IQM3007

LEVEL 3 · CONTROLLED ASSESSMENT

INTO QUALIFICATIONS

Business and Accounting

Component 1: Paper 1 - Business

Candidate question paper

Duration
2 hours

Total marks
100

Assessment window
Sample assessment

Assessment set
Set S of 2026

Response instruction
Write all answers in the separate answer booklet.

Release timing
exam release

Paper
P1

Assessment set ID
2026-S

INTO QUALIFICATIONS LEARNER ID

DELIVERY CENTRE ID (OPTIONAL)

EXAM DATE
_____

ASSESSMENT SET
Set S of 2026

Do not open this paper until instructed. Record every answer in the separate answer booklet.

FOR MARKER USE ONLY

Marker initials	**Mark / 100**

Instructions

- Follow the answer route stated at the start of each section.
- Write all answers in the separate answer booklet and identify each question clearly.
- Show all working where relevant.
- No calculator or additional materials are permitted.
- The mark allocation is shown beside each question.

Section A: answer five of six questions (50 marks).
Section B: choose one of B1–B3. Answer i and ii, then either iiiA or iiiB for that question (25 marks).
Section C: answer C10, C11 and C12 (25 marks).
Write all answers in the separate answer booklet; identify each question and selected alternative clearly.
Closed book. No calculator or additional materials. No AI or external assistance.
All organisations, data and events described are fictional.

Section A · Business concepts

Answer five of six questions. 50 marks.

Question A1 · 10 marks

Mira owns and runs a bicycle repair shop as a sole trader. She plans to take in a second owner with capital and operate as an ordinary partnership in which both partners have unlimited liability. Analyse two possible effects of this change in ownership on Mira and the business. 10

Question A2 · 10 marks

A small hotel relies on domestic leisure visitors and has a variable-interest-rate bank loan. In a constructed economy, interest rates rise while household disposable incomes fall. Analyse one effect of each change on the hotel’s business activity. 10

Question A3 · 10 marks

Dara Foods supplies chilled meals to local shops. Incorrect stock records cause shortages, and poorly coordinated delivery routes delay orders. It proposes shared digital stock records and route-planning software. Using Porter’s value chain, analyse two ways these changes could affect competitiveness. 10

Question A4 · 10 marks

A new exhibition team has skilled members, but they argue about roles and duplicate work. Its supervisor must meet a fixed opening date. Using Tuckman’s model, analyse two ways the supervisor could help the team progress towards effective performance. 10

Question A5 · 10 marks

At a technical support centre, staff report that pay is fair but repetitive scripts give them little responsibility. Management is considering giving staff ownership of complex cases and recognising successful resolutions. Using Herzberg’s two-factor theory, analyse one possible effect of each proposal on motivation and service. 10

Question A6 · 10 marks

A national retailer currently requires branch managers to obtain head-office permission for every local promotion. It plans to let branches choose promotions within a common budget and brand policy. Analyse two possible effects of this decentralisation on the retailer. 10

Section B · Extended business questions

Answer one of B1–B3. For the selected question answer parts i and ii, then one of iiiA or iiiB. 25 marks.

Question B1 · 25 marks

Fenn Outdoor makes specialist walking equipment. It has expanded from one factory to three regional sites. The founder still approves routine purchases, causing delays, although each site has an experienced manager. The founder decides the five-year expansion direction; an annual company plan sets site output targets; supervisors organise daily shifts. A new overseas competitor offers lower prices, while Fenn's experienced design team can customise products quickly.

(i) Using Anthony's hierarchy, identify the level of each of Fenn's three stated planning decisions and explain how the annual plan links the five-year direction to daily work.	5
(ii) Analyse two ways delegating routine purchasing authority to the experienced site managers could affect Fenn's performance.	10
(iiiA) Use SWOT analysis to analyse how one internal factor and one external factor in the case could affect Fenn's expansion.	10
(iiiB) Fenn is considering a geographic divisional structure in which each regional site is managed as a separate operating unit. Using Fayol's management functions, analyse two ways this structure could affect Fenn's management of expansion.	10

Question B2 · 25 marks

Luma Events forms project teams to deliver exhibitions. A recent team included people from sales, design and operations, but nobody coordinated deadlines or checked the final details. Members disagree about priorities, although each has specialist expertise. The project leader concentrates on completing tasks and gives little attention to relationships or individual support. Staff say their achievements receive little recognition.

(i) Explain the distinction between a group and a team. Apply the distinction to Luma's exhibition staff.	5
(ii) Using Belbin's team roles, analyse how addressing two missing contributions could improve Luma's project delivery.	10
(iiiA) Using Adair's action-centred leadership model, analyse two ways the project leader could address the team's difficulties.	10
(iiiB) Using a named motivation theory from the module, analyse two ways recognition and responsibility could affect the motivation of Luma's specialists.	10

Question B3 · 25 marks

Oren Refill sells household cleaning products through neighbourhood refill shops. It wants customers to return containers, but many potential customers do not understand how refilling works. Customer interviews indicate that convenience matters as well as reducing packaging waste. Oren plans clearer demonstrations and easier refill locations. Its advertising agency proposes calling every product “zero environmental impact”, although Oren has no evidence for this claim. A major supplier wants stable orders, customers want convenience and reliable claims, and employees want secure hours.

(i) Explain the role of marketing in Oren’s business, using two details from the case.	5
(ii) Analyse two ways Oren’s proposed demonstrations and easier refill locations could affect customer demand.	10
(iiiA) Analyse two possible consequences for Oren and its stakeholders of using the unsupported “zero environmental impact” claim.	10
(iiiB) Analyse one way Oren’s objectives could conflict with its supplier’s needs and one way they could conflict with its employees’ needs during expansion.	10

Section C · Case study

Sola Clothing is a private limited company with a stated aim of making durable clothing while earning a profit. It sells through its own website. The managing director praises fast delivery at every meeting; a wall display celebrates the fastest dispatch team, while reported overtime and repair requests receive little discussion. Employees believe that missing a delivery target is unacceptable even when extra unpaid work is needed. A recent inspection by Sola's own staff found that a contracted workshop was using an unusually high level of overtime. Sola has not yet established whether all workers are paid for it. A large retail customer can cancel a valuable supply contract and has requested evidence of working conditions. A small local campaign group is highly concerned but has no purchasing contract or formal decision-making authority. Sola could introduce independent workshop checks and paid time for training, but this would initially increase costs. These organisations and events are fictional.

Answer all questions. 25 marks.

Question C10 · 6 marks

Use Mendelow's power-interest matrix to classify the large retail customer and the local campaign group on the evidence given. Explain an appropriate stakeholder-engagement approach for each. 6

Question C11 · 8 marks

Using Schein's model of organisational culture, analyse how two different levels of Sola's culture could contribute to employees working unpaid extra hours. 8

Question C12 · 11 marks

Explain corporate social responsibility, then analyse one potential benefit and one potential difficulty for Sola of introducing independent workshop checks and paid training. 11