

4 Which would be variable costs for a building firm?

A Administrative and legal expenses

B Bricks and roof tiles

C Business rates and buildings insurance D

Cement mixers and tools

Your answer

☐

[1]

5 What has **not** contributed to increased globalisation?

A A reduction in shipping costs due to bulk containerisation

B An increase in labour migration worldwide

C Restrictions on international trade

D The internet and mobile communication technologies

Your answer

☐

[1]

6 A company has recently experienced a fall in its net profit margin from 4.2% to 2.9%. This means that:

A every £100 of sales earns £1.30 less net profit than it used to B

for every £100 of sales the company only earns £1.30

C net profit levels have fallen by 1.3%

D the company has made a net loss of 1.3%

Your answer

☐

[1]

- 7 Zayn is the owner of an established business that makes heated gloves. The business has recently experienced an increase in product returns.

Which of the following would help Zayn deal with this problem?

A Giving a bonus to the employee who sews the most gloves each month **B**

Improving quality checks to ensure every glove heats up correctly

C Researching other types of heated clothing that the business could make **D**

Segmenting the market by age, gender and lifestyle

Your answer

☐

[1]

- 8 Sam is a finance assistant for a national taxi firm. Which task is **most** likely to be part of Sam's job role?

A Phoning garages to negotiate vehicle servicing at reduced prices **B**

Posting discount codes on social media for pre-booked journeys

C Producing spreadsheets analysing quantitative market research data **D**

Providing cost data to help decide when to purchase new vehicles

Your answer

☐

[1]

- 9 In the context of business operations, what does the phrase 'proximity to market' refer to? **A** Advertising the business specifically to those who live in the local area

B Locating a business close to its potential customers

C Only employing workers who are part of the local community **D**

Working on a site that is close to a source of raw materials

Your answer

☐

[1]

18

Text 3**Primark Ltd**

Primark Ltd is a fashion retailer that sells clothing and homeware at prices lower than most other retailers. The company is aware of the importance of consumer law and of having low-cost suppliers.

Primark Ltd started to sell its products online in 2022. After changes in buying habits and pressure from customers, in 2022 Primark Ltd launched an online click and collect service for shoppers.

Primark Ltd is very aware of the need to have ethical suppliers. The following ethical factors are among those important to Primark Ltd:

- giving clothes a longer life by using material from sustainable sources
- encouraging its supply chain to pay a living wage and look after the health and well-being of their workers.

(a) Identify **one** factor which can affect the quality of a business' products.

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..... [1]

(b) Analyse **one** impact of consumer law on Primark Ltd.

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..... [3]

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Question		Answer	Marks	Guidance
	(ii)	Calculate the daily break-even quantity for the proposed hotel. SP- VC = Contribution $100 - 40 = 60$ (1) FC/7 days $6300/7 = 900$ (1) Daily break-even = $900/60 = 15$ (1) [OFR] <i>Alternative method</i> Contribution = 60 (1) Annual break-even = $6300/60 = 105$ (1) Daily break-even = $105/7 = 15$ (1) [OFR]	3 AO2	Three marks for correct answer (with or without workings).  No reward for the formula One mark for contribution calculation One mark for fixed cost calculation One mark for correct answer of 15 rooms A total of two marks for not dividing the weekly fixed costs by 7. (e.g., $6300/60 = 105$) (2). NB: Maximum of two marks for an answer with the wrong units (e.g. £).
	(iii)	Analyse one disadvantage to the partnership if the proposed hotel's fixed costs were 10% higher than expected. Understanding may include: • Could lead to lower profits (or a loss) • Could lead to price increases • Less money available for other needs (e.g. day-to-day running of the hotel) • Increases (harder to reach) the break-even level of output (less able to cover the costs). Application may include: • Fixed costs of £6300 a week • Increase of £630 a week / to £6930 / £90 more per day • Variable costs of £40 a day • Selling price is £100 per room • £0.5m for redecoration of new hotel • £1.5m for purchase of new hotel • 25 rooms in new hotel	3 AO1b AO2 AO3a	One mark for a disadvantage of having costs that may be higher than expected.  <i>No further marks can be gained without understanding.</i> One <u>further</u> mark for application to the Sea View Hotel partnership.  One <u>further</u> mark for an analysis of the disadvantage to a business of higher costs.  NB: Analysis must be business-facing. No reward for 'costs will increase'. No application marks for context about the <u>current</u> hotel (e.g. it is a profitable hotel).

Question	Answer	Marks	Guidance
	(ii) Analyse one disadvantage to the partnership of taking on Finley as a new partner to fund the proposed hotel. Understanding may include: • Decision making longer • Loss of control for the current partnership • May not have the skills needed to help partnership • Will need to split income/profit three ways • May not have enough money for the investment. Application may include: • Currently profitable • £2m cost of expansion • Already have a loan • Can afford another loan <u>if</u> costs do not increase • Friend of Anika • Has been travelling around the world • Currently unemployed; photographer; environmental campaigner. Analysis may include: • Decision making longer which may mean delays / arguments as to how the hotel should look and operate • May cause conflict as Finley is a friend of Anika • May lead to less profit/success as his skills are not relevant • May need to raise money from other sources if Finley does not have £2m to invest? <u>Exemplar response</u> It may mean that it takes longer to make decisions (1) especially as Finley may not have the skills needed as he is a photographer (APP). This could delay the development of the hotel. (1)	3 AO1b AO2 AO3a	One mark for a disadvantage of taking on a partner.  <i>No further marks can be gained without understanding.</i> One <u>further</u> mark for application to Sea View Hotel.  One <u>further</u> mark for analysis of the disadvantage to a business of taking on a new partner.  NB: Analysis must be business-facing.

ARA

Question		Answer	Marks	Guidance
		- Helps to improve the quality of goods / products will be of a good standard - Potential for returns which leads to loss of time and reduce profit - Not making products fit for purpose can negatively affect reputation / sales / profits - Financial impact (fines) of not complying with the law. Exemplar response: If Primark Ltd sells some of its clothing and homeware products (APP) which are 'not as described' (1) it could get lots of returned goods. (1) ARA		
	c	Analyse one benefit for Primark Ltd of having low-cost suppliers. Understanding may include: - Can pay less for raw materials (variable costs) - Help to keep prices low - Allows a business to buy in bulk - Will reduce break-even level of output - More money available for other parts of the business. Application may include: - Range of products, including clothing and homeware <u>Prices lower than most retailers</u> - Selling online - Click and collect service - Aware of need for ethical suppliers - Clothes made using material from sustainable sources. Analysis may include: - To increase sales	3 AO1b AO2 AO3a	One mark for a benefit of having low-cost suppliers.  <i>No further marks can be gained without understanding.</i> One <u>further</u> mark for application to Primark.  One <u>further</u> mark for analysis of the benefit of having low-cost suppliers for a business.  NB: Analysis must be business-facing. No reward for only stating 'low costs' or 'costs will be lower'.

Question	Answer	Marks	Guidance
	• More online presence leading to more awareness of the brand by customers. <u>Disadvantages of offering click and collect service.</u> Understanding may include: • Increased costs (e.g., for staffing or website management) • Increased levels of returns / refunds • Reduced chance of impulse purchases • More competition online • Keeping customer data safe online • Keeping up with advances in technology / possible failures in technology • Still need to arrange a collection service – no delivery to customer. Analysis may include: • Competitors can see what Primark are doing more easily and compete better against them • May lead to lower sales / profits / productivity • May be fined / bad publicity if data is not kept safely • Primark still need expensive stores on the high street • May affect spending in other areas of the business. Exemplar response One advantage is that more people can access the website 24/7 (1) which is what customers want due to changes in buying habits (APP). This may lead to an increase in market share (1). One disadvantage is that they have only started selling online in 2022 (APP) so would need new staff to handle the orders which would increase costs (1) and may lead to a reduction in profit margins (1).	ARA	<u>Disadvantage</u> One mark for a disadvantage of offering an online click and collect service.  <i>No further marks can be gained without understanding.</i> One <u>further</u> mark for application to Primark.  One <u>further</u> mark for analysis of the given disadvantage for a business.  NB: Analysis must be business-facing. NB: The disadvantage must be for Primark Ltd (and not other stakeholders, such as customers). No reward for 'customers may not want (or be able) to buy online' – they can still go to the retail store.