



**General Certificate of Secondary Education
June 2012**

Business Studies

413002

(Specification 4133)

Unit 2: Growing as a Business

Mark Scheme

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1

Total for this question: 19 marks

1 (a) *What is meant by off the job training?* (2 marks)

Possible answers might include the following:

- training provided away from the workplace, such as a college
- often provided by an specialist trainer, rather than another employee
- does not involve making good/providing services that directly benefits the employer
- often training involves theory as well as practical skills.

One mark for describing the term, second mark for development/explanation or example which may or may not be in context.

A general description of training – or a definition of on the job training – maximum 1 mark.

Examples include:

- this is learning / being taught how to do the job (**1 mark**)
- learning away from the normal place of work (**2 marks**)
- training that takes place away from work (**1 mark**) such as college day release (**2 marks**).

1 (b) *Explain why businesses might choose to have their employees trained in fire safety at the FAST training centre, rather than train them in-house.* (4 marks)

Possible answers might include the following:

- greater specialist knowledge of trainers
- easier to confirm H&S training has taken place
- no one with adequate skills in-house
- possible insurance requirement.

Level	Descriptor	Marks	Assessment Objective
2	Uses Item A to explain reason(s).	4–3	AO2
1	Gives reason(s).	2–1	AO1
0	No valid response.	0	

Examples include:

- businesses could have their employees trained at *FAST* because it gets them out of the workplace. This makes the employees feel special and is a way of motivating them to work harder. This would not happen if they did the training in-house
L1 2 marks – this is a generic response without specific context to *FAST*. Simply mentioning *FAST* is not enough to reach L2
- *FAST* has the latest fire fighting equipment at its training centre. This means the trainees can get to know about modern extinguishers and techniques. Their own workplaces probably do not have this new equipment, so they would not be able to practise using it if the training took place in-house. Also there would be less distractions so employees could concentrate better
L2 4 marks - the student has given a clear reason for going to *FAST* which provides good context.

1 (c) Explain how David might use the feedback from the training to improve *FAST* courses. (4 marks)

Possible answers might include the following:

- to help plan future courses
- to determine how well the course is being received
- to assess the effectiveness of the trainers
- to get ideas on other training needs.

Level	Descriptor	Marks	Assessment Objective
2	Uses Item A to explain how feedback might be used.	4–3	AO2
1	Gives reason(s) for feedback.	2–1	AO1
0	No valid response.	0	

Examples include:

- David wants feedback so he can find out how well customers like the service he provides. If his customers did not like the courses then they would stop using the business. This will mean that David won't make as much profit and the business could eventually close down **L1 2 marks** – this is a superficial generic response. The fact that David is mentioned does not make it clearly applicable to *FAST*. A simple reason is offered that is not explained
- if the training is not good, these customers might take their custom to another trainer or do it in-house. Some of the customers do not seem happy with the training. Feedback would allow David to monitor his trainers more carefully. If they are being monitored, the trainers are more likely to do a better job as they won't want to be thought of as poor trainers and possibly lose their jobs. **L2 4 marks** – there is clear context to *FAST* and the ideas are developed more by offering some explanation.

1 (d) *To help David improve the training courses in the future, he is considering two ways of getting regular feedback:*

- *getting his trainers to write a report on how each course went*
- *asking the people on the course to complete a questionnaire, saying what they thought of the course.*

Advise David which method he should use. Give reasons for your advice.
(9 marks)

Possible areas for discussion might include the following:

Trainers' reports

- likely to be more detailed/comprehensive report, less likely to be rushed at the end of the course
- get a more informed view of any future training needs
- can provide feedback on how effective trainees would be in fire prevention.

Trainees' feedback

- more reliable – trainees more likely to offer honest appraisal of training
- can suggest improvements to the course
- get feedback from a range of people, eg different degrees of prior knowledge
- they will be able to say just how effective the trainer was
- might provide email addresses etc so contact can be maintained.

Many other suitable options can be included/discussed and /or combined.

Level	Descriptor	Marks	Assessment Objective
3	Uses Item A to analyse method(s) of obtaining feedback.	4–3	AO3
2	Uses Item A to explain method of obtaining feedback.	2	AO2
1	Describes method of obtaining feedback.	1	AO1
0	No valid response.	0	

Note: AO3 also assesses students' quality of written communication. When deciding on the AO3 level to be awarded, consider the degree to which the student orders and communicates his/her ideas.

In addition and separately award marks for evaluation using the grid below.

Judgement is being made on the whether the option(s) will help him improve the courses in the future.

Level	Descriptor	Marks	Assessment Objective
2	Offers judgement with supported justification. Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	5–3	AO3
1	Offers judgement plus limited justification. Ideas are communicated with some structure evident with occasional use of technical terms. There are noticeable errors in accepted conventions of written communication.	2–1	

2

Total for this question: 19 marks

2 (a) Describe **one** advantage to PP Ltd of selling its goods only on the internet. (2 marks)

Possible answers might include the following:

- overheads are reduced
- wider market
- goods are available to potential customers 24/7.

One mark for identifying an advantage, second mark for development/description.

Examples include:

- it can reach customers worldwide (1 mark)
- it is cheaper to run an internet business (1 mark)
- unlike a shop, the internet works all the time (1 mark), so customers can order at any time of the day (1 mark)
- costs are lower using the internet (1 mark) as you do not have to employ as many people (1 mark).

2 (b) Explain why the demand for computer mouse mats bought as promotional freebies might have fallen. (4 marks)

Possible answers might include the following:

- modern computer mice do not need them
- customers prefer other items, eg pens, key rings, USB pen drives as freebies
- laptops are popular and they do not need mouse mats
- seen as old fashioned and unnecessary.

Level	Descriptor	Marks	Assessment Objective
2	Uses Item B to explain fall in demand.	4–2	AO2
1	Identifies reason(s) for fall in demand.	1	AO1
0	No valid response.	0	

Examples include:

- most people have laptops and these do not need a mouse (L1)
- mouse mats are old fashioned (L1) and it would make a business giving them as freebies look like they are out of touch with the modern world (L2)
- they are quite heavy and bulky when carrying large numbers of them around to places like careers conventions compared with freebies like pens and furry bugs (L2).

2 (c) *Describe how PP Ltd might extend the life cycle of its products such as the computer mouse mats.* (4 marks)

Possible answers might include the following:

- change the design to make them more fashionable, eg colour, images on them
- lower the price being charged
- emphasise the benefits as promotional freebie, eg plenty of space to write information about the business.

Level	Descriptor	Marks	Assessment Objective
2	Uses Item B to describe way of extending the life cycle.	4–2	AO2
1	Identifies possible way(s) of extending the life cycle.	1	AO1
0	No valid response.	0	

<p>2 (d)</p> <ul style="list-style-type: none"> • the UK or • China. <p>Advise PP Ltd's managers on which is likely to be the best option. Give reasons for your advice. (9 marks)</p>	<p><i>The demand for PP Ltd's products has increased and the managers want to open a new factory. It is considering two possible locations in:</i></p>
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Areas for discussion might include the following:

Expanding in UK

- familiar with business/consumer laws
- transport is easier/cheaper to UK/EU customers
- less 'fear of the unknown'
- no language problems
- removes the worry of fluctuating exchange rates.

Expanding to China

- cheaper costs
- abundant labour force
- less likely to have poor labour relations
- get a foothold in an emerging economy.

Many other suitable options can be included/discussed and /or combined.

Discussion should be in the context of the business.

Level	Descriptor	Marks	Assessment Objective
3	Uses Item B to analyse location issue(s).	4–3	AO3
2	Uses Item B to explain location issue(s).	2	AO2
1	Identifies location issue.	1	AO1
0	No valid response.	0	

Note: AO3 also assesses students' quality of written communication. When deciding on the AO3 level to be awarded, consider the degree to which the student orders and communicates his/her ideas.

In addition and separately award marks for evaluation using the grid below.

Judgement is made on where to locate the new factory.

Level	Descriptor	Marks	Assessment Objective
2	Offers judgement with supported justification. Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	5–3	AO3
1	Offers judgement plus limited justification. Ideas are communicated with some structure evident with occasional use of technical terms. There are noticeable errors in accepted conventions of written communication.	2–1	

3

Total for this question: 22 marks

3 (a) <i>What is meant by the term ‘current asset’?</i>
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(2 marks)

Possible answers might include the following:

- item owned by a business
- quickly redeemable for cash
- students might provide an example to demonstrate understanding (stock, debtors, cash).

One mark for stating the meaning of an asset, second mark for idea of current or an example.

Examples include:

- these are the items that a business owns (**1 mark**, ie defines ‘asset’)
- these are things that a business has, they are the opposite of liabilities (**1 mark**)
- current assets are property the business has, such as stock (**2 marks**) – allow example even if incorrect items are also included
- stock, debtors and cash are current assets (**1 mark**).

3 (b) (i) Using the formula in **Item C**, calculate *Imber Showers Ltd's* current ratio for **2012**.
Show your workings. (2 marks)

Correct answer = 0.9 **2 marks** (AO2).

2012 current ratio = $2700/3000 = 0.9$

Reciprocal answer (ie $3000/2700 = 1.11$ (or greater decimals) is **1 mark**.

1 mark for showing correct working out – $2700/3000$ but followed by incorrect (or no) answer.

3 (b) (ii) *Imber Showers Ltd's* current ratio has changed between 2011 and 2012.
Describe how this change might affect *Imber Showers Ltd*. (3 marks)

Possible effects might include the following:

- less liquidity, increase in proportion of short-term debts to current assets
- may find it more difficult to pay debts
- need to try to improve cash flow to ensure ratio improves
- greater proportion of funds are now 'productive'.

AO2 marks.

One mark for identifying a fall in current ratio or now under 1.

One mark for identifying liabilities greater than assets in 2012 (assume current).

One mark for stating implications to the business.

OFR – if candidate believes current ratio has increased in (b)(i), accept subsequent interpretation in (b)(ii).

Examples include:

- *Imber Showers Ltd's* current ratio has gone down from 1.28 to 0.9 (**1 mark**)
- the current ratio has fallen (**1 mark**). This means that the company will find it harder to pay its bills (**1 mark**)
- the current ratio has gone down (**1 mark**). This means that its assets are lower than its liabilities (**1 mark**). *Imber Showers Ltd* might need to take out an overdraft to make up the difference. (**1 mark**).

3 (c) Explain **one** advantage and **one** disadvantage for Imber Showers Ltd of using flow production. (6 marks)

Possible advantages might include the following:

- more efficient manufacturing method/costs per item lower than alternatives
- allows for greater specialisms
- can use low skilled workforce
- training needs not as great.

Possible disadvantages might include the following:

- work becomes repetitive and boring
- difficult to adapt to another product/shower design
- heavy fixed costs.

Level	Descriptor	Marks	Assessment Objective
2	Explains the advantage/disadvantage.	3–2	AO2
1	Identifies possible advantage/disadvantage.	1	AO1
0	No valid response.	0	

3 marks each for advantage and disadvantage (maximum 6 marks).

Examples include:

- an advantage would be you only need low skilled employees with flow production (L1 1 mark)
- the work involved in flow production is repetitive and boring which is a disadvantage (L1 1 mark)
- a disadvantage is that flow production is expensive to set up (L1). This means that it would only be suitable for large scale production (L2 2 marks) and not for low level output when batch production might be more suitable (L2 3 marks)
- an advantage of flow production is that it is a very efficient way of making goods (L1). It is cheaper to make each item using flow rather than batch or job production (L2 2 marks). This is because less skilled workers are needed which are cheaper than skilled ones (L2 3 marks).

3 (d) *Advise the managers of Imber Showers Ltd on whether they should use Just in Time (JIT) stock control to help them to reduce costs. Give reasons for your advice. (9 marks)*

Possible answers might include the following:

- the cost savings of JIT
- the risks involved in delayed supplies deliveries / whether suppliers are able to comply – especially with its policy of regularly changing suppliers
- the effects on liquidity of reducing the levels of stock held, ie reduce current assets
- how the decision to increase the range of showers might affect JIT – would they need more components/suppliers making JIT more difficult to organise
- possible effects on quality
- need to have loyalty to suppliers, rather than current practice of always changing.

Level	Descriptor	Marks	Assessment Objective
3	Uses Item C to analyse JIT.	4–3	A03
2	Explains use of JIT.	2	AO2
1	States relevant point about JIT.	1	AO1
0	No valid response.	0	

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