

GCSE
Business Studies
(Short Course)

413013 Business Start Up
Mark scheme

4130
June 2016

Version/Stage: 1.0 Final Mark Scheme

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	(a)	<i>Describe one reason why businesses set objectives.</i>	[2 marks]
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Possible answers could include:

- gives a target to aim for
- provides a yardstick against which to measure success
- assists in planning the business
- forms the basis of business planning.

Level 2 response:

Businesses may set themselves objectives so they have targets (L1). They can then see whether they have met these to judge whether they have been successful (L2).

Level	Descriptor	Marks	Assessment Objective
2	Clear explanation of why businesses set objectives.	2	AO1
1	Shows some understanding of objectives.	1	
0	No valid response.	0	

1	(b)	<i>Explain one benefit to Cupcake Joy of improving its efficiency in producing its cupcakes.</i>	[4 marks]
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Possible answers could include:

- reduced wastage leading to lower unit costs
- less crowded conditions may mean less mistakes meaning higher quality
- more cupcakes can be produced in less time meaning Vanessa has to work fewer hours.

Level 3 response:

Increased efficiency means producing the same number of cakes with less resources (L1). This could mean that the cost of each unit is reduced (L2), as if less materials are wasted, the cost of materials used for each cake would be less (L3).

Level	Descriptor	Marks	Assessment Objective
3	Explains benefit(s) of increased efficiency in producing cupcakes.	4	AO2
2	Explains benefit(s) of increased efficiency.	3–2	
1	Shows some understanding of efficiency.	1	AO1
0	No valid response.	0	

1	(c)	<i>Explain two reasons why Vanessa may have decided to convert to a private limited company.</i>	[6 marks]
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Possible answers could include:

- allows Vanessa to sell shares to raise extra finance
- provides limited liability for Vanessa
- may increase the business' credibility
- may be easier to get a bank loan.

Level 3 response:

Vanessa may have chosen to become an LTD to gain limited liability (L1). This means that she would only lose the money invested in the business if it goes bust owing money (L2) which may be of concern as she is planning to increase the size of the business and thus its possible debts (L3).

Apply grid below twice

Level	Descriptor	Marks	Assessment Objective
3	Explains a reason why Vanessa may have decided to convert to LTD status.	3	AO2
2	Explains a benefit of LTD status.	2	
1	Identifies a possible reason to convert.	1	AO1
0	No valid response.	0	

1	(d)	<p><i>Vanessa is trying to work out the best way to motivate her trainee. She is considering:</i></p> <ul style="list-style-type: none"> • <i>paying the trainee’s course fees for a part-time catering course at the local college</i> <p style="text-align: center;"><i>or</i></p> <ul style="list-style-type: none"> • <i>paying the trainee a £20 bonus each time one of their batches of cakes generates repeat business from a new customer.</i> <p style="text-align: center;"><i>What is the best way to motivate the trainee? Justify your answer.</i></p>	[9 marks]
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Responses could include the following:

For bonus as the best method

- bonus payments have been found to motivate staff, especially staff in lower paid jobs (such as this apprentice)
- Vanessa only has to pay the bonus if the apprentice attracts a new customer – the extra revenue may well cover the cost of the bonus
- the apprentice may be more interested in the training and therefore happy to work for a small bonus plus minimum wage
- this is a fairly cheap way to motivate the apprentice which is useful as Vanessa has just spent money on bigger premises.

Against bonus as the best method:

- the bonus is relatively small (only £20) and may not have much effect
- if the apprentice does well, Vanessa may end up paying out a lot of bonus payments
- the apprentice may prefer to be given greater responsibility
- the minimum wage clause may demotivate the apprentice.

Evaluation:

- students could examine whether it is best for the apprentice, for the business or both
- effective judgement will examine the costs vs benefits of the system – noting that a bonus is only paid if the business gains a new customer.

Level	Descriptor	Marks	Assessment Objective
3	Analyses the likely impact of motivation method(s) suggested	4–3	AO3
2	Explains the likely impact of motivation method(s) suggested	2	AO2
1	Shows some understanding of methods of motivation	1	AO1
0	No valid response.	0	

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.

Judgement is being made on whether the bonus system, or training is the better method to motivate the trainee.

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

Level	Descriptor	Marks	Assessment Objective
2	Offers judgement with clear justification. Ideas are communicated with structure and use of technical terms. There are occasional errors in accepted convention.	5–3	AO3 and Quality of Written Communication
1	Offers judgement with limited support. Ideas are communicated in a simplistic way with limited use of technical terms. Errors in accepted conventions are noticeable.	2–1	

2	(a)	<i>Explain what is meant by a 'focus group'.</i>	[2 marks]
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Level	Descriptor	Marks	Assessment Objective
2	Clear explanation of a focus group.	2	AO1
1	Shows some understanding.	1	
0	No valid response.	0	

Level 2 response:

A focus group is a form of market research where a small group is interviewed in the hope of gaining in-depth information relating to the issue being researched.

Level 1 response:

Will show some understanding it is interview-based market research.

2	(b)	<i>Using Item B, calculate the total revenue that Mike should expect in his first year.</i>	[3 marks]
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Correct answer: £21,600

180 customers x £5 each x 24 events = £21,600 **(3 marks)**

All 3 correct but a computational error **(2 marks)**

Revenue for one event correctly calculated: 180 x £5 = £900 **(2 marks)**

States correct formula for Total revenue (Selling Price x Quantity sold) **but no attempt at calculation (1 mark)**

Correct calculation of total number of customers: 24 x 180 = 4320 **(1 mark)**

Uses events as number of customers and multiplies correctly by price: 24 x £5 = £120 **(1 mark)**

2	(c)	<p><i>Explain why Mike may have chosen to use posters instead of internet promotion such as Twitter, to advertise the events he is going to organise.</i></p>	[5 marks]
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Possible responses could include the following:

- Mike believes the research was unrepresentative
- Mike may not have the knowledge to use Twitter
- sponsored tweets may be too expensive
- Mike may believe his potential customers do not use twitter
- Mike may prefer the geographical targeting that posters allow
- posters can convey more information than twitter posts.

Level 3 response:

Mike wants to reach customers local to the events with his advertising (L1). Posters allow a firm to target their market accurately by showing posters close to where potential customers live or work (L2). Mike may therefore stick posters up close to the venues he is planning to use to ensure those that may come know the event is taking place (L3).

Level	Descriptor	Marks	Assessment Objective
3	Explains benefit(s) of posters/drawback(s) of twitter in the context of Mike’s business.	5–4	AO2
2	Explains benefits of posters/drawbacks of twitter.	3–2	
1	Shows some understanding of advertising.	1	AO1
0	No valid response.	0	

2	(d)	<p><i>Mike is considering whether to arrange a bank loan or to apply for a grant in order to finance his social enterprise.</i></p> <p><i>Which is the better source of finance for Mike? Justify your answer.</i></p>	[9 marks]
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Responses could include the following:

For a bank loan

- Mike is likely to receive the full £5,000 he needs – the grants are up to £5,000
- the number of grants available is limited – Mike may face less ‘competition’ if applying for a loan
- Mike may receive advice from the bank providing the loan – he is young and may therefore lack experience.

For a government grant:

- grants do not usually need to be paid back, nor will interest be paid
- Mike may stand a good chance of a grant as his business is clearly local
- a social enterprise may stand a good chance of receiving a grant
- the award of a grant may bring extra publicity.

Evaluation:

- may focus on Mike’s status as a social entrepreneur making the grant more likely
- a grant would certainly be cheaper than a loan – a huge consideration for a small start-up
- better responses will weigh up the financial benefits of a grant with the uncertainties relating to these grants
- students could advise Mike to apply for the grant, and if unsuccessful apply for a loan.

Level	Descriptor	Marks	Assessment Objective
3	Analyses benefit(s)/drawback(s) of grant/loan in the context of Mike’s business.	4–3	AO3
2	Explains benefit(s)/drawback(s) of grant/loan in the context of Mike’s business.	2	AO2
1	Shows some understanding of grants/loans.	1	AO1
0	No valid response.	0	

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.

Judgement is being made on whether a grant or loan is the most appropriate source of finance for Mike's business.

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

Level	Descriptor	Marks	Assessment Objective
2	Offers judgement with clear justification. Ideas are communicated with structure and use of technical terms. There are occasional errors in accepted convention.	5–3	AO3 and Quality of Written Communication
1	Offers judgement with limited support. Ideas are communicated in a simplistic way with limited use of technical terms. Errors in accepted conventions are noticeable.	2–1	