



General Certificate of Secondary Education

Business Studies 3133

Full Course

Specification B

Paper 3 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.

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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 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: 47 marks

(a) Explain what is meant by the term 'partnership'.

(3 marks)

Possible answers include:

- shared ownership;
- shared decision making;
- an agreement (1) between 2 or more people (1) to take joint responsibility for running a business (1), to share profits (1) and risks (1). **Note max of 3 marks.**

Level 1 Statement of Knowledge

Listed points are given.

The candidate gives three listed points.

(3 marks)

The candidate gives one listed point.

(1 mark)

(b) Describe another form of business ownership that might be suitable for Sally and David. Explain why you think this form of ownership would be more suitable than their partnership and justify your reasons.

(12 marks)

Possible answers include:

Description/Advantages of Limited company:

Sally and David and any other shareholder would have limited liability – no personal risk of bankruptcy.

The business has continuity because it has a separate legal identity.

It is easier to borrow money.

Description/Advantages of Franchising:

Uses an established name.

Use of logos and trade marks.

National advertising.

Management assistance.

Instant recognition.

Disadvantages of Partnerships:

Unlimited liability.

Partners might take decisions without consulting each other.

Lack of continuity.

NB Sole trader and PLC are not suitable.

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. (12 – 9 marks)

The candidate makes a reasoned conclusion based upon some sort of comparison between the suggested business form and remaining as a partnership. The conclusion needs to be justified by at least two advantages (or disadvantages of partnership) of the new form of business. (12 marks)

The candidate makes a reasoned conclusion based upon some sort of comparison between the suggested business form and remaining as a partnership. The conclusion needs to be justified by at least one advantage or disadvantage of the new form of business. (11 marks)

The candidate makes a simple conclusion based upon some sort of comparison between the suggested business form and remaining as a partnership. The conclusion needs to be justified by at least two advantages or disadvantages of the new form of business. (10 marks)

The candidate makes a simple conclusion based upon some sort of comparison between the suggested business form and remaining as a partnership. The conclusion needs to be justified by at least one advantage (or disadvantage of partnership) of the new business form. (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 problem situation like that of Sally and David. Data is correctly interpreted and analysed. (8 – 6 marks)

The candidate gives a clear comparison of two aspects of the new business form but no judgement is made. (8 marks)

The candidate gives a simple comparison of one aspect of becoming the new business form but no judgement is made. (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 a suitable new business form. (5 marks)

The candidate gives a simple description of a suitable new business form. (4 marks)

Level 1 Statement of Knowledge

Straight copying of case study material and limited understanding shown. Listed point(s). Answer not in context of the case study. (3 – 1 marks)

The candidate lists three aspects of a different business form. (3 marks)

The candidate lists one aspect of a different business form. (1 mark)

(c) Sally and David need equipment to start producing crisps. They are investigating possible sources of finance and are considering:

- leasing the equipment
- getting a loan to buy the equipment.

Discuss the advantages and disadvantages of both of these options. Explain and justify which you think would be better. (12 marks)

Leasing the equipment:

Advantages	Disadvantages
Fixed period of time then can update equipment.	Don't own the asset.
Regular payments.	Can be very expensive.
Leasing the company responsible for repair often.	Fixed period of time may be too long.

Getting a loan:

Advantages	Disadvantages
You own the goods.	Going into debt to someone.
Can be over a long period of time.	Interest charges.
	Maybe for longer than assets last.

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. (12 – 9 marks)

The candidate makes a reasoned and justified judgement based upon a comparison of at least one advantage and one disadvantage of each option plus one additional advantage or one additional disadvantage of either option for a business like that of Sally and David. (12 marks)

Reasoned and justified judgement, at least one advantage and one disadvantage of each option. (11 marks)

Simple justified judgement, at least one advantage and one disadvantage of each option plus one additional advantage or one additional disadvantage of either option. (10 marks)

The candidate makes a simple and justified judgement based on a comparison of at least one advantage and one disadvantage of each option for a business like that of Sally and David. (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 problem situation like that of Sally and David. Data is correctly interpreted and analysed. (8 – 6 marks)

The candidate gives a clear comparison of at least one advantage and one disadvantage of each option plus one additional advantage or disadvantage of either option but no judgement is made. (8 marks)

The candidate gives a simple comparison of at least one advantage and one disadvantage of each option but no judgement made. (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 description of one advantage and one disadvantage of both options but no comparison is made. (5 marks)

The candidate gives a description of either one advantage or one disadvantage from both options but no comparison is made. (4 marks)

Level 1 Statement of Knowledge

Straight copying of case study material and limited understanding shown. Listed point(s). Answer not in context of the case study. (3 – 1 marks)

Mark at (1) mark per listed point for either option to a max of (3).

- (d) Sally and David need to choose between selling direct to the public from their farm shop or using a wholesaler. Compare the advantages and disadvantages of both options. Explain and justify which you think would be the better option. *(12 marks)*

Using a wholesaler:

Advantages	Disadvantages
Easy to deliver.	Will sell them for less.
Breaks bulk so more convenient to deliver.	May just be local market to that wholesaler.
Easier to get payment from 1 customer than many.	May not push the goods with the retailers.
Breaks bulk so will buy in large quantities.	Less direct contact with the customers.

Direct selling:

Advantages	Disadvantages
More contact with customer.	Costs more.
More contact leads to product development.	Less efficient in terms of time.
More profit.	Need to do more marketing.
More control.	Lots of small orders.

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.
(12 – 9 marks)

The candidate makes a reasoned and justified judgement based upon a comparison of at least one advantage and one disadvantage of each option plus one additional advantage or one additional disadvantage of either option. *(12 marks)*

The candidate makes a reasoned and justified judgement based upon a comparison of at least one advantage and one disadvantage of each option. *(11 marks)*

The candidate makes a simple and justified judgement based upon a comparison of at least one advantage and one disadvantage of each option plus one additional advantage or one additional disadvantage of either option. *(10 marks)*

The candidate makes a simple and justified judgement based on a comparison of at least one advantage and one disadvantage of each option. *(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 problem situation like that of Sally and David. Data is correctly interpreted and analysed. (8 – 6 marks)

The candidate gives a clear comparison of at least one advantage and one disadvantage of each option plus one additional advantage or disadvantage of either option but no judgement is made. (8 marks)

The candidate gives a simple comparison of at least one advantage and one disadvantage of each 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 description of one advantage and one disadvantage of both options but no comparison is made. (5 marks)

The candidate gives a description of either one advantage or one disadvantage from both options but no comparison is made. (4 marks)

Level 1 Statement of Knowledge

Straight copying of case study material and limited understanding shown. Listed point(s). Answer not in context of the case study. (3 – 1 marks)

Mark at (1) mark per listed point for either option to a max of (3).

- (e) If Sally and David want to sell direct to the public, they will need to decide on a method of pricing. Discuss the advantages and disadvantages of **two** methods of pricing that they could use. (8 marks)

Accept *ANY* reasonable pricing method including:

- cost plus pricing;
- creaming or skimming;
- promotional pricing;
- loss leaders.

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 Sally and David. Data is correctly interpreted and analysed. (8 – 7 marks)

The candidate gives a clear comparison of at least one advantage and one disadvantage of each option. (8 marks)

The candidate gives a simple comparison of at least one advantage and one disadvantage of each option. (7 marks)

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 at least one advantage and one disadvantage of both methods but with no comparison. (6 marks)

The candidate gives a description of either one advantage or one disadvantage from both methods but no comparison is made. (4 marks)

Level 1 Statement of Knowledge

Straight copying of case study material and limited understanding shown. Listed point(s). Answer not in context of the case study. (3 – 1 marks)

Mark at (1) mark per listed point for either option to a max of (3).

2**Total for this question: 43 marks**

(a) Explain, using examples, what is meant by the term 'business objectives'. (4 marks)

Possible points might include:

- a business aim;
- a target to achieve;
- to increase its share of the market;
- business objectives are the aims of a business (1) such as be the best known brand of crisps (1) or to sell crisps over the whole of England (1). These are what the business hopes to achieve (1) in the short term (1).

Level 2&1 combined**Application of knowledge and understanding/Statement of knowledge. (4 – 1 marks)**

Mark at (1) per point/example to a maximum of (4).

If examples are simply listed without being used to explain the term mark at max of (1).

(b) Discuss how *Phones for All* might try to increase its share of the market. (9 marks)

Possible methods include:

- forms of promotion;
- product expansion and/or product diversification;
- take over another firm;
- change channels of distribution;
- pricing strategies.

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 Sally and David. Data is correctly interpreted and analysed. (9 – 7 marks)**The candidate clearly explains at least two methods which a business like *Phones for All* could use to try and increase its share of the market. (9 marks)The candidate gives a simple explanation of at least one method in which a business like *Phones for All* could use to try and increase its share of the market. (7 marks)

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 clear description of at least two methods that a business like Phones for All could use to try and increase its share of the market. *(6 marks)*

The candidate gives a simple description of one method that a business like Phones for All could use to try and increase its share of the market. *(4 marks)*

Level 1 Statement of Knowledge

Straight copying of case study material and limited understanding shown. Listed point(s). Answer not in context of the case study. (3 – 1 marks)

The candidate gives three listed methods that a business like Phones for All could use. *(3 marks)*

The candidate gives a method that a business like Phones for All could use. *(1 mark)*

(c) *Phones for All* has chosen to use its website, rather than local newspapers, to advertise vacancies in its shops. Compare the two methods and justify why you think that it has made this decision. (12 marks)

Advantages Website	Disadvantages Website
Low cost.	Not everyone has the internet.
National.	Not the first place people out of work look.
Is there until removed.	World wide not necessary.
Easy for those already in a job access.	May make it difficult for people to apply.
Can put on a lot of information.	Information overload with too many sites to look through.
Easily changed.	
Available 24/7.	

Advantages Local Newspapers	Disadvantages Local Newspaper
Read by local target audience.	Will only cover a small area.
Large local circulation.	Adverts can be expensive.
Easy to arrange advert.	May need to repeat advert on a weekly basis.
	Job section is not always looked at.

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.

(12 – 9 marks)

The candidate makes a reasoned and justified judgement based upon a comparison of at least one advantage and one disadvantage of each option plus one additional advantage or one additional disadvantage of either option. (12 marks)

The candidate makes a reasoned and justified judgement based upon a comparison of at least one advantage and one disadvantage of each option. (11 marks)

The candidate makes a simple and justified judgement based upon at least one advantage and one disadvantage of each option plus one additional advantage or one additional disadvantage of either option. (10 marks)

The candidate makes a simple and justified judgement based on a comparison of at least one advantage and one disadvantage of each option. (9 marks)

- (d) Explain how *Phones for All* could use the information provided by the applicants on the application forms to select suitable people to interview. (9 marks)

Possible answers include:

The candidate would include his schools attended on the application form (L1) Secondary schools he attended (L2). Phones for all would like to see a list of all the secondary schools attended along with the dates that he attended them, written without any errors or gaps (L2). This would be to see if he had continuous schooling in good schools and so that they can contact the school to find out what he was like (L3).

Previous experience.

References.

Employment record.

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 Phones for All. Data is correctly interpreted and analysed. (9 – 7 marks)

The candidate gives a clear explanation of how at least three pieces of information would be used by a business like Phones for All to select people for interview. (9 marks)

The candidate gives a clear description of how at least one piece of information would be used by a business like Phones for All to select suitable people for interview. (7 marks)

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 basic description of at least three pieces of information that could be used by a business like Phones for All from an application form. (6 marks)

The candidate a basic description of at least one piece of information that could be used by a business like Phones for All from an application form. (4 marks)

Level 1 Statement of Knowledge

Straight copying of case study material and limited understanding shown. Listed point(s). Answer not in context of the case study. (3 – 1 marks)

The candidate gives three listed pieces of information from an application. (3 marks)

The candidate gives one piece of information from an application form. (1 mark)

- (e) Compare how **two** stakeholders might be affected by the growth of *Phones for All*.
(9 marks)

Examples of effects on some possible stakeholder groups include:

- *Customer – would be more convenient, get more choice and therefore save themselves some money. However it would also mean that it would take them longer to choose. Phones for All may result in the closure of local businesses and so reduce their choice.*
- *Supplier – it would be another outlet, he would therefore expand himself and make more profit. As it is has a lot of branches he may negotiate a very low price so reducing their profits.*
- *Local children – would be able to get to the shop as they don't have their own transport. Would give them more choice, better value. Maybe part time jobs. May be tempted into buying phones that they can't afford – stealing or shoplifting.*
- *Unemployed adults – jobs better standard of living, be able to afford a phone. More products they cannot afford. Jobs may go to outsiders.*

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 Phones for All. Data is correctly interpreted and analysed. (9 – 7 marks)

The candidate clearly compares how two stakeholders could be both positively and negatively affected by the growth of Phones for All. (9 marks)

The candidate simply compares how two stakeholders would be affected by the growth of Phones for All looking at either positive or negative sides for either group. (7 marks)

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 description of how two stakeholders would be affected both positively and negatively by the growth of a business like Phones for All, but no comparison is made. (6 marks)

The candidate gives a description of how two stakeholders might be affected either positively or negatively by the growth of a business like Phones for All, but no comparison is made. (5 marks)

The candidate gives a description of how one stakeholder might be affected both positively and negatively by the growth of a business like Phones for All, but no comparison is made. (4 marks)

The candidate gives a description of how one stakeholder might be affected either positively or negatively by the growth of a business like Phones for All, but no comparison is made. (3 marks)

Level 1 Statement of Knowledge

Straight copying of case study material and limited understanding shown. Listed point(s). Answer not in context of the case study. (2 – 1 marks)

The candidate gives two examples of stakeholders. *(2 marks)*

The candidate gives an example of a stakeholder. *(1 mark)*

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