

Past exam paper questions – Topic 1.4 – Mark Scheme

Q1.

Question number	Answer	Mark
	C	(1) AO1a

Q2.

Question number	Answer	Mark
	B, E	(2) AO1a

Q3.

Question number	Answer	Mark
	B	(1) AO1a

Q4.

Question number	Answer	Mark
	<p>Award 1 mark for identification of a benefit, plus 2 further marks for explaining this benefit up to a total of 3 marks.</p> <p>One benefit is financial security for the entrepreneur (1) because limited liability means that their personal possessions cannot be lost were the business to become insolvent (1). As a result, the entrepreneur will be willing to take risks to attempt to grow the business (1).</p> <p>One benefit is the ability to raise finance by selling shares (1) which means the business may be able to invest in its facilities (1). As a result of this the business will be able to expand further and increase sales (1).</p> <p>Accept any other appropriate response. Answers that list more than one benefit with no explanation will be awarded a maximum of 1 mark.</p>	(3) AO1a=1 AO1b=2

Q5.

Question number	Indicative content		Mark
	<ul style="list-style-type: none"> • Less risk of owners losing personal possessions (AO1b). • Shareholders are more likely to invest in a new business idea (AO1b). • This increases the attractiveness of the investment and as a result, encourages enterprise and entrepreneurship (AO3a). • This increases the likelihood of taking risks. This increases the potential for the growth of the businesses into a larger company (AO3a). 		<p>(6) AO1b=3 AO3a=3</p>
Level	Mark	Descriptor	
	0	No rewardable material.	
Level 1	1–2	<ul style="list-style-type: none"> • Demonstrates elements of knowledge and understanding of business concepts and issues, with limited business terminology used (AO1b). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). 	
Level 2	3–4	<ul style="list-style-type: none"> • Demonstrates mostly accurate knowledge and understanding of business concepts and issues, including appropriate use of business terminology in places (AO1b). • 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"> • Demonstrates accurate knowledge and understanding of business concepts and issues throughout, including appropriate use of business terminology (AO1b). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a). 	

Q6.

Question number	Indicative content	Mark
	<ul style="list-style-type: none"> • Increased promotion will increase the awareness of the brand (AO2). • Reducing prices will mean <i>Zoella Beauty</i> is more competitive against rivals such as Lush (AO2). • This means that young people will recognise the brand and be more prepared to try the beauty products ahead of those of rival companies (AO3a). • This means that younger people, who may not have high incomes, will be encouraged to choose <i>Zoella Beauty</i> over rivals such as Lush (AO3a). • The most appropriate option for <i>Zoella Beauty</i> is to promote the brand. This is because the beauty products industry is driven by style and fashion and to maintain the fashionable image promotion is essential. Otherwise the brand risks becoming dated (AO3b). • However, reducing prices will lower profit margins and also threaten brand image. <i>Zoella Beauty</i> has a strong brand image and this is enhanced by the Zoella vlog, which has over 7 million subscribers. If there were cheaper prices, the target market may think the quality of the product is low (AO3b). 	<p>(9) AO2=3 AO3a=3 AO3b=3</p>

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-3	<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). • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made (AO3b).
Level 2	4-6	<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). • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made (AO3b).
Level 3	7-9	<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). • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made (AO3b).

Q7.

Question number	Indicative content	Mark
	<ul style="list-style-type: none"> Building a new factory in the UK will mean lower transport costs (AO2). Expanding the Chinese factory is sensible as this factory already has the employees with the skills and expertise in manufacturing the business' bikes (AO2). This means that overall costs can be kept down so that <i>Frog Bikes</i> can charge prices which are competitive against rivals such as Halfords and JE James (AO3a). This expertise means that bikes can be produced more cheaply than in a UK factory, even when transportation costs from China are taken into account (AO3a). The most appropriate option for <i>Frog Bikes</i> is to build the UK factory. In addition to the costs benefit, the reputational benefit it will gain will help to give a competitive advantage over other retailers such as Halfords (AO3b). The best option is to stick with the Chinese factory. The business is doing well and is becoming more successful, so this factory, and its staff, are getting things right. Shifting to the UK could be expensive as well as destabilising (AO3b). 	<p>(9) AO2=3 AO3a=3 AO3b=3</p>

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-3	<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). Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made (AO3b).
Level 2	4-6	<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). Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made (AO3b).
Level 3	7-9	<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). Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made (AO3b).