

Business Studies A

General Certificate of Secondary Education **1951/02**

Paper 2 Common Core

Mark Scheme for June 2010

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Question			X-O	Spec	Expected answer	Mark	Rationale
1	(a)		1(a)	5.1.1.	<ul style="list-style-type: none"> Amy – Service/Tertiary/public (1) George – Secondary/manufacturing/private (1) Public/private Sector (1) 	[2]	One mark for the correct answer.
	(b)			5.1.1.	<ul style="list-style-type: none"> Lost income, lost salary, status, job security, promotion opportunity 	[1]	One mark for the correct answer
	(c)	(i)	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+1x3 [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.</p> <p>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>

Question			X-O	Spec	Expected answer	Mark	Rationale
1	(c)	(ii)		5.1.3	<p>Level 3</p> <ul style="list-style-type: none"> Numbers of young children, numbers taking on nannies, labour costs, number of competitors already existing, property prices <p>Level 2</p> <p>Level 1 <i>For a nursery</i> <ul style="list-style-type: none"> Increasing employment means more customers (1) . Increasing incomes – more able to pay for the service, higher prices (1). Increase in population – more demand (1) Increase in population – source of cheap labour (1). <i>Against a nursery</i> <ul style="list-style-type: none"> Some families moving to villages – may want nursery in the village (1). Environment issues eg congestion – people may want the nursery out of town/in the village (1). More businesses may mean more nurseries so more competition (1). Congestion, pollution may mean it is not a good location for a nursery (1). </p>	[8]	<p>Level 3 (6-8) Identifies the further information that is needed. NB On this question a candidate can be rewarded L3 without first having given L2 and L1 comments.</p> <p>Level 2 (3-5) Explains both the advantages and disadvantages.</p> <p>Level 1 (1-2) Explains the advantages or disadvantages indicated in the article regarding opening a nursery</p>
					Total	[17]	

Question		X-O	Spec	Expected answer	Mark	Rationale
2	(a)		5.1.2	<p>Advantages –</p> <ul style="list-style-type: none"> the full amount is available so no need to save/makes starting business possible (1), are needing a lot of money (1), need additional funds (1), can repay over a long period/paid in installments (1), used for property (1), gives time to earn the money to repay (1). <p>Disadvantages –</p> <ul style="list-style-type: none"> means a debt (1), has to be repaid/every month (1), interest has to be paid (1), which is a cost of production/business expense (1), reduces profits (1), interest may be variable (1) they still need to find a deposit (1), there is a risk of repossession/default (1) they will not own the property (1). 	[6]	<p>One mark for each advantage stated, one mark for each point of explanation up to three marks.</p> <p>One mark for each disadvantage stated, one mark for each point of explanation up to three marks.</p>
2	(b)	(i)	5.1.3	<p>A £10,000</p> <p>B £50,000</p> <p>C Accept either £32,000 or £20,000</p>	[3]	One mark for each correct answer.

Question			X-O	Spec	Expected answer	Mark	Rationale
2	(b)	(ii)			<ul style="list-style-type: none"> It is only a prediction (1). Revenue may change (1) if the price charged changes/goes up/goes down (1). Total expenditures may go up/down (1) if, eg, they have to pay workers a higher wage than they had planned (1). There may be new competition (1), There may be a recession (1) leading to a change in the price (1). The interest rate may rise (1) 	[3]	One mark for each appropriate point. Reward changes in the external economic environment.
2	(b)	(iii)	2biii	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) 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>	[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>

Question			X-O	Spec	Expected answer	Mark	Rationale
					<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/lose money/lose profit (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 (L2) (credit 3 marks).</p>		<p>Level 1 (1-2) States either advantages or disadvantages.</p>

Question			X-O	Spec	Expected answer	Mark	Rationale
2	(b)	(iv)		5.1.3	<p><i>Overdraft</i> (1) –</p> <ul style="list-style-type: none"> provided by the bank (1), Amy and George can spend more than is in their account (1), interest is charged on use(1) flexible (1), easy to obtain (1). <p><i>Trade credit</i> (1) –</p> <ul style="list-style-type: none"> provided by the supplier (1), no interest charged (1), payment delayed (1) eg for 30 days (1) gives time to sell some goods to earn money (1). <p><i>Use own savings</i> (1)</p> <ul style="list-style-type: none"> because no overdraft will be needed (1) and there will be no interest (1) to pay. There is no need to repay the money to a bank (1). <p><i>Cash/cash in bank</i> (1),</p> <ul style="list-style-type: none"> no interest (1), no debts (1). <p><i>Debit card</i> (1),</p> <ul style="list-style-type: none"> no interest (1), no debts (1) safe method of payment no interest (1), <p><i>Credit card</i> (1)</p> <ul style="list-style-type: none"> no interest if paid within a month (1), payment delayed (1), gives some time to earn money to pay for the goods (1). 	3+3 [6]	One mark for an appropriate method recommended, one mark for each point of explanation up to a maximum of 3
2	(c)	(i)		5.1.3	<ul style="list-style-type: none"> Correct answer = 12.5% (2) Method = $100,000/800,000 \times 100 = (1)$ 	[2]	Two marks for a correct answer. One mark for an appropriate method where there is an incorrect answer.

Question			X-O	Spec	Expected answer	Mark	Rationale
2	(c)	(ii)		5.1.3	<p>Level 2 It may be satisfactory –</p> <ul style="list-style-type: none"> • they would not expect as high a rate of return in the first year/as it is a new business (L2) • because it will take a while for the business to become established/gain enough customers (L2). • It may not be satisfactory if it is not as good a return as putting the money in the bank (L2). <p>Level 1</p> <ul style="list-style-type: none"> • The return is not good enough (L1) because it is lower than the other business (L1), so the business is not performing as well as it might. 	[4]	<p>Level 2 (3-4) Evaluates the ROCE in the light of other relevant considerations Do not reward mirror argument – one business is new, one is established (credit only once).</p> <p>Level 1 (1-2) Makes a judgement based only on a comparison of the ROCE figures.</p>
2	(c)	(iii)		5.1.3	<p>Level 2</p> <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). <p>Level 1</p> <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). 	[4]	<p>Level 2 (2-4) Makes specific comments about the work that George will be able to do.</p> <p>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.</p>
					Total	[34]	

Question		X-O	Spec	Expected answer	Mark	Rationale
3	(a)*	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 she is cheap 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 has the ability to deal with staff/parents. 	6+2	<p>QWC</p> <p>Level 2 (3-6)</p> <p>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 the staff”</p> <p>Level 1 (1-2)</p> <p>States advantages or disadvantages about each candidate without comparison. NB: The candidate must develop/explain the statements given in Fig 4/5. ie the “so” statements</p>

Question			X-O	Spec	Expected answer	Mark	Rationale
					<ul style="list-style-type: none"> £21000 – so is expensive Supervisor in a small nursery – so will be able to control the other nursery nurses. <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>		
3	(b)		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) – commonly used (1),</p> <ul style="list-style-type: none"> 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). 	2x3 [6]	One mark for an appropriate medium, one mark for each statement justifying the choice.

Question		X-O	Spec	Expected answer	Mark	Rationale
3	(c)		5.1.4	<p><i>For</i></p> <ul style="list-style-type: none"> • This means more work would be done (1) • and with more care (1) • to give a good service (1) • so that the business gets a good reputation (1) • and earns more profit in the long run (1). <p><i>Against</i></p> <ul style="list-style-type: none"> • It would reduce the amount of money that Amy and George take from the business (1). • Lazy workers will still benefit (1) and this may cause discontented workers (1). • Amy and George may want to spend profits on other things as it is a new business (1). 	[4]	One mark for each relevant point for or against profit sharing. Do not reward "it will motivate them to work harder."
3	(d)		5.1.4	<ul style="list-style-type: none"> • Health and safety at work (1) - to avoid failing inspection (1), closure (1), accidents (1), paying compensation (1). • Sex discrimination (1) – meaning this must not promote one person and not another on the grounds of their gender (1). • Race discrimination (1) – should not employ a person just because of race (1) • Equal pay act (1) – must pay workers with the same qualifications/experience the same for the same job (1). • Minimum Wage Legislation (1) – must pay workers equal to or more than this rate (1). • Employment rights (1) – must give the worker a contract of employment/statement of particulars (1). • Working Time Directive (1) – can only work a limited number of hours in a week (1). • They cannot dismiss someone unfairly (1), they need to give warnings (1). 	[4]	One mark for each law named, one mark for a point of explanation. NB: They can gain full marks for describing laws without naming them.
					Total	[34]

Question		X-O	Spec	Expected answer	Mark	Rationale
4	(a)			<p>Desk research</p> <p><i>Advantage –</i></p> <ul style="list-style-type: none"> • quick and easy (1) • looks at readily available data/uses the internet (1) • so is low cost (1), • eg will give population figures (1) <p><i>Disadvantage –</i></p> <ul style="list-style-type: none"> • data not bespoke to business needs (1), • may not be totally relevant (1) • may be out of date (1) • it may be inaccurate (1). <p>Field research</p> <p><i>Advantage –</i></p> <ul style="list-style-type: none"> • bespoke data (1) • is very relevant (1) • is up to date (1). <p><i>Disadvantage –</i></p> <ul style="list-style-type: none"> • expensive/costs more (1) • can be time consuming (1). 	4x2 [8]	One mark for each advantage/disadvantage stated for each of desk research and field research, one mark for each point of explanation. Credit only one example of each kind of research which is illustrating an advantage/disadvantage.

Question			X-O	Spec	Expected answer	Mark	Rationale
4	(b)	(i)	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). <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). 	[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>

Question			X-O	Spec	Expected answer	Mark	Rationale
4	(b)	(ii)	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)	(i)	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			X-O	Spec	Expected answer	Mark	Rationale
4	(c)	(ii)	4(d) (iii)	5.1.5	<p><i>Business District</i></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/drop their children off on their way to work (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><i>South East</i></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]	One mark for each point of justification for the area recommended which develops the information provided in Fig 6 4 x 1 mark
4	(c)	(iii)		5.1.3	<ul style="list-style-type: none"> Cost of premises/land (1) Prices charged by competitors (1) Number of children/Number of families (1) (1) Size/capacity of existing nurseries (1). Availability of suitable premises/if parking is available/enough rooms/large enough rooms (1). Appropriate infrastructure/transport (1). Number employed/unemployed (1) 	[2]	One mark for an appropriate factor stated.
Total						[26]	

Question		X-O	Spec	Expected answer	Mark	Rationale
5	(a)*		5.1.2	<p>Level 3</p> <ul style="list-style-type: none"> I recommend a private limited company which has limited liability because of the high amount of money that they are investing and so will want to <i>limit their financial risk</i> (L3) given that they <i>have taken out a mortgage (or reference to some other risk/debt they may have)</i>. (L3). <p>Level 2</p> <p>Level 1 Partnership –</p> <ul style="list-style-type: none"> easy to set up (1) , keep control (1), no need to divulge any financial information (1), unincorporated, unlimited liability (1), can be sued (1), if debts (i) if the business fails/when bankrupt (1), own possessions at risk (1), debts must be paid off (1). may be difficult to raise enough finance (1) because only own savings (1) banks may not wish to lend to them. Private limited company – Incorporated, limited liability (1), debts (1), own possessions do not have to be sold (1) to repay debts (1), if business fails (1), more finance (1) because they can invite additional shareholders (1), and banks more likely to lend to them (1), but must divulge some information (1) 	[8]	<p>Level 3 (7-8) Having considered both forms of business makes a recommendation in context of the high level of risk the owners are running given their high debts.</p> <p>Level 2 (3-6) States and explains the features of both partnership and private limited companies.</p> <p>Level 1 (1-2) States and explains features of partnerships or private limited company.</p> <p>NB: Do not reward references to deeds of partnerships</p>

Question			X-O	Spec	Expected answer	Mark	Rationale
					<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>		
5	(b)			5.1.2	<ul style="list-style-type: none"> • The Board of Directors represents the shareholders (1). • It decides the strategy of the business/tells the managers what to do/sets the direction of the business (1) • sets targets/objectives/aims (1) • and monitors progress (1), make major appointments (1) • determines the structure of the business/management (1), • decides what to do with profit (1). 	[2]	One mark for each appropriate point.

Question		X-O	Spec	Expected answer	Mark	Rationale
5	(c)		5.1.1	<p>Definition:</p> <ul style="list-style-type: none"> • An ethical business behaves in a morally correct way (1), • where a business concentrates on social costs/societal values as well as its own profitability (1). <p>Examples:</p> <ul style="list-style-type: none"> • pays workers decent wages/give decent working conditions (1), • is not a sweat shop (1) • minimises health and safety risks (1), • consider the environment/minimise pollution (1), • do not use child labour (1) , • do not involve themselves in arms dealing with disreputable political regimes (1) • engages in fair trade (1), • paying a fair price to suppliers (1), • not exploiting people for profit (1). 	[4]	<p>One mark for the definition</p> <p>One mark for each different example to a maximum of three marks (no definition – only three marks can be awarded).</p> <p>NB: Do not credit developments of examples – eg environmental and then ways in which the business can consider the environment.</p>

Question		X-O	Spec	Expected answer	Mark	Rationale
5	(d)		5.1.4	<p>Meaning of TQM –</p> <ul style="list-style-type: none"> • quality control takes place at all times/part/stage of working (1), • (quality) it is the responsibility of all workers/every employee (1) <p>Benefits to Nursery.</p> <ul style="list-style-type: none"> • should ensure good quality (1), • may lead to good reputation (1) • increase the number of customers (1) • should lead to greater customer satisfaction (1), • may lead to good team effort because all involved (1) • in reduced costs (1) • reduce waste (1), • can increase prices because a better quality service (1), • profits will rise (1), • can increase motivation (1) • because of empowerment/workers have more responsibility (1). 	2+3 [5]	<p>One mark for each point of explanation of TQM up to a maximum of 2, one mark for each benefit of TQM up to a maximum of 3. NB: Candidates who do not define TQM correctly are unlikely to gain “benefit” marks (however skim this part of the answer to check if a definition has been given here).</p>
				Total	[21]	
				Paper Total	[120]	

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