



## **General Certificate of Secondary Education**

# **Business Studies 3133** **Full and Short Course** *Specification B*

## **Paper 1 Higher Tier**

# **Mark Scheme**

*2007 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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## 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 judgement 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**

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.**

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

Compare the advantages and disadvantages of **two** possible methods of field research that Dave could have used before setting up his business. Select the most suitable method that Dave should have used and justify your choice. *(12 marks)*

Advantages and disadvantages of the chosen methods are likely to centre around:

- cost of method;
- range of information that can be collected;
- reliability of information;
- ease of collection.

**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 someone in 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).

**NB                      *Methods of desk research are not acceptable.***

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

Explain **two** reasons why desk research might have been useful in helping Dave to prepare his business plan. *(8 marks)*

Likely points include:

- cheaper than carrying out field research;
- easier to carry out than field research;
- can find out useful and relevant information which cannot be found from field research;
- examples of likely data from desk research might be included;
- negative points about field may be rewarded if they are linked to benefits of desk.

### **Level 3                      Selection/Organisation/Analysis/Interpretation**

**The candidate effectively applies business terms/concepts and data is correctly interpreted to achieve an analysis of the usefulness of desk research to someone like Dave in preparing a business plan. (8-6 marks)**

At least two reasons for someone like Dave using desk research to prepare a business plan are described showing clearly how useful desk research might be. (8 marks)

Two reasons simply useful or one reason clearly useful. (7 marks)

At least one reason for someone like Dave using desk research to prepare a business plan is described showing simply how useful desk research might be. (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 desk research is described as it applies to a business plan. At this level the response does not analyse that information in terms of its relative usefulness in preparing the business plan. (5-4 marks)**

At least two items resulting from desk research that someone like Dave might include in a business plan are described. (5 marks)

At least one item resulting from desk research that someone like Dave might include in a business plan is described. (4 marks)

### **Level 1                      Statement of Knowledge**

**Straight copying of case study material and limited understanding shown. Items of information that will result from desk research are stated but without further description. (3-1 marks)**

Mark at (1) per item of undeveloped information to a max of (3).

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

Using <b>two</b> examples, explain what is meant by 'running costs'.
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*(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**

Compare the advantages of Dave starting up his own business with the advantages of his operating as a franchisee for Photoservices plc. Advise Dave on his best course of action and justify your choice. *(12 marks)*

Possible points include:

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

**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 course of action for someone in Dave's situation are based on and justified by a thorough comparison and weighing up of the relative advantages of the two options.** **(12-9 marks)**

Logical judgements are made and justified based on clear evidence of comparing the two options. Three advantages of each option must be included. (12 marks)

Simple reasoned judgement is made based on a comparison of the two options using business knowledge relevant to Dave's situation. Two advantages of each option must be included. (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 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 but no judgement is made. Two advantages of each 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 but no judgement is made. Two advantages of each 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 **one** option but no sense of comparison. (4 marks)

**Level 1                    Statement of Knowledge**

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

Three separate undeveloped points are given. (3 marks)

One undeveloped point given. (1 mark)

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

Using the figures in the table, and any appropriate calculations and ratios, explain what conclusions Dave might have drawn about the performance of his business during its 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 about the performance of Dave's business and are 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 sets of actual ratios. (12 marks)
- Reasoned judgements based on a comparison of 1 set of actual ratios. (11 marks)
- Reasoned judgements based on a comparison of 2 sets of actual profit figures. (10 marks)
- Simple judgement based on a comparison of 2 sets of actual ratios. (9 marks)
- Simple judgement based on a comparison of 1 set of actual ratios. (8 marks)
- Simple judgement based on a comparison of 1 set of actual profit figures. (7 marks)

**NB** *If net profit ratios/margins are used they must be correctly calculated.*  
**2005 = 6.7% (accept 6.6, 6.67 and 7%).**  
**2006 = 8.3% (accept 8.33, 8.4 and 8%).**

**Level 2****Application of knowledge and understanding**

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

Changes in 3 sets of figures are identified but no comparisons and no judgements are made. (6 marks)

Changes in 2 sets of figures are identified but no comparisons and no judgements are made. (5 marks)

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

**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 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 one 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)

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9

**Total for this question: 4 marks**

Paperplus plc allows Dave 30 days of trade credit when it supplies him with paper. Explain how this will help Dave's business. *(4 marks)*

**Level 2/1 combined      Knowledge/Application**

Mark at (1) per point/development to max of (4).

Likely points might include:

- this is where suppliers allow Dave 30 days to pay them (1);
- cash shortage can be helped by trade credit (1) giving Dave chance to use supplies (1) bring in revenue (1) before having to pay for them (1);
- no interest charge on trade credit (1).



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

Compare the possible advantages and disadvantages to **Paperplus plc** of using batch production to manufacture photographic paper. (8 marks)

Likely points might include:

Batch advantages:

- faster than job production;
- likely to be cheaper than job;
- can produce a variety of different types/sizes of paper;
- can trace faults to a particular batch.

Batch disadvantages:

- more expensive than mass production;
- time lost stopping to change batches/alter machinery;
- lost time will increase costs.

### **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 batch production for producing photo printing paper. (8-6 marks)**

Clear, good analysis incorporating a comparison of a least two advantages and two disadvantages based on the selection of appropriate information from the case study and effective application of business concepts to a product like photo paper. (8 marks)

Some comparison of at least one advantage and one disadvantage 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 a product like photo paper. (6 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 process are simply described as they apply to a product like photo paper. No comparison is made at this level. (5-4 marks)**

Effective and accurate application of sound relevant business knowledge and understanding within the context of a product like photo paper to simply describe at least two advantages and two disadvantages of the process. (5 marks)

Some use and application of relevant business knowledge and understanding within the context of a product like photo paper to simply describe one advantage and one disadvantage of the process. (4 marks)

### **Level 1                    Statement of Knowledge**

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

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

**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