

Question 4(a)

Candidate A

4 a) Bank loans can be taken out in order to find a quick way of obtaining finances. However, [It does need to be paid back ~~with~~ with added interest] which may result in more debt etc in the long run. However a bank loan can be repaid over

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a longer amount of time which gives the business time to gather funds.

- A mortgage can be taken out on a purchase of property for the business. This can be used to expand the businesses premises and [can be paid back over a long period of time]
- [Retained profit within the business can be saved up in order to be used in the future]. This

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	can be used to research and develop another product.	
	• [Crowd funding can be used to fund publicly aware project by collecting funds from public donations] ^{MAX} in small donations.	
	This will allow the business to launch a new project with appropriate funds.	

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Candidate B

a) A plc may use a [bank loan this is a large sum of money borrowed from the bank paid back overtime with interest]	
	1
A plc may use [venture capital this is when investors give the business money in order to gain a share/percentage of the business]	
	1
A plc may use [share issue and sell shares of the business on the stock market] to gain finance.	
	1

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Candidate C

<p>4) A public limited company could apply for a [bank loan, this means the bank gives them money which the plc would pay them back over a period of time with interest added on.]</p>	
<p>They could also apply for a [government grant. If an organisation can reach a certain criteria then they could be eligible to receive money from the government] [which they don't need to pay back.]</p>	1 1 1
<p>[A plc could lower their dividends which would allow them to keep more money that can be used to expand.] ^{MAX} However, this is risky as it could</p>	
<p>lead to Stakeholders selling their Shares if they aren't happy with the amount of dividends they receive.</p>	

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Question 4(b)

Candidate A

4.b)	One piece of financial information contained in an Income Statement is ' TOTAL [PROFIT FOR THE YEAR]'. This shows the total profit that the organisation has made over the previous 12 months.]	
	Another piece is [STAFF WAGES]. This shows	

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	the total cost for the business on wages.]	
	A third is 'TOTAL EXPENDATURE'. This shows all the exp costs and spendings the company has made in the last year. REP	
	Finally, another piece of financial information contained in an income statement is 'TOTAL'. This is what is used to calculate the total of everything to find out if the company has made a profit or a loss.	

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Candidate B

<p>• <u>Gross profit</u>: the amount of money spent on buying and selling</p> <p>- <u>extra expenses</u>: the amount of money spent on extras eg <u>equipment</u> etc</p> <p>- [<u>profit of the year</u>: the amount of money left over once expenses has been deducted from the <u>Gross profit</u>.]</p> <p>- (<u>Sales revenue</u>: the amount of money ^{available} out the) <u>state of the year</u>)</p>	
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Candidate C

<p>b) Firstly [<u>the sales</u> is the total amount of money made from selling stock/products].</p>	
	1
<p>The [<u>cost of sales</u> is the amount of money that was spent on making <u>the making</u> the products].</p>	
	1

	[Gross profit is a term used to	
	describe the amount of money left	
	over from the sales subtract cost	
	of sales.]	1
	[Profit for the year is the total	
	profit at the end of the the year.	
	It is calculated from the Gross profit	
	subtract total expenses.] Expenses	1
~~~~~	are things like wages, bills or	
	vehicle costs.	

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## Question 4(c)

### Candidate A

	<p>ac) Outsourcing is when a business hires an company to do tasks for them. [One effect of outsourcing is that there is more time for staff to spend on core values and tasks within the business, this improves</p>	
ID	<p>work flow and makes production faster.] EXP</p>	1
	<p>[Another effect of outsourcing is that the business does not need to spend money on</p>	
ID	<p>specialist equipment as the company they are outsourcing will have this.] EXP [Another effect is that the tasks will be completed</p>	1
ID	<p>to a higher standard as the outsourced company are specialists in their field.] EXP</p>	1
	<p>[Another effect of outsourcing is that it can lead to confidentiality issues as the</p>	
EXP	<p>company is external] and may be working with competitors. [Another effect of outsourcing is that the business loses</p>	1
ID	<p>some control as they are handing over some responsibility to another company.] EXP [Another effect of outsourcing is that the business</p>	1
ID	<p>has to rely on that company and if they are unable to fulfil their task production</p>	
EXP	<p>may be halted.] MAX</p>	

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## Candidate B

4.c)	One effect of using outsourcing on an organisation	
	is that [they are saving themselves time as they	
ID	are not doing the work themselves which	
	means that they can focus more the end	
	effect on other aspects of the organisation, ] EXP	1
	meaning that they should grow stronger overall.	
	[Another effect is that they must pay the other	
	company <del>the</del> sum of money to do the ID	
	work for them which means that they will	
EXP	not have the finance to spend elsewhere ] which	1
	could lead to them not being able to develop	
	new products, therefore a drop in market share could	
	occur.	

		ID
[A third effect is that they need to trust the other company which means that if something goes wrong, they could lose their reputation, leading to negative word of mouth being spread about them, all because the hired company made a mistake.]		EXP
		1
[Lastly, another effect is that they may not complete the work you hired them to do to the standard you asked which means that you will still be paying them the full amount for work that you could've completed to a better standard.]	ID	EXP
		1

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**Candidate C**

c) Outsourcing [allows the business to focus on their core activity	ID	
this means there will be a higher rate of productivity.]	EXP	1
Outsourcing means [the business does not have to pay for specialist	ID	
equipment this means the money can be spent in other areas of the business.]	EXP	1
outsourcing [can be expensive as specialist firms charge high rates]	ID	
this means it may effect the businesses profits.	EXP	1

outsourcing means no time is taking out of work to complete other jobs this means no time is wasted while jobs are being completed	REP	
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	outsourcing [can cause confidential	
ID	-ity issues between the business	
	and the firm this can lead to	
	a bad reputation for the business]	EXP

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## Question 4(d)

### Candidate A

4.(d) On one hand, fairtrade	
products can often be sold	
at a higher price to	
increase profits. [On the	
other hand, it can greatly	
restrict a businesses	
choice of suppliers.] [Fairtrade	1
is also likely to improve	
the lives of farmers in	
developing nations.] Despite	1
this, [the higher price	
charged can actually	
put some customers	
off.]	1

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**Candidate B**

cb) One cost of fairtrade is that	
[It comes at a higher price] which means to get	1
<del>the</del> fairtrade materials it	
will cost more money.	
[However, this is good as	
it means the farmers	
are getting a steady income [*]	
for their produce which	
helps those in developing	
countries.] [This is also	1
good as it can help	
build facilities such as	
schools and hospitals	
which may encourage	
customers to buy fairtrade	
as they will be aware	
that they're helping those	
who need it.]	1
* all year round.	

3/3

## Candidate C

d. [The Fairtrade symbol can attract customers	
to the product as it is seen as ethically	
sourced.] [However, the choice of suppliers	1
is limited] and [it can be more expensive.]	1 1
[This can cause the price of the product	
to be high which can dissuade customers.]	MAX
Otherwise, profits can be lower.	

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