



GCSE MARKING SCHEME

BUSINESS STUDIES

SUMMER 2014

INTRODUCTION

The marking schemes which follow were those used by WJEC for the Summer 2014 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 2014

Question	Answer	Mark allocation	Assessment objective
1.	Which two of the following are used by businesses in order to raise extra finance? Selling assets Take on a partner	2	AO1 2
2.	Which two of the following are functions of trade unions? Organise strikes for the members, if necessary Inform members of their employment rights	2	AO1 2
3.	Suggest and explain two reasons why packaging is important to manufacturers of food products. Suggests reasons [2x1] Explains/expands [2x1] Answers might include: Protection - reduce risk of damage Keep product fresh/clean – consumers aren't harmed Storage - before sale - in retailers/on shelves Information - name and address manufacturer -use of product - ingredients – safety – use by dates- legal Product known – from advertising/previous purchase - for its image/quality - enables higher prices - differentiated products from rivals - customers can tell one product from another - so product recognised - so brand loyalty - customers continue to buy Product stands out in display - impulse buying is encouraged etc.	4	AO1 2 AO2 2
4.	The directors of Buble Bread Ltd want to introduce ICT to improve the running of their business. They have already introduced desk top publishing (DTP) to improve marketing. Suggest one other type of ICT they might introduce to improve each of the following. Financial calculations – spreadsheets/Excel/Sage etc Customer records – data base/Access/ allow Excel etc Letter writing – word processor/Word etc/e mail Meetings with distant branches – videoconferencing/SKYPE/ iPad/webcam/Facetime/videocam etc Allow a package e.g. Microsoft Office just once	4	AO1 2 AO2 2

Question	Answer	Mark allocation	Assessment objective
5.	Burger Plus has received bad publicity about its environmental standards. Litter is a major problem outside many of its fast food takeaway restaurants. Suggest and explain two actions the business can take to improve its environmental and ethical reputation. Suggestion [2x1] Explanation [2x1] Suggestions could include: Using bio-degradable/recyclable packaging – which will eventually rot away Recycling schemes – bins near their shops/signage Employing more people – to clear up Using fair trade goods – producers get a higher price Marketing – advertising/sponsorships Food miles – distance food travels from farm to consumer Animal welfare – the way animals are treated Less packaging –less to throw away Giving food away to charities – food banks or charitable donations Treatment of workers – wages/conditions etc. NOT for improving the image of the business	4	AO1 2 AO2 2
6.	Below are a number of business terms. Which of the above terms best describes each of the following: (i) a diagram which shows the internal structure of a business ORGANISATION CHART (ii) a legal document which covers the ownership and control of a business DEED OF PARTNERSHIP (iii) a type of leadership where employees are consulted on business decisions DEMOCRATIC LEADERSHIP (iv) money placed into a business by someone wanting to invest in what is likely to be a growing business VENTURE CAPITAL	4	AO1 4

Question	Answer	Mark allocation	Assessment objective
7. (a)	Suggest and explain two reasons why Ceri might want to set up her own business. Reason suggested [2x1] Reason explained/developed [2x1] Answers might include: Be own boss - better than working for someone else – can work on own ideas- independence Make own decisions - e.g. of decision – will succeed or fail on own ideas No work available – may be no similar business locally – high unemployment in area Easy to set up – no qualifications needed – no formal documentation – may need limited finance – site available Ambition – always wanted to do – challenge - opportunity Reward for own efforts - keep all profits – income not going to employer Use skills – already worked in similar job – knows own strengths/weaknesses Use qualifications – gained in previous employment – e.g. of possible qualification Tax advantage - some costs set against income etc. NOT will not be made redundant NOT will make large profits	4	AO1 1 AO2 1 AO3 2
7. (b)	Outline two of the benefits Ceri might gain from the location of her business in Coed Deri Shopping Centre. Benefits suggested [2x1] Benefits explained/developed [2x1] Benefits might include: Cheaper – rent for out of town sites - less than other sites e.g. in town centre Close to main road – motorists will find location easily – as will delivery vehicles Easy access for customers – entrance off main road – close to bus stops Car parks – enough space – less congestion than town centres – usually free parking Easy access for delivery – does not disrupt car parks/customers Competition – shops selling similar goods close by - might attract customers looking for variety Other businesses – people shopping close by might be attracted to Ceri's business Common services - such as security, waste disposal etc.	4	AO1 1 AO2 1 AO3 2

Question	Answer	Mark allocation	Assessment objective
7. (c)	Explain one possible disadvantage Ceri's Sofa Store may face in this location. Disadvantage mentioned [1] Disadvantage explained [1] Competition – similar businesses may be well known – may have wider range of goods – lower prices – people may go to the town centre Congestion - with variety of businesses – many people using centre - car parks full – customers previous bad experience Distance to travel for customers – may be too far – cost to travel – availability of transport Maybe more expensive – than other locations Must conform to standards of other businesses – e.g. design of shop etc.	2	AO2 1 AO3 1
7. (d)	Other than advertising, suggest two promotional methods Ceri could use to attract customers to the store. Any appropriate promotional method suggested Answers might include: Special events e.g. food festival, Christmas market Buy one get one free/multi-buy Loyalty cards/example Sales or special offers/discounts/vouchers/coupons Parking refunds Services e.g. free delivery/after sales service /interest free credit Sponsorship Public relations Free gifts Competitions PoS etc. NOT word of mouth/pricing strategies/social media/introduce new products/window displays/merchandising	2	AO2 1 AO3 1

Question	Answer	Mark allocation	Assessment objective
7. (e)	Discuss the possible effects that Coed Deri Shopping Centre might have had on the nearby traditional local shopping area. Level 1 Positive and/or negative and/or no effect stated with no explanations Level 2 Positive or negative or no effect explained Level 3 At least 1/2 positive effects and 2/1 negative explained OR 2/1 positive effects and 1/2 negative explained OR 1 positive and 1 negative and 1 no effect explained <u>Positive effects might include:</u> More custom attracted to area by Deri Shopping Centre – may want to visit traditional area – Lower rents in traditional area – may be lower prices for customers - new businesses attracted Less congestion in traditional area – may attract new customers – better environment for locals New businesses may open – selling different products – greater consumer choice Locals may have greater range of goods – lower prices Employment opportunities – may provide higher wages than local shops etc. <u>Negative effects might include:</u> Increased competition – many businesses on Deri Shopping Centre larger – greater range – lower prices May lead to closure of businesses – empty shops appearance of traditional area – more loss of custom – locals may need to travel More congestion on local roads – more difficult for locals – more difficult for businesses Employment losses – workers lost to new centre - need to retrain etc. <u>No effects could include:</u> No loss of custom – consumer loyalty – service provided by local businesses – village shops closer Traditional area not close to main road – no effect on traffic volumes Different goods sold/speciality shops etc.	8 1-2 3-5 6-8	AO1 2 AO2 3 AO3 3

Question	Answer	Mark allocation	Assessment objective
8. (a)	What type of business organisation is Dyson Ltd? PRIVATE LIMITED COMPANY	1	AO1 1
8. (b)	Outline how firms such as Dyson Ltd benefit from using CAD and CAM. Points might include: [4x1] <u>Computer Aided Design</u> means use of computers to help design Producing drawings of finished goods and parts To view finished goods before manufacture to find best design Speeds up design-simple to edit Alternative designs can be considered No need to build models nor finished goods Saves money etc. <u>Computer Aided Manufacture</u> means use of computers in production Can be linked with CAD Measurements easily transferred to manufacturing process Less scope for error in production-more accurate Used in mass production/flow production Fewer workers-lower wage costs etc. Max 3 for each of CAD OR CAM OR general outline of both may gain 4	4	AO2 4
8. (c)	Which type of production – job, batch or flow – is Dyson likely to use in the manufacture of its products? Explain your answer. <u>Type of production</u> Batch/flow [1] <u>Explanation</u> <u>Batch</u> is making a number of goods before switching to producing different goods Designs/colours might be different Machinery expensive so cost effective to produce this way. Settings for machines easy to change etc. <u>Flow</u> involves continuous production/mass production Partly finished goods move along the assembly line with parts being added through the process Efficient use of labour and machines – division of labour Produces similar/identical goods Reduce unit costs of production etc. NB Explanation must match type	3	AO1 1 AO3 2

Question	Answer	Mark allocation	Assessment objective
8. (d)	(i) What is meant by the term brand? It is the name/logo/trade mark/image/marque/identity etc. given to a good or service	1	AO1 1
8. (d)	(ii) Why do businesses such as Dyson Ltd brand their products? Up to 3 marks for one point explained or 3 x 1 Explanations might include: It differentiates products from rivals – unique - rivals cannot use same brand – copyright – associated with business – customers can recognise – ask for brand Used in advertising – to promote range of products made by Dyson- goods recognised - product stands out in display - repeat buying - impulse buying is encouraged -so increased sales Brand/customer loyalty – known image - so continued sales – customers likely to buy products with same brand Enables higher prices – which customers will be willing to pay – higher profits Global markets more likely – as business widely known – for quality etc.	3	AO3 3

Question	Answer	Mark allocation	Assessment objective
8. (e)	Consider the advantages and disadvantages to businesses which want to sell their products abroad. Level 1 Advantages and/or disadvantages stated with no explanation Level 2 Advantages or disadvantages explained Level 3 At least 1/2 advantages and 2/1 disadvantages explained Points might include: <u>Advantages</u> Bigger market - more potential customers in worldwide market - leading to higher sales - and greater profits Economies of scale – purchasing/bulk buying – marketing Wider range of customers - from various market segments - so greater spreading of risks - following downturn in one segment Exchange rate fluctuations - may benefit with rise in value of GBP etc. <u>Disadvantages</u> Higher transport costs – products may be sent over greater distance/longer time Other transport problems - such as availability of mode/weather - strikes at ports Language problems - in trading - for handbooks - translation costs Currency conversion - costs - and exchange rate fluctuations Costs of different laws/customs - side of road - environmental laws Lack of knowledge of foreign markets - demands/tastes Problems of getting paid - more difficult to resolve over distance Trade barriers - embargoes/quotas Political factors - wars/conflict etc.	8 1-2 3-5 6-8	AO1 2 AO2 3 AO3 3

Question	Answer	Mark allocation	Assessment objective
9. (a)	What is a cash flow forecast? it is a prediction/estimate (1) of the movement of cash into and out of a business (1)	2	AO1 2
9. (b)	Calculate the estimated (i) turnover for June = 4000 [1] (ii) fuel payment for August = 1400 [1]	2	AO2 2
9. (c)	Why is a cash flow forecast important to Hugh Lewis' bank. [2x1] May be part of a business plan – when a business wants to borrow money Forewarns about future possible cash flow problems Helps bank decide whether to give loan – suggests ability to repay etc.	2	AO2 2
9. (d)	All businesses are affected by external events. Suggest and explain two external events which may result in the actual cash flow being different from the forecast. At least one must have been caused by government action. Suggestion [2x1] Explanation [2x1] (i) a Government action that could affect cash flow. Increased/decreased taxes – will change the amount of cash held Interest rates – change in amount of cash given to banks Legislation – may change the services offered and therefore cash available – minimum wage etc. Answers may be consequential of taxes paid by customers (ii) another event that could affect cash flow Weather – will change number of goods sold expenditure of customers Increase in costs - wages/fuel etc. Inflation – increase costs- reduce customers Competition – attracts customers away Breakage of equipment-fewer boats-costs of repair etc. Credit another Government action	4	AO2 2 AO3 2

Question	Answer	Mark allocation	Assessment objective
9. (e)	Hugh Lewis would like to improve his expected cash flow position. Evaluate ways in which businesses, such as Hugh's, may achieve an improved cash flow. Level 1 Suggests means of improving cash flow with no explanation. Information is poorly organised. There is limited use of specialist terminology/vocabulary and frequent errors in spelling, punctuation and grammar. Level 2 Shows how suggestions will improve cash flow or provides advantages or disadvantages of suggestion. 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 Considers at least 3 suggestions showing how each will improve cash flow and providing advantages and disadvantages for at least 2 of these suggestions. 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. Answers might include: Reducing staff - will reduce the wages bill - but this may lead to an inferior service - or reduced output - loss of customer - so revenue may fall Buying cheaper materials - will reduce production costs - and lead to lower prices - which could generate more custom - but customers will not be happy about the quality of the product - so sales/income may fall Delaying payment to creditors - will allow cash to be used for other purposes - but suppliers may become reluctant to offer trade credit Chasing-up bad debtors - may generate cash - but may lead to cash problems for customers - who may not be able to pay any debts Increasing promotions - may lead to increased sales but may have no impact on sales - and will be expensive to set up Raising finance/from bank/selling assets – but this will have consequences Increase/reduce price – may lead to more revenue if sales don't fall, but revenue may fall if they get fewer customers etc.	10 1-3 4-6 7-10	AO1 3 AO2 3 AO3 4

Question	Answer	Mark allocation	Assessment objective
10. (a)	How much did Walter Rose earn as (i) Gross Pay and (ii) Net Pay? (i) Gross Pay £480 (ii) Net Pay £376 OFR applies - based on Gross Pay	2	AO2 2
10. (b)	Income tax is collected using a system called PAYE. What do these initials stand for? Pay As You Earn	1	AO1 1
10. (c)	What are references and why are they important in the recruitment process? Definition [Up to 2x1] Explanation [Up to 3x1] Written by past employers - to show work ethic/skills of applicant – indicates how the employee is likely to work Written by others in support of applicant to highlight other attributes such as character/personality – to show the type of person the applicant is Used by potential employer - to cross check with application and to find other information about candidates May be sent at any stage of process - before selection to help to draw up short list – or after selection to confirm impression of applicant	4	AO1 2 AO2 2

Question	Answer	Mark allocation	Assessment objective
10. (d)	Recommend one suitable form of communication Judith could use and explain the reason for your choice. <u>Recommendation</u> Any <u>appropriate</u> method of communication suggested [1] Might include: letter/registered post/special delivery telephone/landline/mobile text message e mail face to face/meeting/skype fax NOT social media, notice boards, interview <u>Reason</u> - Must be linked to recommendation Either 2 reasons [2x1] or well explained reason [1x2] Will be linked to: cost speed of delivery speed of reply/response length of message detail in message confidentiality keeping record of message etc.	3	AO2 1 AO3 2

Question	Answer	Mark allocation	Assessment objective
10. (e)	Discuss whether or not Judith should expand as a franchisor. Level 1 Suggests advantages and/or disadvantages of becoming franchisor. Information is poorly organised. There is limited use of specialist terminology/vocabulary and frequent errors in spelling, punctuation and grammar. Level 2 Answers will be one-sided perhaps using more business terms and explaining why Judith should become a franchisor. 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 Answers will be balanced with at least 2 advantages and 2 disadvantages explained. The best answers will make a recommendation. 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. Arguments for might include: Enables growth – with less risk to franchisor – becomes more widely known – quicker than internal growth Franchisor receives money - as franchisees pay royalties - start up fees Franchisee must buy stock from franchisor - increased revenue/profit for franchisor Franchisee may be more enthusiastic than company manager - benefits sales - profits - reputation - of franchisor Franchisee organises outlet - finds location/site - planning permission - pays rent - pays for fittings/decoration - so costs lower Franchisee organises workforce - recruits - pays wages - complies with employment law etc. Arguments against might include:- Franchisor pays some costs - training - advertising - design Less control over franchised outlet - as run by franchisee Franchisor may suffer - badly run by franchisees - bad publicity for one affects all etc.	10 1-3 4-6 7-10	AO1 3 AO2 3 AO3 4



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