



GCE A LEVEL MARKING SCHEME

SUMMER 2019

**A LEVEL
BUSINESS – UNIT 3
1510U30-1**

INTRODUCTION

This marking scheme was used by WJEC for the 2019 examination. It was finalised after detailed discussion at examiners' conferences by all the examiners involved in the assessment. The conference was held shortly after the paper was taken so that reference could be made to the full range of candidates' responses, with photocopied scripts forming the basis of discussion. The aim of the conference was to ensure that the marking scheme was interpreted and applied in the same way by all examiners.

It is hoped that this information will be of assistance to centres but it is recognised at the same time that, without the benefit of participation in the examiners' conference, teachers may have different views on certain matters of detail or interpretation.

WJEC regrets that it cannot enter into any discussion or correspondence about this marking scheme.

GENERAL MARKING GUIDANCE

Positive Marking

It should be remembered that learners are writing under examination conditions and credit should be given for what the learner writes, rather than adopting the approach of penalising him/her for any omissions. It should be possible for a very good response to achieve full marks and a very poor one to achieve zero marks. Marks should not be deducted for a less than perfect answer if it satisfies the criteria of the mark scheme, nor should marks be added as a consolation where they are not merited.

For each question there is a list of indicative content which suggest the range of business concepts, theory, issues and arguments which might be included in learners' answers. This is not intended to be exhaustive and learners do not have to include all the indicative content to reach the highest level of the mark scheme.

The level based mark schemes sub-divide the total mark to allocate to individual assessment objectives. These are shown in bands in the mark scheme. For each assessment objective a descriptor will indicate the different skills and qualities at the appropriate level. Learner's responses to questions are assessed against the relevant individual assessment objectives and they may achieve different bands within a single question. A mark will be awarded for each assessment objective targeted in the question and then totalled to give an overall mark for the question.

WJEC A LEVEL BUSINESS - UNIT 3

SUMMER 2019 MARK SCHEME

1 (a)	Calculate the value of the machine after five years. (Show your workings.)	Total
	<p>Award 1 mark for the correct formula AO1: 1 mark</p> <p>Depreciation allowance = $\frac{\text{Original cost} - \text{residual value}}{\text{Expected life (years)}}$</p> <p>Award 1 mark for each of the following stages AO2: 3 marks</p> <p>$\frac{\pounds 16\,000 - \pounds 4\,800}{8 \text{ years}} = \pounds 1\,400$ (1)</p> <p>Depreciation of machines after 5 years = $\pounds 1\,400 \times 5 = \pounds 7\,000$ (1)</p> <p>Value of machines = $\pounds 16\,000 - \pounds 7\,000 = \pounds 9\,000$ (1)</p> <p>(or award 4 marks for the correct answer without workings)</p> <p>(Award 3 marks if correct answer with no £)</p> <p>Use OFR.</p>	4

1 (b)	With reference to the data, explain why it is important for GlassWaste Ltd to depreciate the value of its machinery.			[6]
Band	AO1	AO2	AO3	
	2 marks	2 marks	2 marks	
2	<p>2 marks</p> <p>Good knowledge and understanding of depreciation</p> <p>Clear knowledge and understanding of the importance of depreciation</p>	<p>2 marks</p> <p>Good application to GlassWaste Ltd</p> <p>There is direct and clear reference to the data</p> <p>Information from the data is used in development</p>	<p>2 marks</p> <p>Good analysis of the importance of depreciation</p> <p>The candidate develops their explanation of the importance of depreciating fixed assets such as machinery</p>	
1	<p>1 mark</p> <p>Limited knowledge of depreciation</p>	<p>1 mark</p> <p>Limited application to GlassWaste Ltd</p> <p>The candidate response is mainly theoretical with limited reference to the data</p>	<p>1 mark</p> <p>Limited analysis of the importance of depreciation</p> <p>Superficial or generic explanation of the importance of depreciating fixed assets such as machinery</p>	
0	<p>0 marks</p> <p>No knowledge of depreciation</p>	<p>0 marks</p> <p>No application to the data</p>	<p>0 marks</p> <p>No explanation attempted</p>	

Indicative content:

Depreciation is the decrease in value of fixed assets overtime.

GlassWaste Ltd, like all limited companies, uses depreciation because over time machines become worn out and obsolete and if the full value of the cost of assets were to be included in the balance sheet it would overstate the true value of the business. In this case, the machinery has been depreciated by £1 400 per year and is worth only £9 000 after 5 years.

Due to the reserves being low, depreciation helps to make accounting provision for replacement purchase of new fixed assets in the future. The company is in a better position to appreciate the machinery's real value and hence the need for putting money aside in orders to purchase replacement machinery in the future or planning for the future to sell assets.

If it was known that the business was window-dressing its accounts in such a way it would affect the company's reputation and may affect their ability to borrow money.

There is also a legal requirement to devalue fixed assets in order to reflect their true worth. Depreciation needs to be carried out so that profits are not overestimated.
Credit any other valid point

2 (a)	Using this information, calculate the income elasticity of demand for new cars. (Show your workings.) [4]	Total
	<p>Award 1 mark for the correct formula AO1: 1 mark</p> <p>Income Elasticity of Demand = $\frac{\text{Percentage change in quantity demanded}}{\text{percentage change in income}}$</p> <p>Award 1 mark for each of the following stages AO2: 3 marks</p> <p>$130\,000 / 2\,600\,000 = 5\% \text{ (1)}$ $750 / 25\,000 = 3\% \text{ (1)}$</p> <p>$= 5 / 3$ $= 1.67 \text{ (2dp) (1)}$</p> <p>(or award 4 marks for the correct answer without working)</p> <p>(Award 3 marks for incorrect rounding or use of % e.g. 1.66 or 167%)</p> <p>Use OFR.</p>	4

2 (b)	Explain the likely effect of your answer in 2 (a) on car manufacturers. [4]	
Band	AO1	AO3
	2 marks	2 marks
2	<p>2 marks</p> <p>Good knowledge and understanding of income elasticity of demand.</p>	<p>2 marks</p> <p>Good analysis of the effect of income elasticity of demand on car manufacturers.</p> <p>The analysis is detailed and developed.</p>
1	<p>1 mark</p> <p>Limited knowledge of income elasticity of demand.</p>	<p>1 mark</p> <p>Limited analysis of the effect of income elasticity of demand on car manufacturers.</p> <p>An attempt is made to provide development and explanations may be brief.</p>
0	<p>0 marks</p> <p>No knowledge of income elasticity of demand.</p>	<p>0 marks</p> <p>No analysis or explanation of the effect of income elasticity of demand on car manufacturers.</p>

Indicative content:

Income elasticity is a measure of the responsiveness of demand to changes in income.

The calculation illustrates that the demand for cars is income elastic. It may be anticipated that incomes will rise by a certain amount then it might be expected demand for new cars to rise more than proportionately. As a result of this change it is likely that car manufacturers will earn more sales revenue.

The calculation may suggest that cars are more of a luxury good. It may also suggest that the economy is growing and therefore customers are more willing to spend on luxury goods and services because they may have more disposable income.

Credit analysis that refers to a fall in income if reference is made to the demand being income elastic.

3.	Assess the view that the best strategy for growth for Tesco plc is through acquisitions (mergers and takeovers) rather than through organic growth. [12]			
Band	AO1	AO2	AO3	AO4
	2 marks	2 marks	4 marks	4 marks
3			<p>4 marks</p> <p>Excellent analysis of the impact of organic and external growth on Tesco plc.</p> <p>The analysis is fully balanced, detailed and developed in context</p>	<p>4 marks</p> <p>Excellent evaluation of the impact organic and external growth will have on Tesco plc.</p> <p>The evaluation is fully balanced and includes most of the key issues</p> <p>The candidate makes judgements to support their evaluation</p>
2	<p>2 marks</p> <p>Good knowledge and understanding of organic and external growth.</p>	<p>2 marks</p> <p>Good application of the impact of organic and/or external growth on Tesco plc.</p> <p>The candidate makes effective use of the data throughout their answer.</p>	<p>3 marks</p> <p>Good analysis of the impact organic and external growth will have on Tesco plc.</p> <p>The analysis is balanced, detailed and developed in context</p>	<p>3 marks</p> <p>Good evaluation of the impact organic and external growth will have on Tesco plc.</p> <p>The evaluation will include some of the key issues</p> <p>The candidate makes judgements with an attempt to support their evaluation.</p>
1	<p>1 mark</p> <p>Limited knowledge of organic and/or external growth.</p>	<p>1 mark</p> <p>Limited application of the impact of organic and/or external growth on Tesco plc.</p> <p>The candidate response is mainly theoretical with brief reference to the data.</p>	<p>1-2 marks</p> <p>Limited analysis of the impact of organic and/or external growth on Tesco plc.</p> <p>Superficial discussion/ underdeveloped analysis.</p>	<p>1-2 marks</p> <p>Limited evaluation of the impact of organic and external growth on Tesco plc.</p> <p>Partial judgements that may be supported.</p>
0	<p>0 marks</p> <p>No knowledge of organic and/or external growth.</p>	<p>0 marks</p> <p>No application of the impact of organic or external growth on Tesco plc.</p>	<p>0 marks</p> <p>No analysis of the impact of organic or external growth on Tesco plc.</p>	<p>0 marks</p> <p>No evaluation of the impact of organic or external growth on Tesco plc.</p>

Indicative content:

Taking over or merging with another large company is a fast method of growth, the business to be acquired already has a proven track record and an established customer base such as Premier, Londis Budgens and Family Shopper. This will increase the number of customers, leading to greater sales revenue and more market share.

As stated, Tesco will be able to make at least £200 million of savings. This can be done through rationalisation. For instance, only one head office will be required and it could possibly close some of its smaller stores if located near Londis or Premier Stores etc. This could lead to greater profit margins which will benefit shareholders and the company in terms of providing a source of finance for future developments and organic growth.

The acquired company is likely to have goods/services that enhance Tesco's product portfolio, e.g. providing grocery produce at wholesale and distributing to food retailers such as Wagamamas. Therefore, Tesco will be spreading risk and targeting different market segments.

There may be synergies and Tesco is likely to benefit from greater economies of scale in terms of purchasing, marketing, financial and managerial. Tesco will also benefit from having a cost advantage by having greater control of its supply chain. This may also lead to improved quality through better monitoring.

However, it may be difficult to merge the businesses effectively. The culture and management styles may be very different. There may be resistance to change which may cause issues in terms of demotivation of staff. This could then cause absenteeism, higher staff turnover or poor performance. All of which negatively affects the service provided by Tesco and Booker as well as potentially increasing HR costs.

As stated a high price may have to be paid for Booker, especially if their shareholders were reluctant to sell in the first place. Some shareholders who seek short term rewards for their investment may not be happy with the purchase and could potentially sell their shares. This is a problem for Tesco as two of the largest shareholders have concerns.

There could be possible diseconomies of scale.

Tesco may be better off growing organically because they will have more control over the way that the business develops, there will be no culture clash and it will probably be cheaper than acquiring another business. However, it can take a long time to develop and Tesco may not have the necessary expertise to develop the wholesale element successfully.
Credit any other valid point.

4 (a)	Calculate the acid test ratio for 2017. (Show your workings)	Total
	<p>Award 1 mark for the correct formula</p> <p>AO1: 1 mark</p> $\text{Acid Test} = \frac{\text{Total Current Assets} - \text{Stock}}{\text{Total Current Liabilities}}$ <p>Award 1 mark for each of the following stages</p> <p>AO2: 2 marks</p> $\frac{\pounds 2\,140 - \pounds 2\,043}{\pounds 666} \text{ (1)}$ <p>Acid Test Ratio = 0.15:1 (1)</p> <p>(or award 3 marks for the correct answer without working)</p> <p>(Award 2 marks for incorrect rounding, no ratio or the use of % e.g 0.14:1, 0.15 or 0.14%)</p> <p>Use OFR.</p>	3

4 (b)	Calculate the return on capital employed for 2017. (Show your workings)	Total
	<p>Award 1 mark for the correct formula</p> <p>AO1: 1 mark</p> $\text{ROCE} = \frac{\text{Net Profit}}{\text{Total Shareholder Funds} + \text{Long Term Liabilities}} \times 100$ <p>Award 1 mark for each of the following stages</p> $\frac{\pounds 253}{\pounds 1\,235 + \pounds 300} \times 100 \text{ (1)}$ <p>ROCE = 16.48% (1)</p> <p>(or award 3 marks for the correct answer without working)</p> <p>AO2: 2 marks</p> <p>OR</p> $\frac{\text{Net Profit}}{\text{Fixed Assets} + \text{Current Assets}} \times 100$ $\frac{\pounds 253}{\pounds 61 + \pounds 2\,140} \times 100 \text{ (1)}$ <p>= 11.49% (1)</p> <p>(Award 2 marks for incorrect rounding or no use of % e.g. 16.47% or 16.48)</p> <p>Use OFR</p>	3

4 (c)	With reference to the data, evaluate the financial performance of Redrow plc.		
			[8]
Band	AO2	AO3	AO4
	2 marks	2 marks	4 marks
2	<p>2 marks</p> <p>Good application to Redrow plc.</p> <p>There is direct and clear reference to the data</p> <p>Information in the data is used in development</p>	<p>2 marks</p> <p>Good analysis of the data</p> <p>The candidate develops their argument with supporting analysis from the data</p>	<p>3-4 marks</p> <p>Good evaluation of the data</p> <p>The evaluation is well balanced</p> <p>The candidate makes judgements to support their evaluation and may include a final conclusion</p>
1	<p>1 mark</p> <p>Limited application to Redrow plc.</p> <p>The candidate response is mainly theoretical with limited use of the data</p>	<p>1 mark</p> <p>Limited analysis of the reasons from the data</p> <p>Superficial or generic discussion</p>	<p>1-2 marks</p> <p>Limited evaluation of the data</p> <p>The evaluation will include some judgements with an attempt to support their evaluation</p>
0	<p>0 marks</p> <p>No application to Redrow plc.</p>	<p>0 marks</p> <p>No analysis attempted</p>	<p>0 marks</p> <p>No evaluation attempted</p>

Indicative content:

The acid test ratio illustrates the level of liquidity within a business when excluding stockholding. The ideal ratio is 1:1. Redrow seems to have extremely low levels of liquidity with a ratio of 0.24:1 which has now fallen to 0.15:1. This suggests that for every £1 that the business owes they only have 16 pence available. This would suggest that the business may have problems paying suppliers and other short term debts which could result in liquidation. **However**, when stock is taken into account the business would be in a much better financial position therefore it is clear that as a building firm they are holding large amounts of stock which may be used at some point and turned into cash.

ROCE shows the return on capital employed shareholders will receive for investing in the business. In 2017 it was 16.48%, which is well above current interest rates and would be deemed a good return on investment. This is important to keep shareholders happy and help to attract new investors to provide a source of finance for future growth. **However**, the ROCE has fallen from 17.41% in 2016 which may cause some concern amongst shareholders, particularly as net profit has risen by £3 000 000. **(Credit analysis of Net Profit/Fixed Assets + Current Assets x 100)**

The balance sheet would suggest that the business is performing well with a rise in current assets and current and long term liabilities both falling. However, the falling long term liabilities could relate to less risk in terms of growth. There has also been a reduction in fixed assets. **(Credit current ratios calculated and analysed)**

It is clear from the balance sheet that the company has grown in size with net assets increasing from 1 041 to 1 235 which shows that there had been an increase in value. To conclude, despite having liquidity issues, the company is in a good financial position with a high ROCE, increasing net profit, falling liabilities and an increase in value.

5	With reference to the HS2 High Speed Rail Link, consider the benefits and limitations of using cost-benefit analysis when making a decision on the project.			
	[10]			
Band	AO1	AO2	AO3	AO4
	2 marks	2 marks	2 marks	4 marks
3				<p>4 marks</p> <p>An excellent and reasoned evaluation of the benefits and limitations of CBA.</p> <p>Judgements are made based on the data provided.</p> <p>Evaluation includes judgements on the impacts of the final decision on the company and in the context of the company's position.</p>
2	<p>2 marks</p> <p>Good understanding of the concept of CBA and the benefits and limitations of using CBA.</p>	<p>2 marks</p> <p>Good application of the private and/or public costs and benefits.</p>	<p>2 marks</p> <p>A good and detailed analysis of the benefits and/or limitations of CBA.</p> <p>The key factors are clearly analysed.</p> <p>A developed response that makes good use of the data.</p>	<p>3 marks</p> <p>A good well-reasoned evaluation of the benefits and limitations of CBA.</p> <p>Judgements are made based on the data provided.</p> <p>Evaluation is likely to include judgements on the impacts of the final decision on the company and in the context of the company's position.</p>
1	<p>1 mark</p> <p>Limited knowledge and understanding of the concept of CBA or the benefits and/or limitations of using CBA.</p>	<p>1 mark</p> <p>Limited application of the private and/or public costs and benefits.</p> <p>The response is mainly theoretical with limited use of the data.</p>	<p>1 mark</p> <p>Limited unsupported analysis of the benefits and/or limitations of CBA.</p> <p>Undeveloped points are made with little or no reference to the data.</p>	<p>1-2 marks</p> <p>Limited evaluation of the benefits and/or limitations of CBA.</p> <p>Supporting comments lack depth and minimal context.</p>
0	<p>0 marks</p> <p>No knowledge of the concept of CBA or the benefits or limitations of using CBA.</p>	<p>0 marks</p> <p>No application of the benefits and/or limitations of CBA to HS2 rail link.</p>	<p>0 marks</p> <p>There is little or no valid analysis of the benefits and/or limitations of CBA.</p>	<p>0 marks</p> <p>There is little or no valid evaluation of the benefits and/or limitations of CBA.</p>

Indicative content:

A definition of cost benefit analysis, e.g., it is a method of assessing the viability of a project based on analysis of all of the social costs and benefits involved. This includes both private and external costs and benefits.

CBA has advantages in terms of giving all costs and benefits a monetary value so that alternative schemes can be objectively compared. All costs and benefits need to be given a monetary value. In this case there are benefits to the economy which have been quantified as being between £41 and £46.9 billion over six decades as well as the costs which are deemed to be in the region of £56 billion.

External costs to some businesses and local residents who are affected by the construction of the new HS2 rail link will also need to be quantified and estimates will have to be made of the monetary costs involved e.g. excessive noise pollution. This is not the case with other decision-making models such as decision trees. Public sector will always do this whereas private sector firms are often forced to. (Showing a more ethical approach).

However, reference should be made to the problems associated with giving a monetary value to some costs/benefits. For example, some environmental costs, such as those mentioned by the wildlife trust, might be difficult to quantify. Also, how do you quantify the impact on the Welsh economy in terms of potential job losses?

Values are subjective and could include bias – Government may overstate benefits of the project.

Some costs/benefits may also be overlooked such as the compensation that may need to be paid to train passengers due to disruptions whilst the construction takes place or the true effects of inflation.

Overall, CBA may be flawed but it is a widely used method to evaluate this sort of large-scale project. It has its drawbacks, many of the estimates may prove to be inaccurate, but it is better than not attempting to quantify these factors at all.

Credit any other valid point.

6 (a)	Calculate the Net Present Value (NPV) for both machines.	Total																														
	<p>AO2: 6</p> <table border="1"> <thead> <tr> <th></th> <th>Injection Moulding Cash Flow</th> <th>Injection Moulding Present Value</th> <th>Grinding Machine Cash Flow</th> <th>Grinding Machine Present Value</th> </tr> </thead> <tbody> <tr> <td>Year 1</td> <td>£10 000</td> <td>£9 500</td> <td>£5 000</td> <td>£4 750</td> </tr> <tr> <td>Year 2</td> <td>£15 000</td> <td>£13 500</td> <td>£8 000</td> <td>£7 200</td> </tr> <tr> <td>Year 3</td> <td>£20 000</td> <td>£17 200</td> <td>£10 000</td> <td>£8 600</td> </tr> <tr> <td>Year 4</td> <td>£25 000</td> <td>£20 500</td> <td>£12 000</td> <td>£9 840</td> </tr> <tr> <td>Year 5</td> <td>£30 000</td> <td>£23 400</td> <td>£15 000</td> <td>£11 700</td> </tr> </tbody> </table> <p>Annual Present Value – 2 marks 1 mark per project</p> <p>Injection Moulding Machine Present Value = £84 100 1 mark Net Present Value = £84 100 - £60 000 = £24 100 1 mark</p> <p>The Grinding Machine Present Value = £42 090 1 mark Net Present Value = £42 090 - £20 000 = £22 090 1 mark</p> <p>OFR applies</p>		Injection Moulding Cash Flow	Injection Moulding Present Value	Grinding Machine Cash Flow	Grinding Machine Present Value	Year 1	£10 000	£9 500	£5 000	£4 750	Year 2	£15 000	£13 500	£8 000	£7 200	Year 3	£20 000	£17 200	£10 000	£8 600	Year 4	£25 000	£20 500	£12 000	£9 840	Year 5	£30 000	£23 400	£15 000	£11 700	6
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6 (b)	On the basis of your calculations advise Nigel Morgan as to which machine to buy.	[2]
	<p>AO2: 2</p> <p>Award 1 mark for each valid point</p> <p>On the basis of the NPV, Nigel Morgan would be advised to purchase the new Injection Moulding Machine because despite costing £40 000 more it gives a higher return. [1]</p> <p>The machine will give a better return of £2 010. [1]</p>	2

6 (c)	Consider the qualitative factors that Nigel Morgan may take into account before making his final decision.				[8]
Band	AO1	AO2	AO3	AO4	
	2 marks	2 marks	2 marks	2 marks	
2	<p>2 marks</p> <p>Good understanding of the key qualitative factors that need to be considered</p>	<p>2 marks</p> <p>Good application of Key qualitative factors that need to be considered</p>	<p>2 marks</p> <p>A good and detailed analysis of the qualitative issues regarding the two machines and the impact the decision will have on the company</p> <p>The key factors are clearly analysed</p> <p>A developed response that makes good use of the data</p>	<p>2 marks</p> <p>A good well-reasoned and balanced evaluation of the key qualitative issues regarding the two machines</p> <p>Judgements are made that support the analysis</p> <p>Evaluation is likely to include judgements on the impacts of the final decision on the company and in the context of the company's position</p>	
1	<p>1 mark</p> <p>Identifies some of the key qualitative factors that need to be considered</p>	<p>1 mark</p> <p>Limited application of the key qualitative factors that need to be considered</p> <p>The candidate identifies some of the key qualitative factors</p> <p>The response is mainly theoretical with limited use of the data</p>	<p>1 mark</p> <p>Limited unsupported analysis of the issues regarding the two machines</p> <p>Undeveloped points are made with little or no reference to the data</p>	<p>1 mark</p> <p>Limited evaluation of at least 1 qualitative issue regarding the machines</p> <p>Supporting comments lack depth and minimal context</p>	
0	<p>0 marks</p> <p>No knowledge demonstrated</p>	<p>0 marks</p> <p>No application demonstrated</p>	<p>0 marks</p> <p>No valid analysis</p>	<p>0 marks</p> <p>No valid evaluation</p>	

Indicative content:

The qualitative factors that Nigel Morgan should take into account include:

- The impact on the workforce - the grinding machine is going to cause two people to lose their jobs. This may result in industrial action from the unions which could lead to loss of output as well as souring industrial relations. **However**, for those who remain in the business the investment may enhance the long-term stability of the business. The worker using the injection moulding machine will need to be trained, this could be expensive and if, off-the-job training is used, the person will not be available for work whilst they are being trained.
- The current moulding machine is unreliable and does not always provide consistent quality - this may mean that customers are frustrated because their orders are late or imperfect. It may be that, in the long-run, quality and customer satisfaction is more important to the business than short-term profitability. The returns are only projections and if customers became upset the projected returns may not be realised.
- Other qualitative issues may include strategy, risk, health and safety legislation, environmental issues and availability of funding.

Credit any other valid qualitative factor.

7	Consider the role and purpose of WH Smith plc's mission statement. [10]			
Band	AO1	AO2	AO3	AO4
	2 marks	2 marks	2 marks	4 marks
3				<p>4 marks</p> <p>Excellent evaluation of the role and purpose of WH Smith's mission statement</p> <p>The evaluation is balanced and detailed and will focus on the key issues.</p> <p>Clear judgements are made with supporting statements to build an argument.</p> <p>A holistic evaluation is likely to be offered with an overall conclusion.</p>
2	<p>2 marks</p> <p>Good knowledge and understanding of mission statements.</p> <p>Clear understanding of mission statements and the reason they are used.</p>	<p>2 marks</p> <p>Good application to WH Smith.</p> <p>Key aspects of the mission statements described in the data are used in development.</p> <p>There is direct and clear reference to the mission statement.</p>	<p>2 marks</p> <p>Good analysis of the role and purpose of WH Smith's mission statement.</p> <p>The candidate will develop clear arguments of the benefits of mission statements.</p>	<p>2-3 marks</p> <p>Good evaluation of the role and purpose of WH Smith's mission statement</p> <p>The evaluation is reasonably well balanced with some development or may be fully developed and unbalanced.</p> <p>The candidate makes judgements on the key aspects of the mission statement.</p> <p>The answer may contain a brief conclusion.</p>
1	<p>1 mark</p> <p>Limited knowledge and understanding of mission statements.</p> <p>Brief/ underdeveloped understanding of mission statements.</p>	<p>1 mark</p> <p>Limited application to WH Smith.</p> <p>The response is mainly theoretical with brief reference to WH Smith's mission statement.</p>	<p>1 mark</p> <p>Limited analysis of the role and purpose of WH Smith's mission statement.</p> <p>The reasons for and/or against having a mission statement is briefly discussed.</p>	<p>1 mark</p> <p>Limited evaluation of WH Smith's mission statement.</p> <p>The evaluation will be one sided and include general comments that are not developed or quantified.</p>
0	<p>0 marks</p> <p>No knowledge and understanding.</p>	<p>0 marks</p> <p>No application to WH Smith.</p>	<p>0 marks</p> <p>No analysis.</p>	<p>0 marks</p> <p>No valid evaluation.</p>

Indicative content:

A mission statement is a brief statement that encapsulates the broad aims of a business. It helps all employees, as well as the wider world, to understand what the business is about. It will guide the everyday operations and decision making of a business. Reference to WH Smith's mission statement, which states that, its 'business goal is to be Britain's most popular stationer, bookseller and newsagent.

Reasons for mission statements include:

- Ensures that all stakeholders are clear on the purpose of the business so that everyone can be focussed on the same aims and objectives. It will give organisation cohesiveness, so that everyone in the organisation from the Chief Executive to the worker on the shop floor, has a set of common aims. They know what the organisation stands for and what it is trying to achieve.
- Helps with strategic planning – WH Smith have devised their priorities and initiatives from it which includes objectives to satisfy stakeholders including customers, shareholders and partners. This should satisfy customers and shareholders to help gain customers and loyalty whilst ensuring continued investment from shareholders. For example, making the most of business partnerships demonstrates to customers that WH Smith provides a wide range of goods and services to meet their needs and wants which helps to attract customers and increase sales revenue for the business. The objective to deliver sustainable profit will benefit the shareholders so they may be more inclined to invest in the business to help the management achieve the mission statement.
- Motivation of stakeholders
- Gives some transparency for investors – can see strategic plan and how/where investment is being used. Therefore, shareholders are likely to continue to invest or new shareholders may be attracted to provide a source of finance to help the business achieve its mission statement, aims and objectives.
- Helps customers understand the ethics of a company – can attract customers.

On the other hand, it could be argued that the mission statement is too general and of limited use or aims and objectives may be unrealistic. The mission statement is not transparent for all stakeholders. It may be difficult for customers to be aware of how the business intends to meet their needs, likewise the employees. Therefore, it may backfire if employees and customers do not believe in it.

The mission statement is generally vague in nature; it is sometimes an advantage to have one that is more specific and measurable to give a clearer focus on where the organisation is being steered to.

In conclusion, the mission statement is important as long as everyone in the organisation is committed to it and if an organisation affirms its commitment to the mission statement and makes decisions on a daily basis based upon it.
Credit any other valid point.