



National  
Qualifications  
RESOURCE

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**X810/76/01**

**Business Management**

## **Marking Instructions**

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Please note that these marking instructions have not been standardised based on candidate responses. You may therefore need to agree within your centre how to consistently mark an item if a candidate response is not covered by the marking instructions.

## General marking principles for Higher Business Management

*Always apply these general principles. Use them in conjunction with the detailed marking instructions, which identify the key features required in candidates' responses.*

- (a) Always use positive marking. This means candidates accumulate marks for the demonstration of relevant skills, knowledge and understanding; marks are not deducted for errors or omissions.
- (b) If a candidate response does not seem to be covered by either the principles or detailed marking instructions, and you are uncertain how to assess it, you must seek guidance from your team leader.
- (c) For **describe** questions, candidates must make a number of relevant, factual points up to the total mark allocation for the question. These should be key points; they do not need to be in any particular order. Candidates may provide a number of straightforward points or a smaller number of developed points, or a combination of these.

Up to the total mark allocation for this question

- award **1 mark** for each accurate relevant point of knowledge
- award a second mark for any point that is developed from the point of knowledge.

- (d) For **explain** questions, candidates must make a number of points that relate cause and effect and/or make the relationships between things clear, for example by showing connections between a process/situation. These should be key reasons and may include theoretical concepts. There is no need to prioritise the reasons. Candidates may provide a number of straightforward reasons or a smaller number of developed reasons, or a combination of these.

Up to the total mark allocation for this question

- award **1 mark** for each accurate relevant point of reason
- award a second mark for any other point that is developed from the same reason.

For each relevant point of reason candidates must give a point of identification and a point of explanation to gain a mark. This is exemplified in the marking instructions, a dash (–) is used to show the two parts of the response.

- (e) For **compare** questions, candidates must demonstrate knowledge and understanding of similarities and/or differences between things, methods or choices. The relevant comparison points could include theoretical concepts.

Up to the total mark allocation for this question

- award **1 mark** for each accurate point of comparison.

Where a mark is available for the development of a response this is exemplified in the marking instructions, a hollow bullet point is used to show the developed response.

- (f) For **discuss** questions, candidates must make a number of points that communicate issues, ideas, or information about a given topic or context that will make a case for and/or against. They do not always need to give both sides of the debate in their response.

Up to the total mark allocation for this question

- award **1 mark** for any accurate point of knowledge that is clearly relevant
- award a second mark for any point that is developed from the point of knowledge.

Where a mark is available for the development of a response this is exemplified in the marking instructions, a hollow bullet point is used to show the developed response.

- (g) Underlined text in the 'expected response(s)' section of the marking instructions signifies text which is a direct lift from the case study. Text lifted from the case study does not attract marks.

## Marking instructions for each question

### Section 1

Question		Expected response(s)	Max mark	Additional guidance
1.	(a)	<p>Responses could include</p> <ul style="list-style-type: none"> <li>• reduction in (managerial) wages</li> <li>• may have to make redundancy payments</li> <li>• shorter chain of command                             <ul style="list-style-type: none"> <li>○ can improve communication</li> </ul> </li> <li>• less internal promotion opportunities for staff</li> <li>• fear of job losses                             <ul style="list-style-type: none"> <li>○ can result in demotivation</li> <li>○ possible unemployment and financial hardship for department store managers who are not retained</li> </ul> </li> <li>• wider span of control for store and deputy store managers                             <ul style="list-style-type: none"> <li>○ could lead to increase stress</li> <li>○ less time for planning</li> <li>○ slower decision making</li> </ul> </li> <li>• existing subordinates may be empowered to do some of their department store manager's remit                             <ul style="list-style-type: none"> <li>○ improved motivation</li> </ul> </li> <li>• improved salary for the department store managers who are promoted</li> </ul>	5	<p>Award <b>1 mark</b> for each valid discussed point.</p> <p>Award <b>1 mark</b> for each valid development.</p> <p>Accept impacts on Waitrose and its employees.</p> <p>Accept any other suitable response.</p>

Question		Expected response(s)	Max mark	Additional guidance											
(b)	(i)	<p>Responses could include</p> <table border="1"> <tr> <td><b>Operational decision</b></td> <td rowspan="5" style="text-align: center; vertical-align: middle;"><b>whereas</b></td> <td><b>Waitrose's decision</b></td> </tr> <tr> <td>short term/day-to-day</td> <td>longer term</td> </tr> <tr> <td>lower risk</td> <td>higher risk</td> </tr> <tr> <td>made by lower level management</td> <td>made by senior management</td> </tr> <tr> <td>Routine</td> <td>non-routine</td> </tr> </table>	<b>Operational decision</b>	<b>whereas</b>	<b>Waitrose's decision</b>	short term/day-to-day	longer term	lower risk	higher risk	made by lower level management	made by senior management	Routine	non-routine	<b>2</b>	<p>Award <b>1 mark</b> for each valid distinguishing point.</p> <p>Accept comparisons to tactical and/or strategic decisions.</p> <p>Do not accept <b>examples</b> of operational decisions - features only.</p> <p>Accept any other suitable response.</p>
<b>Operational decision</b>	<b>whereas</b>	<b>Waitrose's decision</b>													
short term/day-to-day		longer term													
lower risk		higher risk													
made by lower level management		made by senior management													
Routine		non-routine													
	(ii)	<p>Responses could include</p> <ul style="list-style-type: none"> <li>• <b>plan</b> - will have to decide which stores to close by reviewing the finances for each</li> <li>• <b>organise</b> - will have to setup meetings to consult staff at each store</li> <li>• <b>command</b> - will have to inform staff of the closures</li> <li>• <b>coordinate</b> - will have to allocate resources to other branches such as staff to avoid redundancy payments</li> <li>• <b>control</b> - will have to monitor budgets <ul style="list-style-type: none"> <li>○ oversee/supervise the closure of the branches</li> </ul> </li> <li>• <b>delegate</b> - will have to delegate work to the store managers to assist the closures</li> <li>• <b>motivate</b> - will have to support staff who are affected by the branch closures</li> </ul>	<b>4</b>	<p>Award <b>1 mark</b> for each valid description.</p> <p>Award <b>1 mark</b> for each valid development.</p> <p>Award up to <b>3 marks</b> for describing any one role.</p> <p>The role must be labelled.</p> <p>Accept any other suitable response.</p>											

Question		Expected response(s)	Max mark	Additional guidance
	(c)	<p>Responses could include</p> <ul style="list-style-type: none"> <li>• removes the ‘middle man’ <ul style="list-style-type: none"> <li>○ which reduces the cost of inventory supply</li> <li>○ controls the selling price of inventory the farm produces</li> </ul> </li> <li>• guarantees its own supply of inventory</li> <li>• greater control over the quality measures <ul style="list-style-type: none"> <li>○ ensure high-standard goods</li> </ul> </li> <li>• provides an additional income stream from the farm shop <ul style="list-style-type: none"> <li>○ reducing the risk of failure</li> </ul> </li> <li>• can be used to trial locally sourced products in a test market area</li> <li>• can be used as a marketing tool to promote Waitrose’s values</li> <li>• only grocer with a farm shop gives Waitrose a competitive edge</li> </ul>	4	<p>Candidates must describe at least 2 benefits to gain full marks.</p> <p>Award <b>1 mark</b> for each valid description.</p> <p>Award <b>1 mark</b> for each valid development.</p> <p>Award up to <b>3 marks</b> for any one benefit.</p> <p>Accept any other suitable response.</p>

Question	Expected response(s)	Max mark	Additional guidance
(d)	<p>Responses could include</p> <ul style="list-style-type: none"> <li>• <u>rise in cost of importing goods</u> - cost may have to be absorbed by Waitrose <ul style="list-style-type: none"> <li>○ Waitrose may have to increase its selling price</li> <li>○ Waitrose may source locally produced goods which are cheaper</li> </ul> </li> <li>• <u>The UK is no longer a member of the EU</u> - may lead to less immigration impacting Waitrose's labour availability <ul style="list-style-type: none"> <li>○ economic uncertainty means that customers may be less likely to spend in Waitrose</li> </ul> </li> <li>• <u>shoppers moving away from big weekly shops</u> - may see an increase in sales revenue at 'Little Waitrose' convenience stores</li> <li>• <u>'Big four'</u>- if prices are lowered by these rivals then Waitrose may be forced to lower its selling prices <ul style="list-style-type: none"> <li>○ <u>price-match Tesco</u> - may lower Waitrose's profit margins on brands</li> </ul> </li> <li>• <u>rise in popularity of discounters</u> - makes it difficult for Waitrose to expand its stores <ul style="list-style-type: none"> <li>○ making it more difficult to increase its market share in some areas of the UK</li> </ul> </li> <li>• <u>rising internet grocery sales</u> - Waitrose must invest into web-development and online services <ul style="list-style-type: none"> <li>○ Waitrose may have to close its supermarkets eventually</li> <li>○ Waitrose will have an increased carbon footprint from deliveries</li> </ul> </li> <li>• <u>the amount of time spent on picking and packing goods</u> means profit margins are not as high</li> </ul>	5	<p>Candidates must explain at least 2 effects to gain full marks.</p> <p>Award <b>1 mark</b> for each valid explanation.</p> <p>Award <b>1 mark</b> for each valid development.</p> <p>Award up to <b>4 marks</b> for any one effect.</p> <p>Accept any other suitable response.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(e)	<p>Responses could include</p> <p><b>Website</b></p> <ul style="list-style-type: none"> <li>• cheaper to advertise on its own website than an external agency</li> <li>• job adverts can be seen globally <ul style="list-style-type: none"> <li>○ may result in a larger pool of candidates to select from</li> </ul> </li> </ul> <p><b>Email</b></p> <ul style="list-style-type: none"> <li>• reminders mean applicants are more likely to apply again</li> <li>• contact them if a vacancy arises</li> </ul> <p><b>Online application</b></p> <ul style="list-style-type: none"> <li>• saves candidates time if applications are submitted online</li> <li>• can store applicant details online</li> </ul>	3	<p>Award 1 mark for each valid justification.</p> <p>Award 1 mark for each valid development.</p> <p>Accept any other suitable response.</p>



Question	Expected response(s)	Max mark	Additional guidance
(f)	<p>Responses could include</p> <p><b>Self-actualisation</b></p> <ul style="list-style-type: none"> <li>• <u>career progression</u> gives staff authority - allowing them to reach their potential</li> <li>• <u>empowerment</u> equips staff with new skills - enriching their job/life</li> </ul> <p><b>Esteem</b></p> <ul style="list-style-type: none"> <li>• <u>competitive salary</u> enables employees to purchase items - to satisfy their esteem needs for example, designer clothing</li> <li>• <u>bonus/performance-related-pay</u> motivates staff - as it rewards them for good work</li> <li>• <u>empowerment</u> gives staff more responsibility - satisfying esteem needs</li> </ul> <p><b>Social</b></p> <ul style="list-style-type: none"> <li>• <u>subsidised support clubs</u> - build social/informal relationships between staff members</li> </ul> <p><b>Safety</b></p> <ul style="list-style-type: none"> <li>• <u>work related stress policy</u> - ensure staff are mentally healthy/not overburdened by work</li> <li>• <u>risk assessment reviews</u> hazards - improving safety <ul style="list-style-type: none"> <li>○ reducing accidents</li> </ul> </li> </ul> <p><b>Basic/Physiological</b></p> <ul style="list-style-type: none"> <li>• <u>permanent contracts</u> - provide job security</li> <li>• <u>competitive salary</u> - provides an income to afford a healthy diet</li> <li>• <u>low-cost canteens</u> - provide staff with food at work</li> </ul>	4	<p>Award 1 mark for each valid explanation.</p> <p>Award 1 mark for each valid development.</p> <p>A maximum of 2 marks to candidates who make general points on Maslow's hierarchy of needs, without relating them to the Waitrose case study.</p> <p>Award 1 mark for Maslow's hierarchy of needs diagram if labelled correctly and in the correct order.</p> <p>Maslow's hierarchy of needs should be labelled/identified.</p> <p>Do not accept the ways Waitrose motivates staff without points being linked to Maslow's hierarchy of needs.</p> <p>Accept the same method being used to explain how different needs are satisfied.</p> <p>Accept any other suitable response.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(g)	<p>Responses could include</p> <p><b>Waitrose supermarket stores</b></p> <ul style="list-style-type: none"> <li>• offers customers a greater choice of goods - which will save them shopping around at other stores</li> <li>• features an <u>in-house restaurant</u> so customers can try the product ranges - encouraging customers to purchase them for home <ul style="list-style-type: none"> <li>○ can save customers time as they don't need to cook at home</li> </ul> </li> </ul> <p><b>Waitrose.com online retailer</b></p> <ul style="list-style-type: none"> <li>• <u>free delivery</u> saves customers the travel costs/delivery fees - which means they have more to spend on their shop</li> <li>• customers can purchase from the comfort of their home - saving a journey</li> <li>• customers can purchase 24/7 - which improves their satisfaction</li> <li>• customers have access to the <u>full range of Waitrose goods</u> - which gives them greater choice if they do not live near a Waitrose supermarket store</li> </ul> <p><b>'Little Waitrose' convenience stores</b></p> <ul style="list-style-type: none"> <li>• saves time for customers - as they may not have to travel as long distances if a 'Little Waitrose' store is local to them</li> <li>• <u>open later</u> - more flexible for customers to shop at a time that is suitable for them</li> </ul>	3	<p>Candidates must explain advantage of all 3 retail channels.</p> <p>Award <b>1 mark</b> for each valid explanation.</p> <p>Accept advantages to customers only.</p> <p>Accept any other suitable response.</p>

Section 2

Question		Expected response(s)	Max mark	Additional guidance
2.	(a)	<p>Responses could include</p> <ul style="list-style-type: none"> <li>• <b>research and development</b> - there will be loss/no profits at this stage - as the product has not been launched onto the market</li> <li>• <b>introduction</b> - it is likely that no or low profits are made at this stage - due to high cost of promotion</li> <li>• <b>growth</b> - profit starts to increase - as sales increase due to more customer awareness</li> <li>• <b>maturity/saturation</b> - profits will reach their peak at this stage - as the product is fully established on the market <ul style="list-style-type: none"> <li>○ marketing costs reduce</li> </ul> </li> <li>• <b>decline</b> - profits start to fall - due to new products on the market making the product obsolete</li> </ul>	5	<p>Candidates must explain the impact on a product's profit for at least 2 stages to gain full marks.</p> <p>Award <b>1 mark</b> for each explanation.</p> <p>Award <b>1 mark</b> for each valid development.</p> <p>Accept any other suitable response.</p>
	(b)	<p>Responses could include</p> <p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• exclusivity value as people will want to be first to own product</li> <li>• people will pay high price for the privilege <ul style="list-style-type: none"> <li>○ can allow a large profit margin</li> </ul> </li> <li>• the business can build a high-quality image</li> <li>• target high income segment market <ul style="list-style-type: none"> <li>○ becomes affordable when price drops</li> </ul> </li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• could lose out on sales if product is priced too high</li> <li>• loss in status when you eventually lower the price of the product</li> <li>• customers that purchased the product early at a high price may become dissatisfied as the price is later lowered</li> </ul>	3	<p>Candidates must describe at least one advantage and one disadvantage to gain full marks.</p> <p>Award <b>1 mark</b> for each valid description.</p> <p>Award <b>1 mark</b> for each valid development.</p> <p>Accept any other suitable response.</p>

Question		Expected response(s)		Max mark	Additional guidance	
	(c)	Responses could include		4	Award <b>1 mark</b> for each valid distinguishing point.  Do not accept 'quick', 'cheap' or 'easy' without further qualification.  Accept any other suitable response.	
		<b>Desk research</b>	<b>whereas</b>			<b>Field research</b>
		second-hand information				first-hand information
		cheaper as information is already published				more expensive as it requires paid interviewers
		Historic				up-to-date
		may not be relevant to the organisation's needs				can be tailored to research specific areas
		can be quickly gathered from a search engine online				more time consuming as it is labour intensive
		often in public domain				not available to competitors

Question		Expected response(s)	Max mark	Additional guidance
	(d)	<p>Responses could include</p> <p><b>Equality Act</b></p> <ul style="list-style-type: none"> <li>• the organisation may be prosecuted for discrimination eg fine</li> <li>• employers may have to revise their recruitment policies</li> <li>• pay both genders the same for jobs of equal value</li> <li>• wording in job adverts must not be discriminatory</li> <li>• invest in better accessibility eg installing lifts, ramps, etc</li> <li>• investigate issues of discrimination/harassment/victimisation against an employee, customer or a third party</li> <li>• train staff on discrimination prevention/awareness</li> </ul> <p><b>National Minimum Wage Act</b></p> <ul style="list-style-type: none"> <li>• an increase in minimum wage leads to increased costs for the organisation <ul style="list-style-type: none"> <li>○ this could result in lowered profits as wage expenses increase</li> </ul> </li> <li>• if it is found that an organisation has not been paying the minimum wage, they may be required to make a backdated payment for employees</li> </ul> <p><b>Health and Safety at Work Act</b></p> <ul style="list-style-type: none"> <li>• must provide the correct safety equipment</li> <li>• could be temporarily closed or shut down for non-compliance</li> <li>• potential for legal action by members of staff if they suffer injury at work due to non-compliance <ul style="list-style-type: none"> <li>○ this may result in compensation payments</li> </ul> </li> </ul>	3	<p>Candidates must describe at least 2 features to gain full marks.</p> <p>Award <b>1 mark</b> for each description.</p> <p>Up to <b>2 marks</b> for may be awarded for any one feature.</p> <p>Accept any other suitable response.</p>

Question		Expected response(s)	Max mark	Additional guidance
3.	(a)	<p>Responses could include</p> <ul style="list-style-type: none"> <li>• reduce the credit period given to customers to pay</li> <li>• find a cheaper supplier <ul style="list-style-type: none"> <li>○ negotiate a better deal</li> </ul> </li> <li>• try to get better credit terms from existing supplier</li> <li>• use marketing measures to sell slow moving inventory</li> <li>• organise short term borrowing (loan or overdraft)</li> <li>• increase owner equity</li> <li>• reduce loan repayments</li> <li>• spread the cost of paying for large capital items</li> <li>• make people redundant</li> <li>• reduce working hours/cancel overtime</li> </ul>	5	<p>Candidates must describe at least 2 actions to gain full marks.</p> <p>Award <b>1 mark</b> for each description.</p> <p>Award <b>1 mark</b> for each valid development.</p> <p>Up to <b>4 marks</b> may be awarded for any one action.</p> <p>Maximum <b>1 mark</b> for reducing any individual expenses.</p> <p>Accept any other suitable response.</p>
	(b)	<p>Responses could include</p> <p><b>Non-Current Assets</b></p> <ul style="list-style-type: none"> <li>• items owned by a business for more than one year</li> </ul> <p><b>Working Equity</b></p> <ul style="list-style-type: none"> <li>• the ability to pay short term debts</li> <li>• calculated by: CA-CL</li> </ul> <p><b>Non-Current Liabilities</b></p> <ul style="list-style-type: none"> <li>• items owed by a business for a period of more than one year</li> </ul>	3	<p>Candidates must describe all 3 terms to gain full marks.</p> <p>Award <b>1 mark</b> for each valid description.</p> <p>Accept any other suitable response.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(c)	<p>Responses could include</p> <p>Increasing Sales Revenue because of...</p> <ul style="list-style-type: none"> <li>• increasing selling prices without losing sales volume</li> <li>• lowering selling prices with an increase in the quantity of units sold</li> <li>• promotional campaigns, for example increased advertising to attract more customers</li> </ul> <p>Decreasing Cost of Sales because of...</p> <ul style="list-style-type: none"> <li>• switching to a cheaper supplier of purchases</li> <li>• bulk buying discounts</li> <li>• higher closing inventory figures</li> <li>• free/less expensive delivery charges</li> </ul>	<b>3</b>	<p>Candidates must explain at least 2 reasons to gain full marks.</p> <p>Award <b>1 mark</b> for each explanation.</p> <p>Up to <b>2 marks</b> may be awarded for any one reason.</p> <p>Accept any other suitable response.</p>
	(d)	<p>Responses could include</p> <ul style="list-style-type: none"> <li>• gives customers reassurance when purchasing</li> <li>• proves the product meets an agreed level of quality <ul style="list-style-type: none"> <li>○ can attract new customers</li> <li>○ repeat custom/loyalty from existing customers</li> </ul> </li> <li>• higher prices can be charged <ul style="list-style-type: none"> <li>○ which may improve profitability</li> </ul> </li> <li>• can be used as a marketing tool</li> <li>• less returns/complaints <ul style="list-style-type: none"> <li>○ which improves customer satisfaction</li> </ul> </li> </ul>	<b>4</b>	<p>Candidates must describe at least 2 benefits to gain full marks.</p> <p>Award <b>1 mark</b> for each description.</p> <p>Up to <b>3 marks</b> may be awarded for any one benefit.</p> <p>Accept any other suitable response.</p>

Question		Expected response(s)	Max mark	Additional guidance
4.	(a)	<p>Responses could include</p> <p><b>Benefits</b></p> <ul style="list-style-type: none"> <li>• cheaper labour from other countries <ul style="list-style-type: none"> <li>○ labour may be more available</li> </ul> </li> <li>• moving closer to suppliers/resources reduces transportation costs</li> <li>• may avoid quotas for importing/exporting by moving into a country</li> <li>• larger potential market/can increase sales and profits</li> <li>• may benefit from economies of scale/bulk purchasing</li> <li>• reduced risk as the company is generally larger</li> <li>• may qualify for government grants/tax relief to locate in certain countries</li> <li>• may avoid some legal requirements in the home country</li> <li>• may retain a core-workforce as there are transferable promotion routes between the countries <ul style="list-style-type: none"> <li>○ as a result, large firms attract high quality candidates in recruitment</li> </ul> </li> </ul> <p><b>Costs</b></p> <ul style="list-style-type: none"> <li>• different languages can create a barrier to communication</li> <li>• differing financial requirements <ul style="list-style-type: none"> <li>○ can result in expensive accounting fees</li> </ul> </li> <li>• legislative differences can restrict decision making</li> <li>• cultural differences may impact on making decisions/promotion etc</li> </ul>	7	<p>Candidates must discuss at least one cost and one benefit to gain full marks.</p> <p>Award <b>1 mark</b> for each valid discussion point.</p> <p>Award <b>1 mark</b> for each valid development.</p> <p>Up to <b>6 marks</b> may be awarded for discussing any one point.</p> <p>Accept any other suitable response.</p>



Question		Expected response(s)	Max mark	Additional guidance
	(b)	<p>Responses could include</p> <p><b>One-to-one</b></p> <ul style="list-style-type: none"> <li>• a regular review of an employee’s job performance which is documented and evaluated</li> <li>• review and discussion of last year’s targets takes place</li> <li>• targets may be set about future performance</li> <li>• training needs are identified</li> </ul> <p><b>360-degree</b></p> <ul style="list-style-type: none"> <li>• a review of an employee’s job performance, with feedback coming from subordinates, peers, supervisors and the employee themselves</li> <li>• all those involved answer the same questions (often anonymously), which allows for comparison</li> <li>• allows for a variety of viewpoints from colleagues</li> <li>• self-evaluation is an important part of this type of appraisal</li> </ul> <p><b>Peer-to-peer</b></p> <ul style="list-style-type: none"> <li>• colleagues in the same or similar position are asked to provide feedback on specific aspects of an employee’s performance</li> <li>• managers are excluded from this type of appraisal</li> </ul>	5	<p>Candidates must describe at least 2 methods in order to gain full marks.</p> <p>Award <b>1 mark</b> for each valid description.</p> <p>Up to <b>4 marks</b> may be awarded for any one method.</p> <p>Accept any other suitable response.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(c)	<p>Responses could include</p> <ul style="list-style-type: none"> <li>• staff can access 24/7 from any location</li> <li>• can be easily amended to add in new course material for example notes and tasks</li> <li>• allows for discussion to take place through forums and chat facilities</li> <li>• relies heavily on learners accessing materials and completing tasks on time <ul style="list-style-type: none"> <li>○ need to be self-disciplined to carry out the work</li> </ul> </li> <li>• saves on costs associated with training courses/materials</li> </ul>	3	<p>Award <b>1 mark</b> for each valid discussion point.</p> <p>Award <b>1 mark</b> for each valid development.</p> <p>Watch for repetition.</p> <p>Accept any other suitable response.</p>

Question		Expected response(s)	Max mark	Additional guidance
5.	(a)	<p>Responses could include</p> <ul style="list-style-type: none"> <li>• Gross Profit ratio</li> <li>• Profit for the Year ratio</li> <li>• Current/Working equity ratio</li> <li>• Acid test/quick ratio</li> <li>• Return on equity employed percentage</li> <li>• Rate of inventory turnover</li> </ul>	3	<p>Award <b>1 mark</b> for each valid description.</p> <p>Accept the formula.</p> <p>Accept any other suitable response.</p>
	(b)	<p>Responses could include</p> <ul style="list-style-type: none"> <li>• allows product to be tailored to customers' needs</li> <li>• prone to error</li> <li>• increase wage expenses</li> <li>• time consuming</li> <li>• higher price can be charged</li> <li>• ongoing training costs</li> <li>• requires pensions/holiday/HR</li> <li>• labour availability problems</li> </ul>	5	<p>Award <b>1 mark</b> for each valid point.</p> <p>Award <b>1 mark</b> for each valid development.</p> <p>Accept any other suitable response.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(c)	<p>Responses could include</p> <ul style="list-style-type: none"> <li>• use databases to automatically update balances of inventory</li> <li>• can be linked to tills through EPOS</li> <li>• order the inventory automatically when it reaches the re-order level</li> <li>• allow for accurate/constant monitoring of inventory levels</li> <li>• allow for decisions on slow moving inventory/best sellers to be made by managers from their computer</li> <li>• can highlight regional variations in inventory from head office</li> <li>• can highlight seasonal shifts in demand <ul style="list-style-type: none"> <li>○ can then order more inventory to satisfy demand</li> </ul> </li> <li>• is a deterrent to theft by staff</li> </ul>	4	<p>Candidates must describe at least 2 benefits of using computerised inventory control.</p> <p>Award <b>1 mark</b> for each description.</p> <p>Up to <b>3 marks</b> may be awarded for any one benefit.</p> <p>Accept any other suitable response.</p>
	(d)	<p>Responses could include</p> <ul style="list-style-type: none"> <li>• the length of time it will take a supplier to deliver/lead time</li> <li>• the finance available for purchasing/budget <ul style="list-style-type: none"> <li>○ the cost of delivery</li> <li>○ if economies of scale/bulk buying discount is available</li> </ul> </li> <li>• the minimum inventory level that has been set</li> <li>• the rate of inventory turnover/demand/sales for the products <ul style="list-style-type: none"> <li>○ amount of inventory already on site/unsold/in storage</li> </ul> </li> <li>• the amount of storage space available</li> </ul>	3	<p>Candidates must describe at least 2 factors to gain full marks.</p> <p>Award <b>1 mark</b> for each description.</p> <p>Up to <b>2 marks</b> may be awarded for any one factor.</p> <p>Accept any other suitable response.</p>

[END OF MARKING INSTRUCTIONS]