

GCE Applied Business

Unit F242: Understanding the business environment

Exemplar candidate responses – June 2011 series

Evaluate whether or not Bike Angels should be established as a registered charity.

[12 marks]

Response 1

[Awarded 4 marks]

In the second sentence of this response the candidate gives a benefit of becoming a registered charity – gift aid. This is a Level 1 response. However, in the third sentence this benefit is developed to explain that the gift aid will lead to more profit for Charlie to promote cycling to school and purchase bikes for deprived areas. This is clearly a contextualised benefit and the response enters Level 2.

The remainder of the response adds nothing to the argument, at best repeating the contextual benefit already stated. The highest level achieved is, therefore, Level 2. A low Level 2 mark, of four, is awarded as per the mark scheme for stating one advantage in context.

(c) Evaluate whether or not Bike Angels should be established as a registered charity.

If Charlie sets up Bike Angels as a registered charity, she will benefit from income tax, capital gains tax, stamp duty or inheritance tax. Also can take advantage of gift aid to reclaim the tax on donations. This will mean that they will be able to have more profit for Charlie to promote cycling to schools and purchase bikes for those in deprived areas. However if Charlie does not register as a charity, it would mean that she will have to pay all the taxes mentioned above, and not be able to use gift aid. This means that she will have less profit which will then take longer for Charlie to complete her aim to promote cycling etc. I will therefore recommend Charlie to register as a charity to take advantage of all those benefits mentioned and to be able to achieve her aim.

SEEN

[12]

[Total: 16]

One advantage explained in context

Response 2

[Awarded 3 marks]

Several benefits and drawbacks of becoming a registered charity are put forward in this response – get a better name, VAT exemption, lots of paperwork, slow set up process. None of these are written in context, and as such would apply to all organisations thinking of becoming registered charities. This response is, therefore, limited to Level 1 marks. The top Level 1 mark, of three, is awarded as per the mark scheme for identifying both advantages and disadvantages in context.

- (c) Evaluate whether or not Bike Angels should be established as a registered charity.

I R ~~for~~ Bike Angels does become a charity
it could help people ~~to~~ who are less fortunate
than themselves and give their company a
better name. ^{II} There are things that will
~~stop stop~~ There are things that will make
it hard for it to happen like initially it will
cost a lot to set up even though they can
get some cost ^{reductions} ~~benefits~~ like reduced VAT. ^{II} There
is also lots of paper work that has to
be done which could slow the ^{II} process down. Also
they will need a lot of volunteers to help
them which could be difficult ^{to recruit}. Also it
could be difficult to raise capital due
to they will be mostly reliable on donations.

I don't think that Bike Angels should.

become a charity because I think they
 should concentrate on running their business.
 Also there is lots of things they will
 have to do to become one, so I think
~~they should~~ if they are really passionate
 about it they could merge or join an
 already existing charity.

SEEN

[12]

[Total: 16]

There is a possibility of producing a pair of funky indicator gloves which will only last as long as the batteries (approximately three months depending on use), which would be cheaper to manufacture than funky indicator gloves with renewable batteries.

**Recommend which type of gloves Charlie should produce. Justify your answer.
[12 marks]**

Response 1

[Awarded 7 marks]

In the second sentence the link between corporate image and non-renewable (obsolescent) products is explained. Sadly 'products' is the word the candidate uses throughout this sentence, there is no attempt at contextualising the answer is made, not even a reference to gloves. The response, therefore, sits in Level 1.

Thankfully, the second paragraph is much better – the candidate suggests that non-renewable gloves will mean higher sales. The fact that customers will need to purchase frequent replacements of the gloves is not only valid but contextualised (a Level 2 response). This benefit of non-renewable gloves requiring repeat purchase is then developed analytically to explain the significance to Bike Angels – more profit is likely to be made (a Level 3 response).

The final paragraph, an attempt to make a decision, is confused and inaccurate – the candidate appears to have the two types of gloves the wrong way round – and is therefore invalid. The maximum level which this response achieves is Level 3. The candidate is awarded seven marks, as per the mark scheme, for analysing one advantage to Bike Angels in context.

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- 5* There is a possibility of producing a pair of funky indicator gloves which will only last as long as the batteries (approximately three months depending on use) which would be cheaper to manufacture than funky indicator gloves with renewable batteries.

Recommend which type of gloves Charlie should produce. Justify your answer.

If Charlie was to create funky indicator gloves there would be advantages and disadvantages to this. The main disadvantage would be there was an article about manufacturers making their product obsolete, this would be a threat to her. Another disadvantage would be that she would gain a bad corporate image as consumers wouldn't want to have to purchase the same product four times a year. Consumers may also feel that there is no point in purchasing the product as it is simply going to break which will result in the consumer losing money.

The advantages of having an obsolete product is that Charlie will be able to sell alot more products as consumers will need more than one if they are going to use the gloves on a regular basis. This would therefore lead to Charlie making more profit which she could later donate to charity if she decides to open her business as a charity.

On a whole I feel the disadvantages outweigh the advantages a substantial amount.



as Charlie would gain a bad corporate image, and as a charity this is very important to have as charities rely a lot of volunteers and other members of the society on day to day running. If consumers knew that Charlie had the option and she choose not to make the product obsolete the consumers would feel that Charlie has thinks about them and not just about making a profit for herself.

SEEN

[12]

[Total: 12]



Response 2**[Awarded 11 marks]**

This response contains several benefits/drawbacks of renewable/non-renewable products. Most of the arguments are expressed in context with references to 3-months, materials and gloves throughout. One of the arguments relating to receiving heavy criticism from producing gloves which are non-renewable (a Level 2 response) is developed analytically to explain the significance to Bike Angels – this could ruin Bike Angels' reputation – (a Level 3 response).

The final paragraph recommends that Bike Angels should produce the renewable type of gloves. Two valid reasons for this decision are given. Both reasons centre around improved reputation, firstly a 'greener' reputation and secondly a 'more reliable' reputation. The recommendation is justified and enters Level 4. A mark of 11 is awarded.

- 5* There is a possibility of producing a pair of funky indicator gloves which will only last as long as the batteries (approximately three months depending on use) which would be cheaper to manufacture than funky indicator gloves with renewable batteries.

Recommend which type of gloves Charlie should produce. Justify your answer.

IR Charlie ^{CONT} was too ^{CONT} make the gloves only last ^{L2} up to 3 months he ~~not~~ could get more repeat business as people will be buying them every three months. The drawbacks to this ^{L2} idea is that companies who do this get heavily criticized by the public and media and ^{L3} ~~at~~ could ^{L2} ruin the ~~reputation~~ ^{reputation} of the company. Also there is a ^{L3} ~~lot of~~ ^{lot of} people talking about how we are a 'throw away society' and that we need to reduce waste. This ~~this too~~ would also give Charlie's business a bad reputation.

IR Charlie goes with the renewable type of glove he could market it very well as he can say its renewable and lots of people are ^{L2} ~~now~~ trying to be eco-friendly. He could also ^{CONT} charge more for the gloves due to people wanting to help the environment. The consumers would also be happy as they know they have bought a product which should last them a long time. The ~~drawbacks~~ ^{drawbacks} to ~~do~~ making this would be that Charlie would have to ^{L2} charge ~~5~~ more as the materials and production costs will be higher. Also he wouldn't get repeat business due to his product will last much



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longer but it will give ~~the~~ the business
a good reputation.

I think Charlie ~~should~~ should make the
~~re~~ renewable version as it is more friendly
to the environment and therefore giving the
business a green reputation. Also ~~it is~~ the
product will last longer which will also
give the business a more reliable reputation.
Also it will prove to people that Charlie has
morals and isn't all about making profit
he wants to help the environment too.

[12]

[Total: 12]



