

Section A

Accept any other suitable answer.

NB * indicates own figure. (1+1) indicates 1 mark for point plus 1 mark for development.

- 1 People work constantly at the same jobs
Production increases
Costs may fall
Finished product of higher quality
Time saved
Effective use of resources
Any 3 x 1 = 3 marks
- 2 Government establishes and develops good relations with other countries
Countries benefit from specialising in the production of goods at which they are more efficient.
Economic growth
Increased tariffs increase government funds
Wider selection of goods & services for consumers
Cheaper imports substitute for dearer domestic products
Any 3 x 1 = 3 marks
- 3 Increase sales – by reducing prices of selected goods.
Increase number of customers by: advertising campaign
giving sales staff (monthly) targets
improving customer service
Keep costs low by: more bulk buying
sourcing cheaper suppliers
Any 1 x 1 + 1 = 2 marks
- 4 To produce goods in countries with low costs, such as low wages
To extract raw materials and use for producing goods
To produce goods nearer the market to reduce transport costs
To avoid barriers to trade put up by countries to reduce imports of goods
To expand into different market areas to spread risks
Any 3 x 1 = 3 marks
- 5 a) The total value of sales over a period of time
marks 2
b) Sales turnover
Sales revenue
Any 1 x 1 = 1 mark
- 6 To ensure smooth running of company.
So that Sales Dept knows goods available for sale.
So that Production Dept knows goods required.
So that Sales Dept has correct product details.
So that Sales Dept knows availability of goods before advertising them.
Forward planning
2 x 1 = 2 marks

- 7 Recording all money coming in and going out company
Dealing with debtors and creditors
Paying wages and salaries
Dealing with taxation
Generating and sending out bills
Receiving payment for goods and services
Final accounts
Preparing budgets and forecasts
Maintaining cash flows
- Any 3 x 1 = 3 marks
- 8 Provides targets for managers and staff to aim for.
Managers and staff involved in budget setting more likely to be motivated towards achieving targets
Managers can highlight weaknesses by comparing budget against actual results and do something about it
Spending and costs controlled
Co-ordination between departments should be improved because each department's activity fits in with the business's overall objectives
- Any 2 x 1 + 1 = 3 marks
- 9 Salary and job security.
Relationships with other people in the company.
Supervision by the immediate person in charge of employee
Working conditions
Company regulations and policies
- Any 3 x 1 = 3 marks
- 10 Employees work harder
Likely to produce better quality of work
Likely to take less time off
- Any 2 x 1 = 2 marks
- 11 Damage to surrounding landscape
Global warming
Noise
Increased traffic
Depletion of natural resources
- Any 2 + 1 = 2 marks
- 12 Increased production
Lower costs – higher profits
Improvement in quality of finished products
Development of new products
Improved motivation of employees
Redundancies
Capital costs
Need for staff re-training
- Any 1 mark

Total 30 marks

Section B

- 1 a) i) £17 600 1 mark
 ii) £33 600 1 mark
- b) i) Net working capital is the value of the current assets left over when all the liabilities have been paid
 1 + 1 = 2 marks
- ii) Capital employed – the total value of all the long-term finance provided to the business. Capital employed always equals Net assets employed.
 1 + 1 = 2 marks
- c) i) Capital needed – If Mr Patel cannot raise enough it would be impossible to expand properly.
 Lack of qualified staff – the business needs trained and qualified staff to expand.
 Lack of resources – needs sufficient stock/raw materials to expand and grow.
 Mr Patel may not have the necessary information about the market and its up-to-date requirements to enable his business to expand.
 3 x 1 mark + 3 x 1 expansion 6 marks
- ii) **Advantages:**
 The owner makes all the decisions and can make them quickly
 The owner has close links with the customer and employees
 The financial affairs of the company do not have to be published
 Customers may prefer a personal service by a small business.
 The owner keeps all the profits made in the business.
 Any 2 x 1 = 2 marks
- Disadvantages:**
 Unlimited liability.
 Sole responsibility for all losses
 Banks less willing to lend money to small business
 Cannot compete with large business organizations
 Cannot take advantage of economies of scale
 Any 1 x 1 = 1 mark
- Total 15 marks

- 2 a) i) SKIMMING: Set a relatively high price initially. Some people will pay a higher price because a product is new and few people have already tried it.
- PENETRATION: Set a relatively low price initially in order to gain entry to the existing market.
- COMPETITION PRICING: setting price, matching charge set by competitors.
Any 2 x 1 + 2 x 1 = 4 marks
- ii) Free samples – designed to introduce product and encourage people to try it.
Free gifts – enclosed in packaging – eg small toys.
Money-off coupons – on box offering next purchase at a lower price or in newspaper/magazine adverts.
(note: accept any other sales promotional methods suitable to product)
Any 2 x 1 + 2 x 1 = 4 marks
- iii) Newspapers – Choice of appropriate newspapers to reach target market important.
Journals and magazines – can be accurately targeted to appropriate age range, gender, interests eg food journals/magazines; women’s magazines.
Television – reaches wide audience and can have most visual impact. Times of advertising can be chosen to target prospective customers, eg during the day
Any 1 + 1 = 2 marks
- b) i) Internet selling of goods, emailing customers special offers, questionnaires/ surveys.
1 + 1 = 2 marks
- ii) Gives opportunity of reaching a global market.
7-day opening (24/7)
Low promotion costs
Economies of scale due to increased sales
Image – Best Foods Ltd can present a professional and well- established image through e-commerce.
Examine the sales mix of manufacturing and switch to more profitable product lines
Locate cheaper suppliers
(note accept others but the advantages must be to the company and not to the customer).
1 x 3 = 3 marks
- Total 15 marks

- 3 a) **Job Description**(1) Defines the main duties and responsibilities of the post.(1)
Essential to the employee and the manager so that they are clear about what the
employee is expected to do.(1) 3 marks
- Person Specification** (accept Job Specification). (1) Identifies suitable
applicants (1) in terms of knowledge, qualifications, skills and experience.(1) 3 marks
- b) **Purpose:** To introduce new employees to the job, explaining Company history, structure,
administration, customs and procedures and to introduce them to fellow employees so that they
are able to work more effectively and efficiently. (2 marks)
- Benefit**
Make feel wanted
Make feel at home
Learning on the job. Any 1 x 1 = 1 mark
- Total 10 marks

SAMPLE 00002