

GCSE Bitesize Mark Scheme

Subject: **Business Studies**

Tier: **Foundation**

- The mark scheme is based upon different levels.
- Level 1 is the lowest and level 4 is the highest; however some questions will only go up to level 2 or 3.
- Judgement should be made as to which mark within a level the answer receives.

Question 1

Explain briefly the meaning of the following business studies terms and give an example of each. Your examples may be drawn from Data A or from any other source.

a) A wholesaler (3 marks)

Possible points include:

- Act as links between producers and retailers
- They buy in bulk from manufacturers and break it down into smaller quantities that can be sold to retailers
- They have links with manufacturers
- They can help with the distribution for manufacturers
- They pay for the storage costs, therefore manufacturers and retailers don't have to

2 marks for explanation

1 mark for example e.g. cash and carry warehouses

b) Fixed costs (3 marks)

Possible points include:

- Costs that do not change with the amount that a business produces (its output)
- Costs have to be paid even if nothing is produced

2 marks for explanation

1 mark for example e.g. rent, insurance, mortgage interest, electricity, gas / telephone charges

Question 2

a) What is the difference between primary and secondary research? (4 marks)

Possible points include:

- Primary research is field research that gathers new information, specifically tailored to the business own requirements.
- Secondary research is desk research getting and analysing information that is already available.

b) Give one example of primary research and explain 2 of its advantages (5 marks)

Possible points include:

- Postal questionnaire / survey – advantages: relatively cheap to collect information, can reach lots of people
- Telephone survey / personal interview – advantages: greater number of people asked will take part compared to postal survey, can help respondents understand the question
- Consumer panel – advantages: can see how people react to a product / idea, reactions can be recorded, can obtain more detailed information and opinions

1 mark for example and;

Level 2 (3-4 marks)	2 advantages explained in detail
Level 1 (2-1 marks)	1 advantage explained in detail or 2 points listed

c) Give one example of secondary research and explain 2 of its disadvantages (5 marks)

Possible examples include:

- Accounts / sales records
- Government statistics
- Media articles
- Advertising agency reports

Possible disadvantages include:

- May not be in exact format the business wants / needs
- Research data may be old / out of date
- Information may be too general / not in enough detail

1 mark for example and;

Level 2 (3-4 marks)	2 disadvantages explained in detail
Level 1 (2-1 marks)	1 disadvantage explained in detail or 2 points listed

Question 3

Explain why Andy chose to start his new business as a sole trader. (6 marks)

Possible points include:

From the data:-

- He has IT skills that will prove invaluable in running the business;
- He has experience in the area of blank DVDs and CDs;
- He has spotted a gap in the market due the high prices being charged by other companies;
- He has some savings that can be used for setting up the business;
- He has found a supplier that can provide cheap blank DVDs and CDs;
- He has carried out some market research;

Not from the data:

- He wants to be his own boss and make all the decisions;
- He can keep all of the profits to himself;
- He can make all of the decisions himself without having to consult anybody else;
- He likes the challenge of running his own business;
- He can set up a sole trader easily.

Level 3 (6-5 marks)	Information is taken from the case study which allows the candidate to apply business terms and concepts to Andy's situation. 2 or more points should be fully explained.
Level 2 (4-3 marks)	Business terms and concepts are used and applied to the case study. Answers must be fully explained rather than a list of points.
Level 1 (2-1 marks)	1 or 2 points listed or information is copied straight from the case study. Just because Andy's name is mentioned does not mean the answer should be at a higher level.

Question 4

Explain two possible objectives Andy might have had for his new business. (6 marks)

Possible points include:

- survive as a business;
- make a profit;
- to break even;
- expand into new areas of the world;
- improve the quality of a product;
- achieve a certain level of sales;

Level 2 (6-4 marks)	Two possible objectives for Andy have been explained.
Level 1 (3-1 marks)	One possible objective for Andy has been explained or a number of objectives have been listed.

Question 5

a) Using information in Paragraph 4, calculate how much Andy needs to borrow, in order to start his business. (2 marks)

$$\text{Costs} = \text{£}65,000 \text{ (warehouse)} + \text{£} 5,000 \text{ (equipment \& stock)}$$

$$= \text{£}70,000$$

$$\text{Savings} = \text{£}15,000$$

$$\text{Shortfall} = \text{£}70,000 - \text{£}15,000$$

$$= \text{£}55,000$$

b) Describe the advantages and disadvantages of two different sources of finance that Andy could obtain so that he could open his business. (6 marks)

Possible sources include:

- Andy's savings;
- loans;
- overdrafts;
- trade credit;
- government grants;
- venture capital.

2 marks for 2 appropriate sources and;

Level 2 (4-3 marks)	Two different sources of finance are correctly discussed. The answer must be in the context of the case study, i.e. selling shares, profits and selling assets are not possible sources of finance.
Level 1 (2-1 marks)	One source of finance is correctly discussed. The answer must be in the context of the case study, i.e. selling shares, profits and selling assets are not options. This level should also be used if a list of points is made or material is simply copied from the case study.

c) Explain which of these you think is the most appropriate for him. (4 marks)

Level 2 (4-3 marks)	Recommendation given and fully explained. The answer must be fully applied to the case study.
Level 1 (2-1 marks)	Recommendation given with some attempt at applying points to the context.

Question 6

One of Andy's friends has suggested that he should draw up a cash flow forecast. Explain the benefits to Andy of having a cash flow forecast. (6 marks)

Possible points include:

- It will show any periods when the business may run out of cash;
- It will identify problems in advance so Andy can arrange a short-term loan or overdraft;
- Banks will want to see a cash flow forecast before they will lend Andy any money.

Level 2 (6-4 marks)	Two or more benefits of producing a cash flow forecast are correctly discussed. The answer must be in applied to the case study.
Level 1 (3-1 marks)	One benefit of producing a cash flow forecast is correctly discussed in the context of the case study. This level should also be used if a list of points is made.

Question 7

What are the advantages and limitations of having a business plan? (10 marks)

Possible points include:

- Andy can show it to banks to help him obtain a loan or overdraft;
- It will help him run the business as it will give him details about what he should do;
- Andy will be able to review the progress of the business;
- It will help him to clarify his ideas about the operation of the business;
- It will help him to plan everything so that nothing is forgotten.
- Will help plan the finances of the company, e.g. how much he needs to sell to break even and what the biggest costs will be.

However:

- It is only a plan and will not guarantee success
- Cannot foresee problems in the future and possible changes in the market

Level 4 (10-7 marks)	The answer must make a logical judgement that is based upon the evidence presented about how useful a business plan will be for Andy. The answer must weigh up how useful the plan will be.
Level 3 (6-5 marks)	The answer describes how a business plan will help Andy run his business, but it does not explain any limitations and make any judgements about the extent of the usefulness of the plan to Andy.
Level 2 (4-3 marks)	Reasons are given why business plans should be produced, but the answer does not explain how it will help Andy run the business.
Level 1 (2-1 marks)	The answer is a simple outline of the benefits of business plans with no reference to Andy.

Question 8

Explain briefly the meaning of the following business studies terms and give an example of each. Your examples may be drawn from any other source.

a) A plc (3 marks)

Possible points include:

- Plcs have been floated on the stock market
- Plcs can sell shares to anybody
- Plcs must issue at least £50,000 worth of shares
- Plcs have unlimited liability
- Plcs are usually bigger than ltds

2 marks for full definition and 1 mark for example

b) Brand name (3 marks)

Possible points include:

- Brand is a named product which is different / better than the others
 - from a consumer's point of view
- Helps gain market share
- Used to create brand loyalty
- Allows company to charge a higher / premium price
- Created through marketing mix i.e. product / price / place / promotion

2 marks for full definition and 1 mark for example

Question 9

The Human Resource Manager has suggested retraining the company's workers. Explain two advantages of Fashion House plc providing training for its workers. (6 marks)

Possible points include:

- Workers will feel more confident about their future prospects if Fashion House plc invests money in them;
- Workers will be more productive and this should help Fashion House plc compete with the foreign businesses;
- Training workers will improve motivation within Fashion House plc;
- The workers would gain the skills that would enable Fashion House plc to produce the high quality clothing ranges.

Level 3 (6-5 marks)	Information is taken from the case study which allows the candidate to apply business terms and concepts to Fashion House plc's situation. Answers must be fully explained rather than a list of points.
Level 2 (4-3 marks)	The answer gives points that are not taken from the case study. Business terms and concepts are used and applied to the case study. Answers must be fully explained rather than a list of points.
Level 1 (2-1 marks)	Information is copied straight from the case study or a list of points is made. Just because Fashion House plc is mentioned does not mean the answer should be at a higher level.

Question 10

Explain why Fashion House plc may have decided to locate its factory near Birmingham. Do you think it is the right location and why? (6 marks)

Possible points include:

- Near a large city – Birmingham, therefore good availability of large numbers of workers
- Access to cheaper labour than South
- Availability of skilled textile workers near Birmingham
- Near major motorways aiding transport of clothes
- Central location in England aids transport across UK
- Airport nearby will aid transport to European customers

However:

- Location is not close to ports and European clients, resulting in a possible increase in transport costs

Level 3 (6-5 marks)	Two or more possible advantages and a disadvantage of the location have been explained in detail and a judgment made. For maximum marks, answer must be linked fully to the case study.
Level 2 (4-3 marks)	Two or more possible advantages of the location have been explained in detail and an attempt at judgment made.
Level 1 (2-1 marks)	One possible reason has been explained or a number of reasons have been listed without explanation.

Question 11

Evaluate the effects of Fashion House plc adopting a Just in Time approach to production, explaining both advantages and disadvantages. (10 marks)

Advantages:

- JIT production should reduce Fashion House plc's costs. With no stocks, Fashion House plc does not have to pay for warehousing or security;
- Fashion House plc avoids the opportunity cost of having money tied up in stocks;
- Just in time production should help Fashion House plc minimise wastage. If clothes are produced and left to accumulate as stocks, they are likely to get damaged, to go out of fashion or be stolen.

Disadvantages:

- Fashion House plc will have to find reliable suppliers;
- Training would have to be provided for Fashion House plc's workers to make sure that they are prepared for the new system;
- If supplies are delayed production may have to be temporarily halted;
- Communication with the suppliers will have to be improved.
- Costs of implementing a new IT system

Level 4 (10-8 marks)	The answer must make a logical judgement that is based upon the evidence presented about the advantages and disadvantages of introducing Just in Time. Two advantages or disadvantages of introducing Just in Time are correctly discussed. Both advantages and disadvantages must be discussed. The answer must be in the context of the case study.
Level 3 (7-5 marks)	Two advantages or disadvantages of introducing Just in Time are correctly discussed. The answer must be in the context of the case study.
Level 2 (4-3 marks)	Two advantages or disadvantages of introducing Just in Time are correctly discussed.
Level 1 (2-1 marks)	One advantage or disadvantage of introducing Just in Time is correctly discussed. This level should also be used if a list of points is made.

Question 12

Discuss how the Marketing Manager could use the marketing mix to increase its sales (12 marks)

Possible points include:

- Price:
 - Reduce price to compete with increased competition;
 - Charge higher price for new high quality clothing range.
- Product:
 - Introduce new high quality clothing range;
 - Spend money developing clothing lines that set trends.
- Place:
 - Investigate cheaper methods of distribution;
 - Find more retailers to sell its clothes.
- Promotion:
 - Attend trade fairs and exhibitions in an attempt to find more customers;
 - Advertise directly to consumers in an attempt to try and create a demand for its clothes.

Level 4 (12-10 marks)	All of the four Ps are correctly discussed. The answer must be in the context of the case study.
Level 3 (9-7 marks)	Three of the four Ps are correctly discussed. The answer must be in the context of the case study.
Level 2 (6-4 marks)	Two of the four Ps are correctly discussed. The answer must be in the context of the case study.
Level 1 (3-1 marks)	One of the four Ps are correctly discussed. The answer must be in the context of the case study. This level should also be used if a list of points is made.