

Past exam paper questions – Topic 1.1 – Mark Scheme

Q1.

| Question number | Answer | Mark |
|-----------------|---|------------|
| | <p>Award 1 mark for stating one risk Sally will face when starting her business.</p> <p>Financial risks as she is giving up her current paid employment (1). Insecurity of sales due to falling consumer incomes (1).</p> <p>Accept any other appropriate response. Do not accept risks that would not be appropriate for a personal trainer business such as Sally's, for example not being able to source trade credit.</p> | (1) AO2 |

Q2.

| Question number | Answer | Mark |
|-----------------|--------|-------------|
| | B | (1) AO1a |

Q3.

| Question number | Answer | Mark |
|-----------------|--------|-------------|
| | B, D | (2) AO1a |

Q4.

| Question number | Answer | Mark |
|-----------------|--------|-------------|
| | A, D | (2) AO1a |

Q5.

| Question number | Answer | Mark |
|-----------------|--|------------|
| | <p>Award up to 2 marks for linked points outlining a benefit for <i>Frog Bikes</i>. Award a maximum of 1 mark if points are not linked.</p> <p>Higher profits will be earned (1) which means they can invest in the new factory to increase production of bikes (1).</p> <p>They will be more independent (1) which means they can rely less on other sources of finance, such as bank loans, to fund factory expansion (1).</p> <p>Do not accept benefits that would not be appropriate for <i>Frog Bikes</i>. For example, this means that entrepreneurs will make higher profits.</p> | (2) AO2 |

Q6.

| Question number | Answer | Mark |
|-----------------|---|----------------------------------|
| | <p>Award 1 mark for identification of a risk, plus 2 further marks for explaining this risk up to a total of 3 marks.</p> <p>One risk is financial loss (1). This is because starting a new business can be expensive and require finance from someone's possessions (1) and as a result, were the business to fail, the entrepreneur would lose money (1).</p> <p>One risk is a lack of security (1) as working as an entrepreneur may involve giving up previous employment (1). Therefore, the individual cannot guarantee a regular income (1).</p> <p>Accept any other appropriate response. Answers that list more than one risk with no explanation will be awarded a maximum of 1 mark.</p> | <p>(3) AO1a=1 AO1b=2</p> |

Q7.

| Question number | Answer | Mark |
|-----------------|---|----------------------------------|
| | <p>Award 1 mark for identification of a way that business ideas can come about, plus 2 further marks for explaining this way up to a total of 3 marks.</p> <p>The entrepreneur may have a completely original idea (1) which is based on knowledge of the market (1). This can lead to the development of a totally new product that does not have any competition in the market (1).</p> <p>Observing existing products (1) can lead to ideas about how these might be improved (1). As a result of these ideas an entrepreneur can innovate an existing product (1).</p> <p>Accept any other appropriate response. Answers that list more than one way with no explanation will be awarded a maximum of 1 mark.</p> | <p>(3) AO1a=1 AO1b=2</p> |

Q8.

| Question number | Answer | Mark |
|-----------------|--|----------------------------------|
| | <p>Award 1 mark for identification of a method, plus 2 further marks for explaining how this method will add value, up to a total of 3 marks.</p> <p>One method is by having a unique selling point (USP) (1). This will help the product to stand out against competitors by having something they do not have (1). As a result customers will be willing to pay more for a product they see as more original (1).</p> <p>One method to add value is by having a distinct brand image (1). This will help the business to be easily recognised by customers (1). As a result, customers are more prepared to pay a higher price for a product as they recognise and trust the name (1).</p> <p>Accept any other appropriate response. Answers that list more than one method with no explanation will be awarded a maximum of 1 mark.</p> | <p>(3) AO1a=1 AO1b=2</p> |

Q9.

| Question number | Indicative content | | Mark |
|-----------------|---|---|--|
| | <ul style="list-style-type: none"> • <i>Zoella Beauty</i> can charge a premium price for its beauty products (AO2). • This will make the products stand out in the competitive market for beauty products (AO2). • This will mean the profit per unit (or contribution) on individual products may be higher, therefore the break even level of output will be lower, increasing the margin of safety (AO3a). • Therefore, <i>Zoella Beauty</i> may have a competitive advantage over Lush. As a result, young people are more likely to buy <i>Zoella Beauty</i> products rather than competitors' products. This will lead to an increase in market share (AO3a). | | <p>(6) A02=3 A03a=3</p> |
| Level | Mark | Descriptor | |
| | 0 | No rewardable material. | |
| Level 1 | 1–2 | <ul style="list-style-type: none"> • Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). | |
| Level 2 | 3–4 | <ul style="list-style-type: none"> • Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a). | |
| Level 3 | 5–6 | <ul style="list-style-type: none"> • Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a). | |

Q10.

| Question number | Indicative content | | Mark |
|-----------------|---|---|--|
| | <ul style="list-style-type: none"> • <i>Zoella Beauty</i> will need to carry out more market research to find out what beauty products consumers want (AO2). • <i>Zoella Beauty</i> will need to adapt cosmetics to make sure they are more aware of environmental and ethical issues. (AO2). • This will mean that <i>Zoella Beauty</i> can design products that are more in line with what consumers want. For example, market research may show that consumers want more bath products (AO3a). • As a result, <i>Zoella Beauty</i> can develop products which are not tested on animals. For example, cosmetics such as lipsticks can be developed and marketed as 'not tested on animals'. Therefore, <i>Zoella Beauty</i> may be able to meet the changing needs of its customers and help it compete against rivals (AO3a). | | <p>(6) AO2=3 AO3a=3</p> |
| Level | Mark | Descriptor | |
| | 0 | No rewardable material. | |
| Level 1 | 1–2 | <ul style="list-style-type: none"> • Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). | |
| Level 2 | 3–4 | <ul style="list-style-type: none"> • Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a). | |
| Level 3 | 5–6 | <ul style="list-style-type: none"> • Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a). | |