General Certificate of Secondary Education

Business Subjects and Economics 4130

Unit 1   Setting up a Business

Specimen Mark Scheme

The specimen assessment materials are provided to give centres a reasonable idea of the general shape and character of the planned question papers and mark schemes in advance of the first operational exams.

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

Set and published by the Assessment and Qualifications Alliance.

1   **Total for this question: 15 marks**

1 (a)   What is meant by a 'business plan'? *(2 marks)*

An outline of how a proposed business would operate. Often used to raise finance and/or determine the viability of the proposal. It gives info rmation about marketing, staffing, a cash flow forecast, etc.

1 mark for stating a point plus 1 mark for development.

1 (b)   Explain **two** ways in which banks can help a new business such as Josef's. *(4 marks)*

Possible ways banks could help include:

* giving advice on finance/keeping records/taxes etc;
* appointing a small business advisor, as Josef is a young, inexperienced small business owner;
* put in contact with suppliers/potential customers, such as small businesses that need IT repairs;
* loan him the £10 000.

Level	Descriptor	Marks	Assessment Objective
2	Candidate explains way(s) in which banks could help Josef/new businesses.	3–4	AO2
1	Candidate identifies way(s) in which banks can help new businesses.	1–2	AO1
0	No valid response.	0	

1 (c) Would completing a business plan make sure that Josef's business was successful? Give reasons for your answer. *(9 marks)*

Possible areas for discussion include:

For success:

- viability of business has been considered carefully;
- more likely to get financial support;
- can help planning, eg when overdraft is needed – avoiding foreseeable problems.

Against success:

- business plan may not be accurate;
- business plan may not be accepted by financial providers;
- he might not run the business very well.

Level	Descriptor	Marks	Assessment Objective
2	Candidate provides explanation of point(s).	2	AO2
1	Candidates 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
3	Candidate offers judgement with justification. Ideas are communicated with a clear structure and use of technical terms.	6–7	AO3 and Quality of Written Communication
2	Candidate offers judgement with some justification. Ideas are communicated with some structure and use of technical terms. There are occasional errors in accepted convention.	3–5	
1	Candidate offers unsupported judgement. Ideas are communicated in a simplistic way with limited use of technical terms. Errors in accepted conventions are noticeable.	1–2	

2   **Total for this question: 21 marks**

2 (a) (i)	What is meant by a 'franchise'?	*(2 marks)*

Allowing other businesses to sell your products/services in return for a royalty fee.

One mark for stating a point plus one mark for development.

2 (a) (ii)	Explain **two** reasons why someone might choose to buy a franchise from *'The Greenhouse'*.	*(5 marks)*

Possible reasons include:

- it is a successful business;
- less risk involved, franchiser has a proven product, eg high quality food and high standards of service;
- franchisee might receive training from franchiser;
- support given by franchiser – help with employees etc;
- wider marketing (eg advertising) possible than a small business could afford.

NB reasons need to be related to the franchisee, not the franchiser.

Level	Descriptor	Marks	Assessment Objective
2	Candidate provides explanation of reason(s).	3–5	AO2
1	Candidate states relevant reason(s).	1–2	AO1
0	No valid response.	0	

2 (b)	Explain **two** suitable methods by which Phil and Sandra could select the waiters/ waitresses that they need to recruit.	*(5 marks)*

Methods include:

- CVs; experience of being a waiter/waitress;
- application forms; relevant qualifications;
- interviews; assessing suitability of experience, enthusiasm for the job;
- reference from previous employment; satisfaction of work in similar/same type of work;
- aptitude tests, eg demonstrating silver service, table laying etc.

Level	Descriptor	Marks	Assessment Objective
2	Candidate provides explanation of point(s).	3–5	AO2
1	Candidate states relevant point(s).	1–2	AO1
0	No valid response.	0	

2 (c) Phil and Sandra are thinking of offering higher wages than those paid in other restaurants.

Do you think that this is the best way to motivate their staff? Give reasons for your answer. *(9 marks)*

Possible arguments:

For offering higher wages:

- money is the primary motivation for many people, especially those employed in the low-wage catering industry;
- people view wages as an indication of their worth, so are motivated more by money;
- if wages are lower than elsewhere, there will probably be a recruitment/retention problem.

Against offering higher wages:

- many theorists suggest that things, other than money, motivate (candidates may choose to introduce some of these theories);
- higher wages increase costs, other methods can be a lot cheaper;
- increasing wages may have just a short term effect.

Level	Descriptor	Marks	Assessment Objective
2	Candidate provides explanation of point(s).	2	AO2
1	Candidate 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 order and communicates his/her ideas.

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3 **Total for this question: 24 marks**

3 (a) Using **Item C,** calculate how much profit Connie makes each month. Show all of your workings out clearly. *(5 marks)*

Revenue: 80 x £25 = £2000
Costs: 80 x £8 = £640 + £40 = £680
Profit: £2000 - £680 = £1320

5 marks for correct answer (even with no working shown)
1 mark for showing £2000
1 mark for showing £680
1 mark for £1320 (OFR)

Level	Descriptor	Marks	Assessment Objective
4	Candidate calculates answer correctly.	5	AO2
3	Candidate makes good attempt at relevant calculation.	4	
2	Candidate makes attempt at relevant calculation demonstrating some understanding of concept.	2–3	
1	Candidate shows understanding of profit, eg by writing down relevant formula.	1	AO1
0	No valid response.	0	

3 (b) Explain why batch production might be a better way for Connie to make the cakes. *(5 marks)*

Possible reasons include:

- more efficient – save time and reduce costs, eg cooking fuel etc;
- more uniform cakes;
- avoids wasting time waiting for an individual cake to bake.

Level	Descriptor	Marks	Assessment Objective
2	Candidate explains benefit in context.	3–5	AO2
1	Candidate identifies benefit of batch production.	1–2	AO1
0	No valid response.	0	

3 (c)   Explain **two** reasons why Connie might undertake market research.   *(5 marks)*

Possible reasons include:

- to identify the price consumers would be willing to pay for cakes;
- to identify where consumers currently purchase their cakes from;
- to identify what local supermarket(s) are offering;
- to identify what event(s) consumers would like to purchase cakes for;
- to identify what style(s) of cakes consumers would like to purchase.

Level	Descriptor	Marks	Assessment Objective
2	Candidate explains possible reason(s) in context.	3–5	AO2
1	Candidate identifies possible reason(s).	1–2	AO1
0	No valid response.	0	

3 (d)   Discuss how Connie might respond to competition from the local supermarket. Give reasons for your answer.   *(9 marks)*

Possible responses include:

- reduce prices;
- reduce costs, eg purchase cheaper raw materials, batch production;
- promotion, eg additional advertising;
- diversify into different products.

Level	Descriptor	Marks	Assessment Objective
2	Candidate provides explanation of point(s).	2	AO2
1	Candidate states relevant point(s).	1	AO1
0	No valid response.	0	

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

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Assessment Grid

Question	AO1	AO2	AO3	Total
1 (a)	2			2
1 (b)	2	2		4
1 (c)	1	1	7	9
2 (a) (i)	2			2
2 (a) (ii)	2	3		5
2 (b)	2	3		5
2 (c)	1	1	7	9
3 (a)	1	4		5
3 (b)	2	3		5
3 (c)	2	3		5
3 (d)	1	1	7	9
Totals	**18**	**21**	**21**	**60**
Weight (%)	30	35	35	100