



**General Certificate of Secondary Education
June 2010**

Business Studies

413001

Setting up a Business

Unit 1

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 © 2010 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 and explain **one** reason why Emily might want to start up her own business. *(2 marks)*

Reasons could be:

Internal - wants to make money; wants to run her own business.

or

External - seen a gap in the market.

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

Example:

She has seen a gap in the market (1) which means she could make a profit (1).

A01 – 1 mark.

A02 – 1 mark.

1 (b) Emily and Isabella are planning to set up their business as a partnership. Explain **two** benefits to them of setting up the business as a partnership. *(4 marks)*

Benefits of partnership could be:

- more ideas
- more money
- more/different skills
- share responsibility/workload/decisions
- cheap to set up (vs. a company).

One mark for benefit and one mark for explanation of either the benefit or how they would benefit.

Example:

They could specialize in different jobs (1) Emily could do the finance, Isabella the marketing.

A01 – 2 marks.

A02 – 2 marks.

1 (c) Emily and Isabella are considering carrying out some market research before they start up the business.

State and explain **two** methods of market research that they could use to help them see whether their business is likely to succeed. *(6 marks)*

Methods could be primary or secondary (terms not required):

Primary:

- potential customer questionnaires
- potential customer interviews
- informal discussions
- observations, eg Emily's own move.

Secondary:

- house move data
- population, eg socioeconomic, data
- competitor information.

One mark for identifying the method, one mark for describing the method and one mark for describing how it could be used to help them see if their business is likely to succeed.

Example:

They could look at competitors' websites (1) to find out their prices (1) so they could charge the same or less (1).

A01 – 2 marks.

A02 – 4 marks.

1 (d) Emily and Isabella need to buy a suitable van for the business which is likely to cost about £10 000. They could either:

- borrow £10 000 from one of Isabella’s relatives or
- see whether the local bank will give them a loan over five years.

Emily is not sure that involving Isabella’s family would be a good idea.

Advise Emily and Isabella on which would be the better source of finance for them.
Give reasons for your advice. (9 marks)

Possible areas for discussion include:

Family:

- available, possibly quickly
- may be interest free
- unclear for how long
- may cause family disputes.

Bank loan:

- may not be available
- will cost interest
- loan period defined
- available (possibly quickly) with business advice.

Level	Descriptor	Marks	Assessment Objective
3	Candidate offers advice with good justification. Ideas are communicated with a clear structure and use of technical terms.	7–6	AO3 and Quality of Written Communication
2	Candidate offers advice with some valid justification. Ideas are communicated with some structure and use of technical terms. There are occasional errors in accepted convention.	5–3	
1	Candidate offers advice with limited support. Ideas are communicated in a simplistic way with limited use of technical terms. Errors in accepted conventions are noticeable.	2–1	

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
2	Candidate provides explanation of point(s) in context.	2	AO2
1	Candidate states relevant point(s).	1	AO1
0	No valid response.	0	

2

Total for this question: 20 marks

2 (a) List **three** different ways in which *Expresso Printing Ltd* could advertise for the two new employees. *(3 marks)*

These could include:

- job centre
- local newspaper (allow newspaper)
- local radio
- small ads/cards in shops
- community/local websites
- noticeboard at current location.

Do not allow general or unsuitable options, eg national newspapers, TV, radio.

One mark for each correct response.

A01 – 3 marks.

2 (b) The following advertisement has been used to attract people to apply for the two new jobs.
 Explain **two** features of the advertisement that make it unsuitable. *(4 marks)*

Weaknesses could include:

- no real detail about the job (allow one or two examples)
- no location details
- who to call
- age discrimination
- pressurised
- qualifications not listed.

Level	Descriptor	Marks	Assessment Objective
2	Candidate explains way(s) that the advert is unsuitable.	4–3	AO2
1	Candidate identifies characteristics missing from the advert.	2–1	AO1
0	No valid response.	0	

Example:

The advert tells you the job has brilliant wages but does not tell you what they are (L1).
 People are not going to apply for a job unless they know the wage is high enough (L2).

2 (c) Explain **two** ways that *Espresso Printing Ltd* could motivate its two new employees.
(4 marks)

Methods of motivation could include:

- training
- greater responsibility
- financial rewards.

Level	Descriptor	Marks	Assessment Objective
2	Candidate explains how motivation method would be used to motivate new employees.	4–3	AO2
1	Candidate identifies motivation method.	2–1	AO1
0	No valid response.	0	

Example:

Employees are motivated by many factors; pay, fringe benefits and working conditions (L1). For new employees they should be given induction training as this will help them know what they are doing and feel good about their new job (L2).

Allow three marks for one way that is very well explained.

2 (d) *Expresso Printing Ltd* is aware that, to remain competitive, it needs to introduce more technology into its production process by buying a new computerised colour printer. The new printer would produce high quality colour posters and leaflets more cheaply which would allow *Expresso Printing Ltd* to reduce its prices.

The new printer would cost a very large sum of money and would double the amount of the loan that *Expresso Printing Ltd* has with the bank. It would, however, be cheaper to run than the company's present printer.

Using **Item B** and the text above, advise *Expresso Printing Ltd* whether it should purchase the machine. Give reasons for your advice. (9 marks)

Possible areas for discussion include:

Reasons for new technology/new machine:

- improve quality
- reduced running costs
- allow *Expresso Printing Ltd* to be more competitive.

Reasons against new technology:

- initial cost
- workers may lose jobs
- may break down
- will become out-of-date.

Level	Descriptor	Marks	Assessment Objective
3	Candidate offers advice with good justification. Ideas are communicated with a clear structure and use of technical terms.	7–6	AO3 and Quality of Written Communication
2	Candidate advice with some valid justification. Ideas are communicated with some structure and use of technical terms. There are occasional errors in accepted convention.	5–3	
1	Candidate offers advice with limited support. Ideas are communicated in a simplistic way with limited use of technical terms. Errors in accepted conventions are noticeable.	2–1	

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
2	Candidate provides explanation of point(s) in context.	2	AO2
1	Candidate states relevant point(s).	1	AO1
0	No valid response.	0	

3

Total for this question: 19 marks

3 (a) Explain **one** possible reason why the profits of *Good for Us* might have decreased. (2 marks)

Any possible reason, ie sales/revenue has fallen, costs have increased, external factors (recession, competition).

One mark for stating reason, one mark for development. Allow examples.

Example:

It is selling less produce (1) because the supermarket has taken its customers (1).

A02 – 2 marks.

3 (b) Explain **two** possible effects on *Good for Us* of lowering its prices. (4 marks)

Effects of lowering prices could be:

- sell more products
- become more competitive
- receive less money per product
- increased revenue and/or profits.

One mark for effect and one mark for explanation of effect on *Good for Us*. Apply twice.

Example:

They will sell more products (1) which may increase revenue (1). However, their costs are also going up (1) because they are buying more stock (1).

Allow three marks for one way that is very well explained.

3 (c) *Good for Us* prides itself in providing good customer service.
 Explain **two** ways *Good for Us* could provide good customer service. (4 marks)

Possible examples could be:

- making sure products are good quality
- clear product information/labelling
- good after-sales/follow up service
- friendly and polite.

Level	Descriptor	Marks	Assessment Objective
2	Candidate explains way(s) which <i>Good for Us Ltd</i> could use to provide good customer service.	4–3	AO2
1	Candidate explains customer service.	2–1	AO1
0	No valid response.	0	

Example:

Customers expect good service when they buy products (L1). This means *Good for Us* should pack customers' bags and offer home delivery service (L2).

3 (d) In order to help increase its profits, *Good for Us* has decided to increase its advertising. It has found out the following information:

- providing leaflets for distribution would cost £500 for 5000 leaflets
- advertising in the local weekly newspaper would cost £1000 (20 000 copies of the newspaper are sold each week).

Recommend which method *Good for Us* should use in order to increase its profits. Give reasons for your recommendation. (9 marks)

Leafletting is more expensive per head (10p per leaflet) but could be accurately targeted. More likely to be kept but needs to be designed and delivered. Need time to deliver/may be seen as junk mail.

Advertising is cheaper per head (5p per reader) but is indiscriminate. Not everyone will get/read the paper and less likely to be kept. Will also need to design the advert. Lets competition know what it is doing.

Level	Descriptor	Marks	Assessment Objective
3	Candidate offers recommendation with good justification. Ideas are communicated with a clear structure and use of technical terms.	7–6	AO3 and Quality of Written Communication
2	Candidate offers recommendation with some valid justification. Ideas are communicated with some structure and use of technical terms. There are occasional errors in accepted convention.	5–3	
1	Candidate offers judgement with limited support. Ideas are communicated in a simplistic way with limited use of technical terms. Errors in accepted conventions are noticeable.	2–1	

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
2	Candidate provides explanation of point(s) in context.	2	AO2
1	Candidate states relevant point(s).	1	AO1
0	No valid response.	0	