Level 1 and 2 Award in Business Studies (8994)

Examination Support Guide
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City & Guilds
1 Giltspur Street
London EC1A 9DD
T +44 (0)20 7294 2800 www.cityandguilds.com
F +44 (0)20 7294 2400 enquiry@cityandguilds.com
Level 1 and 2 Award in Business Studies (8994)

Examination Support Guide
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1  About the Qualification

1.1  Introduction

Aim of qualification
The Business Studies award offers the opportunity for candidates' to demonstrate knowledge and understanding of modern business activity in their domestic and the international environment.

The award is divided into two levels.

Level 1
The aim of the Level 1 qualification tests candidates' ability to state facts, use appropriate business terminology and to give examples of concepts applicable to business. Candidates' ability to apply concepts and information in calculating and solving simple problems and to interpret information presented in verbal, numerical and demographical form will be tested, as will their ability to identify, select, organise and present facts, data and information appropriately.

Level 2
Level 2 candidates are expected to have not only a firm grasp of the underpinning theory of the subject area but the ability to apply their knowledge in order to offer solutions to business problems. Their ability to apply theory and use appropriate vocabulary to describe business situations and solve commercial problems, including the application of simple numerical problems will be tested, as will their ability to analyse, discuss and communicate relevant and meaningful information from different types of input data.

Target group

Level 1
Level 1 is aimed at candidates seeking a broad understanding of business activity, organisation and context. It is particularly suitable for those aspiring to gain first level administration positions which need the underpinning of a wide contextual appreciation of the business world to enhance their ability to function efficiently.

Level 2
Level 2 is aimed at candidates who wish to develop skills to enable them to function competently in a broad range of business situations. It is particularly suitable for those aspiring to gain administrative and managerial positions and those seeking to work in a specialist function, eg banking, insurance, who require a particular knowledge of business at local, national and international levels.
1 About the Qualification

1.2 General information for centres

The syllabus
The syllabus outcomes can be found in the qualification handbook which is downloadable from the City & Guilds website. www.cityandguilds.com

Guided learning hours

City & Guilds do not determine the length of courses, or the number of hours of study required (ie in the classroom or in self-study set by the trainer/tutor).

The best indicator is when candidates have covered all areas of the syllabus and can successfully complete a sample test paper within the given time.

Success in the examination results from demonstrating the ability to achieve the objectives that will be tested. Practice papers will enable candidates to know what is expected of them in an examination.

The recommended learning hours for each Level is 90 hours. Please note that the length of each course will vary according to the circumstances and learners.

The examination

For both levels the examination is a question and answer booklet and comprises of two parts; Section A and Section B.

Level 1

Section A - 15 short answer/objective questions covering all areas of the syllabus.

Section B - 3 structured answer questions covering three sections of the syllabus, and not topics covered in Section A.

Level 2

Section A - 12 short answer questions covering all areas of the syllabus.

Section B - 3 structured answer questions covering three sections of the syllabus and not topics covered in Section A.

All questions and tasks are compulsory. Candidates must complete all tasks within the examination time.

Calculators and English and mother tongue dictionaries are allowed during the examination.

All final answers must be in blue or black ink. If additional separate sheets of paper are used, ensure they are clearly labelled with the candidate’s name.
Examination times

Level 1

The examination lasts for 1 hour 30 minutes (Plus 5 minutes’ reading time). Note making during reading time is not allowed.

Level 2

The examination lasts for 2 hours (Plus 5 minutes’ reading time). Note making during reading time is not allowed.

Assessment

Candidates’ performance will be assessed as follows:

Level 1

Section A - 35 marks will be awarded for correct answers to the short answer questions.

Section B - 15 marks will be awarded for 2 and 5 marks for 1 of the structured questions giving a total of 35 marks for the section.

Marks for Sections A and B are aggregated. At least 40% must be achieved in each section.

To be awarded a Pass candidates must achieve 54%. (38 out of 70 marks)
A First Class Pass will be awarded to candidates who achieve 70% overall. (49 out of 70 marks).

Level 2

Section A - 30 marks will be awarded for correct answers to the short answer questions.

Section B - 15 marks will be awarded for 2 and 10 marks for 1 of the structured questions, giving a total of 40 marks for the section.

Marks for Sections A and B are aggregated. At least 40% must be achieved in each section.

To be awarded a Pass candidates must achieve 54% (38 out of 70 marks)
A First Class Pass will be awarded to candidates who achieve 70% overall. (49 out of 70 marks).
2 Level 1 Sample Assessment Material
2.1 Sample Question Paper

Business Studies
Level 1

8994-01-001
Sample 001

Candidate’s name  (Block letters please)
Centre no  Date

Time allowed: 1 hour 30 minutes
(plus 5 minutes’ reading time).

Answer all questions. All answers must be written in blue or
black ink.

Your answers should be written in the question booklet in the
spaces provided.

If additional separate sheets of paper are used, make sure each page is clearly
labelled with you name.

Calculators and English and mother tongue dictionaries can be used.

For examiner’s use only

<table>
<thead>
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<th>Section A</th>
<th>Section B</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>35</td>
<td>Q1 - 15</td>
<td>Q2 - 15</td>
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This paper must be returned with the candidate’s work, otherwise the entry will be void and no result will be issued.

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Section A

Answer all questions in this section – 35 marks

1. Name which sector of business employs the following people:
   a) Chair manufacturer
      …………………………………………………………………………………………………………………………..
   b) Coal miner
      …………………………………………………………………………………………………………………………..
   c) Insurance broker
      …………………………………………………………………………………………………………………………..
      (3 marks)

2. State what happens to the price of a product when supply reduces and the demand for it stays high.
   …………………………………………………………………………………………………………………………..
   (1 mark)

3. State two advantages of a market economy.
   …………………………………………………………………………………………………………………………..
   …………………………………………………………………………………………………………………………..
   (2 marks)

4. Explain, using an example, the term ‘specialisation’.
   …………………………………………………………………………………………………………………………..
   …………………………………………………………………………………………………………………………..
   (2 marks)

5. Give the most suitable method of communication for the following:
   a) The production manager informing all 40 production workers that they may be required to work overtime because an urgent order has been received
      …………………………………………………………………………………………………………………………..
      (1 mark)
   b) A job applicant who is to be invited for an interview
      …………………………………………………………………………………………………………………………..
      (1 mark)
6. Explain using an example the term franchise.

(2 marks)

7. Using an example explain a local public sector organisation.

(2 marks)

8. Explain the difference between horizontal integration and vertical integration.

(3 marks)


(3 marks)

10. Excluding cash, explain two different methods of making payment for goods and services.

(4 marks)
11 State and explain the type of transport that would be most suitable to transport fresh-cut flowers from a farm to a retailer in another country.

(2 marks)

12 Give one advantage and one disadvantage of batch production.

(2 marks)

13 Many countries now have health and safety laws. Give two reasons why employers welcome such laws.

(2 marks)

14 State three responsibilities of the Human Resource (Personnel) Department in the recruitment process.

(3 marks)

15 Explain how trade associations provide consumer protection.

(2 marks)

(Total 35 marks)
Section B

Answer all questions in this section – 35 marks

1   a) Sunshine Awnings Ltd has the following management team. Using the following information draw an organisation chart in the box below

- a managing director
- three departmental managers: human resources (personnel); finance; production
- a board of directors
- a chief accountant
- works manager
- health and safety officer

(8 marks)
b) Sunshine Awnings Ltd want to raise their workforce’s productivity using non-monetary rewards. Explain what is meant by non-monetary rewards and give two examples.

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(4 marks)

c) By increasing production, Sunshine Awnings Ltd hope to gain economies of scale. Explain the meaning of ‘economies of scale’ and give one example.

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(3 marks)

(Total 15 marks)
Teenage Fashions Ltd is a successful business that designs and makes casual clothes for girls in the 13-16 years age group. It is considering developing a range of clothing for boys in a similar age range. The Managing Director thinks that some market research should be undertaken but the Finance Director thinks it would be a waste of money.

a) Explain **three** reasons why Teenage Fashions Ltd should undertake market research before designing and making a range of boys’ clothing.

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(6 marks)

b) State **two** methods of primary research that Teenage Fashions Ltd could use, outlining **one** benefit of each method.

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(4 marks)
If Teenage Fashions Ltd do decide to develop a range of clothing for boys they will need to raise money to finance the development.

c) The Finance Director considers the money should be raised by retained profits. Explain the term ‘retained profits’ and give one advantage of raising finance in this way.

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(2 marks)

d) The Managing Director of Teenage Fashions Ltd considers the business should consider external finance. State one method of raising finance from outside of the business and list one disadvantage of the method.

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(3 marks)

(Total 15 marks)
Complete the following diagram by showing five important factors which influence the location of a business.

FACTORS THAT INFLUENCE THE LOCATION OF BUSINESS

(5 marks)

(Total 35 marks)

End of examination
2 Level 1 Sample Assessment Material

2.2 Example marking scheme

NB 1 + 1 indicates 1 mark for point plus 1 mark for development.

Section A

1 a) Secondary
   b) Primary
   c) Tertiary 3 marks

2 Price rises 1 marks

3 Wider choice of goods
   Prices kept down because of competition
   Incentive for business to be efficient
   Government provide services such as educational and health
   Markets responsive to what consumers want Any 2 x 1 = 2 marks

4 Employees do one particular operation all the time and suitable example,
   eg working on a production line 1 + 1 = 2 marks

5 a) Memo / face-to-face / meeting / email 1 mark
   b) Letter / telephone 1 mark

6 A form of operation whereby a franchisor is a business with a product or service that it does not sell directly. Instead it appoints franchisees to sell the product or idea to consumers. Examples eg McDonalds, KFC etc 1 + 1 = 2 marks

7 Local government or municipal organisation/service. Usually paid for out of local
taxes. Examples: libraries, schools, swimming pools, police, etc 1 + 1 = 2 marks

8 **Horizontal integration**: When one firm merges with or takes over another one in the same industry at the same stage of production. 1 mark

   **Vertical integration**: When one firm merges with or takes over another one in the same industry but at a different stage of production. 1 mark
   Vertical integration can be backward or forward. 1 mark
9 Birth / development
Introduction
Growth
Maturity
Saturation
Decline Any 3 x 1 = 3 marks

10 Cheque
Credit card
Debit card
Online banking 2 x 1 + 1 = 4 marks

11 Air
Used for small products that will perish or deteriorate quickly.
Quick way of transporting products. 1 + 1 = 2 marks

12 **Advantages**
Flexible – production can easily be changed from one product to another.
Production not affected if machinery breaks down.
Gives some variety to workers’ jobs
Allows use of machinery – costs lower Any 1 = 1 mark

**Disadvantages**
Loss of output – semi- or finished products need moving about.
Warehouse space needed for stocks of raw materials and components
Any 1 = 1 mark

13 Workers cost a great deal to recruit and train.
Workers likely to be better motivated.
Workers likely to work more efficiently.
Workers likely to stay longer with the firm.
Cares for worker’s safety Any 2 x 1 = 2 marks

14 **Job description**
Advertising
Selection / short listing
Interviewing
Appointment Any 3 x 1 = 3 marks

15 Trade associations lay down codes of practice for members.
Consumers can make complaints to a trade association if they think a firm is breaking their code of practice
Eg consumer association 1 + 1 = 2 marks

**Total 35 marks**
Section B

1. a) Board of Directors
   | Managing Director
   |
   Human Resources Manager  Finance Manager  Production Manager
   |
   Health and Safety Officer  Chief Accountant  Works Manager

1 mark each up to 8 marks

* Marks to be awarded only for managers in the correct position

b) Rewards additional to wages/salaries
   Make jobs more pleasant  1 + 1 = 2 marks
   **Examples:**
   Job rotation
   Job enlargement
   Job enrichment
   Team working
   Promotion
   Award schemes ie Employee of the month
   Fringe benefits
   Any 2 x 1 = 2 marks

b) Factors that lead to a reduction in average costs as a business increases in size

   2 marks
   | Purchasing economies
   | Marketing economies
   | Financial economies
   | Technical economies
   | Managerial economies
   Any 1 = 1 mark

(Total 15 marks)
2 a) To find out if customers will buy product – if not, should not develop product
   How often customers will buy product – if rarely, not worthwhile developing
   Price customers willing to pay – must be high enough to cover costs and make a profit
   Type of customers interested in product – will help business to attract the correct market segment
   Where product is sold – no point in developing a product for shop if teenagers prefer to buy clothes in a department store, etc

   3 x 1 + 1 = 6 marks

b) Questionnaires – questions can be designed to find out exact information required
   Interviews – the interviewer can explain any questions that are not understood
   Consumer panels – panel members skilled and impartial

   DO NOT ACCEPT OBSERVATION OR TESTING

   2 x 1 + 1 = 4 marks

c) Profit left after tax and dividends have been paid
   **Advantage:** No interest or dividends to pay
      Immediate use of money
      No collateral required

   1 + 1 = 2 marks

d) **Method**
   Issue of shares
   Bank loans
   Selling Debentures
   Factoring of debts
   Grants and subsidies

   **Disadvantages**
   Shareholders expect dividends
   Have to be repaid eventually. Interest charged.
   Must be repaid and interest charged
   Firm does not receive 100% of value of its debts
   Often come with ‘strings attached’

   2+1 = 3 marks

   (Total 15 marks)

3 a) Raw materials
   Transport network
   Location of other businesses
   Government incentives
   Availability of labour
   Cost of land
   Availability of land
   Cost of premises
   Availability of premises

   Any 5 x 1 = 5 marks

   Total 35 marks
This paper must be returned with the candidate’s work, otherwise the entry will be void and no result will be issued.

Candidate’s name (Block letters please)

Centre no  Date

**Business Studies**

Level 2

8994-02-002
Sample 002

**Time allowed:** 2 hours
(plus 5 minutes’ reading time).

Answer **all** questions. All answers must be written in blue or black ink.

Your answers should be written in the question booklet in the spaces provided.

If additional separate sheets of paper are used, make sure each page is clearly labelled with your name.

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<td>Q2 - 15</td>
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Section A

Answer all questions in this section – 30 marks

1 a) Explain how the division of labour increases the output of a business.

…………………………………………………………………………………………………………………………
…………………………………………………………………………………………………………………………

(2 marks)

b) State one disadvantage to workers of specialisation.

…………………………………………………………………………………………………………………………

(1 mark)

2 a) Explain the purpose of trade blocs.

…………………………………………………………………………………………………………………………
…………………………………………………………………………………………………………………………

(2 marks)

b) State one problem that may occur when a country uses tariffs or quotas.

…………………………………………………………………………………………………………………………

(1 mark)

3 Using an example, explain what is meant by “an organisation's business objectives”.

…………………………………………………………………………………………………………………………
…………………………………………………………………………………………………………………………

(2 marks)

4 Identify one external influence on business decisions.

…………………………………………………………………………………………………………………………
…………………………………………………………………………………………………………………………

(1 mark)

5 Outline three risks a business such as a multi-national takes when their goods are manufactured in one country and they export abroad.

…………………………………………………………………………………………………………………………
…………………………………………………………………………………………………………………………
…………………………………………………………………………………………………………………………

(3 marks)
6 Identify **three** functions of a typical administration department in a large business.

…………………………………………………………………………………………………………………………

…………………………………………………………………………………………………………………………

…………………………………………………………………………………………………………………………

(3 marks)

7 Explain why the marketing department of a business works closely with the production department.

…………………………………………………………………………………………………………………………

…………………………………………………………………………………………………………………………

…………………………………………………………………………………………………………………………

(2 marks)

8 Calculate the missing figures and complete the following profit and loss account

(3 marks)

**Profit and Loss Account**

<table>
<thead>
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<th></th>
<th>£</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2005</strong></td>
<td><strong>2006</strong></td>
<td></td>
</tr>
<tr>
<td>Sales revenue</td>
<td>352 000</td>
<td>297 000</td>
</tr>
<tr>
<td>Less cost of goods sold</td>
<td>a) ………..</td>
<td>143 000</td>
</tr>
<tr>
<td>Gross profit</td>
<td>163 000</td>
<td>154 000</td>
</tr>
<tr>
<td>Less expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wages</td>
<td>52 000</td>
<td>51 000</td>
</tr>
<tr>
<td>Depreciation</td>
<td>11 000</td>
<td>11 000</td>
</tr>
<tr>
<td>Heating and lighting</td>
<td>43 000</td>
<td>41 000</td>
</tr>
<tr>
<td>Other expenses</td>
<td>b) ………..</td>
<td>21 000</td>
</tr>
<tr>
<td></td>
<td>129 000</td>
<td>124 000</td>
</tr>
<tr>
<td>Net profit</td>
<td>c) ………..</td>
<td>30 000</td>
</tr>
</tbody>
</table>
9 Identify **three** theories of motivation.

……………………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………

(3 marks)

10 Not including wages and salaries, state **two** monetary rewards for work.

……………………………………………………………………………………………………
……………………………………………………………………………………………………

(2 marks)

11 Explain the meaning of the term working capital and give **two** examples of what it is used for.

……………………………………………………………………………………………………
……………………………………………………………………………………………………

(3 marks)

12 State **two** reasons why managers may be reluctant to introduce technological changes in their businesses.

……………………………………………………………………………………………………
……………………………………………………………………………………………………

(2 marks)

(Total 30 marks)
Section B

Answer all questions in this section – 40 marks

Study the chart below and then answer the questions that follow it.

1. a) Using an example from the above chart explain what is meant by

   i) Chain of command

   ………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

(3 marks)
ii) Span of control

(3 marks)

b) The production manager has delegated the monitoring of the quality of production to the quality control supervisor.

i) Explain the term “delegation”

(2 marks)

ii) Identify two possible advantages and one disadvantage for the production manager that could arise from delegation.

(3 marks)

c) One of the main aims of Best Products Ltd is to grow and expand. Explain two factors that could limit the growth of the business.

(4 marks)

(Total 15 marks)
a) The break-even chart of A & B Computers Ltd is shown below. Study the chart and answer the questions that follow it.

i) Explain what is meant by the “break-even point”.

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……………………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………

(2 marks)

ii) State how many computers A & B Computers Ltd had to sell to break-even.

……………………………………………………………………………………………………

(1 mark)

iii) Explain **two** disadvantages of using break-even charts.

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……………………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………

(4 marks)
b) The management of A & B Computers Ltd are concerned about costs increasing within the business and are seeking ways to control expenditure. Explain ways in which the management can control expenditure using the following techniques:

i) Budgeting

(3 marks)

ii) Stock control

(3 marks)

c) A & B Computers Ltd have identified a market gap in hand-held computers for managers. Explain the term “market gap”.

(2 marks)

(Total 15 marks)
a) You are employed in the Human Resources (Personnel) Department of a large clothing manufacturer. The company require a computer operator. To ensure that the right person for the job is employed, complete the chart below with **four** of the stages involved in recruitment and selection.

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[Diagram with four boxes indicating stages of recruitment and selection]
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b) When appointed, the new member of staff will work in the sales department which is developing e-commerce so that the business is not left behind its competitors.

i) Explain **two** benefits of businesses trading online.

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……………………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………
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(4 marks)

ii) State **two** methods of payment that can be used when buying online.

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……………………………………………………………………………………………………
……………………………………………………………………………………………………
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(2 marks)

(Total 10 marks)

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End of examination
3 Business Studies – Level 2
3.2 Sample marking scheme

NB * indicates own figure. (1+1) indicates 1 mark for point plus 1 mark for development.

Section A

1 a) Workers become expert / more skilled at their jobs
Time moving from one job to another avoided
Reduces need for training
1 + 1 = 2 marks

b) Boredom / lack of motivation
Difficult to move to different job – become a specialist
1 mark

2 a) A group of countries that share free trade agreements and have common tariffs so that imports from countries outside the bloc are discouraged.
1 + 1 = 2 marks

b) Retaliation
Price rises
Legal problems (eg between EU members who try to introduce tariffs/quotas)
Inefficiency due to lack of competition
Any 1 = 1 mark

3 Targets set by the Board of Directors that affect decision-making throughout the business, eg to break-even; make a return on capital, etc
1 + 1 = 2 marks

4 Social
Economic
Technological
Political

5 Communication difficulties caused by being located in different countries.
Coping with the different legal requirements of other countries.
Fluctuating exchange rates
Transportation – across longer distance
3 marks

6 Clerical support services: mail, reception, filing, information & data processing.
Information technology: responsibility for efficient operation & maintenance
Cleaning and maintenance: safe, healthy working conditions
Security
Any 3 x 1 = 3 marks
7. Product details need to be checked before advertising. Availability of products need to be checked before advertising. **1 + 1 = 2 marks**

8. £189 000
   - £23 000
   - £34 000
   **3 marks**

9. Maslow
   - Herzberg
   - McGregor
   **3 marks**

10. Commission
    - Profit-sharing
    - Bonuses
    - Performance-related pay
    **2 + 1 = 2 marks**

11. The day-to-day finance available for running a business OR Current assets minus current liabilities.
    **Examples:**
    - Raw materials
    - Running costs
    - To fund credit offered to customers (debtors)
    **Any 1 + 2 = 3 marks**

12. Costs of:
    - Researching into new products and methods
    - Buying new machinery and equipment
    - Training staff
    - Reluctance to change
    **Any 2 = 2 marks**

**Total 30 marks**
Section B

1  a)  i) Chain of command – authority passed downwards or upwards.
Example: Board of Directors – Managing Director – Production Manager –
Production Supervisor – 25 Production Workers 3 marks

ii) Span of control – how many people that report to a supervisor / manager
Example:
Quality Control Supervisor has 4 Inspectors – The span of control is 4
3 marks

b) i) Giving a subordinate authority to perform certain tasks
Giving responsibility 2 marks

ii) **Advantages:**
Managers cannot do every job themselves.
Managers less likely to make mistakes if they do not try
to do everything themselves
Managers can concentrate on the important jobs
Managers can measure success of staff more easily.
Any 2 x 1 = 2 marks

**Disadvantages:**
Managers think subordinates might fail
Risk that subordinates do better job than manager
Manager does not retain complete control
Manager ultimately responsible
Any 1 = 1 mark

c) Lack of capital
Lack of resources eg raw materials, stock
Lack of staff with necessary skills
Poor communications network
2 x 1 +1 = 4 marks

(Total 15 marks)
2  a) i) Total revenue = Total costs
     ii) 100
     iii) Break-even assumes all goods are sold, which may not be the case
          Break-even assumes all goods sold at the same price
          Figures could change – there could be a wage increase or rents could go up
          Break-even not very useful to service industries because charges vary from customer to customer

     1 + 1 = 2 marks
     1 mark

2 + 2 = 4 marks

b) i) Budgets – financial plans for the future containing numerical or financial targets.
     Budgetary control could be used to regularly check actual and budgeted figures for revenues and expenses.
     Variances could be investigated.
     Spending and costs are controlled
     Problems can be anticipated in advance

     Up to 3 marks

ii) Stock control – ensures stock ordered, delivered and handled efficiently
    Enables customer demand to be effectively met.
    Involves pre-determined minimum, maximum and re-order levels
    Enables stock checks
    Enables use of ‘old’ stock first – avoids deterioration
    Ensures enough stock to meet demand
    Prevents over-stocking – leading to deterioration

     Up to 3 marks

c) A gap in the range of products or services offered within a market

     2 marks

(Total 15 marks)
3 a) Flow Chart:
   - Job Description
   - Person (or Job) Specification
   - Advertising vacancy
   - Letters of application/CVs
   - Short listing
   - Interview

   Any 4 in correct order = 4 marks

b) Small businesses producing specialist goods can sell them anywhere in the world
   Costs can be reduced because no need for sales brochures.
   Sales staff no longer needed as information in online.
   24/7

   $2 \times 1 + 1 = 4$ marks

c) Credit card
   Debit card

   2 marks

(Total 10 marks)

Total 40 marks
4 General Guidance
4.1 Guidance for Tutors

Level 1

Syllabus

- Ensure candidates have access to a copy of the syllabus.
- Allow time throughout the course for full coverage of the syllabus.
- In your teaching, use real-life organisations to illustrate theory.
- If possible, arrange outside business visits to help candidates to understand up-to-date business applications.
- Give candidates ample practice in the skill of applying their knowledge by practising individual questions from past examination papers and textbooks and give diagnostic feedback.
- Spend time helping candidates to develop a better understanding of business terms.
- Give candidates plenty of opportunities to practise practical tasks, especially those requiring calculation.
- Use the sample examination in this guide to give candidates practice at completing an examination under timed conditions. Use the marking scheme provided to correct their papers.
- The City and Guilds’ learner portal, www.smartscreen.co.uk contains information about career planning, writing CVs and job applications that candidates should find helpful.

Examination

- Impress upon candidates the need to spend their 5 minutes reading time effectively, stressing they should carefully read the questions and try to understand exactly what is being asked and how marks are allocated.
- Advise candidates that when answering Section B structured questions, they must relate their answers to any given scenario/data.
- Encourage candidates to show all their workings when answering questions that involve calculation.
- Impress upon candidates the need to thoroughly check their answers before the end of the examination and to neatly cross through anything they do not want to be marked.
- Ensure candidates clearly label with their name any additional separate sheets of paper.

Tips

- Set candidates past question papers under timed conditions.
- Use up-to-date examples of business in your teaching.
- Use the Internet to check on current business activities in your own domestic economy.
- Be aware of any changes in business and information technology.
- Remember, technology is always changing. Keep up-to-date by searching the Internet and looking through newspaper and magazine articles for information about technology and the way it affects business.
Level 2

Syllabus

- Ensure candidates have access to a copy of the syllabus.
- Allow time throughout the course for full coverage of the syllabus.
- Allocate extra teaching time to business accounting to ensure candidates’ full understanding.
- Ensure candidates have thorough knowledge of the elementary principles of industrial psychology and understand motivation theorists such as Hertzberg and McGregor.
- Encourage candidates to use the Internet and read business journals and the business sections of newspapers.
- Use the Internet to keep up-to-date with modern business in your domestic and the international environment.
- Use up-to-date examples of ‘real business’ to illustrate theoretical concepts.
- Give candidates plenty of practice in the skill of applying their knowledge by practising on past examination papers.
- Use the sample examination paper in this guide to give candidates practice at completing an examination under timed conditions. Use the marking scheme provided to correct their papers.
- Try to arrange outside business visits to help candidates apply up-to-date business applications to their answers.

Examination

- Impress upon candidates the need to spend their 5 minutes reading time effectively, stressing they should carefully read the questions and try to understand exactly what is being asked and how marks are allocated.
- Advise candidates that when answering Section B structured questions, they must relate their answers to any given scenario/data.
- Advise candidates to carefully read the instructions to each question before they start their answers. Suggest they refer back to the question before moving on to ensure they have answered all the parts of it.
- Advise candidates to highlight key words eg 'explain', ‘discuss’ which indicate longer answers are required.
- Be sure candidates know they must, where applicable, show their workings when answering questions requiring calculations.
- Advise candidates not to be tempted to write at length where the allocated marks indicate a detailed answer is not required.
- Impress upon candidates the need to thoroughly check their answers before the end of the examination and to neatly cross through anything they do not want to be marked.
- Ensure candidates clearly label with their name any additional separate sheets of paper.

Tips

- Give candidates opportunities to apply their knowledge to different situations.
- Provide candidates with plenty of feedback when returning marked work.
- Use up-to-date examples of business in your teaching.
- Provide plenty of practice in the areas that cause confusion.
- Be aware of any changes in business and information technology.
Performance codes

It is a feature of City & Guilds examinations that weakness reports are provided for candidates who are unsuccessful in their examinations. Performance code should assist them in developing the principal area or areas of skill or knowledge where remedial work is needed. The areas covered will be found on the candidate's results slip, and are categorised as follows:

Level 1

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
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<tbody>
<tr>
<td>A</td>
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<tr>
<td>B</td>
<td>Principles of business</td>
</tr>
<tr>
<td>C</td>
<td>Organisation of business</td>
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<tr>
<td>D</td>
<td>Business activity</td>
</tr>
<tr>
<td>E</td>
<td>People in business</td>
</tr>
<tr>
<td>F</td>
<td>Influences and controls on business</td>
</tr>
<tr>
<td>L</td>
<td>Insufficient work submitted</td>
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</table>

Level 2

<table>
<thead>
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<th>Code</th>
<th>Description</th>
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<tr>
<td>A</td>
<td>Failed Narrowly</td>
</tr>
<tr>
<td>E</td>
<td>People in business</td>
</tr>
<tr>
<td>G</td>
<td>Business environment</td>
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<tr>
<td>H</td>
<td>Structure and organisation of business</td>
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<tr>
<td>J</td>
<td>Decision making, planning and control</td>
</tr>
<tr>
<td>K</td>
<td>External and internal influences</td>
</tr>
<tr>
<td>L</td>
<td>Insufficient work submitted</td>
</tr>
</tbody>
</table>
4 General Guidance
4.2 Guidance for Candidates

City and Guilds want candidates to achieve better results and the aim of this Guide is to provide the base for good practice and a clearer understanding of exactly what should be included in examination answers. It is hoped the following advice will help candidates to succeed.

Level 1

Syllabus

- Ensure you have access to a copy of the syllabus and check the progress of your learning against its content.
- As you work through the theory, test yourself with the activities and questions in your textbook.
- Make sure you fully understand all areas of the syllabus.
- Understand and memorise key business terms such as needs and wants, demand and supply, goods and services as you will more than likely be tested on them.
- Thoroughly learn the reasons for growth and know the difference between internal expansion, horizontal, vertical and lateral integration.
- Learn the factors that influence the location of business and develop your ability to select and apply those which are relevant to the different types of businesses.
- Learn the main internal and external economies of scale so that you are able to distinguish between them.

Practice

- Allow plenty of time for revision and revise thoroughly. Do not be tempted to leave revision until just before the examination.
- Check your revision plan against the syllabus to ensure you have not missed any areas as all of them are examined.
- Make sure you include in your revision plan plenty of practice of calculating prices from given information.
- Work through as many questions from past papers as possible. As you do so, practise planning your answers to the questions. Check that you have correctly read them and answered the questions properly.
- As technology is always changing, keep up-to-date by looking through newspapers for articles about technology and the way it affects business.
- Keep up-to-date with the sources of financing loans and overdrafts by obtaining information from the Internet and the business sections of newspapers and magazines.
- Prepare thoroughly by working through as many past papers as possible, including the sample in this guide.
During the examination

- Carefully check the instructions on the examination paper. In Business Studies there is no choice and you have to answer every question.
- Use the 5 minutes reading time to look at the questions and their allocated marks. Do not make any notes.
- Read the instructions for each question carefully.
- Note the number of marks allocated to questions - this will help you to decide how much time to spend on a question. Too often, candidates write far too much. For example, if a question asks you to list three advantages and three marks are allocated to the question, this indicates that one mark is allocated for each advantage.
- Study the key words. “State” means no explanation is needed. “List” is similar to “state”. Write down your list without explaining. “Explain” requires a more detailed answer with reasons or examples.
- Show your workings when answering questions requiring calculations.
- Allow time before the end of the examination to carefully check your work and neatly cross through anything you do not want marked.
- If you use extra separate sheets of paper, write your name clearly on each sheet.

Tips

- Revise all sections of the syllabus.
- Marks give clues to the length of answers.
- Remember what the key words mean.
- Think before you answer.
- Know the names of well-known pressure groups.
- Know the difference between on-the-job and off-the-job training.
- Technology is always changing – keep up-to-date.
- Show your workings in answers requiring calculations.
- Re-read questions to be sure you answer them correctly.
- Leave time to check answers.

Why candidates fail

- Candidates should be aware that there is a greater need to think about information in examinations and in dealing with it in appropriate ways as they progress through Levels. Practice during a course of study is excellent preparation and provides familiarisation with the various topics which could arise in the exam. It follows that candidates who fail to practice during their course of study are those most likely to fail.
- Simply attending a course of study without further practice at home is not recommended for obvious reasons and candidates should expect to commit twice as much study time at home compared to the tuition received in the classroom.
- Candidates fail because they have insufficient practice in the appropriate types of questions; candidates with the appropriate skills and with adequate practice are able to perform well.
Level 2

Syllabus

- Ensure you have access to a copy of the syllabus and check the progress of your learning against its content.
- Make sure you fully understand all areas of the syllabus and the required business terminology.
- Learn the main business objectives and how to select and apply them to different business types and situations.
- Be sure you fully understand the techniques that can be used by management to plan and control functions and departments.
- Check you fully understand the purpose and use of breakeven charts.
- Spend extra time on thoroughly learning the principles of industrial psychology and motivation theorists such as Herzberg and McGregor.
- Have a clear understanding of how external and internal influences can impact upon the quality of the environment.
- Ensure you fully understand what is meant by ‘social costs’.
- Be quite clear about the purpose and content of job descriptions and person (job) specifications.
- Use the business pages of newspapers, business magazines and the Internet to keep up-to-date with technology on the development of business.
- City and Guilds’ learner portal, www.smartscreen.co.uk, contains some excellent information about career planning, writing CV's and job applications.

Practice

- Organise a sensible revision plan over the duration of the course. Do not be tempted to leave revision until just before the examination.
- Check your revision plan against the syllabus to ensure you have not missed any areas as all of them are examined.
- Try to visit a company with a departmental structure so that you gain more insight into the work carried out.
- Get plenty of practice of analysing given financial data, including comparative figures and breakeven charts.
- Practise planning and structuring answers to questions in textbooks and past examination papers, checking you have actually answered the questions and expanded the answers where appropriate.
- Prepare thoroughly by working through as many past papers as possible, including the sample in this guide.
- Use the Internet to keep up-to-date with innovation within the business world and your domestic economy.
During the examination

- Carefully check the instructions on the examination paper. In Business Studies there is no choice and you have to answer every question.
- Read questions carefully during the 5 minutes reading time and try to fully understand what the examiner is asking.
- Read the instructions for each question carefully to be sure you have read the stem and parts of the question properly.
- Take note of the number of marks allocated to questions – this will help you to decide how much time to spend on them. Do not waste time expanding your answer if the marks indicate this is not required. For example, if you are asked to state three factors that determine the location of business and three marks are allocated to the question, this indicates that one mark is allocated to each factor.
- Look out for the key words of questions. “State” and “List” are similar and neither require explanations. However, key words such as “describe” and “explain” indicate that an answer should be developed and expanded.
- Allocate your time sensibly. Do not spend too long on some questions and too little on others. Be guided by the marks allocated to the question.
- When answering questions in Section B, relate your answers to the scenario/data and be sure you fully understand the requirements of questions before attempting to answer them.
- When developing and expanding answers, do not reiterate the data provided in the question.
- Use the language of business and business terms in your answers and try to illustrate them with current examples.
- Leave time before the end of the examination to carefully check through your work. Neatly cross through anything you do not want marked.
- If you use extra separate sheets of paper, write your name clearly on each sheet.

Tips

- Remember a job description is about the job whereas a person specification is about the person.
- A budget is a financial tool used in business to help planning.
- Gross profit is not the final profit as there are still other costs to be deducted.
- Make sure you can work out percentages.
- Remember that product life cycle means the stages which a product passes through and not how long the product lasts.
- Key words and marks give clues.
- Develop your answers and give up-to-date examples.
- Look through newspapers for articles about technology and the way it affects business.
- Remember what the key words mean.
- Always ask your Tutor about anything you do not understand.

Why candidates fail

- Candidates should be aware that there is a greater need to think about information in examinations and in dealing with it in appropriate ways as they progress through Levels. Practice during a course of study is excellent preparation and provides familiarisation with the various topics which could arise in the exam. It follows that candidates who fail to practice during their course of study are those most likely to fail.
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