



National  
Qualifications  
2024

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## 2024 Business Management

### National 5

## Question Paper Finalised Marking Instructions

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## General marking principles for National 5 Business Management

*This information is provided to help you understand the general principles you must apply when marking candidate responses to questions in this paper. These principles must be read in conjunction with the detailed marking instructions, which identify the key features required in candidate responses.*

- (a) Marks for each candidate response must **always** be assigned in line with these general marking principles and the detailed marking instructions for this assessment.
- (b) Marking should always be positive. This means that, for each candidate response, marks are accumulated for the demonstration of relevant skills, knowledge and understanding: they are not deducted from a maximum on the basis of errors or omissions.
- (c) If a specific candidate response does not seem to be covered by either the principles or detailed marking instructions, and you are uncertain how to assess it, you must seek guidance from your team leader.
- (d) i. Questions that ask candidates to Describe...  
Candidates must make a number of relevant, factual points up to the total mark allocation for the question. These should be key points. The points do not need to be in any particular order. Candidates may provide a number of straightforward points or a smaller number of developed points, or a combination of these.
- Up to the total mark allocation for this question:
- 1 mark should be given for each accurate relevant point of knowledge.
  - a second mark could be given for any point that is developed from the point of knowledge.
- ii. Questions that ask candidates to Explain...  
Candidates must make a number of points that relate cause and effect and/or make the relationships between things clear, for example by showing connections between a process/situation. These should be key reasons and may include theoretical concepts. There is no need to prioritise the reasons.
- Candidates may provide a number of straightforward reasons or a smaller number of developed reasons, or a combination of these.
- Up to the total mark allocation for this question:
- 1 mark should be given for each accurate relevant point of reason.
  - a second mark could be given for any other point that is developed from the same reason
- iii. Questions that ask candidates to Compare...  
Candidates must demonstrate a true comparison in order to gain any mark. Both sides of the point must be clear but need not be linked. Candidates can write several points regarding the first comparison item followed by several points on the second and the marker match the points using codes (eg a, b, c)
- Up to the total mark allocation for this question:
- 1 mark should be given for each compared point

Where a mark is available for the development of a response this is exemplified in the marking instructions, a hollow bullet point is used to show the developed response.

## Marking instructions for each question

### Section 1

Question			Expected response(s)	Max mark	Additional guidance
1.	(a)	(i)	<ul style="list-style-type: none"> <li>owners/shareholders</li> <li>customers</li> <li>employees</li> </ul>	2	<p>Candidates must identify <b>2</b> stakeholders to gain full marks.</p> <p>Award <b>1 mark</b> for each valid identification.</p> <p>Accept any other suitable response.</p>
		(ii)	<p><b>owners/shareholders</b></p> <ul style="list-style-type: none"> <li>interested in profits</li> <li>return on investment</li> </ul> <p><b>customers</b></p> <ul style="list-style-type: none"> <li>high quality product/service</li> <li>to get value for money</li> </ul> <p><b>employees</b></p> <ul style="list-style-type: none"> <li>good level of pay/salary</li> <li>good working conditions</li> <li>to have job security</li> <li>future promotion prospects</li> </ul>	2	<p>Candidates must describe <b>one</b> interest for each stakeholder to gain full marks.</p> <p>Award <b>1 mark</b> for each valid description.</p> <p>Accept consequentiality for other stakeholders from (a)(i).</p> <p>Accept any other suitable response.</p>
	(b)		<ul style="list-style-type: none"> <li>be market leader/world number one</li> <li>be innovative/offer unique product</li> <li>make/increase profit</li> <li>to grow</li> <li>provide a quality product/make great pizza at home</li> <li>employees are empowered/at the heart of the business/people focussed culture</li> <li>affordable/value for money</li> <li>to make the world better</li> </ul>	3	<p>Candidates must outline <b>3</b> objectives to gain full marks.</p> <p>Award <b>1 mark</b> for each valid outline.</p> <p>Accept any other suitable response.</p>

Question		Expected response(s)	Max mark	Additional guidance													
	(c)	<p><b>premium/high</b></p> <ul style="list-style-type: none"> <li>• a high price/higher than competitors <ul style="list-style-type: none"> <li>○ it ensures exclusivity</li> </ul> </li> </ul> <p><b>competitive/market</b></p> <ul style="list-style-type: none"> <li>• similar/same as competitors <ul style="list-style-type: none"> <li>○ relies on other elements of the marketing mix</li> </ul> </li> </ul> <p><b>low</b></p> <ul style="list-style-type: none"> <li>• lower than competitors <ul style="list-style-type: none"> <li>○ may suggest poorer quality/inferior product</li> </ul> </li> </ul>	3	<p>Candidates must describe at least 2 pricing strategies to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Award 1 mark for a valid development.</p> <p>Accept any other suitable response.</p>													
	(d)	(i)	<table border="1"> <thead> <tr> <th>Assurance</th> <th>whereas</th> <th>Control</th> </tr> </thead> <tbody> <tr> <td>checked throughout production process</td> <td></td> <td>checked at beginning/end</td> </tr> <tr> <td>costs more due to regular checks</td> <td></td> <td>costs less (as fewer checks)</td> </tr> <tr> <td>mistakes found earlier so less waste</td> <td></td> <td>mistakes not found until the end (more waste)</td> </tr> </tbody> </table>	Assurance	whereas	Control	checked throughout production process		checked at beginning/end	costs more due to regular checks		costs less (as fewer checks)	mistakes found earlier so less waste		mistakes not found until the end (more waste)	2	<p>Award 1 mark for each valid distinction.</p> <p>Accept any other suitable response.</p>
Assurance	whereas	Control															
checked throughout production process		checked at beginning/end															
costs more due to regular checks		costs less (as fewer checks)															
mistakes found earlier so less waste		mistakes not found until the end (more waste)															
		(ii)	<ul style="list-style-type: none"> <li>• good quality raw materials</li> <li>• training/trained staff</li> <li>• hiring skilled staff</li> <li>• maintaining/well maintained machinery</li> <li>• up-to-date technology</li> </ul>	1	<p>Award 1 mark for a valid outline.</p>												

Question		Expected response(s)	Max mark	Additional guidance	
	(e)	<p><b>generate the idea</b></p> <ul style="list-style-type: none"> <li>• come up with a new idea/identify a new idea</li> <li>• gather information/carry out market research</li> </ul> <p><b>analyse the idea</b></p> <ul style="list-style-type: none"> <li>• investigate if the idea is feasible</li> </ul> <p><b>produce a prototype</b></p> <ul style="list-style-type: none"> <li>• create a model of the product</li> </ul> <p><b>test the product</b></p> <ul style="list-style-type: none"> <li>• check for safety/durability</li> <li>• receive feedback from test market</li> </ul> <p><b>alter the product</b></p> <ul style="list-style-type: none"> <li>• make changes based on feedback</li> </ul> <p><b>produce the product</b></p> <ul style="list-style-type: none"> <li>• start manufacturing of the final product</li> <li>• decide on the price/promotion</li> </ul>	4	<p>Candidates must describe at least 2 stages to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Award 1 mark for each valid development.</p> <p>Accept any other suitable response.</p>	
	(f)	(i)	<ul style="list-style-type: none"> <li>• increasing/rising/going up</li> </ul>	1	Award 1 mark for a valid identification.
		(ii)	<ul style="list-style-type: none"> <li>• increase sales (eg decrease price, offer promotions)</li> <li>• reduce cost of sales (eg cheaper raw materials, cheaper delivery costs)</li> <li>• reduce expenses (eg reduce wages, advertising cost, cheaper utilities)</li> </ul>	2	<p>Candidates must outline 2 actions to gain full marks.</p> <p>Award 1 mark for each valid outline.</p> <p>Accept any 2 named expenses.</p> <p>Accept any 2 actions that increase sales.</p> <p>Accept any other suitable response.</p>

Question			Expected response(s)	Max mark	Additional guidance									
2.	(a)	(i)	<ul style="list-style-type: none"> <li>private</li> </ul>	1	Award 1 mark for a valid identification.									
		(ii)	<p><b>public sector</b></p> <ul style="list-style-type: none"> <li>owned by the Government</li> <li>controlled by MPs/councillors</li> <li>financed by taxes</li> <li>aims to provide a service</li> <li>eg NHS, Army</li> </ul> <p><b>third sector</b></p> <ul style="list-style-type: none"> <li>not-for-profit making</li> <li>controlled by a board of trustees</li> <li>financed by donation/fundraising/membership fees</li> <li>aims to be sustainable</li> <li>eg charities, social enterprises</li> </ul>	2	<p>Candidates must outline 2 sectors to gain full marks.</p> <p>Award 1 mark for each valid outline.</p> <p>Accept consequentiality from (a)(i).</p> <p>Accept any other suitable response.</p>									
	(b)		<table border="1"> <tr> <td><b>Goods</b></td> <td rowspan="4" style="text-align: center; vertical-align: middle;"><b>whereas</b></td> <td><b>Services</b></td> </tr> <tr> <td>tangible</td> <td>intangible</td> </tr> <tr> <td>you can see and touch</td> <td>something that is done for you</td> </tr> <tr> <td>eg a mobile phone</td> <td>eg provided by a bus driver</td> </tr> </table>	<b>Goods</b>	<b>whereas</b>	<b>Services</b>	tangible	intangible	you can see and touch	something that is done for you	eg a mobile phone	eg provided by a bus driver	1	Award 1 mark for a valid distinction.
<b>Goods</b>	<b>whereas</b>	<b>Services</b>												
tangible		intangible												
you can see and touch		something that is done for you												
eg a mobile phone		eg provided by a bus driver												
	(c)	(i)	<ul style="list-style-type: none"> <li>homeworking/remote working/working from home</li> </ul>	1	<p>Award 1 mark for a valid identification.</p> <p>Do not accept any other response.</p>									

Question		Expected response(s)	Max mark	Additional guidance
	(ii)	<p><b>employees</b></p> <ul style="list-style-type: none"> <li>• can fit work around other commitments</li> <li>• avoid stress of travel/commuting <ul style="list-style-type: none"> <li>○ reduces travel costs</li> <li>○ reduces travelling time</li> </ul> </li> <li>• do not need to live within travelling distance of office</li> <li>• can choose to spend some time in the office to meet colleagues</li> <li>• do not need to change jobs to suit work-life balance</li> </ul> <p><b>organisation</b></p> <ul style="list-style-type: none"> <li>• save on rent/mortgage costs as less office space is required</li> <li>• save on utility bills/heating/lighting as less office space is required</li> <li>• reduces carbon footprint <ul style="list-style-type: none"> <li>○ to help meet environmental targets</li> </ul> </li> <li>• can recruit from a wide pool of applicants</li> <li>• can motivate employees <ul style="list-style-type: none"> <li>○ increases productivity</li> </ul> </li> <li>• can create loyal employees/reduce staff turnover <ul style="list-style-type: none"> <li>○ reduces recruitment costs</li> </ul> </li> <li>• temporary employees can cover peak periods</li> </ul>	5	<p>Candidates must give at least <b>one</b> benefit for employee and <b>one</b> benefit for organisation to gain full marks.</p> <p>Award <b>1 mark</b> for each valid justification.</p> <p>Award <b>1 mark</b> for each valid development.</p> <p>Watch for repeated justifications/developments.</p> <p>Accept any other suitable response.</p>
(d)	(i)	<ul style="list-style-type: none"> <li>• word processing can be used to create a job description</li> <li>• word processing can be used to create a person specification</li> <li>• Internet/social media can be used to advertise vacancies</li> <li>• e-mail can be used to send out application forms</li> <li>• database can be used to store applicant's details</li> <li>• DTP/presentation software to produce a job advert</li> <li>• intranet can be used to advertise internal vacancies</li> </ul>	2	<p>Candidates must describe <b>2</b> ways to gain full marks.</p> <p>Award <b>1 mark</b> for each valid description.</p> <p>Accept any other suitable response.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(ii)	<p><b>review of application</b></p> <ul style="list-style-type: none"> <li>• compare application forms/CVs to person specification</li> <li>• allows for a shortlist to be created</li> <li>• takes time to review all application forms/CVs</li> </ul> <p><b>telephone interview</b></p> <ul style="list-style-type: none"> <li>• applicant answers questions over the phone</li> <li>• removes the need to travel to the interview</li> <li>• can hear applicant's voice/telephone manner for call centre job</li> </ul> <p><b>testing</b></p> <ul style="list-style-type: none"> <li>• practical assessment to show candidates' abilities</li> <li>• can measure skills/knowledge/fitness/IQ</li> <li>• candidate may underperform under pressure</li> <li>• may incur financial cost to set up</li> <li>• may need specialist assessors</li> </ul> <p><b>final face-to-face interview</b></p> <ul style="list-style-type: none"> <li>• in-person meeting whereby applicants answer questions</li> <li>• assessor can see applicant's body language</li> <li>• more detailed responses/information can be collected</li> <li>• unfair judgements can be made based on appearance</li> </ul>	4	<p>Candidates must discuss at least 2 methods to gain full marks.</p> <p>Award 1 mark for each valid discussed point.</p> <p>Award 1 mark for each valid development.</p> <p>Maximum 2 marks for descriptions.</p> <p>Watch for repetition.</p> <p>Accept any other suitable response.</p>
(e)	(i)	<ul style="list-style-type: none"> <li>• human resources/employees/manager</li> <li>• finance</li> </ul>	2	<p>Candidates must identify 2 factors to gain full marks.</p> <p>Award 1 mark for each valid identification.</p>
	(ii)	<p><b>HR/employees/manager</b></p> <ul style="list-style-type: none"> <li>• employees provide good/bad service</li> <li>• managers can make good/bad decisions</li> <li>• employees can take industrial action</li> </ul> <p><b>finance</b></p> <ul style="list-style-type: none"> <li>• can purchase assets</li> <li>• may lead to cutting costs</li> </ul>	2	<p>Candidates must describe the influence of <b>both</b> factors to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Accept consequentiality from (e)(i).</p> <p>Accept any other suitable response.</p>

Section 2

Question		Expected response(s)	Max mark	Additional guidance
3.	(a)	<p><b>bank loan</b></p> <ul style="list-style-type: none"> <li>• finance borrowed and paid back with interest               <ul style="list-style-type: none"> <li>○ in instalments</li> </ul> </li> </ul> <p><b>mortgage</b></p> <ul style="list-style-type: none"> <li>• when a large sum of money is borrowed to purchase property/land               <ul style="list-style-type: none"> <li>○ paid back in instalments over a long period of time</li> <li>○ lower interest payable than a loan</li> </ul> </li> </ul> <p><b>retained profits</b></p> <ul style="list-style-type: none"> <li>• profits from a previous year which are reinvested into the business</li> </ul> <p><b>government grant</b></p> <ul style="list-style-type: none"> <li>• given to a business that applies for it/meets certain criteria/conditions               <ul style="list-style-type: none"> <li>○ does not need to be repaid</li> </ul> </li> </ul> <p><b>overdraft</b></p> <ul style="list-style-type: none"> <li>• taking more money out of your bank account than is present in your account</li> </ul> <p><b>personal savings</b></p> <ul style="list-style-type: none"> <li>• money SAVED by the owner/using the owners own money               <ul style="list-style-type: none"> <li>○ no interest is charged</li> </ul> </li> </ul> <p><b>share issue</b></p> <ul style="list-style-type: none"> <li>• inviting people to buy a share in the business</li> <li>• shareholders will have a say in decision making</li> </ul>	4	<p>Candidates must describe at least 2 sources to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Award 1 mark for each valid development.</p> <p>Watch for repetition.</p> <p>Accept any other suitable response.</p>

Question		Expected response(s)	Max mark	Additional guidance
		<b>hire purchase</b> <ul style="list-style-type: none"> <li>• purchase an asset and repay in instalments, the business owns the asset after all payments are made</li> <li>• helps with cash flow</li> </ul>		
	(b)	<b>fixed costs</b> <ul style="list-style-type: none"> <li>• cost that does not change with output/sales</li> </ul> <b>total costs</b> <ul style="list-style-type: none"> <li>• variable costs plus fixed costs</li> </ul> <b>total revenue</b> <ul style="list-style-type: none"> <li>• units sold multiplied by selling price</li> <li>• income generated from sales</li> </ul> <b>break-even point</b> <ul style="list-style-type: none"> <li>• when total revenue equals total costs</li> <li>• point at which no profit or loss is made</li> </ul>	4	Candidates must define all 4 terms to gain full marks. Award 1 mark for each valid definition. Accept any other suitable response.
	(c)	<b>gross profit - £8,000</b>  <b>profit for the year - £7,000</b>	2	Award 1 mark for each correct calculation.  Do not accept any other response.

Question		Expected response(s)	Max mark	Additional guidance
4.	(a)	<p><b>advantages</b></p> <ul style="list-style-type: none"> <li>• increased capital</li> <li>• increased specialisation <ul style="list-style-type: none"> <li>○ improves quality of service</li> </ul> </li> <li>• shared responsibility/workload</li> <li>• more/shared ideas</li> </ul> <p><b>disadvantages</b></p> <ul style="list-style-type: none"> <li>• arguments can occur</li> <li>• profit sharing</li> <li>• unlimited liability <ul style="list-style-type: none"> <li>○ personal assets can be taken to repay business debts</li> </ul> </li> </ul>	4	<p>Candidates must discuss at least <b>one</b> advantage and <b>one</b> disadvantage to gain full marks.</p> <p>Award <b>1 mark</b> for each valid discussed point.</p> <p>Award <b>1 mark</b> for each valid development.</p> <p>Accept any other suitable response.</p>
	(b)	<ul style="list-style-type: none"> <li>• may lead to customer loyalty <ul style="list-style-type: none"> <li>○ which could give repeat sales</li> </ul> </li> <li>• may make it easier to introduce new products <ul style="list-style-type: none"> <li>○ this could increase profits</li> </ul> </li> <li>• likely to result in fewer complaints <ul style="list-style-type: none"> <li>○ this allows the organisation to concentrate on core activities</li> </ul> </li> <li>• likely to lead to the organisation having a good reputation <ul style="list-style-type: none"> <li>○ this may attract new customers</li> </ul> </li> <li>• customers may recommend to friends/family <ul style="list-style-type: none"> <li>○ which would increase market share</li> </ul> </li> <li>• may be able to charge higher prices</li> </ul>	3	<p>Candidate must describe at least <b>2</b> reasons to gain full marks.</p> <p>Award <b>1 mark</b> for each valid description.</p> <p>Award <b>1 mark</b> for a valid development.</p> <p>Accept any other suitable response.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(c)	<p><b>political</b></p> <ul style="list-style-type: none"> <li>• increase in national living wage - increases expenses/wage costs</li> </ul> <p><b>economic</b></p> <ul style="list-style-type: none"> <li>• increase in interest rates - higher cost of borrowing</li> </ul> <p><b>social</b></p> <ul style="list-style-type: none"> <li>• change in taste and fashions - have to update products</li> </ul> <p><b>technological</b></p> <ul style="list-style-type: none"> <li>• new technology is introduced - may need to train all employees</li> </ul> <p><b>environmental</b></p> <ul style="list-style-type: none"> <li>• bad weather - may result in late deliveries</li> </ul> <p><b>competitive</b></p> <ul style="list-style-type: none"> <li>• competitor changing prices - may need to also adjust prices</li> </ul>	3	<p>Candidates must explain influence of 3 factors to gain full marks.</p> <p>Award <b>1 mark</b> for each valid explanation.</p> <p>Accept any other suitable response.</p>

Question		Expected response(s)	Max mark	Additional guidance
5.	(a)	<ul style="list-style-type: none"> <li>• expensive to train employees - may reduce profit</li> <li>• employees may be absent from work to attend courses - cover may be required               <ul style="list-style-type: none"> <li>○ cost of temporary employees</li> </ul> </li> <li>• once trained, employees may leave - recruitment process then required</li> <li>• reduction in production while employees are away being trained - customer orders not fulfilled</li> <li>• external training providers may provide generic training - may lead to confusion/issues with production</li> <li>• reduction in quality while employees are being trained - may lead to more customer complaints</li> </ul>	3	<p>Candidates must explain at least 2 costs to gain full marks.</p> <p>Award 1 mark for each valid explanation.</p> <p>Award 1 mark for a valid development.</p> <p>Accept any other suitable response.</p>
	(b)	<p><b>Equality Act</b></p> <ul style="list-style-type: none"> <li>• 9 protected characteristics</li> <li>• age, disability, sex, pregnancy and maternity, race, religion or belief, sexual orientation, gender reassignment, marriage and civil partnership</li> <li>• deters discrimination/treated fairly/treated equally/prevents victimisation</li> <li>• prevents harassment</li> </ul> <p><b>Health and Safety at Work Act</b></p> <ul style="list-style-type: none"> <li>• shows employer and employee responsibilities</li> <li>• ensures employees have a safe working environment</li> <li>• ensures employees are provided with safety equipment/clothing</li> </ul>	4	<p>Candidates must outline at least <b>one</b> feature of EA and <b>one</b> feature of HASAWA for full marks.</p> <p>Award 1 mark for each valid outline.</p> <p>Award 1 mark for each valid development.</p> <p>Maximum 1 mark for listing 2 or more protected characteristics.</p> <p>Accept any other suitable response.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(c)	<p><b>strike</b></p> <ul style="list-style-type: none"> <li>employees refuse to work</li> </ul> <p><b>sit in</b></p> <ul style="list-style-type: none"> <li>employees occupy the workplace but don't carry out any work</li> </ul> <p><b>overtime ban</b></p> <ul style="list-style-type: none"> <li>employees refuse to work additional hours/more than their contracted hours</li> </ul> <p><b>work to rule</b></p> <ul style="list-style-type: none"> <li>employees only do what is required in their contract</li> </ul>	3	<p>Candidates must describe 3 forms of industrial action to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Accept any other suitable response.</p>
6.	(a)	<ul style="list-style-type: none"> <li>product</li> <li>price</li> <li>place</li> <li>promotion</li> </ul>	3	<p>Candidates must identify 3 elements to gain full marks.</p> <p>Award 1 mark for each valid identification.</p> <p>Accept any other suitable response.</p>
	(b)	<ul style="list-style-type: none"> <li>product may become damaged - increase in customer complaints <ul style="list-style-type: none"> <li>fewer returning customers</li> <li>increased wastage</li> <li>more product returns/compensation</li> </ul> </li> <li>too much packaging/use of unnecessary plastic upsets some groups of consumers - leading to poor reputation <ul style="list-style-type: none"> <li>leading to environmental damage/more landfill</li> </ul> </li> <li>product information may be misleading - could lead to legal action</li> <li>cheaper materials can be used - which reduce production costs</li> </ul>	3	<p>Candidates must explain 2 consequences to gain full marks.</p> <p>Award 1 mark for each valid explanation.</p> <p>Award 1 mark for a valid development.</p> <p>Accept any other suitable response.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(c) (i)	<ul style="list-style-type: none"> <li>• road</li> <li>• rail</li> <li>• air</li> <li>• sea</li> </ul>	2	<p>Candidates must identify 2 methods to gain full marks.</p> <p>Award 1 mark for each valid identification.</p> <p>Accept any other suitable response.</p>
	(ii)	<p><b>road</b></p> <ul style="list-style-type: none"> <li>• there are many different vehicles types available (eg refrigerated)</li> <li>• door to door delivery</li> </ul> <p><b>rail</b></p> <ul style="list-style-type: none"> <li>• usually less delays on train tracks compared to roads</li> <li>• can deliver large volume of products at once</li> <li>• can deliver heavy/bulky products</li> <li>• more environmentally friendly than road</li> </ul> <p><b>air</b></p> <ul style="list-style-type: none"> <li>• quickest method to transport products worldwide</li> <li>• able to reach places that other transport methods cannot</li> </ul> <p><b>sea</b></p> <ul style="list-style-type: none"> <li>• can deliver large volume of products at once</li> <li>• cost is often cheaper than other methods</li> <li>• routes are flexible</li> </ul>	2	<p>Candidates must justify both methods identified in (c)(i) to gain full marks.</p> <p>Award 1 mark for each valid justification.</p> <p>Easy/quick/cheap etc must be qualified.</p> <p>Watch for repetition.</p> <p>Accept any other suitable response.</p>

Question			Expected response(s)	Max mark	Additional guidance
7.	(a)	(i)	<ul style="list-style-type: none"> <li>• minimum inventory level</li> </ul>	1	Award 1 mark for a valid identification.
		(ii)	<ul style="list-style-type: none"> <li>• 800 units</li> <li>• 600 units</li> </ul>	2	<p>Candidates must identify both figures/numbers to gain full marks.</p> <p>Award 1 mark for each valid identification.</p>
	(b)		<ul style="list-style-type: none"> <li>• production may stop - products will not be available in future</li> <li>• will not be possible to meet unexpected orders - sales revenue decreases</li> <li>• employees will have to be paid even if not producing anything - increases costs</li> <li>• business will be viewed as unreliable - creates a poor image</li> </ul>	2	<p>Candidates must explain 2 problems to gain full marks.</p> <p>Award 1 mark for each valid explanation.</p> <p>Accept any other suitable response.</p>
	(c)		<p><b>lead time</b></p> <ul style="list-style-type: none"> <li>• short lead times would allow quicker access to goods</li> </ul> <p><b>credit terms</b></p> <ul style="list-style-type: none"> <li>• can pay at a later date</li> <li>• can help with cash flow</li> </ul> <p><b>reliability</b></p> <ul style="list-style-type: none"> <li>• will deliver the correct quantity when agreed</li> <li>• will deliver on time</li> <li>• will deliver the agreed quality of materials</li> </ul>	3	<p>Candidates must justify all 3 factors to gain full marks.</p> <p>Award 1 mark for each valid justification.</p> <p>Watch for repetition. A different justification should be given for each factor.</p> <p>Accept any other suitable response.</p>
	(d)		<ul style="list-style-type: none"> <li>• identical products produced</li> <li>• made on a continuous production/assembly line</li> <li>• parts are added to the product as it moves along a production line/made in stages</li> <li>• capital intensive/highly automated</li> <li>• large quantities produced/mass production</li> </ul>	2	<p>Candidates must describe 2 features to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Accept any other suitable response.</p>

[END OF MARKING INSTRUCTIONS]