

New
Specification



Rewarding Learning

**General Certificate of Secondary Education
2011**

Applied Business

[G9372]

MONDAY 6 JUNE, MORNING

MARK SCHEME

Quality of candidate's responses

In marking the examination papers, examiners will be looking for a quality of response reflecting the level of maturity which may reasonably be expected of a 16-year-old which is the age at which the majority of candidates sit their GCSE examinations.

Unanticipated responses

The mark schemes which accompany the specimen examination papers are not intended to be totally prescriptive. For many questions, there may be a number of equally legitimate responses and different methods by which candidates may achieve good marks. No mark scheme can cover all the answers which candidates may produce. In the event of unanticipated answers in operational examinations, examiners are expected to use their professional judgement to assess the validity of answers. If an answer is particularly problematic, then examiners would seek the guidance of the Supervising Examiner for the paper concerned.

Positive marking

Examiners are encouraged to be positive in their marking, giving appropriate credit for valid responses rather than penalising candidates for errors or omissions. Examiners should make use of the whole of the available mark range for any particular question and be prepared to award full marks for a response which is as good as might reasonably be expected of a 16-year-old GCSE candidate. Conversely, marks should only be awarded for valid responses and not given for an attempt which is completely incorrect or inappropriate.

Marking calculations

In marking answers involving calculations, examiners should apply the "own figure rule" so that candidates are not penalised more than once for a computational error.

Levels of Response Marking Grid

	AO1 [3]	AO2 [3]	AO3 [3]
Mark Band 1	1. Candidates demonstrate a basic knowledge and understanding. They give a basic description. There will be little organisation.	1. Candidates are able to apply limited knowledge and understanding. They give simple explanations. There will be few vocational links.	1. Candidates' responses suggest simple, broadly relevant ideas. They reach straightforward conclusions. Responses may not be clearly presented.
Mark Band 2	2. Candidates demonstrate a sound knowledge and understanding. They give a sound description. Answers will be organised.	2. Candidates apply knowledge and understanding to a range of situations. They give sound explanations, with some detail. There will be some vocational links and occasional detail.	2. Candidates comment in depth suggesting relevant ideas for development. They reach reasoned conclusions. Responses will usually be clearly presented. They will use a good range of specialist terms where appropriate.
Mark Band 3	3. Candidates demonstrate a detailed knowledge and understanding. They give a detailed description. Answers will be well organised.	3. Candidates apply relevant knowledge and understanding. They give full, detailed explanations, vocational links and the inter-relationship between factors.	3. Candidates comment fully, suggesting detailed relevant ideas. They reach reasoned conclusions. Responses will consistently be clearly presented in a logical form. They will use a wide range of specialist terms where appropriate.

- 1 (a)** The strategies that Tully Meadows Ltd use to compete are:
- strong brand image to differentiate them in a highly competitive market [1]
 - quality milk ‘with a butterfat and protein content twice that of the national average’ [1]
 - innovative flavours [1]
 - range for diabetics and calorie counters with a range of fat-free sorbets [1]
- (3 × [1]) AO1 [3]
- (b)** Tully Meadows Ltd could compete on price [1]. They could price their ice cream the same as or lower than other luxury ice creams on the market [1] Special offers [1]
- (2 × [1]) AO2 [2]
- (c)** Entrepreneurial attributes:
- both had the idea to start the business and they are willing to take the responsibilities and risks to make it a success [1]
 - drive, enthusiasm and belief in their product [1]
 - the ability to organise and manage the business [1]
 - positive attitude [1]
 - vision [1]
- (2 × [1]) AO1 [2]
- (d)** Four factors of production:
- land [1]
 - labour [1]
 - capital [1]
 - enterprise [1]
- (4 × [1]) AO1 [4]
- (e)** The business needs land on which to build premises for the production of ice cream [1]. Fields are needed to provide grazing for the cows [1].
- Labour refers to the workers needed to manufacture the ice cream [1].
- Capital is required to provide funds to purchase premises, machinery, etc. [1]
- Enterprise – Steven Giles and Gareth Grey are the entrepreneurs who manage the above factors of production to run the business successfully [1].
- (4 × [1]) AO2 [4]

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- 2 (a) A private limited company [1].
(1 × [1]) AO1 [1]
- (b) Advantage for Steve and Gareth:
- the shareholders have limited liability [2]
 - it is easier to borrow money [2]
 - the business is a separate legal entity [2]
 - and it can benefit from economies of scale [2]
- (1 × [2]) AO1 [2]
- (c) Disadvantage for Steve and Gareth:
- shares are not available to the public for sale and this may make expansion difficult [2]
 - some of the financial information of the company is made available to the public and this may be of use to competitors [2]
 - it is more difficult to form than a sole trader or a partnership [2]
- (1 × [2]) AO1 [2]
- (d) Aims of Tully Meadows Ltd:
- to make a profit [1]
 - to increase the profile of their ice cream [1]
 - to break into the overseas market [1]
 - develop a brand programme that would differentiate them [1]
- (2 × [1]) AO1 [2]
Any suitable alternative responses will be accepted.
- (e) **To make a profit**
- In order to make a profit, Tully Meadows Ltd will have to make sure that they have carefully researched the market [1] and that they are providing the customer with what they want [1]. They will have to give them an experience that will make them come back for more [1]. They will have to make the business as efficient as possible [1] and compete with the other luxury brands [1]. They must not be tempted to charge too much for their product to increase profits as this could result in a loss in sales [1].
- (4 × [1]), AO1 [1], AO2 [3]
- or**
- To increase the profile of their ice cream**
- It is a small, growing business [1] with little money to spend on advertising [1] therefore it is important to concentrate on the distinguishing features of the ice cream [1] and to carefully select venues at which to launch their product [1].
- (4 × [1]), AO1 [1], AO2 [3]
- or**
- To break into the overseas market**
- As a small, growing business [1] they will have to tread carefully [1] and develop links overseas in locations suited to their luxury product [1]. When breaking into the overseas market, they will have to examine all elements of the marketing mix [1].
- (4 × [1]), AO1 [1], AO2 [3]

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or

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To develop a brand programme that would differentiate them in this highly competitive sector

- as a small growing business in a highly competitive market they will have to highlight the unique selling points of their products [1]
e.g. quality ingredients [1] innovative flavours [1]

(4 × [1]), AO1 [1], AO2 [3]

Any suitable alternative responses will be accepted. [4]

(f) Aims are important to Tully Meadows Ltd because:

- they are a guide for the business activity in the future
- they are targets for the business to achieve
- they motivate employees and ensure that they are all working towards the same goals

(3 × [2]) or (2 × [3]) AO2 [6]

(g) The following information is given in the case study which shows that Tully Meadows Ltd is a successful business.

- **growth**

A business may be said to be successful if it becomes bigger. Tully Meadows Ltd have increased their product range and have opened a farm shop [2]

- **increased profits**

Success is measured by the amount of profits made. Turnover has increased by 50 per cent so we can assume that there has been an increase in profits [2]

- **being competitive**

The ice cream industry is very competitive – you have to compete to be successful [2]

Any suitable alternative response will be accepted.

(2 × [2]) AO3 [4]

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- 3 (a)** A stakeholder is a person/group who has an interest in the performance of a business [1].
(1 × [1]) AO1 [1]
- (b)** Stakeholders may include:
- owners/shareholders [1]
 - managers [1]
 - employees [1]
 - directors [1]
 - local community [1]
 - customers [1]
 - Invest Northern Ireland [1]
- (2 × [1]) AO2 [2]
- (c)** Aims of stakeholders may be in conflict:
- Owners/employees
- Owners/shareholders have invested their money in the business [1] and want as great a return on their investment as possible [1]. Employees want job security and will want a good wage/salary [1]. High labour costs will reduce profits hence conflict of interest [1].
- Owners/customers
- Customers will want value for money [1] – the best quality at the lowest possible price [1]. Owners will want to increase profits and may increase prices hence the conflict [2].
- Owners/local community
- The community will want businesses to care for the environment [1]. This costs money initially [1] and environmental policies may mean a reduction in profits [1]. This will be in conflict with the aims of the owners/shareholders [1].
(2 × [2]) or (4 × [1])
- Any suitable alternative responses accepted. AO2 [4]

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- 4 (a) Batch production is used when several of the same product are made in a batch, e.g. different ice cream flavours [1]. All the ice cream made in a batch are of the same flavour [1].
(2 × [1]) or (1 × [2]) AO2 [2]
- (b) In flow production one product is made continuously and in large quantities [1]. Flow production is suitable when large amounts of identical products are being made [1].
(2 × [1]) or (1 × [2]) AO2 [2]
- (c) As a result of the use of technology:
- the quality of the ice cream is improved [1]
 - improved research and development leads to different flavours and other products, e.g. fat free sorbets and ice cream cakes [1]
 - increased productivity [1]
 - greater efficiency, lower costs [1]
 - higher profits [1]
 - improved customer satisfaction, increased sales [1]
 - fewer staff required leading to unemployment in the region [1]
- (6 × [1]) or (3 × [2])
Any suitable alternative responses accepted. AO2 [6]
- (d) Tully Meadows Ltd have a responsibility to their employees in the area of health and safety.
- they are obliged to provide a healthy and safe working environment for employees
 - they must make sure that all machinery and equipment is safe to use and ensure that it is regularly serviced
 - staff should receive training in health and safety and they must be provided with protective clothing where appropriate
 - their training should include training in safe work practices
 - the premises should be suitably ventilated
 - an indoor temperature of at least 16° should be maintained
 - adequate lighting should be provided
 - waste should be regularly removed
 - clean washing facilities and toilets should be provided for employees

Candidate is expected to discuss the responsibility Tully Meadows Ltd has for their employees in the area of health and safety.

([0])

Answer is not worthy of credit.

([1]–[3])

Candidate has demonstrated limited ability to discuss the responsibility Tully Meadows Ltd has for their employees in the area of health and safety.

Candidate demonstrates a limited level of accuracy in spelling, punctuation and grammar. The meaning of the text is clear some of the time. The candidate demonstrates a limited level of writing, form and style appropriate to the purpose of the question. The organisation of the work is limited.

([4]–[6])

Candidate has demonstrated a good ability to discuss the responsibility Tully Meadows Ltd has for their employees in the area of health and safety.

Candidate demonstrates a good level of accuracy in spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a good level of writing, form and style appropriate to the purpose of the question. The organisation of the work is good.

([7]–[8])

Candidate has demonstrated an excellent ability to discuss the responsibility Tully Meadows Ltd has for their employees in the area of health and safety.

Candidate demonstrates an excellent level of accuracy in spelling, punctuation and grammar. The meaning of the text is always clear. The candidate demonstrates an excellent level of writing, form and style appropriate to the purpose of the question. The organisation of the work is excellent.

AO3

[8]

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5 (a)

Tully Meadows Ltd

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Job Description

Job Title

Parlour Assistant

Place

Tickety-Moo, Killadeas, Enniskillen [1]

Responsible to

Administration Manager [1]

Duties

1

Responsible for the day to day running of the ice cream parlour [1]

2

Provide administrative assistance to the administration manager [1]

(4 × [1]) AO2

[4]

(b) A person specification is a document that shows the requirements, qualifications and attributes required of a person to do a particular job [2].

(1 × [2]) AO1

[2]

(c) Items contained in a person specification:

- excellent communication skills [1]
- excellent people skills [1]
- the ability to work unsupervised [1]
- retailing experience would be an advantage [1]
- qualities/qualifications required [1]

(3 × [1]) AO2

[3]

(d) The purpose of an interview is to find the most suitable person for the job [1]. It enables employers to meet the applicants and to judge their suitability [1].

(1 × [1]) AO1

[1]

(e) Questions for the interview for parlour assistant.

- Why have you applied for the position of parlour assistant? [1]
- Do you get on well with people? Give examples to support your answer [1].
- Have you any retailing experience? [1]
- What are the most important qualities required when dealing with the public? [1]
- What skills, attributes do you bring to this position? [1]
- Why do you think that you should get this job? [1]

(3 × [1]) Any suitable alternative responses accepted.
AO2

[3]

(f) Tully Meadows Ltd provide training:

- to introduce new employees to the business [2]
- to introduce new employees to the production methods [2]
- to provide them with the skills necessary for the job [2]
- to reduce the risk of accidents on the premises and [2]
- to motivate employees [2]

(2 × [2]) AO3

[4]

- (g)** Advantages of on-the-job training:
- it is given at the work place and during working hours
 - training is matched to the needs of Tully Meadows Ltd
 - the employee is shown exactly what has to be done and can be supervised by an experienced worker
 - cheaper as training is provided on the premises and
 - the needs of the employee are addressed – the content is specifically related to the needs of the employee

Disadvantages

- the trainer may have developed bad habits and these will be passed on to the employee and
- time is lost by the trainer and time in business is money

([0])

Answer is not worthy of credit.

([1]–[2])

Candidate has demonstrated limited ability to evaluate on-the-job training.

Candidate demonstrates a limited level of accuracy in spelling, punctuation and grammar. The meaning of the text is clear some of the time. The candidate demonstrates a limited level of writing, form and style appropriate to the purpose of the question. The organisation of the work is limited.

([3]–[4])

Candidate has demonstrated a good ability to evaluate on-the-job training.

Candidate demonstrates a good level of accuracy in spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a good level of writing, form and style appropriate to the purpose of the question. The organisation of the work is good.

([5]–[6])

Candidate has demonstrated an excellent ability to evaluate on-the-job training mentioning suitable advantages and disadvantages.

Candidate demonstrates an excellent level of accuracy in spelling, punctuation and grammar. The meaning of the text is always clear. The candidate demonstrates an excellent level of writing, form and style appropriate to the purpose of the question. The organisation of the work is excellent.

AO3

[6]

- (h)** Benefits to Tully Meadows Ltd of a highly motivated staff:

- employees work harder [1]
- production increases [1]
- profits increase [1]
- higher quality of work [1]
- less absenteeism [1]
- loyalty to firm [1]
- good working environment [1]

([4] × [1]) or ([2] × [2])

AO2

[4]

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6 (a) Pricing strategy

Strategy – competitive/market led pricing [1] the product is priced at same level or slightly lower than competitors [1].

(1 × [1]) AO2

Reason – Tickety-Moo is in the luxury ice cream market [1]. There is very strong competition [1] and they want to gain advantage over competitors but cannot afford to drop prices too much [1]. They need to constantly monitor the competition.

(3 × [1]) AO3

or

Strategy – cost based pricing [1] the costs are worked out and a percentage for profit is added on [1].

(1 × [1]) AO2

Reason – Tully Meadows Ltd are in business to make a profit [1]. The advantage of this method of pricing is that there is a profit on sales made [1] but they may not be able to sell the levels required to make the targeted profit levels [1]. They must carefully monitor the competitors' prices and be prepared to reduce the percentage profit added to the costs [1].

(3 × [1]) or (1 × [3]) AO3

or

Strategy – penetration pricing where a low price is charged to gain market share [1]. Once the customers have tasted the ice cream and they become regular customers then the price increases when the market has been secured [1].

(1 × [1]) AO2

Reason – As Tully Meadows Ltd is a relatively young business [1] they have to do all in their power to attract customers and gain a foothold in the market [1]. Selling initially at a low price is a good way of doing this [1] but the competition must be carefully watched as they are in a better position to drop prices [1] and to try and eliminate the newcomer to the market [1].

(3 × [1]) or (1 × [3]) AO3

Any suitable alternative responses will be accepted.

[4]

(b) The benefits of international trade for Tully Meadows Ltd are:

- increased sales, improved image for Tickety-Moo ice cream
- increased profits
- the ability to benefit from economies of sales which will lead to greater efficiency and ultimately lower costs
- the ability to provide more employment in Co. Fermanagh
- the opportunities that come from increased competition

The drawbacks of international trade for Tully Meadows Ltd are:

- increased competition which will make trading more difficult
- increased production will mean additional capital costs and TML may find it difficult to source the necessary capital
- selling internationally means that staff must be employed with the language skills of the country to which the ice cream is being marketed
- TML will need to be familiar with the currency of the country to which they are selling, e.g. the euro for countries in the EU currency – differences will also affect their pricing policy

- production methods may need to change to comply with legal requirements and cultural differences in the countries to which they are selling their ice cream, e.g. flavours may have to be changed as there are differences in the making of chocolate in the different countries

However, the benefits far outweigh the drawbacks and breaking into the international market would help TML to fulfil their aim to be the largest ice cream producer in the world.

([0])

Answer is not worthy of credit.

([1]–[3])

The candidate is able to give one/two benefits and drawbacks of international trade to TML.

Candidate demonstrates a limited level of accuracy in spelling, punctuation and grammar. The meaning of the text is clear some of the time. The candidate demonstrates a limited level of writing, form and style appropriate to the purpose of the question. The organisation of the work is limited.

([4]–[6])

The candidate demonstrates a good understanding of the question and provides a range of benefits and drawbacks of international trade to TML.

Candidate demonstrates a good level of accuracy in spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a good level of writing, form and style appropriate to the purpose of the question. The organisation of the work is good.

([7]–[8])

The candidate demonstrates a clear understanding of the question and provides a comprehensive response.

The candidate demonstrates an excellent level of accuracy in spelling, punctuation and grammar. The meaning of the text is always clear. The candidate demonstrates an excellent level of writing, form and style appropriate to the purpose of the question. The organisation of the work is excellent.

AO3

[8]

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Total

100

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