



Pearson  
Edexcel

# GCSE (9-1) Business

Paper 2: Practice Questions, Mark  
Schemes, Model Answers with  
Examiner Commentary Set 3





**Topic Map:**

<b>Question</b>	<b>Command word</b>	<b>Specification reference</b>	<b>Topic area</b>	<b>Sub-topic</b>
1	State	2.2.2	Price	Influences on pricing strategies
2(a)	Calculate	2.3.2	Working with suppliers	Interpretation of bar gate stock graphs
2(b)	Calculate	2.3.2	Working with suppliers	Interpretation of bar gate stock graphs
3	Outline	2.3.2	Working with suppliers	Relationships with suppliers
4	Analyse	2.3.1	Business operations	Production processes: flow
5	Evaluate	2.1.2	Changes in business aims and objectives	Why business aims and objectives change as businesses evolve



**Answer ALL questions.**

**Read the following extract carefully and then answer Questions 1-5.**

**Write your answers in the spaces provided.**

During 2020, demand for home baking goods, such as flour and sugar, doubled. In the first four weeks of March, demand for plain flour increased by 92% in UK supermarkets.

*Sainsbury's*, the UK supermarket chain, reported that its Worcester store was selling out of 1.5kg bags of plain flour within hours of a delivery arriving from suppliers. The store then had empty shelves until the next delivery arrived several days later. A spokesperson on behalf of the flour milling industry stated that 'UK flour mills are working round the clock, milling flour 24 hours a day, seven days a week to double their production to meet the demand'.



**Figure 1: Empty shelves in *Sainsbury's* Worcester store**

Plain flour is produced in flour mills, which use a flow production process. One of the largest flour millers in the UK is *Whitworth Brothers Ltd*. The company normally sell large quantities of its flour to food producers and restaurants in 20kg to 1,000kg bags. The rise in the popularity of home baking as a hobby during 2020 caught most flour millers by surprise. Producing smaller 1.5kg bags for sale in supermarkets normally only accounts for around 4% of *Whitworth Brothers* revenue. The company is thinking of purchasing £10 million of new machinery that will allow it to produce more 1.5kg bags of plain flour at a faster speed. The company believes that this part of the flour market has the potential to keep growing.

(Source: adapted from <https://www.telegraph.co.uk/news/2020/04/27/flour-shortage-means-industry-creates-map-bakers-sell/>)



1. State **one** possible influence on *Whitworth Brother's* choice of pricing strategy.

(1)

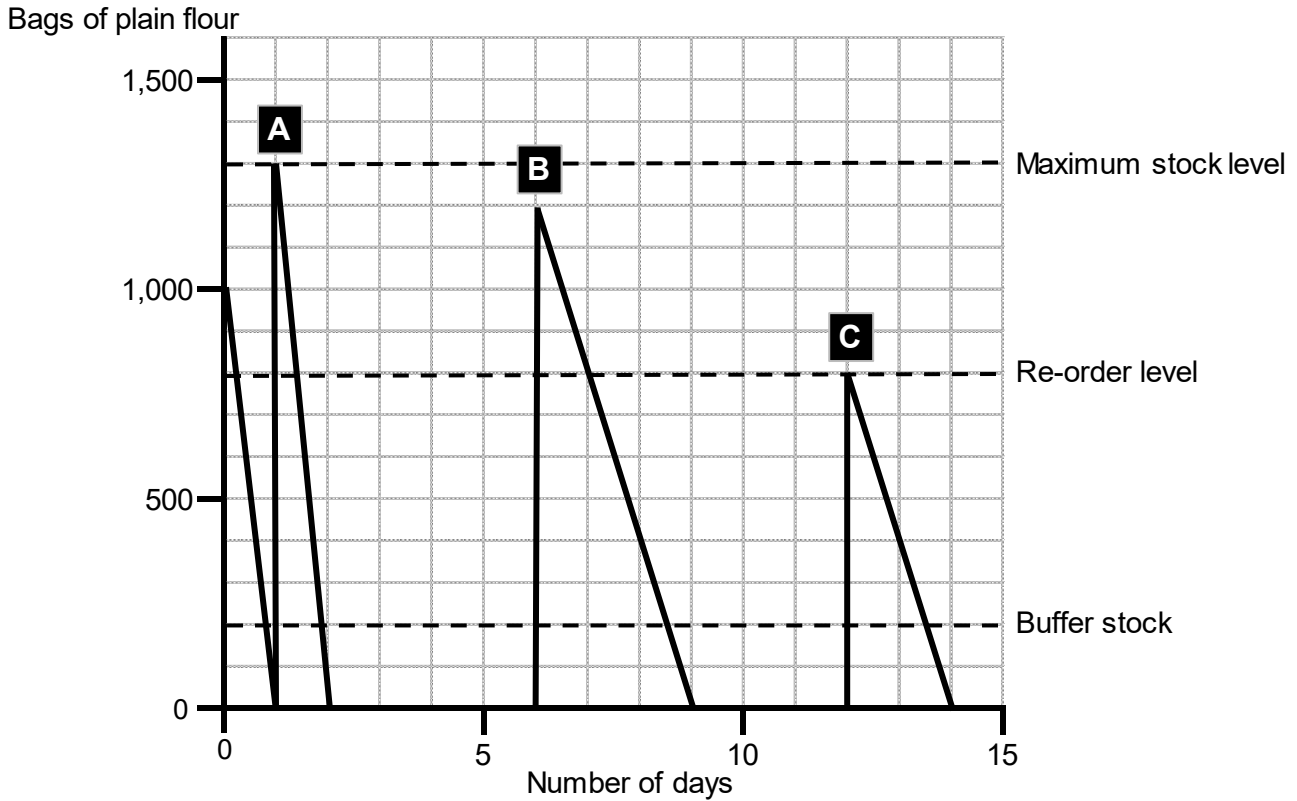
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Figure 2 shows a bar gate stock graph which details the delivery of plain flour to *Sainsbury's* Worcester store during the first 15 days of March 2020. During this time, it received three deliveries of plain flour. These are marked as A, B and C.



**Figure 2**

2. (a) Using the information in Figure 2, calculate the number of days that *Sainsbury's* Worcester store ran out of plain flour for, during the 15 day period. You are advised to show your workings.

(2)

.....days



(b) Using the information in Figure 2, calculate the length of time delivery C took to arrive after being ordered. You are advised to show your workings.

(2)

.....days

3. Outline **one** benefit to *Sainsbury's* of improving its relationship with suppliers.

(2)

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**Mark Scheme:**

Question number	Answer	Mark
1	<p>Award 1 mark for stating one influence on <i>Whitworth Brothers</i> choice of pricing strategy.</p> <p>Cost of milling the flour (1). The number of other flour mills in the market (1). Demand for flour from supermarkets (1).</p> <p>Do not accept generic answers that would not be applicable to <i>Whitworth Brothers</i>. For example, technology, competition, market segments, product life cycle etc.</p>	(1) AO2

Question number	Answer	Additional guidance	Mark
2(a)	<p>Substitution into correct formula:</p> <p>4 days + 3 days + 1 day (1)</p> <p>Answer: 8 days (1)</p>	Award full marks for correct numerical answer without working.	(2) AO2

Question number	Answer	Additional guidance	Mark
2(b)	<p>Substitution into correct formula:</p> <p>Day 12 – Day 7 (1)</p> <p>Answer: 5 days (1)</p>	Award full marks for correct numerical answer without working.	(2) AO2

Question number	Answer	Mark
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<b>3</b>	<p>Award up to 2 marks for linked points outlining a benefit to <i>Sainsbury's</i> of improving its relationship with suppliers. Award a maximum of 1 mark if points are not linked.</p> <p><i>Sainsbury's</i> may be able to get flour millers to deliver 1.5kg bags of plain flour faster (1). Therefore, the supermarket group would be able satisfy customer demand in its stores (1).</p> <p><i>Sainsbury's</i> may be able to negotiate a discount with <i>Whitworth Brothers</i> (1). Therefore, they may be able to purchase plain flour at a lower price (1).</p> <p>Award any other valid answer. To award 2 marks there must linked development <b>and</b> evidence of application.</p>	<b>(2)</b> <b>AO2</b>
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Question number	Indicative content		Mark
4	<ul style="list-style-type: none"> <li>It will allow plain flour to be produced in bulk quantities, allowing <i>Whitworth Brothers</i> to sell 1,000kg bags to food manufacturers (AO2).</li> <li>The cost of the flour milling and packaging machinery will be high (£10 million) to allow them to produce plain flour in such large quantities (AO2).</li> <li>As a result, <i>Whitworth Brothers</i> will be able to produce flour in a more efficient way. Therefore, the cost of producing each bag of flour should fall (AO3a).</li> <li>Therefore, <i>Whitworth Brothers</i> fixed costs will increase. This may increase their break even point. If the demand for flour decreases, this could cause <i>Whitworth Brothers</i>' profits to fall or even cause them to make a loss (AO3a).</li> </ul>		<b>(6)</b> <b>AO2=3</b> <b>AO3a=3</b>
Level	Mark	Descriptor	
	0	No rewardable material.	
Level 1	1–2	<ul style="list-style-type: none"> <li>Limited application of knowledge and understanding of business concepts and issues to the business context (AO2).</li> <li>Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a).</li> </ul>	
Level 2	3–4	<ul style="list-style-type: none"> <li>Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2).</li> <li>Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a).</li> </ul>	



Level 3	5–6	<ul style="list-style-type: none"><li>• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2).</li><li>• Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a).</li></ul>
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Question number	Indicative content	Mark
5	<ul style="list-style-type: none"><li>• Growth allows the company to increase its revenue and profitability (AO1b).</li><li>• Growth will increase the company's costs and cash outflows (AO1b).</li><li>• This is because the home baking market for smaller 1.5kg bags of plain flour has grown by 92% in just four weeks in March 2020 (AO2).</li><li>• This is because to be able to produce more 1.5kg bags of plain flour the company will need to invest £10 million in new machinery at its flour mills (AO2).</li><li>• Therefore, if <i>Whitworth Brothers</i> can increase production to meet the higher demand, they can probably charge supermarkets a higher price for their flour. Therefore, smaller bags of flour may generate higher profit margins for the company per kilogram than the other bulk markets they currently focus on. Therefore, growth could provide the company with a competitive advantage (AO3a).</li><li>• As a result, the fixed costs of <i>Whitworth Brothers</i> will increase which may make it harder for the company to make a profit because the break even level of output will also increase. The investment in new machinery will also increase cash outflows which may cause cash flow problems for the company, increasing the risk of insolvency (AO3a).</li><li>• However, the decision to focus on growth may be risky because the market that is growing is so small compared to the markets that <i>Whitworth Brothers</i> currently focus on. Therefore, the decision to focus on growth depends on whether the costs of the investment can be recovered from the extra revenue generated from the small bag flour market (AO3b).</li><li>• However, this is an opportunity for <i>Whitworth Brothers</i> and if they do change their objective to growth, they may have the opportunity to provide supermarkets with the flour that their customers are demanding. This could provide the company with a much more profitable market. However, the extent to which <i>Whitworth Brothers</i> could benefit from this is dependent on whether rival flour milling companies also try and adapt by growing to meet the rising levels of demand (AO3b).</li></ul>	<p>(12) AO1b=3 AO2=3 AO3a=3 AO3b=3</p>



Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–4	<ul style="list-style-type: none"> <li>• Demonstrates elements of knowledge and understanding of business concepts and issues, with limited business terminology used (AO1b).</li> <li>• Limited application of knowledge and understanding of business concepts and issues to the business context (AO2).</li> <li>• Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a).</li> <li>• Draws a conclusion, supported by generic assertions from limited evaluation of business information and issues (AO3b).</li> </ul>
Level 2	5-8	<ul style="list-style-type: none"> <li>• Demonstrates mostly accurate knowledge and understanding of business concepts and issues, including appropriate use of business terminology in places (AO1b).</li> <li>• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2).</li> <li>• Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a)</li> <li>• Draws a conclusion based on sound evaluation of business information and issues (AO3b).</li> </ul>
Level 3	9-12	<ul style="list-style-type: none"> <li>• Demonstrates accurate knowledge and understanding of business concepts and issues throughout, including appropriate use of business terminology (AO1b).</li> <li>• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2).</li> <li>• Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a).</li> <li>• Draws a valid and well-reasoned conclusion based on a thorough evaluation of business information and issues (AO3b).</li> </ul>



**Model answers to levels-based questions:**

4. Analyse the impact on *Whitworth Brothers* of using flow production in its factories.

**(6)**

**Flour** is a standardised product, therefore flow production allows Whitworth Brothers to **mill** large quantities of it in their **flour mills**. This allows Whitworth Brothers to become much more efficient in the production of **flour** (explanation strand 1) because the machinery used in flow production is much more productive (explanation strand 2). As a result, the cost of **milling** a **1000kg bag of flour** will decrease (explanation strand 3). This should allow Whitworth Brothers to maximise their profits (explanation strand 4). As a result, they may have more retained profit available to invest in the **new packaging machinery** to allow it to produce more **1.5kg bags for supermarkets** (explanation strand 5).

**Examiner Commentary:**

The candidate has decided to consider one impact in one paragraph, rather than two impacts in two paragraphs. The impact stated is a positive one and five logical linked strands of Analysis emanate from it (highlighted in green). This allows the candidate to score Level 3 for Analysis (AO3a).

In terms of Application (AO2) (highlighted in red), there is plenty of it spread throughout the paragraph. The candidate has clearly thought about the context in the extract before composing their answer. Therefore, Application was also awarded Level 3. With two good level 3s for both assessment objectives, tested by this question, the candidate was **awarded 6 marks**.



5. Evaluate whether *Whitworth Brothers Ltd* should have changed its business objective to growth. You should use the information provided as well as your knowledge of business.

(12)

During 2020, the demand for **home baking** goods has **almost doubled**. This is likely to be behind Whitworth Brothers' decision to focus on growth as a business objective.

A change in market conditions has seen a **92% increase** in the demand for **plain flour** from supermarkets, such as **Sainsbury's** in a very short space of time due to the popularity of **home baking**. Therefore, Whitworth Brothers have an opportunity to take advantage of this change in market conditions by being able to meet the significant increase in **supermarket demand** (**explanation strand 1**). This could give the company higher revenues (**explanation strand 2**) which may lead to higher levels of profit (**explanation strand 3**). If Whitworth Brothers can improve its ability to produce **1.5kg bags of flour** quickly, it also able to build stronger relationships with **supermarkets**. This may give the company an advantage over its competitors since with **empty supermarket shelves** (**figure 1**) it appears that all **flour millers** are struggling to meet the demand for **smaller bags of flour** (**explanation strand 4**). Therefore, the growing **home baking** market segment provides an opportunity for the company to gain a competitive advantage over its rivals (**explanation strand 5**).

However, to focus on growth, Whitworth Brothers will have to spend an extra **£10 million** on new machinery for its **flour mills**. This will add to fixed costs and may also reduce cash flow in the short term. The **home baking** market segment, also, only accounts for **4%** of the company's revenues, so even with a **92% increase in demand**, it would still represent a small proportion of the company's revenues. There is also a risk that the popularity of **home baking** may fall in the future, leaving Whitworth Brothers with **expensive flow production** machinery that it cannot fully use due to falling demand.

In conclusion, the company may be taking a significant risk in changing its objective to growth. Currently, its main markets, selling **bulk flour** to **food manufacturers** and **restaurants** accounts for **96%** of the company's revenue. To focus on growth may require cash outflows for new machinery that could damage net cash flow and increase the risk of insolvency. It



also depends on whether the potential for increased revenue from selling **smaller 1.5kg bags to supermarkets** will occur for a long period of time and whether it is worth the investment of **£10 million** in the short-term.

**Examiner Commentary:**

This response was **awarded 12 marks**. The level of knowledge and understanding was excellent throughout and Level 3 was awarded for this skill (AO1b). There was evidence of Application (AO2) throughout the answer (**highlighted in red**). In paragraph two, there were at least five logical, linked strands built from two separate points (**highlighted in green**). Thus, Analysis (AO3a) can be awarded at Level 3 also. The candidate then provided more strands of analysis in paragraph three which would also count for Evaluation (AO3b). Note the use of the word 'However...' at the start of paragraph three which signals that the candidate is now starting to consider the alternate viewpoint. The final paragraph starts with 'In conclusion...' and this section makes use of the 'it depends rule' and goes beyond just a simple paraphrasing of what has been written earlier in the response. The candidate makes a subtle point about the fact that the growing market is currently only a small proportion of the company's total revenue. This paragraph showed both excellent Application (AO2) and Evaluation (AO3b). With four strong Level 3s, the candidate was awarded full marks.