

Write your name here

Surname

Other names

Centre Number

Candidate Number

**Edexcel GCSE**

**Business Studies, Business Communications  
Business Studies and Economics  
Unit 1: Introduction to Small Business**

Additional Sample Assessment Material  
**Time: 45 minutes**

Paper Reference  
**5BS01/01**

**You do not need any other materials.**

Total Marks

### Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** the questions.
- Answer the questions in the spaces provided  
– *there may be more space than you need.*

### Information

- The total mark for this paper is 40.
- The marks for **each** question are shown in brackets  
– *use this as a guide as to how much time to spend on each question.*
- A calculator may be used.

### Advice

- Read each question carefully before you start to answer it.
- Keep an eye on the time.
- Try to answer every question.
- Check your answers if you have time at the end.

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Turn over ►

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**Answer ALL the questions.**

**Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.**

**1** Which of the following is an example of a variable cost for a pizza takeaway?

Select **one** answer:

- A** Rent of business premises for the takeaway.
- B** Cost of pizza bases to make pizzas.
- C** The insurance for the delivery van.
- D** Cost of advertising in a local newspaper.

**(Total for Question 1 = 1 mark)**

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**2** What type of organisation is set up 'under licence' to use an established business name?

Select **one** answer:

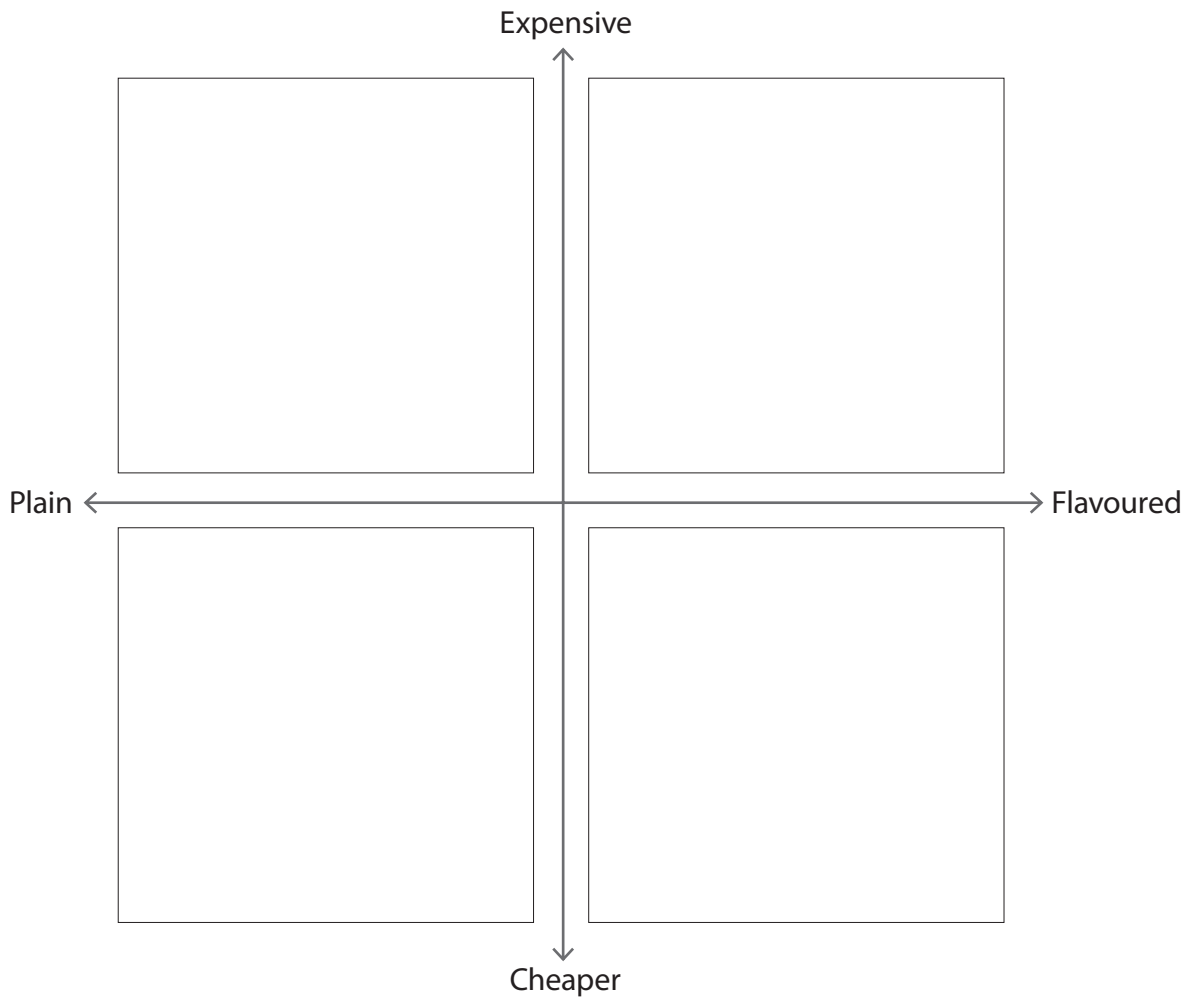
- A** Sole trader.
- B** Enterprise.
- C** Franchise.
- D** Private limited company.

**(Total for Question 2 = 1 mark)**

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3 Put the following products into the most appropriate quarter of the market map below. Indicate your answer by writing the correct letter on the map.



- A Tesco Value ready salted crisps.
- B Kettle Mango Chilli.
- C Pringles Original Flavour.

(Total for Question 3 = 3 marks)



**Questions 4–6 are based on the information below.**

Sparkle Oven Cleaning Company Ltd is a business offering an oven cleaning service. Eddie Lowe, one of the owners of this family-run business, aims to provide an exceptional cleaning service. Eddie says that the focus of the business is on competitive prices, high standards and good customer service.

(Source: <http://www.sparkleovencleaning.co.uk/index.html>)

**4** Which **two** of the following might be reasons why Eddie chose to set up as a limited company?

Select **two** answers:

- A** Because he wanted to take all the profits for himself.
- B** Eddie would know he could protect his personal possessions.
- C** Eddie would not have to make any of the important business decisions.
- D** Eddie could still keep control of the business but issue more shares if he needed to raise finance.
- E** Because he would not have to bother with paperwork to set up a business.

**(Total for Question 4 = 2 marks)**

**5** Which **one** of the following might be a key part of the customer focus for Sparkle Oven Cleaning Company Ltd?

Select **one** answer:

- A** Making sure that appointments are kept on time.
- B** Ensuring staff do the job in as short a time as possible so that sales can be maximised.
- C** Monitoring competitors and charging a slightly higher price than them.
- D** Managing the business so it can make the maximum profit possible.

**(Total for Question 5 = 1 mark)**



6 Which **two** of the following might be the best ways in which Eddie could add value to his business?

Select **two** answers:

- A Employing an accountant to manage his cash-flow.
- B Free after-care visit to check customer satisfaction.
- C Making sure that he has an excellent relationship with his bank.
- D Buying a van with the name of the company clearly written on the side.
- E Providing a weekend service so customers do not need time off work.

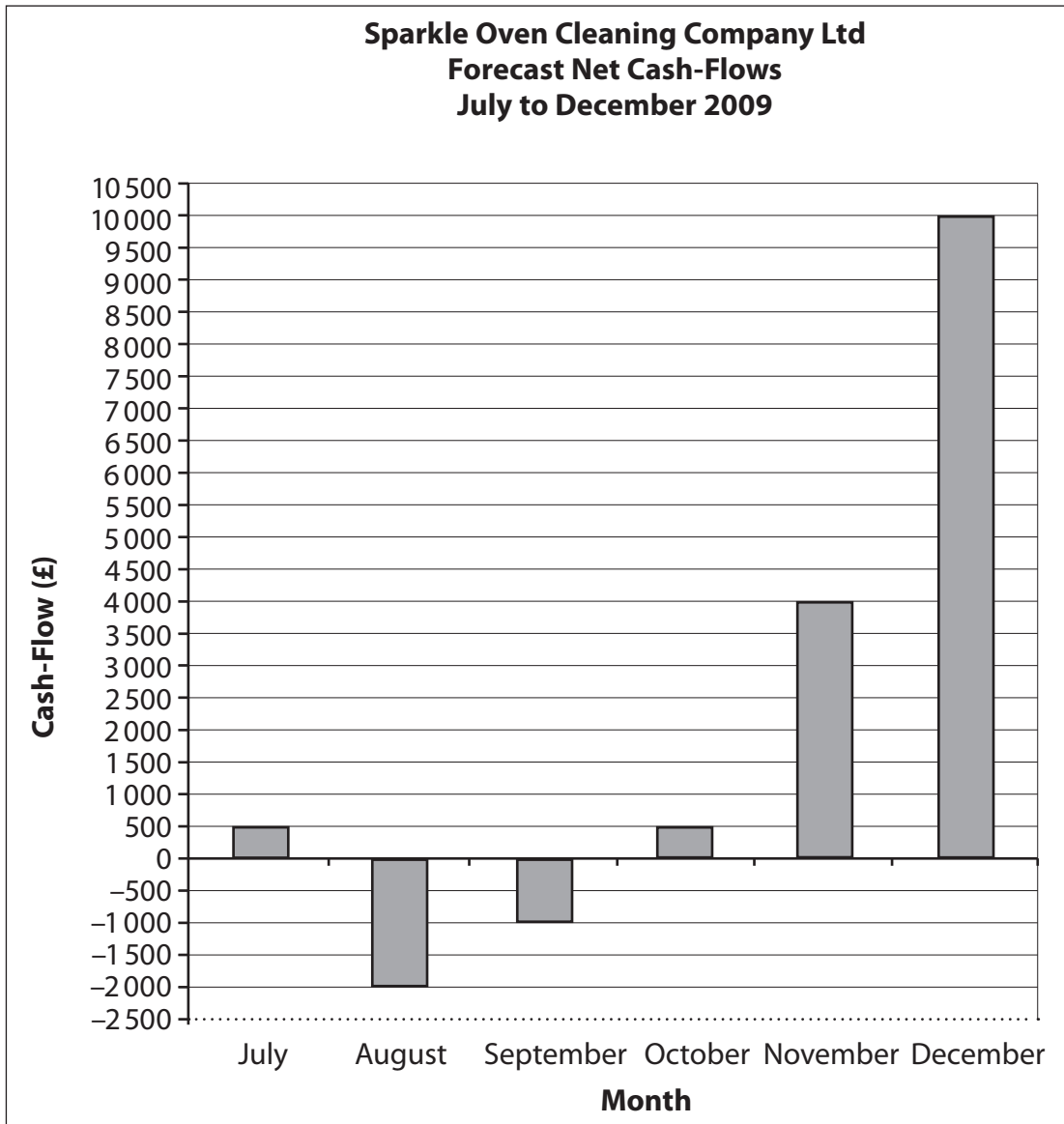
**(Total for Question 6 = 2 marks)**

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Questions 7–9 are based on the chart below.

The following chart shows forecast cash-flows for Sparkle Oven Cleaning Company Ltd from July to December 2009.



7 Using the chart, calculate the net cash-flow for July to December 2009.

Select **one** answer:

- A -£3 000
- B £10 000
- C £12 000
- D £15 000

(Total for Question 7 = 1 mark)



8 What would be the most appropriate way that Sparkle Oven Cleaning Company Ltd could cope with its negative cash-flow in August and September?

Select **one** answer:

- A Approach its bank to take out a loan.
- B Sell more shares in the company.
- C Arrange an overdraft with its bank.
- D Seek out the services of a venture capitalist.

(Total for Question 8 = 1 mark)

9 Identify **three** conclusions about Sparkle Oven Cleaning Company Ltd that can be drawn from the chart.

Select **three** answers:

- A Eddie might have to hire more staff around the Christmas period.
- B Sparkle Ltd will make a profit at the end of the year.
- C Nobody has their ovens cleaned during October.
- D A bank would be very likely to grant Eddie an overdraft for August and September.
- E Eddie should be able to manage his cash-flow effectively if these figures turn out to be correct.
- F Eddie is not profitable in August and September.
- G The business is likely to do well in the following year.

(Total for Question 9 = 3 marks)



Questions 10–11 are based on the information below.

*Pink Ladies* is a taxi service for women only, based in Warrington, Cheshire. The taxis are all painted pink, have pink interiors and are driven by women who have undergone training not only in driving but also in self-defence. The taxis all have satellite navigation and tracking devices. Customers pay to become members of the Pink Ladies Club and so the cars do not have cash with them. Customers receive text messages or phone calls to tell them where the taxi is and the driver does not leave until the customer is safely in their destination.



10 Which **two** of the following might lead to a fall in sales for the *Pink Ladies* taxi service?

Select **two** answers:

- A A rise in unemployment in the Warrington area.
- B A rise in the prices charged by other taxi firms in the Warrington area.
- C A fall in interest rates.
- D A reduction in the price of late night bus fares in the Warrington area.
- E An upturn in the business cycle.

(Total for Question 10 = 2 marks)

The owners of *Pink Ladies* have been very careful to employ the right staff for the job and train them properly.

11 Which **two** of the following might be the most effective methods of motivation for workers at *Pink Ladies*?

Select **two** answers:

- A They like to handle cash.
- B They are given a book on motivation theories.
- C They believe in what the company is trying to do.
- D They are given set times for picking up and dropping off customers and so can earn more money.
- E The quality and range of the training they are given gives them the confidence to do their jobs well.

(Total for Question 11 = 2 marks)





Questions 12–13 are based on the passage below.



Mandy Beaumont runs Merry Maids of Rutland. Merry Maids provides a cleaning service for busy homeowners. Mandy trains each member of staff to high standards and she carries out regular spot checks to ensure standards are being maintained. Many of her clients have a fortnightly clean; the same two ladies go to the house on each appointment so they really get to know the house. Merry Maids is a franchise which Mandy decided to buy into. She had been considering setting up her own cleaning business. The benefits of buying into the Merry Maids franchise made the decision easy for her.

**12** The following table shows the costs, revenues and profits for Merry Maids for a two month period.

Fill in the **four** blanks (a)–(d) to complete the table.

	<b>October</b>	<b>November</b>
Total receipts	£14 000	£12 000
Fixed costs	£2 000	£2 000
Variable costs	(a)	(c)
Total costs	£9 000	(d)
Profit	(b)	£5 000

**(Total for Question 12 = 4 marks)**

Merry Maids supplies all the cleaning equipment and materials.

**13** What might be the most likely effect on Merry Maids of a rise in the cost of these materials if it did not change its prices?

Select **one** answer:

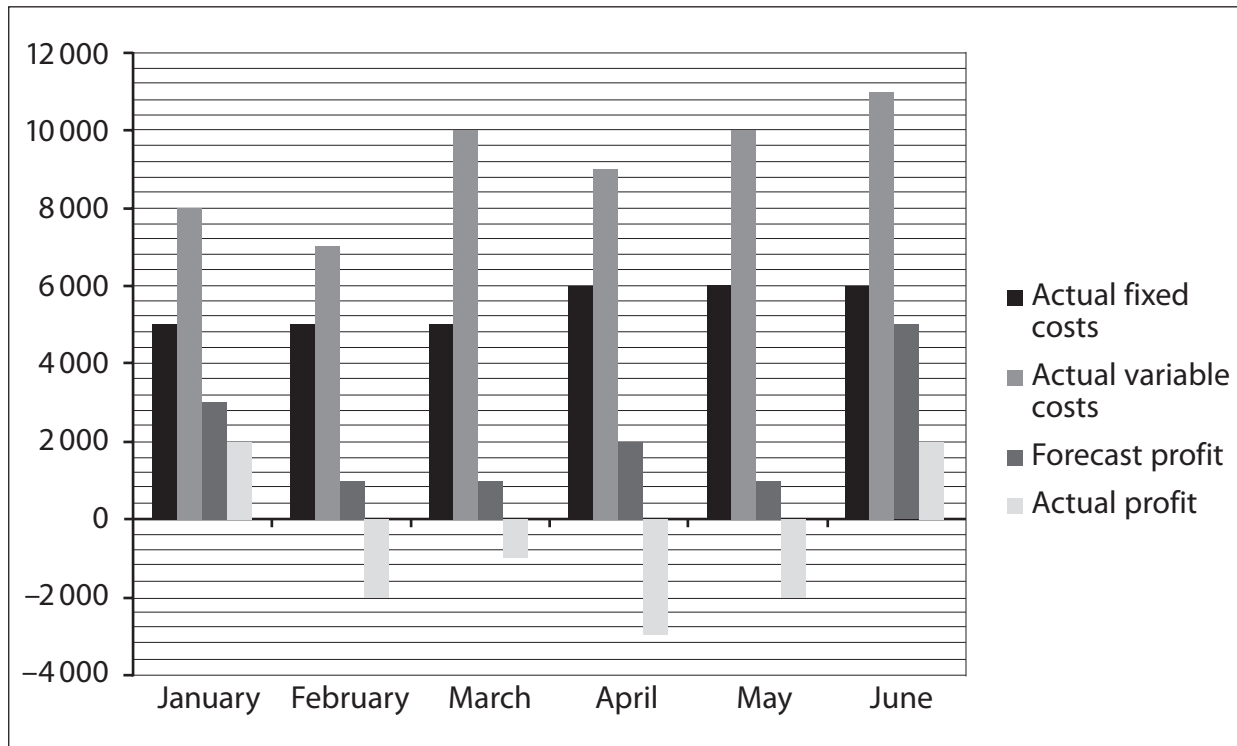
- A** A fall in profit.
- B** Revenue would rise.
- C** Sales would decrease.
- D** Productivity would rise.

**(Total for Question 13 = 1 mark)**



Questions 14–17 are based on the chart below.

**ToyWorld Ltd**  
**Half-Year Cost and Profit figures**



**14** What is the most likely reason for the rise in fixed costs from April onwards?

Select **one** answer:

- A** A rise in the cost of buying-in toys.
- B** A rise in the cost of providing carrier bags to customers.
- C** Paying staff more when they work longer hours.
- D** An increase in the rent it pays for its premises.

**(Total for Question 14 = 1 mark)**



**15** What **two** reasons best explain the difference between ToyWorld's actual profit and the forecast profit in May?

Select **two** answers:

- A** Sales for ToyWorld were much higher than predicted.
- B** ToyWorld based its sales forecasts on inaccurate data.
- C** The variable costs were higher than expected.
- D** Actual profit does not take into account total costs.
- E** The fixed costs rose in May.

**(Total for Question 15 = 2 marks)**

**16** Which **one** of the following is a tax that a small business might have to pay?

Select **one** answer:

- A** Inheritance Tax.
- B** Corporation Tax.
- C** Market Tax.
- D** Company Tax.

**(Total for Question 16 = 1 mark)**

**17** Select **three** of the following, which you think are the most important in spotting a new business opportunity.

- A** Having a low price.
- B** Coming up with a new idea.
- C** Having a degree in Business Studies.
- D** Being a brilliant inventor.
- E** Recognising who is likely to buy your product or service.
- F** Knowing who your competitors are.

**(Total for Question 17 = 3 marks)**



A small high street sports retailer, 'Likey', has managed to obtain a supply of replica Premiership soccer shirts from a supplier in the EU. The cost of buying the shirts from the supplier is as follows:

- Chelsea shirt – €26
- Manchester United shirt – €32.

Likey sells each shirt to its customers in the UK for the same price – £35.

The exchange rate is currently £1 = €1.10.

The exchange rate between the pound and the euro changes from £1 = €1.10 to £1 = €1.25.

**18** Which **two** of the following would be the most likely result of this change in exchange rates for the sports retailer?

- A** There will be no change because Likey will still sell the shirts for the same price in the UK.
- B** The cost of buying the shirts from the EU will rise.
- C** The cost of buying the shirts from the EU will fall.
- D** Likey will have to give up more pounds to acquire the same amount of euros.
- E** Likey will have to give up fewer pounds to acquire the same amount of euros.

**(Total for Question 18 = 2 marks)**

**19** Which **two** of the following would be the most probable major risks for a new business start-up?

Select **two** answers:

- A** Knowing what the difference is between fixed costs and variable costs.
- B** Increasing competition may lead to not enough customers using the business.
- C** Dealing with difficult customers may lead to poor customer relations.
- D** Ensuring that there is a market for your product.
- E** Deciding to open the premises at 9.00 a.m.

**(Total for Question 19 = 2 marks)**



**20** Match the definition on the left with the correct term on the right.

Show your answers by drawing a line from the definition on the left to the matching term on the right. If you change your mind about an answer, cross the line out and draw a new line to mark your new answer.

Definition	
The creation of a product that is valued higher by the consumer than the costs paid to suppliers	i
The process of transforming inventions into products that can be sold to customers	ii
A way of positioning products to provide a visual representation of a market	iii
A means of finding out about a market using information that has already been published	iv
The process of intentional creation of new ideas through recognised and accepted techniques	v

Term	
A	Innovation
B	Secondary research
C	Entrepreneurship
D	Market research
E	Added value
F	Deliberate creativity
G	Market map
H	Business cycle

**(Total for Question 20 = 5 marks)**

**TOTAL FOR PAPER = 40 MARKS**



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### Unit 1: Introduction to Small Business

Question Number	Answer	Mark
1	B	(1)

Question Number	Answer	Mark
2	C	(1)

Question Number	Answer	Mark
3	Expensive / Plain - C Plain/Cheaper - A Expensive/Flavoured - B	(3)

Question Number	Answer	Mark
4	B, D	(2)

Question Number	Answer	Mark
5	A	(1)

Question Number	Answer	Mark
6	B, E	(2)

Question Number	Answer	Mark
7	C	(1)

Question Number	Answer	Mark
8	C	(1)

Question Number	Answer	Mark
9	A, D, E	(3)

Question Number	Answer	Mark
10	A, D	(2)

Question Number	Answer	Mark
11	C, E	(2)

Question Number	Answer	Mark
12	(a) £7 000      (c) £5 000 (b) £5 000      (d) £7 000	(4)

Question Number	Answer	Mark
13	A	(1)

Question Number	Answer	Mark
14	D	(1)

Question Number	Answer	Mark
15	B, C	(2)

Question Number	Answer	Mark
16	B	(1)

Question Number	Answer	Mark
17	B, E, F	(3)

Question Number	Answer	Mark
18	C, E	(2)

Question Number	Answer	Mark
19	B, D	(2)

Question Number	Answer	Mark
20	i = E; ii = A; iii = G; iv = B; v = F	(5)

Write your name here

Surname

Other names

Centre Number

Candidate Number

**Edexcel GCSE**

# Business Studies

## Unit 3: Building a Business

Additional Sample Assessment Material

**Time: 1 hour 30 minutes**

Paper Reference

**5BS03/01**

**You do not need any other materials.**

Total Marks

### Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** questions.
- Answer the questions in the spaces provided  
– *there may be more space than you need.*

### Information

- The total mark for this paper is 90.
- The marks for **each** question are shown in brackets  
– *use this as a guide as to how much time to spend on each question.*
- Questions labelled with an **asterisk** (\*) are ones where the quality of your written communication will be assessed  
– *you should take particular care on these questions with your spelling, punctuation and grammar, as well as the clarity of expression.*
- A calculator may be used.

### Advice

- Read each question carefully before you start to answer it.
- Keep an eye on the time.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

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**SECTION A**

**Answer ALL questions. You should spend 40 minutes on this section.**

**Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.**

**1** Firms can use a variety of strategies to reward workers.

(a) Which one of the following is a fringe benefit?

Select **one** answer.

(1)

- A** Commission
- B** Salary
- C** Wage
- D** Company car

(b) Outline **one** benefit to a business of rewarding workers using a 'piece rate' method of payment.

(3)

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Effective communication within a business is important to success.

(c) Identify **one** barrier to effective communication within a business.

(1)

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(d) Explain **one** possible impact that poor communication might have for a business.

(3)

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**(Total for Question 1 = 8 marks)**



2

*Subway* is a well known sandwich retailer. It has become successful by offering consumers a choice and providing a healthier fast food option.

Market research has helped *Subway* become successful in its market.

(a) Which **one** of the following is an example of qualitative market research?

Select **one** answer.

(1)

- A** A chart showing *Subway's* profits
- B** A map showing the location of *Subway* outlets
- C** Consumer opinions on the taste of *Subway* sandwiches
- D** *Subway's* sales figures for the last two years

'Product trial' is a way in which *Subway* could gain new customers.

(b) Identify **two** different methods of 'product trial' that *Subway* could use.

(2)

1 .....

2 .....

(c) Describe **one** reason why it is important for *Subway* to differentiate its product.

(3)

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Businesses use the product life cycle to examine how sales change over time.

(d) (i) Identify **one** stage of the product life cycle.

(1)

(ii) Describe **one** extension strategy a business might use to extend the product life cycle.

(3)

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**(Total for Question 2 = 10 marks)**

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3

*Lidl* is a 'value' supermarket group. It sells a limited range of products. It reduces cost by having simple shelving and display equipment, allowing it to offer low prices.

*Lidl* is looking to expand the number of stores it has in the UK from 410 to 1500. In order to expand, it will use external sources of finance. *Lidl* wants to become a major supermarket brand in the UK.

(a) Which **one** of the following is an external source of finance?

Select **one** answer.

(1)

- A** Bank loan
- B** Selling assets
- C** Retained profit
- D** Cutting costs

(b) (i) Identify **two** possible ways *Lidl* could improve its cash flow.

(2)

1 .....

2 .....

(ii) Explain why strong cash flow is important to a supermarket such as *Lidl*.

(3)

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(c) (i) Identify **one** possible method *Lidl* could use to manage its brand.

(1)

(ii) Explain **one** reason why having a strong brand might benefit *Lidl*.

(3)

**(Total for Question 3 = 10 marks)**



4

The *World Wildlife Fund (WWF)* is a pressure group campaigning to prevent the extinction of bluefin tuna. Fishermen use nets which not only catch tuna but other animals, such as dolphins and turtles. The *WWF* wants fishermen to use different methods which would reduce the amount of tuna caught and also prevent other marine animals from being killed.

(a) Which **one** of the following **best** describes the term 'pressure group'?

Select **one** answer.

(1)

An organisation:

- A** which helps businesses maximise profit
- B** that looks after the environment
- C** that aims to influence decision-making
- D** that controls how a business operates.

(b) Explain **one** effect on fishermen of having to use different fishing methods.

(3)

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WWF is trying to encourage supermarkets and other retailers to sell only tuna caught in an environmentally friendly way.

(c) Identify **two** other results that pressure group activity might have on retailers of tuna.

(2)

1 .....

2 .....

In response to the work of the WWF retailers of tuna could respond in one of the following two ways:

**Option 1:** Do nothing

**Option 2:** Sell only tuna caught in an environmentally friendly way

(d) In your opinion which **one** of these two options should retailers adopt, and why?

(6)

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**(Total for Question 4 = 12 marks)**

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**TOTAL FOR SECTION A = 40 MARKS**



**SECTION B**

**Answer ALL questions. You should spend 30 minutes on this section.**

**Read the following passage carefully and then answer questions 5 and 6.**

*Sony's PlayStation 3 console has struggled against strong competition from Nintendo's Wii. The Wii was not only offered at a lower price but also targeted a wider market.*

*It originally cost Sony £430 to make a Sony PlayStation 3. Due to increased productivity this has now fallen to £140. In August 2009 Sony reduced the price of its PlayStation 3 from £300 to £250.*

*The fall in the cost of producing the console has allowed PlayStation 3 to move past its break-even point. However, Sony expects to make a loss of over £680 million in 2009. This is because others areas of its business such as MP3 players and flat screen televisions have not performed very well. To combat this, Sony plans to cut 8 000 jobs and close several factories.*



**5 (a) What is meant by the term 'break-even point'?**

**(2)**

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(b) Sony's fixed costs for the PlayStation 3 are £2 400 000 and variable costs are £140 per console.

(i) Calculate the break-even point when the PlayStation 3 was priced at £300. Show your workings and the formula used.

(3)

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(ii) Calculate the level of profit or loss Sony would have made if it had sold 20 000 PlayStation 3 consoles at £300. Show your workings and the formula used.

(3)

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(c) Identify **two** problems *Sony* could face as a result of reducing the price of the PlayStation 3 to £250. For each problem explain how it would affect *Sony*.

(8)

Problem 1

Explanation

Problem 2

Explanation

**(Total for Question 5 = 16 marks)**



6 (a) What is meant by the term 'competitiveness'?

(2)

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(b) Identify **one** problem *Sony* might face if it makes such a large loss.

(1)

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(c) Explain **one** benefit to *Sony* of improving its productivity.

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**TURN OVER FOR SECTION C**



## SECTION C

Answer ALL questions. You should spend 20 minutes on this section.

Read the following passage carefully and then answer questions 7 to 10.



In 2008 *Pepsi*, launched its first major product since 1993. *Pepsi Raw* is a cola drink that is made from entirely natural ingredients, and contains no artificial flavouring or sweeteners.

The drink was launched in 2009 after a year of market research which saw a product trial take place in seven UK cities.

*Pepsi* hopes the new drink will allow it to catch up with its main rival *Coca-Cola* which is the market leader in the UK soft drinks market.

Critics of the new drink argue that *Pepsi* is using the words 'raw' and 'natural' to make consumers believe that the new cola is a healthy product. Although each bottle contains 25% fewer calories than regular *Pepsi-Cola*, it still contains more calories and high levels of sugar compared to other healthier drinks.



7 What is meant by the term ‘market research’?

Dotted lines for writing the answer to Question 7.

(Total for Question 7 = 2 marks)

8 Identify **two** methods *Pepsi* might have used to collect market research data.

Dotted lines for writing the answer to Question 8.

(Total for Question 8 = 2 marks)

9 Discuss the importance of developing new products in allowing a company like *Pepsi* to increase its competitiveness.

Dotted lines for writing the answer to Question 9.

(Total for Question 9 = 6 marks)



Some people think that using the words 'raw' and 'natural' is unethical.

**\*10** Using your knowledge of business, is *Pepsi* right to use the words 'raw' and 'natural' in relation to its new product?

Justify your answer.

A series of horizontal dotted lines provided for writing a response to the question above.



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**(Total for Question 10 = 10 marks)**

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**TOTAL FOR SECTION C = 20 MARKS**  
**TOTAL FOR PAPER = 90 MARKS**



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Unit 3: Building a Business

Section A

Question Number	Answer	Mark
1(a)	D	(1)

Question Number	Answer	Mark
1(b)	<p>For 3 marks, development will clearly show how a piece rate method of payment will benefit the firm. One mark is awarded for the identification of a benefit with a further two marks for each link.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"><li>• Increased motivation</li><li>• Improved productivity</li><li>• Better staff retention/recruitment</li><li>• Control costs.</li></ul> <p>E.g. Paying piece rates will lead to higher productivity (1 mark). This is because the workers will want to work harder and faster (1 mark). This is because the more they work, the more overall pay they get (1 mark).</p> <p>This answer would gain three marks since a benefit has been outlined and there are at least two links that develop the answer.</p>	(3)

Question Number	Answer	Mark
1(c)	<p>1 mark for the identification of one relevant barrier to communication.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"><li>• Poor explanation by the sender</li><li>• Too much jargon</li><li>• Communication structure too complex</li><li>• Poor equipment e.g. IT failure</li><li>• Insufficient, contradictory or excessive communication.</li></ul> <p>Any other appropriate barrier to communication within a business.</p>	(1)

Question Number	Answer	Mark
1(d)	<p>For 3 marks, development will clearly show how poor communication affects a business. Within the answer there will be at least three clearly identifiable strands of explanation or two identifiable strands with a clarifying example.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> <li>• De-motivation of staff</li> <li>• Workers become less efficient</li> <li>• Mistakes made</li> <li>• Problems with suppliers</li> <li>• Customer dissatisfaction</li> <li>• Poor or slow decision making.</li> </ul> <p>Any other appropriate response.</p> <p>E.g. Poor communication can lead to mistakes being made (1 mark). This will upset customers and lead to fewer repeat purchases (1 mark).</p> <p>E.g. Not dealing with a complaint because the letter is not passed on (1 mark).</p> <p>This answer would gain three marks since there are at least two linked strands that build the explanation and there is an example which has exemplified the problem of poor communication. Alternatively the candidate could have added a third strand as an alternate route to three marks.</p>	(3)



Question Number	Answer	Mark
2(a)	C	(1)

Question Number	Answer	Mark
2(b)	<p>1 mark for each appropriate response.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> <li>• Advertising</li> <li>• Publicity</li> <li>• Free samples</li> <li>• Money off vouchers/special offers</li> <li>• Low trial prices.</li> </ul> <p>Do not reward two marks for very similar answers. E.g. advertising on <i>ITV</i> and advertising on <i>Sky</i>.</p>	(2)

Question Number	Answer	Mark
2(c)	<p>For 3 marks, development will clearly show the importance of product differentiation to <i>Subway</i>. Within the answer there will be at least two clearly identifiable strands of description with the answer rooted in the <i>Subway</i>/sandwich/fast food context. Two marks are awarded for the links and 1 mark is awarded for the use of context.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> <li>• Increase sales/market share</li> <li>• Stand out against rivals e.g. <i>McDonalds</i></li> <li>• Enables the firm to add value</li> <li>• Allows the firm to charge higher prices without the loss of demand.</li> <li>• Makes it harder for new firm to set up in competition.</li> <li>• Helps build a strong brand presence.</li> </ul> <p>E.g. Product differentiation will make <i>Subway</i> stand out amongst its competitors (1 mark). This will help it to build a strong brand (1 mark).</p> <p>This answer would gain two marks since there are at least two linked strands but no reference to the context. Simply naming '<i>Subway</i>' is not enough to gain the application mark.</p> <p>E.g. Product differentiation through focussing on healthy sandwiches (1 mark) will make <i>Subway</i> stand out amongst its competitors (1 mark). This will help it to build a strong brand (1 mark).</p> <p>This answer would gain three marks since there are at least two linked strands that build the explanation and there is reference to the context (early on in the answer) which earns the final mark.</p>	(3)

Question Number	Answer	Mark
2(d) (i)	<p>The four phases we would expect are:</p> <ul style="list-style-type: none"> <li>• Introduction</li> <li>• Growth</li> <li>• Maturity</li> <li>• Decline.</li> </ul> <p>At GCSE level the product life cycle is usually taught as the four basic stages above. However we will also accept the responses below:</p> <ul style="list-style-type: none"> <li>• Research &amp; Development</li> <li>• Saturation</li> <li>• Withdrawal.</li> </ul> <p>1 mark for each appropriate response.</p>	(1)

Question Number	Answer	Mark
2(d) (ii)	<p>For 3 marks, development will clearly describe one way in which an extension strategy can extend the product life cycle. Within the answer there will be at least three clearly identifiable strands of description or two identifiable strands with a clarifying example.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> <li>• Changing the product in some way</li> <li>• Launching new variants e.g. new flavours/types</li> <li>• Re-branding</li> <li>• Increased promotion/advertising</li> <li>• Re-positioning the product to make it attractive to a new market segment</li> <li>• Re-packaging</li> <li>• Finding a new use.</li> </ul> <p>Reward any appropriate extension strategy.</p> <p>E.g. The product life cycle could be extended by launching new varieties of a product (1 mark). This makes the product more attractive to new market segments (1 mark). E.g. <i>Nestle</i> releasing <i>KitKat Caramel</i> will increase sales (1 mark).</p> <p>This answer would gain three marks since there are at least two linked strands that build the description and there is an example which has demonstrated a real world extension strategy. Alternatively the candidate could have added a third strand as an alternate route to three marks.</p>	(3)

Question Number	Answer	Mark
3(a)	A	(1)

Question Number	Answer	Mark
3(b) (i)	<p>1 mark for each appropriate response.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> <li>• Reducing debtors' periods</li> <li>• Negotiating longer trade credit periods</li> <li>• De-stocking</li> <li>• Increasing sales revenue</li> <li>• Taking out a bank loan</li> <li>• Issue new shares</li> <li>• Sell assets</li> <li>• Lease rather than buy assets</li> <li>• Order fewer materials/groceries</li> <li>• Reduce costs.</li> </ul> <p>Candidates can score 1 mark for any reasonable answer that will improve cash flow.</p> <p>Do not reward answers that confuse cash flow with profit.</p>	(2)

Question Number	Answer	Mark
3(b) (ii)	<p>For 3 marks, development will clearly show the importance of strong cash flow. Within the answer there will be at least two clearly identifiable strands of explanation with the answer rooted in a <i>Lidl</i>/supermarket context. Two marks are awarded for the links and 1 mark is awarded for the use of context.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> <li>• Reduces the risk of failure</li> <li>• Reduces the need for loans/ overdrafts</li> <li>• Can pay bills when they fall due</li> <li>• Improves financial management</li> <li>• Improves liquidity/working capital</li> </ul> <p>E.g. Strong cash flow means that <i>Lidl</i> do not have to use an overdraft (1 mark), this will prevent them paying interest which will cut its costs (1 mark).</p> <p>This answer would gain two marks even though there are three linked strands, there is no reference to the context of food/ supermarkets other than using the name <i>Lidl</i>.</p> <p>E.g. Strong cash flow will allow <i>Lidl</i> to pay bills to suppliers when they are due (1 mark). This will ensure that suppliers will keep delivering groceries to the store on time (1 mark). This will ensure <i>Lidl</i> will have enough food for their customers (1 mark).</p> <p>This answer would gain three marks since there are at least two linked strands that build the explanation and there is reference to the context of food/ supermarkets which earns the final mark.</p>	(3)

Question Number	Answer	Mark
3(c)(i)	<p>1 mark for the identification of one method <i>Lidl</i> could use to manage its brand.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> <li>• Any appropriate use of the marketing mix</li> <li>• Advertising</li> <li>• Promotion</li> <li>• Sponsorship</li> <li>• Innovation/new products</li> <li>• PR/charity work/community projects.</li> </ul>	(1)

Question Number	Answer	Mark
3(c) (ii)	<p>For 3 marks the explanation will clearly develop one reason for having a strong brand. Within the answer there will be at least two clearly identifiable strands and use of the <i>Lidl</i> context.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> <li>• Ability to promote its pricing policy</li> <li>• Greater customer awareness</li> <li>• Increased sales/profits</li> <li>• Makes it more difficult for rivals to compete</li> <li>• Helps the firm become market leader</li> <li>• Adds value</li> <li>• Increases customer recognition.</li> </ul> <p>E.g. A strong brand makes <i>Lidl</i> more easily recognised by the consumer (1 mark). They are then more likely to shop at <i>Lidl</i> than other supermarkets such as <i>Tesco</i> (1 mark). This will increase repeat purchase at <i>Lidl</i> (1 mark).</p> <p>This answer would gain three marks since there are two linked strands that build the explanation and a clear use of the context.</p>	(3)

Question Number	Answer	Mark
4(a)	C	(1)

Question Number	Answer	Mark
4(b)	<p>For 3 marks, the candidate should identify one effect of using different fishing methods. The answer will include at least two clearly identifiable strands of explanation with the answer rooted in a fishing/tuna context.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> <li>• Catch less fish</li> <li>• Invest in new equipment</li> <li>• Change the way they work</li> <li>• Higher costs</li> <li>• Affects productivity</li> <li>• Might affect break-even</li> <li>• Changed margin of safety</li> <li>• Make losses.</li> </ul> <p>E.g. If they have to use different methods, fishermen may catch less tuna (1 mark). If the price of tuna does not change this may reduce the fishermen's revenue (1 mark). Some fishermen may only just be breaking even and could go out of business (1 mark).</p> <p>This answer would gain three marks since there are at least two linked strands that build the explanation and there is reference to the context of fishing/tuna which earns the final mark.</p> <p>Students recognising a positive effect to fishermen can also, of course, access the full mark range.</p>	(3)

Question Number	Answer	Mark
4(c)	<p>1 mark for the identification of each result that pressure group activity could have on a retailer of tuna.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> <li>• Reduced sales</li> <li>• Increase costs</li> <li>• Damage to brand image</li> <li>• Put pressure on fishermen who catch tuna</li> <li>• Encourage them to develop a more ethical policy</li> <li>• Sell other fish.</li> </ul>	(2)

Question Number	Indicative content	
4(d)	<p>The aim here is for candidates to make a judgement as to which of the options will be more appropriate for a retailer. There is no right answer and the candidate can argue that either policy is better, depending on the circumstances. Candidates might consider the following possible ideas as part of their answer:</p> <p>Option 1:</p> <ul style="list-style-type: none"> <li>• Will not increase costs</li> <li>• Assumes consumers do not care</li> <li>• Assumes no well organised pressure group</li> <li>• Assumes revenue will not fall</li> <li>• Assumes profits will largely remain unaffected</li> <li>• It depends on what other retailers do.</li> </ul> <p>Option 2:</p> <ul style="list-style-type: none"> <li>• Will increase costs of buying tuna</li> <li>• Could be a source of added value</li> <li>• Could improve branding</li> <li>• Could gain customers from other retailers</li> <li>• Profits could fall if consumers want cheap prices.</li> </ul> <p>To be evaluative and support the judgement made, the candidate might suggest that it depends on the reaction of the consumer and the amount of media interest. It might also depend on the size of the retailer. It could also be argued that the reaction by each retailer depends on the type of consumers it targets.</p>	
Level	Mark	Descriptor
No mark	0	Non-rewardable material.
Level 1	1-2	A judgement is made as to which option is more appropriate. If there is just a simple judgement, 1 mark should be awarded. If this judgement has some simple support, the response should be placed at the top of this level.
Level 2	3-4	A judgement will be made, but for 3 marks there will be limited support for the judgement which includes some analysis. Candidates may focus on both Option 1 and Option 2 but could focus on one option and develop the answer well. An answer that does not have a tuna/retailing context should be pegged at 4 marks.
Level 3	5-6	A judgement will be made with some well developed support that incorporates analysis, in context, using appropriate terminology and possibly the 'it depends' rule. Maximum marks can be gained by either referring to both options or a well developed justification of one option.

## Section B

Question Number	Answer	Mark
5(a)	<p>The break-even point is the level of output where total revenue is equal to total costs.</p> <p>1 mark for reference to the term output or sales. 1 mark for stating that revenue=total costs or that the firm makes no profit or loss.</p> <p>Stating the break-even formula accurately could be another route to full marks.</p> <p>An example can raise an imperfect definition to full marks.</p>	(2)

Question Number	Answer	Mark
5(b) (i)	<p>1 mark for the identification of the formula, 1 mark for workings and 1 mark for the correct answer.</p> $\text{Break-even} = \frac{\text{Total Fixed Costs}}{\text{Price} - \text{AVC}}$ <p>therefore:</p> <p>Fixed costs = £2 400 000            Variable costs = £140 per console            Selling Price = £300</p> <p>therefore:</p> $\text{Break-even} = \frac{£2\,400\,000}{(£300 - £140)}$ <p>therefore:</p> <p>Break-even = 15 000 consoles.</p>	(3)

Question Number	Answer	Mark
5(b) (ii)	<p>1 mark for the identification of the formula, 1 mark for workings and 1 mark for the correct answer.</p> <p>Profit = Revenue - Total Costs</p> <p>therefore:</p> <p>Revenue = 20 000 x £300 = £6 000 000</p> <p>Total costs = (20 000 x £140) + £2 400 000 = £5 200 000</p> <p>therefore:</p> <p>Profit = £6 000 000 - £5 200 000 = £800 000</p> <p>Also reward candidates' full marks if they multiply contribution per unit (£160) by the number of units above the break-even point (5000 units) to reach the answer.</p>	(3)

Question Number	Answer	Mark
5(c)	<p>This question has a 2 x 4 mark split. There is one mark for identifying a problem and a further three marks are awarded for the links which will include use of context.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> <li>• Rivals (<i>Nintendo Wii</i>) might also lower their prices</li> <li>• Demand may not increase by much</li> <li>• Profits might fall</li> <li>• Damage to the brand</li> <li>• Might move further away from break-even.</li> </ul> <p>E.g. Falling profits (1 mark).</p> <p>By lowering prices, the profit on each <i>PlayStation 3</i> will fall. If the amount of <i>PlayStation 3</i> consoles sold does not increase by a lot (1 mark) because they still have competition from <i>Nintendo</i> and <i>Xbox</i> (1 mark), revenue will be lower than before the price cut, (1 mark).</p> <p>This answer would gain 4 marks since a problem has clearly been identified and there are at least three linked strands that build the explanation with reference to the context.</p> <p>Two answers of this quality would gain the full 8 marks.</p>	(8)



Question Number	Answer	Mark
6(a)	<p>Competitiveness is where a firm has some kind of advantage over a rival firm that will allow it to gain profits/customers/market share.</p> <p>1 mark for highlighting some kind of advantage (e.g. lower prices, higher quality, higher productivity, better customer service etc.) 1 mark for suggesting that this allows them to gain customers etc.</p> <p>E.g. Competitiveness is where a firm has higher productivity. This allows the firm to have lower prices and win customers from rival firms.</p> <p>An answer such as this would score 2 marks.</p>	(2)

Question Number	Answer	Mark
6(b)	<p>1 mark for the identification of an appropriate response.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> <li>• Might be more difficult to finance new products</li> <li>• May need to raise new finance (e.g. loans etc.)</li> <li>• Suppliers may be worried and not give credit</li> <li>• Banks view <i>Sony</i> as high risk</li> <li>• May be at risk of takeover</li> <li>• May have to reduce work force - lose valuable skills.</li> </ul>	(1)

Question Number	Answer	Mark
6(c)	<p>For 3 marks, the candidate should explain one benefit to <i>Sony</i> through improving productivity. Within the answer there will be at least two clearly identifiable strands of explanation with the answer rooted in a <i>Sony</i>/electronics context. Two marks are awarded for the links and 1 mark is awarded for the use of context.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> <li>• Higher profits</li> <li>• Lower units costs</li> <li>• Increased competitiveness</li> <li>• Out-compete rivals</li> <li>• Lower break-even point.</li> </ul> <p>E.g. Increasing productivity means <i>Sony</i> can make more <i>PlayStation 3</i> consoles in an hour (1 mark). This will reduce the cost of making each console (1 mark) allowing <i>Sony</i> to lower prices (1 mark).</p> <p>This answer would gain three marks since there are at least two linked strands that build the explanation and there is reference to the context <i>Sony</i>/home electronics.</p>	(3)

Question Number		Indicative Content
6(d)  QWC Strands (i), (ii) and (iii)		<p>The aim here is for candidates to consider the possible consequences of redundancies and factory closures on the employees of <i>Sony</i>. The question asks the candidate to 'assess', so the candidate must make a judgement and/or develop balance within the answer. This could take the form of examining the extent to which motivation is affected or noting that it might make some people more and others less motivated. Candidates may also use the 'it depends' rule to suggest it depends on whether they lose their job or how secure they are in their job for example</p> <p>Greater motivation:</p> <ul style="list-style-type: none"> <li>• Company is now more competitive</li> <li>• Unlikely to be any more redundancies</li> <li>• Security needs have now been met</li> <li>• Only affects manufacturing workers.</li> </ul> <p>Lower motivation:</p> <ul style="list-style-type: none"> <li>• Company is failing</li> <li>• Workers worried about job security</li> <li>• Affects all workers since entire factories are closing.</li> </ul>
Level	Mark	Descriptor
No mark	0	Non-rewardable material.
Level 1	1-2	The candidate provides a weak answer that shows a limited understanding of how motivation will be affected. Expect to see the candidates stating that motivation will go down and a weak supporting explanation. It is likely that simplistic language will be used and there may be no context to link the answer to Sony. Evaluation may be simplistic with little or no support. The quality of written communication will be poor with frequent spelling, punctuation, and grammar errors and the style of writing will not be appropriate to the subject matter.
Level 2	3-5	At the bottom end of this level the candidate may explain that motivation could go down. There will be some use of terminology and expect to see linkages between ideas. Answers at the bottom of the level will have some evaluative comment with some limited support. An answer at the top of this level will develop the evaluative comment with some appropriate analysis. In this level the candidate is likely to recognise that perhaps the remaining employees could now be motivated because they have escaped redundancy. There will be a good level of quality of written communication with few mistakes in spelling, punctuation and grammar. The quality of the language used will be appropriate for the subject matter; however its use will not be as confidently used as that in level 3.
Level 3	6-8	Answers in this level will provide clear evaluation with well developed support and analysis using appropriate business terminology. Expect to see candidates using Maslow's hierarchy of needs as a structure for their answer. E.g. fear of redundancy will remove employees security needs, or it could actually increase motivation because the fear of redundancy has now been reduced. Candidates at the top of this level may use the 'it depends' rule and offer some convincing balance to their answer. For example, they may consider that the effect on motivation will depend on the individual worker - the senior executives of <i>Sony</i> may be largely unaffected. The quality of written communication will be of a high standard with few, if any, errors in spelling, punctuation and grammar. The style of writing and the structure of the response will be appropriate and of a high standard.

## Section C

Question Number	Answer	Mark
7	<p>The process of gaining information about customers, competitors and market trends through primary or secondary sources.</p> <p>1 mark is to be awarded if the candidate makes some kind of reference to gaining information. The second mark is awarded for the candidate stating what this information is for e.g. to find out about consumers/the market/competitors.</p> <p>E.g. Market research is where a firm tries to find information about people who buy its products.</p> <p>An answer such as this would score 2 marks.</p>	(2)

Question Number	Answer	Mark
8	<p>1 mark for each appropriate response.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> <li>• Questionnaires</li> <li>• Focus groups</li> <li>• Surveys</li> <li>• Consumer panel</li> <li>• Sampling</li> <li>• Secondary sources e.g. census etc.</li> </ul> <p>Allow any <b>two</b> responses.</p>	(2)

Question Number	Indicative content	
9	<p>The aim here is for candidates to consider the importance of new products in allowing <i>Pepsi</i> to increase its competitiveness. The question asks the candidate to 'discuss', so the candidate must show some evidence of judgement and/or develop some balance within their answer. This could take the form of considering the drawbacks and costs of new products and the likely risks of failure/success. Equally the route to evaluation could be achieved by considering other factors which are perhaps more important to increased competitiveness rather than a new product. In the context of cola this could be promotion and branding and the response of its rivals.</p> <p>Reasons why new products are important:</p> <ul style="list-style-type: none"> <li>• Gain more customers</li> <li>• Increased profitability</li> <li>• Better to launch new products before rival firms</li> <li>• Enhances the brand.</li> </ul> <p>Reasons why new products may not be important:</p> <ul style="list-style-type: none"> <li>• Expensive to develop</li> <li>• Risk of failure/damage to brand</li> <li>• Other factors e.g. promotion may be more important</li> <li>• Lack of competition in market (<i>Pepsi</i>'s last innovation was in 1993)</li> <li>• Any innovation can be easily copied.</li> </ul>	
Level	Mark	Descriptor
No mark	0	Non-rewardable material.
Level 1	1-2	The candidate offers a limited discussion of the benefit of new products with some simple evaluative comment with little or no support. Alternatively, the candidate could merely give up to two benefits, but no explanation. A candidate who explains one benefit well will get 2 marks. Expect to see little or no reference to <i>Pepsi</i> and answers linked to a generic business will be in this range.
Level 2	3-4	At the bottom end of this level the candidate may explain a benefit of developing new products in the context of <i>Pepsi</i> . There will be some use of terminology and expect to see linkages between ideas. Answers at the bottom of the level will have some evaluative comment with some limited support. An answer at the top of this level will develop the evaluative comment with some appropriate analysis. In this level the candidate may start to recognise that other factors are as or more important and/ or offer some discussion of drawbacks of new product development.
Level 3	5-6	In this level there will be clear evaluation; judgements will be made with well developed support using appropriate terms and concepts. Candidates in this level are likely to weigh new products against other competitive factors such as promotion and branding or might even consider the nature of the market e.g. 'new products are not important because <i>Coca-Cola</i> will just copy anything which is successful'. Answers in this level are likely to refer specifically to <i>Pepsi</i> and cola rather than a generic business.

Question Number	Indicative content	
10 QWC Strands (i), (ii) and (iii)	<p>The aim here is for candidates to make a judgement as to whether <i>Pepsi</i> is right to use the term 'raw' and/ or 'natural' in its marketing. The evaluative skill can be demonstrated by candidates making a judgement and then justifying it having considered both sides of the argument. Candidates may consider the following factors:</p> <ul style="list-style-type: none"> <li>• Nothing that legally prevents the use of the words 'natural' or 'raw'</li> <li>• The drink only has natural ingredients in it so the word natural is not misleading</li> <li>• Has less calories in it compared to normal cola</li> <li>• Still an unhealthy drink compared to other beverages</li> <li>• Not ethical to imply that it is healthy</li> <li>• Trying to make profit at consumers' expense</li> <li>• Consumers can make up their own mind by reading the label.</li> </ul>	
Level	Mark	Descriptor
No mark	0	Non-rewardable material.
Level 1	1-4	The candidate makes a judgement which offers only limited support. They may only consider one viewpoint with some limited development. The candidate may express themselves without the use of terminology and will draw heavily on the source material. The quality of written communication will be poor with frequent spelling, punctuation, and grammar errors and the style of writing will not be appropriate to the subject matter.
Level 2	5-7	Candidates in this level will make a judgement and offer some support using appropriate terminology. The support will incorporate some reasoned analysis which may include, at the top end of the range, some balance to the answer. There will be a good level of quality of written communication with few mistakes in spelling, punctuation and grammar. The quality of the language used will be appropriate for the subject matter; however its use will not be as confidently used as that in level 3.
Level 3	8-10	In this level there will be a judgement with well developed support. Both sides of the argument are likely to be present using appropriate terms and concepts with well developed analysis. Expect to see candidates stating things like 'it is up to consumers to make the choice' and that 'cola is never going to be as healthy compared to drinks such as water', as a justification as to why the words can be used to promote the product. The quality of written communication will be of a high standard with few, if any, errors in spelling, punctuation and grammar. The quality of written communication will be of a high standard with few, if any, errors in spelling, punctuation and grammar. The style of writing and the structure of the response will be appropriate and of a high standard.

Write your name here

Surname

Other names

Centre Number

Candidate Number

**Edexcel GCSE**

# Business Communications

## Unit 4: Business Communications

Additional Sample Assessment Material  
**Time: 1 hour 30 minutes**

Paper Reference  
**5BS04/01**

**You do not need any other materials.**

Total Marks

### Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** questions.
- Answer the questions in the spaces provided  
– *there may be more space than you need.*

### Information

- The total mark for this paper is 90.
- The marks for **each** question are shown in brackets  
– *use this as a guide as to how much time to spend on each question.*
- Questions labelled with an **asterisk** (\*) are ones where the quality of your written communication will be assessed  
– *you should take particular care on these questions with your spelling, punctuation and grammar, as well as the clarity of expression.*
- A calculator may be used.

### Advice

- Read each question carefully before you start to answer it.
- Keep an eye on the time.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

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## SECTION A

Answer ALL questions. You should spend 35 minutes on this section.

Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ~~☒~~ and then mark your new answer with a cross ☒.

- 1 (a) Which of the following effects on a business is due to good communication?

(1)

Select **one** answer.

- A** A fall in productivity.
- B** An increase in efficiency.
- C** A rise in business costs.
- D** A fall in its reputation.

The *Disney Corporation* is a worldwide entertainment business.

- (b) Give **three** stakeholder groups with which a business might need to communicate.

(3)

1. ....
2. ....
3. ....

- (c) (i) Identify **one** method of written communication *Disney* might use to communicate with its stakeholders.

(1)

- .....
- .....



(ii) Explain **one** benefit to *Disney* of using the method of communication you identified in (i) above.

(3)

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**(Total for Question 1 = 8 marks)**





2 Businesses use word processing as a means of producing a variety of documents.

(a) Which of the following is likely to be included in a formal letterhead?

(1)

Select **one** answer:

- A** The names of all the shareholders.
- B** Telephone number.
- C** The number of employees.
- D** The business's organisation chart.

(b) State **two** advantages to a business of using a template in a word processed document.

(2)

1 .....

2 .....

(c) (i) Identify **one** benefit of using word processing to produce business documents.

(1)

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(ii) Explain how this benefit would help a business to communicate more successfully.

(3)

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Businesses also communicate with their stakeholders by giving presentations.

(iii) Explain **one** principle that will need to be considered when giving a presentation.

(3)

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**(Total for Question 2 = 10 marks)**



3 Many businesses use straplines as a means of communicating with their stakeholders. *Nokia*, the mobile phone company, uses the strapline "*Connecting People*".

(a) Which of the following is a benefit to a business such as *Nokia* of using a strapline? (1)

Select **one** answer:

- A A strapline is longer than a slogan.
- B Helps reduce the effects of brand awareness.
- C A strapline guarantees customer feedback.
- D Helps the consumer recognise the brand.

*Nokia* makes use of celebrity endorsement including high profile celebrities such as Britney Spears and Paris Hilton:

(b) (i) What is **celebrity endorsement**? (2)

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(ii) State **two** possible problems that might arise for a business such as *Nokia* when using celebrity endorsement. (2)

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Jeni runs a wedding dress hire shop. She has set up a website to help show the range of services and dresses she provides. She has asked a friend Jason, who is an expert on website legislation, to look at the site. He has made a number of comments about the legal obligations she will have to follow.

(c) (i) What is **legislation**? (2)

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(ii) Explain **one** legal obligation that Jeni’s website will have to address. (3)

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**(Total for Question 3 = 10 marks)**



Read the passage carefully and then answer the following question that relates to the passage.

Jessica had spoken to a potential client she met at a sales conference. The client had given Jessica his business card and she had phoned his mobile number. Jessica phoned the number to try to arrange a meeting with him.

4 (a) How might Jessica know that her communication had been successful?

Select **one** answer:

- A The client turned up at the meeting as arranged.
- B She was able to leave a message on his voicemail.
- C Jessica chose the medium of communication very carefully.
- D Jessica spoke to the client's wife.

(1)

(b) State **two** important components of the communication model.

(2)

1 .....

2 .....



A large bank makes an announcement that it is planning to close one of its offices in the Midlands in order to save £4 million to improve its profits.

(c) Explain **one** way in which this announcement might cause conflict between different stakeholders.

(3)

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**(Total for Question 4 = 6 marks)**



**Read the passage carefully and then answer the following question that relates to the passage.**

Alex and Bryony bought a pub. This is located in a small village and is near to a lake which attracts a large numbers of visitors. To help promote the pub and the range of snacks served they designed their own website. Bryony wants to spend some time testing the site before it goes live but Alex wants to launch the website as quickly as possible to capture customers. He argues that they can correct any errors that arise as a result of customer comments and during the normal maintenance programme they plan to run.

Testing and maintenance are two stages in the process of setting up a new website.

**5** Advise Alex and Bryony whether they should test the website before launching it or correct errors through normal maintenance after it has been launched.

Justify your answer.

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**(Total for Question 5 = 6 marks)**

**TOTAL FOR SECTION A = 40 MARKS**



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## SECTION B

Answer ALL questions. You should spend 30 minutes on this section.

Read the passage carefully and then answer the following question that relates to the passage.

Zaheer runs a small manufacturing business making zip fasteners for a range of different clothing. A slowdown in the economy has affected sales and Zaheer's business has suffered a 30% fall in orders for his product.

He told staff that he is cutting back the working week at the factory from the normal six days to four days. He decided to tell his 55 staff the news via email. The email he sent is reproduced below.

News! - Message

File Edit View Insert Format Tools Table Window Help

Normal Arial 12

From: zaheer@zipkwick.co.uk

To: staff@zipkwick.co.uk

Subject: News!

Hi guys!  
Thought I wud email u all to let u no what is happening.  
Sales have plummeted in recent months and so I am going to have to cut back the working week. I no sum of u will not like this but it is better this way than having no job at all so u shuld be greatful.  
As from next week we will be working on 4 days only rather than 6 so ur shift pattens will change. U wil get further detaiuls of these sent later.  
Hopefully this wil help us all in the loing term. If u have any problems or want to speak to me then do get in touch. However, note that I am on holiday in Barbados for the next 2 weeks so u will nto be able to contact me then – sorry.  
Cheers all  
Zaheer.

ZipKwik Ltd  
Priory Way  
Handsworth  
Birmingham  
B1 2JP  
[www.zipkwick.co.uk](http://www.zipkwick.co.uk)

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This e-mail is for the sole use of the intended recipient and contains information that may be privileged and/or confidential.  
If you are not an intended recipient, please notify the sender by return e-mail and delete this e-mail and any attachments.

Draw AutoShapes



6 (a) Identify **two** possible problems with the email that Zaheer sent to his staff and explain how these two problems might affect the way staff receive and respond to the message.

Problem 1

(1)

Explanation

(3)

Problem 2

(1)

Explanation

(3)



(b) Identify **one** other way Zaheer might have communicated the message to his staff.  
Explain why this other way might be more appropriate than email.

Other way

(1)

Explanation

(3)

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**(Total for Question 6 = 12 marks)**

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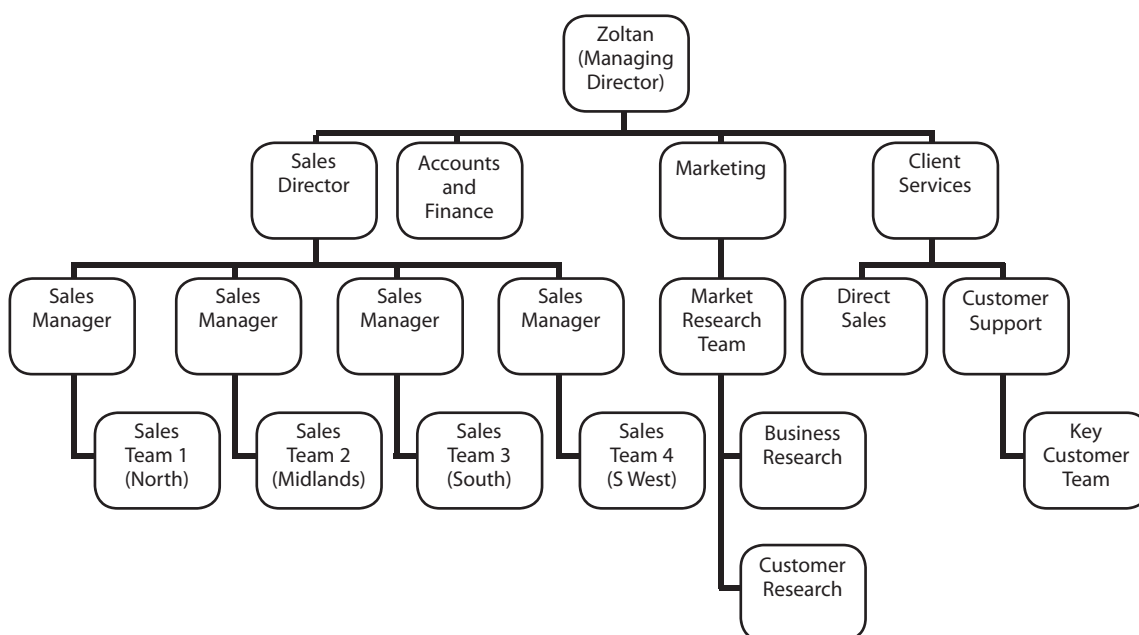
**Read the passage carefully and then answer the following question that relates to the passage.**

Zoltan is the owner of a medium sized business which advises a number of large businesses on marketing strategies. In recent months he has received a number of complaints from staff that they are not clear about the chain of command, their role and who they are responsible to. As a result communications have not been as good as they could be and customers have received a poorer service than he would like.

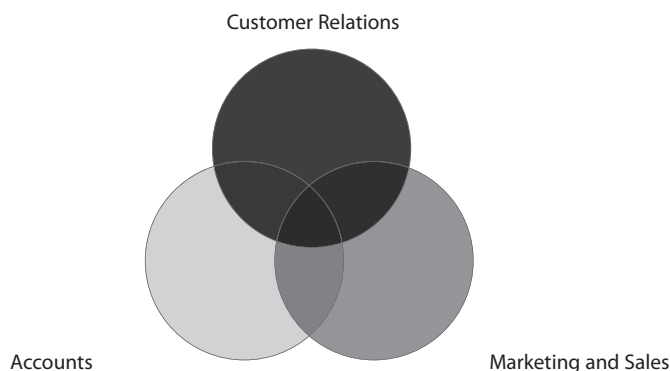
The success of the business rests very much on the flexibility of the organisation in responding to changes and the ease with which workers can communicate ideas between themselves. Speed of decision-making is vital.

As a result he has devised two new organisation structures which are shown in Figure 1.

Structure 1:



Structure 2:



**Figure 1**



7 (a) Give a definition of the term **chain of command**.

(2)

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\*(b) In your opinion, which of the two organisation structures outlined in Figure 1 will be more effective in improving communication and customer service at Zoltan's business?

Justify your answer.

(8)

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**(Total for Question 7 = 10 marks)**



Read the passage carefully and then answer the following question that relates to the passage.

*Hammer and Flatley* is a firm of solicitors who deal with legal issues relating to house purchase. They draw up contracts between the buyer and seller, make sure the transfer of ownership meets all the legal requirements and that the money involved in the purchase and sale is transferred to the correct bank accounts of those involved.

Their work involves lots of communication between the estate agent, the buyer of the house, the seller and the local council and other agencies involved. The company normally uses fax to send documents between the parties involved but it is now considering using webcast as a means of keeping all parties up to date with the progress of the sale.

\*8 Evaluate the use of webcast rather than fax for *Hammer and Flatley* in communicating with its stakeholders.

[Dotted lines for writing answer]

(Total for Question 8 = 8 marks)

**TOTAL FOR SECTION B = 30 MARKS**



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SECTION C

Answer ALL questions. You should spend 25 minutes on this section.

Question 9 is based on the following logo:



Kentucky Fried Chicken (Great Britain) Limited, August 2007. All rights reserved.

9 (a) What is meant by the term **logo**?

(2)

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(b) Identify **two** features of the *KFC* logo that you think make it successful.

For each feature, explain how it makes the logo successful.

Feature

(1)

Explanation

(3)

Feature

(1)

Explanation

(3)

**(Total for Question 9 = 10 marks)**



**Read the passage carefully and then answer the following question that relates to the passage.**

Sarah Metcalf jointly owns three shops with John Anderson, which sell bicycles in the north of England. The business, called *Ride-em-Out*, has been doing very well and the owners are now planning to open a new and bigger branch in Manchester. Sarah and John want to ensure that the public in Manchester know all about the opening to have maximum impact. They want to encourage as many people as possible to visit the new store in the weeks and months following the opening.

John thinks that having a catchy slogan is more likely to attract the right sort of customer for their business.

Sarah thinks that they need to invest more in improving the business's website to help create interest and thinks John's method is a waste of money.

**\*10** Use your knowledge of business communications to recommend which of the two options *Ride-em-Out* should choose and why.

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(Total for Question 10 = 10 marks)

**TOTAL FOR SECTION C = 20 MARKS**

**TOTAL FOR PAPER = 90 MARKS**



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## Unit 4: Business Communications

### Section A:

Question Number	Answer	Mark
1(a)	B	(1)

Question Number	Answer	Mark
1(b)	<p>Possible answers include:</p> <ul style="list-style-type: none"> <li>• Customers</li> <li>• Owners</li> <li>• Employees</li> <li>• Local community</li> <li>• Managers</li> <li>• Government</li> <li>• Suppliers</li> </ul> <p>1 mark for each stakeholder.</p>	<p>1 x 3</p> <p>(3)</p>

Question Number	Answer	Mark
1(c) (i)	<p>1 mark for identifying one appropriate method. Possible methods might include:</p> <ul style="list-style-type: none"> <li>• Business letters</li> <li>• Memos</li> <li>• Report</li> <li>• Notices</li> <li>• Agendas</li> <li>• CV</li> <li>• Minutes</li> <li>• Invoices</li> <li>• Newsletters</li> </ul>	(1)

Question Number	Answer	Mark
1(c) (ii)	<p>Do not give a mark for a repetition of the method.</p> <p>At the top end of the mark range development will focus on how the method benefits Disney. There will be clear evidence of links being made and will be expressed using appropriate terminology. '<i>Formal business letters can be sent to a large number of Disney's stakeholders (1) who all get the same information (1), which in turn means that the communication is consistent and clear, to all. (1)</i>' is an example of development at the top end.</p> <p>At the bottom end of the mark range, the development will be simple with little use of appropriate terms; '<i>Memos are a quick way of communicating between staff. (1)</i>' being a typical example of this sort of simplistic development.</p>	(3)

Question Number	Answer	Mark
2 (a)	B	(1)

Question Number	Answer	Mark
2 (b)	<p>1 mark for each appropriate advantage.            Appropriate advantages could include:</p> <ul style="list-style-type: none"> <li>• Ease of use</li> <li>• Consistency of approach</li> <li>• Ability to set a standard style</li> </ul> <p>Any other appropriate advantage.</p>	(2)

Question Number	Answer	Mark
2 (c) (i)	<p>1 mark for identifying an appropriate benefit.            Appropriate benefits might include:</p> <ul style="list-style-type: none"> <li>• Improves productivity</li> <li>• Can provide a consistent layout</li> <li>• Produces professional looking documents</li> <li>• Has tools to check spelling/grammar etc.</li> <li>• Easy to manipulate text</li> <li>• Lots of formatting tools</li> </ul> <p>Any other appropriate benefit.</p>	(1)

Question Number	Answer	Mark
2 (c) (ii)	<p>Do not give a mark for a repetition of the benefit.            At the top end of the mark range development will focus on how word processing benefits communication for a business. There will be clear evidence of links being made between the benefit and how this helps communication. The development will include appropriate terminology.  <i>'Because text is easy to manipulate documents can be easily edited prior to sending (1) and this can help the business to ensure the message it wants to communicate is clear (1) and has the appropriate audience in mind.'</i> (1) is an example of how such development would look.            At the bottom end of the mark range, the development will be simple with little use of appropriate terms; <i>'A spell check means that letters won't have any mistakes and looks better for the business'</i> (1) will be typical of this sort of simplistic development.</p>	(3)

Question Number	Answer	Mark
2. (c) (iii)	<p>Possible principles to be considered include:</p> <ul style="list-style-type: none"> <li>• Who the audience is</li> <li>• Number of bullet points/slides used in the presentation</li> <li>• The message to be communicated.</li> </ul> <p>Accept any other appropriate principle</p> <p>At the top end of the mark range development will focus on how the principle identified will help improve the communication. Award 1 mark for the recognition of an appropriate principle and a further 2 marks for development which shows the clear links. For example 'The number of slides is important to consider (1). This is because too many slides can reduce the impact of the communication (1) because the audience will lose interest and switch off (1)'.</p> <p>At the bottom end of the mark range the candidate may state a principle and offer no development.</p>	(3)



Question Number	Answer	Mark
3. (a)	D	(1)

Question Number	Answer	Mark
3. (b) (i)	<p>Celebrity endorsement is a way in which a business links its brand/product to an individual who is famous and in the public eye as a means of raising public awareness of its product and/or making a link between key features of the celebrity and the product that consumers will associate with and recognise.</p> <p>1 mark for recognising the aim to increase public awareness of the product. 2 marks for a definition which includes some awareness of the link between the key features of a celebrity and the link with the product.</p>	(2)

Question Number	Answer	Mark
3. (b) (ii)	<p>Possible problems might include:</p> <ul style="list-style-type: none"> <li>• The cost of the celebrity</li> <li>• Whether consumers recognise the link between the celebrity and the product</li> <li>• Damage to reputation if the celebrity brings bad publicity</li> <li>• Finding the right celebrity to match the brand image</li> <li>• The 'life cycle' of the celebrity</li> <li>• 1 mark for each appropriate problem identified.</li> </ul>	(2)

Question Number	Answer	Mark
3. (c) (i)	<p>Legislation are the laws passed by national and international governments that businesses have to abide by.</p> <p>1 mark for a mention of 'laws' and a further mark for linking laws to businesses having to abide by them.</p>	(2)

Question Number	Answer	Mark
3. (c) (ii)	<p>At the top end of the mark range development will focus on how a relevant piece of legislation has to be adhered to in the context of Jeni's web site. The answer will identify an appropriate obligation with some development showing why Jeni's web site will have to adhere to it. The links made will use appropriate terminology. <i>'Jeni's site will have to meet accessibility legislation. (1) This means that whoever is using her site to choose a wedding dress, for example, will have to be able to use all its services and functions (1) regardless of their physical or mental condition. (1) is an example of development at the top end.</i></p> <p>At the bottom end of the mark range, the development will be simple with little use of appropriate terms; <i>'She will have to make sure data is protected'. (1) being a typical example of this sort of simplistic development.</i></p>	(3)

Question Number	Answer	Mark
4. (a)	A	(1)

Question Number	Answer	Mark
4. (b)	<p>Any two appropriate components can be accepted for 1 mark each. Possible components include:</p> <ul style="list-style-type: none"> <li>• The sender</li> <li>• The receiver</li> <li>• Messages/information being transmitted</li> <li>• Feedback being received</li> <li>• Changed behaviour/action as a result of the message/information.</li> </ul>	(2)

Question Number	Answer	Mark
4. (c)	<p>At the top end of the mark range development will focus on how the communication can create conflict between two stakeholders. There will be evidence of links being made in the thought process. <i>'A possible increase in profit would be good news for shareholders (1) but the way profit might be increased could affect employees. (1) Cost cutting might involve job losses and so employees might be upset and this could affect productivity and efficiency at the business. (1).</i> is an example of how such development would look.</p> <p>At the bottom end of the mark range, the development will be simple with little use of appropriate terms; <i>'Cutting costs will affect employees as they will get sacked'(sic) (1)</i> will be typical of this sort of simplistic development.</p>	(3)

Question Number	Indicative content	
5.	<p>The aim is to encourage evaluation so students can either refer to one of the stages but offer some high quality analysis and evaluation or refer to both stages and offer a cross evaluation of their relative importance. We will be expecting candidates to be able to make a judgement of which stage they believe is the most important in the context given with some developed justification that makes use of good business communications knowledge as opposed to simply a common sense answer. Candidates demonstrating evaluation skills will be those that can place some importance or value on the stage chosen in the context of Alex and Bryony and the fact that it is a small village pub but popular with tourists - for example, taking into account the amount of mistakes there might be in the web site without proper testing and the effect this might have on decisions to visit the pub. In addition some candidates might use the 'it depends' approach to offer some evaluative comment. For example. The effect of going with Alex's approach might depend on how well the web site was constructed in the first place, the number of people who might be persuaded to visit the pub simply through the website rather than stumbling across it and so on. There is no 'right' answer here; the quality of the evaluation is the key to the answer.</p>	
Level	Mark	Descriptor
No mark	0	Non-rewardable material
Level 1	1 - 2	<p>A judgement is made with a simple statement in support only.</p> <p><i>'They should test first so that they don't get problems later'.</i></p>
Level 2	3 - 4	<p>A judgement will be made but at the lower level the support for the judgement made will be weak and lacking in detail. There may be only one stage mentioned in this level although a well developed support with evidence of evaluation of the method chosen could get to the top of the level. Analysis at this level will be present but lack development: <i>'They should get the website up and running as quickly as possible as they need to get customers in quickly and this would help improve sales'.</i> Would be typical of such analysis at the top of the level.</p>
Level 3	5 - 6	<p>At top of level both stages will be referred to and there will be clear development of both in relation to each other. Maximum marks can also be gained through clear analysis and evaluation of one stage. The judgement/s made will be well supported and there may be good use of the 'it depends' rule and/or balance in this level.</p> <p><i>'Bryony is right - they should test it first. This is because if there are mistakes on the site or it does not work properly then it sends out a bad message to customers of the business. However, given that this is a small business it might not be that vital as their success is likely to depend more on passing trade than people finding it through the website. But if they have a site then it should be accurate and up to date and a little extra time testing it is not going to make that much difference to the number of sales they get in the long run'.</i></p>

Section B

Question Number	Answer	Mark
6. (a)	<p>1 mark for an appropriate problem in each case which might include:</p> <ul style="list-style-type: none"> <li>• The e-mail is too chatty and informal for such a serious message</li> <li>• The receivers may feel that it is an inappropriate way to communicate this message</li> <li>• He has used inappropriate language - text speak - which may not be understood by all and conveys a message that he does not really take the matter seriously</li> <li>• He has mentioned that he is going on holiday which is not a good idea given the message he is communicating</li> <li>• There does not appear to be any other contact details apart from using the 'reply' function - a signature would help receivers know how to get hold of him to get clarification of what is happening</li> <li>• There are lots of spelling mistakes which may give the impression he is sloppy or does not care.</li> </ul> <p>There are three marks each for the explanation of each problem.</p> <p>Do not give a mark for a repetition of the problem. At the top end of the mark range development will focus on how the problem identified above would affect the way the message might be received. There will be clear evidence of a link being made between the problem and the effect. The development will include appropriate terminology. <i>'The use of text language would not be appropriate for such a formal message. (1) The audience (the workers) are being given bad news and using such language is likely to offend them. (1) It is likely that the message that Zaheer is trying to get across that things are not as bad as they could be would be lost.'</i> (1) is an example of how such development would look.</p> <p>At the bottom end of the mark range, the development will be simple with little use of appropriate terms; <i>'The workers would not know how to contact him if they have questions if he did not leave any contact details'</i> (1) will be typical of this sort of simplistic development.</p> <p>Do not reward candidates who repeat the same explanation for each problem with the full 3 marks. In such a case give a maximum of 1 for the explanation.</p>	<p>2 x 1 2 x 3</p> <p style="text-align: right;">(8)</p>

Question Number	Answer	Mark
6. (b)	<p>1 mark for identifying an appropriate method of communication given the context. Possible methods include:</p> <ul style="list-style-type: none"> <li>• A written letter</li> <li>• A meeting of all the staff</li> <li>• A company newsletter</li> <li>• By telephone</li> <li>• Through a webcast</li> </ul> <p>There are three marks for the explanation. Do not reward for a repetition of the method. At the top end of the mark range development will focus on how the method may be a more effective way of communicating the bad news to staff and how the staff are likely to appreciate it more than via e-mail. <i>'A webcast could enable Zaheer to speak directly to all his workers via the Internet either at the workplace or from their homes. (1) This might be more convenient for the staff and allow Zaheer to explain the situation in more detail. (1) It is likely that they will understand the reasons for the reduction in working hours far more than through the e-mail he sent because of this detail and it feels more personal. (1) will be typical of such development.</i> At the bottom end of the mark range, the development will be simple with little use of appropriate terms relating to the method. <i>'A meeting will be better because workers can ask questions'</i> will be typical of this sort of simplistic development.</p>	(4)

Question Number	Answer	Mark
7 (a)	<p>The chain of command is the lines of authority and responsibility in an organisation which show who is responsible for what and to whom.</p> <p>2 marks for a full definition which includes reference to both the lines of responsibility and who is responsible to what and whom.</p> <p>A 1 mark answer will offer a confused definition or simply state that it shows lines of authority/responsibility.</p>	(2)

Question Number	Indicative content	
7 (b).  QWC Strands (i) (ii) and (iii)	<p>The aim is to encourage evaluation so either look for reference to both structures and cross evaluation of both at the top end of the mark range or good evaluation of one of the two structures. We will be expecting candidates to be able to make a judgement of which structure will be more effective in addressing the communication problems that currently exist. There will be some explanation of how the structure selected would be more appropriate and linking these with the context so demonstrating some analytical and application skills. Candidates demonstrating evaluation skills will be those that can place some importance or value on the structure chosen in improving customer service and communication - for example stating how the structure relates to this type of business and so would improve the flow of ideas between workers to better meet customer needs. In addition some candidates might use the 'it depends' approach and some balance to the points made to offer some evaluative comment. There is no 'right' answer here; the quality of the evaluation is the key to the accessing the marks.</p>	
Level	Mark	
Level 1	1 - 2	<p>A judgement will be made with a simple supporting statement only. <i>'The tall structure would be better because it makes it clear what the lines of communication are'</i>. The quality of written communication will be poor with frequent spelling, punctuation and grammar errors and the style of writing will not be appropriate to the subject matter.</p>
Level 2	3 - 5	<p>A judgement will be made but at the lower level the support for the judgement made will be weak and lacking in detail. There may be only one structure mentioned in this level although a well developed support with evidence of evaluation of the structure chosen could get to the top of the level. Analysis and evaluation at this level will be present but lack development: <i>'A flat structure would be better because this is a company that relies on communication between workers to meet customer needs. Fewer layers of management would help to achieve this so would be preferable'</i>. Would be typical of the type of analysis included at the top of the level. There will be a good level of quality of written communication with few mistakes in spelling, punctuation and grammar. The quality of the language used will be appropriate for the subject matter; however its use will not be as confidently used as that in Level 3.</p>

Level 2	6-8	<p>At top of this level both structures will be referred to and there will be clear development of both in relation to each other through some developed analysis, and supported judgement. Maximum marks can also be gained through clear analysis and evaluation of one structure. The judgement/s made will be well supported and there may be good use of the 'it depends' rule and/or balance in this level.</p> <p><i>'A hierarchical structure has a clear chain of command and given that the workers are complaining that they do not know who they are responsible to this sort of structure would help clarify the lines of authority. However, in such a structure the fact that there are a number of layers of management may not suit an organisation that may rely on flexibility and speed of decision making. The flat structure therefore may meet the needs of the organisation more appropriately. There is no reason why a flat structure cannot make the chain of command clear it is just that there are fewer levels of management and possibly a wider span of control for each manager.'</i></p> <p>This type of answer would be appropriate to this level because it identifies key issues/factors (analysis) and also makes judgements which are supported (evaluation) using appropriate business terms and concepts well applied to the context.</p> <p>The quality of written communication will be of a high standard with few, if any, errors in spelling, punctuation and grammar. The style of writing and the structure of the response will be appropriate and of a high standard.</p>
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Question Number	Indicative content
8.	<p>Possible benefits of using webcast for <i>Hammer and Flatley</i> include:</p> <ul style="list-style-type: none"> <li>• Enables them to contact wide range of people relatively cheaply</li> <li>• Provides the opportunity of viewing and transferring files over the Internet</li> <li>• Allows access to the information by their stakeholders at any time, wherever they are in the world</li> </ul> <p>Possible disadvantages might include:</p> <ul style="list-style-type: none"> <li>• Cost of setting up the software to run it</li> <li>• The cost of maintenance</li> <li>• Issues of security</li> </ul> <p>The benefits of fax would include:</p> <ul style="list-style-type: none"> <li>• Documents can be sent over telephone lines</li> <li>• Communication can be almost instantaneous</li> <li>• Documents sent by fax are recognised in law</li> <li>• Can be a more secure method of data transfer</li> </ul> <p>Possible disadvantages of fax include:</p> <ul style="list-style-type: none"> <li>• Cumbersome and fiddly</li> <li>• Have to check it regularly to get documents</li> <li>• Quality of copy may be poor</li> </ul> <p>Whilst fax has some advantages, especially to a firm of solicitors such as <i>Hammer and Flatley</i>, its disadvantages may mean that the use of webcasts</p>



		allow them to keep in more direct contact with their clients. It is faster and more flexible and the range of stakeholders that it has to communicate with mean that it is likely that the use of webcasts may be a more effective and cost effective method of communication. Answers which meet the command term to evaluate are likely to mention advantages of webcasts and make some comparison to the disadvantages of fax in reaching a judgement. Some awareness will be expected of the disadvantages of webcasts in order to provide a balanced answer.
Level	Mark	Descriptor
Level 1	1 - 2	<p>The value of webcasts or fax will be referred to with limited or no support offered. <i>'The business should use fax because they can use it to send and receive documents easily and they do this a lot'</i>.</p> <p>The quality of written communication will be poor with frequent spelling, punctuation and grammar errors and the style of writing will not be appropriate to the subject matter.</p>
Level2	3 - 5	<p>An evaluation will be given but at the lower level the support for the judgement made will be weak and lacking in detail. There may be only reference to either webcast or fax mentioned in this level although a well developed support with evidence of evaluation of one method chosen could get to the top of the level. Analysis and evaluation at this level will be present but lack development: <i>'Webcasts can do all the things that Hammer and Flatley need and so would be more up to date and modern than using a fax machine. Fax machines often produce poor quality documents and a solicitor would need everything to be right' A webcast would make it easier for them to contact clients because most people have access to the Internet these days'</i>. Would be typical of the type of analysis included at the top of the level.</p> <p>There will be a good level of quality of written communication with few mistakes in spelling, punctuation and grammar. The quality of the language used will be appropriate for the subject matter; however its use will not be as confidently demonstrated as that in Level 3.</p>
Level 2	6 - 8	<p>At top of this level both fax and webcasts will be referred to and there will be clear development of both in relation to each other through some developed analysis, and supported judgement. Maximum marks can also be gained through clear analysis and evaluation of either fax OR webcasts. The judgement/s made will be well supported and there may be good use of the 'it depends' rule and/or balance in this level.</p> <p><i>'Using a fax is very good for solicitors because documents can be sent and received to and from their clients. These documents are legally recognised which helps speed up decision making and the process of buying houses. However, fax machines do not allow direct contact with clients whereas a webcast can allow more than two people to be part of the discussion. Clients can see documents as well as interact with the conference and so for solicitors this is likely to be the way to go. It is likely that webcasts will become more functional and cost effective in the future whereas fax is likely to die out so they would be better off investing in this technology now rather than later.'</i> This type of answer would be appropriate to this level because it identifies key issues/factors (analysis) and also makes judgements which are supported (evaluation) using appropriate business terms and concepts well applied to the context.</p> <p>The quality of written communication will be of a high standard with few,</p>

		if any, errors in spelling, punctuation and grammar. The style of writing and the structure of the response will be appropriate and of a high standard.
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Section C

Question Number	Answer	Mark
9 (a)	A design that is aimed at creating an association with a brand or a means by which consumers can recognise a brand. 1 mark for recognising it is a way of creating an association or recognition and 1 for linking this to a brand.	(2)

Question Number	Answer	Mark
9 (b)	<p>1 mark for an appropriate element identified in each case which might include:</p> <ul style="list-style-type: none"> <li>• An appropriate use of colour</li> <li>• The clean lines gained by the use of a limited amount of colours (red, white and black)</li> <li>• The way in which contrast is used</li> <li>• Linking shape/content to the product (the image of Col Sanders, for example)</li> <li>• How easy it is to use the logo in a range of marketing devices</li> <li>• How recognisable it is with consumers</li> </ul> <p>Any other appropriate element.</p> <p>There are three marks each for the explanation of each element in relation to the success of the brand.</p> <p>Do not give a mark for a repetition of the element.</p> <p>At the top end of the mark range development will focus on how the element identified above would affect the way the message might be received. There will be clear evidence of a link being made between the element and how it makes the brand successful. The development will include appropriate terminology. <i>'The use of contrasting colours red, white and black make it easy for customers to recognise the logo. (1) This makes it easy to recognise anywhere and is something that they may remember and so influences their behaviour in making purchasing decisions. (1) The logo will be successful if it creates additional sales which makes the KFC brand very successful.'</i> (1) is an example of how such development would look.</p> <p>At the bottom end of the mark range, the development will be simple with little use of appropriate terms; <i>'The logo has a well known face of the founder so people remember it.'</i> (1) will be typical of this sort of simplistic development.</p> <p>Do not reward candidates who repeat the same explanation for each element with the full 3 marks. In such a case give a maximum of 1 for the explanation.</p>	<p>1 x 2</p> <p>2 x 3</p> <p>(8)</p>

Question Number		Indicative content
10.		<p>The use of slogans may bring the following advantages:</p> <ul style="list-style-type: none"> <li>• It can be easy to remember.</li> <li>• Slogans can summarise the product's benefits</li> <li>• Can be humorous and create a need in the minds of consumers</li> </ul> <p>There would also be some disadvantages to consider:</p> <ul style="list-style-type: none"> <li>• They have to be developed carefully to fulfil the function</li> <li>• Consumers have to hear about them and getting them widely publicised might be expensive</li> <li>• Consumers may find a slogan does not tell them enough about the product.</li> </ul> <p>Improving the website might bring the following advantages:</p> <ul style="list-style-type: none"> <li>• A good website can allow the business to communicate with its customers 24 hours a day</li> <li>• It provides a means of being able to keep consumers updated</li> <li>• It may be a cost effective method of creating awareness</li> <li>• It can be kept up to date</li> </ul> <p>Possible disadvantages include:</p> <ul style="list-style-type: none"> <li>• Can be time consuming to keep up to date</li> <li>• May not be seen by as many people as the business might want</li> </ul>
Level	Mark	Descriptor
Level 1	1-3	Answers in this level might be little more than one sentence or a response which has limited development. There will little or no evidence of any evaluation apart from perhaps a very simplistic judgement with no support offered or limited development of the type <i>'Using a slogan is better because people remember them and so will buy the product'</i> . A list of bullet points will get 3 marks maximum assuming they are all relevant points. The quality of written communication will be poor with frequent spelling, punctuation and grammar errors and the style of writing will not be appropriate to the subject matter.
Level 2	4 - 7	A reasoned response that demonstrates some analysis and evaluation and may have some balance but not as developed as that at level 3. At the top end of this level, the balance will take the form of at least one advantage and one disadvantage of the two options and there may be a limited conclusion which is simply a restatement of the question or no conclusion at all. At the lower end of this level the answer might be unbalanced with more being written in support of one option. An answer focusing entirely on <b>one</b> style can be awarded full marks in this level provided there is evidence of analysis and evaluation given. The quality of written communication will be of a good standard with some errors in spelling, punctuation and grammar and some use of business and economic terminology, concepts and methods but not as assured as that in level 3.

Level 3	8-10	<p>A clear argument is presented which is balanced and refers to advantages and disadvantages of both options. If only 1 option is considered the candidate can score full marks provided there is clear evidence of analysis and evaluation. This likely to include a least 2 factors in support of the option, some balance to show the disadvantages and a rounded conclusion that draws the analysis together At the very top end a conclusion will be offered that draws on the previous information and is well supported. At the lower end a conclusion might lack development but be an attempt to draw together the analysis offered. The quality of written communication will be of a high standard with few, if any, errors in spelling, punctuation and grammar. The style of writing and the structure of the response will be appropriate and of a high standard and there will be clear evidence of evaluation in the answer.</p>
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Write your name here

Surname

Other names

Centre Number

Candidate Number

**Edexcel GCSE**

**Business Studies and Economics**  
**Unit 5: Introduction to Economic Understanding**

Additional Sample Assessment Material  
**Time: 1 hour 30 minutes**

Paper Reference

**5BS05/01**

**You do not need any other materials.**

Total Marks

### Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** questions.
- Answer the questions in the spaces provided  
– *there may be more space than you need.*

### Information

- The total mark for this paper is 90.
- The marks for **each** question are shown in brackets  
– *use this as a guide as to how much time to spend on each question.*
- Questions labelled with an **asterisk** (\*) are ones where the quality of your written communication will be assessed  
– *you should take particular care on these questions with your spelling, punctuation and grammar, as well as the clarity of expression*
- A calculator may be used.

### Advice

- Read each question carefully before you start to answer it.
- Keep an eye on the time.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

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**Section A**

**Answer ALL the questions. You should spend 35 minutes on this section.**

**Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.**

**1 (a)** Which of the following is the definition of the term '**competitive advantage**'? **(1)**

Select **one** answer.

Competitive advantage is where a business:

- A** gains an advantage over other firms by bringing out a new product
- B** gets together with its rivals to limit competition in the market
- C** has an advantage over its rivals that is both distinctive and defensible
- D** is able to sell more products than its rivals in different markets.

**(b) (i)** Identify **three** possible sources of competitive advantage for a business. **(3)**

- 1 .....
- 2 .....
- 3 .....

**(ii)** Explain how **one** of these sources might give a business a competitive advantage. **(3)**

- .....
- .....
- .....
- .....
- .....
- .....



(c) Explain **one** way in which a business could measure its 'success'.

(3)

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**(Total for Question 1 = 10 marks)**

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Read the passage carefully and then answer the following question that relates to the passage.

CleanUP PLC is a waste disposal firm that treats sewage. It intends to set up a new treatment plant on the edge of a village. The council and the residents can see both positive and negative externalities being created should the plant be built. The local council is considering approving the plans.

2 (a) Which of the following **best describes** the meaning of '**positive externalities**'? (1)

Select **one** answer

'Positive externalities' are where:

- A** the government increases benefit allowances
- B** benefits are gained by people outside the business
- C** the government reduces taxation
- D** benefits are gained by the business rather than society.

(b) (i) State **one** example of a **positive** externality that might occur if CleanUP PLC is allowed to build the plant. (1)

(ii) State **two** examples of **negative** externalities that might occur if CleanUP PLC is allowed to build the plant. (2)

1 .....

2 .....



(c) (i) Identify **one** stakeholder that might be affected by the decision to allow CleanUP PLC to build the treatment plant.

(1)

(ii) Explain how this stakeholder might be affected by the decision.

(3)

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**(Total for Question 2 = 8 marks)**

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3 International trade is where countries import and export products.

(a) Which of the following best describes an 'export'?

(1)

Select **one** answer

A product that is:

- A sold to a customer in another country
- B made in another country
- C bought from a business in another country
- D only available in the UK.

(b) Define the term 'exchange rate'.

(2)

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In the autumn of 2009, both the dollar and the euro weakened on the foreign exchange markets.

(c) Using an example, explain what is meant by a 'weakening currency'.

(3)

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(d) Describe how a strengthening of the pound against other currencies might affect a UK export business.

(4)

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**(Total for Question 3 = 10 marks)**

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Read the passage carefully and then answer the following question that relates to the passage.

The Single European Market (SEM) in the European Union (EU) has led to the development of free trade between its members. It has led to an improvement in living standards amongst member countries. The EU places trade restrictions on non-member countries.

Many of the non-members are less economically developed countries (LEDCs), such as Kenya, that often depend on exports for their economic growth.

4 (a) Which of the following is a benefit of trade between countries? (1)

Select **one** answer

For each country there is:

- A a lower standard of living
- B a wider choice of goods and services
- C no change in economic growth
- D higher unemployment.

(b) State **two** ways in which a country might seek to restrict trade. (2)

1 .....

2 .....

(c) Explain **one** reason why the EU might want to restrict trade. (3)

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## Section B

Answer ALL the questions. You should spend 30 minutes on this section.

Read the following passage carefully and then answer questions 5 to 7.

### Fuel prices hit economic growth

The rising price of oil is having a dramatic effect on the UK economy by slowing down economic growth.

In a poll of business owners, more than 80 percent said that the rising price of oil would increase their costs and reduce their profits. Some said they might have to postpone plans for expansion and others were likely to make staff redundant.

Business owners would like to see lower interest rates and lower taxes to help stimulate economic growth.

5 Define the following terms:

(i) **Economic growth.**

(2)

(ii) **Unemployment.**

(2)

(Total for Question 5 = 4 marks)



A major impact of a slowdown in economic growth is rising unemployment.

**6** Identify **one** effect of unemployment on individuals and **one** effect of unemployment on the economy. For each, explain how this would affect an individual and the economy.

Effect on the individual

(1)

Explanation

(3)

Effect on the economy

(1)

Explanation

(3)

**(Total for Question 6 = 8 marks)**





\*7 Two methods of stimulating economic growth include reductions in:

- Interest rates
- Taxation.

In your opinion, which of these two methods is more likely to increase economic growth and why?

Dotted lines for writing the answer.

**(Total for Question 7 = 8 marks)**



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8 Read the article below:



In 2009 many families felt the benefits of lower inflation. Inflation, as measured by the Consumer Price Index (CPI), was 5.2% in September 2008, largely due to rising gas, electricity and food prices.

By September 2009 the CPI was 1.6%. One of the main reasons for the slowdown in inflation was a fall in the prices of basic items.

(a) Define the term 'inflation'.

(2)

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## Section C

Answer ALL the questions. You should spend 25 minutes on this section.

Read the following passage carefully, and then answer questions 9 to 11.



Greggs PLC the bakers, originated in the North East of England in 1984. It has grown through internal and external means. Greggs has expanded to the rest of the country by taking over other regional bakery chains. By 1994 it had 502 shops across the UK. In 1994 it took over a rival business, Bakers Oven, adding an extra 424 shops.

Greggs wanted the Bakers Oven format because many of its shops had in-store bakeries. Greggs had large central bakeries which delivered its products to local shops.

Year	2004	2005	2006	2007	2008
Operating Profit (£m)	44.7	47.1	42.2	47.7	44.3

9 With reference to the passage, outline what is meant by the term 'external growth'?

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(Total for Question 9 = 2 marks)



**10** Identify **two** benefits Greggs PLC might gain from having more shops.

For each benefit explain how it might improve its business.

Benefit 1

(1)

Explanation

(3)

Benefit 2

(1)

Explanation

(3)

**(Total for Question 10 = 8 marks)**



**\*11** Using the evidence and your knowledge of economics and business, assess the extent to which customers **and** shareholders might benefit from the growth of Greggs PLC.

A large rectangular area with rounded corners, containing 25 horizontal dotted lines for writing an answer to the question above.



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**(Total for Question 11 = 10 marks)**

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**TOTAL FOR SECTION C = 20 MARKS**  
**TOTAL FOR PAPER = 90 MARKS**





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Unit 5: Introduction to Economic Understanding

Section A:

Question Number	Answer	Marks
1 (a)	C	1

Question Number	Answer	Marks
1(b)(i)	<p>3 marks should be awarded for the identification of 3 possible sources of competitive advantage. These could include:</p> <ul style="list-style-type: none"><li>• Improved quality</li><li>• Patent</li><li>• Copyright</li><li>• Image</li><li>• Customer service</li><li>• Lower costs (if candidates give different points that imply lower costs these can be accepted as separate points).</li></ul> <p>NB do not accept lower price as a source of competitive advantage - Porter makes it clear that lower prices are a consequence of competitive advantage not a source.</p> <p>Also do not accept responses where it is clear the firm is not able to defend or have control e.g. weak competitors.</p>	3

Question Number	Answer	Marks
1(b)(ii)	<p>For 3 marks there will be an explanation which makes 3 clear links</p> <p><i>e.g. if a business is able to take out a patent on an invention it prevents other businesses from copying (1) this gives it a monopoly on the sales of the product(1) and therefore allow it to dominate the market(1).</i></p> <p>For one mark there will be a simple identification of a relevant factor - e.g. <i>good customer service will increase repeat purchase</i></p>	3

Question Number	Answer	Marks
1(c)	<p>The specification gives 3 measures as profit, revenue and market share. Accept other valid measures such as</p> <ul style="list-style-type: none"> <li>• Staff turnover</li> <li>• Profit margin</li> <li>• Staff happiness</li> <li>• Environmental/ethical record</li> <li>• Product/brand awareness</li> </ul> <p>For 3 marks there will be clear links made <i>e.g. they could measure their success by calculating changes in profit over time (1). If it had increased (1) then it would suggest that the business was more successful than before (1).</i></p> <p>For one mark there will be a simple comment <i>e.g. the amount of profit they make.</i></p>	3

(10 marks)

Question Number	Answer	Marks
2(a)	B	1

Question Number	Answer	Marks
2(b)(i)	<p>1 mark for an appropriate response. Possible answers include:</p> <ul style="list-style-type: none"> <li>• Employment</li> <li>• Improved water quality</li> <li>• Improved infrastructure</li> <li>• Increased spending in the local area</li> </ul> <p>Any other appropriate positive externality</p>	1

Question Number	Answer	Marks
2(b)(ii)	<p>Award 1 mark for each relevant negative externality identified.</p> <ul style="list-style-type: none"> <li>• Noise pollution</li> <li>• Air pollution (smell)</li> <li>• Congestion</li> <li>• Litter</li> </ul> <p>Any other appropriate negative externality</p>	2

Question Number	Answer	Marks
2(c)(i)	<p>1 mark should be awarded for the identification of a relevant stakeholder. This could include:</p> <ul style="list-style-type: none"> <li>• Villagers</li> <li>• Bank</li> <li>• Customers of CleanUP PLC</li> </ul> <p>Accept any appropriate stakeholder</p>	1

Question Number	Answer	Marks
2(c)(ii)	<p>For 3 marks the stakeholder affected needs to be linked to the externality and the effect <i>e.g. Villagers would see their normal environment disturbed (1) caused by unpleasant smells/ traffic (1) so house values will fall (1)</i></p> <p>For 1 mark there will be a simple comment <i>e.g. villagers' house values will fall</i></p>	3

Question Number	Answer	Marks
3(a)	A	1

Question Number	Answer	Marks
3(b)	<p>The market price at which one currency is sold in order to buy/exchange another currency. 2 marks for a definition which includes reference to both price and exchange/expression related to another currency.</p> <p>For 1 mark a limited definition is given such as 'The price of a currency' <u>or</u> '£1 = \$1.6'</p>	2

Question Number	Answer	Marks
3(c)	<p>1 mark for a relevant example and a further 2 marks for 2 clear links to the example. E.g. £1 used to equal \$2 but now only equals £1.5 (1). This means that people get fewer dollars (1) and so the pound is weaker (1) For 1 mark an example would be given with no development.</p>	3

Question Number	Answer	Marks
3(d)	<p>For 4 marks candidates need to look at how a stronger exchange rate affects export prices. The description will make the links in the process clear.</p> <p>'A stronger pound will mean buyers have to give up more dollars (1) this will mean export prices rise (1) foreign buyers will buy fewer products (1) and so export sales may fall (1)'.</p> <p>For one mark a simple comment <i>e.g. a strengthening exchange rate will lead to a fall in exports.</i></p>	4

Question Number	Answer	Marks
4(a)	B	1

Question Number	Answer	Marks
4(b)	<p>1 mark for each way given. Possible ways include:</p> <ul style="list-style-type: none"> <li>• Tariffs</li> <li>• Quotas</li> <li>• Taxes</li> <li>• Subsidies</li> <li>• Limits on volume</li> <li>• Legalities e.g. on alcohol</li> </ul> <p>Accept any appropriate non-tariff barrier</p>	2

Question Number	Answer	Marks
4(c)	<p>Possible reasons include:</p> <ul style="list-style-type: none"> <li>• to encourage the free movement of goods and services only between members</li> <li>• to stop the inflow of goods and services which might threaten infant industries</li> <li>• threatens the standard of living of member populations.</li> <li>• maintain employment</li> </ul> <p>For 3 marks there will be clear links made between the reason and the restriction  <i>e.g. restricting trade helps reduce competition for domestic industries (1) this helps to keep people in jobs (1) and helps maintain employment (1)</i></p> <p>For one mark there will be a simple comment <i>e.g. restrictions prevent too many imports coming in.</i></p>	3

Question Number		Indicative content
4(d)		<p>The aim is to try and get candidates to consider which is more damaging to Kenya. If companies operating in Kenya cannot sell goods to EU countries then trade will be restricted and revenues lower. As a result fewer jobs may be created or incomes will be lower.</p> <p>This could lead to lower living standards because the population have less money to buy goods and services.</p> <p>However, it depends on the extent of the trade with the EU. If Kenya has other markets to sell its goods to then being outside the EU may not be so damaging. Equally, it will depend on the type of goods sold. If what goods Kenya does sell to the EU are relatively low value added then the trade barrier may have limited effect but if the other way around it could be more damaging. Given the wealth of businesses is key to employment growth etc. then candidates may reasonably argue that a loss in revenue is the most damaging but either argument can be accepted.</p>
Level	Mark	Descriptor
No mark	0	Non-rewardable material
Level 1	1 - 2	A judgement is made as to which disadvantage is likely to be the most damaging to Kenya. If there is just a simple judgement, 1 mark should be awarded. If this judgement has some simple support, the response should be placed at the top of this level
Level 2	3 - 4	<p>A judgement will be made but at the lower level the support for the judgement made will be weak and lacking in detail. There may be only one disadvantage mentioned in this level although a well developed support with evidence of evaluation of the disadvantage chosen could get to the top of the level. Analysis at this level will be present but lack development.</p> <p><b>An answer that does not refer to Kenya should be pegged at no more than 3 marks.</b></p>
Level 3	5 - 6	<p>At top of this level both disadvantages will be referred to and there will be clear development of both in relation to each other. Maximum marks can also be gained through clear analysis and evaluation of one disadvantage. The judgement/s made will be well supported and there may be good use of the 'it depends' rule and/or balance in this level.</p> <p>There will also be clear evidence of evaluation and used in the context of Kenya. For example, candidates may think that as most of the population is unaffected by trade then only businesses will feel any damage.</p>

Question Number	Answer	Marks
5(i)	<p>Economic growth is an increase in the amount/value of goods and services produced by a country over time.</p> <p>A 1 mark answer will not make the link between the increase and the amount/value over time</p> <p><i>e.g. economic growth is where a country produces more</i></p>	2

Question Number	Answer	Marks
5(ii)	<p>Unemployment is a term used to identify those people who are actively seeking work (1) and are in receipt of Job Seekers Allowance/benefits.</p> <p>For 1 mark the definition will be simplistic</p> <p><i>e.g. 'It's where people haven't got a job'</i></p>	2



Question Number	Answer	Marks
6	<p>1 mark should be awarded for the identification of an effect. These could include:</p> <p>Individuals</p> <ul style="list-style-type: none"> <li>• Less disposable income</li> <li>• Lower standard of living</li> <li>• Loss of homes</li> <li>• Incentive to retrain</li> <li>• Relative poverty</li> <li>• Loss of self esteem</li> <li>• Deskilling</li> </ul> <p>Economy</p> <ul style="list-style-type: none"> <li>• Loss of international competitiveness</li> <li>• Rise in crime levels</li> <li>• Opportunity cost of lost production</li> <li>• Reduction in inflationary pressure</li> <li>• Reduction in wage demands</li> <li>• Reduction in quality of human capital</li> <li>• Increased welfare payments.</li> </ul> <p>Do not reward in the explanation a repeat of the effect.</p> <p>The explanation of each effect is worth 3 marks. At the top end expect candidates to link ideas between the effect and the costs of remedial action e.g.</p> <p>Effect</p> <ul style="list-style-type: none"> <li>• Rise in crime (1)</li> </ul> <p>Explanation</p> <ul style="list-style-type: none"> <li>• The rise in crime will mean that government resources will be diverted to policing (1) creating an opportunity cost to the government (1). This reduces spending on other important services like education.(1)</li> </ul>	8

Question Number		Indicative content
7 QWC Strands (i), (ii), (iii)		The aim here is to try and encourage evaluation. The question asks candidates to suggest which method would be more effective. Therefore, reference to both suggestions may be given as a basis for relative comparison or good evaluation of one of the two methods. Candidates who do this should be able to score at the top of level 3 depending on the quality of their answer. Candidates could focus on the government using cuts in taxation to stimulate consumption via increased disposable income (take-home pay) or reductions in prices via cuts in VAT, for example. Alternatively, candidates may concentrate on the role of interest rates and how reductions in rate would stimulate consumption due to the reduced cost of borrowing and fall in reward from saving.
Level	Mark	Descriptor
No mark	0	Non-rewardable material
Level 1	1 - 2	A judgement will be made with a simple supporting statement only. For example, ' <i>Cutting interest rates will lead to consumers spending more money</i> '. The quality of written communication will be poor with frequent spelling, punctuation and grammar errors and the style of writing will not be appropriate to the subject matter.
Level 2	3 - 5	A judgement will be made but at the lower level the support for the judgement made will be weak and lacking in detail. There may be only one method mentioned in this level although a well developed support with evidence of evaluation of the method chosen could get to the top of the level. Analysis and evaluation at this level will be present but lack development. For example: ' <i>Cutting interest rates is the better option as they can benefit both customers and industry as it enables customers to borrow more money at the lower rate to spend in the shops and allows firms to borrow to invest in new technology. This will lead to increased profits as more goods and services are produced, thereby resulting in economic growth.</i> ' There will be a good level of quality of written communication with few mistakes in spelling, punctuation and grammar. The quality of the language used will be appropriate for the subject matter; however its use will not be as confidently used as that in Level 3.

Level 3	6 - 8	<p>At top of this level both methods will be referred to and there will be clear development of both in relation to each other through some developed analysis, and supported judgement. Maximum marks can also be gained through clear analysis and evaluation of one method. The judgement/s made will be well supported and there may be good use of the 'it depends' rule and/or balance in this level.</p> <p>For example:  <i>'Cutting taxation is the better option as it benefits all consumers as reductions in VAT aid those consumers who do not pay income tax. Reductions in interest rates however do not benefit those who do not have a mortgage and actually disadvantage those on fixed incomes - e.g. pensioners. Because VAT cuts affect everybody, all can benefit and as a result this would be the better option. As the price of goods fall, the demand would rise and firms' are likely to see an increase in sales. This triggers an increase in orders for supplies and so other firms see a rise in their order books. As this process continues, economic growth is boosted.'</i></p> <p>This type of answer would be appropriate to this level because it identifies key issues/factors (analysis) and also makes judgements which are supported (evaluation) using appropriate business terms and concepts well applied to the context.</p> <p>The quality of written communication will be of a high standard with few, if any, errors in spelling, punctuation and grammar. The style of writing and the structure of the response will be appropriate and of a high standard.</p>
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Question Number	Answer	Marks
8a	A general rise in the level of prices (1) over time (1) For 1 mark a limited definition <i>e.g. 'where prices rise'</i>	2

Question Number	Indicative content	
(b) QWC Strands (i), (ii), (iii)	<p>The aim is to encourage evaluation so either look for reference to both causes and cross evaluation of both at the top end of the mark range or good evaluation of one of the two causes. We will be expecting candidates to be able to make a judgement of which cause will be more beneficial to families. There will be some explanation of how the cause selected would be more beneficial and linking this with the context so demonstrating some analytical and application skills. Candidates demonstrating evaluation skills will be those that can place some importance or value on the cause chosen in benefiting families. In addition some candidates might use the 'it depends' approach and some balance to the points made to offer some evaluative comment. There is no 'right' answer here; the quality of the evaluation is the key to the accessing the marks.</p> <p>Possible factors to be considered include:</p> <ul style="list-style-type: none"> <li>• All families have to use energy so fall in energy prices will make heating etc. more affordable.</li> <li>• All families have to eat, be clothed and have entertainment so lower prices could also be beneficial</li> <li>• It depends on the amount of energy used by the family - are they energy conscious?</li> <li>• It also depends on the amount of food etc. consumed.</li> <li>• Could be argued that whilst food is essential, clothing and entertainment are more luxuries and many families already have adequate clothing and sources of entertainment.</li> <li>• But, energy is pretty essential for cooking, keeping warm and carrying out day to day activities.</li> <li>• Also depends on the proportion of income devoted to each - if energy takes a high proportion of the family income then a slowing of prices may be more beneficial.</li> </ul>	
Level	Mark	Descriptor
No mark	0	Non-rewardable material
Level 1	1 - 2	<p>A judgement will be made with a simple supporting statement only. <i>e.g. 'a fall in the price of basic items means it will cost less for everything and we might be able to afford some things.'</i></p> <p>The quality of written communication will be poor with frequent spelling, punctuation and grammar errors and the style of writing will not be appropriate to the subject matter.</p>

Level 2	3 - 5	<p>A judgement will be made but at the lower level the support for the judgement made will be weak and lacking in detail. There may be only one structure mentioned in this level although a well developed support with evidence of evaluation of the structure chosen could get to the top of the level. Analysis and evaluation at this level will be present but lack development:</p> <p><i>'A fall in the price of basic items will mean families have more to spend so they will have to decide between some types of products. They will need food before clothes so they will spend the same on food but more on clothes as they are less of a priority.'</i> Would be typical of the type of analysis included at the middle of this level.</p> <p>There will be a good level of quality of written communication with few mistakes in spelling, punctuation and grammar. The quality of the language used will be appropriate for the subject matter; however its use will not be as confidently used as that in Level 3.</p>
Level 3	6 - 8	<p>At top of this level both structures will be referred to and there will be clear development of both in relation to each other through some developed analysis, and supported judgement. Maximum marks can also be gained through clear analysis and evaluation of one structure. The judgement/s made will be well supported and there may be good use of the 'it depends' rule and/or balance in this level. Expect to see comments about 'what families consider most important'.</p> <p><i>'A slowdown in inflation will benefit families if the cause is either from a fall in energy prices or from a fall in the price of basic items. This may mean families change the way they spend but only on some things. If a large proportion of the family income is spent on fuel, then they are more likely to benefit and they may use this extra money to purchase more entertainment. The effect, therefore, will be dependent on how much the family spends on energy as a proportion of their income in relation to clothing and also how far prices fall of each. If the price of energy falls significantly and the family spends a lot on energy then falling energy prices are likely to be more beneficial.'</i></p> <p>This type of answer would be appropriate to this level because it identifies key issues/factors (analysis) and also makes judgements which are supported (evaluation) using appropriate business terms and concepts well applied to the context.</p> <p>The quality of written communication will be of a high standard with few, if any, errors in spelling, punctuation and grammar. The style of writing and the structure of the response will be appropriate and of a high standard.</p>

Question Number	Answer	Marks
9	Growth of a business by way of a merger or a takeover of another business. <i>Greggs</i> took over Bakers Oven and gained more shops 1 mark for understanding of external growth and 1 mark for reference to <i>Greggs</i>	2

Question Number	Answer	Marks
10	<p>1 mark for each benefit identified.</p> <p>Possible benefits include</p> <ul style="list-style-type: none"> <li>• Economies of scale</li> <li>• Control over suppliers</li> <li>• Access to new markets</li> <li>• Gain market share</li> <li>• Reduce competition</li> <li>• Gain monopoly power</li> </ul> <p>The explanation for each benefit is worth 3 marks. At the top end of this mark range, expect candidates to develop a clear link between the stated benefit and how <i>Greggs'</i> business would improve. The best answers will make clear use of terminology and inter-linkages, e.g.</p> <p>Benefit : <i>'Economies of scale' (1)</i></p> <p>Explanation: <i>'Greggs can enjoy economies of scale so they will be more efficient (1) and there will be a fall in average costs (1). As a result it could reduce its prices to be more competitive (1).'</i></p> <p>In cases where candidates develop very similar benefits and essentially try to make two points out of one idea, award a maximum of 4 marks if the main idea is developed well.</p>	8

Question Number		Indicative content	Marks
11 QWC Strands (i), (ii), (iii)		<p>The aim here is for candidates to make a judgement as to how both customers and shareholders might benefit from the growth of <i>Greggs</i>. The evaluative skill will be present through candidates considering the extent to which these stakeholders will gain. Expect candidates to consider the following range of answers:</p> <p><b>Consumers (advantages)</b></p> <ul style="list-style-type: none"> <li>• Wider choice of products - "best of all worlds"</li> <li>• Cheaper prices due to cost savings being passed on to the customer.</li> </ul> <p><b>Consumers (disadvantages)</b></p> <ul style="list-style-type: none"> <li>• Loss of individuality of some local products/ uniformity</li> <li>• Possible increase in prices due to the lack of competition.</li> </ul> <p><b>Shareholders (advantages)</b></p> <ul style="list-style-type: none"> <li>• A rise in the share price of <i>Greggs</i></li> <li>• Increased profits being made as the company grows.</li> </ul> <p><b>Shareholders (disadvantages)</b></p> <ul style="list-style-type: none"> <li>• The cost to <i>Greggs</i> of buying Bakers Oven.</li> <li>• The risk of the company becoming the source of an investigation from the Competition Commission.</li> </ul>	10
Level	Mark	Descriptor	
No Mark	0	Non-rewardable material	
Level 1	1-3	<p>Answers in this level might be little more than one sentence or a response which has limited development. There will little or no evidence of any evaluation apart from perhaps a very simplistic judgement with no support offered or limited development. The candidate explains the benefit of the growth of <i>Greggs</i> on only ONE of the stakeholders identified in the question. A candidate that only explains one benefit cannot go beyond 3 marks. Expect to see no reference to <i>Greggs</i> and answers linked to a generic business.</p> <p>A list of bullet points will get 3 marks maximum assuming they are all relevant points. The quality of written communication will be poor with frequent spelling, punctuation and grammar errors and the style of writing will not be appropriate to the subject matter.</p>	

Level 2	4-7	<p>A reasoned response that demonstrates some analysis and evaluation and may have some balance but not as developed as that at level 3. At the bottom end of this level the candidate will have explained the benefits to both stakeholders using terminology and inter-linkages of ideas. At the lower end of this level the answer might be unbalanced with more being written in support of one option. However, if evaluation is implied or is superficial/weak e.g. a simple reference is made to which stakeholder is more affected, the maximum mark awardable is 5. At the top end of this level the candidate will have elaborated and developed their evaluation beyond a basic/simple statement and will consider the significance to both customers and shareholders. At the top end of this level, expect to see some balance (with clear reference to <i>Greggs</i>), although any evaluation may still be simplistic in nature. There may be a limited conclusion which is simply a restatement of the question or no conclusion at all. An answer focusing entirely on <b>one</b> style can be awarded full marks in this level provided there is evidence of analysis and evaluation given. The quality of written communication will be of a good standard with some errors in spelling, punctuation and grammar and some use of business and economic terminology, concepts and methods but not as assured as that in level 3.</p>
Level 3	8 - 10	<p>A clear argument is presented which is balanced and refers to the extent to which both customers and shareholders will benefit from the growth of <i>Greggs</i>. This likely to include a least 2 factors in support, some balance to show the extent and a rounded conclusion that draws the analysis together. At the very top end a conclusion will be offered that draws on the previous information and is well supported and clearly addresses the command word. Responses will have a clear evaluative slant and will recognise that one stakeholder might benefit more than the other. Expect some candidates to refer to potential drawbacks to customers and shareholders from the growth of <i>Greggs</i>. At the lower end a conclusion might lack development but be an attempt to draw together the analysis offered. The quality of written communication will be of a high standard with few, if any, errors in spelling, punctuation and grammar. The style of writing and the structure of the response will be appropriate and of a high standard and there will be clear evidence of evaluation in the answer.</p>



Write your name here

Surname

Other names

Centre Number

Candidate Number

**Edexcel GCSE**

# Business Studies (Short Course)

## Unit 6: Introduction to Small Business

Additional Sample Assessment Material

**Time: 45 minutes**

Paper Reference

**5BS06/01**

**You do not need any other materials.**

Total Marks

### Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** the questions.
- Answer the questions in the spaces provided  
– *there may be more space than you need.*

### Information

- The total mark for this paper is 40.
- The marks for **each** question are shown in brackets  
– *use this as a guide as to how much time to spend on each question.*
- Questions labelled with an **asterisk** (\*) are ones where the quality of your written communication will be assessed  
– *you should take particular care on these questions with your spelling, punctuation and grammar, as well as the clarity of expression.*
- A calculator may be used.

### Advice

- Read each question carefully before you start to answer it.
- Keep an eye on the time.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

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**Answer ALL the questions.**

**Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ~~☒~~ and then mark your new answer with a cross ☒.**

**1** Which of the following is an example of a variable cost for a pizza takeaway?

Select **one** answer:

- A** Rent of business premises for the takeaway.
- B** Cost of pizza bases to make pizzas.
- C** The insurance for the delivery van.
- D** Cost of advertising in a local newspaper.

**(Total for Question 1 = 1 mark)**

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**2** What type of organisation is set up, under licence, to use an established business name?

Select **one** answer:

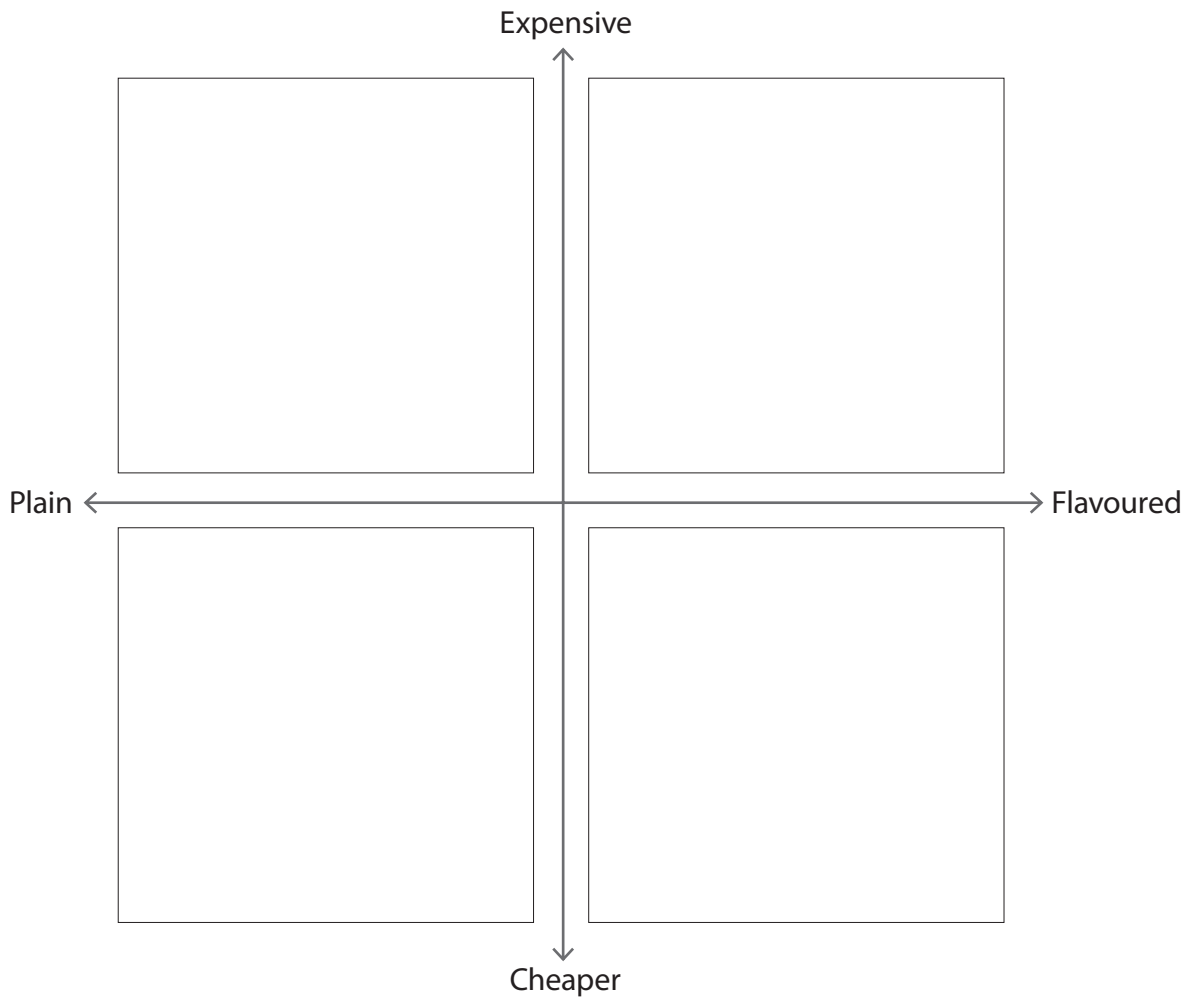
- A** Sole trader.
- B** Enterprise.
- C** Franchise.
- D** Private limited company.

**(Total for Question 2 = 1 mark)**

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3 Put the following products into the most appropriate quarter of the market map below. Indicate your answer by writing the correct letter on the map.



- A Tesco Value ready salted crisps.
- B Kettle Mango Chilli.
- C Pringles Original Flavour.

(Total for Question 3 = 3 marks)



**Questions 4–6 are based on the information below.**

Sparkle Oven Cleaning Company Ltd is a business offering an oven cleaning service. Eddie Lowe, one of the owners of this family-run business, aims to provide an exceptional cleaning service. Eddie says that the focus of the business is on competitive prices, high standards and good customer service.

(Source: <http://www.sparkleovencleaning.co.uk/>)

**4** Which **one** of the following might be reasons why Eddie chose to set up as a limited company?

Select **one** answer:

- A** Because he wanted to take all the profits for himself.
- B** Eddie would know he could protect his personal possessions.
- C** Eddie would not have to make any of the important business decisions.
- D** Eddie could still keep control of the business but issue more shares if he needed to raise finance.

**(Total for Question 4 = 1 mark)**

**5** Which **one** of the following might be a key part of the customer focus for Sparkle Oven Cleaning Company Ltd?

Select **one** answer:

- A** Making sure that appointments are kept on time.
- B** Ensuring staff do the job in as short a time as possible so that sales can be maximised.
- C** Monitoring competitors and charging a slightly higher price than them.
- D** Managing the business so it can make the maximum profit possible.

**(Total for Question 5 = 1 mark)**



6 Which **two** of the following might be the best ways in which Eddie could add value to his business?

Select **two** answers:

- A Employing an accountant to manage his cash-flow.
- B Free after-care visit to check customer satisfaction.
- C Making sure that he has an excellent relationship with his bank.
- D Buying a van with the name of the company clearly written on the side.
- E Providing a weekend service so customers do not need time off work.

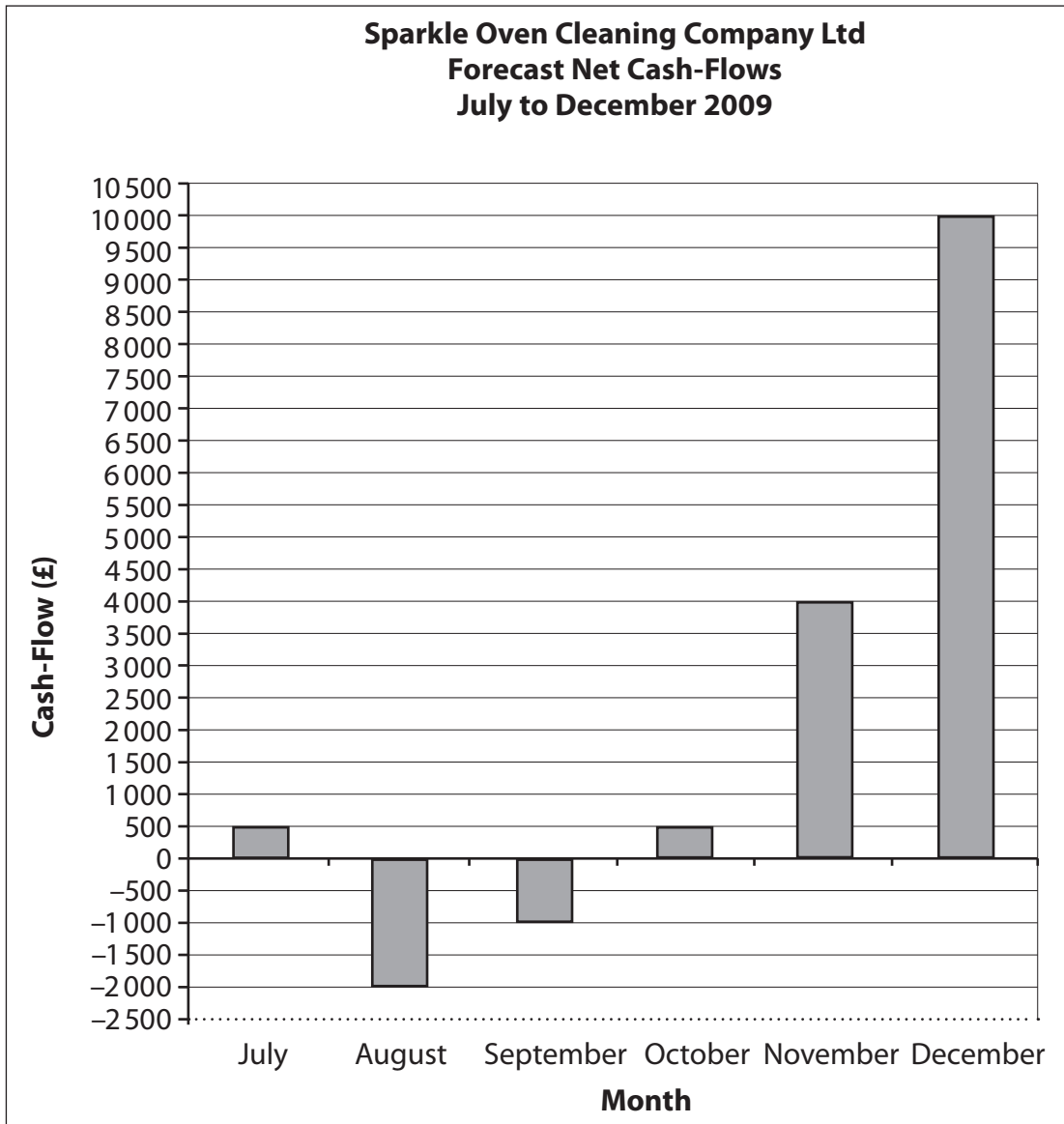
**(Total for Question 6 = 2 marks)**

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Questions 7–9 are based on the chart below.

The following chart shows forecast cash-flows for Sparkle Oven Cleaning Company Ltd from July to December 2009.



7 Using the chart, calculate the net cash-flow for July to December 2009.

Select **one** answer:

- A -£3 000
- B £10 000
- C £12 000
- D £15 000

(Total for Question 7 = 1 mark)



8 What would be the most appropriate way that Sparkle Oven Cleaning Company Ltd could cope with its negative cash-flow in August and September?

Select **one** answer:

- A Approach its bank to take out a loan.
- B Sell more shares in the company.
- C Arrange an overdraft with its bank.
- D Seek out the services of a venture capitalist.

(Total for Question 8 = 1 mark)

9 Identify **two** conclusions about Sparkle Oven Cleaning Company Ltd that can be drawn from the chart.

Select **two** answers:

- A Eddie might have to hire more staff around the Christmas period.
- B Sparkle Ltd will make a profit at the end of the year.
- C Nobody has their ovens cleaned during October.
- D Eddie should be able to manage his cash-flow effectively if these figures turn out to be correct.
- E The business is likely to do well in the following year.

(Total for Question 9 = 2 marks)



Questions 10–11 are based on the information below.

*Pink Ladies* is a taxi service for women only, based in Warrington, Cheshire. The taxis are all painted pink, have pink interiors and are driven by women who have undergone training not only in driving but also in self-defence. The taxis all have satellite navigation and tracking devices. Customers pay to become members of the Pink Ladies Club and so the cars do not have cash with them. Customers receive text messages or phone calls to tell them where the taxi is and the driver does not leave until the customer is safely in their destination.



10 Which **two** of the following might lead to a fall in sales for the *Pink Ladies* taxi service?

Select **two** answers:

- A A rise in unemployment in the Warrington area.
- B A rise in the prices charged by other taxi firms in the Warrington area.
- C A fall in interest rates.
- D A reduction in the price of late night bus fares in the Warrington area.
- E An upturn in the business cycle.

(Total for Question 10 = 2 marks)

The owners of *Pink Ladies* have been very careful to employ the right staff for the job and train them properly.

11 Which **two** of the following might be the most effective methods of motivation for workers at *Pink Ladies*?

Select **two** answers:

- A They like to handle cash.
- B They are given a book on motivation theories.
- C They believe in what the company is trying to do.
- D They are given set times for picking up and dropping off customers and so can earn more money.
- E The quality and range of the training they are given gives them the confidence to do their jobs well.

(Total for Question 11 = 2 marks)





Questions 12–13 are based on the following passage.



Mandy Beaumont runs Merry Maids of Rutland. Merry Maids provides a cleaning service for busy homeowners. Mandy trains each member of staff to high standards and she carries out regular spot checks to ensure standards are being maintained. Many of her clients have a fortnightly clean; the same two ladies go to the house on each appointment so they really get to know the house. Merry Maids is a franchise which Mandy decided to buy into. She had been considering setting up her own cleaning business. The benefits of buying into the Merry Maids franchise made the decision easy for her.

**12** The following table shows the costs, revenues and profits for Merry Maids for a two month period.

Fill in the **four** blanks (a)–(d) to complete the table.

	<b>October</b>	<b>November</b>
Total receipts	£14 000	£12 000
Fixed costs	£2 000	£2 000
Variable costs	(a)	(c)
Total costs	£9 000	(d)
Profit	(b)	£7 000

**(Total for Question 12 = 4 marks)**

Merry Maids supplies all the cleaning equipment and materials.

**13** What might be the most likely effect on Merry Maids of a rise in the cost of these materials if it did not change its prices?

Select **one** answer:

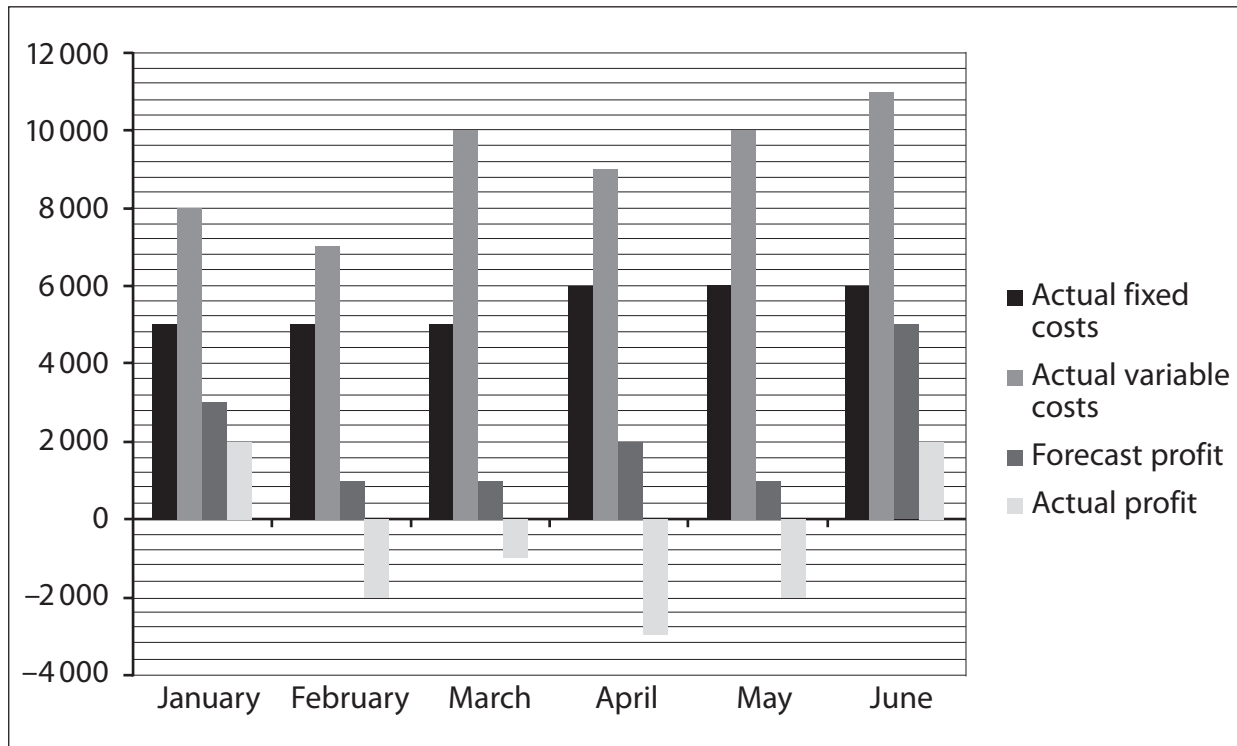
- A** A fall in profit.
- B** Revenue would rise.
- C** Sales would decrease.
- D** Productivity would rise.

**(Total for Question 13 = 1 mark)**



Questions 14–16 are based on the chart below.

**ToyWorld Ltd**  
**Half-Year Cost and Profit figures**



**14** What is the most likely reason for the rise in fixed costs from April onwards?

Select **one** answer:

- A** A rise in the cost of buying-in toys.
- B** A rise in the cost of providing carrier bags to customers.
- C** Paying staff more when they work longer hours.
- D** An increase in the rent it pays for its premises.

**(Total for Question 14 = 1 mark)**



**15** What **two** reasons best explain the difference between ToyWorld's actual profit and the forecast profit in May?

Select **two** answers:

- A** Sales for ToyWorld were much higher than predicted.
- B** ToyWorld based its sales forecasts on inaccurate data.
- C** The variable costs were higher than expected.
- D** Actual profit does not take into account total costs.
- E** The fixed costs rose in May.

**(Total for Question 15 = 2 marks)**

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**16** Which **one** of the following is a tax that a small business might have to pay?

Select **one** answer:

- A** Inheritance Tax.
- B** Corporation Tax.
- C** Market Tax.
- D** Company Tax.

**(Total for Question 16 = 1 mark)**

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A small high street sports retailer, 'Likey', has managed to obtain a supply of replica Premiership soccer shirts from a supplier in the EU. The cost of buying the shirts from the supplier is as follows:

- Chelsea shirt – €26
- Manchester United shirt – €32.

Likey sells each shirt to its customers in the UK for the same price – £35.

The exchange rate is currently £1 = €1.10.

The exchange rate between the pound and the euro changes from £1 = €1.10 to £1 = €1.25.

**17** Which **one** of the following would be the most likely result of this change in exchange rates for the sports retailer?

- A** There will be no change because Likey will still sell the shirts for the same price in the UK.
- B** The cost of buying the shirts from the EU will rise.
- C** The cost of buying the shirts from the EU will fall.
- D** Likey will have to give up more pounds to acquire the same amount of euros.

**(Total for Question 17 = 1 mark)**

**18** Which **two** of the following would be the most probable major risks for a new business start-up?

Select **two** answers:

- A** Knowing what the difference is between fixed costs and variable costs.
- B** Increasing competition may lead to not enough customers using the business.
- C** Dealing with difficult customers may lead to poor customer relations.
- D** Ensuring that there is a market for your product.
- E** Deciding to open the premises at 9.00 a.m.

**(Total for Question 18 = 2 marks)**



**19** Match the definition on the left with the correct term on the right.

Show your answers by drawing a line from the definition on the left to the matching term on the right. If you change your mind about an answer, cross the line out and draw a new line to mark your new answer.

Definition	
The creation of a product that is valued higher by the consumer than the costs paid to suppliers	i
The process of transforming inventions into products that can be sold to customers	ii
A way of positioning products to provide a visual representation of a market	iii
A means of finding out about a market using information that has already been published	iv
The process of intentional creation of new ideas through recognised and accepted techniques	v

Term	
A	Innovation
B	Secondary research
C	Entrepreneurship
D	Market research
E	Added value
F	Deliberate creativity
G	Market map
H	Business cycle

**(Total for Question 19 = 5 marks)**







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Unit 6: Introduction to Small Business

Question Number	Answer	Mark
1	B	(1)

Question Number	Answer	Mark
2	C	(1)

Question Number	Answer	Mark
3	Expensive / Plain - C Plain/Cheaper - A Expensive/Flavoured - B	(3)

Question Number	Answer	Mark
4	B	(1)

Question Number	Answer	Mark
5	A	(1)

Question Number	Answer	Mark
6	B, E	(2)

Question Number	Answer	Mark
7	C	(1)

Question Number	Answer	Mark
8	C	(1)

Question Number	Answer	Mark
9	A, D	(2)

Question Number	Answer	Mark
10	A, D	(2)

Question Number	Answer	Mark
11	C, E	(2)

Question Number	Answer	Mark
12	(a) £7 000      (c) £5 000 (b) £3 000      (d) £5 000	(4)

Question Number	Answer	Mark
13	A	(1)

Question Number	Answer	Mark
14	D	(1)

Question Number	Answer	Mark
15	B, C	(2)

Question Number	Answer	Mark
16	B	(1)

Question Number	Answer	Mark
17	C	(1)

Question Number	Answer	Mark
18	B, D	(2)

Question Number	Answer	Mark
19	i = E; ii = A; iii = G; iv = B; v = F	(5)

Question Number		Indicative content
20  QWC Strands (i), (ii) and (iii)		<p>Choice 1: Knowing who was likely to buy her product. Choice 2: Knowing who her competitors were.</p> <p>Possible examples that could be used to support justification of choice:</p> <p>Knowing who was likely to buy her product:</p> <ul style="list-style-type: none"> <li>▪ Knowing what price to charge</li> <li>▪ Where to locate the business</li> <li>▪ What time to open the business and what type of service to offer</li> <li>▪ Market segmentation.</li> </ul> <p>Knowing who her competitors were:</p> <ul style="list-style-type: none"> <li>▪ Providing a service for which a market exists</li> <li>▪ Identifying a market niche</li> <li>▪ Recognising a need by customers</li> <li>▪ Product that was not already supplied in the local area.</li> </ul>
Level	Mark	Descriptor
No mark	0	Non-rewardable material
Level 1	1 - 2	A choice will be made with poorly developed justification, and supported by limited examples. The quality of written communication will be poor with frequent spelling, punctuation and grammar errors and the style of writing will not be appropriate to the subject matter.
Level 2	3 - 4	A choice will be made with some developed justification and supported by some appropriate examples, although development might be a little confused or incoherent at times especially at the lower end of the mark range. There will be a good level of quality of written communication with few mistakes in spelling, punctuation and grammar. The quality of the language used will be appropriate for the subject matter; however its use will not be confidently used as that in level 3.
Level 3	5 - 6	A choice will be made with a clearly developed, articulate and coherent justification supported by appropriate examples. The quality of written communication will be of a high standard with few, if any, errors in spelling, punctuation and grammar. The style of writing will be appropriate and of a high standard.