

GCSE

Business Studies

413001

Mark scheme

4133

June 2015

Version 1.0 Final

Mark schemes are prepared by the Lead Assessment Writer and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation events which all associates participate in and is the scheme which was used by them in this examination. The standardisation process ensures that the mark scheme covers the students' responses to questions and that every associate understands and applies it in the same correct way. As preparation for standardisation each associate analyses a number of students' scripts. Alternative answers not already covered by the mark scheme are discussed and legislated for. If, after the standardisation process, associates encounter unusual answers which have not been raised they are required to refer these to the Lead Assessment Writer.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of students' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

Further copies of this mark scheme are available from aqa.org.uk

1

1 (a) Explain **one** possible business objective that would be suitable for a start-up business like Jenna's.

[2 marks]

Possible objectives could be:

- to break even
- to make a profit
- to survive
- to increase sales/revenue

Level	Descriptor	Marks	Assessment Objective
2	Identifies one possible objective and explains that objective or how it is suitable for a start-up business or explains using an example.	2	AO2
1	Identifies or states one possible objective.	1	AO1
0	No valid response.	0	

Also allow both generic objectives, eg customer satisfaction, provide a quality service.
Do not allow personal objectives that could not also be business objectives, eg run her own business.

1 (b) Explain **one** advantage and **one** disadvantage to Jenna of using leaflets to advertise her business. **[4 marks]**

Possible advantages include:

- cheap to distribute
- lots can be made/distributed
- easy to make attractive.

Possible disadvantages include:

- can cost a lot to produce
- can be treated as junk/thrown away
- time and effort to distribute.

Level 2 example answer:

Leaflets may be cheap to distribute (**L1**) which is helpful to Jenna as she is starting-up/does not have a lot of money (**L2**).

Apply grid below twice.

Level	Descriptor	Marks	Assessment Objective
2	Explains possible advantage/disadvantage to Jenna.	2	AO2
1	Identifies possible advantage/disadvantage.	1	AO1
0	No valid response.	0	

L2 Answers must be a valid explanation of the advantage/disadvantage referring to the context given. Context could include being local/households, not having a lot of money, start up business, sole trader.

1 (c) (i) Jenna currently prices her bag of mixed vegetables at £1.50 and sells 60 bags per week. She is thinking of increasing her price to £2.00 per bag.
Calculate Jenna's weekly revenue if she only sells 50 bags at the new price. **[2 marks]**

Correct Answer = 50 x £2 = £100 (2 marks) – £ must be there for 2 marks.

Other answers for 1 mark:

- showing formula of Price x Quantity = Revenue
- showing understanding of formula, eg 50 x £2, £1.50 x 50 – on their own without total calculation.
- 100.

1 (c) (ii) Explain the possible effect on Jenna’s business if she decides to increase the price. **[4 marks]**

Possible effects include:

- she might lose customers/sell less bags
- she might earn more profit as a whole/on each bag
- she might increase her revenue – eg by £10 as above
- customers might choose to shop somewhere else.

Level 2 example answer:

If Jenna increases the price of the bag of mixed vegetables, she may lose some customers (L1) because they will go elsewhere to buy cheaper vegetables. (L2) however if her sales decrease as suggested her revenue will increase by £10 (L2)

Level	Descriptor	Marks	Assessment Objective
2	Explains possible effect(s) on Jenna’s business.	4 - 3	AO2
1	Identifies possible effect (s) or explains an effect not in context.	2 -1	AO1
0	No valid response.	0	

Do not award generic comments such as “go bankrupt” unless part of a clearly developed explanation.

1 (d) *Jenna has to decide if she should offer the delivery service of a box of organic fruit and vegetables. In order to find out if this would be popular, she is considering whether to:*

- *give out questionnaires in two villages near the farm shop*
- *carry out some internet research.*

Recommend to Jenna the best way to obtain reliable market research. Give reasons for your recommendation.

[9 marks]

A valid judgement may be that they should do either, both or alternative method(s) of research.

Possible areas for discussion:

Questionnaire

- many can be given out
- quick way to gather results
- sample may be biased
- takes time to conduct.

Internet Research

- should be cheaper than questionnaire
- easy and quick
- may not be relevant to Jenna’s business
- data may be out-of-date.

Level 2 example answer:

Jenny could give out questionnaires where she would ask possible customers (L1). This would provide her with up to date data about the demand for her delivery service. (L2)

Level 3 example answer:

If Jenna used the Internet, this would not cost very much (L1). This is helpful as Jenna does not have a lot of money to spend on research (L3). This would keep her costs down, which is important to help her survive in her first year (L3).

Level	Descriptor	Marks	Assessment Objective
3	Analyses benefit(s)/drawback(s) of options in context.	4–3	AO3
2	Explains/describes possible option in context.	2	AO2
1	States relevant point.	1	AO1
0	No valid response.	0	

Evaluation on next page.

In addition, and separately, award marks for evaluation using the grid below.

Students should evaluate/recommend which method of research Jenna should use.

Possible Evaluation in context:

- Jenna would be better to give out questionnaires as this would be more specific to her business and she would gather lots of opinions from potential customers which would help her make a more reliable decision whether this new service would be worthwhile. (E2)
- Jenna would be better to conduct internet research as although this might be less reliable it would be a cheaper option for her as she does not have a lot of money. (E2)

Unsupported judgements or no judgement should only be awarded 1 mark maximum (for QWC).

Notes: AO3 also assesses students' quality of written communication. When deciding on the AO3 level to be awarded, consider the degree to which the student orders and communicates his/her ideas.

Level	Descriptor	Marks	Assessment Objective
E2	Offers recommendation with clear justification. Ideas communicated with structure/correct use of business terms. There are occasional errors in accepted conventions of written communication.	5–3	AO3 and Quality of Written Communication
E1	Offers recommendation with limited support. Ideas communicated in simple way/limited use of business terms. There are noticeable errors in accepted conventions of written communication.	2–1	

2

2 (a) State **two** possible risks for Out & About Ltd if it sells its products overseas. **[2 marks]**

Possible risks include:

- increased competition from firms in other countries
- the additional finance required for higher costs of overseas distribution or marketing
- dealing with foreign currency
- higher transport costs associated with international distribution
- language difficulties
- overseas customers may have different tastes
- increased costs associated with the website

1 mark per correct answer

Do not allow not making enough profit or not making any profit going bankrupt or increased costs on their own. **Risk should be clearly related to selling overseas.**

2 (b) Explain **two** sources of finance that would be suitable for Out & About Ltd to fund its expansion overseas. **[6 marks]**

Possible sources include:

- bank loan
- overdraft
- loan from family & friends
- grant from Government/Government Agencies.

As company is a private limited company also allow using profits or selling more shares. Other sources such as mortgages, leases and venture capital are also acceptable but explanation should show how funds are generated that will assist the expansion.

Level 3 example answer:

Out & About Ltd could ask the bank for a loan (L1). This would be suitable as it will give the money for a certain time. (L2) As well as approving the loan the bank could offer advice about how best to sell their products overseas. (L3)

Apply grid below twice.

Level	Descriptor	Marks	Assessment Objective
3	Explains why the source would be suitable for Out and About Ltd.	3	AO2
2	Describes suitable source for Out and About Ltd.	2	
1	States suitable source.	1	AO1

0	No valid response.	0	
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- 2 (c)** *Explain how Out & About Ltd could use its new website to help improve its customer service.*

[4 marks]

Possible points re: website could include:

- can provide more product details
- meets customers' needs for on-line sales
- provides feedback and future improvements
- products required to be competitive.

Level 2 example answer:

The website will allow Out and About Ltd to provide more product information and allow on-line sales. (L1). This will please the customers whose needs will be met by having more details and convenient purchasing. (L2).

Level	Descriptor	Marks	Assessment Objective
2	Explains how a website would improve customer service .	4–3	AO2
1	Identifies possible improvement(s)/benefit(s).	2–1	AO1
0	No valid response.	0	

Note: context is not required for Level 2

2 (d) *Out & About Ltd expects that its new website will increase its sales. To cope with this rise in demand it will have to recruit some new workers, both in the factory and in the shops.*

Advise Out & About Ltd whether these new members of staff should be employed full-time or part-time. Give reasons for your advice.

[9 marks]

Possible areas for discussion:

Full-time staff

- work more hours so less needed
- workers may feel more secure and are loyal
- lower recruitment costs (as lower turnover)

Part-time staff

- saves on wages/salaries
- flexible – can be asked to work at busier times related to seasonal demand
- workers prefer part-time (popular)

n.b. the Item refers to part time staff allowing flexibility relating to seasonal demand so it is reasonable for answers to refer to part time staff also being temporary.

Level 2 example answer:

If Out & About Ltd employed part-time workers this would give them flexibility (L1) as they could just employ the workers in the summer when they are busy. (L2)

Level 3 example answer:

If Out & About Ltd employed part-time workers they would save some money on wages/salaries (L1) and this could keep their profit levels high. (L2) This would allow them to have more finance available to spend on improving their website. (L3)

Level	Descriptor	Marks	Assessment Objective
3	Analyses benefit(s)/drawback(s) of options in context.	4–3	AO3
2	Explains/describes possible options in context.	2	AO2
1	States relevant point.	1	AO1
0	No valid response.	0	

Evaluation on next page.

In addition, and separately, award marks for evaluation using the grid below.

Students should evaluate/recommend whether full-time or part-time staff should be employed.

Do not credit answers which make a comparison between temporary and permanent workers.

Possible evaluation in context:

- Out & About Ltd should employ full-time staff who are there for the full working hours in order to be able to cope with the expected increase in demand from also selling through their new website
- Out & About Ltd should employ part-time staff as this would be a cheaper option with less wages/salaries being paid, helping to keep costs down which would continue to keep their profit levels high.

Unsupported judgements or no judgement should only be awarded 1 mark for QWC.

Notes: AO3 also assesses students' quality of written communication. When deciding on the AO3 level to be awarded, consider the degree to which the student orders and communicates his/her ideas.

Level	Descriptor	Marks	Assessment Objective
E2	Offers judgement with supported justification. Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	5–3	AO3 and Quality of Written Communication
E1	Offers judgement with limited justification. Ideas are communicated with some structure evident with occasional use of technical terms. There are noticeable errors in accepted conventions of written communication.	2–1	

3

3	(a)	<i>Explain the benefits to The Coffee Pot of using high quality ingredients.</i>	[4 marks]
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Possible answers may include:

- allows The Coffee Pot to differentiate their end products from rivals
- justifies higher prices charged
- meets customer expectations
- better reputation
- repeat business.

Level 2 answer:

The Coffee Pot benefits from using high quality ingredients as it allows them to have different products compared rivals. (L1) This is important as The Coffee Pot has seen falling sales since Starbean has opened. (L2) By using this quality more people would chose The Coffee Pot rather than competitors increasing The Coffee Pot sales. (L2)

Level	Descriptor	Marks	Assessment Objective
2	Explains quality benefit(s) in context of The Coffee Pot.	4–3	AO2
1	Identifies possible benefit(s) of using high quality ingredients.	2–1	AO1
0	No valid response.	0	

One benefit will be sufficient if developed to gain maximum marks.

3 (b) *Explain how replacing the kitchen floor in order to meet health and safety standards will affect The Coffee Pot.*

[5 marks]

Possible answers may include:

- avoid fines
- allows her to continue to trade legally
- avoid bad publicity
- increased cost (of £5000) in order to meet the standards
- lower risk of work related accidents
- reduces long term costs of absenteeism
- protects the business long term
- may lose sales as they may have to close while it is done.

By replacing the kitchen floor and meeting the health and safety standards The Coffee Pot will avoid being fined (L1) which would add to the business' costs. (L1) This is a problem as the business is currently experiencing falling sales (L2) and they must reduce unnecessary expenditure to be profitable (L2).

Or

The Coffee Pot will incur higher costs to meet the health and safety standards. (L1) This will reduce the profitability of the business (L1) as the kitchen floor is in need of investment to bring it in line with current health and safety standards (L2).

Level	Descriptor	Marks	Assessment Objective
2	Explain the affect(s) in context of The Coffee Pot.	5–3	AO2
1	Identifies/describes an affect(s).	2–1	AO1
0	No valid response.	0	

One point fully developed in context can gain maximum marks.

3 (c) *Helen is worried about the competition from the new Starbean coffee shop. She has found a suitable new location in the craft centre next to the castle. This location meets all health and safety standards.*

Advise Helen which location would be the best for her business. Give reasons for your advice.

[9 marks]

Possible arguments for remaining in Hasley include:

- regular customers
- established for 10 years
- loyal workers – would they be prepared to travel?
- busy town – higher footfall
- no relocation costs incurred
- less seasonal fluctuation in sales.

Possible arguments for moving to the craft centre include:

- new location that complies with all health and safety standards
- no expenditure in meeting new health and safety standards – saves the business £5000
- no/less competition
- craft centre fits in with image of the coffee shop
- new customers would be gained.

Level 2 example answer:

She would be better to stay where she is as she has regular customers all year round (L2).

Level3 example answer:

The craft centre location would be good because it moves them away from Starbean (L2). It would also save them £5000 as it a new café which does not need a new floor (L3).

Level	Descriptor	Marks	Assessment Objective
3	Analyses benefit(s)/drawbacks of location(s).	4–3	AO3
2	Describes benefit(s)/drawbacks of location(s).	2	AO2
1	States relevant point(s).	1	AO1
0	No valid response.	0	

Evaluation on next page.

In addition, and separately, award marks for evaluation using the grid below.

Students are evaluating which location is better for the coffee shop. They may just evaluate one option which can still earn full marks.

Possible evaluation in context:

The craft centre would be best, as despite potentially losing her current, loyal customers, as she has been in Hasley for 10 years, there could be many more new customers providing a greater revenue stream from the new craft centre. This location would allow her business to continue to trade successfully without the threat of competition. (E2)

Or

Staying in her current location would be best, as the craft centre will experience very seasonal sales. The expense of moving may not be recouped from the revenue from new customers and her loyal customers may not be prepared to travel away from Hasley for just a snack. She therefore would be better in Hasley, focussing on ways to retain and attract new customers from the competition. (E2)

Unsupported judgements or no judgement should only be awarded 1 mark maximum (for QWC)

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