

**GCSE**

**Business Studies**

**Summer 2010**

**Mark Schemes**

Issued: October 2010



**NORTHERN IRELAND GENERAL CERTIFICATE OF SECONDARY EDUCATION (GCSE)  
AND NORTHERN IRELAND GENERAL CERTIFICATE OF EDUCATION (GCE)**

**MARK SCHEMES (2010)**

**Foreword**

***Introduction***

Mark Schemes are published to assist teachers and students in their preparation for examinations. Through the mark schemes teachers and students will be able to see what examiners are looking for in response to questions and exactly where the marks have been awarded. The publishing of the mark schemes may help to show that examiners are not concerned about finding out what a student does not know but rather with rewarding students for what they do know.

***The Purpose of Mark Schemes***

Examination papers are set and revised by teams of examiners and revisers appointed by the Council. The teams of examiners and revisers include experienced teachers who are familiar with the level and standards expected of 16- and 18-year-old students in schools and colleges. The job of the examiners is to set the questions and the mark schemes; and the job of the revisers is to review the questions and mark schemes commenting on a large range of issues about which they must be satisfied before the question papers and mark schemes are finalised.

The questions and the mark schemes are developed in association with each other so that the issues of differentiation and positive achievement can be addressed right from the start. Mark schemes therefore are regarded as a part of an integral process which begins with the setting of questions and ends with the marking of the examination.

The main purpose of the mark scheme is to provide a uniform basis for the marking process so that all the markers are following exactly the same instructions and making the same judgements in so far as this is possible. Before marking begins a standardising meeting is held where all the markers are briefed using the mark scheme and samples of the students' work in the form of scripts. Consideration is also given at this stage to any comments on the operational papers received from teachers and their organisations. During this meeting, and up to and including the end of the marking, there is provision for amendments to be made to the mark scheme. What is published represents this final form of the mark scheme.

It is important to recognise that in some cases there may well be other correct responses which are equally acceptable to those published: the mark scheme can only cover those responses which emerged in the examination. There may also be instances where certain judgements may have to be left to the experience of the examiner, for example, where there is no absolute correct response – all teachers will be familiar with making such judgements.

The Council hopes that the mark schemes will be viewed and used in a constructive way as a further support to the teaching and learning processes.



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*Rewarding Learning*

**General Certificate of Secondary Education**

**2010**

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**Business Studies**

Paper 1  
Foundation Tier

**[G1201]**

**MONDAY 7 JUNE, MORNING**

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**MARK  
SCHEME**

## General Marking Instructions

### Quality of candidate's responses

In marking the examination papers, examiners will be looking for a quality of response reflecting the level of maturity which may reasonably be expected of a 16-year-old which is the age at which the majority of candidates sit their GCSE examinations.

### Unanticipated responses

The mark schemes which accompany the specimen examination papers are not intended to be totally prescriptive. For many questions, there may be a number of equally legitimate responses and different methods by which candidates may achieve good marks. No mark scheme can cover all the answers which candidates may produce. In the event of unanticipated answers in operational examinations, examiners are expected to use their professional judgement to assess the validity of answers. If an answer is particularly problematic, then examiners would seek the guidance of the Supervising Examiner for the paper concerned.

### Positive marking

Examiners are encouraged to be positive in their marking, giving appropriate credit for valid responses rather than penalising candidates for errors or omissions. Examiners should make use of the whole of the available mark range for any particular question and be prepared to award full marks for a response which is as good as might reasonably be expected of a 16-year-old GCSE candidate. Conversely, marks should only be awarded for valid responses and not given for an attempt which is completely incorrect or inappropriate.

### Marking calculations

In marking answers involving calculations, examiners should apply the "own figure rule" so that candidates are not penalised more than once for a computational error.

### Assessment objectives

The mark schemes for each paper show how marks are allocated to each of the Assessment Objectives set out on pages 2 and 3 of the CCEA GCSE Business Studies Specification, namely:

**AO1:** demonstrate knowledge and understanding of the specified subject content;

**AO2:** apply knowledge and understanding using appropriate terms, concepts, theories and methods effectively to address problems and issues;

**AO3:** select, organise, interpret and use information from various sources to analyse problems and issues;

**AO4:** evaluate evidence, make reasoned judgements and present conclusions accurately and appropriately.

The approximate weighting for each of the Assessment Objectives in each of the papers is shown on page 6 of the Specification.



## **Quality of written communication**

### **Paper 1 (F) and Paper 1 (H)**

Within these papers up to 4 marks are allocated for candidates' quality of written communication. Examiners should, when deciding the allocation, consider the candidates' competence in quality of written communication across all answers. The criteria to be used are set out below.

#### **4 marks**

The candidate's presentation of the information is legible and in a style and format appropriate for the questions. Spelling, punctuation and grammar are very accurate.

#### **3 marks**

The candidate's presentation of the information is, in most instances, legible and in a style, structure and format which are appropriate to the questions. There are very few errors in spelling, punctuation and grammar.

#### **2 marks**

The candidate's presentation of information is usually legible and normally in a style, structure and format which are appropriate to the question. There are noticeable errors in spelling, punctuation and grammar.

#### **1 mark**

In general, writing is difficult to read. The presentation of information is in an inappropriate style, structure and format. There is evidence of obvious weakness in spelling, punctuation and grammar.

- 1 (a) (i) Partnership
- a business which has between 2 to 20 owners [1] with unlimited liability [1] [2]
- (ii) Start-up capital
- the capital needed to get a business started [2]
- (iii) Field research
- a method of research which collects original first-hand information and is carried out by making direct contact with the consumers [2]
- (iv) Job sharing
- a system in which two employees undertake one job [1] and share its duties and responsibilities [1] [2]
- (b) (i) Fun and Games Ltd is in the **private** sector
- (ii) Fun and Games Ltd is a **tall** structure
- (iii) The shareholders in Fun and Games Ltd have **limited** liability (3×[1]) [3]
- (c) Any **two** factors of production with examples of their use:
- land [1] to build their retail outlets and provide car parking for customers [1]
  - labour [1] to provide staff to work in the shops [1]
  - capital [1] money needed to start the business and for extra finance [1]
  - enterprise [1] Mr Bennett and Mr Black provide the ideas, take the risks and make all the decisions [1]
- (2×[2]) [4]
- (d) (i) 4 staff
- accept Store Managers [1]
- (ii) Any **two** responsibilities discussed:
- recording all the financial transactions and keeping records of all the money coming in to and going out of the business
  - dealing with all the debtors and ensuring they pay on time
  - working out and paying all the staff wages
  - dealing with and setting all the departmental budgets
  - paying for all the products from suppliers
  - producing year end accounts and calculating the profit and loss
  - maintaining good cash flow within the business
- (2×[2]) [4]

(e) (i) peer [1]/observation [1]/self [1]

[1]

(ii) **Two** reasons why appraisal might be useful to employees:

- gives them opportunities for promotion and increased pay
- makes sure they receive any additional training needed
- allows them to achieve their full potential
- lets them communicate with the employer on a one-to-one basis
- gives them an opportunity to discuss problems
- provides them with clear objectives and acts as a motivator
- give views and opinions [1]

(2 × [2])

[4]

AVAILABLE  
MARKS

25

- 2 (a) Most suitable method of recruitment:
- media (newspaper) [1] suitable because it has a job finder section and appeals to a wide range of people [2]
- or**
- recruitment agency [1] suitable because it means the recruitment agency are specialist at recruiting and will do all the hard work [2]
- NOT** Internet (they have no website yet) but if related to recruitment agency allow  
**NOT** job centre
- accept internal [1]
- (1 × [1]) and (1 × [2]) [3]
- (b) **Two** ways to ensure fairness:
- ask all applicants to fill in a standard form that way everyone has the same opportunity to present themselves
  - ask all applicants the same questions in the interview
  - score the candidate and award the job to the highest score
  - apply all laws preventing discrimination
- (2 × [2]) [4]
- (c) (i) The main purpose of job description is to define the main duties and responsibilities of the post  
 (1 × [2]) [2]
- (ii) **Two** items from the following:
- job title
  - place of work
  - list of main duties
  - the line manager
  - hours of work
  - details of any responsibilities
- (1 × [2]) [2]
- (d) **Two** reasons why the employees like to receive training:
- constant changes in technology might mean they need to update their skills
  - it can act as a motivator
  - it provides the employee with a range of new skills
  - it helps to make them more efficient perhaps leading to promotion
  - for health and safety purposes
- (2 × [2]) [4]

- (e) (i) **One** non-financial method from the following:
- job share
  - discounts on products
  - appraisal
- [1]
- (ii) **One** benefit and **one** drawback of commission
- Benefit**
- encourages staff to increase their sales and work harder leading to increased profits
- Drawback**
- the monthly pay figure will change and take a longer time to calculate and work out
- (2 × [2]) [4]
- (f) (i) 8 weeks [1] [1]
- (ii) Included in a contract (any **four**)
- names of employer and employee
  - date of job start
  - title and description of the job
  - hours of work
  - agreed rates and method of pay
  - details of any pension scheme
  - holidays
  - sickness benefit
  - period of notice
  - grievance and discipline procedures
  - signature
  - length of contract
- (4 × [1]) [4]

AVAILABLE  
MARKS

25

- 3 (a) (i) • they started as a partnership and expanded to private limited company  
• they opened up three additional stores  
(1 × [2]) [2]
- (ii) Any **two** factors limiting growth:  
• capital  
• lack of expertise  
• competitors  
• demand  
Answers must be related to Fun and Games Ltd  
(2 × [1]) [2]
- (iii) Horizontal [1]  
Benefit discussed: [2]  
• elimination of a competitor  
• leads to increased market share  
• can bring increased benefit from economies of scale  
• opens up stores in Dublin making them more well known  
(1 × [1]) and (1 × [2]) [3]
- (b) Any **two** sections:  
• background and objectives [1] including a summary and main idea of the business [1]  
• human resources [1] describing the people involved in the business [1]  
• marketing [1] detailing information on research, customers, prices and promotions [1]  
• finance [1] showing cash flow, profit and loss and projected figures [1]  
**NOT** production  
(2 × [2]) [4]
- (c) (i) Buy one get one free [1]  
• system in which the customer can get two items for the price of one [2]  
(1 × [1]) and (1 × [2]) [3]
- (ii) Any suitable sales promotion explained:  
Discounts, Price reductions, Money Off coupons, Competitions, Customer loyalty cards, Free samples, Free gifts, Point of sale displays [1]  
**With explanation:**  
Used in the short-term to encourage people with reduced price/ eye-catching displays, etc. to buy more of the product and increase sales and profit [2]  
(1 × [1]) and (1 × [2]) [3]

- (d) They use random sampling because it takes views from a cross-section of people  
(1 × [2]) [2]
- (e) (i) The charts tell you that Fun and Games Ltd is successful and has a product range and pricing strategy that suits the customer  
(1 × [2]) [2]
- (ii) Discussion on how the results might be used:
- they could decide to increase advertising of the electric items to try to increase sales or how to target the advertising
  - they could decide to reduce the price of the items that are not as popular to increase sales
  - they could increase promotion on the items that are not selling as well
  - they could stock more of the products that are selling well (pre-school and computer) to give the customer increased choice and encourage increased sales
- (2 × [2]) or (1 × [4]) [4]

QWC

**Total**

AVAILABLE  
MARKS

25

4

**79**







*Rewarding Learning*

**General Certificate of Secondary Education**

**2010**

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**Business Studies**

Paper 2  
Foundation Tier

**[G1202]**

**TUESDAY 15 JUNE, MORNING**

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**MARK  
SCHEME**

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### Quality of candidate's responses

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## **Quality of written communication**

### **Paper 2 (F) and Paper 2 (H)**

Within these papers up to 5 marks are allocated for candidates' quality of written communication. Examiners should, when deciding the allocation, consider the candidates' competence in quality of written communication across all answers. The criteria to be used are set out below.

#### **5 marks**

The candidate's presentation of the information is very legible and in a form, structure, style and format which are appropriate for the answer. Errors in spelling, punctuation and grammar are rare.

#### **4 marks**

The candidate's presentation of information is normally legible and usually in a form, structure, style and format which are appropriate for the answer. There are very few errors in spelling, punctuation and grammar.

#### **3 marks**

The candidate has demonstrated reasonable competence in literacy. The writing, style and format are just adequate and the spelling, punctuation and grammar need some attention.

#### **2 marks**

The candidate's presentation of information is difficult to read in some parts of the answers. On a few occasions, the form, structure, style and format are inappropriate and there are a few errors in the spelling, punctuation and grammar.

#### **1 mark**

The candidate has demonstrated only a basic competence in literacy. The writing, style and format are poor and the spelling, punctuation and grammar need to be improved significantly.

- 1 (a) Explanation of flexitime:
- employee has some choice of when to work [1] as long as the total hours are worked each week [1]
  - employee is usually required to work the core time
- (1 × [2]) [2]
- (b) **One** advantage to employee of flexitime from the following:
- allows employee to maintain a work/life balance
  - allows employee to combine domestic responsibilities with work
- (1 × [2]) [2]
- (c) **One** disadvantage to employer of flexitime from the following:
- business may be short staffed at busy times/overstaffed at slack times
  - may be difficult to plan staffing
  - communication may suffer
- (1 × [2]) [2]
- (d) Extra income:
- |       |  |
|-------|--|
| Bonus |  |
|-------|--|
- [1]
- (e) **Three** qualities or skills required by the shop assistants:
- good interpersonal skills/communication
  - good knowledge of products in shop
  - good personal appearance
  - ability to handle payment systems
  - punctuality/reliability
  - team working
- (1 × [3]) [3]
- (f) Type of training:  
Off-the-job training
- Two** reasons why it is appropriate for them from the following:
- training is provided by specialist chemists and is up to date
  - allows the chemists to exchange ideas with other chemists
  - may introduce the chemists to new drugs, etc.
  - takes the chemists away from the distractions of their own work environment
- (2 × [2] + [1]) [5]
- (g) **One** factor which might affect Mary's job satisfaction from the following:
- good wage structure
  - responsibility and status in the workplace
  - sense of achievement in the work
  - getting enjoyment from the work
  - good working conditions
  - good relationship with the other employees
  - praise from the owner/line manager
  - good training given
- (1 × [2]) Negative points also accepted [2]

- (h) **Two** provisions of the Disability Discrimination Act:
- makes it unlawful to treat disabled people less favourably in employment/recruitment
  - employers must install special facilities such as ramps, lifts and special toilets
- (2 × [2]) [4]
- (i) **Two** stakeholders other than employees and owner from the following:
- Suppliers  
They have an interest in that they will be paid for goods supplied to the chemist
  - Customers  
They have an interest in the chemist's ability to sell what they need
  - Local Authority  
Their interest is the payment of rates by the business
  - Competitors, e.g. local chemists  
They are interested in the prices charged and goods offered for sale
  - Banks  
Business may have a loan/overdraft and banks are interested in repayment
  - Trade Union  
Some staff members may be members of Trade Union which is interested in their conditions
- (2 × [2]) [4]

AVAILABLE  
MARKS

25

- 2 (a) Its form of business ownership is a **private limited company**  
The minimum number of owners is **2**  
Its type of liability is **limited**  
(1 × [3]) [3]
- (b) An SME has fewer than 250 employees [1]
- (c) **Two** reasons why SMEs are very significant from the following:
- the majority of Northern Ireland's businesses are small
  - almost half of all employees work in SMEs
  - SMEs create local economic development
  - SMEs improve the standard of living in the local community
  - SMEs promote an enterprise culture
  - these businesses lead to greater consumer choice
  - they create competition
- (2 × [2]) [4]
- (d) **Two** differences in their aims from the following:
- the Mada Co Ltd aims to make profit while the Local Council aims to breakeven
  - the Local Council aims to provide a service while The Mada Co Ltd aims to provide customer satisfaction
  - the Mada Co Ltd aims to grow and expand. The Local Council does not have this aim
- (2 × [2]) [4]
- (e) **Two** aims of The Mada Co Ltd which could be in conflict with each other:
- the business may aim to care for the environment. This may cost money and so would conflict with their aim to maximise profits
- Identification of two aims [2]  
Explanation of conflict [2]  
or any other valid alternative  
(2 × [2]) [4]
- (f) Most suitable method of transport:  
Road transport [1]  
**Two** reasons from the following:
- permits door-to-door delivery/accessible everywhere
  - can be used any time of day or night and does not depend on timetables
  - return loads may be organised
  - several deliveries may be organised on the same lorry in one area
  - it is the quickest form of transport
  - it is a secure system
  - it is the cheapest form [1] for short distances [1]
- (2 × [2] + [1]) [5]
- (g) **Two** strategies fully described to improve sales from the following:
- increase the advertising
  - reduce the price
  - run promotional offers, e.g. offer a free hearthrug
  - use in a special display in the store
  - use in furnishing a show house
- (2 × [2]) [4]

- 3 (a) **One** explanation of tertiary production:
- it is the third level of production
  - it provides services such as insurance for the other sectors
- (1 × [2]) [2]
- (b) **One** trend in Northern Ireland which has affected tertiary production from the following:
- increasing number of employees in tertiary production
  - service sector is fastest growing area of production
  - fewer people now employed in primary/secondary production
- (1 × [2]) [2]
- (c) Any **two** other types of business in tertiary production, e.g.:
- banking
  - transport
  - entertainment
  - teaching
  - medical services
  - retailing
- or any other valid alternative
- (2 × [1]) [2]
- (d) **Two** benefits to the company of attaining a quality standard from the following:
- proof of quality will ensure the company's place in the market
  - company is more likely to gain new customers/keep existing customers
  - employees will have a sense of pride in the company and be better motivated
  - improved corporate image
  - may lead to higher prices and improved profits
- (2 × [2]) [4]
- (e) **One** benefit to the customers of attaining a quality standard from the following:
- customers will have more confidence in the company
  - they will be assured of a good service
- (1 × [2]) [2]
- (f) **Three** considerations in choosing a new location from the following:
- availability of suitable premises/central location
  - price of new premises OR rental costs
  - space available for car parking
  - competition from other insurance companies in the area
  - suitability for present employees
  - near customers
- Answers must be related to an insurance company**
- (3 × [2]) [6]

**Level 1 ([1]–[2])**

Little knowledge and understanding of factors to consider when locating an insurance business. Advice given on only one factor.

**Level 2 ([3]–[4])**

Adequate knowledge and understanding of factors to consider when locating an insurance business. Advice given on two factors.

**Level 3 ([5]–[6])**

Good knowledge and understanding of factors to consider when locating an insurance business. Advice given on three factors.

(g) Name of law:

Health and Safety (Northern Ireland) Order

or

Health and Safety at Work Act

[1]

(h) **Three** responsibilities of insurance employers for workplace safety from the following:

- must provide health and safety training for employees
- must appoint a health and safety officer
- must carry out regular fire drills
- must maintain all office machinery in efficient working order
- premises must be large enough for people to move around with ease
- clear signs must be provided in the premises, e.g. fire exits
- premises must be adequately lit and ventilated
- suitable work stations must be provided with supportive seating
- comfortable working temperature must be maintained
- premises must be regularly cleaned
- washing, toilet and eating facilities must be provided

**Answers must be related to an insurance office environment**

(3 × [2])

[6]

**Level 1 ([1]–[2])**

Little knowledge and understanding of responsibilities of employers for health and safety. Only one responsibility described.

**Level 2 ([3]–[4])**

Adequate knowledge and understanding of responsibilities of employers for health and safety. Two responsibilities fully described.

**Level 3 ([5]–[6])**

Good knowledge and understanding of responsibilities of employers for health and safety. Three responsibilities fully described.

25



4 (a) **Two** suitable sources of external capital from the following:

- bank loan or overdraft  
Bank will lend the money or grant overdraft facilities. It is quick to set up
- trade credit  
Suppliers allow customers to pay for their purchases later (usually after 30 days)
- hire purchase/leasing  
Suitable for the purchase of assets
- introduce a new partner will bring extra capital/or issue shares and become a company
- mortgage  
for purchase of premises
- grant  
for website design or marketing

[1] for identification of each method and [1] for reason

(2 × [2])

[4]

(b) **Two** reasons from the following:

- the owner may wish to expand the business/additional stock lines
- the owner may wish to purchase additional assets
- may wish to purchase the premises
- advertising campaign
- to keep business afloat

(2 × [2])

[4]

(c) **Two** fixed and **two** variable costs from the following:

Fixed Costs	Variable Costs
1 Rent	1 Electricity
2 Rates	2 Telephone
3 Insurance	3 Raw Materials/stock
	4 Packaging
	5 Wages

[4]

(d) Trading and Profit and Loss Account of Sparklers for the year ended 31 December, 2009

	£	£	
Sales		29,000	
Less:			
Opening Stock	3,040		
Add Purchases	7,960		
	11,000		
Less Closing Stock	1,400		
Cost of Goods Sold		9,600	
Gross Profit		19,400	
Less Expenses		12,400	
Net Profit		7,000	[3]

(e) Calculation of Stock Turnover Rate:

$$\begin{aligned}
 \text{Stock Turnover Rate} &= \frac{\text{Cost of Goods Sold}}{\text{Average Stock}} && [1] \\
 &= \frac{9,600}{(3040 + 1400) / 2} && [1] \\
 &= \frac{9,600}{2220} && [1] \\
 &= 4.3 \text{ times or } 4 \text{ times} && [1] \quad [4]
 \end{aligned}$$

(Word 'times' must be included)

(f) Information given by Stock Turnover Rate:

- shows the number of times per year the business sells the value of its average stock
  - the figure of 4.3 times is very good for the sale of jewellery
- (2 × [2]) [4]

(g) One point of importance of adequate cash flow from the following:

- the business would never suffer from a shortage of cash
- would always be able to pay debts such as wages and creditors
- suppliers would be happy to trade with this business
- employees would be content to work for this business
- could avail of cheap offers
- business would not have to borrow money which is expensive [2]

QWC

**Total**

AVAILABLE  
MARKS

25

5

**105**



*Rewarding Learning*

**General Certificate of Secondary Education**

**2010**

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**Business Studies**

Paper 1  
Higher Tier

[G1203]

**MONDAY 7 JUNE, MORNING**

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**MARK  
SCHEME**

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#### **3 marks**

The candidate's presentation of the information is, in most instances, legible and in a style, structure and format which are appropriate to the questions. There are very few errors in spelling, punctuation and grammar.

#### **2 marks**

The candidate's presentation of information is usually legible and normally in a style, structure and format which are appropriate to the question. There are noticeable errors in spelling, punctuation and grammar.

#### **1 mark**

In general, writing is difficult to read. The presentation of information is in an inappropriate style, structure and format. There is evidence of obvious weakness in spelling, punctuation and grammar.

**1 (a) Private limited company**

**One** advantage from the following:

- amount of capital is much greater with shares being sold
- business is on a larger scale and finds it easier to raise finance
- limited liability meaning personal possessions cannot be touched
- continuity meaning if the owner dies the business still exists
- shared workload and division of labour

**One** disadvantage from the following:

- financial information is available for all to see
- shares are available but are limited
- process of setting up is expensive and time consuming
- shareholders receive a share of the profit through dividends

$(2 \times [2]) + [1]$

[5]

**(b) Importance of the private sector:**

- provides jobs for the country therefore increasing wealth
- provides competition and therefore gives the consumer greater choice
- helps to put us on a world stage through exporting
- enterprise culture

$(2 \times [2])$  or  $(1 \times [4])$

[4]

**(c) Evaluation of tall structure:**

Advantages:

- positions of authority can be clearly seen – everyone knows their job
- narrower span of control for managers – fewer staff to manage – allows them to supervise staff more closely
- good career opportunities (can work your way up)
- usually allows for functional and specialist departments

Disadvantages:

- more managers – increased cost in terms of wages/salaries
- lack of responsibility for people further down chain of command – could lead to boredom
- communication can be slow (with levels of hierarchy)
- bureaucracy – lots of rules, policies and regulations to follow – increased paperwork and time

Must look at positive and negative

$(2 \times [2])$

[4]

(d) Two methods from the following:

- email
- advertisements
- written reports
- monthly meetings

(2 × [1])

[2]

Importance of effective communication:

- to allow people to share ideas and get feedback
- to make sure orders go out on time
- to help identify problems and offer solutions
- to keep people up to date
- to give accurate instructions and information

(2 × [2]) or (1 × [4])

[4]

(e) Implications of a website:

- capital investment will be needed to get it up and running
- staff will need to be trained to maintain and work the ordering system
- will need additional storage to store products for increased orders
- will increase company reputation – efficient image created
- will increase sales with ordering 24/7
- will help to keep up with or ahead of the competition

(2 × [3]) or (3 × [2])

[6]

AVAILABLE  
MARKS

25

2 (a) (i) peer [1], observation [1], self [1] [1]

(b) **Two** reasons why appraisal might be useful to management:

- gives them opportunities to identify staff for promotion and helps set pay levels
- makes sure they see areas where any additional training is needed
- lets them communicate with the employee on a one-to-one basis
- gives them an opportunity to discuss problems or ideas for improvement
- gives them a chance to set clear targets for the staff

(2 × [2]) [4]

(c) Job description is a document used to define the duties and responsibilities of the post being offered

Person specification identifies the qualities and skills of the ideal candidate

(2 × [2]) [4]

(d) Responsibilities of the employer during selection:

Any **one** of the following explained:

- fairness
- objectivity
- confidentiality
- honesty
- not to discriminate [1]

(2 × [1]) [2]

(e) Impact of Fair Employment Act:

- makes it illegal to discriminate on the grounds of religious belief or political opinion [2]
- means Fun and Games Ltd must treat all applicants equally and record interview notes [2]

(2 × [2]) [4]

(f) Non-financial methods of motivation are used:

- discounts [1] 10% offered on products
- job sharing [1] to allow flexibility in working hours
- redecorated canteen [1]
- appraisal [1]

(2 × [2]) [4]

(g) • On-the-job training is given at the employee's place of work  
• Could be used in Fun and Games Ltd for a new member of staff – they could shadow an existing employee to see what the job entails

**and**

- Off-the-job is training that is provided by a specialist
- It generally is away from the place of work
- Could be used to send staff on a course to update their computer skills on a new stock control system

(2 × [3]) [6]

AVAILABLE  
MARKS

25



3 (a) (i) Advertising Standards Authority [1]

(ii) Any **two** functions from the following:

- to ensure advertisers follow the Code of Practice laid down by CAP
- to ensure the public is not misled or offended by advertisements
- to carry out spot checks on advertisements
- to ensure all advertisements are legal, decent, honest and truthful
- to ensure advertisements are prepared with a sense of responsibility
- to deal with and investigate complaints

(2 × [2]) [4]

(b) **Two** factors influencing the price:

- competition – if there is a competitor near by, Fun and Games Ltd may have to lower their prices
- demand – high demand will allow higher prices
- quantity in stock – too much stock will lead to reduced prices to sell the goods
- state of the economy – recession generally leads to reduced prices
- stage of the life cycle – if the products are at saturation this could lead to reduced prices
- season of the year
- level of profit expected and cost prices

(2 × [2]) [4]

(c) Random sampling [1] is used – this means customers are selected at random [1]

(1 × [2]) [2]

They could use:

quota [1]

customers are interviewed in pre-determined categories which might make the results more realistic to the target market of Fun and Games Ltd

(1 × [2]) [2]

(d) The charts tell you that Fun and Games Ltd is successful and has a product range and pricing strategy that suits the customer [2]

Discussion on how the manager could use the results:

- they could decide to increase advertising of the electric items to try to increase sales
- they could decide to reduce the price of the items that are not as popular to increase sales
- they could increase promotion on the items that are not selling as well
- they could stock more of the products that are selling well (preschool and computer) to give the customer increased choice and to encourage increased sales

(1 × [2]) + either (2 × [2]) or (1 × [4]) [6]

AVAILABLE  
MARKS

(e) **Two** sources of finance from the following:

- bank loan [1] the bank agrees to lend money for a fixed period of time and the business pays it back with interest [1]
- overdraft [1] this short term but if the business had enough retained profit this method might be suitable [1]
- mortgage [1] long term source where premises can be bought and the money paid back over a longer time [1]
- government grants [1]

[1] for the decision

(2 × [2] + [1])

[5]

QWC

4

**Total**

**79**

AVAILABLE  
MARKS



*Rewarding Learning*

**General Certificate of Secondary Education**

**2010**

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**Business Studies**

Paper 2  
Higher Tier

**[G1204]**

**TUESDAY 15 JUNE, MORNING**

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**MARK  
SCHEME**

## General Marking Instructions

### Quality of candidate's responses

In marking the examination papers, examiners will be looking for a quality of response reflecting the level of maturity which may reasonably be expected of a 16-year-old which is the age at which the majority of candidates sit their GCSE examinations.

### Unanticipated responses

The mark schemes which accompany the specimen examination papers are not intended to be totally prescriptive. For many questions, there may be a number of equally legitimate responses and different methods by which candidates may achieve good marks. No mark scheme can cover all the answers which candidates may produce. In the event of unanticipated answers in operational examinations, examiners are expected to use their professional judgement to assess the validity of answers. If an answer is particularly problematic, then examiners would seek the guidance of the Supervising Examiner for the paper concerned.

### Positive marking

Examiners are encouraged to be positive in their marking, giving appropriate credit for valid responses rather than penalising candidates for errors or omissions. Examiners should make use of the whole of the available mark range for any particular question and be prepared to award full marks for a response which is as good as might reasonably be expected of a 16-year-old GCSE candidate. Conversely, marks should only be awarded for valid responses and not given for an attempt which is completely incorrect or inappropriate.

### Marking calculations

In marking answers involving calculations, examiners should apply the "own figure rule" so that candidates are not penalised more than once for a computational error.

### Assessment objectives

The mark schemes for each paper show how marks are allocated to each of the Assessment Objectives set out on pages 2 and 3 of the CCEA GCSE Business Studies Specification, namely:

**AO1:** demonstrate knowledge and understanding of the specified subject content;

**AO2:** apply knowledge and understanding using appropriate terms, concepts, theories and methods effectively to address problems and issues;

**AO3:** select, organise, interpret and use information from various sources to analyse problems and issues;

**AO4:** evaluate evidence, make reasoned judgements and present conclusions accurately and appropriately.

The approximate weighting for each of the Assessment Objectives in each of the papers is shown on page 6 of the Specification.

## **Quality of written communication**

### **Paper 2 (F) and Paper 2 (H)**

Within these papers up to 5 marks are allocated for candidates' quality of written communication. Examiners should, when deciding the allocation, consider the candidates' competence in quality of written communication across all answers. The criteria to be used are set out below.

#### **5 marks**

The candidate's presentation of the information is very legible and in a form, structure, style and format which are appropriate for the answer. Errors in spelling, punctuation and grammar are rare.

#### **4 marks**

The candidate's presentation of information is normally legible and usually in a form, structure, style and format which are appropriate for the answer. There are very few errors in spelling, punctuation and grammar.

#### **3 marks**

The candidate has demonstrated reasonable competence in literacy. The writing, style and format are just adequate and the spelling, punctuation and grammar need some attention.

#### **2 marks**

The candidate's presentation of information is difficult to read in some parts of the answers. On a few occasions, the form, structure, style and format are inappropriate and there are a few errors in the spelling, punctuation and grammar.

#### **1 mark**

The candidate has demonstrated only a basic competence in literacy. The writing, style and format are poor and the spelling, punctuation and grammar need to be improved significantly.

- 1 (a) Definition of flexitime:**  
System in which employee has some choice of when to work [1] as long as the total hours are worked each week. Employee is usually required to work the core time [1]  
**One** disadvantage to owner/employer of flexitime from the following:
- business may be short staffed at busy times
  - may be difficult to plan staffing [2]
- ([2]+[2]) [4]
- (b) Definition of commission:**  
Is an extra financial reward which is suitable for a salesperson [1]  
Is calculated as a percentage of the sales which a person makes [1]  
Suitable for:
- Mary
  - Ella
  - Molly [1]
- ([2]+[1]) [3]
- (c) One** other suitable financial method of motivation:
- Bonus [1]  
A bonus would be used to reward employees who have worked well and contributed to the success of the business [2]  
Profit sharing [1]  
A share in profits would encourage all employees to work hard [2]  
([1]+[2]) [3]
- (d) One** non-financial method of motivation from the following:
- fringe benefits
  - consultation
  - team working
  - quality circle
  - job sharing
  - status
- [1]
- (e) Two** provisions of the Disability Discrimination Act:
- makes it unlawful to treat disabled people less favourably in employment/recruitment
  - employers must install special facilities such as ramps, lifts and special toilets
- (2×[2]) [4]
- (f) Two** provisions of the Sex Discrimination Order from the following:
- cannot discriminate against an employee because he/she is married
  - men and women have equal rights in recruitment, selection and promotion
  - men and women doing similar jobs must have equal pay and conditions
  - pregnancy and maternity rights, retirement and pension rights are also covered
- (2×[2]) [4]

AVAILABLE  
MARKS

(g) **Three** suitable methods of sales promotion from the following:

- special offers, e.g. buy one, get one free
- discounts, e.g. 10% off certain lines of goods
- price reductions – where some goods are reduced for a short period of time
- competitions – customers are encouraged to buy goods which have an entry form for a competition attached
- free samples – either handed out in the shop or attached to other goods
- free gifts – given with certain lines of goods
- point-of-sale displays – draw attention to a particular product
- loyalty cards
- loss leaders

(3 × [2])

[6]

**Level 1 ([1]–[2])**

Little knowledge and understanding of sales promotion. Only one method identified and explained.

**Level 2 ([3]–[4])**

Adequate knowledge and understanding of sales promotion. Two methods identified and fully explained.

**Level 3 ([5]–[6])**

Good knowledge and understanding of sales promotion. Three methods identified and fully explained.

25

- 2 (a) **Three** drawbacks of marketing abroad from the following:
- competition would be much stiffer
  - extra capital investment would be required
  - distribution would be more difficult requiring agents or efficient transportation system
  - international documentation is complicated
  - at least some members of staff must be able to communicate in customers' languages
  - must understand the currency
  - extra suitable promotional activity required
  - awareness required of cultural differences/legal differences
- (3 × [2]) [6]
- Level 1 ([1]–[2])**  
Little knowledge and understanding of drawbacks of marketing abroad.  
Only one drawback identified and explained.
- Level 2 ([3]–[4])**  
Adequate knowledge and understanding of drawbacks of marketing abroad.  
Two drawbacks identified and explained.
- Level 3 ([5]–[6])**  
Good knowledge and understanding of drawbacks of marketing abroad.  
Three drawbacks identified and explained.
- (b) **Two** other methods of suitable internal (organic) growth:
- plough back profits
  - add new products to its range/extend premises
  - employ extra staff
  - open another outlet/sell on-line
- (2 × [2]) [4]
- (c) **One** social issue which should be considered before expansion:
- effect on other smaller businesses in the same market
  - would enlarged buildings mar the neighbourhood?
  - would increased businesses cause parking problems?
  - would expansion result in employment opportunities in the area?
- (1 × [2]) [2]
- (d) **Two** factors which might limit growth from the following:
- required capital is not available
  - business may lack other resources
  - business may lack expertise/properly trained staff
  - business may not have an efficient communications system
  - owners may lack sufficient entrepreneurship
  - business may have very strong competitors
  - lack of demand for goods (2 × [1])



Suggested advice on how to overcome these limitations:

- borrow additional capital from banks, etc.
- send key staff on training courses
- update the communication system
- meet the competition with increased advertising, competitive pricing
- introduce new lines of stock ( $2 \times [2]$ )

( $[2] + [4]$ )

[6]

**Level 1 ([1]–[2])**

Little knowledge and understanding of factors which limit growth. Either only one factor identified with poor advice given on how to overcome it, or else two factors identified without any advice on how to overcome them.

**Level 2 ([3]–[4])**

Adequate knowledge and understanding of factors which limit growth. Two factors identified with some advice given on how to overcome them.

**Level 3 ([5]–[6])**

Good knowledge and understanding of factors which limit growth. Two factors clearly identified with sound advice given on how to overcome them.

(e) **Two** other stakeholders with a financial interest from the following:

- shareholders/owners
- employees/managers
- carpet manufacturers/suppliers/creditors
- customers
- bank

( $2 \times [1]$ )

[2]

(f) **Three** strategies to improve sales from the following:

- increase the advertising
- reduce the price
- run promotional offers, e.g. offer a free hearthrug
- use in a special display in the store

( $3 \times [1]$ )

[3]

(g) **One** purpose of the CBI:

- to act as a pressure group on behalf of employers
- to influence public policy to create growth and employment in business
- to promote best practice in British business
- to provide information services to support trade

( $1 \times [2]$ )

[2]

25

- 3 (a) Tertiary type [1]
- tertiary type contributes by selling finished goods
  - tertiary type also contributes by providing services such as insurance
  - it is the third level of production [2]
- ([1]+[2]) [3]
- (b) Description of present trend in Northern Ireland across the types:
- there is a movement of employment away from primary and secondary types
  - the majority of people are now employed in tertiary production
  - service sector is the fastest growing area of production
- (2 × [2]) [4]
- (c) **Two** reasons from the following:
- manufactured goods can be imported more cheaply
  - people are spending more on leisure and entertainment services
  - increased demand for personal services such as education, insurance, banking
  - decline in natural resources, e.g. fishing
- (2 × [2]) [4]
- (d) **Two** advantages gained from technology from the following:
- communication with customers would be improved
  - all information would be stored and could be retrieved quickly
  - accounts could be settled electronically so less likelihood of late payments
  - possibility of overseas business
- Answers must relate to an insurance company  
(2 × [2]) [4]
- (e) **Two** benefits to the company of attaining a quality standard from the following:
- proof of quality will ensure the company's place in the market
  - company is more likely to gain new customers
  - employees will have a sense of pride in the company and be better motivated
  - enhances corporate image – can be used on headed paper/website, etc.
- (2 × [2]) [4]
- (f) **Three** business reasons why the company decided not to move from the following:
- rates/rent would be higher in Belfast city centre
  - there is likely to be more competition in Belfast
  - insurance business can be carried out electronically from anywhere
  - car parking would be more difficult
  - employees in Portadown may become redundant
  - some present customers may move to other companies in Portadown
  - may need to recruit new staff which is costly
  - not well known in Belfast so may be difficult to get new customers/  
marketing required
- (3 × [2]) [6]

**Level 1 ([1]–[2])**

Little knowledge and understanding of location of insurance business. Only one reason explained.

**Level 2 ([3]–[4])**

Adequate knowledge and understanding of location of insurance business. Two reasons fully explained.

**Level 3 ([5]–[6])**

Good knowledge and understanding of location of insurance business. Three reasons fully explained.

AVAILABLE  
MARKS

25

- 4 (a) **Two** explained reasons for importance of working capital from the following:
- is necessary to pay for the day-to-day running expenses, e.g. telephone, wages
  - prevents cash flow problems which may cause the business to fail
  - without it the business could not pay its creditors who would not continue to supply goods
  - business does not need to borrow money [1] and therefore avoids interest [1]

(2 × [2]) [4]

- (b) **Two** explained reasons for additional capital from the following:

- the owner may wish to expand the business/new stock lines
- the owner may wish to purchase additional assets
- may wish to purchase the premises/update the premises
- may need to mount an advertising campaign
- to keep the business afloat

(2 × [2]) [4]

- (c) Information needed for calculation of breakeven point:

- total fixed costs
- selling price per unit
- variable cost per unit

(3 × [1]) [3]

- (d) **Two** explained ways to improve the Net Profit from the following:

- reduce the expenses
- increase the sales, e.g. by advertising
- run special promotions
- purchase goods more cheaply
- control stock levels.

(2 × [2]) [4]

- (e) Calculation of the Gross Profit Percentage:

$$\text{Gross Profit Percentage} = \frac{\text{Gross Profit}}{\text{Sales}} \times 100 \quad [1]$$

$$= \frac{19,400}{29,000} \times 100 \quad [1]$$

$$= 66.9\% \text{ (accept 66.8\% or 67\%)} \quad [1] \quad [3]$$

[1] deducted if no percentage sign

**(f)** Calculation of the Stock Turnover Rate:

$$\begin{aligned} \text{Stock Turnover Rate} &= \frac{\text{Cost of Goods Sold}}{\text{Average Stock}} && [1] \\ &= \frac{9,600}{(3040+1400) / 2} \\ &= \frac{9,600}{2,220} && [1] \\ &= 4.3 \text{ times or } 4 \text{ times} && [1] \quad [3] \end{aligned}$$

(Word “times” must be included). [1] deducted if “times” not included

**(g)** One item in each category from the following:

Fixed Cost	Rent Rates Insurance
Variable Cost	Electricity Telephone Wages Packaging Raw Materials
Current Liability	Creditors Bank Overdraft Expenses due but unpaid
Current Asset	Cash Balance Bank Balance Stock Debtors

[4]

QWC

**Total**

AVAILABLE  
MARKS

25

5

**105**





