



GCSE MARKING SCHEME

BUSINESS STUDIES

SUMMER 2013

INTRODUCTION

The marking schemes which follow were those used by WJEC for the Summer 2013 examination in GCSE BUSINESS STUDIES. They were finalised after detailed discussion at examiners' conferences by all the examiners involved in the assessment. The conferences were held shortly after the papers were 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 conferences was to ensure that the marking schemes were 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' conferences, teachers may have different views on certain matters of detail or interpretation.

WJEC regrets that it cannot enter into any discussion or correspondence about these marking schemes.

GCSE BUSINESS STUDIES

MARK SCHEME – SUMMER 2013

Question	Answer	Mark allocation	Assessment objective
1.	Which two of the following are non-monetary rewards received by workers? Company Car Medical Insurance	2	AO2 2
2.	Which two of the following are most likely to be found in a deed of partnership? How profits are to be shared Names of partners	2	AO2 2
3.	Suzie Kadir is applying to her bank for a loan. She has been asked to send a business plan. List three pieces of financial information that Suzie could include in her business plan. Suggestion [1 each] How much is needed Cash flow Balance sheet / assets and liabilities Profit and loss account / profit Anticipated sales / revenues / earnings Any reference to costs /e.g. wages Available / alternative finance e.g. personal savings Existing debt etc. Do not accept break even.	3	AO2 3
4.	Co-operative shops are found all over the country. (a) Who are most likely to be the owners of these shops? Customers (b) What is the term for the share of the profits of co-operatives? Dividend	1 1	AO1 2

Question	Answer	Mark allocation	Assessment objective
5.	(a) Underline the definition which best describes the term limited liability? (iii) The owners do not have to sell personal possessions if the business fails. (b) Below are some examples of businesses. Which two are most likely to have limited liability? Jones and Co Ltd. (Builders) Mix N Match plc. (Clothing Retailer)	1 2	AO1 1 AO3 2
6.	Below are a number of business terms and phrases. Which of the above best describes each of the following? (a) a system where goods are rented but which are eventually owned by the business; HIRE PURCHASE (b) current assets minus current liabilities; WORKING CAPITAL (c) a business financial document where the assets and liabilities are shown; BALANCE SHEET (d) what the business owes and which must normally be paid within 12 months? CURRENT LIABILITIES	4	AO1 4

Question	Answer	Mark allocation	Assessment objective
7.	Explain what effect each of the following might have on the sales of products by businesses. (i) an increase in income tax paid by customers Valid suggestion [1] Effect [1] Less income for people/lower disposable income / they have less to spend so businesses sell less some selling cheaper goods – may sell more some businesses may be affected more than others – e.g. some may not be affected – perhaps selling necessities etc. (ii) a fall in the value of the pound against other currencies Valid suggestion [1] Effect [1] GB goods sold abroad become cheaper – foreigners buy more GB goods Foreign goods more expensive – GB consumers buy GB In both cases sales rise but if business does not trade abroad – no effect Imported materials more expensive – this could lead to lower sales	2 2	AO3 4

Question	Answer	Mark allocation	Assessment objective
8.	(a) Suggest and explain two reasons why people such as Ryan want to set up their own businesses. Each suggestion [1] Each explanation / development [1] Answer might include: personal ambition – always wanted to do reward for own efforts – to make profits / earn money use skills – learnt in previous job / experience / interests / hobbies be own boss – to be in control to be able to make own decisions – e.g. no work available – to get a job – to use redundancy pay use qualifications – gained in school / college – or in previous job etc. (b) Suggest two aims Ryan might have for the business. Two suggestions listed [1 each] survival / for the business to continue / break even earn profits / earn an income growth / increase sales / market share to serve the community ethical aims / allow environmental provide jobs good customer service etc. (c) Shopkeepers such as Ryan are sometimes called retailers. Briefly describe one function of retailers. Suggestion [1] Explanation / description / expansion [1] Answers might include: Sell (1) to customers (1) Buy(1) from wholesalers/manufacturers (1) break bulk – buy in large quantities / sell in small sell the producers' goods – closer to customers / local give customers(1) advice(1) – on technical goods – on food products / books display goods – on shelves / windows / internet – aid choice promote goods – to benefit producers – increase profits deal with faulty goods / complaints distribute goods etc.	4 2 2	AO1 2 AO2 2 AO1 2 AO1 2

Question	Answer	Mark allocation	Assessment objective
	(d) All retailers need short term finance to pay for day-to-day expenses. Suggest and explain one type of short term finance Ryan might use. Suggestion [1] Overdraft Trade credit Own savings Retained profit Family/friends Bank loan Credit card Explanation / description / expansion [3x1] Reference to: Definition How to apply / formal / informal Source Repayment time Interest paid / interest lost Repayment method Effect on liability Examples: Overdraft – from bank – requested – current account – more from account than in account – interest paid on overdrawn amount – reduced when money paid into account – current liability Trade credit – given to (established) customers – allowed credit for short time – usually 30 days – no interest charged discounts allowed if payment within time – current liability. Allows products to be sold before payment.	4	AO2 2 AO3 2

Question	Answer	Mark allocation	Assessment objective
	(e) Advise Ryan as to whether or not he should serve refreshments in part of the shop. Level 1 Suggests/ lists reasons why Ryan should or should not diversify. Level 2 Suggestions justified but one sided view of whether or not Ryan should diversify. Level 3 Suggestions justified with consideration of the pros and cons of diversification. The best answers will draw a justified conclusion. 2 advantages and 1 disadvantage or 2 disadvantage and 1 advantage. Advantages might include: spreading risk – drop in sales of one made up for with sales in other more customers – attracted by different products – greater revenue greater profit – mark up on refreshments may be greater than on books – one helps to fund other more able to compete spin off sales customers for one may be tempted to buy other perhaps bigger business – better reputation – customer loyalty etc. Disadvantages might include: more capital needed – e.g. cost of setting up – interest – increased liabilities employing more workers – training sourcing materials – quality bad reputation one side – will affect the other resistance from customers – might prefer separate businesses less room for books – smaller choice for customers practical considerations – e.g. damage to stock etc. Conclusion Reference to business reason, such a sales / profit / cost / revenue / quality/ etc.	8 1-2 3-5 6-8	AO1 2 AO2 3 AO3 3

Question	Answer	Mark allocation	Assessment objective
9.	(a) From which part of the product life cycle do the 2008 to 2010 figures appear to have been taken? DECLINE (b) Briefly outline possible reasons for the change in these figures from 2008 to 2010. One reason explained [Max. 2] Up to three reasons [3x1] Possible reasons might include:- generally happens with product life cycle – illustrates fall in demand for products – people are buying alternatives – e.g. same quantity of goods sold – at lower price so value fallen goods available from alternative suppliers – supermarkets etc. – internet recession – loss of jobs – fall in purchasing power – all goods fallen in demand technological change – e.g. downloading products already owned – don't need any more products last longer – don't need to buy them as so often etc.	1 3	AO3 1 AO3 3
	(c) Evaluate ways in which the retailers of audio and video equipment can use pricing strategies to maintain the sales of their products. Level 1 Pricing strategies suggested with no justification. Information is poorly organised. There is limited use of specialist terminology / vocabulary and frequent errors in spelling, punctuation and grammar. Level 2 Pricing strategies explained with one-sided reasoning. Information is well organised and ideas are expressed in a logical manner. There is good use of specialist terms/vocabulary with some errors in spelling, punctuation and grammar, but these are not intrusive.	10 1-3 4-6	AO1 3 AO2 3 AO3 4

Question	Answer	Mark allocation	Assessment objective
	Level 3 Balanced evaluation considering both the advantages and disadvantages of at least 3 strategies. Information is very well organised and the form and style of communication is highly appropriate. There is very good use of specialist terms/vocabulary with few, if any, errors in spelling, punctuation and grammar. Most pricing strategies acceptable e.g. penetration, skimming, cost plus, psychological, competitive pricing, price discrimination (if qualified) demand and supply but answers should relate to the question so e.g. loss leaders / buy one get one free / destroyer pricing / not acceptable as answers. Advantages might include: right strategy will increase sales – increase revenue – profits will rise prices can be applied to specific niche – market segment prices can reflect the market for the product – skimming may work in some markets i.e. high income and penetration in others prices can take into account actions of competitors – stopping switching / etc. etc. Disadvantages might include: competitors may follow pricing strategy – so no effect – no increase in sales competitors may not follow pricing strategy – customers not attracted need for expensive advertising to promote pricing strategy – so profits not as expected some segments may not be happy with pricing strategy – allowing less well-off to afford expensive products etc.	7-10	

Question	Answer	Mark allocation	Assessment objective
	(d) Suggest and explain three ways in which the manufacturers of audio and video equipment can make sure that they provide quality products. Suggestion [3x1] Explanation / development / expansion [3x1] Answers could include: well designed – use of CAD quality of workers – qualifications – training – skills – experience – division of labour – motivation high quality materials – to ensure products less likely to break capital – machinery up to date – CAM supervision – quality control – e.g. dealing with complaints – to give confidence- customer feedback belonging to professional organization – to give confidence packaging – so the product does not break quality assurance – TQM – quality circles – kaizen etc.	6	AO1 3 AO2 3
10.	(a) Explain one difference between a private limited company and a public limited company. shares can be bought / business owned – by anyone – shares available on Stock Exchange / open market plc must have at least £50,000 share capital – to start up – private company just 1p usually divorce ownership and managers in plc – because of size – in private company often same people accounts more available for plc e.g. online – for ltd available at Companies House accounts more expensive to produce for plc (1) N.B. allow negative from point of view of private limited company (b) Which term below is used to describe growth by buying existing businesses? ACQUISITION	2 1	AO1 2 AO1 1

Question	Answer	Mark allocation	Assessment objective
	(c) (i) What is meant by the term economy of scale? because business is so big/ grows [1] average / unit cost is lower [1] (ii) Explain one economy of scale from which the Virgin Group might benefit. Suggests economy of scale/name of economy of scale [1] explains / describes / expands [3x1] i.e. may gain 3 without naming economy of scale purchasing – involves bulk buying – the more goods bought – the lower the cost of each good – e.g. marketing – can afford more expensive advertising campaigns e.g. on TV – seen by more people – sales increase – cost of advertising can be spread over more goods so cost of each good sold lower technical – can afford more expensive machinery – more goods produced – costs spread over all goods produced – so cost of each good produced lower financial – so big – need to borrow large sums of money – can negotiate lower rates of interest – can spread this cost over all goods sold / produced managerial – need for large administration – hierarchy – specialists – departments – can spread cost over all goods sold / produced allow risk bearing / diversifying	2 3	AO1 2 AO2 3

Question	Answer	Mark allocation	Assessment objective
	(d) Why is the brand so important in the marketing of products? Explanations might include:- it differentiates products from rivals – people recognise particular brands – can ask for brands by name so used in advertising – it is unique/ USP develops brand loyalty – customers get use to the quality of certain brand – continue to ask for certain brands – use across range of products produced by particular business reputation enables higher prices – as sign of quality – so market willing to pay higher price global markets more likely – as brands recognised over larger area own brand products mentioned etc. [2x2] or [4x1]	4	AO1 1 AO2 1 AO3 2

Question	Answer	Mark allocation	Assessment objective
	(e) Evaluate whether or not it is good for the business to have such ethical policies. Level 1 Advantage(s) and / or disadvantage(s) listed. Level 2 Advantage(s) or disadvantage(s) explained / justified. Level 3 Balanced consideration of the advantages and disadvantages of adopting ethical policies. 2 advantages and 1 disadvantage or 2 disadvantages and 1 advantage Points might include: <u>Advantages</u> matches beliefs of owners – who have a concern for interests of suppliers / workers / customers – want to make sure they do right thing concern for suppliers based on fairness of transactions – negotiation of prices – payment of bills – allow fair trade concern for employees helps to increase morale – ensures more efficient work – with need for safe working environment – fair pay – and treatment – leads to better treatment of customers – improves image / reputation of business – increased sales pressure groups – less likely to give unfavourable attention to business consumer pressures – as they become more aware of ethical issues – more likely to recommend business – all important for the image of business – marketing / commercial reasons – aiming to promote sales and profit – can make more profit by being ethical – etc. <u>Disadvantages</u> business costs of being ethical – time to negotiate prices paid to supplies– effects on cash flow of paying on time - staff issues – training – supervision – equality issues – cost of retaining surplus staff for longer than needed – provision staff welfare facilities increased problems re customers – bad publicity – when errors made – not selling to some for ethical reasons price of fair trade goods – cost e.g. carbon replacement – growing trees difficulties in being ethical – can they be sustained etc. Conclusion Must refer to business reasons	8 1-2 3-5 6-8	AO1 2 AO2 3 AO3 3

Question	Answer	Mark allocation	Assessment objective
11.	(a) Calculate the Total Expenses paid by Radsonic plc in 2012 2,800,000 / 2.8 million / 2800k (b) Calculate the net percentage profit for Radsonic plc for 2010. (Show your workings). Net % Profit = $\frac{\text{Net Profit}}{\text{Sales}} \times 100$ OR = $\frac{150,000}{3,000,000} \times 100$ [1] = 5 (%) [1] N.B. Answer of 5 = 2 marks OFR (1) (c) Outline one advantage and one disadvantage for Radsonic plc of using CAM to produce their radiators. (i) Advantage outlined [1x2] Answer might include CAM allows for standardised quality – accuracy – reliability – less waste in manufacture – lower labour production costs – less supervision – greater customer satisfaction – fewer returns – easy to adjust – speed – cheaper etc. (ii) Disadvantage outlined [1x2] Answer might include cost of setting up – machinery – training of workers – possible redundancy payments to unskilled workers reputation of business if made redundant etc.	1 2 4	AO2 1 AO2 2 AO1 1 AO2 1 AO3 2

Question	Answer	Mark allocation	Assessment objective
	(d) (i) What is a person specification? A profile of a person suited for a job / the type of person an employer is looking for.	1	AO1 1
	(ii) Suggest two items which might appear on a person specification. Suggestion [2x1] Answers might include qualifications skills experience / work history personality / qualities/ an example etc.	2	AO1 2
	(e) By considering the advantages and disadvantages of each, advise Radsonic plc on whether on the job or off the job training is preferable for the firm and its workers. Level 1 Advantages / disadvantages on the job / off the job training mentioned or listed without explanation. Information is poorly organised. There is limited use of specialist terminology / vocabulary and frequent errors in spelling, punctuation and grammar. Level 2 Advantages / disadvantages on the job / off the job training explained. Information is well organised and ideas are expressed in a logical manner. There is good use of specialist terms/vocabulary with some errors in spelling, punctuation and grammar, but these are not intrusive. Level 3 Advantages and disadvantages of each explained with the best answers offering a reasoned recommendation. At least 2 advantages and 2 disadvantages of on the job and off the job explained. Information is very well organised and the form and style of communication is highly appropriate. There is very good use of specialist terms/vocabulary with few, if any, errors in spelling, punctuation and grammar.	10 1-3 4-6 7-10	AO1 3 AO2 3 AO3 4

Question	Answer	Mark allocation	Assessment objective
	Answers might include: On the job training <u>Advantages</u> cheap – worker works alongside experienced operative – no need to pay external agency quick to organise – given as needed effective – trainee supervised – trained in the ways of specific business still contribute to production etc. <u>Disadvantages</u> may not provide in depth training – depends on skills of other workers – may not be effective trainer – poor communication skills – may pass on bad habits to trainee may be limited to individual training – rather than to group takes up time of trainer – skilled workers taken off production not motivational etc. Off the job training <u>Advantages</u> wide range of skills gained – from experienced trainers – who are up to date with modern ideas – practices – high quality workers can gain qualifications – improved morale – quality of work etc. <u>Disadvantages</u> may be expensive – trainers may be paid to come on site – or workers attend of course sites at colleges etc. no production takes place whilst workers away may not be aimed at specific needs of firm – as variety of skills taught qualifications may lead to workers leaving – higher value on job market etc. Conclusion Give reasoned advice		



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