



**General Certificate of Secondary Education
January 2012**

Business Studies

413001

(Specification 4133)

Unit 1: Setting up a Business

Mark Scheme

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1

Total for this question: 22 marks

1 (a) State **two** advantages of Tony and Rima setting up as a partnership. (2 marks)

Possible advantages could be:

- shared finance
- shared responsibility
- different skills/expertise
- more ideas
- easy to set up
- greater flexibility in working
- cover for illness/holiday.

1 mark for each correct advantage.

1 (b) Tony and Rima have worked out that they will need a bank loan of £10 000.
State **two** features of a bank loan. (2 marks)

Possible features could be:

- have to make repayments
- have to pay interest
- quick source of finance and easy to arrange
- bank can force payments if not made might cause bankruptcy
- interest rates might increase.

1 mark for each feature.

1 (c) State **one** other source of finance and explain why it might be suitable for Tony and Rima. (3 marks)

Possible sources could be:

- personal savings
- friends and/or relatives
- grants/NGO's
- charities such as The Prince's Trust
- venture capitalists.

Levels 1 and 2 may include sources that may not be suitable, ie overdraft.

Level	Descriptor	Marks	Assessment Objective
3	Explains why source might be suitable for Tony and Rima.	3	AO2
2	Describes its use in context <i>or</i> explains feature of source.	2	
1	States a source of finance.	1	AO1
0	No valid response.	0	

1 (d) Explain **two** benefits to Tony and Rima of producing a business plan. (6 marks)

Possible benefits could include:

- helps get a bank loan
- means businesses will be better organised
- allows success to be monitored/can make improvements
- can plan for contingencies.

Apply the grid below twice.

Level	Descriptor	Marks	Assessment Objective
3	Explains benefit to Tony and Rima.	3	AO2
2	Describes benefit.	2	
1	States benefit.	1	AO1
0	No valid response.	0	

Level 3 example:

A business plan will include financial information such as cash-flow/profit forecast. This will help Tony and Rima get their £10 000 bank loan because it will show the bank they are a well organised/safe/profitable business to lend to.

1 (e)	<p><i>Tony and Rima are planning how to raise awareness of their new business in the local area. They are considering two options:</i></p> <ul style="list-style-type: none"> • <i>a professionally designed website</i> • <i>a series of adverts in local newspapers.</i> <p><i>Recommend to Tony and Rima which of these options you think would be most suitable. Give reasons for your recommendation. (9 marks)</i></p>
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Possible areas for discussion include:

Website:

- more expensive to start with
- will allow a wider area and type of customers
- allows example of work to be shown
- most people use the internet nowadays to identify suppliers.

Newspaper:

- cheaper
- can be accurately targeted
- repeated series of adverts.

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

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

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

Level	Descriptor	Marks	Assessment Objective
2	Offers judgement with clear justification. Ideas are communicated with structure and use of technical terms. There are occasional errors in accepted convention.	5–3	AO3
1	Offers judgement plus limited support. 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) State two ways in which laws help to protect workers. (2 marks)

Possible answers could include:

- minimum wage
- equal opportunities
- health and safety
- entitled to compensation
- employment protection.

1 mark for each correct response.

2 (b) State two benefits to GA Ltd of improving the motivation of its workers. (2 marks)
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Possible benefits could include:

- increases output
- increases quality of produce
- increases sales
- increases profit
- reduces costs
- lowers staff turnover.

Markers note – must be the benefits to GA Ltd not the benefits to the worker or methods of motivation.

2 (c)	<i>GA Ltd has received a number of applications for the Farm Manager's position.</i>	
	<i>Explain how GA Ltd could decide upon the best applicant.</i>	<i>(6 marks)</i>

Possible methods could include:

- interview
- qualifications
- experience
- practical tests.

Markers Note – For level 3, context needs to be for the Farm Manager of *GA Ltd* who needs to deal with issue(s) identified in item, ie motivation, sales and Health and Safety.

Level	Descriptor	Marks	Assessment Objective
3	Explains how method(s) would provide the best farm manager for <i>GA Ltd</i> .	6–5	AO2
2	Describes method(s) of selection.	4–3	AO2
1	Identifies method(s) of selection.	2–1	AO1
0	No valid response.	0	

Level 3 Example:

An interview would be suitable as you can find out if they can communicate well. This will mean they will be able to sort out the workers motivation and the sales problem because they can persuade the workers to work harder and the customers to stay with them.

2 (d) *None of the applicants have all the skills and experience GA Ltd would like.*

Advise GA Ltd whether it would be better to appoint the internal applicant or an external applicant? Give reasons for your advice. (9 marks)

Possible reasons could include:

Internal recruitment:

- might be suitable because they would know the farm/area/workers
- might not be suitable because of the change of status/limited experience/existing problems (accidents, motivation).

External recruitment:

- might be suitable because this would bring in new ideas
- new manager might be better at sales and take on the competition, sort out the problems.

Discussion should be in the context of the farm and its situation.

Level	Descriptor	Marks	Assessment Objective
3	Analyses options(s) in context of <i>GA Ltd</i> .	4–3	AO3
2	Describes options(s) in context of <i>GA Ltd</i> .	2	AO2
1	States relevant point(s).	1	AO1
0	No valid response.	0	

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

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.

Level	Descriptor	Marks	Assessment Objective
2	Offers judgement with clear justification. Ideas are communicated with some structure and use of technical terms. There are occasional errors in accepted convention.	5–3	AO3 and Quality of Written Communication
1	Offers judgement plus limited support. 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: 19 marks

3 (a) Explain what is meant by a 'social enterprise'. (2 marks)

A social enterprise is a business (1) like operation that uses some or all of the money made for social aims or purposes (1).

1 mark for identifying it's a business.
1 mark for its aims and purposes.

3 (b) Calculate the weekly profit or loss made by Meals for All if it receives 950 orders a week. Show your workings in the space provided. (4 marks)

£50 (profit) – 4 marks.

Up to 3 marks for correct or valid working:

Total revenue	$£3 \times 950 = £2850$ (1 mark)
Total costs of ingredients	$£2 \times 950 = £1900$ (1 mark)
Wages and others	$= £900$ (1 mark)
	$= £2800$ (1 mark)

Allow 1 mark for showing understanding of how profit is calculated, ie stating correct formula.

3 (c) Explain the possible effects on Meals for All of using cheaper ingredients. (4 marks)

Possible effects could include:

- poorer quality meals
- unhappy customers
- less sales
- increase profits
- decreases costs
- allows prices to be maintained or reduced.

Maximum of 3 marks for one effect.

L2 Example:

This means that *Meals for All* will make less profits (L1) as customers will not like the lower quality they will stop buying the meals (L2) which will also mean more wasted ingredients (L2).

Level	Descriptor	Marks	Assessment Objective
2	Explains effect(s) that cheaper ingredients could have on <i>Meals for All</i> .	4–3	AO2
1	Identifies possible effect(s).	2–1	AO1
0	No valid response.	0	

3 (d) *Recommend the best action for Meals for All to take to reduce costs and provide a quality service. Give reasons for your recommendation. (9 marks)*

Possible actions could include:

- cheaper ingredients
- reducing staff hours/costs, or other costs
- introducing day before ordering
- reducing choice could also be an option.

However, customers are used to having/prefer a wide choice/ordering on the morning. Cannot afford to have any reduction in sales as most costs are in staff so won't change. May be diet reasons for particular choices, etc. Balance between cost reduction and quality issues.

NB: Increase price is not answering the question so can only be rewarded if used as part of an evaluation point.

Level	Descriptor	Marks	Assessment Objective
3	Analyses option(s) in context.	4–3	AO3
2	Describes option(s) in context.	2	AO2
1	States relevant point(s).	1	AO1
0	No valid response.	0	

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

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.

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