

GCSE (9–1)

Business

J204/02: Business 2: operations, finance and influences on business

General Certificate of Secondary Education

Mark Scheme for Autumn 2021

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This mark scheme is published as an aid to teachers and students, to indicate the requirements of the examination. It shows the basis on which marks were awarded by examiners. It does not indicate the details of the discussions which took place at an examiners' meeting before marking commenced.

All examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes should be read in conjunction with the published question papers and the report on the examination.

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PREPARATION FOR MARKING**1. Annotations**

Annotation	Meaning
✓ and ✗	for correct and incorrect responses
BOD	benefit of doubt
TV	vague
NUT	no use of text/context/application
REP	repetition
NAQ	not answering question
REP	repeat
K	knowledge
U	understanding
APP	application of knowledge/understanding
AN	analysis
EVAL	evaluation
BP	blank page

Highlighting is also available to highlight any particular points on the script.

ARA – Any Reasonable Answer

Where ARA is indicated within the Guidance column for any item on this mark scheme, examiners must accept any reasonable answer that in their professional opinion is as worthy of merit as those indicated on the final mark scheme. However, examiners should liaise with their Team Leaders/Principal Examiner wherever there remains any doubt as to whether or not a response (or part-response) should be awarded.

Question	Answer	Marks	Assessment Objective
SECTION A			
1	C	1	1a
2	C	1	2PS
3	C	1	2Q
4	C	1	2
5	D	1	2
6	C	1	2Q
7	B	1	2
8	A	1	1a
9	D	1	2Q
10	D	1	1b
11	A	1	2
12	D	1	2Q
13	D	1	1b
14	B	1	2Q
15	B	1	2Q

Question			Answer	Marks	Guidance
16	a	(i)	Identify two factors that have led to increased globalisation. Answers may include: - Improved technology/telecommunications/Internet/e-commerce - Improved global infrastructure - Improvements in transportation/containerisation - Free trade agreements ARA	2 AO1a	One mark for each correct factor, up to a maximum of two marks.  Answers do not need apply to Barclays plc Accept specific examples of technology or uses of the Internet (e.g. online spending) Make sure that the two factors are different (e.g. use of the Internet/e-commerce/online banking are REP)
		(ii)	Explain one possible advantage to a business of operating as a multinational. Answers may include: - The ability to source labour cheaply to help maximise profit - Access to a larger number of customers (size of market) leading to increased sales/market - Spreading risk by increasing sales in one country if another is in decline - Take advantage of different tax regimes to help reduce costs / increase retained profit ARA	2 AO1a AO1b	1 mark for identifying an advantage.  1 further mark for explaining why it is an advantage.  Answers must apply to a business as opposed to the host country No reward for answers which are simply an advantage of a business growing Answer does not need apply to Barclays plc
	b	(i)	Calculate, using the figures shown in Fig. 1, the number of Barclays plc's UK customers who are likely to have used online banking in 2020. 24m customers with 75% of using online banking (1) 24m x 0.75 = <u>18m</u> (1)	2 AO2	Up to 2 marks for correct answer.  Award 2 marks for correct answer (with or without workings shown)

Question		Answer	Marks	Guidance
	(ii)	Identify two impacts that e-commerce might have on business activity. Answers may include: • Need to set up specific departments • Recruit dedicated website and technical staff • Invest in training staff • Increased delivery costs • More online marketing needed • Able to sell 24/7 - increased numbers of customers/sales • Fewer physical customers • Allows access to new (international) markets/locations ARA	2 AO1b	1 mark for each correct impact e-commerce might have on business activity.  Answers do not need apply to Barclays plc No reward for answers linked to failures of IT or general expansion Ensure that the two answers are clearly different
	c	Analyse one way Barclays plc could treat its customers ethically. Understanding may include: • Firms should act in ways that customers consider to be fair including pricing, information, advertising and product availability. Application • Financial products • Global bank with many customers worldwide • Barclays has a core value of integrity • Provides online services • Rapid growth in online banking Analysis may include: • Lying to customers will lead to poor brand image • Advertising is not misleading so customers make better decisions • Products are priced fairly so customers remain loyal Exemplar response	3 AO1b AO2 AO3a	1 mark for understanding of one way a business could treat <u>customers</u> ethically  <i>No further marks can be gained without understanding</i> 1 further mark for application to Barclays  1 further mark for analysis of the impact for a business of treating its <u>customers</u> ethically  NB: There is no mark for knowledge of ethics No reward for answers about customer service in general No reward for answers which are linked to legal requirements, e.g., consumer law or discrimination

Question			Answer	Marks	Guidance
			Businesses should be fair and honest (U) so its customers do not fall foul of misleading practices (AN) concerning financial products (APP) sold by Barclays. Barclays should provide fair and clear information (U) to its customers about the terms of its savings accounts (APP) which will lead to a better brand image for the firm (AN). ARA		
	d	(i)	Identify two factors that may influence whether a business invests in new computer technology. Answers may include: • Cost of the technology (include running costs) • Availability of technology • The state of its current technology • Technology quality / impact on business of using the new technology • Forecast return on technology (e.g. ARR) • Actions of competitors • Availability of capital • Employee skills ARA	2 AO1a	1 mark for each correct factor  Make sure that the two factors are different Answers do not need apply to Barclays plc
		(ii)	Evaluate possible impacts on Barclays plc of investing in computer technology to provide online banking services to its customers. Application may include: • Banking one of first sectors to embrace technology / fastest growing area of Internet activities • Data from Fig. 1 • 24 million customers • Public limited company	7 AO2 AO3a AO3b	Use the level of response marking grid to assess skill levels. Annotate as: Up to 2 marks for application to Barclays APP Up to 2 marks for analysis AN Up to 3 marks for evaluation EVAL Analysis must be a <u>business-facing</u> impact.

Question	Answer	Marks	Guidance
	- Allows 24/7 banking services - Worldwide Analysis may include: - Competition – impact or reaction by - Reputation as an innovative business - Reputation damage if there are breaches to the online service. - Customer convenience (and obtaining new customers). - Cost saving in terms of closing branches – premises/ space/employees etc - Cost of training staff, maintaining security, ensuring quality - Loss of personal touch Evaluation may include: - The relative influence of different factors - Clearly customers have an appetite for online banking as the increase is sharp - A comparison of the possible advantages and disadvantages with an attempt to weigh up, or make a decision. Exemplar response By investing in new technology to allow online banking, Barclays is likely to gain more UK customers (AN). 75% of them use online banking (APP) hence Barclays can earn more profit (AN). However, other banks will have done the same as banking has embraced technology (APP) so Barclays may have to spend even more money to stay ahead (AN). The investment in online banking will have a big impact on Barclays (EVAL) if its customers are among the 75% of customers (EVAL) who use it. It will be difficult to say how big the impact will be given the fact that all competitors are likely to be following the same approach (EVAL). ARA		For strong evaluation i.e. the full three marks, the evaluation must be contextual. No reward for answers which only consider impacts on the customer

16(dii) Evaluate possible impacts on Barclays plc of investing in computer technology to provide online banking services to its customers.

	Application (2 marks)	Analysis (2 marks)	Evaluation (3 marks)
Strong	2 marks Two uses of context [APP] [APP]	2 marks Two (business-facing) impacts on a business of investing in new technology [AN] [AN]	3 marks A justified contextual judgment as to how Barclays may be impacted by investing in computer technology to provide online banking services [EVAL] [EVAL] [EVAL]
Good			2 marks A justified non-contextual judgment as to how a business may be impacted by investing in computer technology to provide online banking services [EVAL] [EVAL]
Limited	1 mark One use of context [APP]	1 mark One (business-facing) impact on a business of investing in new technology [AN]	1 mark A judgement about investing in computer technology to provide online services [EVAL]

Question			Answer	Marks	Guidance
17	a	(i)	State one reason why cash is important to a business. Answers may include: - To pay expenses/costs - Meeting short term debts - Providing liquidity - Source of working capital / keeps business running - Allows spending without the need for finance ARA	1 AO1a	1 mark for a correct reason  Accept specific examples of expenses or debts Do not accept 'to invest' or 'to help expand' Answer does not need apply to RCP
		(ii)	Explain one use of a cash flow forecast in a business. Answers may include: - As a planning or targeting tool - To help anticipate a shortage of money - Put remedies in place to address cash shortages ARA	2 AO1a AO1b	1 mark for identifying a use of a cash flow forecast  1 further mark for an explanation  Answer does not need apply to RCP No reward for any reference to (forecasting) profit
	b	(i)	Identify two variable costs which a business may incur. Answers may include: - Wages (labour costs) - Raw materials / cost of sales (or <u>one</u> example) - Stock/components - Packaging ARA	2 AO1a	One mark for each variable cost, up to a maximum of two marks.  Answers do not need apply to RCP Do not accept 'salaries' or 'production costs'
		(ii)	Calculate RCP's net profit for 2020. Gross profit = Revenue – Cost of sales £2m - £500,000 = £1,500,000 (1) Net profit = Gross profit – Expenses £1,500,000 – £1,450,000 (1) = £50,000 (1)	3 AO2	Up to 3 marks for a correct answer  Award 3 marks for correct answer (with or without workings)

Question			Answer	Marks	Guidance
					Award 2 marks for mathematical error in calculating net profit (with evidence of correct method and use of data) Award 1 mark for correct gross profit figure, with evidence of workings
		(iii)	Analyse one way Alessia and Natalia could use the data shown in Table 1 to improve their net profit margin. Understanding may include: - Recognise expenses/salaries/costs are too high or need decreasing - Need to increase revenue (relative to costs) - To help identify which costs are highest Application may include: - Net profit margin is 2.5% - Revenue has been increasing (by 25% in 2020) - Cost of sales make up 25% of revenue - RCP's salaries account for most (65%) of revenue earned - Use of any other data in Table 1 Analysis may include: - A pay cut would reduce salaries so that profits will increase - Use lower quality raw materials would increase the gap between revenue and costs - Providing an example of how to achieve any change proposed Exemplar response RCP need to cut its costs (U). Salaries are their largest single cost (APP) so if they were to get staff to take a pay cut (AN) they could reduce the salaries and increase the profit margin. ARA	3 AO1b AO2 AO3a	1 mark for one way a business could improve its net profit margin  <i>No further marks can be gained without understanding</i> 1 further mark for application to RCP  1 further mark for analysis of one way a business could improve its profit margin 

Question		Answer	Marks	Guidance
	c (i)	Analyse one advantage to RCP of selling its old machines to finance the purchase of the new machinery Understanding may include: • No monies need to be paid back • No interest to pay • No impact on current financial situation / overdraft • No need to raise finance (borrow) Application may include: • Over £100,000 is required • RCP has an overdraft (which is getting bigger) • Currently earning £50,000 profit [OFR] • Cash flow position needs to be <u>carefully considered</u> Analysis may include: • No negative impact on cash flow as no interest payments • If the assets no longer used, the sale of them will be a good source of money as no waste • Less work for the partners with no need to apply for finance • Can retain control of business/decisions Exemplar response RCP will not need to obtain external finance such as a bank loan (U) which will mean no negative impact (AN) on their growing overdraft (APP). ARA	3 AO1b AO2 AO3a	1 mark for an advantage of selling assets to buy new machinery  <i>No further marks can be gained without understanding</i> 1 further mark for application of an advantage to RCP of selling assets to buy new machinery [APP] 1 further mark for analysis of an advantage of selling assets to buy new machinery  The advantage MUST be about using the old machinery as a source of finance rather than of simply selling it (e.g. no reward for avoiding depreciation or repair costs) or buying new machinery
	(ii)	Analyse one disadvantage to RCP of selling its old machines to finance the purchase of the new machinery. Understanding may include: • May not generate enough cash • Can take time • May not be possible to find a buyer	3 AO1b AO2 AO3a	1 mark for a disadvantage of selling assets to buy new machinery  <i>No further marks can be gained without understanding</i>

Question	Answer	Marks	Guidance
	Application may include: - Over £100,000 is required - Alessia prefers option of finding a new partner - Less opportunity of gaining the advantages of having a new partner Analysis may include: - May harm their productivity - May leave business without machinery while new machines are installed - They will have to raise money from other sources Exemplar response This option may not generate enough finance (U) to cover the £100,000 needed (APP). RCP will then need to spend time raising finance from other sources (AN). ARA		1 further mark for application of a disadvantage to RCP of selling assets to buy new machinery APP 1 further mark for analysis of a disadvantage of selling assets to buy new machinery  'Would not get enough value' is TV The disadvantage MUST be about using the old machinery as a source of finance rather than how the new machinery may perform compared to the old machinery
(iii)	Recommend whether RCP should finance the purchase of the new machinery by selling its old machines or by taking on a new partner. Exemplar response I think they should take on a partner (1). This will probably bring in more money than selling the old assets (1) and is the option preferred by Alessia (APP). RCP should sell the old machine (1). As their overdraft is already a cause for concern (APP) a new partner may not be interested in joining a business they may fear will soon fail (1). ARA	3 AO3b	1 mark for a judgement on whether RCP should sell old assets or take on a partner  One further mark for justification of a judgement whether RCP should sell old assets or take on a partner  One mark for use of context within the justification. APP

Question			Answer	Marks	Guidance
18	a		Identify one way consumer law protects consumers. Answers may include: - Products need to be: - of satisfactory quality - fit for purpose - as described - Provides customer rights (including the return of faulty products, compensation for damage etc.) ARA	1 AO1a	1 mark for a correct identification  Only accept references to how <u>consumers</u> are protected Accept correct examples of specific consumer laws
	b		Analyse the benefits to Pukka Pies Ltd of using a batch production process Understanding may include: - Can match the needs of different customers - Batches are made to match specific orders / each batch is a specific product - Can automate the process - Can produce different ranges of products (but NO reward for <u>more</u> output) - Production rates higher <u>than job production</u> Application may include: - High quality requirements - Different flavours of pies 360 employees 4000 different outlets ranging from sports stadium to cafés - Ingredients from UK and overseas - Long supply chain - Logistics are time-critical Analysis may include: - Batch minimises waste (costs) when compared to flow production	3 AO1b AO2 AO3a	1 mark for a benefit of using a batch production process  <i>No further marks can be gained without understanding</i> 1 further mark for application to Pukka Pies Ltd  1 further mark for analysis of a benefit of using a batch production process  NB: Analysis must be about specific benefits of the production process such as 'provides a range of options to customers' rather than general benefits such as higher sales

Question			Answer	Marks	Guidance
			- Can lead to lower average cost per pie - Allows different but standardised types of pies - Increased flexibility of production Exemplar response Each batch of pies can be made to match a specific order (U) for each different flavour of pie produced (APP). This allows standardised products to be made to satisfy a range of different customers (AN). ARA		
	c		Analyse one way falling unemployment might influence recruitment at Pukka Pies Ltd. Understanding may include: - Reference to higher consumer spending - The increased difficulty of replacing workers - Linkage between increased spending and demand for products - Unable to recruit enough workers Application may include: 360 employees - Factory in Leicester - Family owned business Analysis may include: - Increased costs of recruitment - Higher wages needed - Production may decrease or become less efficient - Encourage the business to relocate Exemplar response: It may be harder to recruit workers (U) which will lead to a significant increase in costs (AN) as Pukka Pies employs 360 workers (APP). ARA	3 AO1b AO2 AO3a	1 mark for understanding issues surrounding falling unemployment  <i>No further marks can be gained without understanding</i> 1 further mark for application to Pukka Pies Ltd APP 1 further mark for analysis of how falling unemployment <u>may affect recruitment</u> 

Question			Answer	Marks	Guidance
	d	(i)	Analyse the impact of each of the following on Pukka Pies Ltd: • the length of its supply chain • the time-critical nature of its logistics. <u>The length of its supply chain</u> Understanding may include: • The supply chain is the number of organisations involved in bringing the product to the consumer. • The communication and co-ordination to move products/ materials around Application may include: • Ingredients from businesses across the UK and overseas • Candidates may list ingredients needed for different pies • Needs to meet the demand of 4000 food stores and other outlets • Supply chain is long • Considering its environmental impact Analysis may include: • Need to manage and co-ordinate these supplies to arrive at the factory at the right time • The need to source appropriate suppliers that can meet the demands of the supply chain. • The impact on quality • The cost of operating the supply chain • The cost of failure in the supply chain Exemplar answer The length of the supply chain includes the range of firms involved in getting the resources to the business (U). Pukka Pies get all the ingredients for the pies from across the UK and overseas (APP). This requires time and careful management to ensure it has enough supplies to meet demand (AN).	6 AO1b AO2 AO3a	<u>Supply chain</u> 1 mark for understanding of supply chains U <i>No further marks can be gained without understanding.</i> 1 further mark for application to Pukka Pies APP 1 further mark for analysis of the impact of the length of the supply chain AN

Question	Answer	Marks	Guidance
	<u>The time-critical nature of its logistics</u> Understanding may include: - Timing is vital for the delivery of raw materials to ensure production is not delayed and that finished products are delivered on time. Application may include: - Produce high quality pies which will all need fresh ingredients - Perishable product - Food safety is a key value - Needs to meet the demand of 4000 food stores and other outlets - Supply chain is long - Ingredients from businesss across the UK and overseas Analysis may include: - Increased costs due to the complicated (and long) supply chain - May have an impact on safe preparation of food (with consequences if unsafe products are sold) - May gain a bad reputation if products not received on time Exemplar answer Time is an essential part of the supply chain so products can be delivered on time (U). Pukka Pies Ltd makes a variety of pies that need fresh ingredients (APP). If they get it wrong there may be a need for an expensive recall process (AN). ARA		<u>Time-critical nature of logistics</u> 1 mark for understanding of the time-critical nature of logistics U <i>No further marks can be gained without understanding.</i> 1 further mark for application to Pukka Pies APP 1 further mark for analysis of the impact of the time-critical nature of logistics AN

Question		Answer	Marks	Guidance
	(ii)	Recommend whether the length of its supply chain or the time-critical nature of its logistics has the greater impact on Pukka Pies Ltd's success. Exemplar response The time-critical nature of its logistics will have the biggest impact on Pukka Pies (1) because it needs to have all its ingredients fresh (APP) so that it does not fall foul of food safety regulations (1). ARA	3 AO3b	1 mark for a judgement on whether the length of the supply chain or the time-critical nature of logistics has the greatest impact  One further mark for justification of a judgement whether whether the length of the supply chain or the time-critical nature of logistics has the greatest impact on success  One mark for use of context within the justification. APP
	e*	Evaluate how Pukka Pies Ltd's environmental considerations might influence its marketing mix Knowledge may include: • The environment is about our natural world • Environmentalism is about trying to keep the impact of business operations on the environment to a minimum Understanding may include: • Sustainability issues – including examples • Waste disposal • Pollution • Climate change Application may include: • PRODUCT – impact on range of products, types of products or packaging (not quantity) • PRICE – impact on prices • PLACE – how distribution/transportation is carried out or where products are sold • PROMOTION – efforts to make customers aware of being more environmentally friendly Analysis may include:	9 AO1a AO1b AO2 AO3a AO3b	Use the level of response marking grid to assess skill levels. Annotate as: 1 mark for knowledge of the environment K 1 mark for understanding of environmental considerations U Up to 2 marks for synoptic application* APP Up to 2 marks for analysis AN Up to 3 marks for evaluation EVAL *Application refers to synoptic application only Analysis must be a <u>business-facing</u> impact For strong evaluation i.e. the full three marks, the evaluation must be contextual.

Question	Answer	Marks	Guidance
	• It may result in PP changing its pie range (e.g. vegan pies) using more environmentally friendly suppliers • The business may need to change its promotion, for example it may need to create an advertising campaign that stresses a more environmentally approach to choosing suppliers of its raw materials • Pricing may have to change in response to higher supplier costs (suppliers charging more as they become more environmentally friendly)/distribution costs higher (electric vans) • Packaging can be replaced with recyclable materials or used to show the environmentally friendly nature of the product Evaluation may include: • Whether environmental considerations will have major implications for Pukka Pie's marketing mix when compared to other factors such as ethical considerations, economic climate considerations. • Whether the impact is larger for one element than another • The relative importance of environmental considerations • The use of contextual evidence to support any judgement Exemplar response Environmental considerations are about the natural world (K) such as increased use of recycled products (U). If Pukka Pies is taking its environmental responsibilities seriously then it may have to increase prices (APP) as it may use more expensive suppliers (AN). Pukka Pies may also ensure the distribution (APP) of its pies have less of a carbon footprint by using electric transport (AN). Overall PP being more environmentally friendly may have a big impact (EVAL) as costs increase. This may particularly lead to higher prices to cover these costs (EVAL) although this may be offset by the lower costs now none of Pukka Pies' waste goes to landfill (EVAL). ARA		

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