



Introduction to Business

NQF

Subject Examiner's Report

Unit Title: INTRODUCTION TO BUSINESS

Unit Code: 1.1

Level: 3

Session: December 2015

Question 1

(a) Explain each of the following marketing terms:

- (i) Product promotion (3 marks)
- (ii) Secondary market research (3 marks)
- (iii) Niche market (3 marks)
- (iv) USP (3 marks)

(b) Define the term 'segmentation'.

(3 marks)

(c) Using examples, explain how the market for shoes could be segmented.

(10 marks)

Instructions to markers

(a) Award a maximum of three marks per section a)i) to a)iv) for a correct explanation.

(b) A maximum of three marks for part b) for an accurate definition.

(c) Award 3 marks for each valid segment properly identified and explained and 1 mark each for relevant example or development. Max 5 marks per individual segment. Award a maximum of 6 marks overall if there is no context i.e. any reference to the shoe market.

Suggested answer

(a) (i) Product promotion is a means of boosting a product's sales as part of the marketing mix. A combination of advertising, branding, sales promotion and public relations can be used to influence consumer opinions and buying habits.

(ii) Secondary market research is information that already exists and can be gathered from second hand sources such as reference books, government statistics and market intelligence reports. Such data is often available free of charge but has not been collected for the specific needs of any individual business. Although it is cheaper and quicker to collect it might not provide such accurate information as primary research.

(iii) This type of market appeals to small firms as they are often overlooked by large scale producers and are therefore less competitive. This allows small firms to charge higher prices as the consumers are willing to pay a premium for what they perceive to be a more unique product or service e.g. dressmaker, personal trainer, architect etc.

(iv) USP: Unique selling point is a marketing concept that was first proposed as a theory to understand a pattern among successful advertising campaigns of the early 1940s. It states that such campaigns made unique propositions to the customer and that this convinced them to switch brands. Today the term is used in other fields or just casually to refer to any aspect of an object that differentiates it from similar objects.

(b) Market segmentation is concerned with the analysis of a market to identify the different types of consumer. These subgroups of people share certain characteristics that cause them to have similar product and/or service needs. By matching the consumer categories to types of product different 'niches' can be identified and supplied. Segmentation can be by demography (age, social class, gender etc.), psychographically (by attitude and tastes) or geographically (by region).

(c) The shoe market can be segmented by size, purpose, gender, age, fashion, colour and value. For example shoes are made in different sizes to fit small babies through to fully grown adults. Even adult sizes vary greatly with the most common styles divided into half sizes to accommodate the different shapes of people's feet. Similarly the shoes for women are usually significantly different to those for men in both shape and size. Shoes are also designed for different purposes. For example there are formal shoes, casual shoes, sports shoes and fashion shoes. Even within each of these categories there can be significant segmentation. Sports shoes are different for each sport. Football boots and tennis shoes are significantly different.

Total Maximum Marks for Q1

25 marks

1. Comments on learners' performance

Generally this question was well answered with candidates having good knowledge of the different marketing terms. Candidates that scored well took into consideration the marks available for each part of the question and ensured part (c's) answer had the depth and analysis for a 10 mark question, and also gave relevant examples.

2. Mark scheme

See above.

3. Recommendations

Candidates must ensure that all business terms which are mentioned in the syllabus can be defined.

Examiner's tips

In a three part question make sure your answers take into consideration the marks available for each part of the question e.g. more is needed in your answer in a 13 mark question than a 3 mark question.

Question 2

- (a)** Identify and explain the main objectives of the following organisations:
- (i) A family business **(3 marks)**
 - (ii) A PLC (public limited company) **(3 marks)**
 - (iii) A not-for-profit organisation **(3 marks)**
- (b)** A developer is planning to build 400 homes, a shopping centre and a sports complex at the edge of a small town. Explain the possible positive and negative opinions of the following stakeholder groups towards the development:
- (i) The population living nearby **(4 marks)**
 - (ii) Local retailers in the town **(4 marks)**
 - (iii) Local government **(4 marks)**
 - (iv) Local suppliers **(4 marks)**

Instructions to markers

- (a)** Award up to 3 marks for a well explained objective with a mark for each valid point.
(b) Opinions towards development can be positive or negative. Reward any well explained opinion up to a maximum of four marks for each group. A maximum of 3 marks per group if only one side of the argument is considered.

Suggested answer

(a) (i) A family business' objectives might be to provide employment for family members, a reasonable level of profit and continuity of business for future generations.
(ii) A PLC's (public limited company main objective is to generate profits for its shareholders while at the same time satisfying other interested stakeholders such as customers and suppliers.
(iii) The objective of a not-for-profit organisation such as a charity might be to raise funds for a specific cause such as cancer research and to do so they minimise costs. The organization would also like to increase publicity and knowledge of the particular cause of the charity e.g. Save the Children and the plight of the young throughout the world.

(b) (i) A positive opinion will be the creation of employment for local people, the provision of better, more modern housing and more leisure facilities. However, it might also cause problems such as road safety for children and the reduction of 'greenbelt' land. For those living close to the leisure centre they will have a convenient sports facility but this must be balanced by the increase in traffic. The increase in housing might also affect the value of existing properties.

(ii) Local retailers will welcome the expansion of housing as it will mean a larger population in the area with, hopefully, more customers. Similarly the sports complex and shopping centre should encourage visitors to the area creating a greater throughput of people. It will also provide more jobs for local people who will, hopefully, still spend in local shops.

However, the shopping centre might include retailers in direct competition with local shops, selling similar goods at lower prices, particularly if they are large national supermarkets. In this case it could mean the closure of local outlets as they cannot compete.

(iii) The local government will view the development as a short term boost to employment but also a long term improvement to facilities. Reward any comment that differentiates between short term and long term gains. However, if the development results in extra population the government will have to provide extra school places and appropriate health facilities. The development might also have an adverse effect on the environment such as traffic congestion or pollution. Conversely the extra population might boost demand for goods in local shops and provide extra local taxation.

(iv) Local suppliers of goods and services will, in the main, view the proposed development as an opportunity to serve a larger market. The shopping complex will require supplies ranging at the outset from furniture and equipment to a regular supply of goods and services such as stationery, cleaning, waste

disposal etc. The new shops will also require advertising services from local printers and newspapers in order to publicise the new retail outlets and their products. However, some suppliers might view the new shops as direct competitors who will offer similar goods and services.

Total Maximum Marks for Q2

25 marks

1. Comments on learners' performance

This question was reasonably answered with many candidates gaining sufficient marks for a pass. However many candidates were unaware of a PLC (question a ii). Candidates that scored well made sure that all part of the questions were answered, and in part (b) were able to link their answer to the scenario.

2. Mark scheme

See above

3. Recommendations

Candidates must ensure they are aware of all types of business structures and be aware of their main objectives.

Examiner's tips

Often part of the question will have a 'scenario'. It is important that your answers link into the scenario i.e. link theory to practice.

Question 3

(a) Briefly explain the following financial terms:

- (i) Gearing (3 marks)
- (ii) Fixed assets (3 marks)
- (iii) Working capital (3 marks)
- (iv) Current ratio (3 marks)

(b) A transport company is planning to replace 10 of its delivery vans. Explain the advantages and disadvantages of using the following methods to finance the renewals:

- (i) Hire purchase
 - (ii) Leasing
 - (iii) Outright purchase
- (13 marks)**

Instructions to markers

(a) Award a maximum of three marks per section a) i) to a) iv).

(b) Award up to 2 marks for explaining each financial method and up to 2 marks for each advantage or disadvantage to a maximum of 5 marks for any one method.

Suggested answer

(a) (i) Gearing measures the proportion of capital employed that is provided by long term lenders. The gearing ratio is given by the equation: $\text{Gearing} = \frac{\text{Long term liabilities}}{\text{Total Capital Employed}} \times 100$.

(ii) Fixed assets are items that have a long-term function in a business and can be used repeatedly. Examples might include buildings, land, vehicles, equipment and machinery.

(iii) Working capital is the day-to-day finance required to run a business. It is the finance required to pay for raw materials, running costs, labour and to finance credit offered to customers.

(iv) The current ratio is a measure of a firm's ability to meet its short term debts. It is a main test of liquidity, the ability to settle debts as they fall due by having available the necessary cash. The ratio should be between 1.5 and 2 signifying sufficient liquid assets to meet its obligations. Insufficient liquid assets could result in the closure of the business. The equation to calculate the ratio is: $\text{Current ratio} = \frac{\text{Current assets}}{\text{current liabilities}}$.

(b) (i) Hire purchase is a system of obtaining credit for the purchase of an asset where the firm pays a deposit followed by the balance in equal installments over an agreed time period.

The advantages of this method are:

- No need for a large outlay of cash at the beginning
- The cost is spread over the term of the contract
- The asset becomes the property of the firm when the last installment is paid

The main disadvantage of this method is that the total cost is more than outright purchase.

(ii) Leasing is a way of acquiring assets such as vehicles without the need for an initial cash outlay. The firm agrees to 'rent' the assets over an agreed time period (usually between 2 to 3 years) before returning them.

The advantages of leasing include:

- Avoids the need for large cash outflow at the beginning
- Releases capital for other, perhaps more profitable uses
- Vehicles can be updated or replaced at little extra cost
- Most leasing agreements allow the firm to buy the assets cheaply at the end of the contracted term.

The disadvantages of leasing include:

- Leasing is, in the long run, more expensive than outright purchase
- The asset does not belong to the firm therefore does not appear in the balance sheet.

(iii) Outright purchase means paying cash for the 50 cars and vans upfront. The advantage of this is that the buyer will be able to negotiate a cash discount and purchase the vehicles at a lower price. The disadvantage is that the firm must raise a significant sum of money at the beginning. If this money has been borrowed the firm will have to pay interest.

Total Maximum Marks for Q3

25 marks

1. Comments on learners' performance

This question was poorly answered with many candidates unaware of the financial terms in part (a) and in part (b) were not aware of the different methods of finance. Candidates that did score well could identify the different financial terms and were aware of the advantages and disadvantages of the different methods of finance.

2. Mark scheme

See above.

3. Recommendations

There will always be a question relating to finance, and it is important that candidates are aware of the different financial terms mentioned in the syllabus and be able to define them. It is also important to understand the different ways businesses can finance their operations.

Examiner's tips

Finance is an important part of a business's operation and you must ensure you have an understanding of this area.

Question 4

- (a) Identify and explain the factors that may influence the choice of location for a large retailer, such as a supermarket or department store. **(15 marks)**
- (b) Retailers such as supermarkets sometimes have large amounts of stock. Explain **five** costs associated with holding such large quantities of stocks. **(10 marks)**

Instructions to markers

- (a) One mark for identifying a location factor and up to a further three marks for development to a maximum of 15 marks overall.
- (b) Award up to 3 marks for each cost, fully developed, to a maximum of 10 marks overall.

Suggested answer

- (a) The main factors that would influence the location decision of a large retailer are:
- Availability of land – a large retailer requires a significant area of reasonably priced land not only for the display of goods and storage but also for customer parking. Most supermarkets are single storey buildings therefore a flat area would be the most suitable.
 - Closeness to final market – locating close to a significant residential area is very important.
 - Suitable transport links – a large retailer must have good road links for easy access for its suppliers and customers.
 - Availability of labour – a large retailer requires a large number of semi-skilled and skilled workers. The shop floor requires staff for continual stocking and cashier functions. In the back office administrative staff are required up to management level.
 - Political stability – this will be a major factor as no company will be willing to invest very large sums of money unless they are convinced that the country is stable.
 - Government incentives – one of the attractions to a particular area could be generous tax incentives for new companies, perhaps to help with re-generation of the region. This would allow the company to enjoy a tax free or a low tax environment for the early years of the investment.
- (b) There are a number of costs associated with holding large amounts of stock. The most common are:
- Interest charges – all stock represents funds tied up in the business. Stock financed by borrowing obviously incurs interest charges. However, so does stock financed by the business' own funds because if they were not tied up in stock they could be earning interest in the bank.
 - Rent – stocks have to be stored and will occupy floor space that incurs rent charges.
 - Staffing – all stocks need to be looked after and secured. The business will have to employ warehouse staff, security staff and stock clerks to control the stock.
 - Equipment – goods will require shelving, trolleys and perhaps fork lift trucks for ease of movement. In some cases refrigeration will be required to keep frozen and fresh items.
 - Theft and damage – Even when security is tight theft of goods is still possible. Poor supervision and handling of delicate goods can also result in damage.

Total Maximum Marks for Q4

25 marks

1. Comments on learners' performance

This question was poorly answered. Often in part (a) candidates did not apply their answers to the scenario, and in part (b) answers did not relate to what was asked for. Candidates that scored well made sure all parts of the questions were answered and were aware of the number of marks available for each part of the question. This ensured that answers had the relevant depth to gain those higher marks.

2. Mark scheme

See above.

3. Recommendations

It is important that candidates read and re-read the question to ensure that all parts are covered and that answers link into any scenario in the question. It is important to also be aware of any 'lead' words e.g. 'Explain' means that answers cannot be just one word but expansion is needed.

Examiner's tips

Again ensure 'lead' words are recognised and fully covered in your answer.

Question 5

(a) Define each of the following means of remuneration:

(i) Piecework

(3 marks)

(ii) Time based wages

(3 marks)

(iii) Commission

(3 marks)

(iv) Salary

(3 marks)

(b) A business is considering the introduction of a training programme to produce its own supply of skilled labour. Describe the benefits and drawbacks of establishing such a training programme.

(13 marks)

Instructions to markers

(a) 3 marks for full explanation of each type of remuneration.

(b) Reward each valid benefit of a training programme with 1 mark plus up to 2 development marks. The benefits can be for either the organization or the individual.

Suggested answer

(a) i) Piece rates are a form of output based wage that is directly related to the output each individual or group of workers produces. Such schemes normally establish an output norm for the average worker for which a basic wage is paid, for example 200 units per day. Output achieved in excess of this is rewarded by bonus payments. This should provide an incentive for workers to be productive and needs less supervision as they have an incentive to work hard. It may, however, lead to rushed work, lower quality production and an increase in rejects. Piece rates can be effective as long as quality is not sacrificed.

ii) Time based wages is one method of rewarding employees for their labour. It is payment for the length of time spent working rather than the quantity of output achieved. It is a simple method to administer as it requires only a record of attendance. This system is often adopted where remuneration is difficult to relate to output for example with nurses, teachers or maintenance workers. The main disadvantage for the employer is that it relies on trust. The employee is expected to give 'a fair day's work' for the agreed remuneration. Some firms prefer to ensure they get a satisfactory output by employing supervisors to oversee the work of time based operatives.

iii) Commission is a form of payment to an agent or employee for performing services on behalf of a buyer or a seller. For example expert advice from a financial advisor would be paid by the customer whereas a car salesman would be paid per car sold by the garage. Commission can either be a fixed percentage of sales or paid on a sliding scale depending on the size of the sale.

iv) A salary is a fixed regular payment made by an employer, often monthly, for professional or office work. It differs from time based wages in that it is not strictly related to the actual number of hours worked and any extra hours worked do not normally attract any overtime payment.

(b) For example one benefit of a training programme for the business could be improved efficiency where the employee is better able to complete a task successfully in a given period of time. This will improve productivity and lead to lower unit costs. Similar arguments can be made for reduced wastage and re-working, a more flexible workforce, greater customer satisfaction and ultimately higher sales and profits. Benefits for the individual include improved skill levels, competency, higher self-esteem, motivation and morale.

One of the main drawbacks of training is the cost. This includes not only the direct cost of the training but also the lost production that the worker would have contributed. Where training is provided internally there is also the overhead cost of the training area as well as the running costs of the training department including salaries and training materials. In cases leading to external qualifications there might be also examination and resource material costs. Once trained the employee might be tempted to join a rival firm for higher wages.

Total Maximum Marks for Q5

25 marks

1. Comments on learners' performance

This question was reasonably well answered with most candidates having an idea of the different types of remuneration, and aware of the benefits and drawbacks of training programmes. Candidates that scored well made sure that part (b) answer had the depth and analysis needed for a 13 mark question.

2. Mark scheme

See above

3. Recommendations

Again it is important that candidates ensure business terms are learnt and that answers are linked to any scenario given in the question.

Examiner's tips

When deciding on which question to answer make sure that you can make a reasonable attempt at answering all parts of the question, otherwise marks will be lost.

Question 6

(a) Briefly explain each of the following terms:

- (i) The primary sector (3 marks)
- (ii) The private sector (3 marks)
- (iii) The tertiary sector (3 marks)
- (iv) The public sector (3 marks)

(b) Outline the advantages and disadvantages of forming a partnership, as compared to a sole trader. (13 marks)

Instructions to markers

(a) Three marks for each term fully explained. Reward the use of relevant examples.

(b) Up to three marks for each advantage or disadvantage fully outlined. A maximum of 80 marks to be awarded if the candidate only covers the benefits or the drawbacks and not both.

Suggested answer

(a) i) The primary sector is concerned with the extraction or creation of raw materials. Examples include all forms of mining (such as gold, copper and coal), agriculture, oil extraction, fishing and forestry.

ii) The private sector is that part of the economy concerned with transactions made by private individuals, businesses and institutions. The businesses are owned and managed on behalf of the owners and shareholders where the principal task is to make profit.

iii) The tertiary sector is that part of the economy comprising of businesses that supply services, such as insurance, transport and banking.

iv) The public sector of an economy is that part owned and directed by the government on behalf of the people. The public sector's main role is to provide public services such as health care, law and order, defence and education.

(b) Forming a partnership is one method of expanding a business. The main advantages of a partnership are:

- There can be division of labour between the partners so that each can specialise and benefit from each other's expertise.
- More capital can be introduced into the business by adding new partners
- Decision-making can be shared
- Partners can develop interchangeability so that one partner can substitute for another in times of illness or holiday
- In this specific case the sole trader is forming a partnership with a lifelong friend who should therefore be trustworthy and easy to work with.

The main disadvantages are:

- General partners have unlimited liability and therefore are responsible for all debts
- The withdrawal or death of a partner may dissolve the firm
- Decision-making may be slow as all partners must agree. Shared control means the possibility of disagreements and delays.

Total Maximum Marks for Q6

25 marks

1. Comments on learners' performance

This question was poorly answered with many candidates unaware of the different types of sectors, and also confusing the advantages and disadvantages of a partnership compared to a sole trader. Those few candidates that scored well again were able to explain the terms and had a full understanding of the differences between a sole trader and a partnership. Also they made sure that their answer for part (b) had the depth and analysis for a 13 mark question.

2. Mark scheme

See above.

3. Recommendations

It is important that candidates are aware of the different types of sectors that businesses operate in, and understand the difference between sole traders, partnerships and private limited companies.

Examiner's tips

Make sure you can fully understand the points made in the recommendations, as this type of question will often appear.

Question 7

(a) Briefly explain each of the following terms:

(i) Ethical trading

(3 marks)

(ii) Inflation

(3 marks)

(iii) The business cycle

(3 marks)

(iv) PEST analysis

(3 marks)

(b) Using examples, discuss the advantages and the disadvantages of the technological advances that have affected business in recent years.

(13 marks)

Instructions to markers

(a) – Up to three marks for each explanation. Reward the use of relevant examples.

(b) - Award 1 mark for each advantage or disadvantage identified with a further 2 marks for development of the point and how it directly or indirectly affects business.

Suggested answer

(a) i) Ethical trading (or Ethical consumerism) is the production and purchasing of items that are made ethically. Generally, this means without harm to or exploitation of humans, animals or the natural environment. From a consumer's perspective this can take on the following forms:

Positive buying — favouring ethical products, and businesses that operate on principles based primarily on benefit for the greater good rather than self-interest. This would include only buying from firms that paid fair wages, used recycled materials and kept pollution to a minimum.

Moral boycott — this is negative purchasing i.e. not buying from certain companies because they have a poor environmental or ethical reputation.

For a firm it can use its ethical position as a means of marketing itself. For example The Body Shop has built its reputation on being 'green' by recycling containers, being opposed to animal testing and paying a 'fair' price for its ingredients.

i) **Inflation** means a sustained increase in the aggregate or general price level in an economy. Inflation means there is an increase in the cost of living and a reduction in the value of money. Inflation rates can vary greatly between countries and within a country. Since 1945 inflation in the UK has been in the high 20's at some point and recently at less than 1%.

ii) The **business cycle** is the downward and upward movement of levels of gross domestic product (GDP) and refers to the period of expansions and contractions in the level of economic activities (**business** fluctuations) around its long-term growth trend. The typical business cycle in the past moved from boom to recession to slump and then recovery and back to boom. Governments today attempt to even out the peaks and troughs in order to obtain a steadier growth rate in the economy.

iii) PEST analysis is a method that can be used to look at the environment within which all firms operate. The initials stand for Political, Economic, Social and Technological. Each of these areas has an effect on a business in one way or another. A business must recognize this and adapt its strategy accordingly. For example increasing social concern over pollution has forced many manufacturers to stop using certain raw materials and to adopt cleaner production systems. Firms that ignore external factors will lose sales to competitors that recognize them.

(b) Technological changes can be the most significant external factor affecting businesses today. One advantage has been the creation of new materials. For example a wide variety of products are now made from hardened plastic rather than wood or steel. These are cheaper to make and can be moulded into more attractive designs e.g. plastic chairs. Another advantage is the creation of entirely new products. For example, the use of the microchip has revolutionised certain industries such as communications and the music industry. This has enabled customers to have mobile phones, lap top computers and mobile music players (iPod, iPhone, MP3 players etc.). The advances in microchip technology has led to 'smart' machines that can operate CAD/CAM systems thus removing human error in manufacturing and increasing productivity e.g. the use of robots to weld and paint cars.

However, there are also some disadvantages. Where technology is developing quickly the businesses are uncertain as to when to invest. They might be reluctant to spend large amounts of capital only to find the machinery or process is soon outdated. Another disadvantage is the cost of continually replacing machines with the latest versions e.g. computer speeds and chip memory are doubling every few years. A third disadvantage is concerned with labour. Some of the new systems result in jobs being lost on a permanent basis e.g. copy typists being replaced by a photocopying machine. Even where labour is not replaced the

workers require constant re-training in order to keep up with the technological change. This adds a further cost to the business.

Total Maximum Marks for Q7

25 marks

1. Comments on learners' performance

This question was not a popular question with candidates. Those that did attempt were generally poorly answered giving descriptive answers and unaware of the terms in part (a). Again it is important for candidates to be able to define business terms mentioned in the syllabus, and be aware how technological advances have affected businesses.

2. Mark scheme

See above

3. Recommendations

Candidates should be aware of how PEST areas have affected businesses in recent years. Also be aware of economic terms e.g. interest rates, inflation, exchange rates etc.

Examiner's tips

Keep up to date with the business world and its environment by reading a quality paper.

Question 8

(a) Describe the likely objectives of the following stakeholders in a business:

(i) An employee (3 marks)

(ii) A shareholder (3 marks)

(iii) A customer (3 marks)

(iv) The government (3 marks)

(b) Identify and describe five inputs needed to set up a small retail business. (13 marks)

Instructions to markers

(a) Award up to 3 marks for objectives correctly identified for each stakeholder.

(b) Award up to 3 marks for each valid input explained and developed to a maximum of 13 marks for the section.

Suggested answer

(a) (i) An employee is concerned primarily about the level of pay, the working conditions, job security and job satisfaction.

(ii) A shareholder has two main objectives. The first is to receive a regular income in the form of dividends, which hopefully will rise year on year. The second objective is to see the share price rise above what the shareholder paid for the stock. This will provide the shareholder with a capital gain when the shares are eventually sold. To ensure the two objectives are met the shareholder is concerned with the quality of the management who are critical to achievement of these short and long-term objectives.

(iii) Customers will want to have a choice of goods, usually in a range of colours, styles and sizes. At the same time the goods must be affordable and priced competitively with rival brands. Customers will want goods that are reliable and give good value. For large goods they will expect prompt delivery.

(iv) The government is concerned about businesses for three main reasons. The first is because businesses provide employment for the public and a means for individuals to finance their own lifestyle without the assistance of the state. The second reason is for income as the government receives part of the profits through taxation. The final reason is that the health of businesses is a reflection of the success or failure of the government to manage the economy.

(b) Inputs vary depending on the type of business. However, all businesses will need labour of an appropriate skill level, some of which will be full time and some part time. Many will require training in the 'house style' of the business particularly those who are consumer-facing. Likewise the business will need premises to operate from. As a retailer there needs to be significant 'footfall' unless they are operating as an internet retailer, in which case the premises can be located in a cheaper business park. The business will also need a range of suppliers to provide the necessary raw materials and capital equipment. All of these inputs will require finance. The business will also require the use of services such as those offered by banks, insurance companies, recruitment agencies, advertising agencies and management consultancies.

Total Maximum Marks for Q8

25 marks

1. Comments on learners' performance

This was not a popular question and those that did attempt it generally gave poor answers. Many candidates, although aware who stakeholders are, were not aware of their main objectives. Also most candidates did not understand part (b) i.e. what was meant by 'inputs' and answers lacked depth for a 13 mark question. Also a number of answers did not consider the scenario i.e. a retail business.

2. Mark scheme

See above.

3. Recommendations

Candidates need to be aware of the main stakeholders within a business and their key objectives. Also be aware of 'start up' businesses and what is needed when they set up.

Examiner's tips

Questions relating to stakeholders and new businesses are frequently set. Make sure you fully understand these areas of the syllabus.

Conclusions

Information for next sitting / Issues found / Difficult questions or topics

Much has been covered in my comments above. However to summarise:

- Students need to ensure they study and revise the full syllabus.
- Only four questions need to be answered out of eight questions. Therefore it is important students spend some time being selective and ensure they understand what is required in each question. Also make sure you can attempt each part of the question.
- Be fully aware of the 'command' or 'lead' words in each question.
- Be fully aware of the number of marks available for each part of the question. For example a 13 mark question will need much more depth and analysis in your answer than say a 3 mark question.
- Be fully aware of time management. Do not spend more than 45 minutes on each of the four questions answered.