CAMBRIDGE OCR

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Cambridge OCR Level 1/Level 2 GCSE (9-1) in Business

J204/01 Business 1: business activity, marketing and people

Sample Question Paper Version 3.3

Date – Morning/Afternoon

Time allowed: 1 hour 30 minutes

You may use:
- A calculator

First name									
Last name									
Centre number						**Candidate number**				

INSTRUCTIONS
- Use black ink.
- Complete the boxes above with your name, centre number and candidate number.
- Section A and B: answer **all** the questions.
- Write your answer to each question in the space provided.
- Additional paper may be used if necessary, but you must clearly show your candidate number, centre number and question number(s).
- Do **not** write in the bar codes.

INFORMATION
- The total mark for this paper is **80**.
- The marks for each question are shown in brackets **[ ]**.
- Quality of extended response will be assessed in questions marked with an asterisk (*).
- This document consists of **16** pages.

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Section A

Answer **all** the questions.

1 Which of these is an example of digital communication?

A A face-to-face interview
B A letter
C A magazine
D A website

Your answer ☐ **[1]**

2 What is the final stage of the product life cycle?

A Decline
B Delegation
C Distribution
D Diversification

Your answer ☐ **[1]**

3 Which of the following is an internal stakeholder of a business that trades as a partnership?

A A customer
B A shareholder
C A supplier
D An employee

Your answer ☐ **[1]**

4 Which of the following are the customers of a business **most** likely to be interested in?

A Employee wages
B Job security
C Product range
D Share dividends

Your answer ☐ **[1]**

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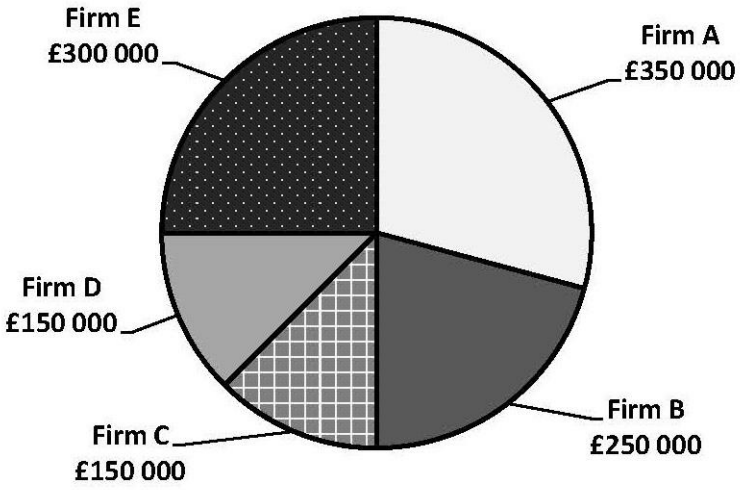
5 Five firms operate in a market. The pie chart below shows the annual revenue for each of these five firms. Awareness of market share will inform the decisions Firm E need to make to achieve business growth.



What is the market share of Firm E?

A 25%
B 30%
C $33^{1}/_{3}$%
D 90%

Your answer ☐ **[1]**

6 Invention involves:

A behaving dishonestly
B creating new products
C developing existing products
D discrimination in the workplace

Your answer ☐ **[1]**

7 In response to market research data, a hairdressing salon reduces the price it charges for a haircut from £22.00 to £18.00.

The percentage reduction in the price charged for a haircut is approximately:

A 4.5%
B 5.5%
C 18.2%
D 22.2%

Your answer ☐ **[1]**

8 Which one of the following is **not** a benefit to a business of improving employee retention?

A Cost saving
B Less time spent on recruitment
C Lower selling price
D Reduced need for training

Your answer ☐ **[1]**

9 Who is a director's subordinate?

A A customer
B A manager
C A shareholder
D A supplier

Your answer ☐ **[1]**

10 A well-known restaurant chain buys another well-known restaurant chain.

What is this an example of?

A A horizontal takeover
B A vertical merger
C Diversification
D Innovation

Your answer ☐ **[1]**

11 One benefit to a hospital of encouraging staff development is:

A increased skill shortages
B improved patient care
C lower morale of doctors and nurses
D more medical staff can be employed

Your answer ☐ **[1]**

12 A small business that sells baby clothes has done some market research using a range of information sources.

Which of the following would have been obtained from internal data?

A Articles in parenting magazines
B Competitor websites
C Government statistics on birth rates
D Sales figures showing the shop's best-selling products

Your answer ☐ **[1]**

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13 Which one of the following is **not** a benefit of being a sole trader?

A Keep all profits
B Own boss
C Pursue personal goals
D Shared responsibility

Your answer ☐ **[1]**

14 Which one of the following is a benefit to a flower shop of employing extra temporary sales staff on Valentine's Day?

A More customers can be served
B Roses can be sold for cheaper prices
C The flowers will be fresher
D Workers can be paid less than the minimum wage

Your answer ☐ **[1]**

15 A firm only has the resources to introduce one new product to the market. The results of its market research survey are shown below.

- 5% of women and 18% of men said they would consider buying the product.
- Of these, 30% favoured the basic model and 70% favoured the advanced model.

Which one of the following does the market research suggest it would be best for the firm to do?

A Produce the advanced model and target men
B Produce the advanced model and target women
C Produce the basic model and target men
D Produce the basic model and target women

Your answer ☐ **[1]**

Section B

Answer **all** the questions.

16

Text 1

Boohoo.com

Boohoo was started in 2006 by two entrepreneurs who had the idea of starting a business where customers could buy the latest fashions online.

Boohoo has expanded using organic growth, and has become a global online retailer of its own brand clothes, shoes and accessories. It now sells in over 100 countries. Boohoo charge for delivery. It has millions of website users per month.

The target market for the Boohoo brand is men and women who are 16 to 24 years old and are fashion conscious. To reach this market, Boohoo uses social media. The business is active on Facebook, Twitter, YouTube and Instagram.

Boohoo has also introduced apps for smartphones and tablets that allow customers to browse and buy products very easily.

(a) State **two** characteristics of an entrepreneur.

……

…… **[2]**

(b) Explain how Boohoo may have expanded using 'organic growth'.

……

……

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…… **[2]**

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(c) Explain **one** advantage to Boohoo of using market segmentation.

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…… **[2]**

(d) Explain how Boohoo's objectives may have changed since 2006.

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…… **[2]**

(e) Analyse **one** disadvantage to a customer of Boohoo's distribution channel.

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…… **[3]**

(f) Boohoo uses social media to promote its products.

(i) State **one** advantage to a business of using social media to promote its products.

……

…… **[1]**

(ii) State **one** disadvantage to a business of using social media to promote its products.

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…… **[1]**

(iii) Evaluate whether or not Boohoo should continue to use social media when promoting its products.

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.... **[7]**

17

Text 2

McDonald's

Six weeks ago James saw an advertisement for a job at McDonald's. He went into the restaurant and was given an application pack, including a job description, a person specification and a link to an online application form.

James completed the application form and emailed it to the restaurant. A manager then telephoned James and asked him to come for an interview at the restaurant. James had to bring his GCSE certificates to the interview. After the interview, James had to do a group activity where he was asked to complete a task as a member of a team.

James was very pleased to get a letter two weeks ago offering him a job. Included with the letter was a contract of employment, which he has to sign and bring with him on his first day of work. His starting wage will be £7.00 per hour, with a 10% increase after he has been fully trained.

(a) Identify **one** item of content in:

(i) a job description

……

…… **[1]**

(ii) a person specification

……

…… **[1]**

(b) Identify **two** methods that McDonald's used to select James as an employee.

1 ……

2 ……

[2]

(c) State **one** way in which the law affects business recruitment.

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…… **[1]**

(d) Analyse **one** way in which McDonald's could use each of these types of training for James.

(i) Induction training

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…… **[3]**

(ii) On-the-job training

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…… **[3]**

(iii) Off-the-job training

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…… **[3]**

(e) Recommend **one** type of training McDonald's should use to train James on his first day at work. Give reasons for your answer.

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…… **[3]**

(f) James has been offered a contract of 16 hours per week once he is fully trained.

Calculate what James' weekly pay will be once he is fully trained.

Show your workings.

Answer: £ …….....

[3]

18

Text 3

Shirtz Ltd

Shirtz Ltd is a private limited company owned by Shamira and her husband, Zubair. The business manufactures colourful T-shirts with logos and pictures on the front.

Shirtz Ltd has been operating from a room in their house. Shamira and Zubair make the T-shirts and sell them through online stores such as Amazon and eBay.

Shamira and Zubair would like to expand the business. They have created a business plan to help them.

Shirtz Ltd's business plan

Aims and objectives
To grow by purchasing new machinery and renting a new location for production

Finance
New finance will be required to fund the business' aims and objectives

Business needs
- New machinery
- Larger premises/location for production

Market research

Price per T-shirt	Estimated sales (T-shirts per month)
£18	600
£16 (current price)	800
£14	1000

Changes to the marketing mix
Product – expand the range of T-shirts produced and sold
Price – set price to gain highest revenue
Place – develop links with a high street shop to sell Shirtz Ltd's products
Promotion – use point of sale promotion

Human resources
Employ two full-time production workers

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(a) Analyse **two** benefits to Shamira and Zubair of Shirtz Ltd being a private limited company.

Benefit 1

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Benefit 2

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[6]

(b)* Evaluate the effectiveness of Shirtz Ltd's business plan as shown in **Text 3**.

…… **[9]**

(c) Identify which price the market research suggests Shirtz Ltd should charge to obtain the highest revenue.

……

…… **[1]**

(d) **(i)** Analyse how the proposed changes to Shirtz Ltd's marketing mix might impact on two stakeholder groups.

Stakeholder group 1 ……

Impact ……

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Stakeholder group 2 ……

Impact ……

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[6]

(ii) Recommend which of Shirtz Ltd's stakeholder groups is most likely to be affected by the proposed changes to Shirtz Ltd's marketing mix. Give reasons for your answer.

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..... **[3]**

END OF QUESTION PAPER

Summary of updates

Date	Version	Details
April 2022	3.2	Updated copyright acknowledgements. Page 16 – Image redacted due to third party copyright restrictions.
April 2026	3.3	Updated copyright acknowledgements.

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…day June 20XX – Morning/Afternoon

Cambridge OCR Level 1/Level 2 GCSE (9-1) in Business

J204/01 Business 1: business activity, marketing and people

SAMPLE MARK SCHEME

Duration: 1 hour 30 minutes

MAXIMUM MARK 80

This document consists of 20 pages

MARKING INSTRUCTIONS

PREPARATION FOR MARKING
SCORIS

1. Make sure that you have accessed and completed the relevant training packages for on-screen marking: *scoris assessor Online Training*; *OCR Essential Guide to Marking*.

2. Make sure that you have read and understood the mark scheme and the question paper for this unit. These are posted on the RM Cambridge Assessment Support Portal http://www.rm.com/support/ca

3. Login to scoris and mark the required number of practice responses ("scripts") and the number of required standardisation responses.

   YOU MUST MARK 10 PRACTICE AND 10 STANDARDISATION RESPONSES BEFORE YOU CAN BE APPROVED TO MARK LIVE SCRIPTS.

MARKING

1. Mark strictly to the mark scheme.

2. Marks awarded must relate directly to the marking criteria.

3. The schedule of dates is very important. It is essential that you meet the scoris 50% and 100% (traditional 40% Batch 1 and 100% Batch 2) deadlines. If you experience problems, you must contact your Team Leader (Supervisor) without delay.

4. If you are in any doubt about applying the mark scheme, consult your Team Leader by telephone or the scoris messaging system, or by email.

5. Work crossed out:
   a. where a candidate crosses out an answer and provides an alternative response, the crossed out response is not marked and gains no marks
   b. if a candidate crosses out an answer to a whole question and makes no second attempt, and if the inclusion of the answer does not cause a rubric infringement, the assessor should attempt to mark the crossed out answer and award marks appropriately.

6. Where a multiple choice question has only a single, correct response and a candidate provides two responses, then no marks should be awarded.

7. When a candidate provides contradictory responses, then no mark should be awarded even if one of the answers is correct.

8. Always check the pages (and additional objects if present) at the end of the response in case any answers have been continued there. If the candidate has continued an answer there then add a tick to confirm that the work has been seen.

9. There is a NR (No Response) option. Award NR (No Response):
   - if there is nothing written at all in the answer space
   - OR if there is a comment which does not in anyway relate to the question (e.g. 'can't do', 'don't know')
   - OR if there is a mark (e.g. a dash, a question mark) which isn't an attempt at the question

   Note: Award 0 marks - for an attempt that earns no credit (including copying out the question)

10. The scoris **comments box** is used by your team leader to explain the marking of the practice responses. Please refer to these comments when checking your practice responses. **Do not use the comments box for any other reason.**
    If you have any questions or comments for your team leader, use the phone, the scoris messaging system, or e-mail.

11. Assistant Examiners will send a brief report on the performance of candidates to your Team Leader (Supervisor) by the end of the marking period. The Assistant Examiner's Report Form (AERF) can be found on the RM Cambridge Assessment Support Portal (and for traditional marking it is in the *Instructions for Examiners*). The report should contain notes on particular strengths displayed as well as common errors or weaknesses. Constructive criticism of the question paper/mark scheme is also appreciated.

12. For answers marked by levels of response:
    a. **To determine the level** – start at the highest level and work down until you reach the level that matches the answer
    b. **To determine the mark within the level**, consider the following:

Descriptor	Award mark
Meets the criteria but with some slight omission or inconsistency	At bottom of level
Enough achievement on balance for this level	At middle of level
Meets the criteria for this level well	At top of level

Please note that the overall the descriptors for levels of response question have been restricted to the following:

Strong
Good
Limited

Where:
3 marks are available for a skill or element that is considered strongly demonstrated
2 marks are available for a good demonstration of a skill or element
1 mark is available for a skill or element that is limited in its demonstration

Where there are 3 levels but only 2 marks for a particular skill, we have used the same descriptor for that skill across two levels.

For A03b (evaluation) only limited evaluation is required for level 2, however strong evaluation is required to reach the top of level 3. This is because both of the subsequent 2 marks are available within this top level.

13. Annotations

Annotation	Meaning
✓and ✘	for correct and incorrect responses
BOD	benefit of doubt
VG	vague
IRRL	irrelevant
REP	repetition
NAQ	not answering question
EG	example given
L1	Level 1
L2	Level 2
L3	Level 3

Highlighting is also available to highlight any particular points on the script.

ARA – Any Reasonable Answer

Where ARA is indicated within the Guidance column for any item on this mark scheme, examiners must accept any reasonable answer that in their professional opinion is as worthy of merit as those indicated, either by Indicative Content or within Exemplar Responses, on the final mark scheme post-standardisation. However, examiners should liaise with their Team Leaders / Principal Examiner wherever there remains any doubt as to whether or not a response (or part-response) should be credited.

OFR – Own Figure Rule

Where OFR is indicated within the Guidance column for any item on this mark scheme, (normally in an item which is assessing the use of quantitative skills, such as calculation), examiners must credit candidates for answers which demonstrate correct working for one or more subsequent marks (as guided by the mark scheme), even though an earlier calculation had produced an incorrect answer as the basis for that working. OFR will apply to all marks other than the first mark in such a response, unless reference is made to specific marks for OFR.

Section A			
Question	**Answer**	**Marks**	**Assessment Objective**
1	D	1	1b
2	A	1	1a
3	D	1	1b
4	C	1	1b
5	A	1	2
6	B	1	1a
7	C	1	2
8	C	1	1b
9	B	1	1a
10	A	1	2
11	B	1	2
12	D	1	2
13	D	1	1a
14	A	1	2
15	A	1	2

Section B					
Question			**Answer**	**Marks**	**Guidance**
16	**a**		**Answer may include:** • willing to take risks • determination • confidence • creativity • passionate • hard working • motivated • disciplined • adaptable • flexible • knowledgeable • people person	**2** **AO1a 2**	1 mark for each correct identification of a characteristic. **ARA**
16	**b**		**Answers may include:** • gaining new customers • increasing market share • selling new products • opening new stores • reinvesting in the business **Exemplar responses:** By opening new stores/selling more products etc. Boohoo has increased its product range. **(2)** Organic growth is expansion through reinvestment into the business. **(1)**	**2** **AO1b 1** **AO2 1**	1 mark for understanding of organic growth. 1 further mark for a development point in context. **ARA**

Section B					
Question			**Answer**	**Marks**	**Guidance**
16	**c**		**Answers may include:** • identify similar characteristics • target marketing more effectively • modify products/price/promotion/place to suit segment • allocate budgets • identify new segments **Exemplar response:** Market segmentation makes it easier for a business to identify characteristics of their customers (1) so Boohoo can target its products at those between 16 to 24 years old (1).	**2** **AO1a 1** **AO2 1**	1 mark for identification of an advantage of using market segmentation. 1 further mark for application of an advantage of using market segmentation to Boohoo. **ARA**
16	**d**		**Answers may include:** • Boohoo is likely to have had an objective of survival in 2006 • Boohoo may have been trying to establish the brand name when the owners started the business • The current objective appears now to be growth to become the market leader • Boohoo is likely to be pursuing profits now to reward the owners/shareholders **Exemplar response:** Boohoo would have had to pursue an objective of survival **(1)** but now the business has grown Boohoo may be looking for profit to reward the owners. **(1)**	**2** **AO1b 1** **AO2 1**	1 mark for understanding of a business objective. 1 further mark for explanation of how this objective may have changed over time for Boohoo. **ARA**

Section B					
Question			**Answer**	**Marks**	**Guidance**
16	**e**		**Answers may include:** • postage – will customers be willing to wait? • no shops – more difficult to return goods • website – requires the Internet, no way to 'try' product etc. • smartphone and tablet apps – size of screen, security of payment etc. **Exemplar response:** There is no way for a customer to try the products before purchase with internet sales **(1).** This is particularly important when clothes are being sold **(1)** because the customer may be disappointed with the clothes and have to spend more time sending the clothes back to Boohoo **(1)**.	**3** **AO1b 1** **AO2 1** **AO3a 1**	1 mark for understanding of a disadvantage to a customer of a particular distribution channel. 1 further mark for application of a disadvantage to a customer of Boohoo's distribution channel. 1 further mark for analysis of a disadvantage to a customer of Boohoo's distribution channel. **ARA**
16	**f**	**i**	**Answers may include:** • cheap to use • targets market segment - younger people/consumers • trends/fashion often decided on social media • larger audience • quick to communicate	**1** **AO1a 1**	1 mark for identification of an advantage to a business of a using social media to promote its products. **ARA**
16	**f**	**ii**	**Answers may include:** • no guarantee that it will target the correct market • easy to ignore – customers may 'skip ads' • many forms of social media – may be expensive to target all of them • message may be distorted through social media users • may require an employee to monitor social media	**1** **AO1a 1**	1 mark for identification of a disadvantage to a business of a using social media to promote its products. **ARA**

Section B					
Question			**Answer**	**Marks**	**Guidance**
			response		
16	**f**	**iii**	Promotion is the communication between the business and the customer Social media – Facebook, Twitter, Instagram, etc: **Answers may include:** • A judgement that Boohoo should continue to use social media with justification • A judgement that Boohoo should not continue to use social media with justification • A judgement covering both sides from different perspectives (e.g. Boohoo should in the short run but not in the long term) with justification **Exemplar response:** Boohoo should possibly continue to use social media because it has obviously helped the business to grow. (AO2) However this depends upon whether Boohoo can continue to use social media at a low cost compared to other methods. (AO2) If other methods prove more effective and cheaper the business could switch methods to make more profit. (AO3a). Social media is the best way for Boohoo to target the younger audience, which is their target market (AO2). Using traditional media like newspapers might not work as their target audience don't read them, and TV ads might be too expensive to be worth it (AO3a) If Boohoo do use social media, they must consider which sort of social media is the most appropriate (e.g. Facebook, Twitter, Instagram), (AO2) and which is the most cost-effective. To do this they probably need to do some research to find out which media their customers	**7** **AO2 2** **AO3a 2** **AO3b 3**	**Use Levels of Response criteria** All level descriptors describe the **TOP** of the level – please read guidance at the beginning of the mark scheme regarding best fit approach. **Level 3 (5-7 marks)** (AO2 – 2 marks, AO3a – 2 marks, AO3b – 3 marks) **Good** application of knowledge and understanding of business concepts and issues to the context of Boohoo Ltd. There is a detailed understanding of the relevant elements of the scenario.(AO2) *There are no additional marks available for application above those achieved at level 2.* **Good** analysis of business information and/or issues to demonstrate understanding of Boohoo's use of social media to promote products. There is a deconstruction of relevant information and/or issues to find connections and to provide logical chains of reasoning. (AO3a) **Strong** evaluation of business information and issues to demonstrate understanding of Boohoo's use of social media to promote products. A judgement is made and conclusions are drawn that are fully justified and which draw on underpinning knowledge and understanding. (AO3b) **Level 2 (3-4 marks)** (AO2 – 2 mark, AO3a – 1 mark, AO3b – 1 mark) **Good** application of knowledge and understanding of business concepts and issues to the context of Boohoo Ltd. There is a detailed understanding of the relevant elements of

Section B					
Question			Answer	Marks	Guidance
			use the most.(AO3a) On balance, given that less and less people are reading newspapers and magazines, TV is expensive and there are so many channels, and radio may not reach their target audience, I think Boohoo **should** continue to use social media to promote its products. (AO3b) If the most appropriate social media strategy is selected, it should be able to reach their target audience, and if properly researched it should raise awareness of Boohoo in a fairly cost-effective way. (AO3b)They have already had some success using this strategy, and social media use is still on the increase. (AO3b)		the scenario.(AO2) **Limited** analysis of business information and/or issues to demonstrate understanding of Boohoo's use of social media to promote products. There are some relevant chains of reasoning such as simple statements of cause and consequence. (AO3a) **Limited** evaluation of Boohoo's use of social media to promote products, which attempts to form a conclusion which shows some recognition of influencing factors. (AO3b) **Level 1 (1-2 marks)** (AO2 – 1 mark, AO3a – 1 mark) **Limited** application of knowledge and understanding of business concepts and issues to the context of Boohoo Ltd. There is some use of the relevant elements of the scenario. (AO2 – 1 mark) **Limited** analysis of business information and/or issues to demonstrate understanding of Boohoo's use of social media to promote products. There are some relevant chains of reasoning such as simple statements of cause and consequence. (AO3a – 1 mark) ***No** evaluation of Boohoo's use of social media to promote products.* **0 marks** – no response or no response worthy of credit. Responses can recommend either that Boohoo should or should not continue to use social media and still be awarded full marks. There are no marks for an unsupported judgment.

Section B					
Question			**Answer**	**Marks**	**Guidance**
17	**a**	**i**	**Answers may include:** • tasks • functions • responsibilities Accept specific examples of each of the above.	**1** **AO1a 1**	1 mark for identification of an item in a job description. **ARA**
17	**a**	**ii**	**Answers may include:** • qualifications • skills • attributes of a person who is suitable for a job Accept specific examples of each of the above.	**1** **AO1a 1**	1 mark for identification of an item in a person specification. **ARA**
17	**b**		**Answers may include:** • application form • interview • group activity	**2** **AO2 2**	1 mark for each method of selection outlined in the data.
17	**c**		**Answers may include:** • Discrimination • Right to a contract • Holidays • Hours of work	**1** **AO1a**	1 mark for a correct identification of a way the law affects business recruitment. **ARA**
17	**d**	**i**	**Answers may include:** Induction training is telling an employee the basics about a job **(1).** For example McDonald's would need to tell James where the fire escapes are **(1)** so that he is safe to work in the restaurant. **(1)**	**3** **AO1b 1** **AO2 1** **AO3a 1**	1 mark for understanding of induction training. 1 further mark for application of induction training to McDonalds/James. 1 further mark for analysis of induction training for McDonalds to train James. **ARA**

Section B					
Question			**Answer**	**Marks**	**Guidance**
17	d	ii	**Answers may include:** On-the-job training is when an employee is working whilst learning how to do the job **(1).** McDonalds might get James to shadow another worker **(1)** so that he can copy what the other worker does.**(1)**	**3** **AO1b 1** **AO2 1** **AO3a 1**	1 mark for understanding of on-the-job training. 1 further mark for application of on-the-job training to McDonalds/James. 1 further mark for analysis of on-the-job training for McDonalds to train James. **ARA**
17	d	iii	**Answers may include:** Off-the-job training is when an employee is shown how to do a job away from the workplace **(1).** McDonalds might train James in fire safety by showing him a video **(1)** because it would be easier than demonstrating the fire alarms in a restaurant **(1).**	**3** **AO1b 1** **AO2 1** **AO3a 1**	1 mark for understanding of off-the-job training. 1 further mark for application of off-the-job training to McDonalds/James. 1 further mark for analysis of off-the-job training for McDonalds to train James. **ARA**
17	e		**Answer may include:** A judgement over the type of training McDonald's should use with justification; e.g. • On-the-job • Off-the-job • Induction **Exemplar responses:** McDonald's should use induction training because James will be a new employee who has never worked in a McDonald's restaurant before, so he will need to know the basics of the business and its operations when he starts so he is clear what to do. This could start off the job, so that James does not make costly or dangerous mistakes whilst learning, then on the job so he can learn more quickly straight from his colleagues. **(3 marks)**	**3** **AO3b 3**	1 mark for a judgement with limited justification which shows some appraisal of relevant information and/or issues. OR 2 marks for a judgement with good justification which shows appraisal of relevant information and/or issues. OR 3 marks for a judgement of with strong justification which shows detailed appraisal of relevant information and/or issues. Accept answers which focus on a specific method of training.

Section B					
Question			**Answer**	**Marks**	**Guidance**
			McDonald's should use on-the-job training because James will need to see other employees doing the job, so that he can learn how to do it well himself and ultimately give customers better service. **(2 marks)** McDonald's should use off-the-job training because James could make some mistakes whilst he is training. **(1 mark)**		**ARA**
17	**f**		£7.00 per hour 10% = £0.70 **(1)** 10% increase for being fully trained = £7.70 **(1)** £7.70 x 16(1) = £123.20 **(1)** Answer = £123.20	**3** **AO2 3**	1 mark for correct calculation of 10% increase in hourly pay. 1 mark for correct calculation of hourly pay for a fully trained worker. 1 mark for calculation of total pay for 16 hours of work. 3 marks for correct answer, with or without working. **OFR**
18	**a**		**Answers may include:** • limited liability • continuity • ability to sell shares • separate legal personality **Exemplar response :** Shamira and Zubair would benefit from limited liability, **(1)** which means they can only lose the money that they have already invested in Shirtz Ltd **(1)** and they would not lose their house if the business got into debt. **(1)** The business would have continuity **(1)** so that if Shamira died the business would continue **(1)** and her husband would not have to wind the business up and start again.	**6** **AO1b 2** **AO2 2** **AO3a 2**	1 mark for understanding of a benefit of a private limited company, up to a maximum of 2 marks. 1 further mark for application of a benefit of a private limited company to Shamira and her husband, up to a maximum of 2 marks. 1 further mark for analysis of a benefit of Shirtz being a private limited company to Shamira and her husband, up to a maximum of 2 marks.

Section B					
Question			**Answer**	**Marks**	**Guidance**
			(1) They can sell shares in Shirtz Ltd **(1)** to gain more finance to expand the business **(1)** without Shamira and Zubair having to borrow money from a bank. **(1)** Shirtz Ltd would have a separate legal personality **(1)** so that if there was legal action against Shirtz Ltd it would be the business not Shamira and her husband who would be sued **(1),** and therefore their personal possessions would be safe. **(1)**		**ARA**
18	**b***		**Answers may include:** • to help set objectives • to help identify markets • to help identify business resources needed • to gain finance • to attract investors/shareholders • to help develop strategy/future planning • to aid communication • to help manage cash flow • to attract new employees/managers **Exemplar response:** The business plan can be used for a number of purposes. Firstly it can be used to gain finance. (AO1a) This is very important to Shirtz Ltd because it needs new finance to reach the objective of growing (AO2). A business plan also allows a business to identify where it is going and how it will get there and it can also be used to identify business resources that are required (AO1b). Again this is important to Shirtz Ltd because it needs new employees as well as new distribution channels if it is to grow in the future (AO2). However just having a business plan is not enough.	**9** **AO1a 1** **AO1b 1** **AO2 2** **AO3a 2** **AO3b 3**	**Use Levels of Response criteria** All level descriptors describe the **TOP** of the level – please read guidance at the beginning of the mark scheme regarding best fit approach. **Level 3 (7-9 marks)** (AO1a & b – 2 marks, AO2 – 2 marks, AO3a – 2 marks, AO3b – 3 marks) **Good** knowledge and understanding of business plans and how they are used. (AO1a & b) *There are no additional marks available for knowledge and understanding above those achieved at Level 2.* **Good** application of knowledge and understanding of business concepts and issues to the context of Shirtz Ltd. There is a detailed understanding of the relevant elements of the scenario.(AO2) *There are no additional marks available for application above those achieved at Level 2.* **Good** analysis of business information and/or issues to demonstrate understanding of the effectiveness of Shirtz' business plan. There is a deconstruction of relevant

Section B					
Question			Answer	Marks	Guidance
			Just because Shamira and her husband have created it, it does not mean that it will help them achieve their objectives. Whether or not it is effective to Shirtz depends on how well, or otherwise, the business is actually managed and how well the plan is written (AO3a). Shamira has stated that Shirtz Ltd will need finance if it is to grow. If a good, clear business plan is shown to the bank, this might mean a bank is more likely to lend Shirtz Ltd the finance it needs. (AO3a) This will help Shirtz Ltd to meet its objective and therefore the business plan would have been very effective. (AO3b) The current business plan as shown on Text 3 does not have a lot of figures or financial detail, so might not have enough information to persuade a bank to lend them money. In terms of the resources they need, again the detail is quite limited e.g. 'new machinery', and more would probably be required in order to make the right decisions when buying equipment. In my opinion, the current business plan is only partially effective, because it needs more detail to help achieve Shirtz' aims and objectives. (AO3b)		information and/or issues to find connections and provide logical chains of reasoning. (AO3a) **Strong** evaluation of business information and issues to demonstrate understanding of the effectiveness of Shirtz' business plan. A judgement is made and conclusions are drawn that are fully justified and draws on underpinning knowledge and understanding. (AO3b) **Level 2 (4-6 marks)** (AO1a & b – 2 marks, AO2 – 2 mark, AO3a – 1 mark, AO3b – 1 mark) **Good** knowledge and understanding of business plans and how they are used.(AO1a & b) **Good** application of knowledge and understanding of business concepts and issues to the context of Shirtz Ltd. There is a detailed understanding of the relevant elements of the scenario.(AO2) **Limited** analysis of business information and/or issues to demonstrate understanding of the effectiveness of Shirtz' business plan. There are some relevant chains of reasoning such as simple statements of cause and consequence. (AO3a) **Limited** evaluation of the effectiveness of Shirtz' business plan, which attempts to form a conclusion which shows some recognition of influencing factors. (AO3b) **Level 1 (1-3 marks)** (AO1a or b – 1 mark, AO2 – 1 mark, AO3a – 1 mark)

Section B					
Question			**Answer**	**Marks**	**Guidance**
					Limited knowledge and/or understanding of business plans. (AO1 a or b) **Limited** application of knowledge and understanding of business concepts and issues to the context of Shirtz Ltd. There is some use of the relevant elements of the scenario. (AO2) **Limited** analysis of business information and/or issues to demonstrate understanding of the effectiveness of Shirtz' business plan. There are some relevant chains of reasoning such as simple statements of cause and consequence. (AO3a) ***No** evaluation of the effectiveness of Shirtz' business plan.* **0 marks** – no response or no response worthy of credit.
18	**c**		£14 – highest sales revenue	**1** **AO2 1**	1 mark for correct price.
18	**d**	**i**	**Answers may include:** Possible impacts on stakeholders: Owners: • more management time required as range expands • increased revenue/dividends/profits from higher price and more promotion • time liaising with high street shops to set up distribution links • skills/training needed Employees: • increased training to produce expanded range/do	**6** **AO1b 2** **AO2 2** **AO3a 2**	1 mark for understanding of an impact on each stakeholder group, up to a maximum of 2 marks. 1 further mark for application of an impact on a stakeholder group of Shirtz Ltd, up to a maximum of 2 marks. 1 further mark for analysis of an impact on a stakeholder group of Shirtz Ltd, up to a maximum of 2 marks.

Section B					
Question			Answer	Marks	Guidance
			other business activities such as promotion/sales • increased demand (assuming price changes to £14 to maximise revenue) Customers (retailers): • increased product range to sell in their shops • free point of sale promotion provided by Shirtz Ltd may increase sales • association with a fashionable brand Consumers: • increased range of T-shirts to purchase • increased awareness/popularity/fashion of Shirtz brand • lower price • more outlets available to purchase Shirtz T-shirts Suppliers: • more orders – higher revenue • more negotiation as Shirtz may expect discounts/economies of scale as they increase range and sales increase Government: • increase VAT from sales of T-Shirts • lower unemployment (negligible) • increased corporation tax if profits increase Local community: • employment opportunities as Shirtz Ltd expands • local businesses may gain higher revenue as		

Section B					
Question			**Answer**	**Marks**	**Guidance**
			Shirtz expansion helps the local economy e.g. employing staff may lead to more money being spent in local shops etc.		
18	**d**	**ii**	**Answer may include:** A judgement over which stakeholder group is likely to be most affected with justification, i.e. • Owners: • Employees: • Customers (retailers): • Consumers: • Suppliers: • Government: • Local community: **Exemplar response :** More products and lower prices are going to affect the customers most because this will make them happier buying from Shirtz Ltd **(1 mark).** The owners would be most affected because the new marketing mix is likely to achieve their objective to grow the business by giving them more customers, products to sell and places to sell them **(2 marks).** The employees would be more affected than owners because they would have had the biggest lifestyle change from gaining a new job through the new marketing mix. However this depends upon if the new marketing mix is successful. If the business does not grow then the employees may not be needed and the owners may lose their investment, making them most affected **(3 marks).**	**3** **AO3b 3**	1 mark for a judgement with limited justification which shows some appraisal of relevant information and/or issues. OR 2 marks for a judgement with good justification which shows appraisal of relevant information and/or issues. OR 3 marks for a judgement of with strong justification which shows detailed appraisal of relevant information and/or issues. **ARA**

Assessment Objectives (AO) Grid

Question	A01	A02	A03	Total	Quantitative skills
Section A					
Questions 1–15	8	7	0	15	3
Sub-total	8	7	0	15	3
Section B					
16a	2	0	0	2	0
16b	1	1	0	2	0
16c	1	1	0	2	0
16d	1	1	0	2	0
16e	1	1	1	3	0
16fi	1	0	0	1	0
16fii	1	0	0	1	0
16fiii	0	2	5	7	0
17ai	1	0	0	1	0
17aii	1	0	0	1	0
17b	0	2	0	2	0
17c	1	0	0	1	0
17di	1	1	1	3	0
17dii	1	1	1	3	0
17diii	1	1	1	3	0
17e	0	0	3	3	0
17f	0	3	0	3	3
18a	2	2	2	6	0
18b	2	2	5	9	0
18c	0	1	0	1	1
18di	2	2	2	6	0
18dii	0	0	3	3	0
Sub-total	20	21	24	65	4
Total	**28**	**28**	**24**	**80**	**7**