



**GCSE**

**Business Studies**

Unit **A293**: Production, Finance and the External Business Environment

General Certificate of Secondary Education

**Mark Scheme for June 2018**

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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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## Annotations

Annotation	Meaning
	Blank Page – this annotation <b>must</b> be used on all blank pages within an answer booklet (structured or unstructured) and on each page of an additional object where there is no candidate response.
	Benefit of doubt
	Cross
	Expansion of a point
	Error carried forward
	Level 1
	Level 2
	Level 3
<b>Seen</b>	Response seen but not rewarded
	Not answered question
	Repeat
	Tick
	Unclear
	Own figure rule

## Subject-specific Marking Instructions

- All responses must be annotated.
- For responses marked with a points style of mark scheme, there should be one tick for each credit worthy point.
- For responses marked with a levels of response mark scheme, all the levels achieved should be annotated using L1, L2 and L3 near the statement that achieves the level.

Question			Answer	Mark	Guidance
1					Opening a script in Scoris will take you to Page 16. If nothing is written on this page, annotate with BP to show you have looked at this.
	a)	i)	Correct answer – Number of businesses falls by 27 (2). Method: $42 - 15$ (1)	2	Two marks for the correct answer. One mark for correct workings if an incorrect answer has been given.  Candidates do not have to show workings to obtain two marks.
		ii)	Effects discussed can be:  <b>The amount of sales</b>  Explanation <ul style="list-style-type: none"> <li>The greater the rise in income the greater will be the rise in sales (1) as people will have a greater amount to spend (1) and consumer confidence will be higher.</li> </ul> <b>The type of goods being sold/spending on luxuries.</b>  Explanation <ul style="list-style-type: none"> <li>The greater the rise in income, the more people will spend on luxuries (1) as it is even more people will be able to afford more expensive goods (1).</li> <li>A large fall in income (1) may lead to an increase in demand for low price/inferior goods (1).</li> <li>A small fall in income (1) will lead only to a small fall in sales.</li> <li>Because the jobs are only part time and low paid it means that sales could stay roughly the same in Bowton as the people would not have <u>significantly</u> more money.</li> </ul>	4  (2 x 2)	One mark for a way in which the <i>extent of a change in income</i> can affect sales and one mark for a valid explanation.  NB Do not allow 'a rise in income will lead to a rise in the sales of good.'  NB Candidates may present an 'it depends' answer but this must relate to the extent of the change in income.  NB Credit an answer that discusses a change in business income as long as it refer

Question	Answer	Mark	Guidance
iii)	<p><b>Evidence of success:</b></p> <p><i>Increase in employment argument</i></p> <ul style="list-style-type: none"> <li>Businesses have increased employment by 7000 (1) which is evidence that the grants are encouraging business expansion (1) and the location of new businesses in the town (1) and it will cause a fall in unemployment (1). It leads an increase in income (1)</li> </ul> <p><i>Increase in businesses argument</i></p> <ul style="list-style-type: none"> <li>A new multiplex cinema, three new housing developments and a shopping development had been built by private developers who were now seeing the potential of the town (1) and this shows that the grants have led to the regeneration/location/development of business in the town (1) and so more people will come to Bowton (1) to spend in the shops (1).</li> <li>More businesses have located in the town (1) despite the increase in business rates that have occurred (1) so the grants have been successful and council tax (revenue) has risen (1) meaning there is more money to improve the town (1).</li> </ul> <p>Property prices</p> <p>Property prices have gone up (1) which is good for local house owners (1) despite the rise in the cost of the grants/council tax (1).</p>	<p>4</p> <p>(2 x 2)</p>	<p>One mark for an appropriate evaluative judgement and one mark for using appropriate evidence from the case study used to support that judgement.</p> <p>The candidate can gain full marks by giving either a one-sided answer (eg two reasons for it being successful, or two against it being successful) or for giving one benefit and one problem.</p> <p>One piece of evidence with 3 points of reasoning can score 4 marks.</p> <p>Alternatively, 2 pieces of evidence with one development point can score 4.</p> <p>4 pieces of evidence without explanation/reasons can only score 2 marks</p>

Question			Answer	Mark	Guidance
			<p><b>Problems:</b></p> <p><i>Rising costs argument</i></p> <ul style="list-style-type: none"> <li>The problems of council giving grants to businesses is that they need to be funded and this has led to business rates have risen (1) which will have increased business costs (1).</li> </ul> <p><i>Reduced spending/consumer income argument</i></p> <ul style="list-style-type: none"> <li>The problems of council giving grants to businesses is that they need to be funded and this has led to Council tax has risen (1) which may reduce the amount consumers can spend (1).</li> </ul> <p><b>Answer discussing positive and negative evidence</b></p> <p><i>Income issue</i></p> <ul style="list-style-type: none"> <li>The 7000 new jobs (1) will raise income (1) but most of the new jobs are low paid and part time (1) so the rise in income is limited (1).</li> </ul>		
	b)	i)	<p>Many possible answers</p> <p>Advantage</p> <ul style="list-style-type: none"> <li>Tom's Toys can import tariff free from other EU countries (1).</li> </ul> <p>Analysis</p> <ul style="list-style-type: none"> <li>Therefore it is cheaper to import from EU countries than non-EU countries (1) meaning TT can charge lower prices for EU sourced goods, (1) which may encourage demand (1).</li> </ul>	3	One mark for stating an advantage to Tom's Toys and one mark for each valid point of analysis. Credit discussion of only <b>one</b> advantage

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	<p>Tom will spend less on the imports/he won't be paying extra money for the toys (1) and he can spend money to benefit the business/advertising/investment (1) [the example of the spending must be specific not vague eg 'other things.']</p> <p>Advantage</p> <ul style="list-style-type: none"> <li>• The EU has common regulations for all goods (1)</li> </ul> <p>Analysis</p> <ul style="list-style-type: none"> <li>• Tom's Toys can sell goods in the UK without any need to adapt them (1) which would add to cost (1) if they have been designed to meet the regulations in other markets (1).</li> </ul> <p>Advantage</p> <ul style="list-style-type: none"> <li>• Tom's Toys can sell goods in/export to the EU (1).</li> </ul> <p>Analysis</p> <ul style="list-style-type: none"> <li>• It gives access to a larger market (1) with the possibility of increasing sales (1).</li> <li>• The goods TT sells in the UK will also meet the regulations in the EU (1) as the regulations across all EU countries are the same (1).</li> </ul>		
ii)	<p>Many possible answers</p> <p>Disadvantage</p> <ul style="list-style-type: none"> <li>• One possible disadvantage of membership of the EU is that there may be a tariff on imports from non-EU countries (1) which would make trading with these countries more difficult (1).</li> </ul>	3	<p>One mark for stating a disadvantage to Tom's Toys and one mark for each valid point of analysis.</p> <p>NB the disadvantage discussed must be something that pertains to EU membership</p>

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	<p>Analysis</p> <ul style="list-style-type: none"> <li>• This makes imports more expensive for Tom's Toys to buy (1) than if they could be sourced from the EU (1).</li> <li>• Tom's Toys has to compete with goods from other EU countries which can be sold in the UK without any tariff (1). TT business may lose sales (1) if the prices of goods imported from the UK is lower (1). TT may lose sales (1) if the if the quality of them is better (1) TT may lose profits (1) if it has to reduce prices to compete with imports from the EU (1)</li> <li>• Tom's Toys has to comply with EU regulations (1) These EU regulations may add to costs (1) and reduce profits (1). Money paid to the EU by the government (1) could have been spent on developing businesses in Bowton/the UK.</li> </ul>		
iii)	<p>Many possible answers</p> <ul style="list-style-type: none"> <li>• It depends if free trade with EU member countries continues (1) so there will be no tariffs (1) and so import costs will not be affected at all (1) nor will sales to the EU (1).</li> <li>• It depends on the size of any tariffs introduced (1). The larger the tariff the greater the increase in costs (1) and the greater the fall in profits (1) or sales (1).</li> <li>• TT imports a lot from the EU/ 40% of the toys it sells (1) so any introduction of tariffs will have a big effect on costs (1). It will have to raise prices a lot to cover this (1) which may cause sales to fall a lot (1) and profits to fall a lot (1). The extent of the effect of this will be affected if competitors do not raise their prices (1).</li> <li>• The exchange rate may fall when the UK leaves the EU (1) which will raise his costs (1) because Tom imports 30% from non-EU countries (1) (<i>Significant extent is implied by mentioning a percentage, otherwise no credit for the</i></li> </ul>	<p>4 1 x 4 or 2 x 2</p>	<p>The focus of the answer must be on what determines the <i>extent</i> of any effect on his business. For example, the candidate must discuss the extent of a rise in costs resulting from a rise in tariffs.</p> <p>NB Candidates who mention percentage should be awarded as an extent answer as they are recognising the degree of significance of any change – eg 'his costs will rise as he imports 40% of the toys he sells from the EU' is worth 2 marks.</p> <p>Reward candidates who are clearly <i>weighing up</i> the pros and cons to make a decision.</p>



Question			Answer	Mark	Guidance
			<p><i>exchange rate may fall</i>).</p> <ul style="list-style-type: none"> <li>It depends on whether TT can source similar toys from non-EU countries (1) including from within the UK which may work out cheaper (1). The extent of the benefits will depend on how much cheaper these toys are (1) and also whether they are of good quality as this would directly impact on the businesses sales (1). Sales with non-EU countries may increase quickly (1) if the government can make free trade or favourable trade agreements with non-EU countries (1).</li> <li>It is really difficult to know what the impact of the UK leaving the EU will have on Tom's Toys. Any increase in EU tariffs on UK products will negatively impact the business (1) but the extent of the effect of any tariff will depend on many factors including the amount of the tariff (1), and how competitive his prices are (1), as well as how much he hoped to sell in EU countries (1).</li> <li>I don't think there will be a major problem for Tom's Toys as long as he quickly get customers from other countries in the world/he is planning to sell more the USA etc (1) by ensuring he can compete (1) on quality (1) and price (1)</li> </ul>		
	c)	i)	<ul style="list-style-type: none"> <li>Cash flow forecasts help Tom to plan (1) to see if he will have a surplus or shortage of cash (1), if he will need to arrange finance/an overdraft (1)</li> </ul>	2	<p>One mark for each point of explanation.</p> <p>Answers must relate to specific cash flow issues so not, for example, 'identify when the business has problems'. Do not credit a part of an answer which gives a definition, it must identify a use.</p> <p>NB A cash flow forecast does not indicate profits or losses so do not reward statements such as 'to avoid losing money.'</p>

Question	Answer	Mark	Guidance	
			Content	Levels of Response
c) ii)	<p>Tom should close the shop as the cash flow forecast shows that sales income is falling (L1) and this may reduce the profits Tom can make and may even cause him to make a loss (L2).</p> <p>However the data only shows the first four months of the year (L1). It is probably that sales will pick up later in the year/towards Christmas when he will make most of his profit. (L2) He could save money by only opening in the period between September and February (L2) when sales are likely to be high (L2) and he will save on staff wages (L2) and the costs of carrying stock (L2)</p>	10	<p>The data is limited (L1) as it does not cover later in the year/the Christmas period(L1) when sales will be higher (L2). He should open seasonally (L2) eg September to February to save on costs and trade the period of high demand. (L2)</p> <p>Online sales are rising (L1) resulting in the fall in sales of toy shops like Toms Toys (L2). He should introduce online sales (L2) widen his market (L2) and to meet a growing demand (L2). He could also close the shop so that he reduces his costs whilst trading on line (L2).</p> <p>Sales of video games are rising (L1) and this will cause further reductions in the sales of traditional toys. (L1) He could start to sell computer games to expand his range (L2)</p> <p>The UK is leaving the EU (L1) which means there may be tariffs on imports and exports (L1). He should wait to see whether tariffs are introduced on trade with the EU before making a decision (L2) and what new trade deals can be developed with non-EU countries (L2) as this may affect his ability to compete (L2). Also he needs to know how big any tariffs would be.</p>	<p>Level 2 (4 – 10)</p> <p>Level 2</p> <p>The candidate evaluates in context. The candidate makes a reasoned judgement by exploring the consequences of the evidence and/or proposing a strategy to deal with the situation. More than one line of argument may be rewarded.</p>

Question	Answer	Mark	Guidance	
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			<p>Sales are falling which could lead to a loss/bankruptcy (L2).</p> <p>The yuan has been devalued (L1) which will reduce his costs (L2) which will improve his cash flow/the likelihood of him making a profit (L2).</p> <p>The £ is falling against the euro (L1) and this will cause the price of his exports to EU countries to rise (L2) and sales to fall (L2).</p> <p>Incomes /employment/sales are expected to rise but as most new jobs are low paid, sales may not rise very much (L2)</p> <p>Interest rates are expected to rise and this may reduce disposable income leading to further falls in sales. Council tax has risen leading to a fall disposable income leading to further falls in sales.</p> <p>Level 1</p> <ul style="list-style-type: none"> <li>Fig 1 shows that sales are falling <u>(do not credit statements that he is in debt or he is not making a profit).</u></li> <li>The data is limited eg only 4 months.</li> <li>The UK will leave the EU.</li> <li>The yuan is falling in value against the £</li> </ul>	<p>Level 1 (1- 3)</p> <p>Candidate uses evidence to identify relevant issues.</p>

Question	Answer	Mark	Guidance	
			Content	Levels of Response
			<ul style="list-style-type: none"> <li>• The £ is falling against the euro.</li> <li>• Online sales are rising</li> <li>• Sales of video/computer games are rising</li> <li>• There is a growth in specialist shops.</li> <li>• Sales are expected to rise</li> <li>• Employment is rising</li> <li>• The interest rate is expected to rise.</li> <li>• Council tax is rising.</li> </ul>	

Question			Answer	Mark	Guidance
2					
	a)	i)	<ul style="list-style-type: none"> <li>Lower [production] costs (1) – because wages in China are lower (1), lower rents on factories (1) land prices to build factory (1) lower taxes (1).</li> <li>GG will be better able to compete in global market (1) as their costs will be lower/it will be able to reduce prices (1).</li> <li>Producing in China will increase access to a larger market (1) increasing sales (1) as there may be no tariffs to pay on sales in China (1) or an greater awareness of GG Toys.</li> </ul>	4 (2 x 2)	One mark for stating each benefit and one mark for a point of explanation. Two separate benefits are needed, not, for example, two reasons why costs fall.
		ii)	<ul style="list-style-type: none"> <li>Can retain the skilled workers in the marketing departments (1) who will have the expertise to run the marketing and design functions (1).</li> <li>Will be near to customers (1) – easier to do market research (1), easier to know needs of customers (1) /changing needs (1).</li> <li>Easier to plan and arrange marketing for UK market (1) because it will have easier to access to the media used (1).</li> <li>No costs of moving to China (1) so avoids unnecessary costs (1)</li> <li>Easier to communicate with the warehouse (1) which will improve efficiency (1)</li> <li>Easier to communicate with other head office departments (1) to plan business activities (1).</li> </ul>	4 (2 x 2)	One mark for stating each benefit and one mark for a point of explanation (x 2). Do not reward answers that suggest it saving money by not moving to China.

Question			Answer	Mark	Guidance
	b)	i)	<ul style="list-style-type: none"> <li>Fixed costs are costs that do not change as the firm increases/decreases its output (1) e.g. rent on the factory (1) which does not rise if more goods are produced in a factory (1).</li> <li>Credit also interest rates as a fixed cost, business rates, salaried workers.</li> </ul>	2	<p>One mark for a valid definition and one mark for an appropriate example.</p> <p>NB If no example is given, the candidate can only be awarded one mark.</p>
		ii)	<ul style="list-style-type: none"> <li>Purchasing economies (1) because guaranteeing large sales for supplier /buying in bulk (1) may mean the supplier gives discount (1).</li> <li>Managerial economies/specialist managers (1) – the business can get better/lower cost deals for materials (1) as a result of specialist managers (1)</li> <li>Technological economies (1) GG Toys can afford to use machines (1) which result in less materials waste than workers (1).</li> <li>Financial economies (1) if GG Toys needs to raise finance to buy the materials (1) it will cost less per £ raised (1) because it is a larger/more secure business (1).</li> </ul>	3	<p>One mark for a valid economy of scale, one mark for each point of explanation (up to a maximum of two marks for the explanation).</p> <p>NB The development must be linked to the purchase of materials for any marks to be awarded.</p> <p>No reward for risk-bearing or marketing economies.</p>
		iii)	<ul style="list-style-type: none"> <li>Wages have gone up in China (1) – inflation there (1), increased demand/competition for workers (1) as the economy grows (1).</li> </ul> <p>Drop in productivity of workers (1) – decrease in motivation (1) perhaps caused by poorer working conditions [etc] (1) which may reduce average costs/cost per item (1)</p> <p>The output of dolls has increased (1) so more workers will have been employed (1) which will raise total costs of production/average costs (1).</p>	3	<p>One mark for stating a valid reason, one mark for each point of explanation (up to a maximum of two marks for the explanation).</p> <p>Answer can relate to labour costs per doll OR total labour costs</p> <p>NB Credit answers discussing the fact that production has increased.</p>

Question			Answer	Mark	Guidance
			<i>NB Do not reward just labour costs – candidate must specify total or average.</i>		
		iv)	<p>Level 2</p> <p>Correct answer – risen / 30p/from £1.50 to £1.80 (4)</p> <p>Method marks if incorrect answer is provided –</p> <ul style="list-style-type: none"> <li>In 2015, <math>\text{£}5/100 \times 30 = \text{£}1.50</math> (L2)</li> <li>In 2016, <math>6/100 \times 30 = \text{£}1.80</math> (L2)</li> </ul> <p>Level 1 (1)</p> <ul style="list-style-type: none"> <li>The amount spent on promotion is unchanged/stays at 30% (L1)</li> </ul>	4	<p>Level 2 (2 – 4)</p> <p>Calculations relate to the change in the <b>amount</b> of the promotion costs.</p> <p>The candidate gains full marks for the correct answer.</p> <p>Where an incorrect answer is provided, L2 method marks can be awarded for the correct calculation of one or both values of promotion costs in each year.</p> <p>Level 1 (1)</p> <p>The candidate refers to the change in the percentage of the costs spent on the venues.</p>
	c)	i)	50 yuan	1	One mark for the correct answer.
		ii)	<ul style="list-style-type: none"> <li>Correct answer = £8 (2)</li> <li>Method = <math>96/12</math> (1)</li> </ul>	2	Two marks for the correct answer, one mark for a correct method if the answer given is incorrect.
		iii)	<ul style="list-style-type: none"> <li>Profits will rise (L1) as the devaluation of the yuan makes it cheaper for GG Toys Ltd to buy toys made in China (L1) reducing costs (1).</li> <li>If GG Toys buys the materials it uses from outside China (1), the devaluation of the yuan may make imports dearer (1) and reduce the profits. (1)</li> </ul>	3	The answer must include reference to profit for one mark plus up to two further marks for valid analytical points
		iv)	<ul style="list-style-type: none"> <li>Exports sales likely to increase(1) as prices would fall (1) in terms of euros (1)./ as the £ is weaker / Euro is stronger</li> </ul>	3	<p>One mark for each point of analysis.</p> <p>Must refer to sales not sales revenue</p>

Question			Answer	Mark	Guidance															
	d)	i)	Lines should be drawn from  • Environmental issue to statements 2 and 3  2 A business puts waste products into rivers 3 Goods made in China are flown to the UK before being distributed.	2	One mark for each correct answer.															
		ii)	• It may cause GG Toys plc to gain a bad reputation for environmental issues (1) and customers may be put off buying from GG Toys plc/sales may fall (1).	2	One mark for each point of explanation.  Do not reward arguments about worker safety. Do not reward description of the concern eg use of plastics /emissions															
	e)		<table><tr><th>Statement</th><th>True (✓)</th><th>False (✓)</th></tr><tr><td>A rise in interest rates will mean that GG Toys plc will receive more in interests on any money it is saving in the bank.</td><td>✓</td><td></td></tr><tr><td>A rise in interest rates will encourage people to save more reducing spending on toys sold by G Toys plc.</td><td>✓</td><td></td></tr><tr><td>A rise in interest rates will encourage people to borrow so this will increase the sales of GG Toys plc.</td><td></td><td>✓</td></tr><tr><td>A rise in interest rates will increase mortgage costs so some people will have less money to spend.</td><td>✓</td><td></td></tr></table>	Statement	True (✓)	False (✓)	A rise in interest rates will mean that GG Toys plc will receive more in interests on any money it is saving in the bank.	✓		A rise in interest rates will encourage people to save more reducing spending on toys sold by G Toys plc.	✓		A rise in interest rates will encourage people to borrow so this will increase the sales of GG Toys plc.		✓	A rise in interest rates will increase mortgage costs so some people will have less money to spend.	✓		4	One mark for each correct answer.
Statement	True (✓)	False (✓)																		
A rise in interest rates will mean that GG Toys plc will receive more in interests on any money it is saving in the bank.	✓																			
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3	a)	i)	<ul style="list-style-type: none"> <li>Correct answer - £300 million (2)</li> <li>Method - 620 - 320 (1 if answer is incorrect).</li> </ul>	2	One mark for the correct answer, one mark for a correct method if the answer given is incorrect. The correct answer will include units (eg millions) but it is not necessary to have the £ sign. £ sign and units are not required for a method mark.
		ii)	<ul style="list-style-type: none"> <li>A fall in profits would reduce the income/return from investment of shareholders (1) because GG Toys plc would not be able to share out as much profit / will pay a lower dividend (1).</li> <li>Falling profits are sign that GG Toys plc is not doing as well as it was (1) therefore their investment is more risky than it was as it looks as though the business is struggling to compete (1)./share price falls (1) reducing the value of their asset (1)</li> </ul>	2	One mark for each point of explanation.
	b)	i)	<ul style="list-style-type: none"> <li>May save on maintenance costs (1) – if paid for by the owner/lessor (1) as part of the contract (1)</li> <li>Retained profit does not need to be spent/no upfront costs/large amount to be paid out at the start (1), costs can be spread monthly (1) which may be used for other issues (1) for example, to finance the purchase of the robots (1) which may mean GG Toys Ltd does not need to take out a loan (1) avoiding interest rate costs (1) and increased liabilities (1).</li> <li>At the end of the lease period (1) GG Toys will be flexible (1). They may move to another warehouse (1) or stop leasing the warehouse if it decides to stop selling on line (1).</li> </ul>	3	<p>One mark for an advantage, one mark for a point of explanation, one further mark for an analytical point.</p> <p>Don't accept flexible if referring to leaving at any time / damage won't have to pay for (if implied they damage the factory)</p>

Question			Answer	Mark	Guidance
			<ul style="list-style-type: none"> <li>Leasing will be faster to set/to start using the factory (1) as the legal processes related to buying are not needed (1)</li> </ul>		
		ii)	<p>Many possible answers</p> <ul style="list-style-type: none"> <li><i>As net profits have been falling</i> (1), GG Toys may not have sufficient retained profit (1) and so leasing will provide an alternative way of financing the use of the warehouse (1).</li> <li>It would also avoid having to use a bank loan or mortgage (1) which would be better as <i>if the expected rises in interest rates occur</i> (1) this could make it cheaper to lease (1)</li> <li>I would disagree with Isobel and I would not lease the warehouse <i>as property prices have started to rise in Bowton</i> (1). It would be better to use the retained profits to buy the warehouse because then GG Toys plc would gain an asset (1) which it could sell at some time in the future (1) probably at a profit (1) which could be given to shareholders or reinvested (1).</li> <li>If online selling is a <i>success</i> (1), GG Toys may need a larger warehouse in the future (1) and leasing gives it the flexibility to move (1). If its not a success they may wish to cease the agreement (1)</li> </ul>	4	<p>One mark for each point evaluation in context i.e. by developing a reasoned case for the decision <i>based on evidence from the case study</i> – Only credit points once it is clear that these follow from a connection to the case study.</p> <p>Maximum marks can be awarded for a one-sided answer <b>or</b> for an answer that discusses advantages and disadvantages using the evidence.</p> <p>Credit answers which talk about selling to retailers or customers, robots, reduced profits between 2014 and 2016, future Development Plan</p>

Question	Answer	Mark	Guidance	
			Content	Levels of Response
C*	<p>GG Toys will save money by buying the robots (L1) as it will be able to reduce the number of workers it employs (L1) and also, as machines are more efficient (L1), more work will be done in the same period of time (L1). A faster service (L1) will encourage more customers to buy from them (L1) increasing sales (L1). However, the robots will cost money (L1) and this may need to be financed with a loan (L1) leading to interest payment costs (L1). Overall, it depends on whether the savings exceed the extra costs of buying the robots (L2). As interest rates may rise (L2) I think GG Toys should not buy the robots.</p>	10	<p>Level 2</p> <p>Examples of reasoned conclusions:</p> <p>GG Toys should use the robots. GG Toys plc is in a competitive market (L2) and it has been losing sales/profits (L2) despite the large increase in sales of the Georgie Girl doll in 2016 (L2) and so needs to minimise costs (L2) and to provide a high quality of service (L2).</p> <p>GG Toys should not use the robots. If the increased cost of the loan to buy the robots is more expensive than the savings (L2) it will not be profitable. Also there will be costs in making the workers it currently employs redundant (L2). Interest rates may rise and, if this happens, it may mean buying robots is likely to be profitable (L2)</p> <p>Faster delivery (1) will increase customer satisfaction (1) which will increase the sales (L1) which customers buying on line will consider to be important (L2)</p>	<p>Generic advantages/disadvantages about automation can be rewarded. However, where a candidate specifically refers to the manufacture of goods, this should not be rewarded. For example a candidate referring to 'more toys being made' is not credit-worthy</p> <p>Level 2 (7 – 10) The candidate evaluates in context.</p> <p>The candidate will use evidence from the case study to weigh up a decision.</p> <p>Note: an 'it depends' answer is acceptable.</p>

Question	Answer	Mark	Guidance	
			Content	Levels of Response
			<p>Level 1</p> <p>Advantages of robots to GG Toys:            Reduced costs (L1), saves on labour (L1).            Increases output/efficiency (L1) – no need for breaks/work 24/7 (L1).            It speeds up delivery service (L1) which will encourage more people to buy from them (L1)            Reduces mistakes/are reliable (L1) – less human error (L1), saves money (L1).</p> <p>Disadvantages of Robots to GG Toys:            May be high initial cost (L1) – business needs to raise money/take a loan (L1), with possible costs/interest (L1) it is a big risk (L1).            The interest rate is rising (L1) which will increase the cost of buying the robots (L1).            Business will need to recruit skilled workers (L1) – to program the robots (L1).            There may be break-down/repair costs (L1) and disruption to production/operation (L1) leading to reduced sales (L1)</p>	<p>Level 1 (1 - 6)</p> <p>The candidate applies knowledge for and against using robots.</p> <p>One mark for each issue and one mark for each point of development applied to Tom's Toys.</p> <p>Note: cap the marks to a maximum of 4 if a one-sided argument either for or against using robots.</p> <p>Don't credit a point if it is in the same sentence with reference to 'making' but employ positive marking elsewhere</p> <p><b>QWC</b></p>

Question	Answer	Mark	Guidance	
			Content	Levels of Response
			<p>NB Workers will not be made redundant – workers who would have been employed were robots not used will not be employed if they are.</p>	<p>L2</p> <p>Relatively straight forward ideas have been expressed with some clarity and fluency. Arguments are generally relevant, though may stray from the point of the question. There will be some errors of spelling, punctuation and grammar, but these are unlikely to be intrusive or obscure meaning.</p> <p>L1</p> <p>Some simple ideas have been expressed in an appropriate context. There are likely to be some errors of spelling, punctuation and grammar of which some may be noticeable and intrusive.</p> <p>Cannot accept production if they are talking about the manufacture of the goods.</p>

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