



General Certificate of Secondary Education

Business Studies 3133 **Full and Short course** *Specification B*

Paper 1 Foundation Tier

Mark Scheme

2007 examination - June series

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1

Total for this question: 6 marks

Describe **three** possible reasons for Dave deciding to start his own business. (6 marks)

Possible reasons include:

- he has the qualifications;
- he has 10 years experience in photography;
- been made redundant;
- gap in the market;
- make a reasonable living;
- take control of life;
- make a lot of profit.

Level 2 Application of Knowledge and Understanding

Business studies knowledge is used and applied to the case study. Relevant points are made describing the possible reasons for someone like Dave to start a business.
(6-4 marks)

Effective and accurate application of sound relevant business knowledge and understanding to give a description of **three** reasons. (6 marks)

Some use and application of relevant business knowledge and understanding to simply describe **one** of the possible reasons. (4 marks)

Level 1 Statement of Knowledge

Straight copying of case study material and limited understanding shown. Listed reasons are given, either as suggested by the data or from the candidate's ideas, but with no additional description or explanation.
(3-1 marks)

Mark at (1) per undeveloped reason.

NB *Possible reasons not included in the data may be rewarded.
Award at level 2 if the reasons are described or developed in some way.*

2**Total for this question: 8 marks**

Give **two** pieces of information that Dave would need to collect from his market research. Explain why each is important to Dave. *(8 marks)*

Possible pieces of information include:

- information about potential customers, eg frequency of visits to shop, range of service required, type of customers, proportion of film to digital users;
- information about competitor businesses;
- information about the town, eg size of population, wealth.

Level 3 Selection/Organisation/Analysis/Interpretation

The candidate effectively applies business terms/concepts to analyse two pieces of information collected by market research that could be important to someone like Dave. Data is correctly interpreted and the analysis includes both a description of the information and shows how it is important to someone in Dave's situation. (8-6 marks)

Two items well described and clearly showing how they will be important to someone in Dave's situation. (8 marks)

Either one well described **or** two items simply described and clearly showing how they will be important to someone in Dave's situation. (7 marks)

One item simply described showing how it will be important to someone like Dave. (6 marks)

Level 2 Application of Knowledge and Understanding

Business studies knowledge is used and applied to the case study. Appropriate information that someone like Dave might collect from market research is described but at this level the response does not analyse that information in terms of its importance to someone in Dave's situation. (5-3 marks)

Two items well described but not showing how they will be important to someone in Dave's situation. (5 marks)

Either two items simply described or one item well described but not showing how they will be important to someone in Dave's situation. (4 marks)

One item simply described but not showing how they will be important to someone in Dave's situation. (3 marks)

Level 1 Statement of Knowledge

Straight copying of case study material and limited understanding shown. Items of information that will result from market research are stated but not described. (2-1 marks)

Mark at (1) per stated item to max of (2).

3**Total for this question: 12 marks**

Dave considered two alternative methods of market research:

- a telephone survey of 200 people
- a face-to-face survey, using questionnaires in Castington shopping centre.

Compare the advantages and disadvantages of each method. Advise Dave on the most suitable method that he should use and justify your choice. (12 marks)

Possible responses include:

Method	Advantages	Disadvantages
Telephone survey	<ul style="list-style-type: none"> • can be done quickly; • large number can be contacted; • quite cheap. 	<ul style="list-style-type: none"> • limited questions; • may be more difficult to get a range of people; • more chance of unreliable answers.
Face to face survey	<ul style="list-style-type: none"> • likely to get reliable answers; • able to ensure range of people; • wider set of questions. 	<ul style="list-style-type: none"> • time consuming; • sample may be smaller; • range of questions still limited.

Level 4 Evaluation

The candidate makes conclusions or reasoned judgements from logical evaluation of the evidence in the case study and using business studies knowledge and terminology correctly. Judgements about the most suitable method must be based on and justified by a thorough comparison and weighing up of the advantages and disadvantages of the two methods as they apply to Dave's situation. (12-9 marks)

Logical judgements are made and justified based on clear evidence of weighing up the pros and cons of the two methods for someone in Dave's situation. At least one advantage and one disadvantage of both methods plus one additional advantage or one additional disadvantage of either method are required. (12 marks)

Logical judgements are made and justified based on clear evidence of weighing up the pros and cons of the two methods for someone in Dave's situation. At least one advantage and one disadvantage of both methods are required. (11 marks)

Simple reasoned judgement is made based on clear comparison of the two methods using business knowledge relevant to someone in Dave's situation. At least one advantage and one disadvantage of both methods plus one additional advantage or one additional disadvantage of either method are required. (10 marks)

Simple reasoned judgement is made based on clear comparison of the two methods using business knowledge relevant to someone in Dave's situation. At least one advantage and one disadvantage of both methods are required. (9 marks)

Level 3 Selection/Organisation/Analysis/Interpretation

Information has been selected from the case study. The candidate effectively applies business terms/concepts and data is correctly interpreted so that the analysis shows a comparison between the advantages and disadvantages of each method but the candidate does not select and justify the most suitable method for someone in Dave's situation. (8-7 marks)

Clear, good analysis incorporating a comparison based on the selection of appropriate information from the case study and effective application of business concepts to someone in Dave's situation. At least one advantage and one disadvantage of both methods plus one additional advantage or one additional disadvantage of either method are required. (8 marks)

Some comparison is included in an analysis based on the selection of some appropriate information from the case study and including reasonably effective application of business concepts to someone in Dave's situation. At least one advantage and one disadvantage of both methods are required. (7 marks)

Level 2 Application of Knowledge and Understanding

Business studies knowledge is used and applied to the case study. The relevant pros and cons of the two methods are simply described as they apply to someone in Dave's situation. No comparison is made at this level. (6-4 marks)

Effective and accurate application of sound relevant business knowledge and understanding within the context of someone in Dave's situation to describe at least one advantage and one disadvantage of both methods but with no sense of comparison. (6 marks)

Some use and application of relevant business knowledge and understanding within the context of someone in Dave's situation to describe **either** one advantage and one disadvantage of one of the methods **or** one advantage for both methods **or** one disadvantage for both methods but with no sense of comparison. (4 marks)

Level 1 Statement of Knowledge

Straight copying of case study material and limited understanding shown. Listed pros and cons of methods are given but with no further description. (3-1 marks)

Mark at (1) per undescribed pro and/or con to a max of (3).

4

Total for this question: 4 marks

Using **two** examples, explain what is meant by 'running costs'.

(4 marks)

Level 1 Statement of knowledge

Mark at (1) per point for explanation of running costs to max of (2) and at (1) per example where they are used to help explain the term to max of (2). All to max of (4).

For the sense of:

- costs paid out once the business is operating (1);
- costs will have to be paid out over and over (1).

NB *Where one or more possible running costs are given without any use to explain the term the max for examples is (1).*

NB *Examples do not need to be linked to Dave to be rewarded although the sample answer below does do so.*

Example: 'Dave will pay out running costs once he has opened the business (1) so wages to part time employees will be an example (1). This will be a cost he has to pay out on a regular basis (1) whereas equipment will have to be bought to start-up the business (1).

5

Total for this question: 12 marks

- (a) Compare the advantages of Dave starting up his own business with the advantages of his operating as a franchisee for Photoservices plc. (8 marks)

Possible points include:

Form of business	Advantages
Own business	<ul style="list-style-type: none"> • all profits go to Dave; • more control over whole business; • no need to pay a fee to franchiser.
Operating a franchise	<ul style="list-style-type: none"> • can use the reputation of the franchiser; • less risky than opening own business; • may cost less than setting up own business.

Level 3 Selection/Organisation/Analysis/Interpretation

Information has been selected from the case study. The candidate effectively applies business terms/concepts and data is correctly interpreted so that the analysis shows a comparison between the relative advantages of Dave opening his own business with the advantages of operating as a franchisee. There are no marks in this part of the question for a candidate selecting and justifying the most suitable course of action. (8-7 marks)

Clear, good analysis incorporating a thorough comparison of the two options based on the selection of appropriate information from the case study and effective application of business concepts to someone in Dave's situation. Two advantages of each option are required. (8 marks)

A simple comparison of the two options is included in an analysis based on the selection of some appropriate information from the case study and including reasonably effective application of business concepts to someone in Dave's situation. Two advantages of each option are required. (7 marks)

Level 2 Application of Knowledge and Understanding

Business studies knowledge is used and applied to the case study. The relevant advantages of each option are simply described as they apply to someone in Dave's situation. No comparison is made at this level. (6-4 marks)

Effective and accurate application of sound relevant business knowledge and understanding within the context of someone in Dave's situation to **describe** at least **two** advantages of each option facing Dave but no sense of comparison. (6 marks)

Some use and application of relevant business knowledge and understanding within the context of someone in Dave's situation to **describe** at least **one** advantage of each option but no sense of comparison. (4 marks)

6**Total for this question: 12 marks**

Using the figures in the table, explain what conclusions Dave might have drawn about how well his business has done during the first two years. (12 marks)

Sales Revenue	Up by	30 000	20%
Gross Profit	Up by	20 000	16%
Expenses	Up by	15 000	13.6%
Net Profit	Up by	5 000	50%

Level 4 and level 3 combined**Evaluation plus selection, organisation, analysis and interpretation**

The candidate makes conclusions or reasoned judgements from logical evaluation of the evidence in the case study and using business knowledge and terminology correctly. Judgements are made as to whether Dave has improved profits justified through correct selection, analysis and interpretation of figures and calculations. (12-7 marks)

Use the following as a guide:

- Reasoned judgements based on a comparison of 2 pairs of ratios. (12 marks)
- Reasoned judgements based on a comparison of 1 pair of ratios. (11 marks)
- Reasoned judgements based on a comparison of 2 pairs of figures. (10 marks)
- Simple judgement based on a comparison of 2 pairs of ratios. (9 marks)
- Simple judgement based on a comparison of 1 pair of ratios. (8 marks)
- Simple judgement based on a comparison of 1 pair of figures. (7 marks)

Level 2 Application of knowledge and understanding

Business studies knowledge is used and applied to the case study to describe changes in the profitability of Dave's business using some figures from the data. (6-4 marks)

Changes in 3 pairs of figures are identified but no judgements are made. (6 marks)Changes in 2 pairs of figures are identified but no judgements are made. (5 marks)Changes in 1 pair of figures are identified but no judgements are made. (4 marks)**Level 1 Statement of knowledge**

Straight copying of case study material and limited understanding shown. Simple statements are made about profitability without the use of any figures or calculations. (3-1 marks)

Mark at (1) per simple statement without use of figures to max of (3).

7

Total for this question: 16 marks

In the first few months of 2007, Dave noticed little change in his profitability. As a result, he decided it was time to boost his sales revenue. He came up with a list of three options:

1. an advertising campaign in the local newspaper to promote his business;
2. buying in a range of cameras and other accessories such as picture frames to sell in his shop;
3. hiring an additional person to video weddings.

Compare the advantages and disadvantages of each option. Advise Dave on the best way to improve sales revenue and justify your choice. (16 marks)

Likely points include:

Option	Advantages	Disadvantages
1. Advertising	<ul style="list-style-type: none"> • may attract extra customers; • this will bring in more revenue; • need not be too expensive. 	<ul style="list-style-type: none"> • no guarantee of bringing in extra customers; • extra revenue may not cover costs of advertising.
2. Extra products	<ul style="list-style-type: none"> • sales will generate extra revenue; • different set of customers may be attracted. 	<ul style="list-style-type: none"> • high cost of buying in extra products; • no guarantee of selling the items.
3. Videoring weddings	<ul style="list-style-type: none"> • extra revenue will be gained from the service; • links well to existing services. 	<ul style="list-style-type: none"> • extra wage cost of additional worker; • no guarantee of selling the service.

Level 4 Evaluation

The candidate makes conclusions or reasoned judgements from logical evaluation of the evidence in the case study and using business studies knowledge and terminology correctly. Judgements about the best option must be based on and justified by a thorough comparison and weighing up of the advantages and disadvantages of all three options. (16-11 marks)

Logical judgements are made and justified based on clear evidence of weighing up the pros and cons of the three options for Dave. At least one advantage and one disadvantage of each of the three options plus any other two advantages or disadvantages are required. (16 marks)

Simple reasoned judgement is made based on a comparison of three of the options using business knowledge relevant to Dave's situation. At least one advantage and one disadvantage of each of the three options are required. (14 marks)

Logical judgements are made and justified based on clear evidence of weighing up the pros and cons of two options for Dave. At least one advantage and one disadvantage of each of the two options plus any other two advantages or disadvantages are required. (13 marks)

Simple reasoned judgement is made based on a comparison of two of the options using business knowledge relevant to Dave's situation. At least one advantage and one disadvantage of each of the two options are required. (11 marks)

Level 3 Selection/Organisation/Analysis/Interpretation

Information has been selected from the case study. The candidate effectively applies business terms/concepts and data is correctly interpreted so that the analysis shows a comparison between the advantages and disadvantages of each option for someone like Dave but the candidate does not select and justify the best one for Dave. (10-7 marks)

Clear, good analysis incorporating a thorough comparison of the pros and cons of all **three** options based on the selection of appropriate information from the case study and effective application of business concepts to someone in Dave's situation. At least one advantage and one disadvantage of each of the three options plus any other two advantages or disadvantages are required. (10 marks)

Clear, good analysis incorporating a thorough comparison of the pros and cons of all **three** options based on the selection of appropriate information from the case study and effective application of business concepts to someone in Dave's situation. At least one advantage and one disadvantage of each of the three options plus one further advantage or disadvantage is required. (9 marks)

Simple comparison of **three** of the options is included in an analysis based on the selection of some appropriate information from the case study and including reasonably effective application of business concepts to someone in Dave's situation. At least one advantage and one disadvantage of each of the three options are required. (8 marks)

Simple comparison of **two** of the options is included in an analysis based on the selection of some appropriate information from the case study and including reasonably effective application of business concepts to someone in Dave's situation. At least one advantage and one disadvantage of each of the two options are required. (7 marks)

Level 2 Application of Knowledge and Understanding

Business studies knowledge is used and applied to the case study. The relevant pros and cons of the three options are simply described as they apply to someone in Dave's situation. No comparison is made at this level. (6-4 marks)

Effective and accurate application of sound relevant business knowledge and understanding to someone in Dave's situation is used to describe at least one advantage and one disadvantage of all three options. (6 marks)

One advantage and one disadvantage of any two options. (5 marks)

Some use and application of relevant business knowledge and understanding to someone in Dave's situation to describe one advantage and one disadvantage of any of the options. (4 marks)

Level 1 Statement of Knowledge

Straight copying of case study material and limited understanding shown. Listed pros and cons of options are given but without further description. (3-1 marks)

Mark at (1) per simple undeveloped pro and/or con to max of (3).

8**Total for this question: 8 marks**

Explain why 'price and quality' are so important for Dave's business when he buys in photographic paper. (8 marks)

Likely points include:

- too high a price for the paper will raise his costs and affect profits;
- difficult for Dave to buy in bulk;
- low quality paper will affect customer satisfaction;
- Dave will be in competition with many competitors.

Level 3 Selection/Organisation/Analysis/Interpretation

Information has been selected from the case study. The candidate effectively applies business terms/concepts and data is correctly interpreted so that the analysis shows why price and quality in purchasing photo paper are important for Dave's type of business. **(8-6 marks)**

Clear, good analysis based on the selection of appropriate information from the case study and effective application of business concepts showing why **both** price and quality are important to Dave. (8 marks)

Some analysis based on the selection of appropriate information from the case study and effective application of business concepts showing why **both** price and quality are important to Dave. (7 marks)

Some analysis based on the selection of some appropriate information from the case study and including reasonably effective application of business concepts to show why **either** price **or** quality are important to Dave. (6 marks)

Level 2 Application of Knowledge and Understanding

Business studies knowledge is used and applied to the case study. **(5-4 marks)**

Effective and accurate application of sound relevant business knowledge and understanding. Points are described about **both** price and quality but without showing why they are important to someone in Dave's situation. (5 marks)

Some use and application of relevant business knowledge and understanding. Points are described about **either** price **or** quality but without showing why they are important to someone in Dave's situation. (4 marks)

Level 1 Statement of Knowledge

Straight copying of case study material and limited understanding shown. **(3-1 marks)**

Three separate undeveloped points are given. (3 marks)

One point given. (1 mark)

9

Total for this question: 6 marks

Explain, with examples from the data, the term 'chain of production'.

(6 marks)

Level 2/1 combined

Knowledge/Application

Mark at (1) per point/development to max of (6).

Likely points include:

- goods start at primary production (1) with materials being extracted (1);
- they are then sold on for goods to be manufactured (1) at the secondary stage (1);
- finally goods and services are sold to consumers (1) at the tertiary stage (1).

NB *Examples from the data may be the stages of the chain and/or the product examples.*

NB *Examples from other industries, eg fishing are acceptable.*

10**Total for this question: 6 marks**

Explain why a 10% wastage figure is likely to be a concern to Paperplus plc . (6 marks)
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Likely points include:

- waste is a cost - this will reduce profits;
- if the cost of the paper is a high cost, a 10% wastage figure will have a large effect on profits;
- this will make it difficult for Paperplus to compete on price;
- there will also be additional costs of disposing of the waste.

Level 3 Selection/Organisation/Analysis/Interpretation

Information has been selected from the case study. The candidate effectively applies business terms/concepts and data is correctly interpreted so that the analysis shows concerns for Paperplus plc. (6-5 marks)

Clear, good analysis based on the selection of appropriate information from the case study and including effective application of business concepts showing why a 10% wastage figure is likely to be a concern to a company like Paperplus plc. (6 marks)

Some analysis based on the selection of some appropriate information from the case study and including reasonably effective application of business concepts showing why a 10% wastage figure is likely to be a concern to a company like Paperplus plc. (5 marks)

Level 2 Application of Knowledge and Understanding

Business studies knowledge is used and applied to the case study. (4-3 marks)

Effective and accurate application of sound relevant business knowledge and understanding describing the likely effects of a 10% waste figure on a company like Paperplus plc but without showing why this might be a concern to the company. (4 marks)

Some use and application of relevant business knowledge and understanding to simply describe the likely effects of a 10% waste figure on a company like Paperplus plc but without showing why this might be a concern to the company. (3 marks)

Level 1 Statement of Knowledge

Straight copying of case study material and limited understanding shown. Listed points are made without further description. (2-1 marks)

Mark at (1) per undeveloped point to max of (2).

Quality of Written Communication

Candidates have not reached the required standard. 0 marks

Candidates spell, punctuate and use some rules of grammar with reasonable accuracy. Candidates use simple expression of ideas using few or no specialist terms. 1 mark

Candidates spell, punctuate and use the rules of grammar with reasonable accuracy. The text makes sense and the business meaning can be understood. They use a limited range of specialist terms. 2 marks

Candidates generally spell, punctuate and use the rules of grammar accurately although there may be some errors. They use a good range of specialist terms and explanations are clear and accurate. 3 marks

Information is clearly and logically presented. Candidates spell, punctuate and use the rules of grammar accurately, enabling the meaning to be clearly understood. A wide range of specialist terms are used appropriately. 4 marks