

Mark Scheme June 2007

Results Mark
Scheme

GCSE Business Studies (1503.02)

1503 BUSINESS STUDIES - 2007
HIGHER PAPER - MARK SCHEME

1 (a)(i) List the other TWO sectors.
(AO Demonstrate = 2)

primary, secondary 2

(ii) Explain how each of these services could support Dovecotes.
(AO3 – Select/Analyse = 6)

Valid points could include:

(advertising) specialist agencies design/plan campaigns in order to create/increase demand for services – advertisements appearing in local press informing patients of service - advertise for staff

(banking) specialist financial services – loans/overdrafts/advice/banking facilities/bank accounts – EPOS

(communication services) telephone/internet services – wireless network in practice – practice website – inform patients of location – communicate with patients/suppliers – computer connection to NHS

NB If only 2, max 4

Level 2
Candidate makes sound analysis 4-6

Level 1
Candidate makes basic analysis 1-3

(b)(i) Explain THREE reasons Lucy might have had for forming a partnership with Dominic.
(AO1 - Demonstrate = 1, AO2 - Apply = 6, AO3 - Select/Analyse = 1)

Valid points could include:

More capital - can be used to extend/refurbish/expand

More skills/knowledge - offer other services eg sedation

Shares running/decision making - less pressure

Personal freedom - holidays/illness

Level 3
Candidate analyses 8
Another partner would bring in more capital which can be used to expand or extend the surgery for example opening one in another part of the town or another town. It may also be used to refurbish by putting in new equipment and furniture. The new partner might have skills and be able to do things which the existing partner cannot do like cosmetic work which might bring in more patients. Having more than one partner means less pressure as decisions and the running of the practice can be shared. It also enables the partners to have a holiday or be ill knowing there is someone there to run the practice so there is no interruption to patient care.

Level 2
Candidate applies knowledge 2-7

Level 1
Candidate demonstrates basic knowledge 1

QWC - 5 marks

Quality of Written Communication (QWC)

There are 5 marks available for Quality of Written Communication for this question using the following criteria:

Level 3
Candidate write in sentences which are clear, structured and coherent. They spell, punctuate and use the rules of grammar with few errors using a range of specialist terms appropriately and with precision
4-5 marks

Level 2
Candidates write in sentences with a clear and structured style. They spell, punctuate and use the rules of grammar and considerable accuracy.
2-3 marks

Level 1
Candidates write in sentences with a limited structure. They spell, punctuate and use the rules of grammar with reasonable accuracy.
1 mark

(ii) Consider the effects of unlimited liability on Dominic as a partner.
(A04 – Evaluate = 4)

Valid points could include:
limited liability means being liable for the debts of the business only - up to the value of shareholding – partners do not have this – there is no distinction between the partners and the business – owner(s) can therefore lose all of their possessions to pay debts – it may put prospective partners off joining the business because of the risk - effect on family

Level 2
Candidate makes sound judgement(s) 3-4

Level 1
Candidate makes basic judgement(s) 1-2

2 (a)(i) Describe how EFTPOS works.

(A01 – Demonstrate = 2)

Payment for service is via debit or credit cards - which are swiped/chip and - pin through an EFTPOS terminal - immediate transfer of funds.

2

(ii) Consider the benefits that EFTPOS might bring to Dovecotes.

(A02–Apply = 4, A04 – Evaluate = 2)

Valid points could include:

No need to take/store as much cash on premises - safer

Less use of cheques – no need to go to bank as often

More convenient for patients as nearly all shops use them as well

Level 2

Candidate makes judgement(s)

5-6

Level 1

Candidate applies knowledge

1-4

(b)(i) Explain what the minimum wage means for employees at Dovecotes.

(A01 – Demonstrate = 1, A02 – Apply = 2)

employees are guaranteed they will at least be paid this which is the least amount

Dovecotes can pay them – its set by the government - mention approximate rate

Level 2

Candidate applies knowledge

2-3

Level 1

Candidate demonstrates basic knowledge

1

(ii) Consider whether it might be expensive ... to apply the relevant laws to one of the areas above.

(AO3 - Select/Analyse = 3, AO4 - Evaluate = 6)

Valid points could include:

(discrimination) - all workers either part-time or full-time have protection against being discriminated against - all people doing the same job get the same pay can't pay women less - the disabled should not be treated less favourably so may need to make adaptations to buildings/equipment which means may increase wage bill if not already paying all staff the same or equivalent rates of pay - may have to install specialist desks/chairs/ramps for disabled employees

(health and safety) - provide the necessary environment/equipment to ensure workers are safe and without risks - provide training so workers know how to handle/store/life goods/substances safely - provide adequate supervision/information/instruction which means that again may have to purchase specialist clothing/equipment - provide training either in house or off site- produce leaflets/posters/safety policy/carry out risk assessment - time and money/ liability insurance

Level 3

Candidate makes sound judgement(s)

7-9

The EO Act states that a business must not discriminate against an employee with regard to pay or if they are disabled. This means all employees doing the same job or one considered equivalent should be paid the same. A man can't be paid more than a woman if they're doing the same job. If there are some female employees who are paid less for the same job then Dovecotes will have to pay them the same which will increase their wage bill. If they don't do this the female employee(s) could take the business to the EOC to demand equality of pay leading to even more expense in legal fees and possibly giving the business a bad name.

Level 2

Candidate makes basic judgement(s)

4-6

Level 1

Candidate analyses

1-3

3 (a)(i) List FOUR methods of recruitment.
(A01 – Demonstrate = 4)

advert in business/newsletter/notice board/email/job centre/local-national newspaper/agency/specialist magazine/dental school/word of mouth/web site/internal/external

4

(ii) Explain ONE advantage to Dovecotes of internal recruitment.
(A01 - Demonstrate = 2, A02 - Apply = 2)

Valid points could include:

no need for lots of detail because applicant knows the practice - terms and conditions basically the same - keen to stay in practice so motivated - possibly cheaper than external - existing employees already know the systems within the practice - have probably already worked with dentists

Level 2

Candidate applies knowledge 3-4

Level 1

Candidate demonstrates basic knowledge 1-2

(b)(i) Why might Dovecotes do this before preparing a job specification?
(A03 – Select/Analyse = 2, A04 – Evaluate = 2)

Valid points could include:

identifies qualifications/specialist skills/knowledge required of applicant so can match the person correctly to the job – could also identify any further training needed or specify any specialist skills needed which no one else has

Level 2

Candidate makes judgement(s) 3-4

Level 1

Candidate analyses 1-2

(ii) Name TWO items that would be on a job description but not on a job specification.

(A01 - Demonstrate = 2)

Valid points could include:

job title/duties/purpose of job/position/any other responsibilities/conditions 2

(iii) Discuss the effectiveness of these two methods in motivating staff.
(A03 – Select/Analyse = 4, A04 – Evaluate = 2)

Valid points could include:

retain staff/do better / job atmosphere
if do not can lead to disgruntled staff who are unhappy which can have an effect on patients/patient care/atmosphere in the practice/staff turnover/staff leaving/staff absence

Level 2

Candidate makes judgement(s)

5-6

Level 1

Candidate analyses 1-4

4 (a) What would be ONE suitable way Dovecotes could advertise the practice?

(AO2 - Apply = 4)

Valid points could include:

(local newspaper) - can be put in weekly/not too expensive/local area - coverage (doctors' surgeries) - patients might ask here - can recommend - all healthcare details together
(web site) - for people out of the area who will travel or people moving to area who need to register with a new dentist

4

(b) Explain what advice you could give Lucy in the preparation of an effective questionnaire.

(AO1 - Demonstrate = 2, AO2 - Apply = 2, AO3 - Select/Analyse = 3)

Valid points could include:

not too many questions - short and precise - one side
not open ended - quantifiable if possible - not too complicated - people won't understand
include questions which get all necessary information - nothing too vague
avoid discriminatory questions

Level 3

Candidate analyses

5-7

A patient can be put off if the medical history form is too long or contains questions which are too complicated or require too much detail. Lucy should not include too many questions and must keep these short and precise, taking up one side of A4 paper preferably. Open ended questions are often difficult to deal with so keeping the questions to one or two word answers is preferable. Lucy must remember to include questions which actually get all the necessary information needed otherwise patients will have wasted their time and important personal and health details may be missed for example any allergies which should be considered when commencing treatment.

Level 2

Candidate applies knowledge

3-4

Level 1

Candidate demonstrates basic knowledge

1-2

(c) Analyse the benefits to Dovecotes of having its own computer system.
(AO1 - Demonstrate = 4, AO2 - Apply = 2, AO4 - Evaluate = 3)

Valid points could include:

(database) - lists of patients/suppliers/staff - can produce lists/labels - medical histories - personal details

(word processing) - standard letters/invoices - use database to produce circular letter - mail merge - prepare reminder letters for six monthly check ups - missed appointments

(desk top publishing) - prepare their own posters to be put up in the surgery - price lists of dental products - opening hours - advice on good dental hygiene

(spreadsheets) - used for keeping financial information - cash flow - details of patient treatment charges

don't have to type everything separately over and over - saves time and effort - speed efficiency all information in one place - interactive software - link to NHS - easy to update/edit /add to therefore efficient/quick/accurate - attractive corporate image

security/confidentiality of records

storage cost effective compared to paper based records

Level 3

Candidate makes judgement(s)

7-9

A database of patient details can be used with mail merge and word processing to prepare letters which need to go out to all patients perhaps informing them of changed opening hours or a new dentist coming into the practice. If this was not used it would mean having to prepare each letter separately which would take a great deal of time which could be used doing something else like seeing to patients or keeping patient details up-to-date. Using desk top publishing to prepare posters for the surgery means they don't have to pay for a professional to do it. Simple posters of the prices of dental products eg toothpaste or toothbrushes could be done easily and made to look effective. Word searches on dental hygiene could be prepared to keep children amused whilst at the dentists which may make them not so nervous about attending.

Level 2

Candidate applies knowledge

5-6

Level 1

Candidate demonstrates basic knowledge

1-4

5 (a) Using examples of cash flow problems, explain how Lucy could limit their impact.

(AO1 - Demonstrate = 3, AO2 - Apply = 3, AO4 - Evaluate = 2)

Valid points could include:

investment in fixed assets/new equipment - delay their purchase or lease rather than buy

patients owing bills - send out reminders - encourage payment

price increase of materials - renegotiate trade credit - change supplier

increased interest rates on loans/mortgages - increase charges

new practice opens losing patients therefore income - try and attract more patients

owner puts more capital in to ease cash flow

Level 3

Candidates makes judgement(s)

7-8

If the practice has invested in new equipment or purchased other fixed assets like a new dental chair which is a very expensive piece of equipment, this could cause a cash flow problem. In order to avoid this they could delay any purchase or if they really needed the equipment, enquire whether it could be leased rather than purchased which would mean not as much cash would be leaving the business which would happen if the equipment was paid for in one go. Another cause of cash flow problems is if a supplier or the dental lab suddenly increased their prices. The practice could try and negotiate better credit terms or if this is not successful, then they might have to find another supplier who can supply the same quality materials at a better price. It would be no good buying something cheaper if the quality was not as good because this would cause other problems for the practice. Similarly using a different dental lab may save money but if the quality of the work is not so good, it would be false economy.

Level 2

Candidate applies knowledge

4-6

Level 1

Candidate demonstrates basic knowledge

1-3

(b) Discuss the most suitable sources of finance they might have used for the purchase of the second dental practice.

(A01 – Demonstrate = 2, A03 – Select/Analyse = 6, A04 – Evaluate = 4)

Valid points could include:

Bank loan probably over the medium/long term – has to be repaid in fixed instalments with interest which can fixed/variable – fixed preferable – bank may need security/collateral

Mortgage – long term – usually from banks/building societies for purchase of buildings which are used as security for the mortgage – if payments are not kept the bank/bs will require the building be sold to repay the mortgage

Partners own capital or retained profit which may be limited – internal so no repayments/interest to be paid

Grant from the government/NHS – may get this because of shortage of NHS dentists could be to purchase equipment/other start-up costs/reduction in rent or rates – no need to pay back

Overdraft – draws more money from bank than in – interest payable usually more than on a loan – only paid when overdrawn – very flexible – bank can call in the overdraft at any time – used to solve cash flow problems-/day-to-day

Level 4

Candidate makes judgement(s) based on analysis

9-12

As Dovecotes is a relatively small business there are only certain sources of finance available to them unlike large companies. Finance is needed here to pay for premises, whether purchased or rented, and equipment in the new practice. Once this practice is up and running finance will be needed for day-to-day expenses like wages, power and supplies. They could borrow from a bank over the medium or long term. This loan would have to be paid back with interest which will be either fixed or variable. Over the term of the loan a fixed rate would be preferable so Dovecotes knows it will not increase unlike a variable rate. The practice may also arrange an overdraft for the short term to help them when, and if they have cash flow problems. The interest payable on an overdraft is higher than on a loan which is because of the flexibility of an overdraft but this interest is only paid when Dovecotes is overdrawn. The partners could also have their own capital or there may be retained profits in the business which could be used. These are internal sources of finance and as such do not need repaying and there are no interest payments to be made which makes this an attractive source provided the partners have their own capital and there are retained profits.

Level 3

Candidate makes sound analysis

6-8

As Dovecotes is a relatively small business there are only certain sources of finance available to them unlike large companies. Finance is needed here to pay for premises, whether purchased or rented, and equipment in the new practice. Once this practice is up and running finance will be needed for day-to-day expenses like wages, power and supplies. They could borrow from a bank over the medium or long term. This loan would have to be paid back with interest which will be either fixed or variable. The practice may also arrange an overdraft for the short term to help them when, and if they have cash flow problems. The interest payable on an overdraft is higher than on a loan. The partners could also have their own capital or there may be retained profits in the business which could be used. These are internal sources of finance.

Level 2	
Candidate makes basic analysis	3
Level 1	
Candidate demonstrates basic knowledge	1-2