

CONFERENCE VERSION – 06/06/2023

CONFIDENTIAL



GCE AS MARKING SCHEME

SUMMER 2023

**AS
BUSINESS - COMPONENT 1
B510U10-1**

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GENERAL MARKING

GUIDANCE Positive Marking

It should be remembered that learners are writing under examination conditions and credit should be given for what the learner writes, rather than adopting the approach of penalising him/her for any omissions. It should be possible for a very good response to achieve full marks and a very poor one to achieve zero marks. Marks should not be deducted for a less than perfect answer if it satisfies the criteria of the mark scheme, nor should marks be added as a consolation where they are not merited.

For each question there is a list of indicative content which suggest the range of business concepts, theory, issues and arguments which might be included in learners' answers. This is not intended to be exhaustive and learners do not have to include all the indicative content to reach the highest level of the mark scheme.

The level-based mark schemes sub-divide the total mark to allocate to individual assessment objectives. These are shown in bands in the mark scheme. For each assessment objective a descriptor will indicate the different skills and qualities at the appropriate level. Learner's responses to questions are assessed against the relevant individual assessment objectives and they may achieve different bands within a single question. A mark will be awarded for each assessment objective targeted in the question and then totalled to give an overall mark for the question.

GCE AS BUSINESS - COMPONENT 1

SUMMER 2023 MARK SCHEME

1. (a)	Identify two aims of public sector organisations.	Total
	AO1: 2 marks Award 1 mark for each identification Indicative content: To provide essential services to the population To provide jobs To reduce crime To increase health care and well-being To improve the quality of education and/or training To provide goods that wouldn't be provided by the private sector (e.g. street lighting) Any other relevant suggestion.	2
(b) (i)	Identify two types of not-for-profit organisations.	Total
	AO1: 2 marks Award 1 mark for each type of not-for-profit organisation identified Indicative content: Charities Co-operatives Social enterprise Societies	2

1. (b) (ii)	Outline the main features of one of the not-for-profit organisations from your answer to part (b)(i).	Total
	<p>AO1: 2 marks</p> <p>Award 1 mark for each feature identified (examples are not credited)</p> <p>Indicative content:</p> <p>Charities: Aim to raise money for good causes, although not profit focused, they can earn surpluses and do have to cover their running costs. Money is raised through voluntary donations or via retail outlets.</p> <p>Co-operatives: An organisation owned by its members which includes employees and can also include customers. Members benefit through dividend payments and all members have equal votes when major decisions are made.</p> <p>Social Enterprise: Aim to solve problems and improve communities they operate in, they do not exist solely to make profits. Profits are usually reinvested towards achieving their social ethical goals.</p> <p>Societies: Where individuals / groups start an organisation for themselves and others who share a similar interest that operate close to break even.</p>	2

1. (c)	Evaluate the impact of these restaurant closures on Jamie Oliver and the wider economy. [6]		
Band	AO2	AO3	AO4
	2 marks	2 marks	2 marks
2	2 marks Good application of the impact to both Jamie Oliver and the wider economy Clear references are made to the data	2 marks Good one-sided analysis of the impact of restaurant closures on Jamie Oliver and the wider economy Analysis shows clear line of arguments	2 marks Good and well-balanced evaluation of the impact of store closures on Jamie Oliver and the wider economy Valid judgements are made with development on both sides
	1	1 mark Limited application of the impact to Jamie Oliver or the wider economy Brief reference is made to the data	1 mark Limited one-sided analysis of the impact of restaurant closures on Jamie Oliver and/or the wider economy Analysis is superficial
0	0 marks No application	0 marks No analysis given	0 marks No evaluation given

Indicative content:

On Jamie Oliver:

- Loss of sales and profits reduces dividends for Jamie Oliver.
- However, Jamie still earns income from TV shows and cook books and can use more time focusing on his profitable business ventures including the 3 remaining restaurants.

On the wider economy:

- 1,000 job loses will impact the income of the people affected which will result in a further fall in spending on businesses that these workers originally spent income on.
- 1,000 fewer people for the government to earn income tax from, and a greater spend on universal credit (JSA).
- However, 1,000 jobs are lost throughout the whole of the UK, so the impact on any one regional economy is minor.

Any other relevant suggestion.

2. (a)	Define the meaning of the term market.	Total
	<p>AO1: 2 marks</p> <p>Award 1 mark for limited understanding of the term market Award 2 marks for good understanding of the term market</p> <p>Indicative content:</p> <p>A market is where buyers and sellers meet and To exchange or trade goods / services in return for a price or Can be physical, electronic, or geographically segmented</p> <p>Award and other relevant definition.</p>	2
(b)	Identify and describe the market structure in which Fred's Fryer currently operates.	Total
	<p>AO1: 1 mark</p> <p>Award 1 mark for the correct identification of a monopolistic competition market</p> <p>AO2: 2 marks</p> <p>Award 1 mark for each application to the case study that proves the market is monopolistic competition.</p> <p>Award maximum of 2 marks if only features of monopolistic competition are given without identification.</p> <p>Indicative content:</p> <ul style="list-style-type: none"> • Fred runs a small sole trader business and has several competitors the same size. • Businesses differentiate themselves as shown by Fred position towards the higher quality end of the market. • There is some degree of price leadership (price maker) as Fred has the ability to charge slightly more than his rivals. • Fred has the largest market share with 11% suggesting no dominant businesses. • Similar products with some differentiation 	3

2. (c) (i)	<p>Fred's Fryer owns 11% of the market with sales value of £330 000 per year. Calculate the value of the total market</p>	Total
	<p>AO1: 1 mark</p> <p>Award 1 mark for understanding how to calculate the value of the total market</p> <p>AO2: 2 marks</p> <p>Award 1 mark for partly correct calculation of the value of total market Award 2 marks for fully correct calculation of the value of the total market</p> $\frac{330\,000}{11} = \text{£}30\,000 \text{ (1) accept } 30\,000$ <p>£30 000 X 100 = £3 000 000 (1)</p> <p>Award 2 marks for correct answer with no £</p>	3
(ii)	<p>Sandra's Fish and Chip shop achieved a yearly sales value of £270 000. Calculate Sandra's Fish and Chip shop's market share.</p>	Total
	<p>AO1: 1 mark</p> <p>Award 1 mark for understanding how to calculate market share</p> $\frac{\text{Business sales}}{\text{Market size}} \times 100$ <p>AO2: 2 marks</p> <p>Award 1 mark for partly correct calculation of the market share Award 2 marks for fully correct calculation of the market share</p> $\frac{270\,000}{3\,000\,000} = 0.09 \quad (1)$ $0.09 \times 100 = 9\% \quad (1)$ <p>Award 2 marks for correct answer with no %</p> <p>OFR – if incorrect market size figure is used from part (i)</p>	3

2. (d)	Discuss whether a bank loan is more suitable than taking on an additional partner when raising finance for a small business. [8]	
Band	AO3	AO4
	4 marks	4 marks
3	<p>4 marks</p> <p>Excellent and well-balanced two-sided analysis of the suitability of both a bank loan and an additional partner investment to businesses</p> <p>The key issues are discussed</p> <p>Analysis shows a clear line of argument and includes an excellent understanding of the suitability of both sources of finance</p>	<p>4 marks</p> <p>An excellent and well-balanced evaluation of the suitability of both a bank loan and an additional partner investment to businesses</p> <p>The focus is on the key issues</p> <p>Both sides of the argument are evaluated</p> <p>Clear judgements are made with supporting statements</p> <p>Key depends on factors are explained</p>
	2	<p>2-3 marks</p> <p>Good analysis of the suitability of both a bank loan and an additional partner investment to businesses</p> <p>A number of key issues are discussed</p> <p>Analysis is uneven, with some well-developed points and some where the development is more limited</p> <p>A good one-sided analysis of the suitability of both sources of finance to businesses</p>
1	<p>1 mark</p> <p>Limited analysis of the suitability of a bank loan and/or an additional partner investment to businesses</p> <p>A limited number of issues are discussed</p> <p>The analysis will focus on one-side of the argument and one source of finance</p> <p>The analysis may only list or describe the reasons for and against each source of finance</p>	<p>1 mark</p> <p>Limited evaluation of the suitability of a bank loan and/or an additional partner investment to businesses</p> <p>The evaluation is one-sided</p> <p>An awareness of the key issues but little development</p> <p>Judgements are superficial and unsupported</p>
0	<p>0 marks</p> <p>No analysis attempted</p>	<p>0 marks</p> <p>No evaluation attempted</p>

Indicative content:

Bank Loan

- The total amount required can be obtained with a bank loan.
- Fixed stable monthly repayments.
- The term and level of repayments can be agreed to help the business cash flow.

However:

- Small businesses may find it difficult to obtain a loan due to limited collateral (security).
- If there is limited security the interest rate may be very high.
- Total payable will be higher due to added interest.
- If the business has unlimited liability, personal assets could be seized if the business is unable to pay the loan back.
- Monthly payments will have to be made regardless of sales or profit levels.
- A business plan will need to be created.

So it depends on:

- Interest rate.
- Legal structure.
- Amount of security / collateral offered.
- Credit rating of the entrepreneur.

Taking on an additional partner

- Can bring in cash as well as experience and skills into the business.
- Dividends are only paid if profit is made.
- No monthly repayments.
- Workload is shared.

However:

- Share of profits could be higher than the additional interest from a loan if the business is very successful.
- Conflicts of ideas between partners.

So it depends on:

- Amount of shares/control given away.
- How much profit is made.
- The experience and skills of the partner.
- If the partner helps with the day to day management / running of the business or just acts as an investor.

Any other relevant suggestion.

3. (a)	Identify one key component of a business plan.		Total
	AO1: 1 mark Award 1 mark for a correct identification <ul style="list-style-type: none"> • Executive summary (overview) • Marketing plan • Operations plan • Human resource plan • Financial plan Any other relevant suggestion.		1
(b)	Explain the purpose of a business plan.		[4]
Band	AO1	AO3	
	2 marks	2 marks	
2	2 marks Demonstrates good knowledge of the purpose of a business plan	2 marks Good explanation of the purpose of a business plan	
1	1 mark Demonstrates limited knowledge of the purpose of a business plan	1 mark Limited explanation of the purpose of a business plan	
0	0 marks No valid knowledge	0 marks No valid explanation	
Indicative content:			
<ul style="list-style-type: none"> • Sets out objectives and how to achieve them: Targets set out in the plan can motivate the entrepreneur to work harder in order to achieve them. This can inspire the entrepreneur to work even harder to ensure objectives are achieved. • Provides evidence for funding e.g. to a bank in a loan application: Without funding the business may not be able to start-up or encounter cash flow problems one set up, resulting in a greater chance of failure. • It is used to check progress against the plan: This is important as it gives an indication on how successful the business is operating and whether anything needs changing or if things are going wrong. For example future plans for human resource requirements may need adjusting if business performance is worse than expected, • Ensures that entrepreneurs consider all aspects of their business before starting up: New entrepreneurs with little experience may not fully know how to run a business, therefore prior planning and the development of a business plan is useful so that all aspects are covered. If the entrepreneur did not complete one they may have not considered key aspects of running their business for example not gathering market research on customer wants, and therefore target customers with an unattractive product reducing sales. Any other relevant suggestion.			

3. (c) (i)	<p>Using the data in Table 2, construct the break-even graph for Option Two, drawing and labelling the following:</p> <ul style="list-style-type: none"> • Total revenue • Fixed costs • Total costs 	Total
	<p>AO2: 3 marks</p> <p>Award 1 mark each for the correct drawing of:</p> <ul style="list-style-type: none"> • Total revenue • Fixed costs • Total costs. <p>AO1: 1 mark</p> <p>Award 1 mark if all 3 lines are correctly labelled</p> <p>Indicative content:</p> <div data-bbox="338 835 1243 1377" data-label="Figure"> </div>	4
(ii)	Identify the break-even number of customers.	Total
	<p>AO2: 1 mark</p> <p>Award 1 mark for correct answer</p> <p>3 000 Customers (accept 3 000)</p> <p>OFR applies</p>	1

3. (d)	Using quantitative and qualitative data, discuss which option Emma should choose. [9]			
Band	AO2	AO3	AO4	
	3 marks	3 marks	3 marks	
3	<p>3 marks</p> <p>Excellent application of quantitative and qualitative data</p> <p>Consistent references are made to the data, which includes further calculations of profit to support an argument</p> <p>The learner uses both quantitative and qualitative data</p>	<p>3 marks</p> <p>Excellent well-balanced analysis of the reasons for and/or against both options</p> <p>The analysis is balanced and detailed</p> <p>The analysis considers quantitative and qualitative data</p> <p>Key issues have been well-developed with a clear line of argument</p>	<p>3 marks</p> <p>Excellent well-balanced evaluation of the decision to go ahead with the chosen option</p> <p>The evaluation is balanced and detailed and will focus on the key issues</p> <p>The evaluation considers both quantitative and qualitative data</p> <p>The learner makes judgements on the quantitative and qualitative data, justifying why one option is better than the other</p>	
	2	<p>2 marks</p> <p>Good application of quantitative and/or qualitative data</p> <p>Clear references are made to the data</p> <p>The learner uses quantitative and/or qualitative data</p>	<p>2 marks</p> <p>Good analysis of the reasons for and/or against going ahead with both options</p> <p>The analysis is uneven and will focus on one-side of the argument</p> <p>The analysis considers quantitative and/or qualitative data</p>	<p>2 marks</p> <p>Good evaluation of the decision to go ahead with the chosen option</p> <p>Valid judgements are made to support arguments with some development on both sides</p> <p>The evaluation considers both quantitative and/or qualitative data</p> <p>A conclusion may be offered</p>
		1	<p>1 mark</p> <p>Limited application of quantitative or qualitative data</p> <p>Brief references are made to the data</p> <p>The learner considers quantitative or qualitative data</p>	<p>1 mark</p> <p>Limited analysis of the reasons for or against going ahead with either option</p> <p>A limited number of issues are discussed</p> <p>One-sided analysis</p> <p>A superficial analysis that describes the reasons for or against one/both options</p> <p>Analysis of quantitative or qualitative data</p>
0	<p>0 marks</p> <p>No application</p>	<p>0 marks</p> <p>No analysis given</p>	<p>0 marks</p> <p>No evaluation given</p>	

Indicative content:

Quantitative data:

- Option 2 requires 500 fewer customers to break even, a less risky option, allowing the business to survive more easily.
- Option 2 profit is £6,000: $(15 - 5) \times 3,600 - 30,000$ which is £4,000 more than option 1. Her objective does not appear to be profit focused, however along with a lower break-even point suggests quantitatively option 2 is the better choice.
- Plastic bag sales have fallen by 90% since the introduction of a charge, suggesting a price elastic (price sensitive product). Charging £10 for a product with the same purpose may not attract customers, apart from those environmentally conscious.
- Option 1 is not only £5 cheaper than option 2, but stores usually provide their own cups with no additional charge (take-away), unlike plastic bags, which always have an additional charge. This could suggest that paying for bags is more of a norm than getting people to invest in their own flasks when it is usually provided for no additional cost by the shop.
- The market size appears to be growing for option 2 with more customers visiting coffee shops and purchasing drinks.
- The growth in online shopping could suggest a declining market for grocery bags as sellers' delivery straight to customer homes.

Qualitative data:

- Emma's degree in fashion may suit option 1 better therefore allowing her to use her expertise to stand out above competition.
- Option 2 doesn't necessarily help her main objective of reducing plastic waste when stores may continue to use their own cups which is then thrown away once poured into the metal drinking bottle.
- There is no evidence of where the sales (therefore profit) forecasts came from, questioning the reliability of these forecasts. Her experience with fashion could suggest that forecasts could be more reliable for option 1.

Themes for evaluation:

- Option 2 appears better quantitatively (financially), however may not necessarily reduce plastic waste as much as option 1.
- Although the market is growing for option 2, more people use plastic bags each day than cups made from plastic material, suggesting option 1 has a greater positive impact on the environment.
- It depends on whether reducing plastic waste is a more important than profit. Emma has just left university, is she looking for a career or a short term social enterprise?
- It depends on the level of competition for each product which hasn't appeared to have been researched. However, she will face a lot of competition with each idea as they are not brand new inventions. Her skills link more to option 1, suggesting she may stand out more. Little evidence of research on competition could question the reliability of her profit forecasts.

Any other relevant suggestion.

OFR applies throughout