candidates from A* to G. Some questions were specifically designed to give an opportunity for the lower grade candidates to show what they could achieve including some of the tick box questions. Those designed to provide an opportunity for the higher grade candidates to display their abilities were open questions in which it was expected that the lower grade candidates might gain some credit. These questions were, in the main, marked using a levels of response mark scheme.

There were two kinds of questions marked using a levels of response approach. 1 e ii), 2 c), 2 d) and 3 b i) asked either for a recommendation or an evaluation or assessment of an issue. As in previous years, information was provided in the case study which could be used to inform an overall judgement. Candidates were well prepared to discuss the ‘text book’ type of considerations. 2 c illustrates the issue well. Candidates were able to discuss the general financial considerations relating to whether or not Holden plc should rent or buy a factory should it move back to the UK. For example, a common answer was to suggest that by buying the factory, Holden plc would gain an asset that they might be able to sell in the future at a profit. To achieve a level 3 answer, candidates needed to relate this specifically to the case study – plenty of information was provided to help this. The case study provided the information that the economy was expected to grow and, as a result, property prices were expected to rise. This could have been used to justify a conclusion to buy rather than lease. Another possible approach was to use the cost data to calculate from the data provided a comparison of rent against buying costs and/or looked at the long term. Another was to consider short and long term options, the short term favouring renting whilst in the long term Holden plc would benefit from a significant fall in expenses once the mortgage was paid off. In these types of questions, candidates are to be encouraged to focus on the information provided not just general issues.

In 3 b ii) and 3 d iii), also marked using a levels of response approach, the emphasis was slightly different in that candidates were challenged to make a judgement about *the extent* to which something might result. Specifically the questions related to the extent to which a change in the interest rate would affect the Holden plc and the extent of the success or otherwise that might be experienced by Bromley Furnishings in 2015. In common with other levels of response questions, information was provided in the case study that could be used to support the overall judgement required to achieve level 3. For example, the case study indicated that whilst some jobs had been created in Bowton many were low paid and part-time and some businesses were

still laying off staff. This was relevant to predicting the extent to which the owner of Bromley Furnishings could expect an improvement in performance in 2015.

Whilst there were some excellent, sophisticated responses to the questions marked by a levels of response approach, there remains room for further improvement and centres are strongly recommended to focus on preparing candidates to develop judgements based on the evidence in the case study in particular, as well as to bringing in other information relevant to the current environment in which businesses operate.

Most candidates expressed themselves reasonably clearly. The use and spelling of specialist terms was generally very good. There were scripts where the handwriting was very difficult to read.

Question One

- 1 Candidates generally displayed good knowledge of batch production and its advantages.
 - ai Majority of students answered that batch production is producing one type of cushion before changing to another.
 - aii The most commonly cited advantages of batch production were the ability to vary production in terms of the types of production and to be able to produce large volumes of cushions and thereby to satisfy customer needs. Common misconceptions involved discussions about using specialist workers or about improvements in quality. A number of candidates confused batch and mass production.
- 1 b This question was targeted at F and G grade candidates and it was pleasing to see the majority of students answering the question correctly.
- 1 ci The majority of candidates were able to perform the calculation to produce the correct answer of £15. The most common incorrect answer was £11.00 which is a calculation of the variable cost of producing a bean bag. Emboldening is often used in questions to help candidates appreciate the focus of the question as was the case in this question with stress on total costs. Whilst some candidates may not have understood the concept of total costs it is possible that others may not have read and digested the instruction.
- 1 cii In comparison to 1 c i) a slightly more complex calculation was required to answer this question. Still, a significant number of candidates were able to identify that it was necessary to calculate total revenue and then deduct total cost to come up with the answer. Different, but equally valid, strategies were used to achieve this.
- 1 ciii Many candidates illustrated the process of adding value by referring to the manufacture of the finished product, the cushion, from the raw materials. An alternative answer that was given by some candidates was that advertising added value by bringing the product to the attention of buyers. A significant number of answers dwelled on the *amount* of value added rather than explaining the process.
- 1 civ The most frequently suggested advantages were that profit would help the business to expand or grow, to survive and to pay dividends or the shareholders. The better answers developed the advantage rather than repeating it. For example, those who suggested profit would help the business to grow added a clear explanation by indicating that profits provided the finance in the form of retained profit that made investment, in machinery or other capital, possible. No credit was given to answers

that suggested that profit was used to pay wages or to buy materials as these are costs taken away from revenue in the calculation of profit.

- 1 di The most popular answers were that Holden plc could charge higher prices, benefit from a good reputation, satisfy customers or beat the competition. As with 1 c iv) the better answers provided an appropriate development such as that satisfied customers would return to purchase more goods or recommend friends and colleagues to buy the cushions. A less commonly suggested advantage was that there would be fewer returns developed by explaining that this would reduce costs.
- 1 dii TQM, checking, testing and quality assurance were often suggested. TQM was generally developed well. Some candidates focussed on what should be checked rather than a method of quality control. Other incorrect answers included the use of specialist workers, batch production, a supervisor or production manager.
- 1 ei The majority of candidates correctly identified tariff in answer to this questions.
- 1 eii There were many good discussions both for and against the increase in a tariff. Those against the increase mainly stressed the benefit of competition to the consumer in terms of price and quality and innovation as well avoiding the risk of retaliation. Arguments in favour of increasing the tariff focussed on the benefit to UK businesses and employment of protectionist measures and additional revenue for the government. Some excellent answers focussed on the weak state of the economy in Bowton (and, by implication, elsewhere) and the high level of unemployment as described in the newspaper in Section 7 of the case study to conclude that the government should have increased the tariff or countered this by stressing the benefits to the consumer of free competition. As noted in the introduction to this report, there is room for improvement in the use the kind of information in the case study.
- 2 a It was pleasing to see many candidates performing the appropriate calculation required demonstrating the ability to interpret data presented in the form of a pie chart.
- 2 b "Less wastage" was picked up by most students and many explained that this was due to the inaccuracy of the Chinese workers or the better accuracy of UK workers. Some candidates failed to maximise their marks by not developing an explanation of why there would be less wastage.
- 2 c Many candidates gave good consideration to the general issues relating to the decision to rent or to buy. The better answers went beyond this and made excellent use of the information presented in the case study. One approach through which many candidates achieved level 3 was by calculating the full cost to rent compared with buying a factory. A common L3 answer was the rent is £8000 cheaper per year. Some very sophisticated answers included calculations covering a possible twenty year period of business operation, others focussed on the five year period referred to in the case study. This approach was given more credit than a general discussion of the costs of renting and buying. Quite a few candidates also explained how once the mortgage was paid off, this would be a cheaper option in the long run, whereas rent would be paid forever. Citing building/buying a factory as gaining an asset was quite common. The better answers picked up on the information in the case study that property prices were expected to increase in the coming year. The question asked candidates to discuss financial information. A significant number of candidates failed to respond to this. A lot of candidates went into detail regarding the advantages of building a factory such as layout or size. Other suggested that, if leasing was chosen, the landlord would cover the cost of maintenance. This is

sometimes suggested as a possibility in text books but the case study information made it clear that lessee would have to pay for these costs in this instance. It is worth stressing the point once again that candidates need to respond to the case study information and to specific instructions in the question to gain the highest marks.

- 2 d Candidates displayed very good knowledge of the social costs and benefits of related to the decision to allow a factory to be built on green belt. Advantages cited included job and income creation, the demand for goods and services from other firms in the area and the development of the economy in general through a multiplier effect. Disadvantages included noise and air pollution, destroying animal habitats and losing an amenity enjoyed by the local community. Some candidates misinterpreted the question and discussions centred around the effect on Holden plc if it was to build on green belt and the possible adverse reaction of customers. The best answers focussed on the needs of the town referring to the high levels of unemployment and the importance of economic development given the weaknesses in the local economy. Others indicated further information that would be useful to guiding decision making such as the amount of green belt that existed already.
- 2 ei Renewable and sustainable were the most popular answers. Despite being told that kapok was more expensive than latex, a number of candidates answered that it was cheaper than latex.
- 2 eii It is clear that many candidates have a good understanding of Fair Trade and were able to develop answers which highlighted the importance of developing a good reputation and how this could increase sales amongst socially concerned consumers. Some candidates had not read the question carefully and stated and explained benefits to Fair Trade producers rather than Holden plc. For the disadvantage many candidates stated increased costs and the impact this might have on prices, profits and competitiveness. Some candidates mistakenly compared the cost of buying kapok with the cost of latex rather than of buying from Fair Trade or non-Fair Trade producers.
- 3 a The most common answers were more workers being available, cheaper wages or the possibility of obtaining a grant. Too many candidates failed to gain additional marks because their explanations were repetitive rather than developmental.
- 3 bi Most candidates argued that a grant would encourage Holden to re-locate, that it would create jobs, benefit the economy and create more taxes for the government to repay the grant. Some students incorrectly thought the grant was repayable and came with interest charges. Many candidates achieved level 2. As with 1 e ii) and 2 c) there was an opportunity to gain higher marks by focussing on the economic needs of the town at the time and the financial restrictions faced by the local council as a result of spending cuts. The best answers discussed these points to take their answers beyond a discussion of the general issues and focus on the information provided in the case study.
- 3 bii There were some very good discussions about lower loan repayments reducing the costs of Holden plc, encouraging consumer and business loans, reducing the incentive to save and increasing demand. Answers were often restricted by not following the command in the question which was to discuss *the extent to which* Holden plc would benefit from lower interest rates. Relevant points which were mentioned by candidates included how much lower interest rates might be, how much Holden plc borrowed referring specifically to its interest in taking out a mortgage to buy a factory.

- 3 ci Profit and sales were the most popular answers. There were some references to market share. Incorrect answers included parts produced, quality of products and closing balance.
- 3 cii There were many good answers to this question. Appropriate responses mentioned the recession, low employment, low disposable income and a resulting weak demand for luxuries and inaccurate forecasting by the owner of the business. A number of candidates focussed on the problem of the usual slump in post-Christmas sales though the question referred to a longer period of time.
- 3 di The correct answer of £2,000.00 was quite common. Incorrect answers included £14,000, £2,500 and £1,500.
- 3 dii Candidates were required to identify the need for short term finance and how this could be met. Overdraft was the most common correct answer. The most common incorrect answers were bank loan, increasing sales and reducing costs.
- 3 diii As with 3 b i) the questions required a discussion of the extent to which something would be affected, in this case *the extent to which 2015 might be a poor year* for Bromley Furnishings. There was some good analysis of the problems faced by the business in terms of falling sales and rising expenses and the need for the owner to change these. There were some good discussions of decisions that the business could take to improve performance including increasing sales and reducing expenses. The best answers discussed strategies the owner might use to achieve these such as advertising campaigns and cutting staff and/or wages. Another excellent approach was to discuss the importance of the economic environment and how this would impact on performance.

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