



General Certificate of Secondary Education

Business Studies 3133

Specification B

Paper 3 Foundation Tier

Mark Scheme

2008 examination - June series

Mark schemes are prepared by the Principal Examiner and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation meeting attended by all examiners and is the scheme which was used by them in this examination. The standardisation meeting ensures that the mark scheme covers the candidates' responses to questions and that every examiner understands and applies it in the same correct way. As preparation for the standardisation meeting each examiner analyses a number of candidates' scripts: alternative answers not already covered by the mark scheme are discussed at the meeting and legislated for. If, after this meeting, examiners encounter unusual answers which have not been discussed at the meeting they are required to refer these to the Principal Examiner.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of candidates' 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.

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Foundation Tier

Broad Principals

- Most questions have a levels mark scheme, some have up to four levels, some up to three and some up to two.
- In all levels mark schemes, examiners must start at the top level and use the level descriptor to see if the candidate response matches that descriptor. If the response does not match the descriptor, examiners should move down to the next level until the appropriate descriptor is matched by the candidate response.
- Once the correct level has been identified, examiners will also have to decide which mark to award within that level. This will be done by using the level descriptor, any further guidance and where applicable the exemplar responses. At its simplest, this will require the examiner to decide if the candidate is operating at the top, middle or bottom of a level that has three marks available to be awarded.
- Examiners should take great care, when using the range of marks for each level, to award the right number of marks for each response.
- For most questions a list of possible points is included in the mark scheme. This is not intended to be a comprehensive list. Nor is the wording deemed to be the only acceptable form for which marks may be awarded. Examiners will need to use their judgment as to whether a point made by the candidate is relevant to the question. Team leaders may be used for advice where examiners are unable to make such a decision.

Total for this question: 11 marks

1

1 (a) Explain what is meant by the term 'private limited company'. (3 marks)

Possible answers include:

A business owned by shareholders (1) which is not quoted on the stock market (1) which has limited liability (1). Shares can only be sold to other interested people with agreement of current shareholders (1).

1 (b) Compare the advantages and disadvantages to Peter of changing <i>Tall Trees</i> into a private limited company. (8 marks)
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Possible answers might include:

Advantages of a private limited company:

- easier to raise more capital;
- Peter would have limited liability, as would any other shareholders, at the moment he is liable for all the business' debts;
- the business has more continuity, at the moment if Peter died the business would cease, whereas a private limited company has a separate legal identity.

Disadvantages of a private limited company:

- Peter would lose sole control as he would have shareholders to consider;
- the legal and accounting 'rules and regulations' are much more demanding;
- Peter would have to share the profits with the other shareholders.

Level 3 Selection/Organisation/Analysis/Interpretation

Information has been selected from the case study. The candidate effectively applies business terms/concepts to address the problem/situation like that of Peter. Data is correctly interpreted and analysed. **(8 - 6 marks)**

The candidate gives a clear comparison of two advantages of becoming a private limited company and two disadvantages. (8 marks)

The candidate gives either a simple comparison of two advantages of becoming a private limited company and two disadvantages or a clear comparison of one advantage and one disadvantage. (7 marks)

The candidate gives a simple comparison of one advantage of becoming a private limited company and one disadvantage. (6 marks)

Level 2 Application of Knowledge and Understanding

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

The candidate gives a clear description of both one advantage and one disadvantage of becoming a private limited company. *(5 marks)*

The candidate gives a simple description of either one advantage or one disadvantage of becoming a private limited company. *(4 marks)*

Level 1 Statement of Knowledge

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

The candidate lists three advantages or disadvantages of a private limited company. *(3 marks)*

The candidate lists two advantages or disadvantages of a private limited company. *(2 marks)*

The candidate gives one advantage or disadvantage of a private limited company. *(1 mark)*

2

Total for this question: 9 marks

2 Peter has decided that he should go and look at the cafés in other garden centres.

State **three** different pieces of information that Peter might be looking for when visiting these cafés. Explain how each would be of help to him in setting up the café.

(9 marks)

He might want to see the menus/product range on offer.

He might want to see how the competitors' cafes are laid out.

He might want to see how busy they are (footfall count etc) at different times of the day.

He might want to see how many staff they have.

Apply the mark scheme below to each separate piece of information.

Level 3

Clear explanation of the item.

(3 marks)

Level 2

Simple explanation of the item.

(2 marks)

Level 1

Item identified.

(1 mark)

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

3 (a) Describe two important parts of a business plan. <i>(4 marks)</i>
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Possible answers might include:

- Aims and Objectives
- Finance
- Marketing Plan
- Product / Service
- Pricing Policy
- Staffing requirements.

Level 2 Application of Knowledge and Understanding**Business Studies knowledge is used and applied to the case study. (4 - 3 marks)**The candidate clearly describes two important parts of a business plan. *(4 marks)*The candidate simply describes two important parts or clearly describes one important part of a business plan. *(3 marks)***Level 1 Statement of Knowledge****Straight copying of case study material and limited understanding shown. Listed points are given and the answer does not draw upon the context of the case study. (2 - 1 marks)**The candidate lists two important parts of a business plan. *(2 marks)*The candidate gives one important part of a business plan. *(1 mark)*

3 (b) Explain whether or not the business plan will help Peter to make the café a success. <i>(8 marks)</i>

Possible answers may include:

Peter will be able to have a better idea of his possible sales revenue and potential outgoings. This will enable him to budget more effectively for start-up costs for the café, and requirements for stock. He will also be able to identify any times when there are high levels of outgoings - for example, quarterly bills for electricity, and make the necessary financial arrangements to make sure that they do not have a negative effect on the business.

He would be able to show the plan to potential investors, the bank, or venture capitalists, who will then be able to make better decisions about the future profitability of the business, and would be more likely to invest/lend him the money needed to finance the café.

However, it must be remembered that a lot of information in the business plan is only a forecast. Whilst this will enable him to carry out better informed forward planning, it is possible that the estimates are either under or over calculations, in which case the plan will not be as helpful. It does mean that he will be able to monitor actual performances against the business plan, and adjust his activities/expenditure accordingly.

The success of the café will ultimately be determined by the responses of customers to the layout of the café, the products that are on offer etc, however with a business plan he is better equipped to make informed decisions which may help the new venture be successful.

Level 4 Evaluation

The candidate makes a conclusion or reasoned judgement based on evidence as to whether the business plan will help Peter make a success of the café.

(4 - 1 marks)

The candidate gives a judgment based on the consideration of two clear reasons of how a business plan will (or not) help Peter with the café. *(4 marks)*

The candidate gives a judgment based on a consideration of one clear reason of how a business plan will (or not) help Peter with the café. *(3 marks)*

The candidate gives a judgment based on a consideration of two simple reasons of how a business plan will (or not) help Peter with the café. *(2 marks)*

The candidate gives a judgment based on a consideration of one simple reason of how a business plan will (or not) help Peter with the café. *(1 mark)*

Level 3 Selection/Organisation/Analysis/Interpretation

Information has been selected from the case study. The candidate effectively applies business terms/concepts to address the problem situation like that of Peter. Data is correctly interpreted and analysed. (4 - 1 marks)

The candidate gives a clear description of two elements of the business plan and how they might be used to help/not help Peter make the café a success. (4 marks)

The candidate gives a clear description of one element of the business plan and how it might be used to help/not help Peter make the café a success. (3 marks)

The candidate gives a simple description of two or more elements of the business plan and how it might be used to help/not help Peter make the café a success. (2 marks)

The candidate gives a simple description of one element of the business plan and how it might be used to help/not help Peter make the café a success. (1 mark)

Marks should be awarded as evaluation + selection, eg 2 + 2.

4**Total for this question: 4 marks**

4 Explain why it is important for a business to set objectives. <i>(4 marks)</i>
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Possible answers may include:

- it helps the business plan for the future and gives the business something to aim for;
- it gives the business something to measure performance against, objectives can be used as a motivator for staff.

Level 2 Application of Knowledge and Understanding**Business Studies knowledge is used and applied to the case study. (4 - 3 marks)**Candidate offers clear explanation(s). *(4 marks)*Candidate offers simple explanation(s). *(3 marks)***Level 1 Statement of Knowledge****Listed points are given. (2 - 1 marks)**Candidate lists two relevant points. *(2 marks)*Candidate gives one relevant point. *(1 mark)*

5**Total for this question: 6 marks****5** Explain **two** benefits of growth to *Tall Trees*.*(6 marks)*

Possible answers may include:

- increased sales turnover from greater sales volume;
- benefits from economies of scale, any two may be explained;
- increase market share because Tall Trees is established in a new market;
- establish a wider customer base with sales from the café and the garden centre.

Level 2 Application of Knowledge and Understanding**Business studies knowledge is used and applied to the case study. (6 - 3 marks)**The candidate gives a clear explanation of two benefits of growth to Tall Trees. *(6 marks)*The candidate gives a clear explanation of one benefit and a basic explanation of another benefit to Tall Trees. *(5 marks)*The candidate gives a simple explanation of two benefits or one clear explanation of one benefit of growth to Tall Trees. *(4 marks)*The candidate gives a simple explanation of one benefit of growth to Tall Trees. *(3 marks)***Level 1 Statement of Knowledge****Straight copying of case study material and limited understanding shown. Listed points are given. Answer not in context of case study. (2 - 1 marks)**The candidate lists two benefits of growth to Tall Trees. *(2 marks)*The candidate gives one benefit of growth to Tall Trees. *(1 mark)*

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

- 6** Explain **one** advantage and **one** disadvantage of each method of recruitment. Recommend which method(s) Peter should use. Give reasons for your recommendation. *(12 marks)*

Possible answers may include:

Advantages of placing an advert in a local newspaper:

- it will be read in the locality Peter wishes to recruit from;
- a lot of people read the job adverts in local newspapers;
- advertising in local newspapers is relatively cheap.

Disadvantages of placing an advert in a local newspaper:

- a lot of people buy national newspapers not local papers;
- a lot of people do not bother to read any of the adverts in local newspapers, they are more interested in news items;
- local newspapers only usually come out once each week.

Advantages of putting up a notice at the garden centre:

- it is very cheap and easy to do;
- it is targeted at people who are interested in gardening;
- Peter can get a relatively immediate response from interested people.

Disadvantages of putting up a notice at the garden centre:

- a limited amount of people will see it, so he may get a limited response;
- it could be torn down, blown away, or damaged so few people might see it;
- people who go to garden centres may not be looking for jobs, it is more likely that they are gardening enthusiasts not job seekers.

Advantages of contacting schools and colleges:

- costs virtually nothing to carry out;
- they are likely to tell people they know would be interested;
- he will probably get quick responses.

Disadvantage of contacting schools and colleges:

- he will have a very limited target audience to aim at;
- they may lack the necessary skills or experience and waste Peter's time;
- they may upset his staff by being unreliable as they have other commitments.

Level 4 Evaluation

The candidate makes a conclusion or reasoned judgement from logical evaluation of the evidence in the case study and using business studies knowledge and terminology correctly. Judgements made are justified often in terms of the advantages and disadvantages of a course of action or in terms of a consideration of alternatives. **(4 - 1 marks)**

The candidate makes a judgment of what is/are the most appropriate option(s) based two or more clear reasons for their choice. *(4 marks)*

The candidate makes a judgment of what is/are the most appropriate option(s) based upon one clear reason for their choice. *(3 marks)*

The candidate makes a judgment of what is/are the most appropriate option(s) based upon two or more simple reasons for their choice. *(2 marks)*

The candidate makes a judgment of what is/are the most appropriate option(s) based upon one simple reason for their choice. *(1 mark)*

Level 3 Selection/Organisation/Analysis/Interpretation

Information has been selected from the case study. The candidate effectively applies business terms/concepts to address the problem situation like the one faced by Peter. Data is correctly interpreted and analysed. **(8 - 6 marks)**

The candidate gives a clear explanation of an advantage and disadvantage of each of the three options. *(8 marks)*

The candidate gives a simple explanation of either an advantage or a disadvantage of each of the three options. *(7 marks)*

The candidate gives a simple explanation of either an advantage or a disadvantage of two of the three options, or a clear explanation of both an advantage and a disadvantage of one option. *(6 marks)*

Level 2 Application of Knowledge and Understanding

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

The candidate gives a clear description of an advantage or a disadvantage of each of the three options Peter could use. *(5 marks)*

The candidate gives a simple description of either an advantage or a disadvantage of two of the three options Peter could use.

OR

A clear description of both an advantage and a disadvantage of one option. *(4 marks)*

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

7 Peter realises that he will need to train the three full-time and the six part-time staff he will be recruiting for the new café.

Describe **two** methods of training that Peter could use.

(6 marks)

Possible answers may include:

On the job training:

- new staff will learn the actual tasks in their working environment;
- training is tailored to the business' needs specifically, and the actual jobs people will be doing;
- they will be trained in the café learning all that is required to be effective at the job they will be carrying out.

Off the job training:

- organised and delivered to up to date standards by training experts at a college or private training provider;
- no distractions in the workplace, carried out externally;
- employee's can achieve recognised qualifications, by learning in a simulated work environment.

Level 2 Application of Knowledge and Understanding

Business Studies knowledge is used and applied to the case study. (6 - 3 marks)

The candidate gives a clear description of two methods of training. *(6 marks)*

The candidate gives a clear description of one method of training and a simple description of another method. *(5 marks)*

The candidate gives a simple description of two different methods of training or a clear description of one method. *(4 marks)*

The candidate gives a simple description of one method of training. *(3 marks)*

Level 1 Statement of Knowledge (2 - 1 marks)

The candidate identifies training methods. *(2 x 1 mark)*

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

8 (a) Describe three areas in which Peter will need to train his new café staff. (6 marks)
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Possible answers may include:

- Job skills
- Customer Service
- Inter-Personal skills
- Health and Safety
- Product knowledge.

Level 2 Application of Knowledge and Understanding**Business studies knowledge is used and applied to the case study. (6 - 4 marks)**

The candidate gives a description of three areas of training. (6 marks)

The candidate gives a description of two areas of training. (5 marks)

The candidate gives a description of one area of training. (4 marks)

Level 1 Statement of knowledge**Listed points are given. (3 - 1 marks)**

The candidate lists three areas of training. (3 marks)

The candidate lists two areas of training. (2 marks)

The candidate gives one area of training. (1 mark)

<p>8 (b) Advise Peter which area might be the most important and justify your answer. (6 marks)</p>
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Level 4 Evaluation

The candidate makes a conclusion or reasoned judgment from logical evaluation of the evidence in the case study and using business studies knowledge and terminology correctly. Judgments made are justified often in terms of the advantages and disadvantages of a course of action or in terms of a consideration of alternatives.
(4 - 1 marks)

The candidate makes a judgment of which area is the most important based upon two or more clear reasons for their choice. (4 marks)

The candidate makes a judgment of which area is the most important based upon one clear reason for their choice. (3 marks)

The candidate makes a judgment of which area is the most important based upon two or more simple reasons for their choice. (2 marks)

The candidate makes a judgment of which area is the most important based upon one simple reason for their choice. (1 mark)

Level 3 Selection/Organisation/Analysis/Interpretation

Information has been selected from the case study. The candidate effectively applies business terms/concepts to address the problem situation like the one faced by Peter. Data is correctly interpreted and analysed.
(2 - 1 marks)

The candidate gives a clear explanation of why one area of training is important. (2 marks)

The candidate gives a simple explanation of why one area of training is important. (1 mark)

Marks should be awarded as Evaluation + Selection e.g. 2 + 1.

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

- 9** *Tall Trees* has a number of competitors who already have cafés. Briefly explain how a competitor might react to the opening of the new café. *(6 marks)*

Possible answers might include:

They might reduce their prices to maintain their current sales levels when faced with competition from the new café – this would make it more difficult for *Tall Trees* new café to become established and get enough customers to be as profitable as Peter hoped.

They might put on special offers which make it more difficult for the new café to become established. These offers may reinforce their brand loyalty and make it more difficult for Peter's new established café to attract any of their customers.

They might promote their own café, using a variety of different media/methods to attract customers away from the new café.

They might do nothing, which may allow the new café to become established and take away some of their customers.

Level 2 Application of Knowledge and Understanding

Business studies knowledge is used and applied to the case study. (6 - 4 marks)

The candidate clearly explains two possible reactions to the opening of the new café. *(6 marks)*

The candidate either simply explains two possible reactions or clearly explains one possible reaction, to the opening of the new café. *(5 marks)*

The candidate simply explains one possible reaction to the opening of the new café. *(4 marks)*

Level 1 Statement of Knowledge

Listed points are given. (3 - 1 marks)

The candidate lists three possible reactions. *(3 marks)*

The candidate lists two possible reactions. *(2 marks)*

The candidate gives one possible reaction. *(1 mark)*

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

10 Three local factories, which employed 600 workers, have recently closed.

Explain **two** ways in which *Tall Trees* might be effected by the factory closures. Advise Peter on whether or not he should still continue with his plans to open the café.

(12 marks)

Possible answers may include:

The loss of so many jobs will have a negative affect on the area, as it will affect the spending power of those with families.

Tall Trees may find that their number of customers and sales turnover will be affected, but this will depend upon how many of the factory workers were customers of Tall Trees.

It may be necessary for Tall Trees to reduce their prices to retain customer loyalty. It may also be necessary for them to advertise more to attract new customers.

However, the people who are now unemployed may have more time to spare and as a result *Tall Trees* may gain customers. People may have more time to spare and as a result may use the new café more.

It might be easier for Peter to recruit staff for the café, and he may be able to offer lower wages with more people looking for jobs.

Level 4 Evaluation

The candidate makes a conclusion or reasoned judgement from logical evaluation of the evidence in the case study and using business studies knowledge and terminology correctly. Judgments made are justified often in terms of the advantages and disadvantages of a course of action or in terms of a consideration of alternatives.

(4 - 1 marks)

The candidate makes a judgment as to whether or not Peter should continue with his plans. This is based upon two clear reasons why Tall Trees might be affected.

(4 marks)

The candidate makes a judgment as to whether or not Peter should continue with his plans. This is based upon one clear reason why Tall Trees might be affected.

(3 marks)

The candidate makes a judgment as to whether or not Peter should continue with his plans. This is based upon two simple reasons why Tall Trees might be affected.

(2 marks)

The candidate makes a judgment as to whether or not Peter should continue with his plans. This is based upon one simple reason why Tall Trees might be affected.

(1 mark)

Level 3 Selection/Organisation/Analysis/Interpretation

Information has been selected from the case study. The candidate effectively applies business terms/concepts to address the problem situation like that at Tall Trees' new café. Data is correctly interpreted and analysed. (8 - 6 marks)

The candidate clearly explains two ways in which Tall Trees may be affected by the factory closure. (8 marks)

The candidate simply explains two ways or clearly explains one way in which Tall Trees may be affected by the factory closure. (7 marks)

The candidate simply explains one way in which Tall Trees may be affected by the factory closure. (6 marks)

Level 2 Application of Knowledge and Understanding

Business studies knowledge is used and applied to the case study. (5 - 3 marks)

The candidate clearly describes two ways in which Tall Trees may be affected by the factory closure. (5 marks)

The candidate either simply describes two ways or clearly describes one way in which Tall Trees may be affected by the factory closure. (4 marks)

The candidate simply describes one way in which Tall Trees may be affected by the factory closure. (3 marks)

Level 1 Statement of Knowledge

Listed points are given. (2 - 1 mark)

The candidate lists two ways unemployment might affect the business. (2 marks)

The candidate gives one way unemployment might affect the business. (1 mark)

Marks should be awarded as Evaluation + Analysis / Application / Knowledge, eg 2 + 7

Quality of Written Communication

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
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
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 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 have not reached the required standard.	0 marks