



General Certificate of Secondary Education

Business Studies 3133

Specification B

Paper 3 Higher 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.

Further copies of this Mark Scheme are available to download from the AQA Website: www.aqa.org.uk

Copyright © 2008 AQA and its licensors. All rights reserved.

COPYRIGHT

AQA retains the copyright on all its publications. However, registered centres for AQA are permitted to copy material from this booklet for their own internal use, with the following important exception: AQA cannot give permission to centres to photocopy any material that is acknowledged to a third party even for internal use within the centre.

Set and published by the Assessment and Qualifications Alliance.

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: 3 marks

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 the agreement of current shareholders (1).

3 x 1 mark for relevant elements of the explanation.

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

Running the business on his own is increasingly difficult for Peter and he is worried that raising the £180 000 for the café will stretch his personal finances.

Evaluate **two** ways in which Peter could raise the finance. Advise him on which method he should use. Justify your advice. *(12 marks)*

Possible answers might include:

He could form a private limited company and offer shares for sale.

He could form a partnership.

Peter could approach Tall Trees' bank for a loan. He would be known to the bank and as the business has been expanding would previously have a good track record.

Peter could approach a firm of venture capitalists. They are in business to offer finance to new/expanding businesses.

Peter could borrow money from family and friends.

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 based upon two or more clear reasons for choosing the source of finance. *(4 marks)*

The candidate makes a judgment based upon a clear reason for choosing the source of finance. *(3 marks)*

The candidate makes a judgment based upon two or more simple reasons for choosing the source of finance. *(2 marks)*

The candidate makes a judgment based upon one simple reason for choosing the source of finance. *(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. **(8 - 7 marks)**

The candidate gives clear explanations of two sources of finance. *(8 marks)*

The candidate gives simple explanations of two sources of finance or a clear explanation of one source of finance. *(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 clear description of two source of finance. *(6 marks)*

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

The candidate gives either a simple description of two sources of finance or a clear description of one source. *(4 marks)*

The candidate gives a simple description of one source of finance. *(3 marks)*

Level 1 Statement of Knowledge

Straight copying of case study material and limited understanding shown. **(2 - 1 marks)**

The candidate lists two sources of finance. *(2 marks)*

The candidate identifies one source of finance. *(1 mark)*

Marks should be awarded as Evaluation + Analysis/Application/ Knowledge, eg 2 + 4.

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

(a) Describe two important parts of a business plan.	<i>(4 marks)</i>
---	------------------

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)*

N.B. Simple description of one part is 2 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)*

- (b) Explain whether or not the business plan will help Peter to make the café a success. (8 marks)

Possible answers might 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 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 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: 8 marks**

Peter wants the café to be successful and knows that he must choose an appropriate pricing method to achieve this. He is considering using penetration pricing.

Compare **one** advantage and **one** disadvantage of using penetration pricing in the new café. Advise Peter whether or not he should use this method of pricing. *(8 marks)*

Possible answers might include:

Advantages of using penetration pricing:

- he will attract a lot of customers because of the cheap introductory prices;
- he will quickly establish a loyal customer base;
- he will achieve a high level of initial sales turnover.

Disadvantages of using penetration pricing:

- when he raises his prices to a normal level he will lose customers;
- it will take him longer to cover his initial investment costs;
- prospective customers might think that the products/services in the café are poor quality because of the cheap prices.

Level 4 Evaluation

The candidate makes a reasoned conclusion or judgment from logical evaluation of the evidence in the case study and using business studies knowledge and terminology correctly. The judgment made is justified in terms of advantages and disadvantages of a course of action or in terms of a consideration of alternatives. *(2 - 1 marks)*

The candidate makes a judgment based upon a clear comparison of one advantage and one disadvantage of penetration pricing. *(2 marks)*

The candidate makes a judgment based upon a simple comparison of one advantage and one disadvantage of penetration pricing. *(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 faced by a business like Peter's. *(6 - 5 marks)*

The candidate gives a clear comparison of an advantage and a disadvantage of penetration pricing. *(6 marks)*

The candidate gives a simple comparison of an advantage and a disadvantage of penetration pricing. *(5 marks)*

Level 2 Application of Knowledge and Understanding

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

The candidate gives a description of both an advantage and a disadvantage of penetration pricing. *(4 marks)*

The candidate gives a description of either an advantage or disadvantage of penetration pricing. *(3 marks)*

Level 1 Statement of Knowledge

Straight copying of case study material and limited understanding shown. Listed points only are offered. Answer is not in context of case study. (2 - 1 marks)

The candidate lists one advantage and one disadvantage of penetration pricing. *(2 marks)*

The candidate shows knowledge of penetration pricing. *(1 mark)*

Marks will be awarded as Evaluation + Analysis / Application / Knowledge, eg 2 + 6.

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

Explain why it is important for a business to set objectives.

(4 marks)

Possible answers may include:

- it helps the business plan for the future (1) and gives the business something to aim for (1);
- it gives the business something to measure performance against (1) and can be used as motivators for staff (1).

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)*

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

Explain two benefits of growth to <i>Tall Trees</i> .	<i>(6 marks)</i>
--	------------------

Possible answers may include:

- benefits from economies of scale, any two may be explained;
- increased sales turnover from greater sales volume;
- 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 simple explanation of another benefit to Tall Trees. *(5 marks)*

The candidate gives a simple explanation of two benefits or a clear explanation of one benefit 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)*

7

Total for this question: 12 marks

Peter needs to recruit three full-time and six part-time staff, with appropriate skills and experience, to work in the café.

Discuss **two** suitable methods that Peter could use to advertise for these staff.
Recommend and justify which method(s) he should use.

(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 current employees telling friends and relatives:

- 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 current employees telling friends and relatives:

- he will have a very limited target audience to aim at;
- they may lack the necessary skills or experience and waste Peter's time;
- he may upset his staff if he doesn't interview/recruit their friends/family.

NB Allow any reasonable/appropriate methods. Do not allow TV advertising. Appropriate methods need to be **local**.

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 method to use based upon two or more clear reasons for their choice. *(4 marks)*

The candidate makes a judgment of which method to use based upon one clear reason for their choice. *(3 marks)*

The candidate makes a judgment of which method to use based upon two or more simple reasons for their choice. *(2 marks)*

The candidate makes a judgment of which method to use 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 - 5 marks)

The candidate gives a clear explanation of two suitable methods that Peter could use. *(8 marks)*

The candidate gives a clear explanation of one suitable method that Peter could use and a simple explanation of another suitable method. *(7 marks)*

The candidate gives a simple explanation of two suitable methods that Peter could use or a clear explanation of one suitable method that Peter could use. *(6 marks)*

The candidate gives a simple explanation of one suitable method that Peter could to use. *(5 marks)*

Level 2 Application of Knowledge and Understanding

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

The candidate gives clear descriptions of two suitable methods that Peter could use. *(4 marks)*

The candidate gives simple descriptions of two suitable methods that Peter could use. *(3 marks)*

Level 1 Statement of Knowledge (2 - 1 marks)

The candidate lists two suitable methods that Peter could use. *(2 marks)*

The candidate gives a suitable method that Peter could use. *(1 mark)*

Marks should be awarded as: Evaluation + Analysis/Application/Knowledge, eg 2 + 6

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

<p>Explain one advantage and one disadvantage of each method of training the new staff.</p>

(9 marks)

Possible answers may include:

Advantages of on the job training:

- new staff will learn the actual tasks in their normal working environment;
- less expensive than off the job training;
- training can be tailored to the business' needs specifically.

Disadvantages of on the job training:

- Peter has no experience of running a café, who will organise and deliver the training?
- training is often interrupted;
- trainees often take on the job training less seriously.

Advantages of off the job training:

- organised and delivered to up to date standards by training experts;
- no distractions in the workplace;
- employees can be motivated by achieving recognised qualifications.

Disadvantages of off the job training:

- usually the most expensive of the two methods;
- trainees do not learn in their actual working environment;
- more difficult to organise - find appropriate provider etc.

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 garden centre. Data is correctly interpreted and analysed. **(9 - 7 marks)**

The candidate gives a clear explanation of an advantage and disadvantage of both methods of training Peter could use. *(9 marks)*

The candidate gives a simple explanation of an advantage and disadvantage of both methods of training Peter could use. *(8 marks)*

The candidate gives a simple explanation of an advantage and disadvantage of one method of training Peter could use. *(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 an advantage and disadvantage of both methods of training that Peter could use. *(6 marks)*

The candidate gives a description of an advantage or disadvantage of each method of training Peter could use. Candidates could also give a description of an advantage and a disadvantage of one method. *(5 marks)*

The candidate gives a description of either an advantage or a disadvantage of either method of training Peter could use. *(4 marks)*

Level 1 Statement of Knowledge

Straight copying of case study material and limited understanding shown. Listed points given. Answer not in context of case study. (3 - 1 marks)

The candidate lists three advantages or/or disadvantages from either method of training. *(3 marks)*

The candidate lists two advantages and/or disadvantages from either method of training. *(2 marks)*

The candidate gives one advantage or disadvantage from either method of training. *(1 mark)*

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

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

Explain **two** ways in which *Tall Trees* might be affected 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 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 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 closures. (8 marks)

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

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

The candidate briefly 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