



GCSE MARKING SCHEME

BUSINESS STUDIES

SUMMER 2012

INTRODUCTION

The marking schemes which follow were those used by WJEC for the Summer 2012 examination in GCSE BUSINESS STUDIES. They were finalised after detailed discussion at examiners' conferences by all the examiners involved in the assessment. The conferences were held shortly after the papers were taken so that reference could be made to the full range of candidates' responses, with photocopied scripts forming the basis of discussion. The aim of the conferences was to ensure that the marking schemes were interpreted and applied in the same way by all examiners.

It is hoped that this information will be of assistance to centres but it is recognised at the same time that, without the benefit of participation in the examiners' conferences, teachers may have different views on certain matters of detail or interpretation.

WJEC regrets that it cannot enter into any discussion or correspondence about these marking schemes.

GCSE Business Studies

Mark Scheme - Summer 2012

Q.1 Which two of the following apply to public limited companies? [2]

Shares can be bought on the Stock Exchange
The name of the company is usually followed by the letters "plc"

Q.2 Which three of the following have happened as a result of the United Kingdom's membership of the European Union? [3]

No customs duties are paid when moving goods between European Union countries
There is more trade with other European Union countries
Workers from other European Union countries find it easier to work in the United Kingdom

Q.3 (a) Which of the following is a voluntary deduction: income tax, National Insurance or charity donation? [1]

Charity (donation) - accept underline

(b) Using the information above, complete this pay slip. [3]

(i) 480
(ii) 90
(iii) 390 - ofr

Q.4 (a) Below are examples of types of finance which may be required by business. Select those which are external forms of finance. [3]

(Bank) Loan
(Government) Grants
Selling Shares (on the Stock Exchange)

(b) Suggest and explain two factors a business will need to consider if it is trying to raise extra finance. [4]

Suggestion [2x1]
Explanation [2x1]

Any **two** from:

Availability of finance (1) some banks may not lend (1) willingness of banks to lend (1)

Interest charged (1) will add to cost / may add to price (1)

Time for repayment (1) to spread cost over time / lower repayments (1)

Amount of money needed (1) banks not will to lend large amounts / affect on interest (1)

Effect on business ownership (1) more shareholders = less control (1)

Administration charges (1) will add to costs (1) reason for borrowing (1) long term / short term (1) capital / expenses (1) etc.

N.B. Max 2 per factor, only credit 2 factors.

Not ability to repay.

Q.5 Which of the above best describes each of the following: [4]

(a) the money needed to set up a business;

START UP CAPITAL

(b) the number of people someone in a business is directly responsible for;

SPAN OF CONTROL

(c) An organisation which represents the interests of its members in their dealings with employers;

TRADE UNION

(d) assets which can be converted into cash fairly quickly.

CURRENT ASSET

Q.6 (a) Businesses produce goods or services. Does Anvil Engineering plc produce goods or services? [1]

Goods - accept underline

(b) Suggest and explain one way in which a fall in interest rates might have led this business to recruit extra production workers. [2]

Suggestion [1]

Explanation [1]

Customers pay less interest (1) more likely to buy (1)
Less money paid on loans (1) so more money to expand / buy machinery /
employ workers (1) more money gained by spending (1) than saving (1) etc.

(c) Explain one way in which the above advertisement can be improved (i) to make it legal and (ii) one way to make it easier for applicants to apply. [4]

Suggestion [2x1]

Explanation / expansion / development [2x1]

(i) to make it legal

Illegal to mention specific ages (1) discrimination (1) ageist (1) etc.

(ii) to make it easier for applicants to apply

Give more than Mr Jones (1) a number of Jones could work for firm (1)
No telephone number given (1) applicants may need immediate contact (1)
More people use internet (1) no e-mail address / web page (1)
No full address (1) postcode (1) etc.

- (d) **Suggest three pieces of information you would expect to see in a job description for people applying for this job.** [3]

Suggestions might include:

Job title / example of job title

Pay

Nature of work

Days worked

Part or full time

Hours worked

Holidays

Superiors / who the worker will be responsible to

Subordinates / will the worker have supervision over others

Location / address

Date to start

Duties / responsibilities

Etc.

- (e) **Anvil Engineering plc is a multinational business. Consider the advantages and disadvantages of being a multinational business.** [10]

Level 1 [1-3] Defines multinational. Lists advantages and / or disadvantages to business.

Information is poorly organised. There is limited use of specialist terminology / vocabulary and frequent errors in spelling, punctuation and grammar.

Discussion on international trade pros and cons = MAX 3

Level 2 [4-6] Explains advantage and/or disadvantage and shows how business benefit – or not.

Only one advantage or disadvantage = MAX 4

Only one advantage and disadvantage = MAX 6

Information is well organised and ideas are expressed in a logical manner. There is good use of specialist terms/vocabulary with some errors in spelling, punctuation and grammar, but these are not intrusive.

Level 3 [7-10] Evaluates / explains advantages and disadvantages. Minimum 2 of each.

Information is very well organised and the form and style of communication is highly appropriate. There is very good use of specialist terms / vocabulary with few, if any, errors in spelling, punctuation and grammar.

Advantages might include:

Well known around world - more customers in a wider market – greater profits
– money to invest – encourages shareholders / investors
Easier to compete on foreign markets - when based locally
Economies of scale - one example
Lower production costs - one example - so lower costs - greater profit
Take advantage of exchange rate movements
Tax advantages - grants - less capital from business
Etc.

Disadvantages might include:

Size of business - difficult to manage - communication problems - increased costs
Laws in other countries – any one from legal systems / consumer rights / planning / environmental issues -
Political systems - e.g. unrest
Exchange rate movements may go against - lower revenue / higher costs
Lower labour costs - jobs may be “exported” abroad – lower morale home workers
Competition from domestic firms
etc.

Q.7 (a) Outline two benefits Fran gains as a result of operating as a sole trader. [4]

Suggestion [2x1]
Explanation / development / expansion [2x1]

Answers might include:-

Profit (1) can keep all / no need to share (1)
Have a job (1) may not be able to find one elsewhere (1)
Making decision (1) without consulting others / will be speedy (1) e.g. of decision (1)
Own boss (1) free to choose / any example (1)
Independence (1) can work at own pace etc. (1)
Easy to set up (1) few formalities / e.g. (1) therefore cheaper to set up (1)etc.

(b) Suggest and explain one advantage and one disadvantage to Fran of buying materials on the Internet. [4]

Suggestion for each [1]
Explanation / development / expansion for each [1]

Advantages might include:

Can see images of products (1) so can compare many products (1)
Prices many sellers can be compared(1) on one computer (1)
No need to travel (1) so costs saved (1)
Can pay on line (1) saving bank charges (1)
Cheaper (1)because seller costs lower (1)
Wider choice (1)from many sellers(1)
Order 24/7
etc.

Disadvantages might include:

Goods not inspected (1) to see if goods meet the need (1)
Images may be misleading (1) so quality difficult to judge (1)
Delays (1) in receiving goods (1) if goods need to be returned (1)
Possibility of fraud (1) if goods not sent (1) when paying (1)
Technical issues e.g. reliability, speed.
Convenience/easier – Needs to be clarified/explained.
etc.

No marks for payment for delivery

No mark for advantages or disadvantages of selling on the Internet.

(c) Explain what is meant by the term market segment? [2]

Involves dividing the market (1) target / niche markets (1)into parts (1) which have specific characteristics (1) e.g. age / gender / income / socio-economic group / etc (any one) (1)

(d) Suggest, with a reason, a market segment Fran might target. [2]

Any valid market segment suggested [1]
Reason [1]

Suggestion related to relevant segment related to e.g. age, gender, socio economic group, lifestyle.

Reason suiting selection might involve:

Cost - may be cheaper than buying cards in shop /maybe more expensive and exclusive(1)
Time – easier to buy at fairs at the weekend (1) or at home on the internet (1)
Life style – they might target older people as they have larger families (1)
Gender – females maybe more likely to buy cards (1)
Etc.

(e) Assess Fran's leadership style. [8]

Level 1 [1-2] Answers list Fran's strengths and / or weaknesses

Level 2 [3-5] Answers apply their knowledge to the situation and explain how Fran gains or loses from her leadership style

Level 3 [6-8] At least 1/2 advantage and 2/1 disadvantages explained.

Answers analyse the situation and explain advantages and disadvantages of Fran's leadership style.

The best answers will draw reasoned conclusions / make recommendations otherwise MAX 7.

Good points about Fran's method may state that:

She is an autocratic boss –and she is in control
Business has been a success using her style – she has experience – why not continue
She has single minded vision about the running of the business – employees do not
She operates more efficiently as the only person making decisions – no need for meetings
If she is absent – who makes decisions
Etc.

Bad points about Fran's method may state that:

She is not a democratic boss
Worker morale may be low -as they are not listened to / consulted
Her vision about the running of the business may be too narrow -
She may miss out on good ideas from his employees -
High labour turnover – with dissatisfied workers -
May lead to higher recruitment / training costs
Etc.

Q.8 (a) In which sector, public or private, will retro operate? [1]

Private - accept underline

(b) Give another term which may be used instead of Inflow. [1]

Turnover / Income / Receipts / Revenue

(c) From the figures, calculate

(i) the Net cash flow for December [1]

2000

(ii) the Closing bank balance for March [1]

4000

- (d) Suggest and explain two ways in which they can use ICT in the operation of their business. [4]**

Suggestion [2x1]
Explanation [2x1]

Communication (1) through e mails / texts /word processing (1) ordering (1)
Marketing (1) websites / “spam” (1)
Stock control / customer details (1) data bases (1) tills (1) bar codes (1)
Record keeping (1) and analysis / spreadsheets (1) finance (1) on line banking (1)
Selling (1) online auction sites (1)Research (1) etc.

N.B. word processing, data bases, spreadsheets may be given as suggestions (1) with explanation / description (1)
Not security nor CAD / CAM

- (e) Suggest and explain one (i) one legal responsibility Ruby & Dean have to their customers and (ii)one legal responsibility they have to their employees. [4]**

(i) their customers

Suggestion [1]
Explanation / explanation / development [1]

Must ensure customer environment is safe (1) otherwise they may get hurt /they may sue for damages (1)
Condition of goods (1) must be fit for sale / fit for purpose / as described (1)
Redress for customers (1)
Description of good / service (1) must be accurate / businesses can be prosecuted (1)
Weights / measures (1) must be accurate (1)
Etc. for any appropriate consumer legislation

(ii) their employees

Suggestion [2x1]
Explanation / explanation / development [2x1]

Must ensure work environment is safe (1) otherwise workers may get hurt /they may sue for damages (1)
Health and Safety laws (1) make it an offence / to allow workers to work in dangerous conditions (1)
Contract of employment (1) conditions of work / job description (1)
Unfair dismissal (1) rules which must be followed before anyone can be dismissed (1) Equality laws (1) on gender / age / race / disability / covering recruitment / pay / promotion / treatment of workers (1)
Etc. for any appropriate employer/employee legislation

(f) Evaluate methods Ruby and Dean can use to advertise the business. [8]

Level 1	[1-2]	Answers list advertising media
Level 2	[3-5]	Answers explain why media suggested and / or advantages of media
Level 3	[6-8]	At least 1/2 advantage and 2/1 disadvantages explained. Answers consider advantages and disadvantages media suggested and / compare with others not selected.

Answers might include:

(Regional) television - reaches large audience - but expensive
(Local) newspapers - can be kept - but may be ignored
(Local) magazines - targeted - colour - kept long time - but limited coverage
Posters - will provide detail - cheap to produce - but limited coverage
Billboards - eye catching - but easily missed in busy traffic
Flyers - will provide detail - cheap to produce - easy to throw away
Shop window - relevant to shop - passing trade - but this may be limited
(Local) radio - cheap broadcast media - but limited coverage - limited audience
Website / Internet - cheap to operate - wider market – may be expensive to set up
Direct / junk mail – may be targeted – easily ignored
Point of sale – close to customer – may not be seen by busy customer
Cinema – local/captive audience - can be ignored
Etc.

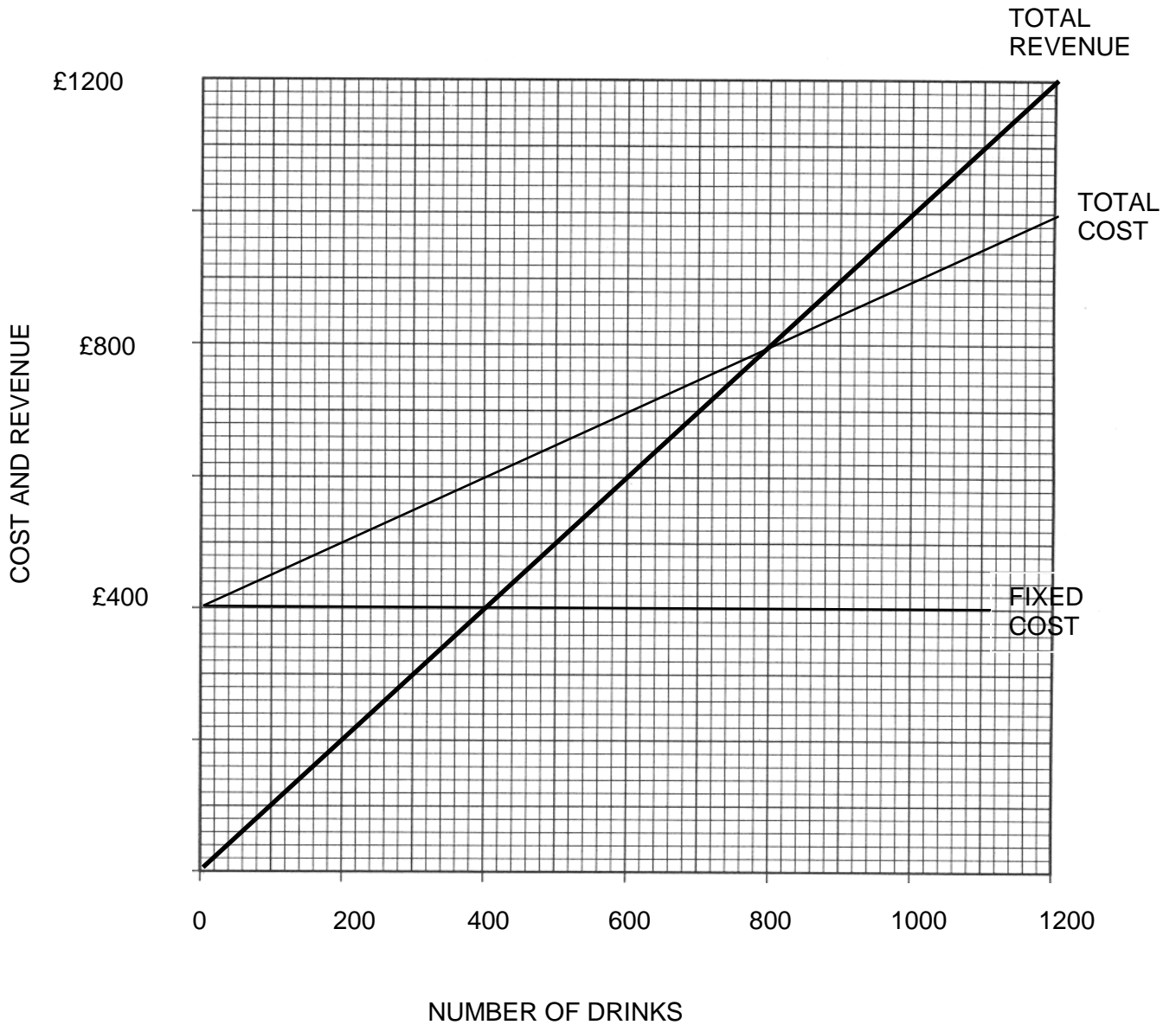
Do not accept general answers relating to profit and sales – must be linked to appropriate form of advertising.

Do not accept word of mouth

NB it's the media not the message

Q.9 (a) The drinks sell at £1 per glass. Draw and label the Total Revenue line for Ali's business. [2]

Correct location [1]
Valid label [1]



(b) (i) How many glasses of juice will Ali have to sell each week to break even? [1]

800 (ofr)

(ii) How much profit (or loss) will be made each week if 1200 juices are sold? [1]

200 (ofr)

(c) (i) What is meant by the term variable cost? [1]

(A cost that changes) with the number of goods produced / sold / output

(ii) Apart from Yoghurt, give one other example of any variable cost Ali's business will pay. [1]

Any relevant variable cost such as cost of fruit / milk / electricity / wages / juice/ ingredients etc.

(d) (i) Why will Ali draw up a business plan if he is going to expand the business? [2]

It will be needed by banks / etc. (1) before lending money (1)
It shows how the business will be run (1)
It shows the business has been researched (1) and thought through (1)
It shows opportunities (1) and problems (1).
Etc.

(ii) Apart from name and contact details, suggest two items Ali will need to include in his business plan. [2]

Aims of business/ mission statement
Product/service
Cash flow forecast/projected sales/projected costs
Profit and loss account
Balance sheet/ assets
Ali's CV
Type of ownership
Worker recruitment
Marketing
Location/premises
Etc.

(e) Advise Ali on whether or not he should join this franchise or continue as he is. [10]

Level 1 [1-3] Defines franchise. Lists advantages and / or disadvantages to Ali

Information is poorly organised. There is limited use of specialist terminology / vocabulary and frequent errors in spelling, punctuation and grammar.

Level 2 [4-6] Explains one advantage and / or disadvantage

Information is well organised and ideas are expressed in a logical manner. There is good use of specialist terms/vocabulary with some errors in spelling, punctuation and grammar, but these are not intrusive.

Level 3 [7-10] Explains advantages and disadvantages. Minimum 2 of each. If no reasoned advice Max of 8.

Information is very well organised and the form and style of communication is highly appropriate. There is very good use of specialist terms/vocabulary with few, if any, errors in spelling, punctuation and grammar.

Advantages might include:

Training received - franchisor able to pass on knowledge / skills to franchisee
- to give quality of service

Advertising by franchisor - sometimes on national scale - franchise becomes better known

Well known name - means more customers for franchisee - based on reputation of franchise

Equipment provided by franchisor - to have quality / corporate image

Advice - from franchisor with experience in the business

Finance may be provided - sometimes at favourable interest

Exclusive area - so franchisee does not face competition from similar business

Goods to sell bought from franchisor - so no need to find supplier - common standard

Process of making - as efficiently as possible expertise

Etc.

Disadvantages might include:

Set up cost paid to franchisor - to be able to join franchise

Monthly royalties / fee paid to franchisor - may reduce profits

Little freedom to operate - as area - and goods sold chosen by franchisee

May suffer from bad reputation of other franchisees - who may provide bad service

Difficult to go through qualification – selection process

Etc.

Do not accept Ali becoming a franchisor



WJEC
245 Western Avenue
Cardiff CF5 2YX
Tel No 029 2026 5000
Fax 029 2057 5994
E-mail: exams@wjec.co.uk
website: www.wjec.co.uk