



General Certificate of Secondary Education
2010

Business Studies B
Written Paper
[G3701]
Monday 7 June 2010

FOUNDATION PAPER

**FINAL
MARK
SCHEME**

Question 1		Marks
1a	D	1
1b	B	1
1c	A	1
1d	C	1
1e	C	1
1f	B	1
1g	Does not have to share profit (1) Has total control over business decisions (1)	2
1h(i)	If they have an overdraft this will become less expensive (1) and this will reduce the company's costs (1) Award 1 mark for any mention of this cutting the company's costs (1) For the 2 nd mark they must explain why; eg How much they pay back on a loan or overdraft will fall (1) If they have an overdraft this will become cheaper (1) and this will reduce the company's costs (1) If the business borrows money it won't have to pay as much back (1) therefore its costs fall (1). NB If a candidate suggests it may be cheaper to buy an M&M franchise as loans are now cheaper as interest rates have fallen then can award 2 marks.	2
1h(ii)	Award 1 mark for simple statement – sales will increase (even if the explanation that follows is incorrect). For the 2 nd mark they must explain why sales increase; eg Consumers may have more money to spend (1) and therefore sales may rise (1).	2
1i	Any 2 of Place, Price, Packaging (1 mark each) Not rewarding Promotion or Product – are in question stem.	1+1
1j	Gross Profit = £75,000 (£ sign not needed) – 1 mark. Net Profit = £55,000 or (£255,000 own figure rule) – 1 mark.	2
1k	Any two of (1 mark each): <ul style="list-style-type: none"> • Staff discounts • Subsidised Canteen (accept canteen on its own) • Free car parking at work 	1+1

Question 1		Marks
1i	NOT rewarding: protest, discussion, boycott, petitions, strike (in the stem), picketing, refusal to work, take company to court, sue, ACAS. Any one of the following for 1 mark : <ul style="list-style-type: none">• Work-to-rule• Go-slow• Overtime ban• Sit-in	1+1

Question 2		Marks
2a	Correct order is: 1 mark for each correct letter (4 marks max) E, B, A, D	4
2b	Person spec: 1 mark each Job description: 1 mark each B A D C	4
2c	Candidates may discuss just one option or both. Candidates can be awarded 2 x 1 marks for explaining the terms 'off the job' and 'on the job'. On the job training takes place inside the business (1). Off the job takes place outside the business usually at a training centre / college/ etc (1). Up to 4 can be awarded for looking at advantages / disadvantages of both - looking for 4 x 1 points; eg: On the job - the following are rewardable points : its better as its cheaper (1) as no travel or course fees need to be paid (1). The worker gets to train in the place where he/she will work (1). They get to meet the staff they will work with (1). They get to use the equipment they will use each day in their job (1). They also get to deal with customers (1). It allows the manager to see how well they actually perform when training for the job (1) eg: Off the job - the following are rewardable points - its better as you don't want trainees producing pizzas as customers may be unhappy with the product/service they receive (1). Avoids the problem of the trainee picking up bad habits that he/she may be taught in on-the-job training (1). Also means that your staff can get on with their jobs rather than stopping to train somebody (1). Trainees are under less pressure and may learn more fully than if its done on-the-job (1). Candidates can also be credited if they suggest it depends on the type of job eg working in the kitchen is more suited to on-the-job but somebody appointed as a manager might benefit more from off-the-job training.	4

Question 2		Marks
2d	Any two of (1 mark each) Dismissal occurs when a worker has done something wrong (1) Redundancy is not a worker's fault (1) Redundant workers may be entitled to redundancy pay (1) If you are dismissed you do not get any payment (1) Redundancy – the job is removed not the person (1).	1+1
2e	The three needs being met are: Physiological needs (1) as is being paid well above the minimum wage (1) Safety and security needs (1) as she has a permanent contract (1) Love needs (1) as she is part of a team which she enjoys (1)	6x1

Question 3		Marks
3a	Bank loan – 1 mark Reason (1 mark) – any one of : <ul style="list-style-type: none"> • Can pay it back over a period of time, over years, in instalments • Can borrow a large sum of money • Can pay it back from the profits made from the new stores • Can get the money quickly • A bank loan is a long-term type of finance • Share issue would not work as company's share price has fallen by 35% recently. 	1+1
3b	Overdraft – 1 mark Reason (1 mark) – any one of : <ul style="list-style-type: none"> • An overdraft is a short-term form of finance (1) • Is easily arranged • Can be arranged quickly. 	1+1
3c	Leasing – 1 mark Reason (1 mark) – any one of : <ul style="list-style-type: none"> • This is a way of getting the scooters now and paying for them over a long period / pay later (1) • The leasing company is responsible for maintenance of scooters (1) • Don't need to pay the full costs straight away (1) / can spread the cost of the scooters over time (1) • There are tax advantages associated with leasing (1). 	1+1
3d	Debtors are people or companies that owe you money for goods/ services they have bought from you. (1) People who owe you money (1).	1

Question 3	Marks
<p>3e Correct answer on its own gets 2 marks without any working. Candidate can get 1 mark if working is correct but final answer is incorrect.</p> <p>Current ratio = $\frac{4000}{3000}$ 1 mark</p> <p>= 1.33 or 1: 1.33 1 mark (accept 1.3 instead of 1.33)</p> <p>But if gives correct answer (1.33 or 1.3) with no working then still give 2 marks.</p>	2
<p>3fi £13,000 (1 mark) NB: £ signs not necessary</p> <p>£29,500 (1 mark)</p> <p>−£9200 (1 mark) (must have minus sign)</p>	3
<p>3fii Two changes – 1 mark each</p> <p>All the following are acceptable (actual figures or changes need not be quoted):</p> <p>Wages or Total payments 1 mark (cannot have both for 2 marks)</p> <p>Sales or sales =£18,000</p> <p>Opening balance</p> <p>Candidates do not have to add that ‘something has risen or fallen’ to get the mark – simply identifying the heading such as wages, sales etc will suffice.</p>	1+1

Question 3	Marks
<p>3g 3 x 2 marks – 3 uses of the profits :</p> <p>Can add these to the reserves (1) in case of problems in the future (1)</p> <p>Can use part of these profits to reward shareholders (1) as this is needed if share price is to be maintained (1)</p> <p>Can be used to invest in the business (1) plus 1 mark for an example (1)</p> <p>Can be used to pay off loans or overdrafts (1) – the sooner they are paid off the less interest that needs to be paid (1)</p> <p>Can be used to expand the business (1) which should increase sales/profits (1)</p> <p>Can be used to diversify (1) plus 1 mark for relevant example eg sandwich bars (1)</p> <p>Buy shares in other businesses (1) (BOD mark)</p> <p>Max of 1 mark for 'put it into a high interest account'.</p> <p>Use it to pay set up an on-line ordering system (1)</p> <p>Can be used to reward staff with bonuses (1) which are linked to the level of profits made in the business.</p> <p>Only accepting a maximum of 2 uses where the money is used to improve the shop – eg invest in new machines (1), redecorate the shops (1). If expanded on these 2 ideas can get max of 4 marks.</p> <p>Not rewarding any ideas on using profits for : designing new pizzas, new menus, new recipes, advertising more, special offers, buying more or better stock, hire more staff, staff training, paying staff more (unless they say distributed to staff as bonuses, PRP etc).</p>	6

Question 4		Marks
4a	<p>Up-to-date [P]</p> <p>Can be time consuming to collect [P]</p> <p>The data available may not be exactly what your business wants [S]</p> <p>Is expensive to undertake [P]</p>	4
4b	<p>Two local media, 1 mark each – any two of:</p> <ul style="list-style-type: none"> • Local radio • Local newspapers • Leaflets • Local cinema • Local shops 	1+1
4c	<p>The Act makes it an offence to make a false claim for a good or service (1). Accept for 1st mark any grasp of 'false advertising', lies Plus 1 mark for any acceptable example.</p>	2
4d	<p>This might damage the reputation (1) of other franchises because they share the name therefore sales will fall (1) and this will affect its profits (1).</p>	3
4e	<p>If a candidate ignores the subheadings of promotion and product and writes only about promotion then consider it all as promotion despite part of having been written under the sub-heading of product – max mark in this case is 3.</p> <p>Product : Customers want a good quality product (1). The company can stress how good the ingredients are in the pizzas (1). If consumers think its is a good value product they are more likely to buy it (1). The size of the pizzas (1) and they way they are packaged (1) may be used to encourage consumers to buy them (1). May develop new toppings, sizes of pizza (1) to attract new customers (1).</p> <p>Promotions can be done in several ways such as : Special prices can be set for a limited time (1) which will encourage purchases (1) or special offers can be used such as BOGOFs etc (1). Advertising (1) can be used to increase consumer awareness (1).</p> <p>Max of 2 marks for stating ways in which it could promoted. If states two or more methods of promotion one method must be developed to get 3 marks.</p>	3+3

Question 4		Marks
4f	<p>Any three, 1 mark each :</p> <ul style="list-style-type: none"> • Prices consumers are prepared to pay • Types of sandwiches, bread, fillings etc they like or dislike • Ages of potential customers • The types of sandwiches offered by rivals • Prices charged by rivals • Number of potential customers • Their target market • Best potential locations for their shops • Other products they should stock • The size of the market – potential number of customers. <p>NOT : cost of making sandwiches, what time of day people buy sandwiches</p>	3x1

Question 5		Marks
5a	<p>1 = Total Revenue or TR– 1 mark (NOT Sales or Total Sales) 2 = Total Costs or TC– 1 mark (NOT costs) 3 = Total Fixed Costs or TFC– 1 mark (NOT costs) No alternatives accepted AT ALL.</p>	3
5b	10000 – 1 mark (accept 9800 to 10200)	1
5c	£180 000 (1 mark) – £ sign not needed	1
5d	20 000 – accept any answer in the range of £17 000 to £23 000 - (1 mark)	1
5e	4 000 (1) – it is 14 000 minus 10 000 (1)	2
5f	<p>Any two of :</p> <ul style="list-style-type: none"> • Train them (1) so that they know how to provide good customer service (1) • Have a system of Quality Assurance /TQM / Quality Circles (1) where all workers aim to produce a good service (1) • Use Mystery shoppers (1) who will visit stores and check on the quality of service provided (1) • Supervise/check upon staff service to customers (1) • Provide financial incentives (1) for staff who receive good reports from mystery shoppers (1) • Have awards such as employee of the month (1) for staff who provide the best customer service (1) • Get customer feedback (1) and use the results of this to solve problems / improve the service offered (1) • By ensuring they recruit well suited and capable staff (1). <p>Max of 2 marks for suggestions that staff need to be polite, helpful, provide a fast service, workplace should be clean etc.</p>	2+2

Question 5	Marks
<p>5g Site B is better site – no marks for choice of site. Many candidates will score 6 – 8 marks on this question as long as they refer to the data provided.</p> <p>Site B is better because :</p> <p>Is near a tourist attraction open on Saturdays (1) and market research suggests that 40% of Saturday sales are from tourists (1)</p> <p>There are a lot of people working locally (5000) / more than near site A (1) which will provide a lot of potential customers on weekdays (1)</p> <p>Is within walking distance of a major shopping centre (1) and market research suggest shoppers make up 25% of sales on weekdays and 50% on Saturdays. (1)</p> <p>There aren't any rival sandwich businesses nearby (1) which is means they are more likely to get business (1) / unlike site B which has one from a major chain (1).</p> <p>NOT rewarding – good transport links / well served by train, tube, bus etc. as people don't use these to get to the sandwich shop, they use them to go to work, go to shopping centres, go to tourist attractions.</p> <p>If chooses Site A then a maximum of 3 marks for identifying all or some of the 3 points below :</p> <p>There are 1000 workers in factories nearby (1)</p> <p>The two local schools may provide custom from schoolchildren (1)</p> <p>They may get a lot of customers from football fans every other Saturday (1).</p>	<p>4x2</p>