AQA

ASSESSMENT and
QUALIFICATIONS
ALLIANCE

Mark scheme
June 2003

GCSE

Business B

3133 (Full course): 3139 (Short course)
Paper 1H

Higher Tier   **3133/9/1H**

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 question:** *(9 marks)*

> *Explain the most likely reasons for Jo deciding to start her own business.*   *(9 marks)*

Possible points include:
Points from the data:-
- She has the necessary skills
- She has the necessary experience
- She spotted a gap in the market
- She had spent 15 years working for someone else
- She knew from research there was a market for her ties
- She had the finance necessary -£15,000 savings, an agreed loan

Other points:-
- She wanted to be her own boss and make all the decisions
- She thought she could earn a good profit
- The challenge of running your own business

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 Jo. Data is correctly interpreted and analysed.
                                                                              (9-7 marks)

Clear, good analysis based on the selection of appropriate information from the case study and effective application of business concepts to Jo's situation = (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 Jo's situation = (7 marks)

Level 2   Application of Knowledge and Understanding

Business studies knowledge is used and applied to the case study. Relevant points are made suggesting why Jo chose to set up her business but they are <u>not</u> points or information taken from the case study.   **(6-4 marks)**

Effective and accurate application of sound relevant business knowledge and understanding within the context of Jo's situation = (6 marks)

Some use and application of relevant business knowledge and understanding within the context of Jo's situation = (4 marks)

Level 1   Statement of Knowledge

Straight copying of case study material and limited understanding shown. Listed points may be given and are not in the context of Jo's business.   **(3-1 marks)**

Three separate undeveloped reasons are given without any link to Jo's situation = (3 marks)

One reason given with no link to Jo's situation = (1 mark)

Note: Mention of Jo's name is not sufficient to put an answer into context

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2.   **Total for question:** *(12 marks)*

Explain why Jo might have decided that using an agency was the best way to sell her ties.
(12 marks)

Possible points include:

- The agency will have specialised skills
- The agency will have expert knowledge of suitable outlets
- Jo will not have the time to set up her own links
- The agency will be able to approach more outlets than she could
- Jo's market will have been limited if she had to sell the items
- The retailers might trust an agency more than Jo
- Jo is able to concentrate on the design and production

NB   Any conclusions do not have to be at the end of the candidate's answer. Be prepared to reward reasoned judgements made within the body of the response.

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 why Jo might have decided using an agency was best. Candidates operating at the top of this level need to be clearly justifying their judgements.   (12-9 marks)

Logical judgements are made and justified based on clear evidence of weighing up the pros and cons for Jo. = (12 marks)

Simple reasoned judgements are made based on some consideration of the evidence and relevant business knowledge linked to Jo's situation = (9 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 discuss and compare at the pros and cons of Jo using an agency. Other channels might be compared but the candidate is not making a judgement as to why Jo thought an agency was best for her.   (8-7 marks)

Clear, good analysis based on the selection of appropriate information from the case study and effective application of business concepts to Jo's 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 Jo's situation = (7 marks)

Level 2   Application of Knowledge and Understanding

Business studies knowledge is used and applied to the case study. The basic pros and cons of using an agency are simply described in the context of the case study but are not compared.
(6-5 marks)

Effective and accurate application of sound relevant business knowledge and understanding within the context of Jo's situation = (6 marks)

Some use and application of relevant business knowledge and understanding within the context of Jo's situation = (5 marks)

Level 1   Statement of Knowledge

Straight copying of case study material and limited understanding shown. Simple pros and cons of the distribution channels are listed without further description and without application to Jo's situation.
(4-1 marks)

Four separate undeveloped reasons are given without any link to Jo's situation = (4 marks)

One reason given with no link to Jo's situation = (1 mark)

Note: Mention of Jo's name is not sufficient to put an answer into context

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3.   **Total for question:** *(12 marks)*

To what extent will preparing a business plan help Jo to run her business?   *(12 marks)*

Possible points include:

- It will help her to plan everything so that nothing is forgotten
- It will give her a checklist of key guidelines when running the business
- It will help her to review progress by comparing achievements with aims, objectives and targets
- It will her to get finance from banks and other financial institutions
- It might be used to show potential investors to attract them to put money into the business

NB   *Any conclusions do not have to be at the end of the candidate's answer. Be prepared to reward reasoned judgements made within the body of the response.*

NB   *The above possible points may not be written in such a specific way by candidates but be prepared to reward them for the sense of planning, reviewing progress etc.*

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 extent to which Jo is helped to run a successful business by preparing a business plan. Judgements should be justified and may suggest that a business plan is not that useful.   (12-10 marks)

Logical judgements are made and justified based on clear evidence of weighing up the usefulness of a business plan for Jo = (12 marks)

Simple reasoned judgements are made based on some consideration of the evidence and relevant business knowledge to Jo's situation = (10 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 business plan will help Jo to run her business. The answer is in the context of the case study but candidates are not making judgements about the extent of the usefulness of the plan to Jo.

(9-7 marks)

Clear, good analysis based on the selection of appropriate information from the case study and effective application of business concepts to Jo's situation = (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 Jo's situation = (7 marks)

Level 2   Application of Knowledge and Understanding

Business studies knowledge is used and applied to the case study. Relevant reasons for preparing a business plan are described but do not show how it will help Jo run her business.
(6-4 marks)

Effective and accurate application of sound relevant business knowledge and understanding within the context of Jo's situation = (6 marks)

Some use and application of relevant business knowledge and understanding within the context of Jo's situation = (4 marks)

Level 1   Statement of Knowledge

Straight copying of case study material and limited understanding shown. Simple description of points without application to Jo's situation.   (3-1 marks)

Three separate undeveloped reasons are given without any link to Jo's situation = (3 marks)

One reason given with no link to Jo's situation = (1 mark)

Note: Mention of Jo's name is not sufficient to put an answer into context

4.   **Total for question:** *(6 marks)*

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*In Jo's business plan she has identified personal details, a breakdown of costs, a break-even analysis and market research data. Describe **three** other items Jo needed to include in her business plan.* *(6 marks)*

Possible items might include:

- Marketing plans – pricing; promotional methods; likely outlets
- Financial data – financial requirements; estimated profit and loss account; cash flow forecast
- Objectives
- Expansion plans
- Production plans - methods of production, machinery needed, plan of workplace

NB   *The chosen items might be either broad and/or narrow as shown in the list above. All three items could be related to one broad item.*

NB   *Title page, name of business, contents page are not rewardable.*

NB   *Mark at (1) per item with up to (+1) mark for a simple description of that item. Three items described will reach the max of (6) whereas three items not described will only reach a max of (3).*

NB   *As this is a new business, Jo would not include a balance sheet.*

5.   **Total for question:** *(8 marks)*

> *Jo estimated her fixed costs for the first six months of operation to be £15 000. The variable costs per tie averaged £2, and Jo set a selling price to the agency of £5 per tie. Showing your working, calculate Jo's break-even for her first six months in operation.* *(8 marks)*

For the correct answer of 5000 ties award (8) marks

Otherwise build up as follows:

(1) (1) (1)   (1)
£5   -   £2 =   £3

(1)   £15000   =   5000 (1)
(1)   ---------
(1)   £3

NB   **Still award marks if candidates include the £ sign with 5000**

NB   **No idea = (0) marks**

NB   **No marks for stating the formula**

NB   **No own figure rule in the same question**

NB   **If the candidate says profit or contribution per tie is £3 go straight in at (4) marks**

NB   **A candidate may get a figure of 5000 somewhere in the answer but may not necessarily gain full marks if it is not clear that this is the final answer. Candidates may continue to calculate beyond this figure which may suggest that they have no idea and therefore gain (0) marks.**

Examples:

Candidate A
(1)   (1)   (1)   (1)
£5   -   £2 =   £3   (1)   3
                                 (0) ------   =   0.0002 (0)
                                 (1) 15000
Therefore (6) marks in total.

Candidate B
(1) (1) (1)   (1)
£5   -   £2 =   £3   (1)   15000
                                (1) -----------   = 3000 (0)
                                (0)   £5
Therefore (6) marks in total

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Candidate C

 (1) (1)   (1)   (0)
 £5 -   £2 = £4   (1)   15000
                               (1) ----------   = 3750 (0)
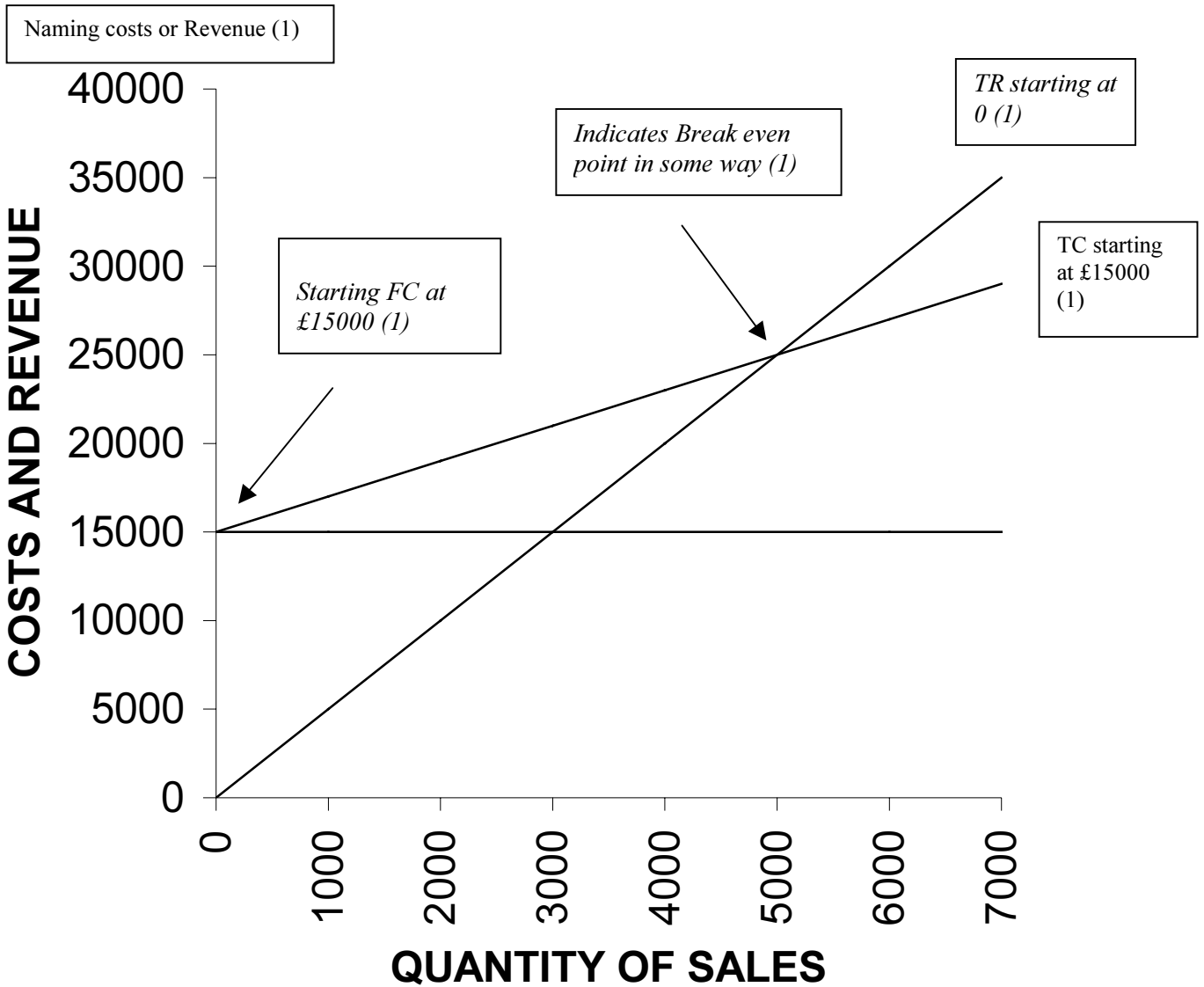   (0)   £4

Therefore (5) marks in total

Candidate D
If the candidate jumps to the second part of the formula but uses the unit price instead of the contribution figure award (2) marks in total

                               (1)   15000
                               (1) --------- =   3000 (0)
                               (0)   £5

NB   *If a break-even graph has been used follow the marking scheme shown on the graph on the next page.*

BREAK EVEN FOR JO CLARKE

Naming costs or Revenue (1)

TR starting at 0 (1)

Indicates Break even point in some way (1)

TC starting at £15000 (1)

Starting FC at £15000 (1)

COSTS AND REVENUE

40000

35000

30000

25000

20000

15000

10000

5000

0

0   1000   2000   3000   4000   5000   6000   7000

QUANTITY OF SALES

Naming sales (1)

Correct BE of 5000 (2)

(8 marks)

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6.   **Total for question:** *(12 marks)*

Compare the risks Jo was taking by setting up as a sole proprietor with the advantages. Explain whether you think Jo made the right decision.   *(12 marks)*

Possible risks might include:

- Unlimited liability
- Lack of capital
- Limited market
- Too much pressure doing all the jobs
- Too much workload
- Difficulty to take time off

Possible advantages might include:

- Quick decision making
- All the profits go to Jo
- Small market will suit a small business
- Low overheads at least to start with
- Easy to set up
- No one to fall out with
- Job satisfaction/motivation

NB   *Any conclusions do not have to be at the end of the candidate's answer.*
         Be prepared to reward reasoned judgements made within the body of the response.

NB   *The context for this question is Jo as a Sole Proprietor.*

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 decision made must be based on and justified by a thorough comparison and weighing up of the risks and advantages to Jo from operating as a sole proprietor.

                                                                (12-9 marks)

Logical judgements are made and justified based on clear evidence of weighing up the pros and cons for Jo = (12 marks)

Simple reasoned judgements are made based on some consideration of the evidence and relevant business knowledge to Jo's situation = (9 marks)

Level 3   Selection/Organisation/Analysis/Interpretation

Information has been selected from the case study. The candidate effectively applies business terms/concepts to show why Jo choosing to be a sole proprietor might cause her both advantages and risks. Data is correctly interpreted and the analysis includes a comparison but the candidate does not explain or justify whether Jo has made the right decision.   (8-6 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 Jo's situation = (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 Jo's situation = (6 marks)

Level 2   Application of Knowledge and Understanding

Business studies knowledge is used and applied to the case study. The relevant risks and advantages of Jo being a sole proprietor are made. Award (5) marks if both sides are described and (4) if only one side given. 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 Jo's situation = (5 marks)

Some use and application of relevant business knowledge and understanding within the context of Jo's situation = (4 marks)

Level 1   Statement of Knowledge

Straight copying of case study material and limited understanding shown. Listed unexplained risks and/or advantages of any sole proprietor are given. They are not expressed in the context of Jo's situation.   (3-1 marks)

Three separate undeveloped points are given without any link to Jo's situation = (3 marks)

One point given with no link to Jo's situation = (1 mark)

Note: Mention of Jo's name is not sufficient to put an answer into context

7.   **Total for question:** *(12 marks)*

> *Jo is thinking of measuring her efficiency by calculating:*
>
> * *output per worker;*
> * *unit cost;*
> * *wastage.*
>
> *Discuss the advantages and disadvantages of **each** of these methods and explain which you think would be the most effective.*   *(12 marks)*

Possible points are shown in the table below and include:

Measure	Description in Jo's case	Advantages	Disadvantages
Output per worker	- The number of finished ties per worker - Linked to a time period - The output at each stage could be measured	- Easy to measure - Easy to compare - Might be used to help motivate workers	- Might become time consuming - Who checks - Records need to be kept and updated
Unit cost	- Calculated by dividing total costs by the number of ties produced - Needs to be measured over a time period	- Helps to show if profit per unit is improving - Helps to show if there is a problem	Difficult to calculate the value of the total costs over a particular time period
Wastage	- Measure the amount of wasted materials - Could calculate the value of the wasted material - Waste of other inputs might be measured, eg power	- Direct link to efficiency as no wastage equals max efficiency - Reducing wastage of material will improve efficiency	- Difficult to measure quantity of material wasted as it will off-cuts of cloth - Difficult to measure other cost wastage

NB   Any conclusions do not have to be at the end of the candidate's answer. Be prepared to reward reasoned judgements made within the body of the response.

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 justified judgements as to which method would be the most effective. All three measures need to have been discussed clearly in the context of Jo's production. There should be evidence of a weighing up of the measures and this might include the suggestion of alternative methods, although this is not compulsory.   (12-9 marks)

Logical judgements are made and justified based on clear evidence of weighing up the pros and cons for Jo = (12 marks)

Simple reasoned judgements are made based on some consideration of the evidence and relevant business knowledge to Jo's situation = (9 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 the benefits and disadvantages of all three methods in the context of Jo's production. A conclusion is given but no justification is reached as to which might the most effective.   (8-6 marks)

Clear, good analysis based on the selection of appropriate information from the case study and effective application of business concepts to Jo's 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 Jo's situation = (6 marks)

Level 2   Application of Knowledge and Understanding

Business studies knowledge is used and applied to the case study. Relevant benefits and/or disadvantages of at least two methods are linked to Jo's form of production. No conclusion is made at this level as to the most effective.   (5-4 marks)

Effective and accurate application of sound relevant business knowledge and understanding within the context of Jo's situation = (5 marks)

Some use and application of relevant business knowledge and understanding within the context of Jo's situation = (4 marks)

Level 1   Statement of Knowledge

Straight copying of case study material and limited understanding shown. Simple benefits and/or disadvantages of one or more methods are given but not in the context of Jo's production.   (3-1 marks)

Three separate undeveloped points are given without any link to Jo's situation = (3 marks)

One point given with no link to Jo's situation = (1 mark)

Note: Mention of Jo's name is not sufficient to put an answer into context

8.   **Total for question:** *(6 marks)*

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*Describe **two** methods of quality control Jo could use.*   *(6 marks)*

Possible methods include:

- Quality checks on the material arriving from suppliers
- Checks on the end product at each at stage
- Checks on the finished ties
- Checks on all ties or a sample
- Total quality management (TQM)

Level 2   Application of Knowledge and Understanding

Business studies knowledge is used and applied to the case study. A description of two methods of quality control methods appropriate and linked to Jo's production situation are given.
(6-5 marks)

Effective and accurate application of sound relevant business knowledge and understanding is shown in the description of two appropriate methods for Jo = (6 marks)

Some use and application of relevant business knowledge and understanding within the context of Jo's situation. Two appropriate methods for Jo are described. = (5 marks)

Level 1   Statement of Knowledge

Straight copying of case study material and limited understanding shown. Simple descriptions of up to two quality control methods are given but without being linked to Jo's production situation.   (4-1 marks)

Two methods are given with a simple description of each but without any link to Jo's situation = (4 marks)

One method given with no description = (1 mark)

Note: Mention of Jo's name is not sufficient to put an answer into context

9.   **Total for question:** *(12 marks)*

Give detailed advice to Jo on how she should finance her planned expansion. Justify your advice. *(12 marks)*

Some of the possible advantages and disadvantages of the methods given in the data are shown in the table below:

Method	Advantages	Disadvantages
Taking out a bank loan	• retain ownership • extra capital • repayments can be spread over long time	• loan has to be repaid • interest may be a large cost • riskier
Using retained profit	• no interest • retain ownership • does not have to repaid	• limited to size of profits made • not available as reward for owner
Changing ownership	• can bring in lot of extra capital • brings in new ideas and expertise • can allow sharing of workload • limited liability if company formed	• ownership now shared • decisions may be slowed down • have to share profits • no guarantee that profits will rise

Other appropriate methods might also be offered by candidates and may be credited as above.

NB   Any conclusions and advice does not have to be at the end of the candidate's answer. Be prepared to reward reasoned judgements made within the body of the response.

NB   When reading the level descriptors below, forming a partnership and setting up a private limited company may count as two methods

Level 4   Evaluation

The candidate makes conclusions or reasoned judgements from logical evaluation of the three methods using business studies knowledge and terminology correctly. Candidates should be making judgements as to which course of action is likely to be best for Jo. This decision needs to be based on a correct discussion of at least three methods from within the data. The candidate needs to weigh up the pros and cons in order to reach a justified decision.

(12-9 marks)

Logical judgements are made and justified based on clear evidence of weighing up the pros and cons for Jo = (12 marks)

Simple reasoned judgements are made based on some consideration of the evidence and relevant business knowledge to Jo's situation = (9 marks)

Level 3   Selection/Organisation/Analysis/Interpretation

The candidate effectively applies business terms/concepts to discuss and compare at least one advantage and one disadvantage of at least two methods taken from within the case study. Either no judgement has been made as to the best course of action or the judgement is based on insufficient discussion or incorrect interpretation.   (8-6 marks)

Clear, good analysis based on the selection of appropriate information from the case study and effective application of business concepts to Jo's 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 Jo's situation = (6 marks)

Level 2   Application of Knowledge and Understanding

Business studies knowledge is used and applied to the case study. The basic pros and/or cons of at least two of the finance methods included in the data are simply described. 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 Jo's situation = (5 marks)

Some use and application of relevant business knowledge and understanding within the context of Jo's situation = (4 marks)

Level 1   Statement of Knowledge

Straight copying of case study material and limited understanding shown. Simple pros and cons of the finance methods are listed without further description and without application to Jo's situation.   (3-1 marks)

Three separate undeveloped points are given without any link to Jo's situation = (3 marks)

One point given with no link to Jo's situation = (1 mark)

Note: Mention of Jo's name is not sufficient to put an answer into context

10.   **Total for question:** *(12 marks)*

> *Jo buys her silk from abroad.   To what extent might this affect her profitability in the future?*
> *(12 marks)*

Possible points include:

- Cost of silk might rise if suppliers push up their prices and/or because of fall in value of £.
- Suppliers might push up prices if there is a world wide shortage, which might be caused by supply problems and/or by rises in demand
- Transport costs might rise
- Climate changes might affect silk supplies
- Communication problems
- The changing value of the £ will affect her cost of buying silk

NB   Candidates might start with a fall in costs of silk, in which case you might expect to see the opposite of some of the above points. We do not expect candidates to consider both situations but they may be rewarded if they do so.

NB   Candidates should be rewarded for any feasible future event which might affect Jo's business in relation to overseas trading.

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 extent Jo's future profitability might be affected.   (12-9 marks)

Logical judgements are made and justified based on clear evidence of weighing up the relative implications for Jo = (12 marks)

Simple reasoned judgements are made based on some consideration of the evidence and relevant business knowledge to Jo's situation = (9 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 discuss and compare the possible impacts on Jo's profitability: but judgements are not being made about the extent of the effects on profitability.   (8-6 marks)

Clear, good analysis based on the selection of appropriate information from the case study and effective application of business concepts to Jo's 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 Jo's situation = (6 marks)

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Level 2   Application of Knowledge and Understanding

Business studies knowledge is used and applied to the case study. Basic impacts are simply described in the context of the case study.   (5-4 marks)

Effective and accurate application of sound relevant business knowledge and understanding within the context of Jo's situation = (5 marks)

Some use and application of relevant business knowledge and understanding within the context of Jo's situation = (4 marks)

Level 1   Statement of Knowledge

Straight copying of case study material and limited understanding shown. Simple impacts from buying from abroad are listed without further description or application to Jo's situation.   (3-1 marks)

Three separate undeveloped points are given without any link to Jo's situation = (3 marks)

One point given with no link to Jo's situation = (1 mark)

Note: Mention of Jo's name is not sufficient to put an answer into context

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**

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