

# GCSE

# **BUSINESS STUDIES**

413002 Growing as a Business

Mark scheme

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4133  
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Version 1.0 Final

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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](http://aqa.org.uk)

**1 (a)** Explain **one** suitable method to promote the opening of the factory shop. **[2 marks]**

**Possible answers include:**

- advertisement media
- flyers
- special offers, eg voucher for money off
- celebrity opening

**1 mark** for suitable method identified and **1 mark** for developing/explaining the method.

**NB:** Do not accept any non-promotional method, eg pricing strategy, unless there is a clear promotional element to the method.

Both marks are AO1.

**Examples:**

- Dotis could put leaflets through people's doors **(1)** (valid method, no explanation)
- they could use local radio **(1)**, as local people are more likely to go to Dotis' new shop **(2)**
- they could use a celebrity like their MP to open the shop **(1)** (valid method but not explained)
- they might advertise the opening **(1)** by using posters **(2)**.

**1 (b)** Briefly explain **two** advantages to Dotis Ltd of opening a factory shop to sell its glassware directly to the public. **[4 marks]**

**Possible advantages include:**

- missed out retailer/wholesaler – allows greater proportion of price to be retained
- creates work for existing older staff – could help improve efficiency of business
- gives the company a caring image – possibly helping sales
- acts as an outlet for 'seconds' – items that the company would not want to reach a wider market
- could receive direct customer feedback on designs etc.

**1 mark** for identifying an advantage (AO1) and **1 mark** for developing this (AO2).

**Apply twice.**

<b>1</b>	<b>(c)</b>	<p><i>Explain how Dotis Ltd might reduce the percentage of below-standard glassware that it produces.</i></p>	<b>[4 marks]</b>
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**Possible answers include:**

- quality checks
- better quality equipment
- improved employee training
- recruit younger staff
- motivational factor eg higher wages

Level	Descriptor	Marks	Assessment Objective
3	Method(s) explained/developed in context.	4–3	AO2
2	Method(s) explained/developed without context or Low level explanation with context.	2	
1	Suitable method(s) identified.	1	AO1
0	No valid response.	0	

<b>1</b>	<b>(d)</b>	<p><i>Dotis Ltd needs to recruit a manager for the factory shop. It is considering <b>two</b> ways of doing this:</i></p> <ul style="list-style-type: none"> <li>• <i>promoting an existing employee</i></li> <li>• <i>recruiting somebody new to the business.</i></li> </ul> <p><i>Advise Dotis Ltd on which would be the better option for the business to take. Use <b>Item A</b> to support your answer.</i></p>	<b>[9 marks]</b>
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**Arguments for promoting existing employee:**

- family-based business – seen as way of rewarding loyalty
- known person – more likely to be suited to do the job/less of a risk.

**Arguments for recruiting new person:**

- might have more authority than someone the employees already know
- employees in factory shop are all new to the job, so new manager would bring experience to the venture
- existing employees have production experience not retailing.

**Evaluation on next page.**

**Possible areas for evaluation:**

- given Dotis' circumstances, why an existing employee/new recruit would be suitable
- why it might be better to have a younger/elderly person as the manager
- the costs involved in appointing the person.

Level	Descriptor	Marks	Assessment Objective
3	Analyses the issues in choosing suitable method in context.	4–3	AO3
2	Provides some explanation of points.	2	AO2
1	States relevant points.	1	AO1
0	No valid response.	0	

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

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

A clear judgement is one that follows logically from the arguments raised elsewhere in the response. The judgment made is unambiguous and realistic with the candidate having articulated the reason(s) for this particular choice, rather than leaving it to the examiner to infer the reason(s).

Judgement is being made on the best method of recruiting a manager for the factory shop.

Level	Descriptor	Marks	Assessment Objective
E2	Offers judgement with clear 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	

**2 (a)** List **two** stakeholders of Hey Presto.

**[2 marks]**

**Possible answers include:**

- employees
- shareholders/owners (allow Christine)
- managers
- competitors
- government
- environment
- local community, etc.
- creditors (e.g. bank)

**1 mark** for up to **two** different stakeholders mentioned (AO1).

**2 (b)** Briefly explain **one** advantage and **one** disadvantage to Hey Presto of growing in size.

**[4 marks]**

**Advantage:**

- to be able to compete with new competitors by offering a more comprehensive service
- demonstrating that costs could rise disproportionately as HP expands, (eg poorer communications), ie any aspect of economies of scale
- to make more money (profit)
- to reduce costs (economies of scale).

**Disadvantage:**

- higher risk, more to lose as there are several new competitors
- any aspect of diseconomies of scale.

**1 mark** for identifying the advantage/disadvantage and **1 mark** for point developed/explained.

**2 (c)** *Explain a benefit to Hey Presto of choosing to replace diesel vans with more expensive electric vehicles.*

**[4 marks]**

**Possible reasons include:**

- being seen in a good light by the public (because the vehicles are less polluting) so HP gets more business
- the savings in fuel might pay for the extra purchase cost increasing profit
- more convenient for stop-start short distances city work.

**NB:** Examiners should ensure that the benefit is to HP. 'Reduces pollution' on its own will score zero as this is a benefit to the environment, not HP directly.

Level	Descriptor	Marks	Assessment Objective
3	Benefit explained.	4–3	AO2
2	Benefit described.	2	
1	Benefit for changing vans identified.	1	AO1
0	No valid response.	0	

**2 (d)** *Christine is considering **two** ways in which Hey Presto might expand:*

- *continuing to buy new vans from the profits the business makes*
- *merging with its competitor, Fast Track Ltd.*

*Advise Hey Presto on which of these **two** methods of expanding the business would be more suitable for the business. Use **Item B** to support your answer.*

**[9 marks]**

**Possible areas for discussion include:**

**Organic growth**

- simplifies decision making – does not have to take FT's views into account
- avoids reliance on FT, unknown quantity
- have used this method successfully to date.

**Merger**

- fast way to grow, especially with new competition
- allows expansion to a new city with established contacts
- cost saving, probably be able to get rid of duplicated support staff.

**Possible areas for evaluation:**

- the risks involved to HP of one or both methods
- whether HP has sufficient funds to expand organically
- how important is the loss of control if merger takes place?

Level	Descriptor	Marks	Assessment Objective
3	Analyse expansion issue(s) in context.	4–3	AO3
2	Explains expansion issue(s).	2	AO2
1	Identifies expansion issue.	1	AO1
0	No valid response.	0	

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

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

A clear judgement is one that follows logically from the arguments raised elsewhere in the response. The judgment made is unambiguous and realistic with the candidate having articulated the reason(s) for this particular choice, rather than leaving it to the examiner to infer the reason(s).

Judgement is being made on which methods of expanding the business would be more suitable for Hey Presto.

Level	Descriptor	Marks	Assessment Objective
E2	Gives 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 (a)** *What is a statement of financial position (balance sheet)?*

**[2 marks]**

**Possible answers include:**

- document to show what a business is worth
- list of assets and liabilities
- a 'snap shot' of a business at a point in time
- used by investors (or other stakeholders) to see if it is worth investing etc.

**1 mark** for giving limited description plus **1 mark** for some development.

**3 (b) (i)** *Calculate Carpets2U's acid test ratio for 2014.*

**[2 marks]**

ATR (2014) =  $(57-21)/60$  or  $36/60 = 0.6$

**1 mark** for showing  $(57-21)$  or 36 and 60

Correct answer (0.6) is **2 marks**

Allow fraction and percentage equivalents:  $3/5$ ,  $6/10$  etc or 60%.

**3 (b) (ii)** *Explain how the change in Carpet2U's acid test ratio might affect the business.*

**[3 marks]**

**1 mark** for stating or implying that change is not good.

**1 mark** for identifying Carpets2U's ability to pay short term creditors is not as good as it was.

**1 mark** for developing response, this could include: the risk that further credit may be refused by suppliers; bank may not continue to extend overdraft; longer term loan would help.

OFR applies with 3bi.

**3 (c)** Explain **two** advantages to Carpets2U of introducing staff appraisals. **[6 marks]**

**Possible answers include:**

**Advantage**

- motivates employees with personal target in lieu of lost commission
- can identify specific training needs of individual employees
- can be used to promote the business's strengths, eg good service
- gets feedback from employees on how C2U might improve.

Level	Descriptor	Marks	Assessment Objective
2	Advantage explained	3-2	AO2
1	Advantage of appraisals identified.	1	AO1
0	No valid response.	0	

**Apply twice.**

**3 (d)** Carpets2U is thinking of increasing the range of goods that are sold in its stores. Advise Carpets2U's whether you believe that this is good idea. Use **Item C** to support your answer. **[9 marks]**

**Possible areas for discussion:**

- the plan could make the stock issue (acid test ratio) even more of a problem
- the company would be moving into areas in which it lacks experience
- would C2U be able to raise funds especially with recent falling sales/recession
- diversification would allow C2U to hedge its risks – carpets might become unfashionable with other floor coverings.

**Possible areas for evaluation:**

- given the circumstances, the risks involved either way
- the financial implications of diversifying.

Level	Descriptor	Marks	Assessment Objective
3	Analyses the issues in choosing suitable method in context.	4–3	AO3
2	Provides some explanation of points.	2	AO2
1	States relevant points.	1	AO1
0	No valid response.	0	

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

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

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Judgement is being made on whether or not Carpets2U should increase the range of goods that are sold in its stores.

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	