



Rewarding Learning

General Certificate of Secondary Education
2017

Business Studies

Unit 2

Business Development

[GBS21]

FRIDAY 9 JUNE, AFTERNOON

**MARK
SCHEME**

General Marking Instructions

Introduction

Mark schemes are published to assist teachers and students in their preparation for examinations. Through the mark schemes teachers and students will be able to see what examiners are looking for in response to questions and exactly where the marks have been awarded. The publishing of the mark schemes may help to show that examiners are not concerned about finding out what a student does not know but rather with rewarding students for what they do know.

The Purpose of Mark Schemes

Examination papers are set and revised by teams of examiners and revisers appointed by the Council. The teams of examiners and revisers include experienced teachers who are familiar with the level and standards expected of students in schools and colleges.

The job of the examiners is to set the questions and the mark schemes; and the job of the revisers is to review the questions and mark schemes commenting on a large range of issues about which they must be satisfied before the question papers and mark schemes are finalised.

The questions and the mark schemes are developed in association with each other so that the issues of differentiation and positive achievement can be addressed right from the start. Mark schemes, therefore, are regarded as part of an integral process which begins with the setting of questions and ends with the marking of the examination.

The main purpose of the mark scheme is to provide a uniform basis for the marking process so that all the markers are following exactly the same instructions and making the same judgements in so far as this is possible. Before marking begins a standardising meeting is held where all the markers are briefed using the mark scheme and samples of the students' work in the form of scripts. Consideration is also given at this stage to any comments on the operational papers received from teachers and their organisations. During this meeting, and up to and including the end of the marking, there is provision for amendments to be made to the mark scheme. What is published represents this final form of the mark scheme.

It is important to recognise that in some cases there may well be other correct responses which are equally acceptable to those published: the mark scheme can only cover those responses which emerged in the examination. There may also be instances where certain judgements may have to be left to the experience of the examiner, for example, where there is no absolute correct response – all teachers will be familiar with making such judgements.

GCSE BUSINESS STUDIES – 2017

UNIT 2 MARK SCHEME

AVAILABLE
MARKS

- 1 (a) One point of explanation of Curriculum Vitae from the following:
A Curriculum Vitae is a list of all the applicant's: education
qualifications
achievements
experience
skills
qualities. [2]
- (b) One reason for the company to use Curriculum Vitae from the following:
 - Shows details of applicant's education, qualifications, achievements and experience, skills and qualities
 - Shows the level of the applicant's written communication skills
 - Shows the applicant's presentation of work and level of preparation
 - Allows the employer to compare candidates
 - Helps with short-listing
 -
[2]
- (c) Two advantages for the company of conducting interviews from the following:
 - Shows the level of applicant's oral communication skills
 - Shows the personality and appearance of the applicant
 - Shows the applicant's attitude/degree of confidence
 - Shows whether they would fit into the company
 - Allows company to check information on Curriculum Vitae
 - Allows two-way communication between interviewee and employer/ face-to-face meeting
 - Shows how they cope under pressure
([2] × [2]) [4]
- (d) Two benefits for the company of staff training from the following:
 - New employees will be properly inducted into the company
 - Employees will be able to cope with technological advancements
 - Employees will have increased motivation which aids efficiency/less absenteeism, less labour turnover
 - Multi-skilled employees can undertake different roles in the company
 - Possibility of accidents in the workplace is reduced
 - Well-trained, efficient employees should lead to increased profitability
 - Staff efficiency would keep the company ahead of the competition
 - Need for supervision of employees is reduced
 - Introduces new skills to the business
 - Improves quality
 - Enhances the image of the business
([2] × [2]) [4]
- (e) Two drawbacks for the company of staff training from the following:
 - Training programmes are expensive for the company
 - Employees need time off work to undertake training
 - Fully trained employees may leave for employment with competitors
 - Highly trained employees may expect higher pay
 - Training may not be applicable to Readers
([2] × [2]) [4]

- | | | AVAILABLE MARKS |
|--|--|-----------------|
| <p>(f) Description of Bonus:
Is an extra financial reward which is paid to employees who work productively during the year and help the company reach its targets. It is paid as a lump sum, usually at Christmas or at the summer break. [2]
One advantage for company of bonus payments from the following:</p> <ul style="list-style-type: none"> • Encourages employees to work harder which increases sales • Provides motivation for employees – which improves productivity. [2] <p>[2] + [2] [4]</p> | | |
| <p>(g) Description of Quality Circles:
Is a non-financial method of motivation.
Is a system of motivation where employees are organised into teams (or circles) and meet regularly to examine the quality of what they are doing, and find ways to improve their work. [2]</p> <p>One advantage for company of quality circles from the following:</p> <ul style="list-style-type: none"> • Encourages employees to discuss and improve their work • Provides motivation for employees • Enables employees to get an overview of the entire work of the company • Enables employees to become involved in decision making [2] • Is a good team building activity <p>([2] + [2]) [4]</p> | | |
| <p>(h) Three reasons why the company has an appraisal system from the following:</p> <ul style="list-style-type: none"> • Provides feedback to employees on performance • Identifies strengths and weaknesses of employees • Identifies opportunities for training and development of employees • Identifies employees for promotion • May be used to determine employees' salaries • Sets targets for employees • Acts as a motivator for employees • Should improve efficiency leading to increased profits • Provides opportunity for employer and employee to discuss issues/ face-to-face meetings • Identifies skills shortages in the business <p>Level 1 ([1]–[2])
Candidate demonstrates little knowledge and understanding of appraisal. Either a full explanation of one reason is given, or two reasons are identified without explanation. Candidate displays limited accuracy in the use of spelling, punctuation and grammar.</p> <p>Level 2 ([3]–[4])
Candidate demonstrates adequate knowledge and understanding of appraisal. A full explanation of two reasons is given. Candidate displays satisfactory accuracy in the use of spelling, punctuation and grammar.</p> <p>Level 3 ([5]–[6])
Candidate demonstrates excellent knowledge and understanding of appraisal. A full explanation is given of three reasons. Candidate displays good accuracy in the use of spelling, punctuation and grammar.
([3] × [2]) [6]</p> | | 30 |

2 (a) Three factors which limit growth from the following:

- Lack of finance
- Lack of entrepreneurial skills or experience
- Lack of knowledge about books
- Strong competition
- Poor communication with all aspects of the market
- Changes in reading habits
- Lack of demand due to factors such as recession
- Lack of promotion
- Legal constraints
- Bad publicity

Level 1 ([1]–[2])

Candidate demonstrates little knowledge and understanding of the limitations of growth. Either one or two limitations are correctly identified, or one is correctly identified with some discussion. Candidate displays limited accuracy in the use of spelling, punctuation and grammar.

Level 2 ([3]–[4])

Candidate demonstrates adequate knowledge and understanding of the limitations of growth. Two limitations are correctly identified, with discussion of one or both. Candidate displays satisfactory accuracy in the use of spelling, punctuation and grammar.

Level 3 ([5]–[6])

Candidate demonstrates excellent knowledge and understanding of the limitations of growth. Three limitations are correctly identified, with excellent discussion. Candidate displays good accuracy in the use of spelling, punctuation and grammar.

([3] × [2])

[6]

(b) Definition of Takeover:

A takeover is the buying of the control of one business by another business. To do this the business has to buy a large number of shares in the other business or buy it outright. Takeovers may be hostile or agreed. Method of external growth. [2]

Two advantages of a Takeover for Readers Limited from the following:

- Readers Limited would have control of the book market in Enniskillen/ reduces competition
- The company would have larger sales/increases market share
- This would result in higher profits
- The company would benefit from economies of scale
- The bookshop would have increased publicity/develops the brand image [4]

([2] + [4])

[6]

AVAILABLE
MARKS

- (c) Identification of other form of external growth:
Merger/integration/franchise [1]

Explanation of Merger

A merger is an agreed joining of two businesses in order to form one larger business.

When a merger takes place, it is usual for all the assets to be brought into the new business.

Franchise is a system in which a business idea is hired out to other businesses [1]

Two disadvantages of a merger from the following:

- The company would lose control of its operation
- The company may be required to change its name
- The company may be moved to a different location
- There is a possibility of staff redundancies
- There may be disagreements in management
- Possibility of lack of staff motivation because staff do not know each other
- Increased difficulties of co-ordination and communication of the business
- Legal constraints [4]

Franchise

- Lose control
- Need to provide training and support
- May damage the corporate image
- Time needed to provide on-going training and support

([4] + [1] + [1])

[6]

- (d) One to two points of explanation of the Competition and Markets Authority from the following:

- It seeks to maintain some competition in business
- Aims to make the market work in favour of consumers
- Investigates mergers and monopolies in order to ensure competition in the market
- Prevents large businesses abusing their market powers

([2] × 2) or ([1] × [4])

[4]

- (e) Two benefits of international trade from the following:

- Would lead to increased market
- Higher level of sales leading to increased profits
- Leads to increased profits
- Gives opportunities for economies of scale
- Enhances the reputation of the bookshop
- Gives opportunities for diversification
- May source goods more cheaply abroad
- Spreads risks

([2] × 2)

[4]

30

AVAILABLE
MARKS

(f) Two drawbacks of international trade from the following:

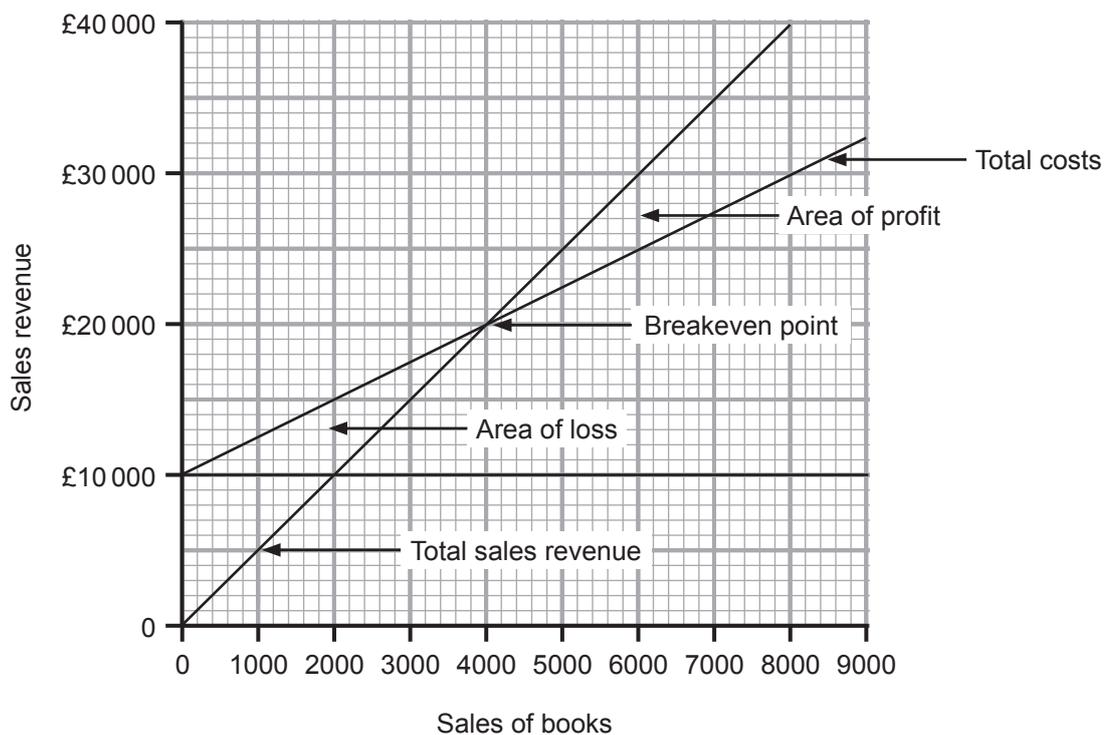
- Increased competition in a wider market
- Additional capital would probably be required
- Increased costs, e.g. for additional staff
- Difficulties of distribution
- More detailed documentation is required
- Need to have understanding of foreign languages
- Have to deal with different currencies
- Must understand and meet the needs of different cultures
- Taxes and tariffs have to be met
- Price may need to change to accommodate economy of foreign country

([2] × 2)

[4]

AVAILABLE
MARKS

3 (a)



(a) Labels for:

Breakeven Point [1]

Total Costs [1]

Total Sales Revenue [1]

Area of Profit [1]

Area of Loss [1]

[5]

(b) Number of books sold at Breakeven Point: 4000 [1]

Sales revenue at Breakeven Point: £20 000 [1]

Fixed costs: £10 000 [1]

The number of books making a total sales revenue of £30 000: 6000 [1]

The total costs of selling 7000 books: £27 500 [1] or £27 000 or £27 250 [5]

(c) Two reasons for importance of Breakeven Point from the following:

- It shows the amount of sales required to make a profit
- It shows the price which needs to be charged for books
- It shows the level of costs which the business can bear
- It sets a target for the business to aim for
- Shows the point of survival

([2] × 2)

[4]

AVAILABLE
MARKS

(d) Explanation of Margin of Safety:

Margin of Safety is the amount which a business sells in excess of its breakeven point [2]

Two reasons why it is important:

Having a margin of safety means that a good level of sales is being achieved. It ensures that the business is profitable and is operating above the breakeven point [4]

Level 1 ([1]–[2])

Candidate demonstrates little knowledge and understanding of margin of safety, giving a poor definition, and attempts to examine only one reason for its importance. Candidate displays limited accuracy in the use of spelling, punctuation and grammar.

Level 2 ([3]–[4])

Candidate demonstrates adequate knowledge and understanding of margin of safety, giving a good definition, and examines one to two reasons for its importance. Candidate displays satisfactory accuracy in the use of spelling, punctuation and grammar.

Level 3 ([5]–[6])

Candidate demonstrates excellent knowledge and understanding of margin of safety, giving a good definition, and fully examines two reasons for its importance. Candidate displays good accuracy in the use of spelling, punctuation and grammar.

([2] + [4])

[6]

(e)

COST	TYPE OF COST
Postage	Variable
Rent	Fixed
Purchases	Variable
Salaries	Fixed

([1] × 4)

[4]

(f) Calculation of Net Profit Percentage:

$$\text{Working Capital Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

$$\text{Working Capital Ratio} = \frac{100\,000}{60\,000} \quad [1]$$

$$\text{Working Capital Ratio} = 1.7:1 \quad [1]$$

(second mark is deducted if not expressed as a ratio)

([1] × 2)

[2]

AVAILABLE
MARKS

- (g) Two facts about Working Capital Ratio from the following:
- Working Capital Ratio shows the relationship between current assets and current liabilities
 - It measures the shop's ability to pay its current debts
 - A Working Capital Ratio between 1.5:1 and 2:1 is recommended
 - This result means that the shop's working capital ratio is 1.7:1 which is just acceptable
 - Readers Limited should try to improve the ratio/reduce expenses/increase sales

([2] × 2)

[4]

Total

**AVAILABLE
MARKS**

30

90