



**Pearson  
LCCI Level 3 Certificate  
in Business Principles  
and Enterprise  
(ASE20301)**

**SAMPLE ASSESSMENT MATERIALS**

First teaching from April 2019

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# Pearson LCCI Level 3

Sample assessment material for first teaching April 2019

Time: 3 hours

Paper Reference **ASE20301**

## Certificate in Business Principles and Enterprise

Please check the examination details above before entering your candidate information

Candidate name

Centre Code

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Candidate Number

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Candidate ID Number

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Total Marks

**You must have:**  
a calculator

### Instructions

- Use **black** ink or ball-point pen
  - pencil can only be used for graphs, charts, diagrams, etc.
- **Fill in the boxes** at the top of this page with your name, candidate number, centre code and your candidate ID 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 100.
- The marks for **each** question are shown in brackets
  - use this as a guide as to how much time to spend on each question.
- Calculators may be used.

### Advice

- Read each question carefully before you start to answer it.
- Try to answer every question.
- You are advised to show your workings.
- Check your answers if you have time at the end.

Turn over ►

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Answer ALL questions. Write your answers in the spaces provided.

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 **one** of these is a feature of a partnership?

(1)

- A** Owned by the government
- B** Has more than one owner
- C** Can raise finance by issuing shares
- D** Completes a memorandum of association

(b) State **two** benefits to a business of operating within a trading bloc.

(2)

1 .....

2 .....

(c) State **two** factors that can influence a business culture.

(2)

1 .....

2 .....

(d) State **two** internal stakeholders of a business.

(2)

1 .....

2 .....

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(e) Explain **one** reason why a business would want to use overseas agencies when selling its products in another country.

(2)

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(f) Explain **one** way consumer protection legislation may impact on a business.

(2)

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(g) Explain **two** benefits a multinational corporation (MNC) brings to a host country.

(4)

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(h) Explain **two** features of a public sector organisation.

(4)

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*Jack's Welding Ltd* is a private limited company. It has recently seen a large rise in demand for its services and is looking to expand the business to maximise profit opportunities.

- (i) Analyse the impact on *Jack's Welding Ltd* of changing to a public limited company.

(6)

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**(Total for Question 1 = 25 marks)**

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2 (a) Which **one** of these is an element of the marketing mix? (1)

- A Profit
- B Production
- C Place
- D Portfolio

(b) State **two** types of share issued by a public limited company. (2)

1 .....

2 .....

(c) State **two** components of an enterprise start-up plan. (2)

1 .....

2 .....

(d) Explain **one** reason why a business may complete a cash flow forecast. (2)

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(e) Explain **one** reason why the price of a product may fall.

(2)

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Table 1 shows an extract from a cash flow forecast of a small business for the three months February to April 2020.

(f) Complete the cash flow forecast for the small business inserting the correct figures in the blank boxes in **Table 1**.

(3)

	February \$	March \$	April \$
Total receipts	4 600	4 300	4 950
Total payments	2 200	2 300	2 750
Net inflow/(outflow)	.....	2 000	2 200
Opening balance	1 000	.....	5 400
Closing balance	3 400	5 400	.....

**Table 1**

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TM's is a medium sized gym.

Extract of monthly financial information for <i>TM's</i>	
Monthly membership fee	\$25
Rent	\$2 291
Salaries	\$5 000
Variable cost per member	\$2

**Table 2**

- (g) Calculate the number of monthly gym memberships *TM's* must sell each month to reach the break-even point.

(3)

Working box

..... Memberships



(h) Explain **two** reasons why a business may use an employment agency when recruiting an employee.

(4)

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*Trev's Travels* is a travel agency. It has recently published a new travel brochure, which is expected to lead to an increase in holiday bookings over the summer period. The business has a high number of full-time employees. It is now considering recruiting more part-time employees.

(i) Evaluate the benefits to *Trev's Travels* of recruiting part-time employees.

(6)

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**(Total for Question 2 = 25 marks)**



3 (a) Which **one** of the following is an element of the Ansoff Matrix?

(1)

- A Promotion
- B Differentiation
- C Diversification
- D Extension

(b) State **two** ways industrial action may impact on a business.

(2)

1 .....

2 .....

(c) State **two** types of business risk.

(2)

1 .....

2 .....

(d) Describe **one** component of the Boston Consulting Group (BCG) matrix.

(2)

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(e) Explain **one** way poor management can affect the motivation of employees.

(2)

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(f) Describe **one** feature of employers' liability insurance.

(2)

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(g) Explain **two** ways the increased use of technology can impact on a manufacturing business.

(4)

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(h) Explain **two** external factors that can cause a business to change the products it sells.

(4)

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Taysee is a Malaysian soft drinks manufacturer. It sells a variety of flavoured fruit juices and has a strong brand presence. Some of its fruit juices have high levels of sugar, which adds to their flavour. Two new competitors who specialise in the manufacture of sugar-free drinks have recently entered the soft drinks market. This is in response to the government’s introduction of a sugar tax on soft drinks aimed at promoting healthy living.

There are two factors that could impact on *Taysee’s* sales:

- the change in legislation
- the increased competition.

(i) Evaluate which of these two factors may have the greatest impact on *Taysee’s* sales.

(6)

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4 (a) Which **one** of the following best describes an autocratic leadership style? (1)

- A** The leader makes all the decisions
- B** The leader gives employees authority to make decisions
- C** The leader seeks ideas from employees in decision-making
- D** The leader gives very little direction

(b) State **two** non-financial performance indicators used by a business. (2)

1 .....

2 .....

(c) State **two** workforce development strategies used by a business. (2)

1 .....

2 .....

(d) State **two** types of quality system used by businesses. (2)

1 .....

2 .....

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(e) Explain **one** stage in the decision-making process used by a business.

(2)

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**Table 3** shows a statement of comprehensive income for a small business.

Statement of comprehensive income 2017	
Sales	\$7 500
Cost of sales	\$3 050
Gross profit	.....
Other operating expenses	\$1 770
Profit for the year	.....
Profit for the year margin (%) (To two decimal places)	.....

**Table 3**

(f) Complete the statement of comprehensive income by inserting the correct figures in the blank boxes in **Table 3**.

(3)

Working box

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**Table 4** shows the extract of monthly financial information for a small business.

Extract of monthly financial information	
Cash sales	\$19 250
Credit sales	\$2 750
Cost of sales	\$13 700

**Table 4**

(g) Calculate the monthly gross profit margin, to two decimal places, using the information in **Table 4**.

You are advised to show your workings.

(3)

Working box

Gross Profit Margin .....



(h) Explain **two** benefits to a business of using job rotation.

(4)

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*Tasse Hairdressers* has recently received a number of complaints from customers relating to slow service and high prices. As a result, its sales turnover has fallen and it is experiencing cash flow difficulties.

(i) Analyse the actions that *Tasse Hairdressers* could take to deal with this situation.

(6)

Area for handwritten answer with horizontal dotted lines.

(Total for Question 4 = 25 marks)

TOTAL FOR PAPER = 100 MARKS





# Sample Mark Scheme

April 2019

LCCI Level 3 Certificate in  
Business Principles and Enterprise  
(ASE20301)



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Issue 2 – April 2019 © Pearson Education Limited 2019

## General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

Question number	Answer	Mark
1(a)	<b>B</b> – Has more than one owner	<b>(1)</b>

Question number	Answer	Mark
1(b)	<p>Award <b>1</b> mark for each benefit, up to a maximum of <b>2</b> marks.</p> <ul style="list-style-type: none"> <li>• Free movement of goods/cheaper to export. <b>(1)</b></li> <li>• Free movement of labour/more people to choose from when recruiting. <b>(1)</b></li> <li>• Eliminates tariffs and opens up trade opportunities. <b>(1)</b></li> <li>• Larger market to sell to. <b>(1)</b></li> </ul> <p>Award marks for any other valid responses.</p>	<b>(2)</b>

Question number	Answer	Mark
1(c)	<p>Award <b>1</b> mark for each factor, up to a maximum of <b>2</b> marks.</p> <ul style="list-style-type: none"> <li>• Management style <b>(1)</b></li> <li>• Type of business <b>(1)</b></li> <li>• Size of the business <b>(1)</b></li> <li>• Type of product <b>(1)</b></li> <li>• Organisational structure <b>(1)</b></li> </ul> <p>Award marks for any other valid responses.</p>	<b>(2)</b>

Question number	Answer	Mark
1(d)	<p>Award <b>1</b> mark for each internal stakeholder, up to a maximum of <b>2</b> marks.</p> <ul style="list-style-type: none"> <li>• Employees <b>(1)</b></li> <li>• Shareholders <b>(1)</b></li> <li>• Managers <b>(1)</b></li> </ul> <p>Award marks for any other valid responses.</p>	<b>(2)</b>

Question number	Answer	Mark
1(e)	<p>Award <b>1</b> mark for a reason and <b>1</b> mark for a linked expansion, up to a maximum of <b>2</b> marks.</p> <ul style="list-style-type: none"> <li>• An agency might have a better understanding of the needs and wants of the customers in the country that the product is being sold in, <b>(1)</b> as a result this specialised knowledge could result in promoting the products to the right people to maximise sales. <b>(1)</b></li> <li>• There are cultural and language barriers when selling in another country. <b>(1)</b> Therefore an agency could minimise any risk associated with the unknown market. <b>(1)</b></li> </ul> <p>Award marks for any other valid responses.</p>	<b>(2)</b>

Question number	Answer	Mark
1(f)	<p>Award <b>1</b> mark for explaining the way and <b>1</b> mark for a linked expansion, up to a maximum of <b>2</b> marks.</p> <ul style="list-style-type: none"> <li>• Consumer protection legislation protects customer from defective goods <b>(1)</b> Businesses must make sure that they sell goods that are fit for purpose and the customer gets what they are paying for <b>(1)</b>.</li> <li>• Consumer protection may result in increased costs for the business <b>(1)</b> if consumers can receive refunds for faulty products <b>(1)</b>.</li> </ul> <p>Award marks for any other valid responses.</p>	<b>(2)</b>

Question number	Answer	Mark
1(g)	<p>Award <b>1</b> mark for each benefit and <b>1</b> mark for a linked expansion, up to a maximum of <b>2</b> marks for each benefit.</p> <ul style="list-style-type: none"> <li>• MNC's are a source of tax revenue for the country, <b>(1)</b> this should allow the government to fund other public services. <b>(1)</b>.</li> <li>• When an MNC sets up in a country they create employment opportunities for the locals. <b>(1)</b> This can result in the employees being trained to a higher level. <b>(1)</b>.</li> <li>• MNC's create competition for domestic businesses, <b>(1)</b> this could result in domestic companies improving the quality of the products and services that they offer to increase their competitiveness. <b>(1)</b>.</li> </ul> <p>Award marks for any other valid responses.</p>	<b>(4)</b>

Question number	Answer	Mark
1(h)	<p>Award <b>1</b> mark for each feature and <b>1</b> mark for a linked expansion, up to a maximum of <b>2</b> marks for each feature.</p> <ul style="list-style-type: none"> <li>Owned and run by the government, <b>(1)</b> so the decisions about how they are run and how much money is spent on these services are made by the government <b>(1)</b></li> <li>Funded by tax payers. <b>(1)</b> The money is then redistributed back into the services that the public sector offer. <b>(1)</b></li> <li>They provide a service for people <b>(1)</b> and all people can access it regardless of their ability to pay/income. <b>(1)</b></li> </ul> <p>Award marks for any other valid responses.</p>	<b>(4)</b>

Question number	Indicative content	Mark
1(i)	<ul style="list-style-type: none"> <li>Allows Jack's Welding Ltd to access finance through selling shares on the stock market.</li> <li>This can allow Jack's Welding Ltd to expand at a much quicker rate than if they stayed as an Ltd.</li> <li>Becoming a Plc could create a more prestige profile for Jack's Welding Ltd.</li> <li>Setting up as a Plc is a lengthy and costly process, this is an opportunity cost for Jack's Welding Ltd as its resources could be used for other business activities.</li> <li>A Plc is vulnerable to a takeover because shares in a public limited company can be freely traded on a stock market.</li> <li>Once on the stock market Jack's Welding Ltd would have more shareholders which the directors will be accountable for.</li> <li>The original owners/shareholders of Jack's Welding Ltd may lose control of the business as a result of the potential increase in shareholders in the Plc.</li> </ul> <p>Award marks for any other valid response.</p>	<b>(6)</b>

Mark scheme (award up to 6 marks) please see the guidance on how to apply levels based mark schemes*		
Level	Mark	Descriptor
	0	No rewardable material
Level 1	1-2	<ul style="list-style-type: none"> <li>• Demonstrates isolated elements of knowledge and understanding.</li> <li>• Breaks the situation down into component parts and a few of the points made will be relevant to the context in the question.</li> <li>• Limited analysis that contains generic assertions rather than interrelationships or links.</li> </ul>
Level 2	3-4	<ul style="list-style-type: none"> <li>• Demonstrates some accurate knowledge and understanding.</li> <li>• Breaks the situation down into component parts and some of the points made will be relevant to the context in the question.</li> <li>• Displays a partially developed analysis that considers some interrelationships or links but these are not always sustained.</li> </ul>
Level 3	5-6	<ul style="list-style-type: none"> <li>• Demonstrates mostly accurate knowledge and understanding.</li> <li>• Breaks the situation down into component parts and most of the points made will be relevant to the context in the question.</li> <li>• Displays a developed and logical analysis that clearly considers interrelationships or links in a sustained manner.</li> </ul>

Question number	Answer	Mark
2(a)	<b>C - Place</b>	<b>(1)</b>

Question number	Answer	Mark
2(b)	<p>Award <b>1</b> mark for each type of share, up to a maximum of <b>2</b> marks.</p> <ul style="list-style-type: none"> <li>• Ordinary shares <b>(1)</b></li> <li>• Preference shares <b>(1)</b></li> </ul> <p>Award marks for any other valid responses.</p>	<b>(2)</b>

Question number	Answer	Mark
2(c)	<p>Award <b>1</b> mark for each component, up to a maximum of <b>2</b> marks.</p> <ul style="list-style-type: none"> <li>• Market research <b>(1)</b></li> <li>• Promotional plan <b>(1)</b></li> <li>• Financial plan <b>(1)</b></li> <li>• Evidence of personal experience <b>(1)</b></li> <li>• Details of the product <b>(1)</b></li> <li>• Risk analysis <b>(1)</b></li> <li>• Business targets <b>(1)</b></li> </ul> <p>Award marks for any other valid responses.</p>	<b>(2)</b>

Question number	Answer	Mark
2(d)	<p>Award <b>1</b> mark for a reason and <b>1</b> mark for a linked expansion, up to a maximum of <b>2</b> marks.</p> <ul style="list-style-type: none"> <li>• A cash flow forecast can be compared to a cash flow statement at the end of a year. <b>(1)</b> As a result of this, the business can review if they have a negative closing balance. If they did they could plan differently for the next year. <b>(1)</b></li> <li>• A cash flow forecast allows a business to see when they are expected to receive money and when it needs paying out. <b>(1)</b> This will lead to a business knowing what arrangements need making to make sure they can cover their costs e.g. obtain extra finance. <b>(1)</b></li> </ul> <p>Award marks for any other valid responses.</p>	<b>(2)</b>

Question number	Answer	Mark
2(e)	<p>Award <b>1</b> mark for explain how the price might change and <b>1</b> mark for a linked expansion, up to a maximum of <b>2</b> marks.</p> <ul style="list-style-type: none"> <li>The price of a product might be reduced when it starts to go into the decline stage of the product life cycle <b>(1)</b> because demand for the product is falling. <b>(1)</b></li> <li>The costs of the business may have fallen <b>(1)</b> and this can be passed on to the consumer in the form of lower prices. <b>(1)</b></li> </ul> <p>Award marks for any other valid responses.</p>	<b>(2)</b>

Question number	Answer	Mark																								
2(f)	<table border="1"> <thead> <tr> <th></th> <th>February \$</th> <th>March \$</th> <th>April \$</th> </tr> </thead> <tbody> <tr> <td>Total receipts</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total payments</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Net inflow/(outflow)</td> <td>2 400 <b>(1)</b></td> <td></td> <td></td> </tr> <tr> <td>Opening balance</td> <td></td> <td>3 400 <b>(1)</b></td> <td></td> </tr> <tr> <td>Closing balance</td> <td></td> <td></td> <td>7 600 <b>(1)</b></td> </tr> </tbody> </table> <p>Correct answers only. No other answer accepted.</p>		February \$	March \$	April \$	Total receipts				Total payments				Net inflow/(outflow)	2 400 <b>(1)</b>			Opening balance		3 400 <b>(1)</b>		Closing balance			7 600 <b>(1)</b>	<b>(3)</b>
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Closing balance			7 600 <b>(1)</b>																							

Question number	Answer	Mark
2(g)	<p>Award <b>3</b> marks for the correct answer.</p> <ul style="list-style-type: none"> <li>317 members <b>(3)</b></li> </ul> <p><b>Or</b></p> <p>If the answer is incorrect, award a maximum of <b>2</b> marks for the working box for calculation of the figures:</p> <ul style="list-style-type: none"> <li>Fixed costs (\$2,291 + \$5,000) = \$7,291 <b>(1)</b></li> <li>BEP=FC \$7,291 / selling price per unit (\$25)- variable cost per unit (\$2) <b>(1)</b></li> </ul> <p>Correct answers only. No other answer accepted.</p>	<b>(3)</b>



Question number	Answer	Mark
2(h)	<p>Award <b>1</b> mark for each drawback and <b>1</b> mark for a linked explanation, up to a maximum of <b>2</b> marks for each drawback.</p> <ul style="list-style-type: none"> <li>• An employment agency will manage the application process. <b>(1)</b> Therefore the business would save time from not having to look through all the applications and short listing potential employees. <b>(1)</b></li> <li>• An employment agency will assist the business to select appropriate candidates to be interviewed <b>(1)</b> because the business can draw upon the agency's own specialist knowledge and skills. <b>(1)</b></li> <li>• An employment agency would be able to select from a larger number of potential employees <b>(1)</b> which increases the opportunity to recruit a suitably qualified person. <b>(1)</b></li> </ul> <p>Award marks for any other valid responses.</p>	<b>(4)</b>

Question number	Indicative content	Mark
2(i)	<ul style="list-style-type: none"> <li>• A travel agent will have busy times in the week e.g. weekends when people book holidays, therefore they are more likely to need more staff at the weekend, especially after the new brochure has been published.</li> <li>• Having part-time employees will allow <i>Trev's Travels</i> to have workers available at their busy times e.g. when they see an increase in holiday bookings over the summer period.</li> <li>• This could result in <i>Trev's Travels</i> cutting out unnecessary wage costs when staff are not needed.</li> <li>• This reduction in wages could lead to <i>Trev's Travels</i> being more profitable.</li> <li>• Part-time employees can also be highly motivated due to having time to do other things outside of work.</li> <li>• However, part-time staff may find it difficult to keep up to date with day-to-day information and changes to business processes.</li> <li>• Part-time staff may also find it difficult to participate in on-the-job training opportunities if these take place at a time when they are not at work.</li> </ul> <p>Conclusion is drawn considering the differing aspects of employing part-time employees.</p>	<b>(6)</b>

Mark scheme (award up to 6 marks) please see the guidance on how to apply levels based mark schemes*		
Level	Mark	Descriptor
	0	No rewardable material
Level 1	1-2	<ul style="list-style-type: none"> <li>• Demonstrates isolated elements of knowledge and understanding.</li> <li>• Few of the points made will be relevant to the context in the question.</li> <li>• Limited evaluation that contains generic assertions leading to a conclusion that is superficial or unsupported.</li> </ul>
Level 2	3-4	<ul style="list-style-type: none"> <li>• Demonstrates some accurate knowledge and understanding.</li> <li>• Some of the points made will be relevant to the context in the question, but the link will not always be clear.</li> <li>• Displays a partially developed evaluation that considers some different aspects, leading to a conclusion that considers some different competing points, although not always in detail.</li> </ul>
Level 3	5-6	<ul style="list-style-type: none"> <li>• Demonstrates mostly accurate knowledge and understanding.</li> <li>• Most of the points made will be relevant to the context in the question, and there will be clear links.</li> <li>• Displays a developed and logical evaluation that clearly considers different aspects, leading to a conclusion that considers different competing points in detail.</li> </ul>

Question number	Answer	Mark
3(a)	<b>C - Diversification</b>	<b>(1)</b>

Question number	Answer	Mark
3(b)	<p>Award <b>1</b> mark for each stated ways, up to a maximum of <b>2</b> marks.</p> <ul style="list-style-type: none"> <li>• Production could be stopped <b>(1)</b></li> <li>• Customers could be lost due to orders not being met <b>(1)</b></li> <li>• More difficult to recruit new employees <b>(1)</b></li> </ul> <p>Award marks for any other valid responses.</p>	<b>(2)</b>

Question number	Answer	Mark
3(c)	<p>Award <b>1</b> mark for each stated type of business risk, up to a maximum of <b>2</b> marks.</p> <ul style="list-style-type: none"> <li>• Financial <b>(1)</b></li> <li>• Legal <b>(1)</b></li> <li>• Reputation <b>(1)</b></li> </ul> <p>Award marks for any other valid responses.</p>	<b>(2)</b>

Question number	Answer	Mark
3(d)	<p>Award <b>1</b> mark for identifying a component, <b>1</b> further mark for an expansion, up to a maximum of <b>2</b> marks.</p> <ul style="list-style-type: none"> <li>• Star <b>(1)</b> this is when a product has high market growth and high market share. <b>(1)</b></li> <li>• Question mark <b>(1)</b> this is when a product has high market growth and low market share. <b>(1)</b></li> </ul> <p>Award marks for any other valid responses.</p>	<b>(2)</b>

Question number	Answer	Mark
3(e)	<p>Award <b>1</b> mark for a way and <b>1</b> mark for a linked expansion, up to a maximum of <b>2</b> marks.</p> <ul style="list-style-type: none"> <li>• Poor management can make employees demotivated. <b>(1)</b> This could result in high absence or staff leaving the business to work elsewhere. <b>(1)</b></li> <li>• Poor management can make employees demotivated. <b>(1)</b> This is because there might be a lack of direction from the manager, so employees might be unsure what is expected of them. <b>(1)</b></li> </ul> <p>Award marks for any other valid responses.</p>	<b>(2)</b>

Question number	Answer	Mark
3(f)	<p>Award <b>1</b> mark for each feature and <b>1</b> mark for a linked expansion, up to a maximum of <b>2</b> marks.</p> <ul style="list-style-type: none"> <li>• Employers' liability insurance is compulsory <b>(1)</b> and the business would face legal action if it did not have the insurance. <b>(1)</b></li> <li>• The insurance will cover for personal injury in the workplace <b>(1)</b> so the businesses does not have to be concerned about paying for a personal injury claim themselves. <b>(1)</b></li> </ul> <p>Award marks for any other valid responses.</p>	<b>(2)</b>

Question number	Answer	Mark
3(g)	<p>Award <b>1</b> mark for a way and <b>1</b> mark for a linked expansion, up to a maximum of <b>2</b> marks for each benefit.</p> <ul style="list-style-type: none"> <li>• An increase in automation <b>(1)</b> can make the production process more efficient. <b>(1)</b></li> <li>• The buying process can be computerised <b>(1)</b> with the introduction of just in time inventory control systems. <b>(1)</b></li> <li>• About specialist computer software e.g. 3D printers/CAD <b>(1)</b> can increase the efficiency of product design <b>(1)</b></li> </ul> <p>Award marks for any other valid responses.</p>	<b>(4)</b>

Question number	Answer	Mark
3(h)	<p>Award <b>1</b> mark for a factor and <b>1</b> mark for a linked expansion, up to a maximum of <b>2</b> marks for each reason.</p> <ul style="list-style-type: none"> <li>• Competition <b>(1)</b> because a business may have to update its products. <b>(1)</b></li> <li>• Pressure groups <b>(1)</b> because a business may have to improve its ethical responsibility. <b>(1)</b></li> <li>• Legislation <b>(1)</b> because a business may have to follow new laws. <b>(1)</b></li> </ul> <p>Award marks for any other valid responses.</p>	<b>(4)</b>

Question number	Indicative content	Mark
3(i)	<p><b>The change in legislation</b></p> <ul style="list-style-type: none"> <li>• Introducing a sugar tax on soft drinks could increase <i>Taysee's</i> costs.</li> <li>• This could lead to a reduction in profit.</li> <li>• <i>Taysee</i> could charge the customers more for their drinks to cover the increased costs, however this could reduce demand and sale revenue.</li> <li>• May provide the opportunity for <i>Taysee</i> to expand its product range to include sugar-free drinks.</li> <li>• <i>Taysee</i> could reduce the amount of sugar in its drinks but this could impact on their flavour and impact negatively on the brand.</li> <li>• If <i>Taysee</i> maintains its current product range, the move towards healthier living could impact on its future sales and profits, because their existing customers might switch their purchases to another brand.</li> </ul> <p><b>The increased competition</b></p> <ul style="list-style-type: none"> <li>• The increase in competition could negatively affect <i>Taysee's</i> sales as customers might be willing to try another brand.</li> <li>• The competitor might be able to charge lower prices, as their drinks are sugar free so that their customers will not have to pay the sugar tax.</li> <li>• However, <i>Taysee</i> has a strong brand presence, so customers might chose to remain loyal in which case sales will not be affected.</li> </ul> <p>Conclusion is drawn considering both competing points</p>	<b>(6)</b>

Mark scheme (award up to 6 marks) please see the guidance on how to apply levels based mark schemes*		
Level	Mark	Descriptor
	0	No rewardable material
Level 1	1-2	<ul style="list-style-type: none"> <li>• Demonstrates isolated elements of knowledge and understanding.</li> <li>• Few of the points made will be relevant to the context in the question.</li> <li>• Limited evaluation that contains generic assertions leading to a conclusion that is superficial or unsupported.</li> </ul>
Level 2	3-4	<ul style="list-style-type: none"> <li>• Demonstrates some accurate knowledge and understanding.</li> <li>• Some of the points made will be relevant to the context in the question, but the link will not always be clear.</li> <li>• Displays a partially developed evaluation that considers some different aspects, leading to a conclusion that considers some different competing points, although not always in detail.</li> </ul>
Level 3	5-6	<ul style="list-style-type: none"> <li>• Demonstrates mostly accurate knowledge and understanding.</li> <li>• Most of the points made will be relevant to the context in the question, and there will be clear links.</li> <li>• Displays a developed and logical evaluation that clearly considers different aspects, leading to a conclusion that considers different competing points in detail.</li> </ul>

Question number	Answer	Mark
4(a)	<b>A</b> – The leader makes all the decisions	<b>(1)</b>

Question number	Answer	Mark
4(b)	<p>Award <b>1</b> mark for each stated performance indicator, up to a maximum of <b>2</b> marks.</p> <ul style="list-style-type: none"> <li>• Labour turnover <b>(1)</b></li> <li>• Productivity <b>(1)</b></li> <li>• Customer complaints <b>(1)</b></li> <li>• Customer satisfaction <b>(1)</b></li> <li>• Brand recognition <b>(1)</b></li> </ul> <p>Award marks for any other valid responses.</p>	<b>(2)</b>

Question number	Answer	Mark
4(c)	<p>Award <b>1</b> mark for each stated challenge, up to a maximum of <b>2</b> marks.</p> <ul style="list-style-type: none"> <li>• Recruitment and retention <b>(1)</b></li> <li>• Training <b>(1)</b></li> <li>• Job rotation/enrichment <b>(1)</b></li> <li>• Coaching <b>(1)</b></li> <li>• Mentoring <b>(1)</b></li> <li>• Performance reviews <b>(1)</b></li> </ul> <p>Award marks for any other valid responses.</p>	<b>(2)</b>

Question number	Answer	Mark
4(d)	<p>Award <b>1</b> mark for each quality system up to a maximum of <b>2</b> marks.</p> <ul style="list-style-type: none"> <li>• Quality control <b>(1)</b></li> <li>• Quality assurance <b>(1)</b></li> <li>• Total quality management <b>(1)</b></li> </ul> <p>Award marks for any other valid responses.</p>	<b>(2)</b>

Question number	Answer	Mark
4(e)	<p>Award <b>1</b> mark for a benefit and <b>1</b> mark for a linked expansion, up to a maximum of <b>2</b> marks.</p> <ul style="list-style-type: none"> <li>Identifying the goal. <b>(1)</b> The business will need to identify what the existing problem is or what the opportunity is that they are presented with. <b>(1)</b></li> <li>Identifying the alternatives. <b>(1)</b> The business will need investigate the positive and negatives of the different options they have before deciding which option to go with. <b>(1)</b></li> </ul> <p>Award marks for any other valid responses.</p>	<b>(2)</b>

Question number	Answer	Mark														
4(f)	<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2" style="text-align: center;">Statement of Comprehensive income 2017</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td></td> </tr> <tr> <td>Cost of sales</td> <td></td> </tr> <tr> <td>Gross profit</td> <td style="text-align: right;">\$4 450 (1)</td> </tr> <tr> <td>Other operating expenses</td> <td></td> </tr> <tr> <td>Profit for the year</td> <td style="text-align: right;">\$2 680 (1)</td> </tr> <tr> <td>Profit for the year margin (%)</td> <td style="text-align: right;">35.73% (1)</td> </tr> </tbody> </table> <p>Correct answers only. No other answer accepted.</p>	Statement of Comprehensive income 2017		Sales		Cost of sales		Gross profit	\$4 450 (1)	Other operating expenses		Profit for the year	\$2 680 (1)	Profit for the year margin (%)	35.73% (1)	<b>(3)</b>
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Question number	Answer	Mark
4(g)	<p>Award 3 marks for the correct answer.</p> <ul style="list-style-type: none"> <li>• 37.73% (Accept 37.72%)</li> </ul> <p><b>Or</b></p> <p>If the answer incorrect award a maximum of <b>2</b> marks for working box:</p> <ul style="list-style-type: none"> <li>• Sales revenue (\$19,250+\$2,750) = \$22,000 <b>(1)</b></li> <li>• Gross profit (\$22,000-\$13,700) = \$8,300 <b>(1)</b></li> <li>• GPM= Gross profit \$8,300 / Sales revenue \$22,000 X100</li> </ul> <p>Correct answers only. No other answer accepted</p>	<b>(3)</b>

Question number	Answer	Mark
4(h)	<p>Award <b>1</b> mark for a benefit and <b>1</b> mark for a linked expansion, up to a maximum of <b>2</b> marks for each reason.</p> <ul style="list-style-type: none"> <li>• It motivates workers. <b>(1)</b> Employees are moved around so get to do different tasks, this prevents their job getting repetitive. <b>(1)</b></li> <li>• It creates a flexible trained work force, <b>(1)</b> as staff can complete several different roles so they can be moved around as and when they are needed. <b>(1)</b></li> <li>• It may increase the level of employee motivation <b>(1)</b> resulting in higher employee retention <b>(1)</b></li> </ul> <p>Award marks for any other valid responses.</p>	<b>(4)</b>

Question number	Indicative content	Mark
4(i)	<ul style="list-style-type: none"> <li>• <i>Tasse Hairdressers</i> need to deal with the issues that have lead to the increasing customer complaints. They could do this by improving their existing quality systems/implementing a quality system.</li> <li>• It could obtain its hairdressing products from cheaper suppliers and pass on the cost savings to customers in the form of lower prices. However, they must ensure that the quality of their hairdressing products is maintained.</li> <li>• If the business simply reduced their prices, it could worsen their cash flow difficulties unless they had an increase in customers.</li> <li>• It could implement a training plan to increase the skills of its workforce so that the treatments become more efficient. In the long term, this could help build its reputation.</li> </ul> <p>Award marks for any other valid response.</p>	<b>(6)</b>

Mark scheme (award up to 6 marks) please see the guidance on how to apply levels based mark schemes\*

Level	Mark	Descriptor
	0	No rewardable material
Level 1	1-2	<ul style="list-style-type: none"> <li>• Demonstrates isolated elements of knowledge and understanding.</li> <li>• Breaks the situation down into component parts and a few of the points made will be relevant to the context in the question.</li> <li>• Limited analysis that contains generic assertions rather than interrelationships or links.</li> </ul>
Level 2	3-4	<ul style="list-style-type: none"> <li>• Demonstrates some accurate knowledge and understanding.</li> <li>• Breaks the situation down into component parts and some of the points made will be relevant to the context in the question.</li> <li>• Displays a partially developed analysis that considers some interrelationships or links but these are not always sustained.</li> </ul>
Level 3	5-6	<ul style="list-style-type: none"> <li>• Demonstrates mostly accurate knowledge and understanding.</li> <li>• Breaks the situation down into component parts and most of the points made will be relevant to the context in the question.</li> <li>• Displays a developed and logical analysis that clearly considers interrelationships or links in a sustained manner.</li> </ul>