



Rewarding Learning

**General Certificate of Secondary Education
2024**

Business Studies

Unit 2

Developing a Business

[GBU21]

WEDNESDAY 5 JUNE, AFTERNOON

**MARK
SCHEME**

General Marking Instructions

Introduction

Mark schemes are intended to ensure that the GCSE examinations are marked consistently and fairly. The mark schemes provide markers with an indication of the nature and range of candidates' responses likely to be worthy of credit. They also set out the criteria which they should apply in allocating marks to candidates' responses.

Assessment objectives

Below are the assessment objectives for Business Studies.

Candidates must:

- AO1** recall, select and communicate their knowledge and understanding of concepts, issues and terminology;
- AO2** apply skills, knowledge and understanding in a variety of contexts and in planning and carrying out investigations and tasks; and
- AO3** analyse and evaluate evidence, make reasoned judgements and present appropriate conclusions.

Quality of candidates' responses

In marking the examination papers, examiners should be looking for a quality of response reflecting the level of maturity which may reasonably be expected of a 16-year-old which is the age at which the majority of candidates sit their GCSE examinations.

Flexibility in marking

Mark schemes are not intended to be totally prescriptive. No mark scheme can cover all the responses which candidates may produce. In the event of unanticipated answers, examiners are expected to use their professional judgement to assess the validity of answers. If an answer is particularly problematic, then examiners should seek the guidance of the Supervising Examiner.

Positive marking

Examiners are encouraged to be positive in their marking, giving appropriate credit for what candidates know, understand and can do rather than penalising candidates for errors or omissions. Examiners should make use of the whole of the available mark range for any particular question and be prepared to award full marks for a response which is as good as might reasonably be expected of a 16-year-old GCSE candidate.

Awarding zero marks

Marks should only be awarded for valid responses and no marks should be awarded for an answer which is completely incorrect or inappropriate.

Marking calculations

In marking answers involving calculations, examiners should apply the 'own figure rule' so that candidates are not penalised more than once for a computational error.

Types of mark schemes

Mark schemes for tasks or questions which require candidates to respond in extended written form are marked on the basis of levels of response which take account of the quality of written communication.

Other questions which require only short answers are marked on a point for point basis with marks awarded for each valid piece of information provided.

Levels of response

Tasks and questions requiring candidates to respond in extended writing are marked in terms of levels of response. In deciding which level of response to award, examiners should look for the 'best fit' bearing in mind that weakness in one area may be compensated for by strength in another. In deciding which mark within a particular level to award to any response, examiners are expected to use their professional judgement. The following guidance is provided to assist examiners.

- **Threshold performance:** Response which just merits inclusion in the level and should be awarded a mark at or near the bottom of the range.
- **Intermediate performance:** Response which clearly merits inclusion in the level and should be awarded a mark at or near the middle of the range.
- **High performance:** Response which fully satisfies the level description and should be awarded a mark at or near the top of the range.

Quality of written communication

Quality of written communication is taken into account in assessing candidates' responses to all tasks and questions that require them to respond in extended written form. These tasks and questions are marked on the basis of levels of response. The description for each level of response includes reference to the quality of written communication.

For conciseness, quality of written communication is distinguished within levels of response as follows:

Level 1: Quality of written communication is basic.

Level 2: Quality of written communication is good.

Level 3: Quality of written communication is excellent.

In interpreting these level descriptions, examiners should refer to the more detailed guidance provided below:

Level 1 (Basic): The candidate makes only a limited selection and use of an appropriate form and style of writing. The organisation of material may lack clarity and coherence. There is little use of specialist vocabulary. Presentation, spelling, punctuation and grammar may be such that intended meaning is not clear.

Level 2 (Good): The candidate makes a reasonable selection and use of an appropriate form and style of writing. Relevant material is organised with some clarity and coherence. There is some use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are sufficiently competent to make meaning clear.

Level 3 (Excellent): The candidate successfully selects and uses the most appropriate form and style of writing. Relevant material is organised with a high degree of clarity and coherence. There is widespread and accurate use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are of a sufficiently high standard to make meaning clear.

1 (a) (AO1)

Complete all the blanks:

Recruitment is the process of hiring workers for a specific job. A series of documents are drawn up to help with the process. A (i) **job description** defines the main duties and responsibilities of the job, whereas a (ii) **job/person specification** identifies the ideal candidate for the job in terms of qualities, skills and experience.

Recruitment may be done by advertising the post within the business and is known as internal recruitment, and methods include (iii) **company intranet/emails** and (iv) **notice boards/newsletters**. Advertising the post outside the business is known as (v) **external** recruitment and methods include (vi) **website/ media/job centres** and (vii) **recruitment agencies/social media/magazines/university networks/billboards/radio/TV/job search apps**.

[1] × 7

[7]

(b) (AO1, AO2)

Discuss one advantage and one disadvantage of IvyLeague plc using internal recruitment.

One advantage from the following:

- Quicker method than external/less time-consuming
- Cheaper method in terms of advertising for the role and induction training
- Boosts employee moral as employees know if they work hard they may be promoted/motivational
- Easier for the employee to settle into the role as they know the business
- The skills and strengths of their workers is known
- No further training/induction required.

One disadvantage from the following:

- It may limit the number of applicants applying
- Business may not get new ideas
- The person getting promoted may leave a vacancy to be filled
- Internal promotion can cause resentment among staff

[1] mark for identifying one advantage/disadvantage

[2] marks for discussing one advantage/disadvantage or for identifying two advantages/disadvantages

[3] marks for discussing one advantage/disadvantage and identifying another advantage/disadvantage

[4] for discussing one advantage and one disadvantage

Valid alternative responses will be credited

[4]

(c) (i) (AO1)

List two legal controls in recruitment that IvyLeague plc will need to consider.

Two from the following:

- Race/religion/disability/gender/marital status/sexual orientation/age
- Valid alternative responses will be credited

[1] × 2

[2]

(ii) (AO1, AO2)

Explain two roles of the Equality Commission in relation to recruitment.

- Gives guidance to help employer implement equal pay
- To promote equality of opportunity by ensuring businesses do not discriminate against their employees
- To review and amend the laws as required by new legislation
- To help promote good relations between employers and employees by offering advice and support
- To advise and support employees who feel they have been discriminated against

[1] mark for briefly explaining one role

[2] marks for fully explaining one role or briefly explaining two roles

[3] marks for fully explaining one role and briefly explaining another

[4] marks for fully explaining two roles

Valid alternative responses will be credited

[4]

(d) (i) (AO1)

Within how many weeks of starting work should a Contract of Employment be issued?

- 8 weeks

[1] × 1

[1]

(ii) (AO1)

List one detail that should appear on the Contract of Employment.

One from the following:

- Number of hours/rate of pay/holiday/ sick pay/maternity/paternity/ location/pension/grievance/discipline/name of employer/employee/ job title/duties/responsibilities

Valid alternative responses will be credited

[1] × 1

[1]

(iii) (AO1)

Explain the purpose of a Contract of Employment.

- It gives protection to both employer and employee for new recruits and in times of conflict
- It is also a legal requirement
- It sets out the rights and duties of employer and employee

[1] mark for brief explanation

[2] marks for detailed explanation

[2]

(e) (AO1, AO3)

Explain one reason why IvyLeague plc would need to carry out staff training.

One from the following:

- Changes in procedures – any new laws or new rules, new machinery or technology, new products or services will mean the business will be required to carry out staff training to ensure staff are up to date and safe

- Induction – if the staff member is new to the business they will need training on their role, working environment, rules and regulations and any health and safety procedures they need to follow
- Increased motivation as staff feel valued
- H&S and correct use of equipment to prevent accidents
- Increase efficiency – if the business wants to remain competitive and increase efficiency, output and quality it is important that staff are well trained and receive up to date training on new initiatives

[1] mark briefly explaining one reason for the need to carry out training

[2] marks for explaining one reason for the need to carry out training

[3] marks for fully explaining one reason for the need to carry out training

Valid alternative responses will be credited [3]

There are different types of training for employees. IvyLeague plc use training that can be given at the employee's place of work during normal working hours.

(f) (AO2, AO3)

Identify and evaluate this type of training.

- On the job

[1] mark for correct answer [1]

Evaluation:

- The employee is trained using the machinery and equipment used by the business
- It is less expensive than paying for external training courses
- It helps the employee feel more confident in the role and increases motivation
- The training is monitored by a supervisor and mistakes can be corrected/intimidating
- The trainer may pass on bad habits that might lead to reduced quality/new employee makes mistakes/wastage
- There will be no additional qualifications gained by the trainee which might be demotivating
- The employee might not be trained on the most up to date equipment/ no access to new ideas

[1] mark for stating one advantage/disadvantage of on the job training

[2] marks for fully explaining one advantage/disadvantage or briefly explaining one advantage/disadvantage of on the job training

[3] marks for fully explaining one advantage/disadvantage and briefly explaining one advantage/disadvantage of on the job training

[4] marks for fully explaining one advantage and one disadvantage of on the job training

[5] marks for fully explaining one advantage and one disadvantage of on the job training and reaching a final judgement.

Valid alternative answers will be credited [5]

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- 2 (a) (AO2)
Apart from increased profits list one other sign of success for IvyLeague plc.
- One from the following:
- Attracting new customers/opening new stores/good customer reviews/increased publicity/customer satisfaction/word of mouth/expansion/good cash flow/high inventory turnover
- [1] × 1
Valid alternative responses will be credited [1]
- (b) (AO1)
Identify and describe this type of growth.
- Organic/internal growth
 - This is the growth of the business naturally through increased sales, expansion of product range and reinvestment
- [1] mark for identifying type of growth or briefly explaining it
[2] marks for identifying type of growth and briefly explaining it or for explaining the type of growth
[3] marks for identifying the type of growth and fully explaining it
Valid alternative responses will be credited [3]
- (c) (AO1)
Identify and describe one other type of growth IvyLeague plc could have to grow the business.
- External growth
 - This is the joining together of two or more businesses either through merger which is agreed or takeover which can be friendly or hostile
- [1] mark for identifying type of growth or briefly explaining it
[2] marks for identifying type of growth and briefly explaining it or for explaining the type of growth
[3] marks for identifying the type of growth and fully explaining it
Valid alternative responses will be credited [3]
- (d) (AO2)
Discuss two factors that could have limited the growth of IvyLeague plc.
- Any two from the following:
- Lack of finance – if the business has limited additional money they will not be able to afford to grow/poor cash flow/not enough profit
 - Increased competition – a new competitor in the market may cause a fall in sales and inability to grow your products further
 - Demand – changing customers tastes and trends can cause a fall in sales leading to decreased sales and profit/seasonal
 - The economy – the rate of inflation means customers may have less money to spend on your products
 - Covid – this caused an immediate fall in sales in many businesses causing a halt to growth and in some cases closure
 - Lack of promotion or poor corporate image/quality issues/reduced motivation and efficiency
- [1] mark for briefly discussing one factor
[2] marks for fully discussing one factor or briefly outlining two factors
[3] marks for fully discussing one factor and briefly outlining another
[4] marks for fully discussing two factors
Valid alternative responses will be credited [4]

(e) (AO3)

IvyLeague plc is considering merging with another chain of garden centres. Evaluate a merger as a method of growth.

Positive points:

- The market share can be increased leading to higher sale and profits/ attract more customers
- It's a quicker method of growth compared to internal
- Competition can be reduced or eliminated
- Fewer staff may be needed as units merge and this can lead to reduced cost
- Shared working practices can lead to new ideas and innovation
- The business could benefit from reduced costs through economies of scale

Negative points:

- Costly
- The business could receive negative publicity due to staff redundancies
- Money may need to be sourced to financially afford the merger
- Customers may be unhappy due to the lack of choice available
- Names and branding of the business might need to change
- Increased difficulties and disagreements in co-ordination of activities/ communication problems/cultural clash/loss of control

[1] mark for stating one advantage/disadvantage of a merger

[2] marks for fully explaining one advantage/disadvantage or briefly explaining one advantage/disadvantage of a merger

[3] marks for fully explaining one advantage/disadvantage and briefly explaining one advantage/disadvantage of a merger

[4] marks for fully explaining one advantage and one disadvantage of a merger

[5] marks for fully explaining one advantage and one disadvantage of a merger and reaching a final judgement

Valid alternative answers will be credited

[5]

(f) (AO1, AO2)

Explain two roles of the Competition and Markets Authority in relation to growth.

- To ensure a good level of/healthy competition in the market
- Prices – ensuring customers are not overcharged – fair prices
- The main role is to protect the rights of the consumer and ensure businesses are not trading illegally
- They undertake inquiries into proposed mergers and takeovers and ensures they are in the public interest
- It investigates any complaints made against businesses that are abusing their market power
- It publishes the results of any investigations and details the decisions they make

Valid alternative responses will be credited

Level 1 ([1]–[2] marks)

Candidate demonstrates basic knowledge and understanding of the role of the Competitions and Markets Authority in relation to growth. Candidate briefly explains one role. Quality of written communication is basic.

Level 2 ([3]–[4] marks)

Candidate demonstrates adequate knowledge and understanding of the role of the Competitions and Markets Authority in relation to growth. Candidate fully explains one role and briefly explains another role. Quality of written communication is good.

Level 3 ([5]–[6] marks)

Candidate demonstrates excellent knowledge and understanding of the role of the Competitions and Markets Authority in relation to growth and can fully explain two roles. Quality of written communication is excellent. [6]

(g) (AO3)

Analyse two disadvantages of growth for IvyLeague plc.

- Diseconomies of scale
- Difficulties in co-ordination – if the business grows and has a wider geographical spread it may be difficult to co-ordinate between the locations and decisions might be slower to filter through
- Poorer communication – the bigger the business the more levels and the harder it is to communicate – some staff may feel demotivated as they feel lost in the size of the business
- Costly – it will cost the business a lot of money and perhaps this money may have been spent better elsewhere such as product innovation
- Growth can be too fast and lead to overtrading and limited success

Valid alternative responses will be credited

Level 1 ([1]–[3] marks)

Candidate demonstrates basic knowledge and understanding of the disadvantages of growth. Candidate briefly analyses one disadvantage of growth. Quality of written communication is basic.

Level 2 ([4]–[6] marks)

Candidate demonstrates adequate knowledge and understanding of disadvantages of growth. Candidate can correctly and fully analyse one disadvantage of growth and briefly analyses another disadvantage of growth. Quality of written communication is good.

Level 3 ([7]–[8] marks)

Candidate demonstrates excellent knowledge and understanding of disadvantages of growth and can fully analyse two disadvantages of growth. Quality of written communication is excellent. [8]

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3 (a) (AO1, AO2)

Explain one advantage and one disadvantage to IvyLeague plc of using this as a source of finance (sale of asset).

One advantage from the following:

- It provides the business with a relatively quick injection of money that could help the cash flow
- Get a source of finance without having any debt or interest charges
- The business may no longer use the equipment or may want to update it

One disadvantage from the following:

- They lose the use of the asset which might lead to other costs, e.g. training/reduced productivity without the asset
- They lose the value of the asset on their Statement of Financial Position

[1] mark for identifying one advantage/disadvantage

[2] marks for explaining one advantage/disadvantage or for identifying two advantages/disadvantages

[3] marks for explaining one advantage/disadvantage and identifying another advantage/disadvantage

[4] marks for explaining one advantage and one disadvantage

Valid alternative responses will be credited

[4]

(b) (AO1, AO2)

Analyse the importance of cash flow to IvyLeague plc.

- A shortage of adequate cash flow could lead to missed payments to suppliers who will then not replace any stock – this could force the business to close/to pay for business/unexpected expenditure
- Employees may leave the business if wages are not paid on time or the business cannot increase staff wage/wages paid on time
- If they are not able to meet expenses they may not be able to benefit from purchasing economies of scale
- If they have poor cash flow and miss payments it may damage their corporate image/to survive

[1] mark for stating the importance of cash flow

[2] marks for basic analysis of the importance of cash flow

[3] marks for good analysis of the importance of cash flow

[4] for excellent analysis of the importance of cash flow

Valid alternative responses will be credited

[4]

(c) (AO1, AO3)

Explain two purposes of IvyLeague plc drawing up a cash flow forecast.

Two explained purposes from the following:

- It enables the business to plan expenditure for the year
- It shows the amount and timings of cash as required
- It shows when loans might be needed or repaid
- It helps support the business plan for continued growth of IvyLeague plc
- It helps set business targets and set objectives/set budgets/review performance

[1] mark for briefly explaining one purpose

[2] marks for explaining one purpose or briefly explaining two purposes

[3] marks for explaining one purpose and briefly explaining another purpose
[4] marks for fully explaining two purposes of a cash flow forecast
Valid alternative responses will be credited [4]

(d) (AO2)

Examine the cash flow forecast for one of Ivy League's plc garden centres. Complete the missing figures.

Total receipts for January	£49 595
Opening balance for March	£7945
Wages/salaries for May	£26 000
Closing balance for June	£46 010

[1] mark for one correct figure

[2] marks for two correct figures

[3] marks for three correct figures

[4] marks for four correct figures [4]

(e) (AO2)

Comment on what the cash flow forecast tells you about the expected performance of the business.

- the opening balance in January is £21 495 and increases to a closing balance in June of £46 010
- this shows an increase of £24 515 showing the business has good cash flow
- the good cash flow could mean the business could secure a loan if needed from the bank
- April is only month of a deficit balance of –£6400
- All other months have a surplus balance
- The business might need to secure a overdraft from the bank for this month
- The business might be able to negotiate different terms of payment from the equipment supplier

[1] mark for briefly commenting on one point

[2] marks for commenting on one point or briefly commenting on two points

[3] marks for commenting in detail on one point or for commenting on one point and briefly commenting on two points

[4] for fully commenting on one point or for commenting on two points

Valid alternative responses will be credited [4]

(f) (AO1, AO2)

Using examples, explain the difference between fixed and variable costs.

Distinction between fixed and variable costs:

- Fixed costs remain the same throughout production and are not impacted by the volume of productive output
- Variable costs are related to productive output and will change with number of units produced

Examples of fixed costs:

- Rent and rates/electricity/phone/insurance

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Examples of variable costs:

- Wages and salaries/purchases

[1] mark for a brief distinction between fixed and variable costs or one example of either a fixed or variable cost

[2] marks for a detailed distinction between fixed and variable costs and/or two examples of costs

[3] marks for a detailed distinction between fixed and variable costs and one example of costs

[4] marks for a detailed distinction between fixed and variable costs and two examples of costs

Valid alternative responses will be credited [4]

(g) (AO2)

Examine the following information and use it to calculate the Break-even point for a new BBQ the business is currently selling.

<p>Use the formula:</p> $\frac{\text{Fixed costs}}{\text{Selling price} - \text{variable costs}}$	<p>Show your calculations:</p> $\frac{25\,000}{149 - 99}$ <p>= 500 units/BBQ's</p>
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[1] mark for correct substitution of figures

[2] marks for correct substitution of figures and correct BEP

[3] marks for correct substitution of figures and correct BEP with units/BBQ's [3]

(h) (AO2)

They currently sell 567 BBQ's per month. Calculate the margin of safety and explain its significance for the business.

Margin of safety $567 - 500 = 67$

*OFR applies in relation to answer from (g)

Significance

- It means the business is making and selling 67 BBQ's over the break-even point
- It means currently the business is making a profit on these BBQ's
- It provides the business with productive targets to ensure they are making enough units
- Whilst the MOS is above BEP it might mean the business might want to sell more units if it wants to make more profits

[1] mark for correct calculation of margin of safety

[2] marks for correct calculation of margin of safety and briefly explaining significance to the business

[3] marks for correct calculation of margin of safety and fully explaining significance to the business

Valid alternative responses on comment will be credited [3]

Total

30

90