

CONFERENCE VERSION – 24/06/2023

CONFIDENTIAL



GCSE MARKING SCHEME

SUMMER 2023

**BUSINESS - COMPONENT 2
C510U20-1**

Please check on the Appointees Management Portal for the date and venue of the examiners' conference: <http://appointees.wjec.co.uk>

Please ensure that you update your Conflicts of Interest page for the academic year 2022/2023 **before** you start marking.

BLANK PAGE

GCSE BUSINESS - COMPONENT 2

SUMMER 2023 MARK SCHEME

Question		Marks
1. (a)	<p>State two reasons why someone would choose to start their own business.</p> <p>AO1: 2 marks</p> <p>Award 1 mark for each suitable reason identified</p> <p>Indicative content</p> <p>To become their own boss To keep all the profits for themselves To create employment To turn a hobby into a business To create a sense of satisfaction To help the community Because they are dissatisfied with current job To be able to work more flexibly To fill a gap in the market</p> <p>Credit other valid reasons</p>	2
(b)	<p>Calculate the percentage increase in the number of vegans in the UK between 2014 and 2019. (Show your workings).</p> <p>AO2: 2 marks</p> <p>Award 1 mark for calculating the difference</p> <p>$600\,000 - 150\,000 = 450\,000$</p> <p>Award 1 mark for the correct answer</p> <p>$450\,000 / 150\,000 * 100$</p> <p>$= 300\%$</p> <p>Award 2 marks if only the correct answer is given</p> <p>Apply OFR for a correct calculation if the difference is incorrect</p>	2

Question				Marks
(c)	Explain two reasons why a business plan is important to Dana when starting her own vegan grocery shop.			6
Band	AO1: 2 marks	AO2: 2 marks	AO3: 2 marks	
2	<p>2 marks</p> <p>Good knowledge and understanding of the reasons for creating a business plan</p> <p>2 suitable reasons clearly understood</p> <p>Good use of specialist vocabulary</p>	<p>2 marks</p> <p>Good application to Dana throughout the answer</p> <p>There is clear reference to Dana and the data</p>	<p>2 marks</p> <p>Good explanation of 2 suitable reasons why a business plan is important to Dana</p> <p>Clear lines of development</p>	
1	<p>1 mark</p> <p>Limited knowledge or understanding of the reasons for creating a business plan</p> <p>1 suitable reason understood or 2 valid reasons identified</p> <p>Limited use of specialist vocabulary</p>	<p>1 mark</p> <p>Limited application to Dana throughout the answer</p> <p>There is limited reference to Dana and the data</p>	<p>1 mark</p> <p>Limited explanation of at least 1 reason why a business plan is important to Dana</p> <p>The explanation is superficial</p>	
0	<p>0 marks</p> <p>No knowledge or understanding of the reasons for creating a business plan</p>	<p>0 marks</p> <p>No reference is made to Dana</p>	<p>0 marks</p> <p>No valid explanation</p>	

Indicative content

One reason Dana should create a business plan when starting her business is to help her raise finance. At the moment, Dana is at the planning stage of the business, she only has enough money to cover the first six months of rent, she still needs to furnish and stock the shop. The business plan will help the bank decide if the business is a good idea and if they should loan her the money she needs. If Dana decides to go for a government grant it could also support her application. Therefore, a business plan could make it more likely that she raises the finance she needs.

Another reason why Dana should create a business plan is to help her set up the business successfully, Dana is setting the business up on her own as a sole trader and she lacks experience because this is her first business venture. By writing the business plan she is able to foresee potential problems i.e. supermarkets offering a limited range of vegan food which is potential competition. The plan should highlight these problems to Dana and help her consider if she should go ahead with her idea or if she should reconsider her options.

Credit other valid explanations.

Question				Marks
(d)	Evaluate two suitable external sources of finance that Dana could use to get her business up and running.			8
Band	AO1: 2 marks	AO2: 2 marks	AO3: 4 marks	
3	<p>No Band 3 marks for this Assessment Objective.</p> <p>2 marks are awarded for Band 2</p>	<p>No Band 3 marks for this Assessment Objective.</p> <p>2 marks are awarded for Band 2.</p>	<p>4 marks</p> <p>Excellent analysis and evaluation of the advantages and disadvantages of two external sources of finance</p> <p>Writing is very well structured using accurate grammar, punctuation and spelling</p> <p>Well-reasoned evaluation is given, with supporting statements</p>	
2	<p>2 marks</p> <p>Good knowledge and understanding of two external sources of finance</p> <p>Specialist vocabulary is used with accuracy</p>	<p>2 marks</p> <p>Good application of the suitability of external sources of finance is made to Dana and her business idea with relevant data extracted</p> <p>There is reference to Dana and her business idea throughout the answer</p>	<p>2-3 marks</p> <p>Good analysis and evaluation of the advantage and disadvantage of two external sources of finance</p> <p>Writing is generally well structured using reasonably accurate grammar, punctuation and spelling</p> <p>The discussion may be unbalanced, focusing on a particular source of finance</p> <p>Evaluation given with some attempt to make supporting statements</p>	
1	<p>1 mark</p> <p>Limited knowledge and/or understanding of at least one external source of finance</p> <p>Limited attempt to use specialist vocabulary</p>	<p>1 mark</p> <p>Limited application of the suitability of external sources of finance is made to Dana and her business idea with some relevant data extracted</p> <p>The response is mostly generic with brief application to Dana and her business idea</p>	<p>1 mark</p> <p>Limited analysis and evaluation of the advantage and/or disadvantage of at least one external source of finance</p> <p>Writing shows limited evidence of structure with some errors in grammar, punctuation and spelling</p> <p>Evaluation may be given but it is not soundly justified</p>	
0	<p>0 marks</p> <p>No relevant knowledge or understanding</p>	<p>0 marks</p> <p>No reference is made to Dana and her business idea</p>	<p>0 marks</p> <p>No valid analysis or evaluation is given</p>	

Indicative content:

Dana could apply for a government grant to help fund her business idea. A government grant is a sum of money given to an entrepreneur like Dana to help set up or even expand a business. Government grants are usually given to cover part of the costs, it is expected that the entrepreneur puts forward money too, this would suit Dana because she has her redundancy money she is willing to use. The grant would not need to be paid back but the process is long winded and there are many forms to fill in. The money can also be difficult to get, Dana's lack of experience may not help her application, this may slow down or even halt the process for Dana. Dana is hoping to source the finance quickly, we know she has her eye on property in a prime location, on a busy high street, near to a vegan café, so waiting for a government grant is unlikely to suit her.

Dana could borrow money from a bank in the form of a loan, she is in the process of writing a business plan and this will help support her application. Dana has her redundancy money, enough to pay for six months rent on a property in a prime location, which is likely to be a substantial amount, we know rental costs for the property are above average, so the bank may look favourably on her and offer to lend her the money. She will have to pay interest but Dana knows that interest rates are low, so the amount she will pay back will be manageable and in fixed instalments. As Dana will be a sole trader she must consider that she is subject to unlimited liability and if she cannot make her loan repayments her own personal assets are at risk, which may also affect her own personal credit rating. There is also the chance that she won't get a loan due to her lack of experience in business. I recommend a loan as the most suitable source of finance for Dana, this is the quickest and easiest method to borrow the money she needs, she may get turned down for the loan and she risks her own personal property, but that is a risk she will have to take to start her own business.

Credit other valid responses

Question				Marks
(e)	<p>To what extent do you think that Dana’s vegan grocery shop would be a good business idea? In your answer you must refer to the following:</p> <ul style="list-style-type: none"> • the siting of the shop • the results of Dana’s market research • Dana’s personal and business experience 			12
Band	AO1: 2 marks	AO2: 4 marks	AO3: 6 marks	
3	<p>No Band 3 marks for this Assessment Objective.</p> <p>2 marks are awarded for Band 2.</p>	<p>4 marks</p> <p>Excellent application to Dana and her shop</p> <p>There is clear, correct and direct reference to Dana and the data throughout the answer</p>	<p>5-6 marks</p> <p>Excellent analysis and evaluation of the potential success of Dana’s vegan grocery shop with clear reference made to siting the shop, market research data and Dana’s personal and business experience</p> <p>Analysis is clearly based on the data</p> <p>Writing is very well structured using accurate grammar, punctuation and spelling</p> <p>Well balanced judgements are made with supporting statements</p>	
2	<p>2 marks</p> <p>Good knowledge and understanding of all 3 factors</p> <p>Good attempt to use specialist vocabulary</p>	<p>2-3 marks</p> <p>Good application to Dana and her shop</p> <p>There is some correct and direct reference to Dana and the data but there may be omissions</p>	<p>3-4 marks</p> <p>Good analysis and evaluation of the potential success of Dana’s vegan grocery shop but there may be omissions with reference to siting the shop, market research data and Dana’s personal and business experience</p> <p>Analysis makes use of the data but there may be omissions</p> <p>Writing is well structured using mostly accurate grammar, punctuation and spelling</p> <p>There is valid judgements made and responses may be one sided, with some supporting statements</p>	
1	<p>1 mark</p> <p>Limited knowledge and/or understanding of at least 1 factor</p> <p>Limited attempt to use specialist vocabulary</p>	<p>1 mark</p> <p>Limited application Dana and her shop</p> <p>Limited application to Dana or the data</p> <p>The answer is mainly theoretical</p>	<p>1-2 marks</p> <p>Limited analysis and evaluation of the potential success of Dana’s vegan grocery shop but there may be omissions with limited reference to siting the shop, market research data and Dana’s personal and/or business experience</p> <p>Analysis makes little use of the data</p> <p>Writing shows limited evidence of structure with some errors in grammar, punctuation and spelling</p> <p>Judgements may be given but it is not soundly justified</p> <p>Unsupported conclusions are made</p>	
0	<p>0 marks</p> <p>No relevant knowledge or understanding</p>	<p>0 marks</p> <p>No reference is made to Dana or the business idea</p>	<p>0 marks</p> <p>No valid analysis or evaluation is given</p>	

Indicative content:

The proposed site of the vegan grocery shop is close to customers, the site Dana has chosen is on a busy high street in a town with a population of 10 000, where there is high demand for property. There are other businesses close by such as a pharmacy and salon, this brings people to that area. This means there is likely to be high footfall on the high street, lots of customers will pass-by and may pop into the shop and buy something, we know from Dana's research that veganism is growing, also 92% of meat free meals were consumed by non-vegans in 2018, so lots of people who are in the area whether vegan or not may pop in to buy something. There are no other competitors on the high street, this is the only vegan grocery shop. The site of the proposed shop is also next to a popular vegan café, vegans are Dana's target market, so by siting the shop next to the café, Dana is making it very convenient for vegans to pop in before or after they have visited the café to buy vegan groceries.

The local supermarket in the town has started selling a limited range of vegan own-brand food, this means that Dana now has competition. It is unlikely she will be able to compete with the supermarket's competitive prices because supermarkets benefit from economies of scale. Rent for the property Dana is interested in is above average, this could mean that Dana has to charge slightly higher prices for the products she sells to cover her fixed costs. Price is important to her potential customers, from the market research Dana found out that 78% of people said price was important when buying food.

The secondary research suggests that there will be huge growth in the number of people who will become vegetarian or vegan in the future, it also shows that the number of vegans has more than doubled in 5 years. The research found that more and more non-vegans are eating vegan food too. With veganism becoming more and more popular, this data suggests the new shop should be successful. To support the secondary research, which is not specific to Dana's town, she has also done some primary research. Dana found that there would be high demand for her shop with 69% of people agreeing the shop would be a good idea. However, she conducted the research outside the shop which is next to the vegan café, could the results be bias? Dana asked closed questions which does not always give the respondent enough opportunity to share their true thoughts. Moreover, she only asked a limited amount of people.

Lastly, Dana doesn't have any business experience. She has worked as a librarian up until now. Being a librarian would mean Dana has the skills to deal with people and is going to be very organised. Dana has also been a vegan for many years so she surely knows about vegan food. Dana has drive, she is willing to risk her redundancy money on this project that she is clearly very passionate about. However, it is too risky for Dana to take on this project. All the factors have been taken into consideration, the idea in theory is good, due to the growing demand for vegan food, however, the nearby supermarket selling a new vegan range is too much for her to compete with. I don't think she would be able to get a loan or government grant if these factors are considered, they both have very strict criteria. Dana's lack of experience is a concern, this may all be a bit too much for her to take on, especially as she has recently retired. I do think that she could do more primary research and perhaps look at a cheaper location or even start a vegan stall in a market where there are less costs, but as it stands, I don't think this is a good business idea.

Credit other valid responses

Question		Marks
2. (a)	<p>Calculate Clarks' sales revenue for the UK and Ireland in 2018. (Show your workings).</p> <p>AO2: 1 mark</p> <p>Award 1 mark for selection of correct data</p> <p>1 540 000 000 and 37.9%</p> <p>Award 1 mark for the correct answer identified</p> <p>$1\,540\,000\,000 / 100 * 37.9 = 583\,660\,000$</p> <p>Award 2 marks for £583 660 000</p> <p>Award 1 mark only if '£' is omitted</p>	2
(b)	<p>State two features of a private limited company.</p> <p>AO1: 2 marks</p> <p>Award 1 mark for a for each correct feature</p> <p>Indicative content</p> <p>Limited liability means shareholders personal possessions are not at risk if things go wrong in the business</p> <p>If the business founder dies the company continues</p> <p>The business is owned by shareholders who invest money in the business by buying shares</p> <p>Decisions are made in the business through votes/ the votes depend on the number of shares a shareholder owns</p> <p>Financial accounts are available to the general public.</p> <p>Credit other valid features</p>	2

Question		Marks
(c)	Explain the possible benefits to a franchisee of investing in a Clarks franchise.	6

Band	AO1: 2 marks	AO2: 2 marks	AO3: 2 marks
2	<p>2 marks</p> <p>Good knowledge and understanding of franchising</p> <p>Good use of specialist vocabulary</p>	<p>2 marks</p> <p>Good application to Clarks throughout the answer</p> <p>There is clear reference to Clarks and the data</p>	<p>2 marks</p> <p>Good explanation of the possible benefits of investing in a Clarks franchise</p> <p>Clear lines of development</p>
1	<p>1 mark</p> <p>Limited knowledge and understanding of franchising</p> <p>Limited use of specialist vocabulary</p>	<p>1 mark</p> <p>Limited application to Clarks throughout the answer</p> <p>There is limited reference to Clarks and the data</p>	<p>1 mark</p> <p>Limited explanation of the possible benefit(s) of investing in a Clarks franchise</p> <p>The explanation is superficial</p>
0	<p>0 marks</p> <p>No knowledge or understanding of franchising</p>	<p>0 marks</p> <p>No reference is made to Clarks</p>	<p>0 marks</p> <p>No valid explanation</p>

Indicative content

A possible benefit for a franchisee investing in a Clarks franchise is that Clarks is a world-wide known, established brand. Clarks has more than 1 300 shops across the world in over 75 countries and the brand is well-known for its quality. An entrepreneur could choose to establish their own shoe shop, however, through investing in a Clarks franchise the franchisee will benefit from Clarks' reputation making it easier to establish a customer base. This would be difficult and slow to do if they wanted to start an independent shoe shop.

Another possible benefit for a franchisee of investing in a Clarks franchise is access to training and support. Clarks started franchising in 1985 so they have nearly 40 years' experience, they offer an extensive package of support that includes staff training. Over 450 Clarks franchises have been set up across the world, so the franchisee can rest assured that they are in experienced hands when they part with their £150 000 investment.

Credit other valid explanations.

Question				Marks
(d)	Analyse the advantages and disadvantages to Clarks of using new technology.			8
Band	AO1: 2 marks	AO2: 2 marks	AO3: 4 marks	
3	No Band 3 marks for this Assessment Objective. 2 marks are awarded for Band 2.	No Band 3 marks for this Assessment Objective. 2 marks are awarded for Band 2.	<p>4 marks</p> <p>Excellent analysis of the advantages and disadvantages to Clarks of using new technology</p> <p>Writing is very well structured using accurate grammar, punctuation and spelling</p> <p>Well-reasoned and balanced analysis with excellent development across most points</p>	
2	<p>2 marks</p> <p>Good knowledge and understanding of using new technology for business</p> <p>Good use of specialist vocabulary</p>	<p>2 marks</p> <p>Good application to Clarks' use of new technology throughout the answer</p> <p>There is clear reference to Clarks and the data</p>	<p>2-3 marks</p> <p>Good analysis of the advantage(s) and disadvantage(s) to Clarks of using new technology</p> <p>Writing is well structured using reasonably accurate grammar, punctuation and spelling</p> <p>Well-reasoned and balanced analysis with good development on some points</p>	
1	<p>1 mark</p> <p>Limited knowledge and understanding of using new technology for business</p> <p>Limited use of specialist vocabulary</p>	<p>1 mark</p> <p>Limited application to Clarks' use of new technology throughout the answer</p> <p>There is limited reference to Clarks and the data</p>	<p>1 mark</p> <p>Limited analysis of the advantage and/or disadvantage to Clarks of using new technology</p> <p>The analysis lacks detail and superficial comments are made with little development</p> <p>The analysis may be one sided analysing just the disadvantages or advantages</p> <p>Analysis may be brief and unsupported</p>	
0	<p>0 marks</p> <p>No knowledge or understanding of the use of technology</p>	<p>0 marks</p> <p>No reference is made to Clarks</p>	<p>0 marks</p> <p>No valid analysis</p>	

Indicative content

CAD was introduced to the manufacturing process for Clarks' shoes, allowing Clarks to design the shoes with fewer resources needed. Using CAD means expensive prototypes of shoes do not need to be made, this can save resources such as leather and time. The use of CAM means less humans are needed in the production process of the shoes, however, more skilled staff are needed who can operate this technical equipment, leading to a workforce who demand higher salaries. This equipment would be very expensive to buy but should make the production process much quicker. However, there could be technical problems stopping the production process. In 2017 Clarks invested heavily in a robotic manufacturing unit that required fewer workers, this manufacturing unit was closed after just two years of production because it wasn't meeting its targets.

Clarks has also made use of technology within its sales function. They have introduced an e-commerce website and app allowing customers to buy shoes at a convenient time and place for them. Although Clarks has over 1 300 physical shops across the world there will be people who live in remote areas who cannot access their stores, this gives those people an opportunity to purchase Clarks shoes and have them delivered, this can increase sales revenue. However, running these platforms does have its disadvantages, they are very costly to set up and run, albeit cheaper than physical shops. As with CAD and CAM they will require staff with a different skills set, staff may need a lot of expensive training. From a customer point of view, very often they will want to go into the store and try things on, but different customers have different needs and it is really important that Clarks is meeting the needs of all its customers. For customers there are concerns about security issues with buying online but customers are getting increasingly confident with online shopping. Clarks are also making good use of technology in their stores by using iPads to measure feet and self-service checkouts, making it easier for staff and customers and saving costs for Clarks.

Credit other valid analyses.

Question		Marks
(e)	<p>Explain why businesses use multi-channel distribution.</p> <p>AO3: 2 marks</p> <p>Award 1 mark for a limited explanation Award 2 marks for developed explanation</p> <p>Indicative content</p> <p>Limited explanation Business may sell online and in a shop, so its customers can shop at a time and place that suits them.</p> <p>Developed explanation</p> <p>Business use more than one type of distribution channel, for example retail outlets and e-commerce, in order to reach more customers, leading to greater convenience for customers.</p> <p>Award other valid responses</p>	2

Question				Marks
(f)	Evaluate the impact of globalisation on Clarks' shareholders, its workers and its customers.			10
Band	AO1: 2 marks	AO2: 4 marks	AO3: 4 marks	
3	<p>No Band 3 marks for this Assessment Objective.</p> <p>2 marks are awarded for Band 2.</p>	<p>4 marks</p> <p>Excellent application to Clarks</p> <p>There is clear, correct and direct reference to Clarks throughout the answer</p>	<p>4 marks</p> <p>Excellent analysis and evaluation of the impact of globalisation on Clarks and all three stakeholders</p> <p>The evaluation is well balanced.</p> <p>Writing is well structured using reasonably accurate grammar, punctuation and spelling</p> <p>Excellent discussion with supporting statements</p>	
2	<p>2 marks</p> <p>Good knowledge and understanding of globalisation and at least 2 stakeholders</p> <p>Good attempt to use specialist vocabulary</p>	<p>2-3 marks</p> <p>Good application to Clarks</p> <p>There is reference to Clarks throughout the answer</p>	<p>2-3 marks</p> <p>Good analysis and evaluation of the impact of globalisation on Clarks and at least two of its stakeholders</p> <p>There is an attempt at a balanced evaluation</p> <p>Writing is generally well structured using reasonably accurate grammar, punctuation and spelling</p> <p>Good discussion with some supporting statements</p>	
1	<p>1 mark</p> <p>Limited knowledge and understanding of globalisation and/or stakeholders</p> <p>Limited attempt to use specialist vocabulary</p>	<p>1 mark</p> <p>Limited application to Clarks</p> <p>There is limited reference to Clarks or throughout the answer</p> <p>The answer is mainly theoretical</p>	<p>1 mark</p> <p>Limited analysis or evaluation of the impact of globalisation on Clarks and at least one of its stakeholders</p> <p>The evaluation is one-sided</p> <p>Writing shows limited evidence of structure with some errors in grammar, punctuation and spelling</p> <p>Superficial analysis and/or evaluation</p>	
0	<p>0 marks</p> <p>No relevant knowledge or understanding of globalisation or stakeholders</p>	<p>0 marks</p> <p>No reference is made to Clarks or its stakeholders</p>	<p>0 marks</p> <p>No valid analysis or evaluation is given</p>	

Indicative content

One way Clarks has been impacted from globalisation is through lower costs of production, Clarks is able to benefit from cheaper labour in the Asia Pacific region, which means it is able to produce the shoes more cheaply. This has resulted in a loss of jobs in the UK as all production was moved back overseas. These cheaper production costs could be passed on to customer making the products cheaper for them to buy, alternatively Clarks could benefit from better profit margins which could please its shareholders. On the other hand, customers like the idea of high quality British-made shoes, this could mean that customers may be unhappy that the shoes are made overseas and decide not to buy them.

Another way globalisation has impacted on Clarks is through access to new markets, Clarks sells shoes in over 75 countries across the world in over 1 300 shops, this means Clarks is able to benefit from massive amounts of customers from around the world, leading to greater sales and high dividends for shareholders. Clarks may face greater competition when they enter these new markets and also in their home markets with businesses from other countries offering similar products at lower prices or even with strong global brand image. This would be worrying to the shareholders as they may see a lower dividend due to an impact on Clarks sales.

Also, Clarks is not reliant on one market. If there was a new competitor or other external influence in one region that led to difficulty for Clarks, they have many other regions to rely on, leading to stability in the business meaning job security for workers. Clarks is very popular in the Americas, with more sales there than the UK, where the business originated, this illustrates how popular the business is overseas. This means that customers from many regions of the world are able to benefit from these quality shoes in shops near to them.

Globalisation may also have an impact on Clarks' costs for example building a distribution network and opening retail stores in new countries. They would also face increased costs of advertising and promoting against other global brands, when entering these new markets, to maintain and increase its market share. This may mean shareholders would have to forego a dividend whilst this expansion is funded. They would face these increased costs too when monitoring their 300 globally franchised stores as staff would be required to monitor the franchisees to ensure they are running their operations in line with Clarks' high standards.

Another impact of globalisation for Clarks is access to cheaper resources such as cheaper leather from abroad to make its shoes. This could mean that customers may be faced with lower quality leather from abroad, however, it could simply be the same quality at a cheaper price, they could pass these savings onto the customer in the form of cheaper shoes or benefit from better profits which will please shareholders. As long as customers are not put off that the high quality British-made shoes that they are attracted to are actually made abroad.

Credit other valid responses.