



GCSE MARKING SCHEME

SUMMER 2016

**BUSINESS STUDIES
4080/01**

INTRODUCTION

This marking scheme was used by WJEC for the 2016 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.

GCSE Business Studies
SUMMER 2016 MARK SCHEME

Question No.	Question & Answer	Mark Allocation	Assessment Objective
1	Which <u>three</u> of the following services are usually provided by the public sector rather than the private sector in the UK? Healthcare Education Armed Forces	3	AO1 3
2	Which <u>two</u> of the following are methods of sales promotion? Buy one get one free Free gift	2	AO1 2
3	Rhian Kaliq is applying for a new job with Evans & Co Ltd. The company has sent her an application form to complete. Apart from the application form, list <u>three</u> other steps involved in the recruitment process. Identify Vacancy Drawing up Job Description/Job Analysis Drawing up a Person Specification Advertising the job Curriculum Vitae / Letter of Application Short listing References Interview Ability Tests/Testing/Trials Appointment/Selection (Steps do not need to be in order)	3	AO1 3
4 (a)	What is meant by the term ‘statutory deduction’? Payments required by law / payments that have to be taken from wages etc.	1	AO1 1
4 (b)	Below is part of Suzie’s weekly pay slip. Using the information above, complete this pay slip in the boxes provided. GROSS PAY = £546 [1] TOTAL DEDUCTIONS = £152 [1] NET PAY = £394 [1] OFR applies	3	AO2 3

Question No.	Question & Answer	Mark Allocation	Assessment Objective
5	Below are a number of terms and concepts used in business. Which of the above best describes each of the following: (a) an organisation which looks after the welfare of its members in the workplace; TRADE UNION (b) a business that is owned by between 2 and 20 people; PARTNERSHIP (c) a prediction of money coming into and out of a business over a certain period of time; CASH FLOW FORECAST (d) a product is made to the requirements of the customer and each one made is unique; JOB PRODUCTION	4	AO1 4
6	The economic environment is always changing and this can impact on business activity. Explain what effect each of the following might have on businesses: Valid suggestion [1] & Effect [1] for each question (i) An increase in the rate of inflation; Raw materials/stock/components will cost more – increasing business costs Business may make less profit – increased costs Customers may have to pay higher prices – may lead to lower sales for business /customers may have to choose between goods due to lower standard of living Workers may seek pay rises – increased costs A fall in real income etc. (ii) A fall in interest rates; Lower costs - businesses may use extra money on range of alternatives - e.g. machinery / paying off debts etc. Pay back less on borrowed money - may lead to increased profit Customers may have more disposable income / money to spend – increased sales opportunities for businesses Business may seek loans/borrow money-for e.g. expansion/investment Business receive less return - on investments/savings etc.	4	AO3 4

Question No.	Question & Answer	Mark Allocation	Assessment Objective
7 (a)	Apart from Government statistics, identify <u>one</u> other source of secondary data. Answers might include:- Newspapers/magazines Trade journals Internal data e.g. Company reports/Business records/financial data Census data Published research Internet etc.	1	AO1 1
7 (b)	ARK Windows also carry out field (Primary) research. (i) Give <u>one</u> example of field research. Questionnaires, focus groups, personal interviews, IT based research such as e-mail surveys, telephone interviews, postal surveys, observation, consumer panels, test marketing etc. (ii) Suggest and explain the benefits to ARK Windows of using Field research. [2x1] or [1x2] Answers might include:- Up-to-date – gathered first hand - collected by the researcher (yourself) Specific to a business's own needs / accurate - valid example/application to Ark windows Provides answers to exact questions that a firm may be interested in - valid example/application to Ark windows etc.	1 2	AO1 1 AO2 2

Question No.	Question & Answer	Mark Allocation	Assessment Objective
7 (c)	Explain why operating as a sole trader may benefit the owner of ARK Windows. [2x1] [1x2] Reasons may include: no need to share profits – Can keep all profit / can choose how to use profit – example of how it may be used to benefit the business Making decision without consulting others - will be speedy - e.g. of decision Own boss - free to choose / any example Independence - can work at own pace etc.	2	AO3 2
7 (d)	Explain <u>two</u> ways in which ARK Windows can ensure that it provides high quality goods and service. Suggestion [2x1] Explanation / development / expansion [2x1] Answers could include:- Well-designed products – use of CAD/skilled designers Quality of workers – qualifications – training – skills – experience Motivation – financial/non-financial explained – job production High quality materials – to ensure products less likely to break Investment in up to date machinery – CAM/CAD – ensure products more accurately made Quality control – e.g. supervision/inspectors/checking Dealing with complaints/Listening to customers - to give confidence - customer feedback Belonging to professional organization/Quality standards – to give confidence Quality assurance – TQM – quality circles – kaizen (<i>Award points (not in specification) if given</i>) etc.	4	AO1 2 AO2 2

Question No.	Question & Answer	Mark Allocation	Assessment Objective
7 (e)	Evaluate the most suitable sources of finance ARK Windows could use to raise the finance needed for the expansion plans. Level 1 Suggests relevant methods of raising finance with no/limited 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 the suggestions will help raise finance or provides advantages or disadvantages of suggestions. 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 2 suggestions showing how each will help raise the finance needed and providing full evaluation for at least 2. 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. Max 4 for one suggestion evaluated very well. Answers could include: Plough back profits/savings/reserves: this is not an inexpensive source of finance but requires no interest or repayments. However, ARK Windows may not have the required amount as the expansion plans are likely to require a considerable sum of money. Bank loan/Mortgage: Very difficult to obtain for small businesses but if successful the money becomes immediately available. Spread payments / instalments. However, interest has to be paid on the loan and some form of collateral may be required to secure the loan. Bank may take an active interest in the business once the loan is given. Loans/finance from family or friends: Money will be available immediately and may not incur interest. However, limited funds may be available and if loan is not repaid could damage friendships / cause family issues. Government assistance: Usually given to small businesses in regions where unemployment is high. Often they are grants which do not have to be repaid. However, they tend to be small amounts that last only for a relatively short period of time. They are also few and far between. Restrictions/criteria Change ownership (Partnership/Ltd): This will raise money quite quickly and without interest payments. However, the owner will lose some control and the profits will be distributed between partners/through dividends to shareholders.	10 1-3 4-6 7-10	AO1 3 AO2 3 AO3 4

Question No.	Question & Answer	Mark Allocation	Assessment Objective
	Venture capital: Possibly large sums of money can be attained quickly and advice may also be given. However, likely to lose full control of the business. Sale of assets: If the assets are no longer required this could raise large sums of money. However, all assets are likely to be essential to the business. Sales and lease back: Possibility of raising large sums of money whilst still having the use of the essential assets. However, rental payments will be required which could negatively affect cashflow. Hire purchase: Useful for purchasing plant and machinery which can be obtained quickly. Finance houses may also be less selective than banks. However, interest rates are usually very high and the property is not owned by the business until the last payment has been made. Items can be legally repossessed if the business falls behind with repayments. (allow) Leasing / renting: The business acquires the use of resources without the need for a large sum of money. The maintenance and repair bills are met by the leasing company and they are generally easier to obtain than loans. Equipment can be updated regularly. However, over a long period of time it can be a very expensive and well in excess of the purchase price. The business never gets to own the items leased. etc. (Not overdraft, trade credit and not becoming a Public Limited Company.)		

Question No.	Question & Answer	Mark Allocation	Assessment Objective
8 (a)	Explain <u>one</u> advantage and <u>one</u> disadvantage of operating as a private limited company. Suggestion [2x1] Explanation [2x1] Advantages (MAX 2):- Limited liability - liable only for money invested - if business fails Emma will not lose personal possessions Continuity - business will not end if one of the shareholders / owners leave More capital - by selling shares - may be easier to get bank loans Specialised management – shareholder / owners / managers can do the work they are skilled at Divorce of ownership and control possible - Emma may not spend all time managing Invited shareholders – able to maintain control etc. Disadvantages (MAX 2):- Cost of setting up - with documents - example Need to share profits - with shareholders Affairs not kept private - need to publish accounts May lose control/may need to share decision making - if another shareholder gains majority control Limited capital available - Unable to use stock market/ reduced investors available Restriction on share ownership – shareholders have to agree on sale of shares etc.	4	AO1 2 AO2 2
8 (b)	Apart from growth, suggest <u>two</u> other business aims that PrettyinPink Ltd may have. Two suggestions listed [1 each] Survival / for the business to continue / break even Satisficing Earn profits / earn an income / maximise profits Increase sales / market share To serve the community /ethical aims / allow environmental /social objectives/ provide jobs Good customer service/improve quality Improve reputation etc.	2	AO1 2

Question No.	Question & Answer	Mark Allocation	Assessment Objective
8 (c)	Suggest and explain <u>one</u> advantage to the business of Emma's democratic leadership style Suggestion [1] Explanation/development [1] Answer might include:- Improved worker morale/motivation – as they are listened to / consulted / workers feel valued/ improve quality More business ideas – opportunity to gain good ideas that will help the business be successful Lower labour turnover – with satisfied and motivated workers – more experience staff / lower training and / or recruitment costs etc. Suggest and explain <u>one</u> disadvantage to the business of Emma's democratic leadership style Suggestion [1] Explanation/development [1] Lengthy consultation may take place - democratic decision making may take a lot longer to make – disagreements possible – may miss opportunities if quick decisions are required Decision making process could cause conflict among shareholders / owners and staff – may negatively affect working relationships – affect morale – example of negative effect Some staff may be demotivated if ideas are not implemented – problems caused e.g. absenteeism / labour turnover leading to increased costs / unhappy staff leading to poor service / loss in sales Democratic leadership may not be helpful if PrettyinPink Ltd were to find itself in a crisis – example - swift autocratic decision making may be required etc.	2 2	AO2 2 AO3 2
8 (d)	PrettyinPink Ltd is aware of the legal responsibilities it has to its workers. Suggest and explain <u>one</u> legal responsibility PrettyinPink Ltd have to their workers. Suggestion [1] Explanation/development [1] Must ensure work environment is safe - otherwise workers may get hurt /they may sue for damages Health and Safety laws - make it an offence / to allow workers to work in dangerous conditions Liability laws - example Contract of employment - conditions of work / job description - time based - example Unfair dismissal - rules which must be followed before anyone can be dismissed Equality laws - on gender / age / race / disability / covering recruitment / pay / promotion / treatment of workers Minimum Wage – based on age – example Etc. for any appropriate employer/employee legislation	2	AO2 2

Question No.	Question & Answer	Mark Allocation	Assessment Objective
8 (e)	Discuss whether or not selling on the internet would be a good idea for a retailer such as PrettyinPink Ltd. Level 1 Advantage(s) and / or disadvantage(s) stated with no explanation. Level 2 Advantage(s) and / or disadvantage(s) discussed. Level 3 At least 1/2 advantages and 2/1 disadvantages discussed. Conclusion required for full marks. Advantages might include:- Wider market - so PrettyinPink Ltd will be able to attract more customers – 24/7 – geographical benefits – more sales Expansion/growth possible - without having to locate/fund new sites Internet advertising - might encourage customers to the shops Possible lower costs - of labour - fitting/running shops Keep up with competitors – example Convenience - who cannot travel to the shop – shop outside business hours etc. Disadvantages might include:- Effects on current business - with time - efforts spent with website Reputation may be diminished – website crashes / problems with delivery Costs of setting up website - particularly if professional designer employed More storage space may be needed - so higher warehouse costs Some higher costs – maintenance / special packaging / delivery / returns Possible fraud - related to payments Customer resistance - from people who would want to see the goods before buying (Social aspect) Competition etc.	8 1-2 3-5 6-8	AO1 2 AO2 3 AO3 3

Question No.	Question & Answer	Mark Allocation	Assessment Objective
9 (a)	Calculate the Total Assets for 2014 and the Total Net Assets for 2013. Total Assets 2014 = 845 [1] Total Net Assets 2013 = 490 [1]	2	AO2 2
9 (b)	Give <u>one</u> example of a fixed asset and <u>one</u> example of a current liability for Home Retail group plc. Fixed asset e.g. land / buildings / equipment / computers / fittings Current liability e.g. creditors / overdraft / tax /short-term loan etc.	2	AO2 2
9 (c)	Identify <u>two</u> stakeholders who would be interested in the accounts (Profit and Loss Account and Balance Sheet) of Home Retail Group plc and explain the reason why they have an interest. Mention of stakeholder [2X1] Reason for interest [2X1] Answers might include:- Directors - security of position - to measure whether past planning has been success - to aid decision making for future Workers - to see whether the business is successful - which will impact on job security - also could business afford wage increase Managers - to see whether the business is successful - which will impact on job security - also could business afford salary increase - do they qualify for bonus? - has their management been effective? Shareholder/investors/owners - to see whether the business is successful which may affect value of shares - influencing shareholder wealth - and level of dividend - which adds to shareholder income - decisions on keeping, buying or selling Customer - may want to know about survival of business - which will decide whether it is worthwhile being a customer - or should contracts be negotiated elsewhere? - also might high profits suggest business charging high prices Supplier - may want to know about survival of business - to find whether the business is likely to be able to pay its trade credit Bank - want to know about survival of business - to find whether the business is likely to be able to pay its loans/overdraft Government - to find how much tax will be collected from the business - does it consider profit to be excessive? - should more tax be levied? Local Community - may want to know about survival of business/ some concern over environmental impact such as pollution/congestion Competitor - to make comparisons - to aid planning/competitive strategies etc.	4	AO1 2 AO2 2

Question No.	Question & Answer	Mark Allocation	Assessment Objective
9 (d)	Why do businesses such as Argos sell a wide range of products? Give reasons for your answers. Suggestion(s) (1-2) Reasons / development (1-3) Answers might include:- Spreading risk – selling more goods will compensate for the products that underperform and reduces risk of failure Attract more custom – target more customers with variety of products – meet needs and wants of different types of customers - example – increased market share Competitor advantage/keep up with competitors Greater revenue – more customers results in increased sales Greater profit – greater sales could lead to more profit – reduction in costs – economies of scale due to bulk buying etc.	4	AO3 4
9 (e)	Assess the impact of the closure of Homebase DIY stores on their local communities. Level 1 Positive(s) and / or negative(s) stated with no explanations Level 2 Positive(s) and / or negative(s) stated and explained Level 3 At least 1/2 positive effects and 2/1 negative well explained OR 2/1 positive effects and 1/2 negative well explained. Max of 3 for one positive or one negative well explained Positive effects might include:- Environmental benefits - less traffic – less noise and/or dirt Other businesses may be attracted to area – increase customer choice Benefits to other businesses e.g. bigger pool of labour – less competition - smaller/independent DIY stores may gain customers - increased sales - smaller/independent DIY stores may expand Negative effects might include:- Jobs losses – less to spend on existing businesses – other businesses may have to close Less footfall – less customers for existing businesses Local businesses may have to find supplies from different business e.g. builders – increased costs / travel further Government will lose out on income – taxation – less money to spend on public services – example Multiplier effect Local people (customers) travel further to DIY store – increased costs Less competition/ choice – increased prices Visual appearance etc.	8 1-2 3-5 6-8	AO1 2 AO2 3 AO3 3

Question No.	Question & Answer	Mark Allocation	Assessment Objective
10 (a)	Explain what is meant by the term branded products. Definition [1] Products that have a well-known name / logo / trade mark / image / marque / identity etc. Development [1] They are trusted by consumers Products usually have a high price / premium price Products are unique / differentiated / stand out / recognised Customers are loyal to the brand – and repeat purchase etc.	2	AO1 1 AO2 1
10 (b)	Suggest <u>two</u> ways in which Unilever plc can operate ethically. 1 mark for each way identified. Points might include:- Fairtrade Using bio-degradable / recyclable / environmentally friendly packaging Recycling schemes / reducing waste Food miles Giving food to charities / foodbanks / charitable donations Sponsorship Treatment of workers / fair pay / good working conditions Reducing CO2 emissions / carbon offsetting etc.	2	AO2 2
10 (c)	Why do businesses such as Unilever plc, have strong ethical policies? Up to 2 marks for one point explained or 2 x 1 Points might include:- Ideology of owners – beliefs/mission statements/ aims Consumer pressures, as they become more aware of environmental issues and to do business with those who share their ideas - this is all important for the image of business, marketing/commercial reasons - aiming to promote sales and profit, can make more profit by being ethical Meeting government targets e.g. CO2 emissions / litter / waste – avoids fines / reduces costs Avoids bad publicity – loss of customers Concern for employees with need for safe working environment / fair pay and treatment – improves worker morale / motivation - improves company performance e.g. sales, customer satisfaction etc Concern for producers e.g. fair trade – improves reputation – boost sales / number of customers. Attracts workers – improves quality of staff etc.	2	AO3 2

Question No.	Question & Answer	Mark Allocation	Assessment Objective
10 (d)	Explain the benefits to businesses such as Unilever plc of having a well-motivated workforce. Suggestion [2x1] Explanation/development [2x1] Answer might include:- Increase productivity/ workers produce more per hour worked / improve performance of workers – could lead to greater profits Less staff turnover / less workers leaving the business - workers will be happy in their work and will stay loyal – reduce recruitment / training costs Lower absenteeism – workers are happy – improves productivity Loyal / committed workers – experienced and likely to be more efficient Improved employer/employee relations – industrial action less likely – e.g. Improved quality of products Good customer service Improved business reputation – easier to recruit the best workers etc.	4	AO2 2 AO3 2

Question No.	Question & Answer	Mark Allocation	Assessment Objective
10 (e)	Unilever plc is a multinational business operating in many countries all over the world. Discuss the advantages and disadvantages of being a multinational business. Level 1 Defines multinational and / or advantages and / or disadvantages stated 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 Advantages and / or disadvantages are discussed and shows how the business will / will not benefit. Only one advantage or disadvantage = MAX 4 Only one advantage and disadvantage = MAX 6 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 Answer will be well balanced with at least 2 advantages and 2 disadvantages discussed. 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. Advantages might include:- Well known around world - more customers in a wider market – greater profits – money to invest – encourages shareholders/investors Easier to compete on foreign markets - when based locally Economies of scale - one example Lower production costs - one example - so lower costs - greater profit Take advantage of exchange rate movements Tax advantages - grants - less capital from business Removal of Trade barriers -example etc. Disadvantages might include:- Size of business - difficult to manage - communication problems – Language barriers - increased costs Laws in other countries – any examples from legal systems - consumer rights / employee rights/ planning / environmental issues/ tax - Political systems - e.g. unrest Exchange rate movements may go against - profit / higher costs lower morale of home workers -jobs may be “exported” abroad — example of effects of demotivation Competition from domestic firms Set-up costs – premises/infrastructure/relevant examples Negative public image – seen as unethical. etc.	10 1-3 4-6 7-10	AO1 3 AO2 3 AO3 4