



GCSE MARKING SCHEME

SUMMER 2018

**GCSE (LEGACY)
BUSINESS STUDIES
4080/01**

INTRODUCTION

This marking scheme was used by WJEC for the 2018 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.

Question No.	Question & Answer	Mark Allocation	Assessment Objective
1.	Which <u>two</u> of the following apply to a Public Limited Company? The name of the company is followed by the letters "plc" Shares are sold on the stock exchange	2	AO1 2
2.	Which <u>three</u> of the following are the responsibilities of a company's Human Resource (Personnel) department? Selecting new job applicants Organising training for workers Looking after staff welfare	3	AO1 3
3. (a)	Identify <u>two</u> forms of discrimination in the workplace. Sex / Gender Sexual Orientation Race / Ethnic Background/Nationality Religion or lack of Religion Age Disability etc. NB Not pay/same job etc	2	AO2 2
3. (b)	Apart from discrimination, state <u>one</u> other legal responsibility a business will have to its workers. Pay them the minimum/living wage Ensure that they are safe in the workplace/health & safety Ensure workers do not work over the working hours under the Working Time Regulations Ensure workers have the right to time off Ensure workers are given a contract of employment Provide pension Unfair dismissal etc.	1	AO2 1
4. (a)	Which <u>two</u> of the following are examples of fixed assets for a house builder? JCB Digger (machinery) Building tools and equipment	2	AO2 2
4. (b)	With the aid of an example, explain what is meant by the term <u>current asset</u>? An asset that is owned/for less than 12 months/an asset that is expected to be converted into cash within a year/owned in the short term Examples could include: Cash in hand Cash in bank Debtors Stock etc.	2	AO1 2

Question No.	Question & Answer	Mark Allocation	Assessment Objective
5. (a)	Which <u>two</u> of the following are examples of internal sources of finance? Retained profit Selling assets	2	AO1 2
5. (b)	An external source of finance is a bank loan. Explain <u>one</u> disadvantage of financing the business with a bank loan [1x2] Answers might include: Eligibility – hard to get – business plan needed – prove payback Interest charged – will add to cost – causing cash flow problems Cost of repayments may be added to price - causing a loss of customers Some businesses may not be able to repay the loan – business/ personal assets may be taken to repay – business may have to close etc.	2	AO3 2
6.	Which of the above best describes <u>each</u> of the following: Organisations owned and controlled by the government; Public sector A statutory deduction of money that is taken from the gross pay of workers; Income tax A good sold to or bought by the general public; Consumer good A source of finance whereby a business receives stock and can pay for it at a later date; Trade credit	4	AO1 4

Question No.	Question & Answer	Mark Allocation	Assessment Objective
7. (a)	Suggest <u>one</u> feature of a partnership. A business that is owned by between 2 and 20 people A business that is owned/run by at least 2 people/more than 1 person An unincorporated business A business with unlimited liability	1	AO1 1
7. (b)	Outline the advantages to Dion of setting up in a partnership with her brother Jedd. [1x3 or 3x1] Answers might include: Dion could raise more capital than if she were a sole trader – Dion may not be able to raise sufficient capital alone Dion will have extra skills/expertise in business – may be able to specialise in aspects of business to provide better service - Dion could focus on gardening and Jedd on building More people to take decisions – more considered approach to running the business - more ideas which may lead to success Shared responsibility and more flexibility – reduce pressure on Dion such as duties/working hours – both can take time off etc.	3	AO2 3
7. (c)	Why is it important for Dion and Jedd to have a Deed of Partnership? [2x1 or 1x2] Answers might include: A Deed of Partnership is a legal document - ensures the business runs smoothly It's a document setting out how profits will be shared/job roles/control etc. – this may prevent arguments etc.	2	AO3 2
7. (d)	(i) On the chart, draw and label the fixed cost line. Horizontal line at £100, must be labelled (ii) What is meant by the term <u>break even</u>? Break even is when total revenue equals (total) costs/the business is not making a profit or a loss (iii) Using the break even chart, calculate how much profit Dion and Jedd make when they have 80 gardening jobs? £60 or 60	1 1 1	AO2 1 AO1 1 AO2 1

Question No.	Question & Answer	Mark Allocation	Assessment Objective
7. (e)	Assess <u>one</u> way in which Dion and Jedd could increase the profit that they make from their gardening services business Suggestion [1] Advantage [1] Disadvantage [1] Answer might include: Decrease price – increase market/competitiveness – look like poor quality – no increase in sales means lower profits Increase the price that they charge – this will increase the revenue that they make per customer but they may lose customers Reduce costs/example of cost reduction – this will ensure that the business makes more profit per customer but the quality of the service may fall resulting in a loss of customers and less revenue Increase marketing – to attract more customers/ increase sales revenue but it will increase costs etc.	3	AO1 1 AO3 2

Question No.	Question & Answer	Mark Allocation	Assessment Objective
7. (f)	Consider the strengths and weaknesses of Dion and Jedd's leadership style. Level 1 Strength(s) and/or weakness(es) stated with no explanation. Level 2 Strengths and/or weaknesses explained, with an attempt to apply their knowledge to the situation. Level 3 Strengths and weaknesses fully explained. Answers analyse the situation to illustrate how Dion and Jedd gain or lose from their leadership style. (Candidates must explain 1 advantage and 2 disadvantages or 2 advantages and 1 disadvantage for Level 3) Strengths about Dion and Jedd's leadership style may state that: They are autocratic –and they are in control so work will be supervised – improving quality Workers will be more efficient because they are controlled – workers know exactly what they need to do - fewer mistakes are made – reducing waste costs They operate more efficiently making all the decisions – no need for meetings which wastes time – decision made quickly The business has been a success using this style – no need to change – some workers happy with this They both have a single minded vision about the running of the business – employees do not which has helped it to succeed etc. Weaknesses with Dion and Jedd's leadership style may state that: Worker morale may be low - as they are not listened to / consulted – workers may take time off or lack work ethic – lower quality products/service Their vision about the running of the business may be too narrow - they may miss out on good ideas from employees Possibility of high labour turnover with dissatisfied workers - may lead to higher recruitment/training costs and less profit etc.	8 1-2 3-5 6-8	AO1 2 AO2 3 AO3 3

Question No.	Question & Answer	Mark Allocation	Assessment Objective
8. (a)	(i) What is meant by the term <u>span of control</u>? Span of control refers to the number of subordinates a person is responsible for/has control over	1	AO1 1
	(ii) What is the span of control of the Sales Manager of SH Printers Ltd? 12 (Sales Representatives)	1	AO2
8. (b)	(i) From the organisational chart, which director is responsible for health and safety of workers? Production (Director)	1	AO2 1
	(ii) Which person is responsible for the whole company? Managing Director	1	AO2 1
8. (c)	Explain <u>one</u> reason why an organisation structure, such as the one shown, helps business to run smoothly. Reason [1] Explanation [1] Answers might include: To improve communication – information can be passed on to other parts of the business To delegate – work can be passed to others lower down the hierarchy – more likely to complete tasks/less unfinished work To improve control – workers are managed/supervised to ensure tasks are completed accurately and on time Possible specialisation – different departments with workers have specific skill sets To improve motivation – workers have a clear career path with opportunities for promotion Workers know who to report to/if there is a problem – workers don't all report to the same person. etc.	2	AO3 2

Question No.	Question & Answer	Mark Allocation	Assessment Objective
8. (d)	Identify and explain <u>two</u> economies of scale SH Printers Ltd would benefit from as result of the expansion and increase in production. Suggestion [2x1] Explanation [2x1] Answers might include: Purchasing/bulk buying – the more goods bought the lower the average cost of each good/cost per unit Marketing – can afford more expensive advertising campaigns e.g. on TV which are seen by more people/sales increase or cost of advertising can be spread over more goods – cost per customer is lower Technical – use machinery 24/7 – efficient costs spread over all goods produced so cost of each good produced is lower Financial – can borrow large sums of money – so can negotiate lower rates of interest – obtain more investment reducing costs and increasing profits Managerial – need for large administration/hierarchy/specialists/ departments so can spread cost over all goods sold/produced etc.	4	AO1 2 AO2 2
8. (e)	Consider whether or not SH Printers Ltd should start selling their products internationally. Level 1 Advantage(s) and/or disadvantage(s) 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 Advantage(s) and/or disadvantage(s) are explained and show how the business will/will not benefit. Only advantage or disadvantage = MAX 5 Only advantages or disadvantages = 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 advantage(s) and disadvantage(s) well explained.	10 1-3 4-6 7-10	AO1 3 AO2 3 AO3 4

Question No.	Question & Answer	Mark Allocation	Assessment Objective
	Candidate must provide a conclusion to give their recommendation to achieve full marks. 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: Advantages might include: Bigger market/increased brand awareness – more potential customers in an international market – leading to higher sales – and greater profits Economies of scale – purchasing/bulk buying and marketing – reduces average costs to generate more profit from sales Wider range of customers/various market segments – greater spreading of risks – downturn in one segment can be compensated by sales of others Exchange rate fluctuations – may benefit with rise in value of GBP etc. Disadvantages might include: Higher transport costs – products may be sent over greater distance/longer time – impacts negatively on profits Other transport problems – such as availability of mode/weather/strikes at ports – can restrict distribution Language problems in trading – for handbooks/marketing – translation costs of actual products (magazines, catalogues etc.) Currency conversion/exchange rate fluctuations – may increase costs Costs of different laws/customs – example Lack of knowledge of foreign markets – demands/tastes Problems of getting paid – more difficult to resolve over distance Political factors – wars/conflict/external events Competition from foreign firms established abroad etc.		

Question No.	Question & Answer	Mark Allocation	Assessment Objective
9. (a)	Apart from maximising profit, suggest <u>two</u> aims Shazad Kaliq could set for his business. Survival Increase sales (revenue) Increase market share/gain more customers/customer base Growth/expansion/diversification/multinational Improve reputation/increase brand awareness Improve quality/satisfy customers Environmental/ethical aims Provide jobs/community aims etc.	2	AO2 2
9. (b)	Why might the location of Shazad Kaliq's retail store be a problem for the business? Explain your reason. [1x2] Answers might include: Competition – large chain stores located in the area so may lose customers to a more established business/businesses that provide a wider range of products Lack of customers/footfall – customers may visit retail park rather than visit the local village Access – for customers/suppliers etc.	2	AO3 2
9. (c)	On the graph name the missing stages of the product lifecycle. Maturity Decline	2	AO1 2
9. (d)	(i) In which month did sales begin to fall? August	1	AO2 1
	(ii) What was the highest level of sales in that month? £30 000 OFR for selected month	1	AO2 1
9. (e)	Describe the features of the <u>Launch</u> stage of the product life cycle. [1x2 or 2x1] Answers might include: The products are introduced to the market – there is a lot of potential growth/customers available Costs tend to be high – advertising is essential to make customers aware of the products and services The business is likely to be making no profit – sales revenue unlikely to exceed the costs/sales are low	2	AO2 2

Question No.	Question & Answer	Mark Allocation	Assessment Objective
9 (f)	Evaluate how Shazad Kaliq could use the 4P's (marketing mix) to improve sales of his retail store. Level 1 Suggests relevant marketing strategies to prevent sales from falling 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 Suggests relevant marketing strategies and shows how the suggestions will help prevent sales from falling or provides advantages and / or disadvantages of each 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 Fully evaluates the marketing strategies showing how each will help prevent sales from falling and providing advantages and disadvantages for at least 3 of the marketing mix. - 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: Shazad Kaliq might introduce new range of carpet/tile or laminate flooring (product) – to attract new market segments BUT might be difficult to sell or to find suppliers – cope with extra expense etc. Shazad Kaliq could adapt his products and/or service – e.g. improve the quality of laminates or provide real wood flooring or provide better quality fitting – better meet the needs and wants of customers to attract more sales BUT this would increase cost of supplies and service – prices may have to increase resulting in a loss of customers or profits margins reduced etc. Shazad Kaliq might utilise a pricing strategy – example of a strategy e.g. competitive pricing, cost plus, skimming, psychological and how it would prevent sales from falling with the disadvantage explained. Shazad Kaliq may use a different form of promotion – example given e.g. sales promotions, advertising on local radio/newspapers/ magazines and how customers will be influenced to buy carpets or pay for carpet fitting BUT problems with each method explained e.g. cost/coverage etc.	10 1 – 3 4 – 6 7 - 10	AO1 3 AO2 3 AO3 4

Question No.	Question & Answer	Mark Allocation	Assessment Objective
	Shazad Kaliq might move to bigger shop/in busier location/sell online (place) – to attract a wider market – advantages of doing so explained BUT might cost more to rent/buy, problems of informing customers, problems of selling on internet etc. Candidates may achieve top of level 3 with three Ps if done particularly well. If only one P, maximum of 4 marks. If only 2P's, maximum of 6 marks. Covering all four Ps does not necessarily mean level 3.		

Question No.	Question & Answer	Mark Allocation	Assessment Objective
10. (a)	Explain the features of co-operative ownership. A business organisation that is owned by its customers/worker/ producers/members – they have a common purpose or aim – they receive dividends – they share decision-making/workers are consulted etc.	2	AO1 2
10. (b)	Using the data in the table above, calculate the market share of the Co-operative. 100 – 93.8 = 6.2%	1	AO2 1
10. (c)	Suggest <u>one</u> example of an expense a business may have to pay. Rent/Salary/Wages/Utilities/Tax/Fuel/Marketing/ Business rates/ Administration/Insurance etc.	1	AO1 1
10. (d)	Calculate net profit as a percentage of turnover for Tesco plc in 2016. (Show your workings.) 1 046 / 54 433 x 100 1 mark 1.92(%) or 1.9(%) 2 marks 5.2(%) 1 mark (OFR GP figure)	2	AO2 2
10. (e)	Explain how businesses such as supermarkets are affected by: (Up to 2 marks for each point explained) (i) A fall in the value of the pound; Import prices increase – increased costs for the business – pass the increased cost onto the consumer in terms of higher prices – loss of sales Increased value of foreign income/investments – increase profits Purchasing stock in Britain – therefore no effect Exporting businesses may find that they have more competitive prices – increased customers – leading to increased sales revenue etc. (Must refer to imports or exports) (ii) An increase in corporation tax; Retained profits may fall – an extra expense is taken from company profits Supermarkets may increase prices to compensate for the increase in tax – sales revenue may fall/rise Less money to invest/pay out the shareholders – may affect share price/lose shareholders More tax paid by the business (Not more tax paid) etc.	6	AO3 6

Question No.	Question & Answer	Mark Allocation	Assessment Objective
	(iii) Protests against low payments to suppliers; Ethical customers may be put off purchasing from the businesses or supermarkets involved – sales revenue may fall Competition may benefit as customers may switch from non-ethical businesses or supermarkets to ethical businesses or supermarkets –sales may increase for businesses or supermarkets not involved They may be forced to increase the payments to suppliers - Business or supermarket costs may rise – increased prices Poor reputation – could lose customers/market share Suppliers difficult to obtain – less stock –loss of sales revenue/profit etc.		
10. (f)	Explain the advantages and disadvantages to businesses such as supermarkets, of adopting environmental and ethical policies. Level 1 Advantage and/or disadvantage listed. Level 2 Advantage(s) and/or disadvantage(s) with some explanation. All ethical/environmental = Max 5 Level 3 Balanced consideration of the advantage(s) and disadvantage(s) of adopting environmental and ethical policies. Advantages might include: Supermarkets are reducing waste – leading to lower costs in the long term – impacting positively on profit The supermarkets will meet government targets – avoids having to pay fines – reducing costs and potentially increasing profits The supermarkets will benefit from improved worker morale – concern for employees, with need for safe working environment/fair pay and treatment – less absenteeism/lower labour turnover etc. Showing concern for producers, in third world countries/fair trade and the environment – important for the image of the supermarkets/ marketing or commercial reasons – leads to increased sales with those that share concerns Premium price for ethical products – increased revenue etc.	8 1 – 2 3 – 5 6 - 8	AO1 2 AO2 3 AO3 3

Question No.	Question & Answer	Mark Allocation	Assessment Objective
	Disadvantages might include: Business costs of being ethical, e.g. litter clearance, distribution of unsold food, increased price of fair trade goods – impacts negatively on profit margins Packaging issues such as cost/finding alternatives/hygiene – increase business costs – impacting negatively on profits or pricing flexibility Difficulties in being ethical – for example food miles/transportation costs Staff issues such as training/supervision may be required – leading to increased costs. etc. (Candidates must explain 1 advantage and 2 disadvantages or 2 advantages and 1 disadvantage for Level 3)		