CAMBRIDGE OCR

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

J204/02 Business 2: operations, finance and influences on business

Sample Question Paper Version 3.2

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 What is e-commerce?

A A method used to ensure quality
B A planning tool
C A type of bank loan
D A way to sell goods on the Internet

Your answer ☐ **[1]**

2 David works in a biscuit factory and is responsible for procurement.

Which task is **not** likely to be part of David's job role?

A Buying sugar
B Ordering biscuit packaging materials
C Purchasing stationery
D Selling biscuits

Your answer ☐ **[1]**

3 A market stall sells bread for £1 a loaf and cookies for 60p each. Yesterday 1000 loaves of bread and 2000 cookies were sold.

What was the market stall's revenue?

A £200
B £1000
C £1200
D £2200

Your answer ☐ **[1]**

4 Sabena works for a small business that makes computers. Her main task is to test every computer before it leaves the factory.

What key business function does Sabena perform?

A After sales service
B Quality control
C Setting production levels
D Supply chain management

Your answer ☐ **[1]**

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5 A manufacturer has decided to run a marketing campaign on national television in a month's time.

As a result of this decision, which one of the following actions might also be necessary?

A Finance should stop monitoring cash flow
B Human resources should employ some temporary production workers
C Operations management should reduce output
D Purchasing should buy smaller quantities of raw materials

Your answer ☐ **[1]**

6 Choosing how products will be delivered to customers is an example of a:

A flow production issue
B liquidity problem
C logistical decision
D purchasing concern

Your answer ☐ **[1]**

7 A cash flow forecast for Millican Garage is shown below.

	July	August	September
	£	£	£
Cash inflow:			
Revenue	13 055	12 200	12 945
Total inflow	13 055	12 200	12 945
Cash outflow:			
Car parts	4 200	4 240	3 900
Wages	3 100	3 250	4 450
Overheads	5 500	5 500	5 500
Total outflow	12 800	12 990	13 850
Net cash flow	255	-790	-905
Opening balance	1 760	2 015	1 225
Closing balance	2 015	1 225	

What is Millican Garage's closing balance for September?

A -£2 130
B £320
C £2 130
D £12 040

Your answer ☐ **[1]**

8 A company operates in several countries.

This is an example of:

A a multinational organisation
B customer engagement
C international branding
D operations management

Your answer ☐ **[1]**

9 Gross profit margin is:

A a computerised method of production
B a financial ratio
C a pricing method
D a variable cost

Your answer ☐ **[1]**

10 Which one of the following businesses is most likely to use telesales?

A A burger van
B A petrol station
C A school
D An insurance company

Your answer ☐ **[1]**

11 Consumer law requires shops to sell goods that are:

A cheap
B high quality
C safe
D unique

Your answer ☐ **[1]**

12 A sole trader is short of cash to pay a supplier this month.

She should:

A buy higher quality products
B improve customer service
C get an overdraft
D repay her loan

Your answer ☐ **[1]**

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13 A business has a net profit margin of 8%.

Which one of the following must be true for this business?

A The business cannot pay its short term debts
B The business has made a loss
C The business has revenues that are greater than its costs
D The business is operating below its break even level

Your answer ☐ **[1]**

14 An entrepreneur makes individual handmade prom dresses to order.

What method of production does the entrepreneur use?

A Automated
B Batch
C Flow
D Job

Your answer ☐ **[1]**

15 The production costs for Jimco plc were £21.3 million in 2015 and £22.9 million in 2016.

What is the approximate increase between 2015 and 2016 in Jimco plc's production costs?

A 0.9%
B 1.6%
C 7.0%
D 7.5%

Your answer ☐ **[1]**

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Section B

Answer **all** the questions.

16

Text 1

Jaguar Land Rover

Jaguar Land Rover (JLR) is one of the largest manufacturers of cars in the UK. The business buys some of the parts it uses to make the cars from the UK; other parts are bought from overseas. JLR specialises in producing luxury cars. JLR's main competitors are German car manufacturers - BMW and Mercedes.

In recent years, sales of JLR cars have been affected by:

- the slowdown of consumer spending in China and Russia
- the increase in consumer spending in Europe.

(a) Explain **two** reasons why quality is important to JLR.

Reason 1

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Reason 2

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[4]

(b) JLR uses automation to produce cars in its factories.

Analyse **two** advantages to JLR of using automation to produce its cars.

Advantage 1

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Advantage 2

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[6]

(c) If JLR buys 500 000 tyres and 80% of these are bought from overseas suppliers, calculate the number of tyres JLR buys from overseas.

Workings: Answer: .....

[1]

(d) (i) Analyse **two** impacts of globalisation on JLR.

Impact 1

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Impact 2

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[6]

(ii) JLR must consider the impact of globalisation when making business decisions.

Recommend which impact of globalisation is most likely to affect JLR? Give reasons for your answer.

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…… **[3]**

17

Text 2

MD Sports Clinic

Martina Doyle currently works for the National Health Service (NHS). She has total savings of just over £5000 in her bank account. Martina is planning to leave the NHS and start up a private sports injury clinic. She intends to call her new business 'MD Sports Clinic'.

Martina wishes to rent a property for her new business and expects to pay rent each month. She wants to take a monthly income from the business. She also wants to employ a part time receptionist.

Martina needs to buy some equipment to set up MD Sports Clinic. She has estimated the following figures for MD Sports Clinic's first month of trading:

- fixed costs of £6000
- variable costs of £5 per session
- revenue of £30 per session.

(a) Identify **one** factor that a new business like Martina's should consider when choosing a location for its business.

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…….. **[1]**

(b) Explain, giving an example, what is meant by 'fixed costs'.

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……..... **[2]**

(c) Calculate the number of sessions MD Sports Clinic would need to break-even in its first month of trading.

Show your workings.

Answer: ..... sessions

[4]

(d) Calculate the profit that MD Sports Clinic would make in its first month of trading if Martina sold all 320 sessions.

Show your workings.

Answer: £ …….....

[4]

(e) Martina is worried that she may not have enough money to start up her new business. She has found out that the equipment she needs will cost £5000 and she does not know how she should pay for it.

(i) State **one disadvantage** to a business owner of using:

their own capital to buy equipment

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a bank loan to buy equipment

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[2]

(ii) Evaluate whether Martina should use her own savings or a bank loan to buy the equipment for MD Sports Clinic.

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18

Text 3

NEXT plc.

NEXT plc. is a clothing retailer selling clothing, footwear, accessories and home products through its high street shops and online across the UK. NEXT plc. understands the importance of creating good relationships with its customers and constantly tries to improve its levels of customer service. Customer service is important for NEXT plc.

For NEXT, responsible business behaviour includes addressing key business-related social, ethical and environmental impacts in a way that aims to bring value to all its stakeholders, including its shareholders. NEXT plc. sources products from many suppliers across the world. The company takes its environmental and ethical responsibilities very seriously.

(a) State **one** example of good customer service that retailers may provide for their customers.

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…… **[1]**

(b) Analyse **one** way in which being environmentally friendly could impact on each of the following:

(i) NEXT plc.'s marketing function

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…… **[3]**

(ii) NEXT plc.'s human resources function

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…… **[3]**

(iii) NEXT plc.'s finance function

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…… **[3]**

(iv) Recommend which function would be most affected by NEXT plc. being environmentally friendly. Give reasons for your answer.

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…… **[3]**

(c) Analyse how NEXT plc. could ethically source the clothes that it sells.

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…… **[3]**

(d)* Evaluate how a fall in consumer income levels might impact on the marketing activities of NEXT plc.

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..... **[9]**

END OF QUESTION PAPER

Summary of updates

Date	Version	Details
April 2022	3.1	Updated copyright acknowledgements.
April 2026	3.2	Updated copyright acknowledgements.

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CAMBRIDGE
OCR

…day June 20XX – Morning/Afternoon

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

J204/02 Business 2: operations, finance and influences on business

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. Log-in 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 in 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

Section A

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 draw attention to 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 that is assessing the use of quantitative skills, such as calculation), examiners must credit candidates for answers that 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	1a
2	D	1	2
3	D	1	2
4	B	1	1b
5	B	1	1b
6	C	1	1a
7	B	1	2
8	A	1	1a
9	B	1	1a
10	D	1	1b
11	C	1	1a
12	C	1	2
13	C	1	2
14	D	1	2
15	D	1	2

Section B					
Question			**Answer**	**Marks**	**Guidance**
16	a		**Answers may include:** • to maintain reputation • to sell more cars • to reduce recalls • to reduce production errors • to meet the needs of the market – luxury/executive • to make more profit **Exemplar response:** Quality can help JLR to increase its profits **(1)** because fewer recalls would incur less cost. **(1)**	**4** AO1b 2 AO2 2	1 mark for understanding of a reason why quality is important up to a maximum of 2 marks. 1 further mark for application of a reason why quality is important to JLR up to a maximum of 2 marks. **ARA**
16	b		**Answers may include:** • increased output • consistent quality of output • increased flexibility • continuous operation possible • less reliant on labour • lower labour costs **Exemplar response:** Automation will increase the number of products a business can produce **(1).** More cars can be made because the machines can work 24/7 to produce them at JLR **(1).** This should increase JLR's sales revenue **(1).**	**6** AO1b 2 AO2 2 AO3a 2	1 mark for understanding of an advantage of using automation to a maximum of 2 marks. 1 further mark for application of an advantage of JLR using automation to produce its cars to a maximum of 2 marks. 1 further mark for analysis of an advantage of JLR using automation to produce its cars up to a maximum of 2 marks. **ARA**

Section B					
Question			**Answer**	**Marks**	**Guidance**
16	**c**		500,000 x 80/100 = 400 000 Answer = 400 000	**1** **AO2 1**	1 mark for the correct answer.
16	**d**	**i**	**Answers may include:** • larger market size • increased competition • increased international trade/movement of goods and services • the greater movement of people and capital • more businesses operating in more than one country • interdependence of businesses in different countries • globalisation of brands • greater dependence on external/global factors **Exemplar response:** Globalisation makes the market bigger **(1)** giving JLR opportunities to sell more cars to more customers **(1)** and, therefore, make more profit.**(1)**	**6** **AO1b 2** **AO2 2** **AO3a 2**	1 mark for understanding of an impact of globalisation to a maximum of two marks. 1 further mark for application of an impact of globalisation on JLR to a maximum of two marks. 1 further mark for analysis of an impact of globalisation on JLR up to a maximum of two marks. Impacts can be positive or negative. **ARA**
16	**d**	**ii**	**Exemplar response:** The impact of globalisation that is most likely to affect JLR will be the spreading of risk **(1).** If sales of cars slow down in one part of the world as they did in China, increased sales in another part of the world may offset this as it did in the EU **(1).** The spreading of risk may encourage JLR to sell in many different countries as it gives the company more stability because overall sales are less likely to be affected **(1).**	**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**

Section B					
Question			**Answer**	**Marks**	**Guidance**
17	**a**		**Answers may include:** • cost of a site • proximity to customers • where the owner lives • proximity to staff • amount of competition	**1** **AO1a 1**	1 mark for a correct identification. **ARA**
17	**b**		**Answers may include:** • a cost which does not vary with level of output/sales/business activity **Exemplar response:** Rent **(1)** is usually a fixed cost because it has to be paid regardless of how many customers the business has. **(1)**	**2** **AO1a 1** **AO1b 1**	1 mark for the meaning of the term fixed cost. 1 mark for a suitable example. **ARA**
17	**c**		FC/(SP-VC) **(1)** £6000 / £30 - £5 = £6000 / £25 **(1)** = 240 **(1)** **Exemplar responses:** E.g. 240 **(4)** E.g. £6000/£25 **(3)**	**4** **AO1a 1** **AO2 3**	Up to 4 marks for correct answer. Award full marks for correct answer irrespective of workings. Check workings and award marks as shown if answer incorrect. Award max 1 mark for correct formula in the absence of any numerical workings. **OFR**
17	**d**		Profit = Total revenue – Total costs **(1)** TR = 320 x £30 = £9600 **(1)** TC = £6000 + (£5 x 320) = £7600 **(1)**	**4** **AO1a 1** **AO2 3**	Up to 4 marks for correct answer. Award full marks for correct answer without working.

Section B					
Question			**Answer**	**Marks**	**Guidance**
			Profit = £9600 - £7600 = £2000 **(1)** **Exemplar responses:** E.g. £2000 **(4)** E.g. £9600, £7600 **(2)** E.g. £7600 **(1)**		Check working and award marks as shown if answer incorrect. **OFR**
17	**e**	**i**	**Answers may include:** Owners' capital • use up most of savings • leave owner short of funds • limited contingency/financial provision • loss of interest gained in bank account Bank loan • expensive/pay interest • monthly repayments impact on cash flow • may need security • may lose assets if default • difficult to obtain (especially for new businesses) • debt funding/needs to be repaid	**2** **AO1a 2**	1 mark for a correct identification of one disadvantage for owners capital. 1 mark for a correct identification of one disadvantage for bank loan. **ARA**
17	**e**	**ii**	**Answers may include:** **Exemplar response:** Using her own savings to pay for the equipment would use up almost all of Martina's savings. (AO2) This may mean that Martina could not afford to go away on	**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.

Section B					
Question			Answer	Marks	Guidance
			holiday this year (AO2) and put her under additional financial strain while trying to run her own business. (AO3a) However, if Martina uses a bank loan, a bank charges interest on borrowing. (AO2) This would increase the total amount Martina has to pay for the equipment, negatively affecting the MD Sports Clinic's cash flow (AO3a) Martina may also wish to retain her savings in case of a future emergency situation. If she takes out a bank loan over 2 or 3 years, it may give her time for the business to grow, and therefore after 3 years she may have more savings to be able to use if necessary. (AO3a) I think Martina should use a bank loan to pay for the equipment to set up MD Sports Clinic. Using a bank loan will mean Martina still has her savings which she can live off if the business does not get as many customers as she expects , which may be especially true during the clinic's first few months of trading when, because it still needs to raise customer awareness, it is unlikely to be fully booked. Also if she needs money to use in an emergency, such as relocation of the premises, she will still have her savings if she obtains a loan. If Martina can get a low rate of interest for the loan, she may be able to earn almost as much interest on her savings, especially if they grow as the business grows. (AO3b)		**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 MD Sports Clinic. 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 effects of using Martina's own savings or use a bank loan to buy the equipment for MD Sports Clinic. There is a deconstruction of relevant 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 whether Martina should use her own savings or use a bank loan to buy the equipment for MD Sports Clinic. A judgement is made and conclusions are drawn that are fully justified and draws 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 MD Sports Clinic. 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 effects of using Martina's own savings or use a bank loan to buy the equipment for MD Sports Clinic. There are some relevant chains of reasoning such as

Section B					
Question			Answer	Marks	Guidance
					simple statements of cause and consequence. (AO3a) **Limited** evaluation of whether Martina should use her own savings or use a bank loan to buy the equipment for MD Sports Clinic, 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 MD Sports 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 effects of using Martina's own savings or use a bank loan to buy the equipment for MD Sports Clinic. There are some relevant chains of reasoning such as simple statements of cause and consequence. (AO3a) ***No** evaluation of whether Martina should use her own savings or use a bank loan to buy the equipment for MD Sports Clinic.* **0 marks** – no response or no response worthy of credit. One mark for a correct identification. **ARA**
18	**a**		**Answers may include:** • giving advice to customers/providing product knowledge • accepting returns • friendly/polite/welcoming service/customer engagement • prompt delivery • effective after-sales service	**1** **AO1a 1**	1 mark for a correct identification. **ARA**

Section B					
Question			**Answer**	**Marks**	**Guidance**
18	b	i	**Answers may include:** • change of advertising strategy • promotion of environmentally friendly behaviour • additional market research • change of target market • charge higher prices • extension of product lifecycle • change in the way NEXT plc. segments the market **Exemplar response:** Being environmentally friendly offers new ways to promote the company. **(1)** NEXT plc.'s marketing department could have an increased workload **(1)** designing a new television advertisement which promotes its environmentally friendly behaviour. **(1)**	**3** **AO1b 1** **AO2 1** **AO3a 1**	1 mark for understanding of one way being environmentally friendly could impact on marketing. 1 further mark for application of one way being environmentally friendly could impact on Next's marketing function. 1 further mark for analysis of one way being environmentally friendly could impact on Next's marketing function Content from components 01 and 02 is synoptically assessed in this question. **ARA**
18	b	ii	**Answers may include:** • increased use of technology • reduced waste e.g. paper • use of recycled paper • communication by email • use of online application forms • job interviews conducted online • conducted online training packages • use of hot desking • offered home working opportunities • issued mobile communication technologies to staff • encouraged remote working	**3** **AO1b 1** **AO2 1** **AO3a 1**	1 mark for understanding of one way being environmentally friendly could impact on a business' human resources function. 1 further mark for application of one way being environmentally friendly could impact on Next's human resources function. 1 further mark for analysis of one way being environmentally friendly could impact on Next's human resources function

Section B					
Question			**Answer**	**Marks**	**Guidance**
			Exemplar response: NEXT plc.'s may need to alter its selection and recruitment processes **(1)** so that it interviews prospective job candidates online. **(1)** This would require less travel, and therefore less pollution. **(1)**		Content from components 01 and 02 is synoptically assessed in this question. **ARA**
18	**b**	**iii**	**Answers may include:** • increased costs • need to monitor cash flow • need to obtain additional sources of finance • affect on break even **Exemplar response:** Being environmentally friendly is likely to increase operating costs. **(1)** The business may find itself in a more difficult cash flow position than normal **(1)** and the finance department may need to apply for an increase in the company's overdraft limit. **(1)**	**3** **AO1b 1** **AO2 1** **AO3a 1**	1 mark for understanding of one way being environmentally friendly could impact on a business' finance function. 1 further mark for application of one way being environmentally friendly could impact on Next's finance function. 1 further mark for analysis of one way being environmentally friendly could impact on Next's finance function. **ARA**
18	**b**	**iv**	**Exemplar response:** The human resource function is likely to be the most affected by NEXT plc. being environmentally friendly **(1)** because it would affect the way all of its workers are employed, how they are trained and how they are managed on a day to day basis. **(1)** This will require the introduction of new IT-based processes and mobile technologies. **(1)**	**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**

Section B					
Question			**Answer**	**Marks**	**Guidance**
18	c		**Answers may include:** • do not use suppliers who use child labour • avoid fabrics which have involved animal testing • ensure suppliers pay a fair wage • ensure suppliers do not use zero hours contracts • ensure suppliers offer good working conditions • pay suppliers a reasonable price • insist on suppliers using recycled packaging materials • encourage suppliers to produce clothing made of recyclable materials • minimise air miles/buy from local suppliers • investigate suppliers' ethical credentials • do spot checks on suppliers premises/processes • have a clear ethical supply chain policy **Exemplar response:** NEXT plc. should pay its suppliers a reasonable price for the clothing it buys **(1).** This will give the supplier sufficient income to pay its workers a fair wage**, (1)** allowing those who make the clothes to have a decent standard of living. **(1)**	**3** **AO1b 1** **AO2 1** **AO3a 1**	1 mark for understanding of how to ethically source products. 1 further mark for application of how Next plc. could ethically source the clothes that it sells. 1 further mark for analysis of how Next plc. could ethically source the clothes that it sells. **ARA**
18	d*		**Answers may include:** • greater need for market research • change of marketing mix • more promotion • cheaper prices • change in channel of distribution	**9** **AO1a 1** **AO1b 1** **AO2 2** **AO3a 2**	**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)**

Section B					
Question			Answer	Marks	Guidance
			• importance of planning • change of marketing objectives • affect on ethical priorities suppliers, buy in greater bulk **Exemplar response:** A fall in consumer income levels is likely to lead to a lower average spend by NEXT plc.'s customers and a fall in company profits (AO1). The marketing department would need to react if NEXT decided to reduce prices in order to retain customers. Reduced prices should encourage more NEXT customers to buy (AO2). A new marketing campaign may be needed, with an increased emphasis on promoting the quality of NEXT's clothing and other products at value for money prices (AO3a). A fall in consumer income levels may mean NEXT customers are more likely to shop at discount clothing/home product stores. For NEXT's marketing team, they may need to look at how those stores promote themselves, and what NEXT can do differently if they are competing with that kind of store. (AO3a) They may need to simply advertise more, or perhaps advertise differently, in different ways, to appeal to different customer types. (AO3b) Alternatively, NEXT could decide not to reduce its prices, and the marketing team might try to promote NEXT as a more 'high end' retailer. This would mean a change to their advertising, and potentially a need to spend more on advertising. The marketing team might choose to focus on NEXT's ethical and social responsibilities and emphasise the way it sources its products ethically This change might increase the cost	AO3b 3	(AO1 a & b – 2 marks, AO2 – 2 marks, AO3a – 2 marks, AO3b – 3 marks) **Good** knowledge and understanding of marketing activities and the effects of falling consumer income levels on these activities. (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 NEXT plc. 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 how a fall in consumer income levels might impact on the marketing activities of NEXT plc. There is a deconstruction of relevant 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 how a fall in consumer income levels might impact on the marketing activities of NEXT plc., 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)** (AO1 a & b – 2 marks, AO2 – 2 mark, AO3a – 1 mark, AO3b – 1 mark) **Good** knowledge and understanding of marketing activities and the effects of falling consumer income levels on these activities. (AO1a &b) **Good** application of knowledge and understanding of business

Section B					
Question			Answer	Marks	Guidance
			of NEXT's marketing activities, which might have a negative impact on NEXT's profits (AO3a). Ultimately, I think NEXT should try and reduce prices slightly, and introduce a marketing campaign which focuses on value for money, perhaps combined with sales or discount offers. These would need to be widely advertised, which may see an increase in the cost of NEXT's marketing activities, depending on the advertising methods used. (AO3b)		concepts and issues to the context of NEXT plc. 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 how a fall in consumer income levels might impact on the marketing activities of NEXT plc. There are some relevant chains of reasoning such as simple statements of cause and consequence. (AO3a) **Limited** evaluation of the effectiveness of how a fall in consumer income levels might impact on the marketing activities of NEXT plc., which attempts to form a conclusion which shows some recognition of influencing factors . (AO3b) **Level 1 (1–3 marks)** **AO1 – 1 marks, AO2 – 1 mark, AO3 – 1 mark** **Limited** knowledge and/or understanding of marketing activities and the effects of falling consumer income levels on these activities. (AO1a or b) **Limited** application of knowledge and understanding of business concepts and issues to the context of NEXT plc. There is some use of the relevant elements of the scenario. (AO2) **Limited** analysis of business information and/or issues to demonstrate understanding of how a fall in consumer income levels might impact on the marketing activities of NEXT plc. There are some relevant chains of reasoning such as simple statements of cause and consequence.(AO3a) ***No*** *evaluation of how a fall in consumer income levels might impact on the marketing activities of NEXT plc.* **0 marks** – no response or no response worthy of credit.

Section B					
Question			Answer	Marks	Guidance
					Content from components 01 and 02 is synoptically assessed in this question. **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	2	0	4	0
16b	2	2	2	6	0
16c	0	1	0	1	0
16di	2	2	2	6	0
16dii	0	0	3	3	0
17a	1	0	0	1	0
17b	2	0	0	2	0
17c	1	3	0	4	4
17d	1	3	0	4	4
17ei	2	0	0	2	0
17eii	0	2	5	7	0
18a	1	0	0	1	0
18bi	1	1	1	3	0
18bii	1	1	1	3	0
18biii	1	1	1	3	0
18biv	0	0	3	3	0
18c	1	1	1	3	0
18d	2	2	5	9	0
Sub-total	20	21	24	65	8
Total	**28**	**28**	**24**	**80**	**11**

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