



*Rewarding Learning*

**General Certificate of Secondary Education  
2018**

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## **Business Studies**

Unit 1

Business Start Up

**[GBS11]**

**WEDNESDAY 23 MAY, MORNING**

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**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.

- 1 (a) Any **two** types of business from:
- Sole trader
  - Partnership
  - Franchise
- (2 × [1]) [2]
- (b) **Limited liability** means the debts of the business cannot extend to personal possessions and only the amount of money invested in shares can be lost. [2]
- (c) Any **three** advantages of a franchise from:
- Can lead to a better business reputation and increased sales/profit
  - The franchisor receives a one off payment and continued royalty payments for use of their name
  - Franchising is a good way to start a business as there will be training and continual support from the franchise/gains experience
  - Involves less risk for franchisee
  - Is a means of growth/new customers
  - Economies of scale
- (3 × [1]) [3]
- (d) **Ltd** private limited company [1]  
**plc** public limited company [1] [2]
- (e) Any **two** reasons an Ltd is considered less risky than a sole trading business from:
- It is easier to secure finance for an Ltd compared to a sole trading business
  - An Ltd is usually bigger than a sole trading business leading to specialisation and better decision making
  - An Ltd is usually bigger than a sole trading business leading to benefits from economies of scale and reduced costs of running/more established
  - More owners create further investment in business
  - Continuity
  - More capital from shareholders
- Not** nobody to cover for you  
(2 × [2]) [4]
- (f) Any **two** differences between the public and private sector from:
- Aim of the private sector businesses are generally to make a profit whereas aims in the public sector are to provide a service
  - Control – generally the private sector is run by the owners of the business whereas the public sector is controlled by the government on behalf of the people
  - Capital – the private sector capital is invested by private people whereas the money in the public sector comes from taxes
- (2 × [2]) [4]

(g) Any **two** reasons the government would want to encourage enterprise from:

- It helps to create jobs and jobs create taxes/reduce unemployment
- It encourages business ideas that can put the country on the world stage through exporting
- It helps develop new skills in the workforce
- It provides a wide range of products and services for customers to choose from
- It generates wealth within the economy
- Competition ensures a healthier business environment
- Tax could be used elsewhere

(2 × [2])

[4]

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2 (a)

Land	This will be needed to place the building for accommodation, to have car parking for customers, to have areas to walk the dogs [2]
Labour	Staff will be needed to walk the dogs, groom and train the animals, clean the sleeping areas and a vet will have to be recruited [2]
Capital	Money will be needed to buy the equipment and buildings and used for the day to day running costs [2]
Enterprise	This is the business idea and set up and all the decisions and risks that are associated with the new business [2]

[8]

(b) Tertiary

[1]

(c) Any **one** trend from:

- Deindustrialisation
- More people working in tertiary
- Less people working in primary/secondary

(1 × [1])

Any **one** reason from:

- Manufactured goods can be imported more cheaply
- People are spending more on leisure and entertainment services
- Increased demand for services such as education, legal advice
- Local natural resources are decreasing, e.g. fishing/less jobs available
- Increased technology in manufacturing industries requires fewer workers
- More people now employed in tertiary sector

(1 × [2])

[3]

(d) Any **two** factors from:

- Demand for the service
- Not too close to competitors
- Available space for the accommodation and parking/planning permission
- Easily accessible for customers or owners/animals do not like travelling too far
- The cost of the buildings/rent of the buildings
- Away from traffic (noise pollution)

**Not** close to suppliers

**Not** areas of unemployment

(2 × [2])

[4]

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- (e) Customer service to add value:
- Dog walking service from your home is a good way to add value
  - When dogs stay over for more than 2 nights could be given a free grooming
  - They could offer a collection service for dogs that are staying over
  - The vet could phone the owners every morning if any animals are being kept in
  - They could develop an app to tell the owners how the animals are getting on during their stay
  - They could send/email photos of dogs that are staying in the accommodation
  - (Points related to effective customer service such as prompt phone answering and dealing with complaints)
  - Loyalty cards
  - Listen to what customers are saying and making improvements
- Not** disability friendly  
**Not** sales promotion  
 (2 × [2]) or (1 × [4]) [4]

- (f) Mortgage is a long term external source of finance to buy premises [1]

Any **one** advantage from:

- Provides use of the building immediately
  - More affordable as payments are paid back over a long period of time
  - Building is finally owned
- (1 × [2])

Any **one** disadvantage from:

- Interest rates can change
  - You always pay back more than the asset is worth
  - It is a long term commitment
  - Property can be repossessed if payments are not kept up-to-date
- (1 × [2]) [5]

- (g) Any **two** elements of the marketing mix and how they apply from:

Product [1]	<ul style="list-style-type: none"> <li>• This is the range of services offered such as accommodation, walking, training and grooming facilities and the vet services</li> <li>• Good quality service</li> </ul> <p>[3]</p>
Price [1]	<ul style="list-style-type: none"> <li>• This is the range of prices and pricing strategies that will apply to the services – it is most likely the business will use competitive pricing</li> </ul> <p><b>Not</b> skimming [3]</p>
Place [1]	<ul style="list-style-type: none"> <li>• This is the actual location of the business and the area targeted for the dog walking and training services</li> </ul> <p>[3]</p>
Promotion [1]	<ul style="list-style-type: none"> <li>• This is the range of promotional activities that the business uses and could include advertising on internet, website, papers etc. or 10% of overnight stays</li> </ul> <p>[3]</p>

(2 × [1]) + (2 × [3]) [8]

**(h) Primary research**

- Could be used to find out first hand information on their customers – a questionnaire could be sent to customers in the target market and the results will help them tailor their services to what the customers require
- Surveys on service for improvement

**Secondary research**

- Could be used to find out information on their competitors – they could use the internet to search competitors and their websites – this will help them to set prices for their services that are competitive

**Level 1 [1]–[2]**

Candidate demonstrates little knowledge and understanding of how the business can make use of both primary and secondary research. Limited analysis is included. Limited accuracy in spelling, punctuation and grammar.

**Level 2 [3]–[4]**

Candidate demonstrates adequate knowledge and understanding of how the business can make use of both primary and secondary research. Adequate analysis is included. Satisfactory accuracy in spelling, punctuation and grammar.

**Level 3 [5]–[6]**

Candidate demonstrates excellent knowledge and understanding of how the business can make use of both primary and secondary research. Excellent analysis is included. Good accuracy in spelling, punctuation and grammar.

[6]

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- 3 (a) **A** research and/or development [1]  
**B** growth [1]  
**C** decline [1] [3]
- (b) **Penetration pricing** [1]  
This is the most likely method to use because you want to create a customer base for your product therefore you will keep the price low to gain the initial interest [2]  
**or**  
**Skimming** [1]  
This is the most suitable if your product is high tech or new software etc. – as its new and exclusive customers will be prepared to pay a higher price to get the product [2]  
  
No named policy – no marks  
**Not** cost-based pricing  
**Not** competition based pricing [3]
- (c) Impact of legislation on promotion:  
  - Description – all goods and services must be as described and ingredients listed
  - Country of origin must be clear
  - Weight – correct weight must be labelled and advertised
  - Price – if they offer a sale the price of the product or service must have been sold at the higher price for a period of 28 days
  - ASA Standards**Not** fit for purpose/satisfactory quality/consumer protection/copyright (2 × [2]) [4]
- (d) Any **one** quality standard from:  
  - Investors in People/IIP
  - EFQM
  - ISO 9001/9000/9002
  - Charter mark/Customer Service Excellence Standard
  - CORGI
  - Kitemark/British Standard(1 × [1])  
  
Any **one** advantage from:  
  - Improved business reputation
  - Competitive advantage
  - Increased motivation of staff
  - Help to reduce cost of waste
  - Increase efficiency and output
  - Customers would be more likely to buy goods(1 × [2])

Any **one** disadvantage from:

- Takes time to put the measures in place
  - Administration is ongoing – cost
  - Increased cost of staff training
- (1 × [2])

[5]

**Total**

**AVAILABLE  
MARKS**

15

**75**