

Version 1.0



**General Certificate of Secondary Education
January 2011**

Business Studies

413001

Setting Up a Business

Unit 1

Final

Mark Scheme

Mark schemes are prepared by the Principal Examiner and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation meeting attended by all examiners and is the scheme which was used by them in this examination. The standardisation meeting ensures that the mark scheme covers the candidates' responses to questions and that every examiner understands and applies it in the same correct way. As preparation for the standardisation meeting each examiner analyses a number of candidates' scripts: alternative answers not already covered by the mark scheme are discussed at the meeting and legislated for. If, after this meeting, examiners encounter unusual answers which have not been discussed at the meeting they are required to refer these to the Principal Examiner.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of candidates' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

Further copies of this Mark Scheme are available to download from the AQA Website: www.aqa.org.uk

Copyright © 2011 AQA and its licensors. All rights reserved.

COPYRIGHT

AQA retains the copyright on all its publications. However, registered centres for AQA are permitted to copy material from this booklet for their own internal use, with the following important exception: AQA cannot give permission to centres to photocopy any material that is acknowledged to a third party even for internal use within the centre.

Set and published by the Assessment and Qualifications Alliance.

1

Total for this question: 21 marks

1 (a) State **two** objectives that businesses, such as Darren's, might have in their first year of operation. (2 marks)

Possible objectives could include the following:

- survival
- make a profit
- achieve level of sales
- customer satisfaction
- quality reputation
- growth.

All A01 marks.

1 (b) Darren knows from his Business Studies course that good planning will be very important if his business is to succeed.

1 (b) (i) List **two** main sections of a business plan. (2 marks)

Sections could include the following:

- description of the business
- aims and objectives
- research
- marketing
- HRM
- operations
- financial information
- evaluation procedures.

1 mark for each section (allow sub sections as well).

All A01 marks.

1 (b) (ii) Explain the benefits to Darren of producing a business plan. (4 marks)

Possible uses could include the following:

- to show the bank
- organise his finances
- plan requirements.

Examples of Level 2 response:

- banks and other investors would be more willing to lend him money because it shows he has a viable business
- would be able to organise what money he would need and what money he has available so he could work out any additional finance required.

Level	Descriptor	Marks	Assessment Objective
2	Explains use(s) in context of business.	4–3	AO1
1	Identifies business plan use(s).	2–1	
0	No valid response.	0	

Maximum 3 marks if only one benefit identified.

1 (c) Explain **two** benefits to Darren of aiming his product range at a gap in the market. (4 marks)

Reasons could include the following:

- will get more sales
- there will be less competition
- can charge a higher price
- easier to target a niche market.

Example of Level 2 Response:

He will get more sales (1) because there is no competition for his products (1).

Level	Descriptor	Marks	Assessment Objective
2	Explains benefit of aiming products at a gap in the market.	2	A02
1	Identifies benefit of aiming products at a gap in the market.	1	A01
0	No valid response.	0	

Apply the grid above twice.

1 (d)	<p><i>Darren needs to decide whether to sell his jewellery over the internet or from a stall at the busy weekly craft fair.</i></p> <p><i>Advise Darren which option is likely to be the better one. Give reasons for your advice.</i></p> <p style="text-align: right;"><i>(9 marks)</i></p>
--------------	---

Possible areas for discussion include the following:

Website:

- would cost to set up and maintain
- wider area for sales
- product is suitable for posting
- could then run business from home.

Renting a stall:

- customer contact would be better
- will be seen
- exploits gap in the market.

Level	Descriptor	Marks	Assessment Objective
3	Analyses benefits of option(s).	4–3	A03
2	Provides explanation of point(s).	2	AO2
1	States relevant point(s).	1	AO1
0	No valid response.	0	

Note: AO3 also assesses candidates' quality of written communication. When deciding on the AO3 level to be awarded, consider the degree to which the candidate orders and communicates his/her ideas.

In addition, and separately, award marks for knowledge and application using the grid below.

Level	Descriptor	Marks	Assessment Objective
3	Offers advice with good justification. Ideas are communicated with a clear structure and use of technical terms.	5	AO3 and Quality of Written Communication
2	Offers advice with some justification. Ideas are communicated with some structure and use of technical terms. There are occasional errors in accepted convention.	4–3	
1	Offers advice with limited justification. Ideas are communicated in a simplistic way with limited use of technical terms. Errors in accepted conventions are noticeable.	2-1	

2**Total for this question: 19 marks**

2 (a)	<i>List three different stakeholders of the charity shop.</i>	<i>(3 marks)</i>
--------------	--	------------------

Answers could include the following:

- manager
- volunteers
- charity organisation / hospital (allow owners)
- charity's beneficiaries / teenagers / patients
- customers
- people who donate goods.

One mark for each correct response.

All A02 marks.

2 (b)	<i>Explain why the charity uses volunteers in the shop and not paid workers.</i>	<i>(3 marks)</i>
--------------	--	------------------

Advantages could include the following:

- wages are not paid so more money can go to the charity
- can allow a variety of skills
- volunteers may be free at different times
- allows more volunteers to be used.

(Concepts are important, not the exact terminology).

Example of Level 2 response:

- volunteers are not paid (1) therefore the shop makes more profit (or lower costs),(1) therefore, they can donate more to the hospital(1) (total 3 marks).

Level	Descriptor	Marks	Assessment Objective
2	Explains way(s) in which part-time volunteers benefit the shop or charity.	3–2	AO2
1	Identifies reason(s) for using volunteers.	1	AO1
0	No valid response.	0	

2 (c) *Many of the volunteers who work in the charity shop stay for only a few weeks. The volunteers are not paid to work in the shop and so are not motivated by the level of their wages.*

*Explain **two** other ways in which the manager of the charity shop could motivate the staff so that they will carry on working at the shop. (4 marks)*

Ways could include the following:

- better working conditions, breaks
- staff discount
- employee of the month
- prize gift, book tokens etc (not monetary reward)
- training
- responsibility
- praise/feedback.

Do **not** allow financial reward (they are volunteers).

Example of Level 2 response:

Praise could be used as this would mean the workers feel appreciated and it would not cost anything.

Level	Descriptor	Marks	Assessment Objective
2	Explains way(s) that the motivation methods could be used.	4–3	AO2
1	Identifies possible motivation method(s).	2–1	AO1
0	No valid response.	0	

2 (d) *The manager thinks that the charity shop does not make as much money as it could. Recommend how he could use the marketing mix to improve the sales at the shop. Give reasons for your recommendation. (9 marks)*

Marketing mix should be recommending appropriate marketing activities in the context of a local charity shop. Answers may concentrate on one area of the marketing mix, eg promotion, or may be a balanced approach. Both possibilities can earn maximum marks.

Possible marketing activities:

- products: increase the quality, stock different items
- promotion: advertising, display, special offers
- price: reduce prices
- place: change opening hours, provide easier access.

Level	Descriptor	Marks	Assessment Objective
3	Analyses use of marketing mix.	4–3	A03
2	Provides explanation of point(s).	2	AO2
1	States relevant point(s).	1	AO1
0	No valid response.	0	

Note: AO3 also assesses candidates' quality of written communication. When deciding on the AO3 level to be awarded, consider the degree to which the candidate orders and communicates his/her ideas.

In addition and separately award marks for knowledge and application using the grid below.

Level	Descriptor	Marks	Assessment Objective
3	Offers recommendation with good justification. Ideas are communicated with a clear structure and use of technical terms.	5	AO3 and Quality of Written Communication
2	Offers recommendation with some justification. Ideas are communicated with some structure and use of technical terms. There are occasional errors in accepted convention.	4–3	
1	Offers recommendation with limited judgement. Ideas are communicated in a simplistic way with limited use of technical terms. Errors in accepted conventions are noticeable.	2–1	

3**Total for this question: 20 marks**

3 (a) (i) Using the data in **Figure 1**, calculate the profit or loss made by Atkins Ltd in November 2010. (3 marks)

Profit = Sales – Costs (1).

Sales = £220 000 (1).

Costs = £65 000 + £110 000 = £175 000 (1).

Profit = £45 000 (3)(OFR).

All A02 marks.

3 (a) (ii) Explain why the profit or loss made in November 2010 has changed from the £50 000 profit made in November 2009. (4 marks)

Points made could include the following:

- profits have gone down from £50 000 in 2009
- value of sales have gone up (but only because of price increase)
- cost of sales has increased, faster than price, and no more being made/sold
- overheads up – in line with prices (inflation).

Allow 'error carried forward' from 3(a)(i).

Level	Descriptor	Marks	Assessment Objective
2	Explains the reason for the change in profits between 2009 and 2010.	4–3	AO2
1	States point(s) related to results.	2–1	
0	No valid response.	0	

Example of Level 1 response:

Sales have increased by £20 000 but the profit has gone down £5 000.

Example of Level 2 response:

Sales have increased by £20 000 but the amount sold has remained the same at 20 000 units. The price increase has caused the value of sales to increase also the cost of ingredients has gone up in spite of no more being made.

3 (b) Explain why it is important for Atkins Ltd to have a high quality product. (4 marks)

Effects of quality product could include the following:

- justifies higher price
- customers expect a high quality
- sold through upmarket shops
- increased competition from supermarkets.

Level	Descriptor	Marks	Assessment Objective
2	Explains quality benefit(s) in context of <i>Atkins Ltd</i> .	4–3	AO2
1	Identifies possible benefit(s) of quality products.	2–1	AO1
0	No valid response.	0	

Example of Level 2 response:

The company needs quality products to support its high price and to keep its customers who buy them in upmarket shops. They are also being undercut by own brand supermarket products who could steal their customers.

3 (c) *In order to increase its profits, Atkins Ltd is considering either:*

- *buying cheaper ingredients for its chocolates*
- *introducing the use of new technology into the production process.*

Recommend which action the company should take in order to increase its profits. Give reasons for your recommendation. (9 marks)

Points could include the following:

- cheaper ingredients will save money but might lower quality of product. This is a risk given it is a luxury product. Ingredient costs are significant from earlier data
- use of technology might save money but might lead to lower quality. Could damage reputation if not as good
- customers might expect 'hand made' chocolates to be produced by *Atkins Ltd*. This allows them and shops to charge high prices.

Recommendation should relate to increasing its profits.

Level	Descriptor	Marks	Assessment Objective
3	Analyses options.	4–3	AO3
2	Provides explanation of point(s).	2	AO2
1	States relevant point(s).	1	AO1
0	No valid response.	0	

Note: AO3 also assesses candidates' quality of written communication. When deciding on the AO3 level to be awarded, consider the degree to which the candidate orders and communicates his/her ideas.

In addition and separately award marks for knowledge and application using the grid below.

Level	Descriptor	Marks	Assessment Objective
3	Offers recommendation with good justification. Ideas are communicated with a clear structure and use of technical terms.	5	AO3 and Quality of Written Communication
2	Offers recommendation with some justification. Ideas are communicated with some structure and use of technical terms. There are occasional errors in accepted convention.	4–3	
1	Offers judgement with limited justification. Ideas are communicated in a simplistic way with limited use of technical terms. Errors in accepted conventions are noticeable.	2–1	