



General Certificate of Secondary Education

**Business Subjects and
Economics 4130**

Unit 2 Growing as a Business

Specimen Mark Scheme

The specimen assessment materials are provided to give centres a reasonable idea of the general shape and character of the planned question papers and mark schemes in advance of the first operational exams.

Further copies of this Mark Scheme are available to download from the AQA Website: www.aqa.org.uk

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1

Total for this question: 14 marks

1 (a) Explain what is meant by ‘on-the-job training’. (2 marks)

On the job training takes place within the business, so that the employee learns about their work whilst completing the tasks in a real situation. It can involve an experienced employee providing guidance.

1 mark for stating a point plus 1 mark for development.

1 (b) Explain **two** benefits of training new employees at *Smith’s Ltd*. (5 marks)

Possible answers include:

- using the tills so that the customers are moved through the process quickly;
- stacking shelves so that the customers always have a supply of the products that they want to buy;
- how to deal with customers so that they come back/pass on positive comments about Smith’s Ltd as they can open new stores.

Level	Descriptor	Marks	Assessment Objective
2	Explains benefits of training to Smith’s Ltd.	3–5	AO2
1	Identifies benefit(s) of training.	1–2	AO1
0	No valid response.	0	

1 (c) (i) Identify **two** methods of motivating staff at *Smith's Ltd.* (2 marks)

Suggested answers include:

- giving employees responsibility for their work;
- praise from superiors;
- providing training;
- providing opportunities for promotion.

1 mark for each method stated.

1 (c) (ii) Explain which **one** of these methods would be the best for *Smith's Ltd.* Give reasons for your answer. (5 marks)

Level	Descriptor	Marks	Assessment Objective
2	Method(s) applied to the case study.	2	AO2
1	Method identified.	1	
0	No valid response.	0	

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

Note: 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.

Level	Descriptor	Marks	Assessment Objective
2	Candidate offers judgement plus 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.	3	AO3 and Quality of written communication
1	Candidate offers judgement plus 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.	1–2	
0	No valid response.	0	

2

Total for this question: 19 marks

2 (a) Explain **two** ways in which a larger supermarket could use its size to gain an advantage over its smaller competitors. (5 marks)

Suggested answers include:

- supermarkets can achieve discounts through bulk purchasing and charge lower prices to consumers;
- they can then pass on these lower costs to customers as lower prices, which will help them to compete in the market;
- use of pricing methods;
- promotions/advertising.

Level	Descriptor	Marks	Assessment Objective
2	Explains two way(s) to gain an advantage.	3–5	AO2
1	Identifies way(s) to gain an advantage.	1–2	AO1
0	No valid response.	0	

2 (b) Explain **two** ways in which *Smith's Ltd* could extend its product portfolio. (5 marks)

Suggested answers include:

- by increasing the range of products, to include non-food items;
- by adding new products to the existing range of organic products;
- bringing out a range of own brand products;
- sell a wider range of non organic food products.

Level	Descriptor	Marks	Assessment Objective
2	Explains two way(s) <i>Smith's Ltd</i> could extend its product portfolio.	3–5	AO2
1	Identifies way(s) to extend product portfolio.	1–2	AO1
0	No valid response.	0	

2 (c) Discuss how *Smith's Ltd* could use pricing methods to help it expand its business. Give reasons for your answer. **(9 marks)**

Suggested answers include:

- competitive to match Tesco's;
- premium to highlight quality of organics;
- penetration to become established as they are a new company for some customers;

Level	Descriptor	Marks	Assessment Objective
2	Explain(s) pricing method(s) Smith's Ltd could use.	2	AO2
1	Identifies pricing method(s).	1	AO1
0	No valid response	0	

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

Note: 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.

Level	Descriptor	Marks	Assessment Objective
2	Candidate offers judgement plus 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.	4–6	AO3 and Quality of written communication
1	Candidate offers judgement plus 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.	1–3	
0	No valid response.	0	

3

Total for this question: 11 marks

3 (a) Give a suitable example of a business objective for *Smith's Ltd*. (2 marks)

Candidate should provide some understanding based on an objective being something that a business wants to achieve, a target, a goal or something to aim towards in the future.

Application, some suggested examples for the 1 mark:

- to become the leading organic food supermarket in the country;
- to become a major supermarket in the industry;
- to become as big as Tesco's;
- to make a profit;
- to be successful;
- to be a good/well known supermarket;
- to survive.

One mark for a business objective; plus one mark for a suitable business objective for Smith's Ltd.

3 (b) Recommend to the directors of *Smith's Ltd* whether or not they should convert the company to a public limited company. Give reasons for your answer. (9 marks)

Candidates may use their reasons for and reasons against the conversion from 3 (c), but may use additional points. To gain Level 2 marks, candidates must show a clear argument in favour or against the conversion to a plc.

Reasons for could be one of the following with explanation:

- maintain limited liability;
- gives increased status;
- issue more shares to raise capital (convert to PLC).

Reasons against:

- threat of takeover;
- maintain control if Private Limited Company;
- divorce of ownership and control;
- how will the competition react if they see *Smith's Ltd* getting bigger through share issue.

Level	Descriptor	Marks	Assessment Objective
2	Explain(s) public limited company.	2–3	AO2
1	Shows understanding of public limited company.	1	AO1
0	No valid response.	0	

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

Note: 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.

Level	Descriptor	Marks	Assessment Objective
2	Candidate offers judgement plus 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.	4–6	AO3 and Quality of written communication
1	Candidate offers judgement plus 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.	1–3	
0	No valid response	0	

4

Total for this question: 16 marks

4 (a) Using the data provided in **Item D**, calculate the increase in sales revenue between 2006 and 2007 for *Smith's Ltd*. (2 marks)

Answer = £230m – £200m = £30m

Level	Descriptor	Marks	Assessment Objective
2	Candidate calculates answer correctly.	2	AO2
1	Candidate makes attempt at calculation, demonstrating understanding of concept.	1	AO1
0	No valid response.	0	

4 (b) Calculate the percentage change in the sales revenue. (2 marks)

Answer = $230 - 200 / 200 \times 100\% = 15\%$

Level	Descriptor	Marks	Assessment Objective
2	Candidate calculates answer correctly.	2	AO2
1	Candidate makes attempt at calculation, demonstrating understanding of concept.	1	AO1
0	No valid response.	0	

4 (c) Using **Item D**, calculate the net profit margin for *Smith's Ltd* for 2006. Show your workings.

The formula is: net profit margin = $\frac{\text{net profit}}{\text{sales revenue}} \times 100\%$

(3 marks)

£18m / £200m x 100% = 9% (3 marks)

Level	Descriptor	Marks	Assessment Objective
2	Candidate calculates answer correctly.	3	AO2
1	Candidate makes attempt at calculation, demonstrating understanding of concept.	1–2	AO1
0	No valid response.	0	

4 (d) Using this data, and any other information that you think may be relevant, discuss whether you think *Smith's Ltd* is performing better in 2007 than it was in 2006. (9 marks)

Suggested answers include:

- sales revenue has increased;
- the sector is expanding;
- gross profit has risen;
- net profit has fallen.

Level	Descriptor	Marks	Assessment Objective
2	Explains relevant data.	2–3	AO2
1	Relevant data identified.	1	AO1
0	No valid response.	0	

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

Note: 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.

Level	Descriptor	Marks	Assessment Objective
2	Candidate offers judgement plus 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.	4–6	AO3 and Quality of written communication
1	Candidate offers judgement plus 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.	1–3	
0	No valid response.	0	

Assessment Grid

Question	A01	A02	A03	Total
1 (a)	2			2
1 (b)	2	3		5
1 (c) (i)	2			2
1 (c) (ii)		2	3	5
2 (a)	2	3		5
2 (b)	2	3		5
2 (c)	1	2	6	9
3 (a)	1	1		2
3 (b)	1	2	6	9
4 (a)	1	1		2
4 (b)	1	1		2
4 (c)	2	1		3
4 (d)	1	2	6	9
Totals	18	21	21	60
Weight (%)	30	35	35	100