



Rewarding Learning

**General Certificate of Secondary Education
2015**

Business Studies

Unit 1

Business Start Up

[GBS11]

WEDNESDAY 20 MAY, MORNING

**MARK
SCHEME**

General Marking Instructions

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 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 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.

UNIT 1 MARK SCHEME

1	(a) (i) Private limited company/Ltd		
	(ii) Social enterprise		
	(iii) Market segmentation		
	(iv) Quality assurance (4 × [1])	[4]	
	(b) Primary Tertiary Secondary	[3]	
	(c) One trend from the following: • Deindustrialisation • Reduction in primary and secondary production • Increase in tertiary production and services	[1]	
	Two reasons from the following: • Manufactured good can be imported more cheaply than they can be produced at home • People are spending more on leisure and entertainment services so entrepreneurs are taking the opportunities in that area • Increased demand for services such as education, legal advice • Local natural resources are decreasing, e.g. fishing • Increased technology in manufacturing industries requires fewer workers		
	(2 × [2])	[4]	12
2	(a) (i) Public limited company	[1]	
	(ii) One feature from the following: • Business is owned by shareholders • Business is controlled by a board of directors • Shares are sold on the stock market • There is legal process involved in the setting up of this business • Easier to raise capital through selling shares • The business has limited liability		
	(1 × [2])	[2]	
	(b) Any two relevant methods of advertising, e.g.:		
	• Website/social media • TV • Radio • Billboards/hoardings • Buses, etc • Newspapers • Posters		
	(2 × [1])	[2]	

(c) Two methods of sales promotion from the following:

- Vouchers
 - Coupons and Loyalty Cards [1]
The use of a loyalty card encourages repeat purchases because customers can be sent vouchers to encourage buying [2]
 - Competitions [1]
This can encourage the customers to buy certain products if they have a chance of something of value in a competition [2]
 - Product Endorsements/sponsorship [1]
Helps to create brand awareness and if a high profile celebrity endorses it could lead to an increase in sales [2]
 - Special Offers – BOGOF [1], 20% extra [1], free samples/gifts [1], reduced price [1]
Any offer when the customer feels they are getting a bargain can lead to an increase in sales [2]
 - Point of sale display
 - Loss leaders
 - Savings stamps
 - After sales service
 - Discounts/price reductions
- (2 × [3]) [6]

Level 1 ([1]–[2])

Candidate demonstrates little knowledge and understanding of methods of sales promotion. Either one or two methods are correctly identified, or one is correctly identified with little explanation. Little attempt to relate the methods to the business. Limited accuracy in spelling, punctuation and grammar.

Level 2 ([3]–[4])

Candidate demonstrates adequate knowledge and understanding of methods of sales promotion. Two methods are correctly identified, with adequate explanation of one or both methods. Adequate attempt to relate the methods to the business. Satisfactory accuracy in spelling, punctuation and grammar.

Level 3 ([5]–[6])

Candidate demonstrates excellent knowledge and understanding of methods of sales promotion. Two methods are correctly identified, with excellent explanation of both methods, clearly relating them to the business. Good accuracy in spelling, punctuation and grammar.

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MARKS

(d) Primary research is the collection of first hand data and information which is directly related to the business. It is also known as field research. [2]

Two examples:

- Questionnaire
- Interviews
- Website survey
- Observation
- Consumer panels
- Testing/sampling [2]

[2] + (2 × [1])

[4]

(e) Random sampling selects the sample at random, i.e. everyone in the target market has an equal chance of being selected. [2]

Quota sampling selects the target market according to the percentage breakdown of that market and will then ask those specific people. [2]

Random sampling is probably the more suitable as it is easier to set up and any customer may be asked.

OR

Quota sampling is the more suitable as it provides more detailed and specific results.

Quota sampling is more likely to reach the appropriate people. [2]

[2] + [2] + [2]

[6]

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(f) One internal and one external source of finance:

[10]

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Internal [1]	Advantage [2]	Disadvantage [2]
Retained profits	<ul style="list-style-type: none"> No interest payments Remains private Does not have to be repaid Easy to organise 	<ul style="list-style-type: none"> Business may not make sufficient profit
Sale of fixed assets	<ul style="list-style-type: none"> No interest payments Remains private Does not have to be repaid 	<ul style="list-style-type: none"> May not have many fixed assets Sale of assets may affect the running of the shop
Debt collection	<ul style="list-style-type: none"> Cash is available quickly 	<ul style="list-style-type: none"> May not have many debtors Takes time to organise
Sale of Stock	<ul style="list-style-type: none"> Immediate cash 	<ul style="list-style-type: none"> Runs down shop stock Less profit as stock will be sold at reduced price

External [1]	Advantage [2]	Disadvantage [2]
Bank loan/ overdraft	<ul style="list-style-type: none"> Large amounts can be borrowed Structured repayments helps with cash flow Little paper work to complete 	<ul style="list-style-type: none"> Interest is payable Loans/overdrafts may be difficult to get in present financial climate
Trade Credit	<ul style="list-style-type: none"> TACTAC plc can sell goods before payment is due to suppliers 	<ul style="list-style-type: none"> Suppliers may not be able to grant credit terms Discounts may be lost by not paying early
Hire Purchase	<ul style="list-style-type: none"> Helps with the cash flow Immediate use of the asset Asset is owned eventually 	<ul style="list-style-type: none"> Repayments are expensive Asset can be repossessed if payments are not kept up
Mortgage	<ul style="list-style-type: none"> Provides assets immediately Assets finally are owned 	<ul style="list-style-type: none"> Interest rates are high Is a long-term commitment May be difficult to obtain
Leasing	<ul style="list-style-type: none"> Helps cash flow No capital outlay Asset is maintained by leasing company 	<ul style="list-style-type: none"> Overall cost is high
Government Grants	<ul style="list-style-type: none"> Does not have to be repaid 	<ul style="list-style-type: none"> May have conditions attached Lengthy application process
Share Issue	<ul style="list-style-type: none"> Easy method of getting increased 	<ul style="list-style-type: none"> Dilution of control Additional dividends payable

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3 Factors that would influence the location of each of the following:

A large car sales business:

- Size of the land – need land to display the cars
- Cost of land – cheaper out of town
- Could locate close to competitors as most people shop around
- They may look for somewhere with a ready built showroom
- The level of rates will differ from location to location
- Availability of government grants

(2 × [2])

[4]

A small grocery shop:

- Close to a housing development for customers
- The cost of the building or the rent
- Easy access for customers and deliveries
- Car parking facilities for customers

(2 × [2])

[4]

4 (a) The aim of a business in the public sector is essentially to provide a service to the public, i.e. providing services that people may not normally have. Whereas a similar business in the private sector will have the main aim of making a profit for personal gain. [4]

(b) Any two relevant stakeholders, e.g.:

Stakeholder [1]	Interest [2]
Visitors/customers	<ul style="list-style-type: none"> • They want the Centre to be up to date, with a range of facilities • They want the Centre to be reasonably priced
Government/Council	<ul style="list-style-type: none"> • Centre provides jobs for local people leading to the government getting more taxes/income • Provision of local public service
Tax payer	<ul style="list-style-type: none"> • As the centre operates in the public sector tax payers contribute to its running
Competitors	<ul style="list-style-type: none"> • They will be interested in the facilities • They will be interested in admission prices
Employees/managers	<ul style="list-style-type: none"> • Want the centre to remain open so that their jobs remain secure
Trade Union	
Suppliers	

(2 × [3])

[6]

AVAILABLE MARKS

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(c) **Two** ways in which Banlake Leisure Centre might provide customer service from the following:

- Staff should deal sympathetically with customers' complaints
 - Complaints should be dealt with quickly
 - Staff should provide a range of activities for customers
 - Staff should cater for the disabled and for different ethnic groups
 - Young children should be supervised by staff
 - Safety of all customers should be ensured
 - **Not** Customer Loyalty Card Scheme
- [4]

(d) Any two from the following:

- They must wear any safety equipment provided
 - They must attend training courses provided by the centre
 - They must report any accidents or areas for concern
 - They must take part in a fire drill
 - They must use the equipment safely and follow instructions
- (2 × [2]) [4]

(e) Any two elements of the marketing mix and their impact from the following:

Element [1]	Impact of competition [2]
Price	<ul style="list-style-type: none"> • Banlake could provide special offers • It could reduce the price • It could look at competitors and see what they are charging
Product	<ul style="list-style-type: none"> • Banlake could try to introduce new activities into the centre • It could offer a range of merchandise • It could provide additional facilities
Promotion	<ul style="list-style-type: none"> • Banlake could run a new advertising campaign • It could run competitions • It could host special events
Place	<ul style="list-style-type: none"> • Ease of access • Car parking

Level 1 ([1]–[2])

Candidate demonstrates little knowledge and understanding of the impact of competition on the elements of the marketing mix. Either one or two elements are correctly identified, or one is correctly identified with little analysis. Limited accuracy in spelling, punctuation and grammar.

Level 2 ([3]–[4])

Candidate demonstrates adequate knowledge and understanding of the impact of competition on the elements of the marketing mix. One to two elements are correctly identified, with adequate analysis. Satisfactory accuracy in spelling, punctuation and grammar.

Level 3 ([5]–[6])

Candidate demonstrates excellent knowledge and understanding of the impact of competition on the elements of the marketing mix. Two methods are correctly identified, with excellent analysis. Good accuracy in spelling, punctuation and grammar.

[6]

Total

**AVAILABLE
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24

75

