

Business Studies

General Certificate of Secondary Education **1951/01**

Paper 1 Common Core

Mark Scheme for June 2010

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All Examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes should be read in conjunction with the published question papers and the Report on the Examination.

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Question			Spec Ref	Expected Answer	Mark	Additional Guidance
1	(a)		5.1.1	Amy – Service Sector/Tertiary sector (1) George – Secondary/manufacturing (1)	[2]	1 mark for each correct answer.
1	(b)		5.1.1	<ul style="list-style-type: none"> George will give up the wage he was paid by the car manufacturer (1). 	[1]	1 mark for tick against correct statement
1	(c)		5.1.4	Amy has relevant skills (1), knows the equipment that will be needed (1), health and safety issues (1), knows how to deal with children (1), demands of parents (1), will be able to train the workers (1).	[2]	One mark per point. Reward examples of statements explaining what she will know that will help her to start the business.
1	(d)		5.1.2	<ul style="list-style-type: none"> To be the most popular children's nursery in Bowton – that is to gain a good reputation (1) which will help continued sales of places at the nursery in the future (1) To make a profit at all times – because this is the point of setting up a business.(1) Profit is needed for their income/for them to live off (1) and they will be able to reinvest this in the future (1) in order to improve the service or to open another nursery (1). To be the cheapest nursery in Bowton – this will ensure that they get children to look after (1) as they will be less expensive than their competitors (1). To open a new children's nursery every year – this is an objective which they might set but which is to be achieved over time in the future (1). It would be a statement of long term intent (1). It would mean they would make more profit in the future (1). It would increase their market share.(1) 	[4]	No mark for repetition of objectives. Any answer is possible, two marks for each point of explanation. Do not reward negative comments that explain why an objective should not be chosen. 2 x 2 marks
1	(e)	(i)	5.1.2	A franchise is when one business lets another business sell its goods or services using its brand name (1).	[1]	1 mark for tick against correct statement

Question			Spec Ref	Expected Answer			Mark	Additional Guidance
1	(e)	(ii)	5.1.2	Statement	Advantage	Disadvantage	[6]	One mark for each advantage and each disadvantage correctly ticked. Please tick/cross every option.
				Tried and tested product	✓			
				Advertising is paid for by the franchisor.	✓			
				Set up fee needs to be paid		✓		
				Advice and training provided	✓			
				Annual royalty paid		✓		
				Owner of the business does not have full control		✓		
1	(f)		5.1.1	<ul style="list-style-type: none"> Unemployed people (1)– more jobs (1) Other businesses/eg estate agents (1) – more business/sales/profit (1) more competition (1) House owners (1) – rise in house prices (1) First-time buyers(1) – rise in house prices (1) Environmentalists/people of the area (1)– congestion/pollution/less green space (1). Workers (1) – more wages/earn more/more spending power/increased disposable income (1). Government (1) – will receive more tax income (1). 			1 + 1 x 3 [6]	<p>One mark for each different stakeholder who will be affected, one mark for one statement of the affect to the stakeholder.</p> <p>Credit any appropriate stakeholder with appropriate example. NB: A stakeholder may be named in the explanation part of the writing frame.</p> <p>NB: An explanation point can only be used once. The explanation point must be appropriate to the stakeholder stated.</p> <p>Credit for one mark an appropriate stakeholder without explanation.</p> <p>NB: Do not reward 3 different businesses. Do reward 3 different explanations of how a business may be affected eg more competition, more sales.</p>
				Total			[22]	

Question			Spec Ref	Expected Answer	Mark	Additional Guidance
2	(a)	(i)	5.1.2	Mortgage means money available immediately (1), so no need to save (1), can buy the house (1), to start business (1), they can repay over a long period of time (1). Large sum of money (1).	[2]	One mark for each point of explanation.
2	(a)	(ii)	5.1.2	Have to pay interest (1), increases business costs (1). Is a debt (1), has to be repayed (1), failure to repay may lead to closure of business (1). If they don't earn enough they won't be able to pay back (1).	1+1 [2]	One mark for stated disadvantage, one for each point of explanation.
2	(a)	(iii)	5.1.2	<p>Level 2 (3-4) It depends if they have enough savings to make up the shortfall. Banks normally expect the business owners to contribute a proportion of start-up capital.</p> <p>Level 1 (1-2) It is not enough, the house costs £750,000, the mortgage is only £600,000/a shortfall of £150,000. It is very useful as it provides three quarters of the money that they need so they will only have a shortfall of £150,000/£200,000 to find.</p> <p>QWC: Ideas are expressed clearly, fluently, legibly and in an appropriate way. There are few errors in spelling, punctuation and grammar. (2 marks) Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer. (1 mark) Candidate fails to reach the threshold standard in all respects (0 marks)</p>	[4]	<p>Level 2 (3-4) Evaluates in context. Appropriate discussion using evidence or bringing in own issues.</p> <p>Level 1 (1-2) Analyses the shortfall in finance or indicates the financial value the mortgage contributes to the start up costs. Need to identify shortfall to get 2 marks.</p>

Question			Spec Ref	Expected Answer	Mark	Additional Guidance
2	(b)	(i)	5.1.3	Correct answer – £10,000 (2) Method – $34,000 - 24,000 = (1)$	[2]	Two marks for a correct answer. One mark for an appropriate method where there is an incorrect answer.
2	(b)	(ii)	5.1.3	Correct answer – £10,000 (2) Method = Total Income – Total Expenditure $46,000 - 36,000$	[2]	Two marks for a correct answer. One mark for an appropriate method where there is an incorrect answer.
2	(b)	(iii)	5.1.4/5.1.3	<p>Level 3</p> <ul style="list-style-type: none"> • A new business (L3) needs to have/establish good procedures developed (L1) • If the service is not good people will take children elsewhere. • The business will develop a good reputation (L1) from the start (L3). • They should not spend a week training the staff as this will be an extra setting up (L3) cost which is not really needed. • Training staff makes them more experienced (L1). This will make them more favourable than other nurseries (L3). <p>Level 2</p> <p>Level 1 <i>Advantages</i> – Staff will know what to do (1), covers essentials like health and safety (1), should help provide an efficient service/better service/quality service (1), motivates staff/staff will work harder (1), safer service/fewer accidents (1). <i>Disadvantages</i> – Cost of paying staff (1), cost of the trainer(s) (1), no income (1), cost of time needs to be financed (1), may involve overdraft (1), interest payment (1).</p> <p>Exemplar The workers will know what to do (L1) but it will cost money (L3) (credit 3 marks).</p>	[6]	<p>Level 3 (5-6) Assesses the consequence of the training in terms of the success of the business in the context of a new business and/or in a competitive market. NB: Any conclusion must be a development of a L1/2 point.</p> <p>Level 2 (3-4) States both advantages and disadvantages</p> <p>Level 1 (1-2) States either advantages or disadvantages.</p>

Question			Spec Ref	Expected Answer			Mark	Additional Guidance
2	(b)	(iv)	5.1.2	Phrases	Overdraft	Trade Credit	[6]	One mark for each phrase ticked correctly. Be careful to read these ticks and mark each one individually.
				It has to be paid back within in a period of time often 30 days		✓		
				No interest is charged		✓		
				Interest is charged	✓			
				Provided by the bank	✓			
				Amy and George can spend more than is in their bank account	✓			
				It is provided by wholesaler who lets them take the goods immediately		✓		
2	(b)	(v)	5.1.4	Level 2 <ul style="list-style-type: none"> Will save money for the business (L2), Will not need to employ an accountant (L2), Make judgements about the business accounts (L2). Will know about financial issues – getting loans (L2), Writing business plans (L2). Will be able to calculate liquidity ratios (L2), cashflow forecasts (L2), return on capital employed (L2). Level 1 <ul style="list-style-type: none"> Will be good at figures (L1), Can look after the money side of the business (L1), can do the accounts, Work in the finance area (L1). 			[3]	Level 2 (2-3) Makes specific comments about the work that George will be able to do. Level 1 (1) Makes general comments about the work that George will be able to do. Answers must be in the context of a nursery.

Question			Spec Ref	Expected Answer	Mark	Additional Guidance
2	(c)		5.1.3	<p>Level 2 New businesses need time to grow, can expect greater profits in future years, income may then be greater than after first year. May prefer to run business than be employed, greater satisfaction. If the profit is shared out equally, Amy earns more than she did but George does not. George may have known that his previous job's future was unstable (1).</p> <p>Level 1 Not right to start the business, earnings are less than they achieved by working, £50,000 minus £105,000, loss of £55,000.</p>	[5]	<p>Level 2 (3-5) Evaluates by considering relevant issues other than the first year figures.</p> <p>Level 1 (1-2) Judgement is based solely on the first year figures. Candidates that only refer to figures limited to Level 1. Any reference to estimates are not accurate/forecasts 1 mark.</p>
				Total	[34]	

Question			Spec Ref	Expected Answer	Mark	Additional Guidance
3	(a)	(i)	5.1.4	<p>Level 2</p> <ul style="list-style-type: none"> Helen has more experience in child care (L2) than Natasha especially as a supervisor (L2) Helen's current job is as a supervisor, which gives her the edge (L2) and she is up to date with modern child care methods (L2). <p>Level 1</p> <p>Natasha</p> <ul style="list-style-type: none"> Qualified nursery nurse – so can care for children, go on outings, provide safety for the children 2 years experience – so should know what she is doing Good communication skills – so can talk with parents/staff Good health – so not likely to be absent much from work. £18,000 – so may be cheaper to employ Manager of education team – will be able to control the other nursery nurses. <p>Helen</p> <ul style="list-style-type: none"> Qualified nursery nurse – so she can supervise the children, on outings, safely 3 years experience – so should know what she is doing 1 year experience as a supervisor – so should know about managing other nursery nurses. Ability to work in team – so will be able to work with Amy + George and other nursery nurses. Caring and patient – so good with children, will make them feel safe. Sense of humour – so good for working with staff, good for dealing with parents. £21000 – so costs more Supervisor in a small nursery – so will be able to control the other nursery nurses. 	[6]	<p>QWC</p> <p>Level 2 (3-6) Comes to a conclusion based on comparisons of the two candidates. One L2 mark for each comparison. NB: There must be a comparative statement eg “more experience”, “although she earns more”, “will be better able to control staff”.</p> <p>Level 1 (1-2) States advantages or disadvantages about each candidate without comparison. NB: The candidate must develop/explain the statements given in Fig 7. (ie the “so” statements)</p>

Question			Spec Ref	Expected Answer	Mark	Additional Guidance
				<p>QWC: Ideas are expressed clearly, fluently, legibly and in an appropriate way. There are few errors in spelling, punctuation and grammar. (2 marks)</p> <p>Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer. (1 mark)</p> <p>Candidate fails to reach the threshold standard in all respects (0 marks)</p>		
3	(a)	(ii)	5.1.4	<p>Examples:</p> <p>What work have you done with children before? (1) To find out if any relevant experience (1).</p> <p>How many hours do they work?(1)</p> <p>Why do you want to work with children?(1)</p> <p>Why do you think you are suitable for the job/want to work in our nursery?(1)</p> <p>What skills does a child care assistant need? (1) To find out if they have thought about what kind of person is needed/if they have the right qualities (1).</p> <p>What qualifications have you got? (1) To find out if they have done any relevant study. (1)</p>	<p>1+1 x 3 [6]</p>	<p>One mark for an appropriate question – relevant to the context – and one mark for explaining why it is appropriate.</p> <p>If the question sounds vague but the reason justifies it, then give mark.</p> <p>Be careful of too vague/non specific questions.</p>

Question			Spec Ref	Expected Answer	Mark	Additional Guidance
3	(b)		5.1.4	<p><i>The local paper</i> (1) –</p> <ul style="list-style-type: none"> only local people will want the job (1), it is not well-paid enough for people to travel a long way (1), lots of people read the local paper (1), it is not very expensive to advertise in(1). <p><i>Job centre or job websites</i> (1) –</p> <ul style="list-style-type: none"> people look at these to find jobs (1). <p><i>Local radio</i> (1) –</p> <ul style="list-style-type: none"> cheap (1), a lot of people listen to the radio/wider amount of people (1). <p><i>Internet/job centre website/own website</i> (1) –</p> <ul style="list-style-type: none"> commonly used (1), cheap (1). <p><i>Poster in the window of the premises/shop</i> (1) –</p> <ul style="list-style-type: none"> cheap (1), local (1). 	2 x 3 [6]	One mark for an appropriate medium, one mark for each statement justifying the choice.
3	(c)	(i)	5.1.4	Sex discrimination/gender (1). Disability (1) Race (1)	[1]	One mark for a correct answer. Do not have to specify the act.
3	(c)	(ii)	5.1.4	<p>Must treat people of different races equally/must not treat them differently (1) eg pay one more (1), promote one and not the other without proper reason (1), could be sued (1). Provide a safe working environment – to avoid failing inspection (1), closure (1), accidents (1), paying compensation (1), cost of implementing laws (1).</p>	2 x 2 [4]	One mark for each point of explanation or illustration.
				Total	[25]	

Question			Spec Ref	Expected Answer	Mark	Additional Guidance
4	(a)		5.1.3	<p>Desk research is a way of collecting secondary data/existing data/someone else has already found out (1). Examples include: statistics/reports/newspapers/internet (1).</p> <p>Field research is a way of collecting primary data/new information/you collect yourself (1).</p> <p>Examples include: questionnaires/interviews/test panels (1).</p>	[4]	One mark for a statement describing the method of research, one mark for an example
4	(b)	(i)	5.1.3	Greater awareness of the business (1), more customers (1), important for a new business (1).	[2]	One mark for each point of explanation of the benefits of advertising.
4	(b)	(ii)	5.1.3	<p>Level 3 It will depend on where the nursery is located;</p> <ul style="list-style-type: none"> • if in the business district, customers are likely to be from all over town so the local newspaper would be good. • if it is in the business district it might be better to target the leafleting. • if it is in one of the areas of the town, leafleting the businesses will target people who will need a nursery. • if it is in one the areas of the town, a newspaper would be better because the advertisement will be available for all the people who live in that area. <p>Level 2</p> <p>Level 1 Leaflets –</p> <ul style="list-style-type: none"> • more likely to be read (1), targets an appropriate market/people who will be looking for a nursery near their work, • cheap (1), • can be eye catching (1), • can include a lot more information (1). 	[6]	<p>Level 3 (5-6) – Justifies the recommendation of the medium to use, referring to location.</p> <p>Level 2 (3-4) – Discusses the advantages/disadvantages of both media</p> <p>Level 1 (1-2) – Discusses the advantages/disadvantages of one of the media.</p>

				<p>Leaflets –</p> <ul style="list-style-type: none"> • might be considered junk mail and thrown away (1), • no guarantee they will be passed to relevant staff (1), • limited how many can be delivered (1), • may not reach many customers (1). <p>Newspaper –</p> <ul style="list-style-type: none"> • will reach the people residents of Bowton (1), • easier to reach larger numbers (1) • cheap (1). • advertisements may not be read (1), • may not contain much information (1). 		
4	(b)	(iii)	5.1.5	<ul style="list-style-type: none"> • to prevent dishonesty (to be honest and truthful) (1), • misleading (1) • illegal (1), • indecent/offensive advertisements (1), • to protect consumers from unscrupulous advertisers (1). 	[2]	One mark for each appropriate point.
4	(c)		5.1.3	<p>Examples:</p> <p>Sounds cute (1)</p> <p>Lets people know it is about a nursery (1)</p> <p>Gives an idea of the kind of care provided (1) (quality (1), safety (1), focus on education (1) etc), easy to remember (1), sounds fun etc (1)</p>	[2]	<p>No mark for a name.</p> <p>One mark for each reason given justifying the name. Accept any suitable/relevant to nursery eg Busy Bees</p>
4	(d)	(i)	5.1.5	<p>The North Area (1)</p> <p>The North Area (1)</p>	[2]	<p>One mark for each correct answer.</p> <p>No the business district because people do not live there.</p>

Question			Spec Ref	Expected Answer	Mark	Additional Guidance
4	(d)	(ii)	5.1.5/5.1.3	<p>Level 2</p> <ul style="list-style-type: none"> The people in the south west are richer and there are fewer nurseries. <p>Level 1</p> <ul style="list-style-type: none"> Incomes are higher/people are richer in south west than the north (L1) so people can afford to pay more (L1) so will be able charge a higher price there. There are 8000 people per nursery in the north compared to 10,000 in the south west/more people per nursery (L1) so there is greater competition for nursery places (L1) so they could charge higher in the south west. There are fewer nurseries in the south west (L1 statement only) 	[4]	<p>Level 2 (3-4) Compares both income, and population figures/competition in the two areas. Combines the two L1 answers in some way.</p> <p>Level 1 (1-2) Bases the decision on income figures OR population figures/competition figures only.</p>

Question			Spec Ref	Expected Answer	Mark	Additional Guidance
4	(d)	(iii)	5.1.5	<p>Business District</p> <ul style="list-style-type: none"> There are more potential customers in the Business District/70000 compared with 50000 (1) so there will be a greater demand (1). Customers may prefer a nursery in the Business District because they can get to the nursery more easily if there is a problem (1). There are fewer nurseries (1) in the Business District so there is less competition (1). Whilst incomes are higher in the South East they are not significantly higher (1) to affect demand/price (1) <p>South East</p> <ul style="list-style-type: none"> Incomes are higher in the South East (1) so there will be a greater demand (1) and Amy and George will be able to charge a higher price (1). There are fewer potential customers per nursery in the South East (1). The south east is a popular area for nurseries (1) so there must be a high demand for nurseries (1). Parents may prefer the south east because it is close to where they live (1), so the child does not have so far to travel in the car (1). 	[4]	<p>One mark for each point of justification for the area recommended which develops the information in Fig. 9.</p> <p>4 x 1 mark</p>
4	(d)	(iv)	5.1.5	The number of people with young families (1) because this will tell them how many likely customers there will be (1).	[2]	One mark for the correct choice, one mark for an appropriate reason for the choice. Only first one is correct. If they write about both of these they will get no marks.
Total					[28]	

Question			Spec Ref	Expected Answer	Mark	Additional Guidance
5	(a)	(i)	5.1.2	Advantages <ul style="list-style-type: none"> Each owner may have specialist skills (1) which leads to efficient management (1) The business can keep its financial information private (1) so competitors cannot find out how well it is doing (1) Easy and cheap to set up (1) because they do not go through the process of incorporation (1) Partners can share the workload (1) so all responsibility does not fall on one person (1) 	[4]	One mark for each appropriate advantage, one mark for a point of explanation
5	(a)	(ii)	5.1.2	<ul style="list-style-type: none"> Owners have limited liability (1) so personal possessions are not at risk (1) if the business goes bankrupt (1) The business can sell shares to raise capital (1) so is able to raise more than a partnership can (1) which makes it possible to expand the business (1) 	[4]	One mark for each appropriate advantage, one mark for a point of explanation
5	(b)			<ul style="list-style-type: none"> They should write a Deed of Partnership because it will stop disputes (1), for example, about profit sharing (1), responsibilities. They should not draw up a deed of partnership because it will cost them money (1) as they will (usually) have to pay a solicitor to draw up the Deed (1) 	[3]	One mark for each point of evaluation and one mark for each point of development.
				Total	[11]	
				Paper Total	[120]	

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