



General Certificate of Secondary Education

Business Studies 3133/9/1H

Specification B

(Full and Short Course)

Mark Scheme

2005 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.

Higher Tier

Broad Principles:

- 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.

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

Explain what is meant by a ‘business objective’. Use possible examples from **Data A** to illustrate your answer. *(6 marks)*

Possible points explaining business objective include:

- A target to be achieved
- Might be a more general aim
- Something to be measured
- Some not easy to measure
- Time limited
- Other objectives not in data are used to explain the term

Examples of objectives included in data:

- Use their skills
- Steady income
- Doing something they are interested in
- Expanding the business
- Making profits
- Increasing market share

Level 2 Application of Knowledge and Understanding

Business studies knowledge is used and applied to the case study. Relevant points are made explaining the term and using examples from Brighter Gardens plc to enhance and illustrate the explanation **(6 - 4 marks)**

Effective and accurate application of sound relevant business knowledge and understanding to give a thorough and illustrated explanation of the term business objective. May use 3 simple examples or fully use 1 developed example *(6 marks)*

Some use and application of relevant business knowledge and understanding to give a simple but illustrated explanation of the term business objective. Use 1 simple example. *(4 marks)*

Level 1 Statement of Knowledge

Straight copying of case study material and limited understanding shown. An explanation of the term is given but without the application of objectives from the case study to illustrate the explanation. **(3 - 1 marks)**

Three separate undeveloped points are given with no application of objectives from the data. *(3 marks)*

One undeveloped point is given with no application of objectives from the data *(1 mark)*

NB Do not have to make 3 points at level 1 before they access level 2.

2

Total for this question: 9 marks

Explain the disadvantages to the owners of *Brighter Gardens Ltd* of changing from a private limited company into a public limited company. (9 marks)

Possible points include:

Advantages of private:

- Keeps all decisions within the business
- Accounts are kept private
- Owners get to keep control
- Only sell shares to the investors that they know.
- Likely to remain a small/family linked business

Disadvantages of public:

- Allows shares to be sold to anyone on the stock exchange.
- Owners have the chance of losing control of the business
- More shareholders involved so decision making takes longer
- Business runs the risk of a take over
- Expensive to launch a share issue
- Accounts need to be published
- All the businesses affairs are made public
- May not be able to keep as much retained profits as before.

Level 3 Selection/Organisation/Analysis/Interpretation

Information has been selected from the case study. The candidate effectively applies business terms/concepts to address the situation of Brighter Gardens. Data is correctly interpreted and the response analyses the possible reasons for Brighter Gardens changing from Ltd to plc. The cons of public are clearly compared to the pros of private. (9 - 7 marks)

Clear and good analysis based on a comparison between the advantages of being a private limited company and the disadvantages of being a plc. These could be clearly linked to the company's need to expand and increase market share e.g. new shareholders may bring in more capital but the expansion could result in the loss of control. (9 marks)

Some analysis based on the selection of some appropriate information from the case study and including reasonably effective application of business concepts to Brighter Gardens situation. (7 marks)

3

Total for this question: 6 marks

Explain how *Brighter Gardens* might benefit from ‘economies of scale’.

(6 marks)

Possible points include:

- The advantages of large scale production
- Larger output/sales reduces costs
- Usually measured by lower unit costs for larger firms
- Companies have the opportunity to have their own named goods
- Can buy in bulk
- Can get a better deal with suppliers
- Can use equipment and specialist staff more efficiently
- Can get a longer credit period

Examples linked to data and relevant to Brighter Gardens:

- *Financial economies resulting from access to more sources of finance. They are able to borrow larger sums and able to negotiate lower rates of interest which all could allow them to finance improvements to garden centre.*
- *Purchasing economies resulting from able to buy flowers, compost etc in bulk.*
- *Marketing economies resulting from being able to use specialist marketing people or organisations to plan promotional launches of garden centres.*

Level 2 Application of Knowledge and Understanding

Business studies knowledge is used and applied to the case study. Relevant points are made explaining the term and using examples from Brighter Gardens plc to show how Brighter Gardens might have benefited from economies of scale. (6 - 4 marks)

Effective and accurate application of sound relevant business knowledge and understanding to give a through and illustrated explanation of the term economies of scale. (6 marks)

Some use and application of relevant business knowledge and understanding to give a simple but illustrated explanation of economies of scale. (4 marks)

Level 1 Statement of Knowledge

Straight copying of case study material and limited understanding shown. An explanation of the term is given but without the application of economies relevant to Brighter Gardens to illustrate the explanation. (3 - 1 marks)

Three separate points identified with no application from the data (3 marks)

One undeveloped point is given with no application from the data (1 mark)

NB *If examples are given but are not taken from the data, e.g. risk bearing economies, award at level 1 if they are not directly linked to BG but at level 2 if they are linked.*

4

Total for this question: 4 marks

Explain what is meant by ‘fixed assets’. Illustrate your answer with examples. <i>(4 marks)</i>
--

Use the following as a guide – for the sense of:

- Something that is owned by the firm and is used to help make goods or provide a service (1)
- but does not get used up in the production process (1)
- usually last for a long time (1)
- supported by up to 2 relevant examples at (1 mark) each

Example:

‘Something that is owned by the firm (1 mark) e.g. vehicles (1 mark), buildings (1 mark)’

5

Total for this question: 2 marks

What are ‘debtors’?

(2 marks)

Use the following as a guide choosing any **two**:

- for a sense of:

People or organisations have not yet paid the firm (1)

for goods or services they have obtained (1)

Type of current asset (1)

An example (1)

Example:

‘People who owe the company money’ (1 mark)

NB Do not reward the sense of ‘debt collectors’ and be very careful that the candidate is not describing creditors to a business.

6**Total for this question: 5 marks**

Calculate *Brighter Gardens plc*'s acid test ratio for 2003. Show your working (5 marks)

For the correct answer expressed as 0.49 : 1 or 0.49 award (5 marks)

Otherwise build up as follows:

Either

(1) 42 – 25

(1) -----

(1) 35

Or

(1) (1) (1)

42-25 : 35

For some reduction

e.g. 17 / 35 (1)

17 : 35 (1)

Final reduction to 0.49 : 1 or left as 0.49 (1)

NB *If they select the correct figures to start with award 1 or 2 marks. If they start with the wrong figures but correct figures then appear at random, award (0) marks.*

NB No marks for stating the formula

Examples:

0.4857142 (5 marks)

0.49 (5 marks)

0.5 (5 marks)

Using the figures from **Data B** and your own calculations and ratios, explain whether the company's profitability has improved between 2002 and 2003. (16 marks)

Calculations and ratios include:

- 2003 gross profit ratio 40% or 2 : 5, 1 : 2.25
- 2002 gross profit ratio 35.8% (35.83/35.8/36%) or 43 : 120, 1 : 2.79
- 2003 net profit ratio 9.1% (9.09/9.0%) or 1 : 11
- 2002 net profit ratio 9.2% (9.1/9.16/9.17/9.166%) or 11 : 120, 1 : 10.9
- Between 2002 and 2003 sales revenue increased by £35m or by 14.6%
- Between 2002 and 2003 gross profit increased by £24m or by 27.9%
- Between 2002 and 2003 net profit increased by £3m or by 13.6%

NB *In this question no marks are being awarded for knowing part of the calculation process. A correct calculation allows the candidate to access a particular level. If the candidate expresses the GP and NP ratios as ratios rather than %'s this should be rewarded. Ratios written the wrong way around get No marks.*

Level 4 & 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 justified through analysis and interpretation that makes correct use of figures, calculations and ratios. Information has been selected from the case study to enable correct calculation of ratios.

(16 - 9 marks)

Logical judgements are made about whether the directors are right in their view of the financial position. Judgements are justified through the use and analysis of two pairs of correctly calculated profit ratios. Other calculations might also have been used to support the judgements, but are not necessary to achieve this mark. (16 marks)

Simple judgements are made about the financial position based on consideration and analysis of two pairs of correctly calculated ratios. (14 marks)

A detailed comparison has been made between two pairs of correctly calculated profit ratios but no judgement has been made about the financial position of the company. Other calculations might also have been compared. (13 marks)

A simple comparison has been made between two pairs of correctly calculated profit ratios but no judgement has been made about the financial position of the company. (11 marks)

A detailed comparison has been made between one pair of correctly calculated ratios but no judgement has been made about the financial position of the company. (10 marks)

A simple comparison has been made between one pair of correctly calculated ratios but no judgement has been made about the financial position of the company. (9 marks)

8

Total for this question: 16 marks

(a) What is meant by a ‘SWOT analysis’? Use **Data C** to illustrate your answer (8 marks)

Key points explaining what a SWOT analysis means include:

- used by a business to see where it stands in the market
- internal factors are looked at through Strengths (S) and Weaknesses (W)
- external factors are looked at through Opportunities (O) and Threats (T)

Aspects of the case study data relevant to a SWOT analysis by the company include:

- Popularity of gardening as a household activity (O)
- ‘Free’ publicity for gardening through TV programme (O)
- 5% growth in industry sales each year over last 3 years (O)
- expansions by other garden centres (T) and DIY chains (T)
- 2 DIY chains plan to introduce gardening sections to larger stores (T)
- financial success of Brighter Gardens to date (S)
- steady expansion by Brighter Gardens – already has 22 garden centres (S)
- Brighter Gardens not a national chain – northern based (W)
- Brighter Gardens will need a lot of land for expansion (W)

Level 2 Application of Knowledge and Understanding

Business studies knowledge is used and applied to the case study. Relevant descriptions of a SWOT analysis are described in the context of Brighter Gardens plc. (8 - 5 marks)

Effective and accurate application of sound relevant business knowledge and understanding to give a thorough and illustrated explanation of the term SWOT analysis. (8 marks)

Some use and application of relevant business knowledge and understanding to give a simple but illustrated explanation of the term SWOT analysis. (5 marks)

NB There are two ways to access level 2:

- ***Either by explaining how a SWOT analysis can allow Brighter Gardens to analyse and plan = up to (6 marks) with (2 marks) then available to reward the use of examples of the specific elements***
- ***Or by identifying an element of SWOT and using an example from the data to illustrate it. One illustrated element = (5 marks), two elements = (6 marks), three elements = (7 marks), four elements = (8 marks)***

NB A bullet point list using illustrations from the data to describe the SWOT elements will operate at level 2

NB Candidates may refer to information in the case study such as the financial data

Level 1 Statement of Knowledge

Straight copying of the case study material with limited understanding shown. Simple descriptions of a SWOT analysis without application to the situation of Brighter Gardens plc (4 - 1 marks)

Four separate undeveloped points are given with no application of examples from the data. (4 marks)

One undeveloped point is given with no application of examples from the data (1 mark)

NB At this level, for simply stating that S = Strengths, W = Weaknesses, O = Opportunities, T = Threats award at (1) each to max of (4 marks)

Up to (2 marks) are available at this level to reward an explanation that SWOT allows analysis and planning for any business but it is not linked to Brighter Gardens.

- | |
|---|
| (b) Explain what conclusions <i>Brighter Gardens plc</i> might have drawn from its SWOT analysis. (8 marks) |
|---|

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. Candidates should be making judgements as to what the SWOT analysis shows Brighter Gardens plc about its possible future developments. Judgements should be justified. (8 - 5 marks)

Logical judgements are made and justified based on clear evidence of weighing up the SWOT analysis (8 marks)

Simple reasoned judgement/decision is made based on some consideration of/conclusions from the SWOT analysis. (5 marks)

Level 3 Selection/Organisation/Analysis/Interpretation

Information has been selected from the case study. Data is correctly interpreted and analysed so that the candidate effectively applies business terms/concepts to show how preparing a SWOT analysis will help plan the future developments for Brighter Gardens plc. The answer is clearly in the context of the case study but candidates are not making judgements about the future facing Brighter Gardens. (4 - 1 marks)

Clear, good analysis based on the selection of appropriate information from the case study and effective application of business concepts to Brighter Gardens situation. (4 marks)

Some analysis based on the selection of some appropriate information from the case study and including reasonably effective application of business concepts to Brighter Gardens situation. (1 mark)

NB Using the OFR rule from question 9 (a), drawing conclusions based on incorrect application of BG's SWOT analysis - e.g. identifying a strength as a weakness –must be rewarded in this question.

NB The context for Level 3 is more open here with BG as a retailer. Candidates are likely to imply they are in context since they have already answered part (a).

9

Total for this question: 12 marks

Is the chairman of *Brighter Gardens plc* correct in thinking that the external benefits from its investment programme will outweigh the possible external costs? Give detailed reasons to support your view. *(12 marks)*

External benefits either directly mentioned in the data or implied include:

- Better facilities for the public at the garden centre
- Wider choice of products likely
- More attractive place to visit
- Jobs are being created, therefore helping incomes
- More money in circulation in the local area

External costs either directly mentioned in the data or implied include:

- Possible loss of local farm land
- Spoilt landscape as a result of expansions particularly with greenhouses and warehousing
- Possible traffic problems including more pollution, congestion and danger
- Negative effect on other garden centres/shops selling similar supplies

NB It is quite acceptable for candidates to suggest that the chairman is not right. We are looking to reward the weight of considered, logical argument!

Level 4 Evaluation

The candidate makes conclusions or reasoned judgments from logical evaluation of the evidence in the case study and using business studies knowledge and terminology correctly. Candidates should be making justified judgments as to whether they think the chairman of Brighter Gardens plc is right. (12 - 9 marks)

Logical judgements are made and justified based on clear evidence of weighing up the costs and benefits. Candidates must make a justified judgement of whether they think the chairman of Brighter Gardens plc is right. *(12 marks)*

Simple reasoned judgements are made based on some consideration of the costs and benefits. *(9 marks)*

Level 3 Selection/Organisation/Analysis/Interpretation

Information has been selected from the case study. The candidate effectively applies business terms/concepts to address the situation of the company. Data is correctly interpreted and compared and the response analyses the possible external costs and benefits to the local community from the expansion plans of Brighter Gardens plc. No judgement is made as to whether the candidate thinks the chairman is right. (8 - 7 marks)

Clear, good analysis based on the selection of appropriate information from the case study and effective application of business concepts to Brighter Gardens situation. *(8 marks)*

Some analysis based on the selection of some appropriate information from the case study and including reasonably effective application of business concepts to Brighter Gardens situation. *(7 marks)*

10

Total for this question: 12 marks

Describe **two** appropriate ways for *Brighter Gardens plc* to carry out market research when planning the promotional launch of one of its redeveloped garden centres. Explain which you think will be the most effective, giving detailed reasons to justify your choice. (12 marks)

NB *Methods may be broad – field or desk – or quite narrow and specific – e.g. observation, home survey, telephone survey. There is no ‘correct’ answer implied as to the most appropriate; rather we are looking to reward candidates for showing how their chosen method might be relevant and appropriate to the needs of Brighter Gardens plc. Illustrations of the data to be collected should be linked to the need to gather data in order to plan promotional strategies. Reasons in support of the chosen method should be accurate and logical.*

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. Candidates should be making judgements as to the most appropriate market research methods for Brighter Gardens to use. The choice of methods should be justified. (12 - 9 marks)

Logical judgements are made and justified based on clear evidence of weighing up the pros and cons of two appropriate methods (12 marks)

Simple reasoned judgements are made based on some consideration of the pros and cons of two appropriate methods (9 marks)

Level 3 Selection/Organisation/Analysis/Interpretation

Information has been selected from the case study. The candidate effectively applies business terms/concepts to analyse and compare the usefulness of 2 methods appropriate to Brighter Gardens plc but either no justified judgement is made as to why the methods are most appropriate or the judgement is based on insufficient discussion or incorrect interpretation. The comparison can be between the advantages and disadvantages of one of the methods or between the two chosen methods or between the chosen methods and alternative methods of MR. (8 - 7 marks)

Clear, good analysis based on a comparison of the 2 methods selected using appropriate information from the case study and effective application of business concepts to Brighter Gardens situation (8 marks)

Some analysis based on a comparison of the 2 methods selecting some appropriate information from the case study and including reasonably effective application of business concepts to Brighter Gardens situation (7 marks)

11

Total for this question: 12 marks

Explain **two** effective strategies Carole Rowe should use to promote the garden centre. Justify your choice of strategies. (12 marks)

NB *Candidates may use the methods in the data, choose their own or mix their own with those in the data. Appropriateness needs to be linked to the nature of the company, its need for promotion and the products/services it sells. At levels 4 – 2 two methods need to be suggested. Methods may be both quite narrow and broad and may be linked to other aspects of the marketing mix e.g. price. The position within levels 4 – 2 will be determined by the quality of the explanation of the chosen methods.*

Level 4 Evaluation

The candidate makes conclusions or reasoned judgements from logical evaluation of methods suggested by the candidate using business studies knowledge and terminology correctly. Candidates should be making judgements as to which methods are likely to be best for promoting the garden centre. The judgement needs to be justified and must be based on a correct discussion of the methods suggested by the candidate. **(12 - 9 marks)**

Logical judgements are made and justified based on clear evidence of a considered discussion of two appropriate methods (12 marks)

Simple reasoned judgements are made based on some consideration of the evidence and relevant business knowledge (9 marks)

Level 3 Selection/Organisation/Analysis/Interpretation

The candidate effectively applies business terms/concepts to discuss and analyse the two methods suggested by the candidate. No judgement has been made as to why the methods would be the most appropriate. **(8 - 7 marks)**

Clear, good analysis based on the selection of appropriate information and effective application of business concepts to the situation of the promotion of the garden centre. (8 marks)

Some analysis based on the selection of some appropriate information and including reasonably effective application of business concepts to the situation of the promotion of the garden centre. (7 marks)

Marking Criteria for Quality of Written Communication

High performance	Candidates spell, punctuate and use the rules of grammar with almost faultless accuracy, deploying a range of grammatical constructions. They use a wide range of specialist terms adeptly and with precision.	5 - 4 marks
Intermediate performance	Candidates spell, punctuate and use the rules of grammar with considerable accuracy. They use a good range of specialist terms with facility.	3 - 2 marks
Threshold performance	Candidates spell, punctuate and use the rules of grammar with reasonable accuracy. They use a limited range of specialist terms appropriately.	1 mark
Below threshold performance	Candidates do not meet the threshold performance criteria	0 marks