

GCSE

Business

**J204/01: Business 1: business activity, marketing and
people**

General Certificate of Secondary Education

Mark Scheme for June 2026

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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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Marking Instructions

Preparation For Marking

1. RM Assessor

- Access and complete the on-screen marking training packages: OCR Examiner Training (RMA3).
- Read the mark scheme and question paper for this component or unit.
- The mark scheme and question paper are available in RM Assessor or on your Component Page if you use the Training Platform for standardisation.
- Log in to RM Assessor and mark the **required number** of practice scripts and the **required number** of standardisation scripts.

Marking

2. General Guidance

- Mark strictly to the mark scheme.
- Marks awarded must relate directly to the marking criteria.
- If you are in any doubt about applying the mark scheme, consult your Team Leader by phone, email or via the RM Assessor messaging system.
- It is **essential** that you meet the RM Assessor 50% and 100% batch deadlines. For traditional marking this will be 40% and 100%. If you experience problems, contact your Team Leader without delay.
- Always check the pages (and additional objects if present) at the end of the response in case any answers have been continued there. If the candidate has continued an answer there, then add the annotation '**SEEN**' to confirm that the work has been seen and mark any responses using the annotations in Section 6.

- The RM Assessor **comments box** is used by your Team Leader to explain the marking of the practice responses. Use these comments when checking your practice responses. **Do not use the comments box for any other reason.**
- **Before the end of the marking period** send a brief report on the performance of candidates to your Team Leader via email. The report should contain notes on strengths displayed as well as common errors or weaknesses. Constructive criticism of the question paper/mark scheme is also appreciated.

3. No Response and Crossed-out Answers

Using the No Response (NR) option. Only mark as NR if:

- the answer space is blank
- there is only a comment not related to the question (e.g., 'can't do', 'don't know')
- there is only a mark (e.g., a dash, a question mark) which is not an attempt at the question.

Note: Enter 0 marks for an attempt that earns no credit (including copying out the question). **Do not** use NR.

Crossed-out answers

If a candidate has crossed out an answer and written a clear alternative, do **not** mark the crossed-out answer.

If a candidate has crossed out an answer and **not** written a clear alternative, mark the crossed-out answer if it is readable.

4. Responses with more answers than needed

• **Multiple-choice question answers**

When a multiple-choice question has only **one** correct answer and a candidate has written two or more answers (even if one of these answers is correct), do **not** award a mark.

When a multiple-choice question asks candidates to select **more than** one option the marking guidance from your Principal Examiner will ensure consistency of approach.

Contradictory answers in points-based questions

Do **not** award any marks, even if one of the answers is correct.

- **Rubric error answers – optional questions**

Where candidates have a choice of question/s and they provide more answers than required, all responses are marked and entered into RM Assessor. The highest mark allowable within the rubric will automatically be selected.

- **Questions that ask for a set number (including 1) of short answers or points**

Mark only the **first set number** of answers/points. (e.g. **two** reasons for something)

First mark the answers/points against printed numbers on the answer lines. Mark the first answer/point against each printed number. **Second**, if candidates have not followed the printed numbers, mark the answers/points from left to right on each line. **Third**, mark line by line until the set number of answers/points have been marked. Do **not** mark any remaining answers/points.

Examiners should use their own judgement to decide if a 'second answer' on the same line is adding more detail to the first answer, or if it is a completely separate answer.

- **Short Answer Questions (requiring a more developed response, worth two or more marks)**

If the candidates are required to provide a description of, for example, three items and four items are provided, mark line by line until the set number of descriptions have been marked (it is unlikely a candidate will provide more than one response on each line in this scenario).

- **Longer Answer Questions (requiring a developed response)**

If a candidate has written two or more answers to a question that only requires one (developed) answer, only mark the first answer (which has not been crossed out).

5. Questions using levels of response (LOR):

To determine the **level** – start at the highest level and work down until you reach the level that matches the answer.

To determine the **mark** within the level, use the following:

Descriptor	Award mark
Consistently meets the criteria for this level	At top of level
~~Meets the criteria but with some slight inconsistency~~	Above middle and either below top of level or at middle of level (depending on number of marks available)
~~Just enough achievement on balance for this level~~	Above bottom and either below middle or at middle of level (depending on number of marks available)
~~On the borderline of this level and the one below~~	At bottom of level

6. Annotations available in RM Assessor

Annotation	Meaning
	Correct
	Incorrect
	Knowledge (AO1a)
	Understanding (AO1b)
	Application (AO2)
	Analysis (AO3a)
	Evaluation (AO3b)
	Benefit of doubt – mark credited
	Not answered question – response is either omitted or answer is not relevant to the question asked
	Repetition – credit already given or answer repeats what is in the question or stem
	Blank Page
	Not used text – answer does not make use of the context (no application mark)
	Own figure rule
	Work has been seen (must be used on additional objects – see General Guidance in Section 2 of the marking instructions)
	Too vague – no mark(s) credited
	Not sure what the candidate is trying to say/candidates haven't explained 'why'

7. Abbreviations, annotations and conventions used in the mark scheme (including subject-specific conventions).

Abbreviation	Meaning
ARA	Any reasonable answer - If a response is not listed in the mark scheme but is, in your professional judgment, equally valid, you should accept it. If you're unsure whether to award marks for a response, check with your Team Leader or Principal Examiner.
OFR	Own figure rule – Candidates should not be penalised for the use of an incorrect calculation in later stages of the calculation and/or in later questions.
Highlighting	Highlighting is available on RM to highlight any particular points on a script.

8. Subject-specific Marking Instructions

Introduction

Your first task is to familiarise yourself with:

- the specification, especially the assessment objectives
- the question paper and any inserts or resource booklets
- the mark scheme, including annotation requirements
- the administrative procedures related to the marking process.

The administrative procedures are set out in the OCR booklet **Instructions for Examiners**.

If you are examining for the first time, please read **Appendix 5 Introduction to Script Marking: Notes for New Examiners**.

All relevant training materials are accessed from the Training Platform.

Please ask for help or guidance whenever you need it. Your first point of contact is your Team Leader.

Level of response guidance

Each assessment objective should be considered in isolation. Failing to achieve marks for an assessment objective does not preclude candidates from achieving marks on other assessment objectives.

SECTION A			
Question	Answer	Marks	Assessment Objective
1	A	1	AO2
2	C	1	AO2
3	C	1	AO1a
4	B	1	AO2 (PS)
5	D	1	AO1a
6	A	1	AO1b
7	B	1	AO2
8	D	1	AO1b
9	B	1	AO2
10	B	1	AO1b
11	D	1	AO2
12	C	1	AO2
13	D	1	AO2
14	C	1	AO2
15	A	1	AO2

Question		Answer	Mark	Guidance
16	(a)	Explain <u>one</u> purpose of business activity. Knowledge/understanding: - Spot an opportunity/identify a gap in the market, develop an idea/product/service, extract raw materials, produce goods, provide services, make sales, increase sales, satisfy customers, satisfy needs/wants - Profit, financial return, financial reward, return on investment, dividends, make money, provide <u>owner</u> with an income. Exemplar responses: Business activity develops an idea for a business (1) in order to gain a financial reward (1). Business activity attempts to make a profit (1) by satisfying the needs of customers (1). Business activity spots opportunities in the market (1) to make goods and services that customers want (REP). The purpose of business activity is to provide a return on the business owner's investment (1). ARA	2 AO1a 1 AO1b 1	One mark for knowledge plus one further mark for understanding.  <i>Answers do not need to relate to The Range.</i> Credit <u>two</u> marks if both bullet points are covered. Credit <u>one</u> mark if either one of the bullet points <u>are</u> covered.

16	(b)	Explain three advantages for The Range of using primary market research rather than secondary market research to make decisions. Understanding: • Up to date, not outdated, current, recent • Tailored, specific, relevant, personal(ised) • Can be in-depth, can choose level of detail, detailed • Private, competitors do not see the information gained. Application <u>may</u> include: • Sells home/leisure/garden/art/pet products, stationery, furnishings, cushions, bedding • Low prices/lower prices than competitors • (One of) fastest growing retailers • 140,000 products • Has 210 stores • Open new store/shop • Stores in areas of high customer demand • Meeting changing customer needs is <u>challenging</u> • Large customer base • <u>Customer base</u> covers different segments. Exemplar responses There is research data that can be tailored (1) to a specific location such as where The Range thinks there is high customer demand (APP). There is research findings will be up to date (1), which is important to meet changing customer needs (NUT). ARA	6 AO1b 3 AO2 3 One mark for understanding of an advantage of using primary research, up to a maximum of three.  <i>No further marks can be gained without understanding.</i> One further mark for each application to The Range, up to a maximum of three.  'True' TV, 'reliable' TV, 'accurate' TV. 'Faster', 'cheaper', 'larger sample' are incorrect, so (0). NB: No marks for what primary research is or its features. Advantages are required. Do not credit 'first hand' or 'new data' since these are features rather than advantages. NB: Advantages must be for the business rather than for the customers or other stakeholders. NB: Do not credit advantages of market research in general. Do not credit advantages of specific primary research methods e.g. focus groups. NB: Answers do not need to show any comparison between primary and secondary research.
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16	(c)	Analyse one likely reason why a large product range is important to The Range. Knowledge: • To please customers e.g. meet needs, give choice • To obtain customers/sales • To target different people • To increase the amount customers spend • To stop customers going to competitors • To manage the lifecycle of products • To spread risk. Application may include: • Sells home/leisure/garden/art/pet products, stationery, furnishings, cushions, bedding • Low prices/lower prices than competitors • (One of) fastest growing retailers • 140,000 products • Has 210 stores • Open new store/shop • Stores in areas of high customer demand • Meeting changing customer needs is <u>challenging</u> • Large customer base • <u>Customer base covers different segments.</u> Analysis may include: Common analytical comments (which must stem from the reason ticked) include positive impacts on market share, number of customers, sales, revenue, profit, competitive advantage, keeping ahead of the competition, customer base, customer retention, customer loyalty, customer satisfaction, brand awareness, reputation, etc.	3 AO1a 1 AO2 1 AO3a 1	One mark for knowledge of a reason for having a large product range.  <i>No further marks can be gained without knowledge.</i> One furthermark for application to The Range.  One further mark for impact on business of stated reason.  NB: Analysis = impact on business (not stakeholder). NB: No reward for what a large product range is. NB: 'Large product range' is not given in the text. Do not credit for APP. You are likely to read it frequently as it is the topic of this question. NUT.
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			Exemplar responses: To reach out to different types of customers (1) to encourage them to visit one of the 210 stores (APP), increasing sales (+1). Offers choice to customers (1). This will help The Range to maintain revenue (+1) from different market segments (NUT). To sell more (1) so as to increase sales (REP) of its 140,000 products (APP). ARA		
16	(d)	(i)	Identify <u>two</u> methods of segmenting a market. Indicative content: • Age • Gender/sex • Income [or socio-economic] • Location [or geographic] • Lifestyle • Demographic • Psychographic • Behavioural.	2 AO1a 2	One mark for each segmentation method identified, up to a maximum of two.  <i>Answers do not need to relate to The Range.</i>

16	(d)	(ii)	Evaluate whether The Range should use market segmentation. Application may include: • Sells home/leisure/garden/art/petproducts,stationery, furnishings, cushions, bedding • Low prices/lower prices than competitors • (One of) fastest growing retailers • 140,000 products • Has 210 stores • Open new store/shop • Stores in areas of high customer demand • Meeting changing customer needs is <u>challenging</u> • Large customer base • <u>Customer base</u> covers different segments. Analysis(advantages/disadvantagesforbusiness of using/notusingmarketsegmentation)i.e.impact on: • <u>Change</u> in number of customers/sales/revenue • Cash flow • Market share • Level of risk • Cost • Time. Evaluation includes: A clear decision as to whether to use market segmentation. This decision should be justified using relevant argument. For full marks the justification needs to be contextual.	7 AO2 2 AO3a 2 AO3b 3	Use marking grid to assess skill levels. Annotate as: Up to 2 marks for application to The Range Up to 2 marks for analysis Up to 3 marks for evaluation Application – up to two demonstrations of application to exemplify analytical points. NB: Context must be used to show understanding of advantage(s)/disadvantage(s) on business of using market segmentation for it to be awarded as application. Analysis – up to two pieces of analysis. Must be impacts on business (see bullet pointed list). Evaluation – For first evaluation mark the candidate must make an explicit decision about whether a business <u>should</u> or should not use market segmentation. For two evaluation marks the decision must be supported by relevant argument. If a decision is made, look for supportive reasoning (which may be a repeat of a previous argument or a new point). If 'yes' i.e. to use market segmentation, accept analytical advantages as well as
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		Exemplar response: Market segmentation improves the effectiveness of marketing, increasing revenue (AN) from selling home, leisure and garden tools (APP). Market segmentation enables The Range to appeal to a variety of customers, reducing risk (AN) if some of the 140,000 products lose popularity (APP). I think market segmentation should be used by The Range (EVAL). This is so that the company's marketing can meet the needs of the different segments it sells to, for example those interested in home furnishings (CONT) and those interested in pet products (EVAL)(EVAL). ARA	other benefits such as improved advertising, better targets, more able to meet customer needs, encourage specific types of customers, impact on profit, etc. If 'no' i.e. not to use market segmentation, accept all analytical disadvantages as well as other drawbacks such as complexity of operations, mass market appeal, reach all types of customers, impact on profit, etc. For three evaluation marks the argument must be relevant and contextual. NB: No additional evaluation marks for decision + context but no relevant argument. No reward for what market segmentation is, e.g. dividing the market.
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Q16(dii) Evaluate whether The Range should use market segmentation.

	Application (2 marks)	Analysis (2 marks)	Evaluation (3 marks)
Strong	2 marks Two uses of context in relation to the <u>advantages/disadvantages</u> for business of using/not using market segmentation. [APP] [APP]	2 marks Two analytical comments about the <u>advantages/disadvantages</u> for business of using/not using market segmentation. [AN] [AN]	3 marks A justified contextual decision about whether The Range should use market segmentation. [EVAL] [EVAL] [EVAL]
Good			2 marks A justified decision about whether The Range should use market segmentation. [EVAL] [EVAL]
Limited	1 mark One use of context in relation to an <u>advantage/disadvantage</u> for business of using/not using market segmentation [APP]	1 mark One analytical comment about an <u>advantage/disadvantage</u> for business of using/not using market segmentation. [AN]	1 mark A decision about whether The Range should use market segmentation. [EVAL]

Question			Answer	Mark	Guidance
17	(a)		State <u>two</u> stages of the product lifecycle. Indicative content: • Development • Introduction • Growth • Maturity • Saturation • Decline.	2 AO1a 2	One mark for each of two stages of the product lifecycle.  <i>Answers do not need to relate to Numatic International.</i>
17	(b)		Explain <u>three</u> ways that employment legislation impacts on Numatic's human resources management. Knowledge: • Equality/<u>No</u> discrimination, e.g. equal pay, make provision for disabilities, no sexism, no racism, no ageism, etc. • No use of child labour • Must issue a contract (of employment) • Must pay (at least) minimum/living wage • Entitled to (paid) holidays • Entitled to maternity pay/paternity pay • Entitled to time off for antenatal care/pregnancy care • Entitled to sick pay/sick days • Entitled to breaks • Cannot (force to) work above legal maximum working hours • Health & safety training, provision of safety equipment, ~~provision of~~ PPE _____ • Employees to be safe at work/safe working environment	6 AO1a 3 AO2 3	One mark for knowledge of ways employment legislation impacts on HR management, up to a maximum of three.  <i>No further marks can be gained without knowledge.</i> One further mark for each application to Numatic, up to a maximum of three.  Do not credit answers relating to fairness e.g. fair pay (0), treated fairly (0) as these are ethical rather than legal requirements. 'Employment rights' (0) TV 'Pay'/'How much they are paid' (0) TV 'Training' (0) TV (must be safety training). 'Health and safety' (0) TV (but do accept 'safety training', 'make working environment safe', 'make workers feel safe', etc).

			- Exit procedures for redundancy/dismissal e.g. no unfair dismissal, severance pay and notice, etc. Application may include: - Cleaning/maintenance products/vacuum cleaners - Manufacturing <u>site</u> - Based in south-west England (More than) 1000 employees - Makes 4500 products each day - Skilled employees are <u>important</u> - High-quality products <u> </u> - All employees receive financial and non-financial benefits - Created job opportunities over the past few years - Specified benefits i.e. health and <u>wellbeing</u> <u> </u> programmes, cycle to work scheme, free on-site car parking. Exemplar responses: Numatic must not discriminate (1) when selecting new employees to join its 1000+ workforce (APP). Health & safety training (1) must be given to all new employees (NUT). ARA		
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17	(c)	Analyse <u>one</u> advantage for Numatic of motivating employees using non-financial methods. Understanding: - Cheap, low cost, cost effective, free, no cost, decreases cost, saves money, keep money - Day to day recurring effect/longer term effect (rather than one-off impact). Application <u>may</u> include: - Cleaning/maintenance products/vacuum cleaners - Manufacturing <u>site</u> - Based in south-west England (More than) 1000 employees - Makes 4500 products each day - Skilled employees are <u>important</u> - High-quality products <u> </u> - All employees receive financial and non-financial benefits - Created job opportunities over the past few years - Specified benefits i.e. health and <u>wellbeing</u> <u> </u> programmes, cycle to work scheme, free on-site car parking. Analysis <u>may</u> include: Common analytical comments (which must stem from the advantage ~~linked~~ the positive impacts on profit, costs, cashflow, opportunity cost, growth, market share, revenue, reputation, productivity, etc. Exemplar responses: Non-financial methods of employee motivation are low cost (1), which is important because the company employs 1000 people (APP). Low cost methods will increase profits (+1).	3 AO1b 1 AO2 1 AO3a 1	One mark for understanding of an advantage of using non-financial methods of motivation.  <i>No further marks can be gained without understanding.</i> One further mark for application to Numatic. One further mark for impact on business of stated advantage. APP NB: Advantage must be for business rather than for the employee or other stakeholder.  NB: Analysis = impact on business (not stakeholder). NB: No reward for advantages of motivating employees in general. Must be specific advantages of using non-financial methods. NB: Answers do not need to show any comparison between financial and non-financial methods.
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			One advantage is that it lowers costs (1) spent on motivating the 1000 employees (APP) so Numatic will make more profit (+1). One advantage is that it doesn't cost anything (1) to keep the employees motivated once the schemes are set up. For example they have free on-site parking (APP). ARA		
17	(d)	(i)	Analyse one advantage for Numatic of using on-the-job training to train new employees. Understanding: - Cheap/low cost/cost effective - Training will be tailored/specific/relevant/individualised/the way the company wants things done - Employee is productive whilst being trained. Application may include: - Cleaning/maintenance products/vacuum cleaners - Manufacturing site - Based in south-west England (More than) 1000 employees - Makes 4500 products each day - Skilled employees are important - High-quality products - All employees receive financial and non-financial benefits - Created job opportunities over the past few years - Specified benefits i.e. health and wellbeing programmes, cycle to work scheme, free on-site car parking.	3 AO1b 1 AO2 1 AO3a 1	One mark for understanding of an advantage of using on-the-job training.  <i>No further marks can be gained without understanding.</i> One further mark for application to Numatic. One further mark for impact on a business of stated advantage.   NB: Analysis = impact on business (not stakeholder). NB: No reward for what on-the-job training is. NB: Advantage must be for a business rather than for the employee or other stakeholder. NB: Do not credit 'company develops its new employees using on-the-job training' as APP.

		Analysis may include: Common analytical comments (which must stem from the advantage ticked) include positive impacts on market share, revenue, profit, productivity, quality, opportunity cost, competitive advantage, beating the competition, reputation, efficiency, customer satisfaction, innovation, etc. Exemplar responses: On-the-job training will provide employees with specific skills (1) needed to meet Numatic's standards for its high-quality products (APP) which can increase productivity (+1). One advantage is that on-the-job training is a cheaper (1) way to train the skilled employees, increasing profit (+1). On-the-job training is good for Numatic as the new employees will be productive whilst learning (1) to make the Henry vacuum cleaners (APP). This means that Numatic will save costs. ARA		
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17	(d)	(ii)	Analyse one advantage for Numatic of using off-the-job training to train new employees. Understanding: - Delivered by an expert/professional/specialist - Errors made do not (negatively) impact the business - Introduce new skills or information to the business/provide training that (current) staff cannot deliver - Can use specifically designed training equipment. Application may include: - Cleaning/maintenance products/vacuum cleaners - Manufacturing site - Based in south-west England (More than) 1000 employees - Makes 4500 products each day - Skilled employees are important - High-quality products - All employees receive financial and non-financial benefits - Created job opportunities over the past few years - Specified benefits i.e. health and wellbeing programmes, cycle to work scheme, free on-site car parking. Analysis may include: Common analytical comments (which must stem from the advantage ticked) include positive impacts on market share, revenue, profit, costs, productivity, quality, employee retention, competitive advantage, beating the competition, reputation, customer satisfaction, efficiency, etc.	3 AO1b 1 AO2 1 AO3a 1	One mark for an advantage of using off-the-job training.  <i>No further marks can be gained without understanding.</i> One further mark for application to Numatic, using evidence from the text. One further mark for impact on a business of stated advantage.  APP NB: Analysis = impact on business (not stakeholder). NB: No reward for what off-the-job training is. NB: Advantage must be for a business rather than for the employee or other stakeholder. NB: Do not credit 'company develops its new employees using off-the-job training' as APP.
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			Exemplar responses: During off-the-job training any mistakes that employees make will not affect the company (1) this ensures no drop in production standards (+1) at the manufacturing site (APP). One advantage of using off-the-job training is that if mistakes are made it does not negatively affect the firm's output (1), leading to lower overall costs (+1). External courses allow new skills to be introduced (1) to the cleaning company (APP). Employees will be more motivated as the company is investing in them. ARA		
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17	(d)	(iii)	Recommend whether Numatic should use on-the-job training or off-the-job training for its new employees. Give a reason for your answer. A full answer needs an explicit decision, plus valid reasoning (with context) as to which of the two training methods Numatic should use for new employees. Further analysis of the two strategies should not be rewarded but can form part of a candidate's justification. Justification can be made using any combination of features/advantages/disadvantages so long as a comparison is being made (i.e. a link between them as opposed to separate points). Valid arguments for on-the-job include: • Cheaper • More specific/more relevant/more tailored/more individualised • More up to date • More productive whilst training. Valid arguments for off-the-job include: • Safer environment for making mistakes/low er risk of damage to business • More motivating • Workers feel more valued • Workers more able to concentrate/focus.	3 AO3b 3	One mark for a decision as to whether on-the-job or off-the-job training should be used.  PLUS One further mark for a non-contextual justification as to whether Numatic should use on-the-job or off-the-job training.  Single tick in margin OR Two further marks for a contextual justification as to whether Numatic should use on-the-job or off-the-job training.   Double tick in margin NB: Context (rather than application) required for full marks i.e. mention of context is sufficient. NB Justification is WHY one of the training methods is the BETTER option for Numatic (rather than just a good option for Numatic) or why the rejected training method is WORSE. It, therefore, follows that the response must be comparative. This can be done without
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		Exemplar responses: I think the cleaning and maintenance (CONT) company should use on-the-job training (1) as it costs less (+2). I suggest on-the-job training (1) because production can continue whilst employees develop skills, but with off-the-job production stops (+1). I recommend off-the-job training (1) because it allows a more focused training environment when learning how to manufacture vacuum cleaners (CONT) (+2). Numatic should use off-the-job training (1) because on-the-job training does not bring new and different ideas into the business about how to produce high quality products (CONT), but off-the-job does (+2). ARA	explicitly mentioning both training methods <u>only</u> if comparators are used e.g. 'cheaper', 'more motivating', etc. If comparators are not used, then both types of method will need to have been <u>mentioned</u> and with a direct comparative link i.e. both about cost, both about motivation, etc.
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Question			Answer	Mark	Guidance
18	(a)		Identify <u>one</u> method of selecting new employees. Indicative content: • CV/curriculum vitae/resumé • Application form • Letter of <u>application</u> • Interview • Group activity/task/project/work • <u>Test/exam/simulation/role-play/presentation</u> • Work trial • ~~Reference~~ • Referral/recommendation.	1 AO1a 1	One mark for a method of selecting new employees. <i>Answers do not need to relate to Ivan's Construction.</i> NB: 'Trial'/'Trialling' (0). ['Trialling' is a primary market research method]. 

18	(b)	Analyse <u>two</u> disadvantages for Ivan of operating the business as a sole trader. Understanding: • Unlimited liability/nolimitedliability,liableforall debts/risks (personal)possessions • Unincorporated/not incorporated • Limited sourcesoffinancee.g.difficulttoraise finance, cannotsellshares/banksreluctanttolend, sole funder,usesownsavings,shortageofcapital • (High) worlloade.g.allresponsibilities,all decisions, longhours/timepoor,limitedtoown skills/knowledge/ideas • Unavailability to work affects the business (adversely) e.g. illness, time off, holidays • No fixed salary • No <u>business</u>continuity(ifsoletraderdies) • Higher taxes. Application <u>may</u> include: • Business operatedforsevenyears • Building firm/projects • Two full-timeemployees • Reputation forhighquality • <u>Local competitor</u>openedtwoyearsago • Competitor pricesare10%cheaper • Ivan pays lowerwageratesthancompetitor • (Due to limitedfunds)employeesnotgivenapay rise • Customer satisfactionratesarehigherthanthe competitor's • Profits have fallen.	6 AO1b 2 AO2 2 AO3a 2	One mark for each understanding of a disadvantage of operating as a sole trader, up to a maximum of two.  <i>No further marks can be gained without understanding.</i> One further mark for each application to Ivan's Construction, up to a maximum of two.  One further mark for impact on Ivan of stated disadvantage, up to a maximum of two.  NB: Accept impacts on the business as impacts on Ivan since the business is not incorporated. NB: 'Limited funds' or 'shortage of money' TV (as it could refer to cashflow, revenue, profit, etc). If crediting this point the response must refer to 'capital' i.e. 'limited capital', 'insufficient capital', etc. Analysis = impact on Ivan or his business (but not on other stakeholders). For U credit personal impacts or impacts on the business. Do not credit impacts on customers or employees. For AN 'possessions are at risk' is not an impact (TV). The concept of 'loss of possessions' is required for AN. —
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			Analysis may include: Common analytical comments (which must stem from the disadvantage ticked) include negative impacts on the business e.g. revenue, number of customers, profit, growth, business existence, productivity, quality, reputation, etc, OR negative impacts on Ivan personally e.g. morale, motivation, stress, tiredness, health, time for self, loss of possessions, etc. Exemplar responses: Unlimited liability (1). Ivan's possessions are at risk of being taken (+1) to pay the business' debts if profits continue to fall (APP). Ivan has no one to share ideas or decision making with (1) which may limit his ability to compete with competitors (NUT) (+1). Ivan will have limited capital (1), limiting the growth of the business (+1). Ivan might have a shortage of capital (1) as a lot of money is needed to run a building business (APP). Ivan might have a shortage of capital (1) leading to lower revenue (0). Ivan has a shortage of funds (0). ARA		NB: No reward for what a sole trader is. NB: Do not credit references to construction as APP because it is in the name of the business. NB: Do not credit 'due to limited funds' as APP.
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18	(c)	(i)	Analyse one advantage for Ivan of each of the promotional methods. Social media Understanding: • Cheap/low cost/costeffective/free/nocost • Can reach a large audience/wide range of customers • Can be used for targeting/segmenting (the market), algorithm pushes posts to suitable recipients • Content can be frequently updated/easy to edit • Detailed information can be communicated • Pictures/sound/moving images can be included. Printed leaflets Understanding: • Cheap/low cost/cost effective • Can be used for targeting/segmenting (the market) e.g. reach those who live locally or those with roofs that need repair • Does not rely on technology to send/receive e.g. internet, Wi-Fi, social media • Can be kept to contact trader at a later date • Detailed information can be communicated • Pictures can be included. Application may include: • Business operatedfor seven years • Building firm/projects • Small to medium-sized projects • Reputation for high quality • Local competitor opened two years ago	6 AO1b 2 AO2 2 AO3a 2	For each method: One mark for understanding of an advantage for a business of using the promotional method. <i>No further marks can be gained without understanding.</i> One further mark for application to Ivan's Construction. One further mark for impact on Ivan of stated advantage of the promotional method. NB: Accept advantages for the business as advantages for Ivan since the business is not incorporated. NB: No marks for 'quick/easy' unless specific reason given. NB: For bullet point 2, do not credit 'more customers'/ 'extra customers'/'larger audience' for 'large audience'. Larger audience – could be 3 rather than 2, so still not large. — NB: Do not credit 'gain new customers/Gain more customers' as AN because it is part of the question. NB: Do not credit references to construction as APP because it is in the name of the business.
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APP



		• Competitor prices are 10% cheaper • Ivan pays lower wage rates than competitor • (Due to limited funds) employees not given a pay rise • Customer satisfaction rates are higher than the competitor Profits have fallen. Analysis may include: Common analytical comments (which must stem from the reason stated) include positive impacts on the business e.g. revenue, sales, customer base, competitive advantage, profit, money saved, costs, growth, reputation, brand recognition, market share, etc. Exemplar responses: Social media: Social media promotions are often free (1). This will keep costs to a minimum (+1), which is very important as profits have been falling (APP). Social media can be used to target the local community (1) increasing sales (+1). Social media can reach a large audience (1) increasing the number of customers (0) which is important as profit has fallen (APP). Printed leaflets: Leaflets can be used to target customers in the local area (1). This will reduce Ivan's tiredness from travelling (+1).		
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		A leaflet can be kept for future use (1). So when a customer needs a roof repair (APP) they will contact Ivan, increasing his revenue (+1). Printed leaflet is a cheap (1) way for Ivan to advertise to people who need a new kitchen (APP). ARA		
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18	(c)	(ii)	Recommend whether Ivan should use social media or printed leaflets to promote his business. Give a reason for your answer. A full answer needs an explicit decision, plus valid reasoning (with context) as to which of the two promotional methods Ivan should use. Justification can be made using any combination of features/ advantages/disadvantages so long as a comparison is being made (i.e. a link between them as opposed to separate points). Valid arguments for social media include: • Cheaper • Wider range/wider variety of customers • Larger audience/reach more people • Easier to edit/update more frequently • More interactive. Valid arguments for printed leaflets include: • More likely to reach those close by • More precise/accurate targeting • Lower reliance on technology • <u>Financially riskier.</u> Exemplar responses: Ivan should choose social media (1) because it is more cost-effective. This is especially important since Ivan's profit is falling (CONT) (+2). I recommend social media (1) because printed leaflets are not as interactive (+1).	3 AO3b 3	One mark for a decision as to whether social media or printed leaflets should be used. ✓ PLUS One further mark for a non-contextual justification as to whether Ivan should use social media or printed leaflets. ✓ Single tick in margin OR Two further marks for a contextual justification as to whether Ivan should use social media or printed leaflets. ✓ ✓ Double tick in margin NB: Context, rather than application, required for full marks i.e. mention of context is sufficient. NB Justification is WHY one of the promotional methods is the BETTER option for Ivan (rather than just a good option for the business) or why the rejected promotional method is WORSE. It, therefore, follows that the response must be comparative. This can be done without explicitly mentioning both promotional methods if
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			Irecommend leaflets (1) because they can be kept for future reference, unlike social media. Customers do not need to rely on the internet when looking for a builder (CONT) (+2). Leaflets are best (1) because they can be distributed to target people in the local area whereas the local people may not be aware of a social media post made by Ivan (+1). ARA	comparators are used e.g. 'cheaper', 'closer audience', etc. If comparators are not used, then both types of method will need to have been mentioned. NB: If two separate points are made i.e. one about social media and one about printed leaflets, there must be a comparative link i.e. both about cost, both about reliance on technology, both about location of customers, etc. NB: More customers TV. NB: Do not credit any arguments about time. NB: 'Limited funds' TV for context. NB: Accept impacts on the business as impacts on Ivan since the business is not incorporated.
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18	(d)*	Evaluate, using the numerical data in Text 3, whether Ivan should prioritise his aim of increasing profits. Knowledge • Statement of what an aim is e.g. what intend to achieve/ targets/objectives/goals • Statement of what profit is e.g. revenue minus costs/money left over from sales after all expenses have been paid, money earned beyond breakeven, reward for business owner/enterprise/entrepreneurship. Understanding: - o Statement explaining one WAY an aim can be used i.e. • to provide <u>direction</u> • to monitor <u>progress</u> • to measure <u>success</u>. • - o Statement explaining one WAY profit can be increased i.e. • increase sales/revenue/turnover/income • reduce costs/expenses • change selling price/pricing strategy • more sales/more customers • advertise • reduce specific costs e.g. wages, raw materials, etc.	9 AO1a 1 AO1b 1 AO2 2 AO3a 2 AO3b 3 (Quant 2)	Use marking grid to assess skill levels. Annotate as: 1 mark for knowledge 1 mark for understanding Up to 2 marks for quantitative application* Up to 2 marks for analysis Up to 3 marks for evaluation *Application assesses quantitative skills and refers to the use of data only. Knowledge – Statement identifying what an aim or profit is. Understanding – Statement explaining one way an aim can be used or one way profit can be increased. Application – up to two demonstrations of quantitative skill (rather than the contextual type of application on the rest of the paper). APP marks should be credited wherever found (including the evaluation). Do not credit any figures copied from the text; the candidate must demonstrate quantitative skill. Analysis – accept impacts on Ivan or the business of prioritising/not prioritising the aim of increasing profits. K U APP AN EVAL
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		Application (quantitative) includes any relevant calculation regarding the data in Text 3, including: - o Personnel • <u>3</u> people work in the business (Ivan plus 2 employees). - o Market • Business traded for <u>5</u> years before competitor arrived. - o Prices • Competitor prices are 90% of Ivan's. - o Customer satisfaction • 25% (a quarter) of Ivan's customers are not satisfied • 65% (almost two-thirds) of competitor's customers are not satisfied • Ivan's customer satisfaction rate is more than double the competitor's (2.14 times, 214%) • Ivan's customers are 40 percentage points more satisfied • Competitor's customers are 40 percentage points less satisfied • Approx one third of competitor's customers are satisfied • Three quarters of Ivan's customers are satisfied. - o Profit • Ivan's profits have fallen for the past <u>3</u> years • Profit fell by £17000 (≈32/33% reduction) • Profits from 2023 to 2024 fell by £8000 (≈15% reduction) • Profits from 2024 to 2025 fell by £9000 (≈20% reduction) • Average fall in profit was £5666.67 • Yearly fall in profit on average was £8500 (≈17/18% reduction)	Evaluation – For first evaluation mark the candidate's decision about whether profit should or should not be prioritised must be clear. NB Accept a statement that Ivan should prioritise something else, as meaning he should not prioritise profit. E.g. 'He should prioritise customer satisfaction' (EVAL). For two evaluation marks the decision must be supported by relevant argument. If a decision is made, look for supportive reasoning (which may be a repeat of previous argument or a new point). If decide prioritising profit is the way forward, accept all Analytical advantages as well as other reasons, including 'because profits are falling' etc. If decide that prioritising profit is not the way forward, accept all Analytical disadvantages as well as other reasons including the benefits of an alternative priority. For three evaluation marks the justification must be contextual e.g. mentioning profit is falling or has two employees or has a reputation for high quality, etc. NB: No additional evaluation marks for decision + context but no relevant argument.
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			- Ivan wants to make £15000 more profit than last year ($\approx 42/43\%$ increase). - Average profit for last 3 years £43667 per year - Aim is £2000 lower than peak profit in 2023. Analysis (advantages/disadvantages for business/owner of prioritising/not prioritising profit) i.e. impacts on: - Afford/not afford: - to pay workers/give a pay rise - to provide financial incentives e.g. bonus - to pay a larger workforce - to train staff - to do market research - to do marketing/advertising - buy resources/machinery/raw materials, etc. - Ability/inability to fund expansion/growth - Risk of losing own business/likelihood of business survival - Personal impacts on Ivan: - risk of losing personal possessions - higher/lower personal/family income/livelihood - higher/lower motivation levels of owner. Evaluation includes: A clear decision as to whether to prioritise the aim of increasing profits. This decision should be justified using relevant argument. For full marks the justification needs to be contextual.		
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			Exemplar response: ~~Business aims are~~ what the business wants to achieve in the future (K). Ivan can increase profit by reducing costs (U). This may help him earn the additional £15,000 of profit that he is aiming for (APP). If he meets his aim of increasing profits to £50,000 it will motivate him to work even harder in his business (AN). Profit fell by £9000 last year (APP). If Ivan manages to make his business more profitable, he will be able to give his employees a pay rise (AN). I believe Ivan should prioritise his aim of increasing profits (EVAL). Achieving the aim will benefit the business by helping Ivan to retain his two (CONT) current employees (EVAL) (EVAL). ARA		
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Q18(d)* Evaluate, using the numerical data in **Text 3**, whether Ivan should prioritise his aim of increasing profits.

	Knowledge (1 mark)	Understanding (1 mark)	Application (2 marks)	Analysis (2 marks)	Evaluation (3 marks)
Strong	1 mark Knowledge of either: - What an aim is OR - What profit is. [K]	1 mark Understanding of either: - One way an aim can be <u>used</u> OR - One way profit can be <u>increased</u>. [U]	2 marks Two <u>uses</u> of the data in Text 3 demonstrating quantitative skills. [APP] [APP]	2 marks Two analytical comments about the advantages/disadvantages for business/owner of prioritising/notprioritising profit. [AN] [AN]	3 marks A justified contextual decision about whether Ivanshould prioritise his aim of increasing profits. [EVAL] [EVAL] [EVAL]
Good					2 marks A justified decision about whether Ivanshould prioritise his aim of increasing profit. [EVAL] [EVAL]
Limited			1 mark One use of the data in Text <u>3</u> demonstrating quantitative skill. [APP]	1 mark One analytical comment about an advantage/disadvantage for business/owner of prioritising/notprioritising profit. [AN]	1 mark A decision aboutwhether Ivan should prioritisehis aim of increasingprofits. [EVAL]

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