



GCSE MARKING SCHEME

BUSINESS STUDIES

SUMMER 2015

INTRODUCTION

The marking schemes which follow were those used by WJEC for the Summer 2015 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
SUMMER 2015 MARK SCHEME

Question	Answer	Mark allocation	Assessment objective
1	Which two of the following are methods of field research? Carrying out opinion polls Using focus groups	2	AO1 2
2	Which two of the following are examples of statutory deductions from pay? Income Tax National Insurance Contribution	2	AO1 2
3	(a) What is meant by the term services? Give one example of a service Any one point from the following: [1] Non-physical production – intangible – something / process / activity that is done for others – something which is non visible / cannot be seen - may be personal /direct. Nothing for 'provides' Any valid example which may be the name of a service or an occupation within that service. [1]	2	AO1 1 AO2 1
3	(b) Goods can be classified into consumer goods and producer (capital) goods. What is meant by ; (i) Consumer goods – [1] Consumer goods are goods <u>sold to / bought</u> by people / public / final customer - and used by the final consumer / public / customer (ii) Producer (capital goods) – [1] Goods which are <u>sold by</u> one business to another / <u>bought</u> by a business / they are used to help produce other goods. No credit for examples of consumer and producer goods.	2	AO1 2

Question	Answer	Mark allocation	Assessment objective
4	<p>(a) How many goods must Breakstone Ltd sell to break even?</p> <p>400 [1]</p> <p>(b) What is the amount of money Breakstone Ltd has taken in when it breaks even?</p> <p>(£)2000 [1]</p> <p>(c) How much profit will Breakstone Ltd make if it sells 800 goods?</p> <p>(£)4000 minus (£)3000 or TR - TC [1]</p> <p>= (£)1000 [1]</p>	4	AO3 4
5	<p>(a) According to the table, which market segment is most likely to join the website?</p> <p>Male 21 – 40 [1]</p> <p>No other answer acceptable.</p>	1	AO3 1
5	<p>(b) Apart from gender and age, how might the providers of this cycling website segment their market?</p> <p>any other valid market segment – 2 valid [1x2]</p> <p>OR</p> <p>any segment explained -1 developed [2x1]</p> <p>answers might include:-</p> <p>Socio-economic - people in different jobs - with different lifestyles – related to affordability</p> <p>Location - where people live / residential areas - work</p> <p>Income/cost – how much can be afforded - cycling may be cheaper for travel to work</p> <p>Lifestyle - increase in leisure</p> <p>Time/purpose/use/interests/hobbies</p> <p>Ethnic and cultural - are some groups more likely to cycle than others?</p> <p>Skill/proficiency – based on ability/experience etc.</p> <p>No class or social class unless developed.</p>	2	AO2 1 AO3 1

Question	Answer	Mark allocation	Assessment objective
6	<p>Explain why the methods used by some supermarkets might be considered to be unethical.</p> <p>Answers might include: valid reasons [2x1] 1 valid reason explained [1x2]</p> <p>Not morally correct – unfair – not fair trade Exploiting the small businesses/taking advantage of the business/workers/customers Forces businesses to close/bankrupt- creating Unemployment – creating poverty Difficult to break-even/survive – low price so business can't cover costs Credit relevant example – unfair treatment of workers, non-recyclable, environment effects, waste</p>	2	AO2 1 AO3 1
7	<p>Which of the above best describes each of the following.</p> <p>(a) a legal situation in which people cannot gain from the work of others; COPYRIGHT</p> <p>(b) a situation where the general price level is rising; INFLATION</p> <p>(c) a form of management where the owners of a business consult with their workers. DEMOCRATIC LEADERSHIP</p>	3	AO1 3
8	<p>(a) Outline what is meant by the term entrepreneur.</p> <p>Any points from the following: [4x1] 4 points or 1 point plus development [1x4]</p> <p>They set up a business – have the idea – show the initiative They are the business owners – they invest / put money into the business They run the business – they are the managers – survival / success depends on their efforts They earn the profits / make money – to fund their lifestyle – to further invest They take the risks / face the uncertainties – of e.g. not selling / low demand Suffer the consequences of failure – particularly with unlimited liability Qualities / characteristics of entrepreneur – determined / organised etc.</p>	4	AO1 4

Question	Answer	Mark allocation	Assessment objective
8	<p>(b) Suggest two stakeholders Judith might have. How would Judith's business be affected by each stakeholder?</p> <p>Any two stakeholders [2x1]</p> <p>Effects on business [2x1]</p> <p>Answers might include</p> <p>Customers –best quality / design / material from products bought – may not buy the product Workers – fair treatment / pay / conditions – may not be able to find employees – hard working - skilful The government etc. – payment of taxes / keeping to various laws may add to costs Pressure groups – ethical source of materials / treatment of workers / the environment – may effect way business is seen / costs / profits Local community – pollution / congestion – effect on demand Suppliers – prompt payment / ethical treatment – may not be willing to supply Lenders / investors – repayment of debts / interest – may call in debts – closure of business Owners – decision making effects on the business/examples Competitors – price wars</p> <p>Do not accept shareholders</p>	4	AO1 2 AO2 2

Question	Answer	Mark allocation	Assessment objective
8	<p>(c) Advise her on whether or not taking on a partner would be a good idea for her and the business.</p> <p>Level 1 Advantage(s) and / or disadvantage(s) of taking on a partner suggested / listed.</p> <p>Level 2 Advantage(s) and / or disadvantage(s) of taking on a partner explained.</p> <p>Level 3 Arguments for <u>and</u> against of taking on a partner explained. To gain full marks answer must provide a <u>reasoned decision</u> based on business arguments.</p> <p>Possible arguments for a partnership might include:-</p> <p>Easy to set up – may involve no legal requirements – Deed of Partnership possible More capital than sole traders – Judith may not be able to raise sufficient capital alone Extra skills / expertise in business – may be able to specialise in aspects of business More people to take decisions – more considered approach to running the business Shared responsibility and more flexibility – reduce pressure etc.</p> <p>Possible arguments against a partnership might include:-</p> <p>Partners may disagree – time used up in discussion – decisions take longer Profits will be shared – Judith cannot keep all profits to herself Some partners may not work as hard as others – may demoralise lead to arguments Continuity – also applies to sole trader - but effect on surviving partners if one leaves etc.</p> <p>Maximum of 4 for only considering sole trader</p>	<p>8</p> <p>1-2</p> <p>3-5</p> <p>6-8</p>	<p>AO1 2 AO2 3 AO3 3</p>

Question	Answer	Mark allocation	Assessment objective
8	<p>(d) Apart from taking on a business partner, suggest two sources of finance Judith might use in her business. In each case, give a reason for your choice.</p> <p>Source mentioned [2x1]</p> <p>Valid reason [2x1]</p> <p>Sources might include</p> <p>Reinvested Profits / owners funds/ redundancy payments/ploughed back profits – money previously earned – no need to apply – no interest payable.</p> <p>Selling assets – selling off unwanted equipment / land etc. – owned by business so no – interest payable</p> <p>Mortgage/Bank loans – suitable for large sums – over long period – interest may be fixed – instalment repayment</p> <p>Overdraft – suitable for short term debt – to finance cash flow problem</p> <p>Becoming limited company – selling shares – permanent loan / no pay back by business shareholders provide capital</p> <p>Hire Purchase (HP) – used for equipment - deposit needed – instalment repayment – no effect on liability of owners for non-payment as machinery can be returned</p> <p>(allow) Leasing – used for equipment – never owned – maintenance paid by owner of equipment – updated equipment may be available</p> <p>Government Grants – given if job creation possible – no need to return – no interest</p> <p>Trade credit – short term / 30 days – used for materials – sometimes goods sold before debt paid – no interest</p> <p>Money/loan/gift from family and friends – no interest – flexible terms</p> <p>(allow) Venture Capital – provided to businesses with potential for growth</p>	4	AO1 2 AO3 2
9	<p>(a) Suggest two methods of internal communication which Titewrap Ltd could use to consult the workers.</p> <p>Suggestions might include [2x1]</p> <p>Notice boards</p> <p>Bulletins / company newspaper</p> <p>Meetings – individual / group</p> <p>Memos</p> <p>E mail</p> <p>Text messages</p> <p>Intranet</p> <p>Video conferencing/skype/facetime</p> <p>Not talking or social media.</p>	2	AO2 2

Question	Answer	Mark allocation	Assessment objective
9	<p>(b) What is the importance to Titewrap Ltd of having an organisation chart?</p> <p>2 valid points [2x1] 1 point developed [1x2] It shows the internal structure of a business - The hierarchy – who is in charge of the business – the chain of command– the subordinates – career paths identified- motivates the workers The departmental structure The span of control – the number of people an individual is responsible for Improves efficiency – speeds communication Who is responsible to whom – knows who to report to if there is a problem</p>	2	AO1 2
9	<p>(c) State two functions of the Accounts or Finance Department.</p> <p>Any of the following functions mentioned [1 x2] Keeps financial records / accounts / “the books” Draws up financial tables - profit and loss account/balance sheet / cash-flow/budgets Deals with wages Settles bills / pays creditors Collects / chases up debt Organises loans etc. – liaise with banks etc. Not break even.</p>	2	AO1 2
9	<p>(d) Why is training important to businesses such as Titewrap?</p> <p>Reasons suggested [1x2] OR One reason explained / developed [2x1] Answers might include:- New workers need to become familiar with their environment – specific work methods / factory layout. Upgrading skills – new technologies need to be taught – improves productivity efficiency Retraining – old skills disappear / workers taught new jobs allows workers to do more than one job – can be moved between tasks / greater output Improves motivation – people feel valued attracts new workers- improved reputation Health and safety reasons – prevents accidents and injury</p>	2	AO2 2

Question	Answer	Mark allocation	Assessment objective
9	<p>(e) Explain what is meant by each of the following terms.</p> <p>(i) Induction training</p> <p>Any of the following points [1 x2]</p> <p>Applies to newly appointed / recruited workers – need to familiarise with the work place –tasks/duties Structure of work – e.g. hours of work / holidays / hierarchy health and safety – e.g. alarms / drills / fire escapes / clothing Works environment – e.g. locations canteens / toilets etc.</p> <p>(ii) On the job training</p> <p>Any of the following points [1 x2]</p> <p>Usually on site – in the place where the worker is working Worker works alongside operative – using established worker experience Cheap to provide – no need to use outside sources Effective – trainee is supervised – trained in the ways of specific business Quick to organise – given as needed May pick up bad habits etc.</p> <p>The development must apply to the suggestion made.</p>	4	AO1 4

Question	Answer	Mark allocation	Assessment objective
9	<p>(f) Advise the Directors as to whether they should continue using their current method of buying materials or whether they should adopt JIT.</p> <p>Level 1 Advantage(s) and / or disadvantage(s) of one or both methods suggested / listed.</p> <p>Level 2 Advantage(s) and /or disadvantage(s) of one or both explained.</p> <p>Level 3 Advantage(s) and disadvantage(s) of each explained. To gain full marks answer must provide a reasoned decision based on business arguments.</p> <p>Answers might include:-</p> <p>Advantages of traditional method</p> <p>Stock usually available – not held up by bottlenecks / delays in delivery Bulk purchases – discounts available – lower prices – lower costs Quality of stock can be checked – longer time available Stock can be kept in correct environment etc.</p> <p>Disadvantages of traditional method</p> <p>Need to find storage – warehousing can be expensive – (in this case) warehousing not owned – may be lost depending on other business Stock needs to be moved from where it is stored to factory – expensive / greater chance of damage Labour costs – involved in looking after stored goods Materials may deteriorate – perhaps wrong environment Materials may become out of date – technology means new material always being developed Downturn in business means high cost materials not needed – cannot be resold – will not get outlay back etc.</p>	<p>8</p> <p>1-2</p> <p>3-5</p> <p>6-8</p>	<p>AO1 2 AO2 3 AO3 3</p>

Question	Answer	Mark allocation	Assessment objective
	<p>Advantage of JIT</p> <p>Stock only bought when needed – no need for warehouse – lower storage cost Materials generally in good condition – straight from manufacturer Up to the minute materials bought – based on current technologies Little waste – only buying what needed – small surplus of stock in downturn Stock delivered straight to where it is needed – no extra cost / reduced chance of damage Can reduce cash flow problems etc.</p> <p>Disadvantages of JIT</p> <p>Depend on suppliers – if they run out of materials – production may have to stop Delivery difficulties – delays through weather / congestion / accidents No bulk buying – deliveries more expensive – more need to be paid for - no economies of scale etc.</p>		
10	<p>(a) Explaining your answers, suggest which method of production Agristore could use for making garden sheds and greenhouses for (i) individual customers and (ii) garden centres.</p> <p>(i) individual customers</p> <p>Job production [1]</p> <p>Product is made one at a time – everyone different - unique – bespoke- to customer specification [1]</p> <p>(ii) garden centres</p> <p>Batch production [1]</p> <p>Products made in groups – garden sheds first then greenhouses – different sizes [1]</p> <p>OR</p> <p>Flow production / mass production</p> <p>Product made continuously - workers add parts on line – use of machinery - products made identical [1] - Made on an assembly line</p>	4	AO1 2 AO2 2

Question	Answer	Mark allocation	Assessment objective
10	<p>(b) Give one example of what might have been included as Other expenses.</p> <p>Any relevant example including</p> <p>gas / electricity / water / road tax / insurance / advertising / telephone / post / equipment/VAT</p> <p>Do not accept "tax".</p>	1	AO2 1
10	<p>(c) Calculate the Net profit for 2014.</p> <p>Gross Profit minus Total Expenses OR 2 000 000 – 750 000 (ofr) [1]</p> <p>= 1 250 000 [1]</p>	2	AO3 2
10	<p>(d) Explain what has happened to net percentage profit between 2012 and 2014.</p> <p>Net % profit has increased / by 5% / from 20% to 25%(1)</p> <p>Because gross profit has increased (1)</p> <p>Even though expenses have increased the rise in GP/Sales is more significant. (1)</p>	3	AO3 3

Question	Answer	Mark allocation	Assessment objective
10	<p>(e) Should Agristore plc spend most of its advertising budget on newspaper or on television advertising? Justify your answer.</p> <p>Level 1 Advantage(s) and / or disadvantage(s) of one or both media suggested / listed.</p> <p>Information is poorly organised. There is limited use of specialist terminology / vocabulary and frequent errors in spelling, punctuation and grammar.</p> <p>Level 2 Advantage(s) and / or disadvantage(s) of one or both explained.</p> <p>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.</p> <p>Level 3 Advantages and disadvantages of each explained. To gain full marks answer must provide a reasoned decision based on business arguments.</p> <p>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.</p> <p>Answers may conclude that either one or the other may be suitable, that both should be used or that alternatives may be used.</p>	<p>10</p> <p>1-3</p> <p>4-6</p> <p>7-10</p>	<p>AO1 3 AO2 3 AO3 4</p>

Question	Answer	Mark allocation	Assessment objective
	<p>Answers might include:-</p> <p>Advantages of newspapers</p> <p>Relatively cheap – particularly local May be kept for some time – readers can be reminded – keep for reference Much information can be provided – e.g. sizes, prices, where available, contact details Can be in colour – memorable Can include promotions – discount coupons etc.</p> <p>Disadvantages of newspapers</p> <p>Small readership – decline in sales with internet Temporary – thrown away after use Limited display – no sound, movement etc.</p> <p>Advantages of television</p> <p>Big coverage – nationwide – at extended hours Various promotional devices – psychological methods to sell Use of sound – movement – colour Can have shortened reminder adverts – to reinforce message Can be aimed at specific markets / times – e.g. during gardening programmes etc.</p> <p>Disadvantage of television</p> <p>Expensive to make – and show – particularly at peak times People used to / do not like TV adverts – may be ignored / avoided Technology makes adverts easier to avoid – recorders / catch up TV etc.</p>		

Question	Answer	Mark allocation	Assessment objective
11	<p>(a) Suggest and explain two ways in which the owners of Pizazz could measure the success of the business at the end of the second year.</p> <p>Suggestion (1x2)</p> <p>Explanation / development (2x2)</p> <p>Growth of profits - compared with previous time - against targets - Level of profit - compared with competitors – is net % profit greater Increase in sales / turnover / rate of turnover - improved marketing – was cost worth it? Increase in the number of customers - indicating greater customer satisfaction - Increase in scale of production - growth - internal - acquisitions - possibly leading to economies of scale Ask customers opinions - customer feedback - customer satisfaction Compare financial results with targets - better than expected performance by business – balance sheet – cash flow Increased market share - how much of the total market does business supply? – has it increased Meet objectives etc.</p>	6	AO1 2 AO2 4
11	<p>(b) Which business shows evidence of psychological pricing by one of the firms? Give a reason for your answer.</p> <p>Great Burger [1]</p> <p>Great Burger has a price just below a whole pound / includes 99p – gives an impression that their product is much cheaper than others. [1]</p>	2	AO2 1 AO3 1

Question	Answer	Mark allocation	Assessment objective
11	<p>(c) Hot Doggedy charges higher prices than the others. Explain one reason why it might charge higher prices.</p> <p>Valid reason suggested [1]</p> <p>Explanation/development [1]</p> <p>Answers might include</p> <p>Higher costs / better ingredients / higher rent / cost plus Wants more exclusive market / customers willing to pay higher price May “skimming” / define – may reduce price in future May be well known / quality brand – people willing to pay higher prices High marketing costs – need to be regained from sale of product etc.</p>	2	AO2 1 AO3 1
11	<p>(d) Assess the likely impact on the local community and its environment of having such fast food outlets in the town centre.</p> <p>Level 1 Advantage(s) and / or disadvantage(s) to either the community or the environment suggested / listed.</p> <p>Information is poorly organised. There is limited use of specialist terminology / vocabulary and frequent errors in spelling, punctuation and grammar.</p> <p>Level 2 Advantage(s) and /or disadvantage(s) of fast food outlets to either the community or the environment explained.</p> <p>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.</p> <p>Level 3 Advantages and disadvantages of fast food outlets to the community and the environment explained. To gain full marks answer must provide a reasoned assessment based on business arguments.</p> <p>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.</p>	<p>10</p> <p>1-3</p> <p>4-6</p> <p>7-10</p>	AO1 3 AO2 3 AO3 4

Question	Answer	Mark allocation	Assessment objective
	<p>Advantages might include</p> <p>Increase in the number of people in area - might attract custom for other businesses – e.g. - will lead to greater income / profit for these – more investment in area</p> <p>More jobs in area - increased spending power for local residents</p> <p>Other businesses may be attracted - with positive effect on community</p> <p>Fast food outlets / other businesses will need to train workers – new skills for community</p> <p>Improvement in community appearance – better than having boarded-up businesses</p> <p>May increase house prices – people feeling better off – good for people moving out of area</p> <p>etc.</p> <p>Disadvantages might include</p> <p>Decrease in number of customers for competitive businesses - as customer are attracted towards fast food outlets</p> <p>Health issues – obesity – demand on health services</p> <p>Negative effect on infrastructure of area - e.g. congestion</p> <p>Social consequences – open at unsociable hours – may disturb residents</p> <p>Environmental effects - litter – increased cost of street cleaning / bins also bright displays outside businesses</p> <p>Similar businesses might be attracted – problems multiplied</p> <p>Other businesses may not be attracted – not wanting to be associated with fast food outlets</p> <p>Suitable jobs for locals may not be provided - low paid / unskilled / part-time / temporary</p> <p>May increase house prices – difficult / more expensive to “move upwards” / to move into area</p> <p>May decrease house prices - difficult to move</p> <p>etc.</p> <p>Some answers might suggest that there will be no effect – one type of business replaced by another</p> <p>etc.</p>		



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