Mark Scheme (Results)

June 2008

GCSE Business Studies (1503.01)

A PEARSON COMPANY

General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.

- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.

- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.

- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.

- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.

- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.

- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.

- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

1503/01 Mark Scheme

Question Number	Answer	Mark
1(a)	**For each of the questions…** *(AO1 – Demonstrate = 5 marks)* (i) B (ii) A (iii) D (iv) B (v) C	 (1) (1) (1) (1) (1)

Question Number	Answer	Mark
1(b) (i)	**Name a fixed asset.** *(AO1 – Demonstrate =1)* buildings/fixtures and fittings/vehicles	 (1)

Question Number	Answer	Mark
1(b) (ii)	**What is an import?** *(AO1 – Demonstrate = 1)* products/services bought from overseas	 (1)

Question Number	Answer	Mark
1(b) (iii)	**Define the term 'span of control'.** *(AO1 – Demonstrate = 1)* number of people working under the direct control of one person	 (1)

Question Number	Answer	Mark
1(b) (iv)	**Identify ONE method of advertising.** *(AO1 – Demonstrate = 1)* TV/radio/newspapers/magazines/Internet/flyers/website	 (1)

Question Number	Answer	Mark
1(b) (v)	**What is meant by a competitor?** *(AO1 – Demonstrate = 1)* business in same market – vie with one another – rival eg Pepsi and Coca Cola	 (1)

Question Number	Answer	Mark
1(c) (i)	**Which year had the smaller percentage of business guests?** *(AO2 – Apply = 1)* 2007	(1)

Question Number	Answer	Mark
1(c) (ii)	**Which group had 15% of guests?** *(AO2 – Apply = 1)* overseas in 2006	(1)

Question Number	Answer	Mark
1(c) (iii)	**Calculate the total percentage of overseas and UK guests in 2007.** *(AO2 – Apply = 1)* 41%	(1)

Question Number	Indicative Content	Mark
1(c) (iv)	**Identify THREE factors that might account for the decrease in the percentage of UK guests in 2007.** *(AO3 – Select/Analyse = 3)* **Valid points could include:** people have more income so go abroad increased prices/exchange rates terrorist activity puts people off travelling to London people go to hotels outside of London short breaks abroad competitor hotels weather	(3)

Question Number	Indicative content	Mark
1(d)	**Discuss the advantages to businesses of having an Internet website.** *(AO3 – Select/Analyse = 2, AO4 – Evaluate = 2)* **Valid points could include:** 24 hour access for potential guests interactive – can book/pay online convenience – no waiting/queuing/travel to high street current because constantly updated – availability – special offer	(4)

Level	Mark	Descriptor
Level 2	3-4	Candidate makes judgement(s)
Level 1	1-2	Candidate analyses

Question Number	Answer	Mark
2(a) (i)	**Identify TWO other influences on the location of a business.** *(AO1 – Demonstrate =2)* workforce/language/access/tourist attraction/competition/nearness to market/nearness of similar bus/availability of land /government incentives	(2)

Question Number	Indicative Content	Mark
2(a) (ii)	**Why do you think CGH Ltd has its hotels near airports and in towns and cities?** *(AO4 – Evaluate = 4)* **Valid points could include:** near to customers/target market – business people attending meetings near to major transport links – ease of use/convenience for guests	(4)

Question Number	Answer	Mark
2(b) (i)	**What is the term given to the owners of a private limited company?** *(AO1 - Demonstrate = 1)* shareholders	(1)

Question Number	Indicative Content	Mark
2(b) (ii)	**Analyse ONE advantage to the Caygill family of being a private limited company.** *(AO3 – Select/Analyse = 3)* **Valid points could include:** (limited liability)– no one can lose more than the capital they have put into the business (more willing to invest) – less risk – means extra capital to expand (owners can choose shareholders) - can keep control – no takeover (separate legal existence) - can sue (or be sued) - not an advantage	(3)

Question Number		Indicative content	Mark
2(c) (i)		**Explain TWO reasons why Jas gets job applicants to complete an application form.** *(AO1 – Demonstrate = 2, AO2 – Apply =2, AO3 – Select/Analyse = 2)* **Valid points could include:** first means of selection – find out range of information – age/qualifications/training/nearness to hotel/language spoken ensures all important information included – in same/accessible format – easier to compare data capture form – used to input data into database **IF ONE ONLY MAX 4**	(6)
Level	Mark	Descriptor	
Level 3	5-6	Candidate analyses *Jas gets applicants to complete an application form because it is his way of finding out a range of information about the applicants. They all complete the same form designed to collect all the information he wants eg age, qualifications, nearness to hotel and language spoken. The last two are particularly important for a hotel because employees might be expected to work early mornings and late nights so living near to the hotel would be an advantage. Speaking other languages too would be a benefit with tourists from other countries who may stay. Having all the information on one form makes it easier for Jas to compare them which will make it easier for him to select those he will invite for interview.*	
Level 2	3-4	Candidate applies knowledge	
Level 1	1-2	Candidate demonstrates knowledge	

Question Number		Indicative content	Mark
2(c) (ii)		**How would you advise someone to prepare for an interview with Jas?** *(AO2 – Apply = 2, AO3 – Select/Analyse = 2)* **Valid points could include:** do some research on business – in case asked – shows initiative – do want to work there? dress carefully – create a good impression know exactly who to see/where to go/what time – so no confusion – sensible plan beforehand – practice route/practice answers to questions which might be asked arrive in plenty of time – reflects keenness/qualities of punctuality/dependability	(4)
Level	Mark	Descriptor	
Level 2	3-4	Candidate analyses	
Level 1	1-2	Candidate applies knowledge	

Question Number	Answer	Mark
3(a) (i)	**Give TWO examples of secondary research Simon might have used.** *(AO1 – Demonstrate = 2)* official reports/trade magazines/government statistics/existing research/company results/documents/competitors/ brochures/Internet	(2)

Question Number	Indicative content	Mark
3(a) (ii)	**Explain ONE advantage and ONE disadvantage to CGH Ltd of secondary research.** *(AO2 – Apply = 2, AO3 – Select/Analyse = 4)* **Valid points could include:** information already available in CGH Ltd – so quick decisions can be taken based on it cheaper than primary research – for some information/data its free information may be dated therefore could be misleading available to other firms – competitors may not be any relevant data specific to CGH Ltd – does not quite meet its requirements **IF ONE ONLY MAX 4**	(6)

Level	Mark	Descriptor	
Level 2	3-6	Candidate analyses	
Level 1	1-2	Candidate applies knowledge	

Question Number	Answer	Mark
3(b) (i)	**Using the context, show what is meant by a 'target audience'.** *(AO2 – Apply = 2)* tourists/business people – people who have or are likely to use hotels	(2)

Question Number	Indicative content	Mark
3(b) (ii)	**Explain TWO suitable methods of advertising that CGH Ltd might use, other than the Internet.** *(AO1 – Demonstrate = 2, AO2 – Apply = 2)* **Valid points could include:** billboards/tv/local radio/holiday/tourist brochures/tourist offices/travel agents – targeting specific audience – more likely to look here direct mail – sent to guests who have used the hotel before – less likely to ignore – maybe use hotel(s) again in hotels themselves – promote special offers/target audience **IF ONE ONLY MAX 3**	(4)

Level	Mark	Descriptor	
Level 2	3-4	Candidate applies knowledge	
Level 1	1-2	Candidate demonstrates knowledge	

Question Number		Indicative content	Mark
3(b) (iii)		**Discuss why your chosen methods of advertising might be best for CGH Ltd.** *(AO3 – Select/Analyse = 2, AO4 – Evaluate = 4)* **Valid points could include:** (brochures) – more tourists etc likely to look here (direct mail) – less likely to ignore/if were happy with the hotel maybe use again (hotel) – cheap/captive audience/persuasive	(6)
Level	Mark	Descriptor	
Level 2	3-6	Candidate makes judgements	
Level 1	1-2	Candidate analyses	

Question Number		Answer	Mark
4(a) (i)		**State what is meant by a 'quality service'.** *(AO1 – Demonstrate = 2)* not a product – work/job done for customers eg hairdressing high level of service – good/well trained staff- satisfied customers	(2)

Question Number		Indicative content	Mark
4(a) (ii)		**Suggest why it is important to offer a quality service to customers.** *(AO1 – Demonstrate = 1, AO3 – Select/Analyse = 1, AO4 – Evaluate = 4)* **Valid points could include:** if not high level/good service, customers will not be satisfied/will not return/may get a bad reputation/damage image/bad publicity/cost to put things right	(6)
Level	Mark	Descriptor	
Level 2	3-6	Candidate makes judgements	
Level 1	1-2	Candidate analyses	

Question Number		Indicative content	Mark
4(b) (i)		**How might TWO economies of scale benefit CGH Ltd?** *(AO2 – Apply = 3, AO3 – Select/Analyse = 3)* **Valid points could include:** finance – easier for larger firms to raise capital/better lending terms/lower interest rates/risk is spread over more hotels/greater potential finance from retained profits/bulk buying marketing – employing specialist buyers who get better deals/advertising costs can be spread over hotels/employ specialist sales/marketing people managerial – more specialised managers can be employed – saves money – more efficient/top managers can be employed – attracted by top salaries external – skilled labour in area – better infrastructure **IF ONE ONLY MAX 4**	(6)

Level	Mark	Descriptor	
Level 2	4-6	Candidate analyses	
Level 1	1-3	Candidate applies knowledge	

Question Number		Indicative content	Mark
4(b) (ii)		**How might TWO diseconomies of scale affect CGH Ltd?** *(AO2 – Apply = 3, AO3 – Select/Analyse = 3)* **Valid points could include:** decision making/managerial – decision making takes longer – can be slow to respond to changes/too many managers so not clear who is in charge communication – poor because too many layers/lines of communication can be blurred or broken/too much paperwork/bureaucracy coordination/control – trying to do too many things at once/too many people to co- ordinate/keep track of staff – morale/motivation as do not feel part of business/day-to-day contact may be lost/industrial relations may not be good **IF ONE ONLY MAX 4**	(6)

Level	Mark	Descriptor	
Level 2	4-6	Candidate analyses	
Level 1	1-3	Candidate applies knowledge	

Quality of Written Communication for question 4bii (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 with 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

QWC – 5 marks

Question Number	Answer	Mark
5(a) (i)	**Calculate the net profit ratio for both years.** *(AO2 – Apply = 2)* 2007 22% 2006 26% Accept as a ratio If no % sign = 1 mark Do not accept if £ sign	(2)

Question Number	Indicative content	Mark
5(a) (ii)	**Using the above information and your calculations, assess CGH Ltd's performance in 2006 against 2007.** *(AO1 – Demonstrate = 2, AO2 – Apply =2, AO4 – Evaluate = 4)* **Valid points could include:** sales revenue down from 2006 to 2007 – might be less guests/hotels not full cost of sales and gross profit down – more expensive to buy materials – either sell more or reduce cost of sales – cheaper suppliers or ask for discounts expenses down – even when down still net profit down	(8)

Level	Mark	Descriptor	
Level 3	5-8	Candidate makes judgement(s)	
Level 2	3-4	Candidate applies knowledge	
Level 1	1-2	Candidate demonstrates knowledge	

Question Number	Answer	Mark
5(b) (i)	**On the chart, label the break even point.** *(AO1 – Demonstrate = 1)* correctly labelled on chart	 (1)

Question Number	Answer	Mark
5(b) (ii)	**How many guests does CGH Ltd need to break even?** *(AO2 – Apply = 1)* 90 guests (OFR from (i))	 (1)

Question Number	Answer	Mark
5(b) (iii)	**What is the revenue at the break even point?** *(AO2 – Apply = 1)* £9 000 (OFR from (i)) must have £ sign	 (1)

Question Number	Indicative content	Mark
5(b) (iv)	**Discuss the benefits of using break even.** *(A03 – Select /Analyse = 3, A04 – Evaluate = 4)* **Valid points could include:** useful for planning/forecasting/decision making simple to use – quick results – no real specialist training needed can help to spot problems so can take preventative action useful for 'what if' – what if less/more guests? what if increase room rate?	 (7)

Level	Mark	Descriptor	
Level 2	4-7	Candidate makes judgement(s)	
Level 1	1-3	Candidate analyses	