



General Certificate of Secondary Education (Short Course)
June 2013

Business Studies

413013

(Specification 4131)

Business Start Up

Final

Mark Scheme

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1

Total for this question: 19 marks

1 (a) Explain what is meant by 'revenue'. (2 marks)

Selling price x quantity sold. (2 marks)

One mark for notion of quantity sold, one mark for value.

Value (1) of sales (1).

Simply stating 'turnover'. (1 mark)

1 (b) Describe **one** way in which Jen's staff could offer good customer service. (2 marks)

Possible answers include:

- reliability of both food and delivery aspects of the service offered
- product information – informative menus and possibly advice on what dishes go best with others from sales staff
- after sales service – through speed and punctuality of delivery, dealing promptly with problems (wrong items replaced).

Being friendly to customers (1) when they come to collect their orders (2).

Responses relating to a 'sit-down' restaurant should be accepted.

Do not accept:

- great food – the product is part of the marketing mix however, a service aspect, such as hotness of delivered food, could be accepted.

Level	Descriptor	Marks	Assessment Objective
2	Describes method in context of Jen's business.	2	AO2
1	States relevant method.	1	AO1
0	No valid response.	0	

1 (c) Explain **two** possible factors that might have influenced where Jen chose to locate her business. (6 marks)

Possible answers include:

- ease of transport – deliveries to customers will need to be done quickly from her premises – central location may help
- labour – will need to ensure that the quality of staff she needs can get to work in her chosen location (and get home late at night) – transport links may be better in the High Street
- competition – being away from competitors may increase the amount of passing trade she receives – may be better out of town, but will there be passing trade out of town?
- proximity to market – deliveries to customers will need to be done quickly from her premises – High Street may be better
- costs – spending so much on other aspects of the business may necessitate a cheaper location – provided by an out of town option
- local knowledge – as Jen was born and raised in the town, she may have chosen this town as she understands the needs of the local market.

Good transport links **(1)**. Jen would want a location which is easily accessed by road or bus **(2)**. This would mean that she can make deliveries to customers before the food gets cold **(3)**.

Apply the following grid twice.

Level	Descriptor	Marks	Assessment Objective
3	Explains how factor could affect Jen's decision.	3	AO2
2	Explains relevant factor.	2	
1	Identifies relevant factor.	1	AO1
0	No valid response.	0	

1 (d) *Recommend to Jen the best way to spend the £1500 for marketing the start-up of the new business. Justify your recommendation. (9 marks)*

Jen could afford:

- 5000 menus – most common (and therefore proven effective) form of promotion for takeaway restaurants – would ensure coverage of a 5 mile radius – that’s broad and a potential market of 5000 households
- simple website – would still leave £1000 to spend on menus or adverts
- online ordering – would leave her with a huge problem of building awareness – with no money left to spend on that
- local paper adverts – could afford to run the half page advert 3 times (with £300 left over) – covering a time scale of 3 weeks. A one-off advert would prove less effective.

Other valid promotional methods should be rewarded.

Level	Descriptor	Marks	Assessment Objective
3	Analyses point(s) in context.	4–3	AO3
2	Explains relevant point(s) in context.	2	AO2
1	Makes a 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 their ideas.

Judgement is being made on the best way to spend the budget for her new business.

Level	Descriptor	Marks	Assessment Objective
2	Offers judgement plus clear justification. Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	5–3	AO3 and Quality of Written Communication
1	Offers judgement plus limited justification. Ideas are communicated with some structure evident with occasional use of technical terms. There are noticeable errors in accepted conventions of written communication.	2–1	

2

Total for this question: 21 marks

2 (a) Explain **one** way in which customers of DWG are protected by the law.
(2 marks)

Possible answers could include:

- products fit for purpose – mustn't break too easily
- products fit for purpose – must match the customers' requirements as they are made to order
- advertising of their products must be legal
- customers onsite should be protected by public liability insurance or health and safety legislation.

The product must not be dangerous **(1)** for example it must not shatter too easily **(2)**.

Level	Descriptor	Marks	Assessment Objective
2	Explains how consumer protection law affects <i>DWG Ltd.</i>	2	AO2
1	States relevant effect / law.	1	AO1
0	No valid response.	0	

2 (b) Explain **one** benefit and **one** drawback of DWG becoming a private limited company. (4 marks)

Benefits:

- limited liability – if the firm is struggling, protection may be especially useful, given shaky current financial position
- can sell shares to raise money – may be the key to raising extra cash
- attracting new investors – may bring in expertise to help the firm through these hard times with advice.

Drawbacks:

- legal costs – money is already tight, can they afford the extra legal costs of converting?
- publish accounts – may have concerns over customers finding out about precarious financial situation
- dividends – may be expected to pay out dividends to shareholders – even when cash is tight
- possible loss of control – having been sole owner for 15 years.

The owner has limited liability for business debts **(1)** which will be a benefit as the business is struggling **(2)**.

Level	Descriptor	Marks	Assessment Objective
2	Explains benefit/drawback in context of <i>DWG Ltd.</i>	2	AO2
1	States relevant benefit/drawback.	1	AO1
0	No valid response.	0	

Apply twice.

2 (c) Explain **two** possible ways in which DWG could improve its cash flow.
(6 marks)

Possible answers could include:

- try to match materials outflows to cash inflows – customers to pay for materials up front, or get credit from materials suppliers
- try to flatten cash inflows – perhaps getting customers to pay in instalments could help, find other sources of inflows (ie factory tours, glass-blowing workshops)
- re-scheduling payments – require customers to pay a deposit
- speeding up inflows – chase customers to pay faster
- bank loan – in the hope of getting through to a better trading period.

Note – answers relating to general improvements in the businesses performance (ie boost sales, improve efficiency) should be credited, but L2 and L3 marks are reliant on the explanation making it clear how cash flow would be improved.

Level	Descriptor	Marks	Assessment Objective
3	Explains method(s) DWG could use to improve cash flow.	6–5	AO2
2	Explains method(s) of improving cash flow.	4–3	
1	Identifies method(s) of improving cash flow.	2–1	AO1
0	No valid response.	0	

Maximum of 4 marks if only one way is considered.

2 (d)	<p><i>Dan believes that the success of the business depends on improving the performance of his staff. He is considering two ways of doing this:</i></p> <ul style="list-style-type: none"> • <i>paying the staff a bonus for each job finished on time</i> <i>or</i> • <i>making each worker responsible for an individual customer's order.</i> <p><i>Recommend the best way for Dan to improve the performance of his staff. Justify your answer.</i></p> <p style="text-align: right;"><i>(9 marks)</i></p>
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Bonus:

- any monetary method may be impractical given the businesses financial difficulties
- linking the bonus to prompt completion of jobs should overcome the late delivery problem which may bring cash inflows in quicker
- rushing production may raise quality problems.

Greater responsibility:

- this method has the benefit of being 'free' – when cash is tight
- easier to identify individuals responsible for missing delivery deadlines
- could reduce quality problems
- greater responsibility has plenty of theoretical backing and may suit highly skilled staff.

Other valid methods of improving staff performance should be credited.

Level	Descriptor	Marks	Assessment Objective
3	Analyses point(s).	4–3	AO3
2	Explains relevant point(s) in context.	2	AO2
1	Makes a 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 their ideas.

Judgement is based on how it will improve the performance of staff – explicitly slow production and quality problems.

Level	Descriptor	Marks	Assessment Objective
2	Offers judgement plus clear justification. Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	5–3	AO3 and Quality of Written Communication
1	Offers judgement plus limited justification. Ideas are communicated with some structure evident with occasional use of technical terms. There are noticeable errors in accepted conventions of written communication.	2–1	