

Mark Scheme for January 2013

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This mark scheme is published as an aid to teachers and students, to indicate the requirements of the examination. It shows the basis on which marks were awarded by examiners. It does not indicate the details of the discussions which took place at an examiners' meeting before marking commenced.















All examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes should be read in conjunction with the published question papers and the report on the examination.

OCR will not enter into any discussion or correspondence in connection with this mark scheme.

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Annotations

Annotation	Meaning
	Not relevant/Too vague
	Correct
	Seen (even blank page)
	Repetition
	Level 1
	Level 2
	Level 3
	Not correct
	Use of research/context
	Not answered question
	Advantages
	Disadvantages
	BOD
	Level 4

Annotate on left hand side of script.

Question		Answer	Mark	Guidance									
1	(a)	<table border="1"> <thead> <tr> <th>Characteristics</th> <th>Sole trader (✓)</th> <th>Partnership (✓)</th> </tr> </thead> <tbody> <tr> <td>Owners have joint control</td> <td></td> <td>✓</td> </tr> <tr> <td>Two or more owners</td> <td></td> <td>✓</td> </tr> </tbody> </table>	Characteristics	Sole trader (✓)	Partnership (✓)	Owners have joint control		✓	Two or more owners		✓	2	<p>One mark for each correct identification up to a maximum of two correct identifications.</p> <p>NR must be given where there is no answer or 0 marks for no answer worthy of credit.</p> <p>No marks if ticks in both boxes.</p> <p>If crossed out reward but only if not replaced.</p>
Characteristics	Sole trader (✓)	Partnership (✓)											
Owners have joint control		✓											
Two or more owners		✓											
	(b)	<p>Benefits include:</p> <ul style="list-style-type: none"> Limited liability/limited loss Continuity Legal personality Access to finance (sell shares) <p>Drawbacks include:</p> <ul style="list-style-type: none"> Cost Requirement to create accounts Limited shareholders Legal set up cost Shared profit Loose full control Decision making will take longer Set up costs (paper) Friends/family <p>Exemplar answers:</p> <p>Limited liability (1) means that owners' personal possessions are not at risk (1).</p>	4	<p>One mark for the correct identification of a benefit, plus a further one mark for an explanation. 1+1*2 NOT 4*1</p> <p>One mark for the correct identification of a drawback, plus a further one mark for an explanation.</p> <p>Second mark should show understanding. These can be positive or negative arguments.</p> <p>Do not reward 4 separate benefits/drawbacks.</p> <p>Context is not required – generic application to be rewarded.</p> <p>NR must be given where there is no answer or 0 marks for no answer</p>									

Question			Answer	Mark	Guidance
			Private limited companies must produce and make available a set of final accounts which can cost money to produce (1) and which allow competitors to see information about your business (1).		worthy of credit.
2	(a)	(i)	<p>Objectives:</p> <ul style="list-style-type: none"> • Profit • Social benefit • Sales • Market share • To provide effective service to the public • Survival • Reputation • Corporate social responsibility • Change in business organisation • Make own products (eg sweets) <p>Exemplar answers:</p> <p>A business may aim to make as much profit as it can (1). This means that the owners will try to keep costs low and revenue high (1). Next to my school there is a newsagents and cans of cola are very expensive because the owner is trying to maximise profits (1).</p> <p>Sometimes a business will aim to increase its sales (1). My local supermarket often has BOGOF deals to get more sales (1). It aims for high sales to get more people to buy the product (1).</p> <p>Some businesses just want to provide a good service (1) such as the NHS (1) where profit is not important but the public needs to have trust in it (1).</p>	6	<p>One mark for each correct objective up to a maximum of two objectives, plus up to a further two marks for each of the explanations. 1+2 *2</p> <p>Explanation can be how or why and clearly linked to objective.</p> <p>Third mark should be rewarded for some reference to local business/research.</p> <p>Only two marks available for statement of objectives.</p> <p>Do not accept “money” or “growth” (see question).</p> <p>NR must be given where there is no answer or 0 marks for no answer worthy of credit.</p>

Question	Answer	Mark	Guidance
(ii)	<p>Objectives are important in order to:</p> <ul style="list-style-type: none"> • Give direction and purpose (to staff) • To set realistic, measurable, timely and achievable targets (SMART) • To create strategic aims • To motivate the workforce • To monitor, control and review business activities/to assess progress • Be organised • Focus on weak points to improve <p>Exemplar answers:</p> <p>Objectives are important so that the business knows what it needs to achieve (1). A business can make decisions which will help it to reach its objectives (1).</p> <p>If Rachel and Karen know what the business is aiming for (1) then they can make decisions about the new premises based on whether it will help R&K Sweets to grow (1).</p>	2	<p>One mark for a reason for plus one further mark for the development/ explanation. 1+1</p> <p>No context required.</p> <p>NR must be given where there is no answer or 0 marks for no answer worthy of credit.</p>
(b)	<p>Reasons for business planning (answer must be about planning and not objectives):</p> <ul style="list-style-type: none"> • To forecast costs/revenue • To set/meet objectives • To plan for contingencies • To raise finance • To assess resource requirements • To make product decisions • To control • To know what to do/achieve/targets (BOD) <p>Exemplar answers:</p> <p>Planning is important so that a business knows if it has enough money (1) to pay for all future expenditure (1).</p> <p>Defines the purpose of the business (1) and helps produce goals and objectives (1)</p> <p>A business needs a contingency plan (1) in case there is an emergency (1).</p>	4	<p>One mark for each correct reason up to a maximum of two reasons, plus a further one mark for each of two explanations. 1+1*2</p> <p>Answers could be linked to any of the functional areas (people, marketing, production, finance).</p> <p>No context required</p> <p>No reward for repeat 2(a)(ii)</p> <p>NR must be given where there is no answer or 0 marks for no answer worthy of credit.</p>

Question	Answer	Mark	Guidance
3 (a)	<p>Possible answers include:</p> <ul style="list-style-type: none"> • Packaging (eg bags for sweets) • Wages/salaries • Administration • Marketing • Taxes/National Insurance • Interest • Logistics (allow delivery and fuel – one mark only) • Rent/mortgage • Loan • Utilities (only one utility allowed). • Fixed costs/assets • Advertising/Promotional costs • Insurance • Uniform/health and safety (eg hair net, gloves, boots etc – one mark only) • Equipment relating specifically to sweet shop (eg till, scales, shelving) • Paying staff 	3	<p>One mark for each correct identification of a cost which a retail business may have to pay up to a maximum of three identifications.</p> <p>Do not allow costs of production, as the research brief states that the business does not produce their own sweets.</p> <p>Accept fixed, variable, direct and indirect costs.</p> <p>Do not accept three different utilities</p> <p>Do not accept employees/workers/ staff</p> <p>Do not accept premises on own</p>
(b)	<p>Problems of poor cash flow</p> <ul style="list-style-type: none"> • Lack of cash to purchase stock • Lack of cash to market business • Lack of cash to pay workers/owners • Lack of cash to pay rent/bills • Using overdraft to solve poor cash flow (Level 2) <p>Exemplar answer:</p> <p>Cash flow is the movement of cash in and out of a business (L1) R&K Sweets will get cash from selling sweets (cash inflow). This cash is then used to pay for more sweets to sell in the future and the other costs of the business (cash outflow)(L2) If it suffers from poor cash flow then it may not be able to buy more sweets, pay wages or other expenses and it may lose customers and not make as many sales (L3).</p>	6	<p>Level 3 – Analysis (5–6 marks) An analysis of the effects of poor cash flow in context (sweet shop).</p> <p>Max 5 marks for no context.</p> <p>Level 2 – Application (3–4 marks) An understanding of cashflow.</p> <p>Level 1 – Knowledge (1–2 marks) Generic knowledge of cashflow.</p> <p>Analysis will be shown by explaining the implications of poor cash flow.</p>

Question	Answer	Mark	Guidance
	Without the ability to pay for advertising, sales could possibly drop and it would slow business growth, because people wouldn't be able to find the store (L3).		Reward any idea of movement of cash eg paying for revenue expenditure, money lost through waste etc. L2, 3 marks at least. Default marks: L3 = 6 L2 = 4 L1=2 NR must be given where there is no answer or 0 marks for no answer worthy of credit. Nothing to do with profit .
4	(a) Possible answers include: Step 4 may include: <ul style="list-style-type: none"> • Member of staff/employee puts sweets in bag • Member of staff/employee replaces jar • Customer pays • Calculates price for sweets Step 6 may include: <ul style="list-style-type: none"> • Customer pays • Member of staff/employee says 'goodbye' or 'can I help you with anything else?' • Customer thanks and leaves 	2	One mark for each correct identification up to a maximum of two identifications. Accept anything realistic. NR must be given where there is no answer or 0 marks for no answer worthy of credit.
	(b) Possible reasons include: <ul style="list-style-type: none"> • Hygiene • Health and safety • Reputation • Increase sales • Avoid fines/being sued. 	2	One mark for the correct identification of a valid reason, plus a further one mark for an explanation. Does not need to be in context. 1+1 not 2*1

Question	Answer	Mark	Guidance
	<ul style="list-style-type: none"> • Consistent processes/services • To check • Prevent complaints • Stays the same each time <p>Exemplar answer:</p> <p>Quality control is important, when selling food for example, because lack of food hygiene (1) might mean that people might get ill and sue the business (1).</p> <p>Without good quality customers will not come back to the business (1) and, therefore, it will lose sales (1).</p>		<p>Do not reward 'look attractive'.</p> <p>NR must be given where there is no answer or 0 marks for no answer worthy of credit.</p>
5	<p>Possible activities include:</p> <ul style="list-style-type: none"> • Posters in the shop window • Adverts in local paper • Leaflets to local residents • Advert on regional television • Advert on local radio • Promotional pricing • Opening celebration/party • Websites • Social Networks/Phone app (1 mark max) • BOGOF • Word of mouth <p>Exemplar answer:</p> <p>If R&K Sweets were to open in my town it could put posters in the shop window (L1). This would be a low cost way of promoting the business (L2) and could be very effective because the people walking by would be the target customers (L3). However, it would only be effective if it opened in a busy area.(L4)</p> <p>R&K Sweets could also advertise in the local paper (L2) This would target a larger audience and could get more customers than a poster but it would also cost more (L3).</p>	10	<p>Level 4 – Evaluation (8–10 marks) Evaluation of at least two promotional activities suitable for a sweet shop using examples from the local area. Maximum of 8 marks for response with no reference to local area</p> <p>Level 3 – Analysis (5–7 marks) Analysis of at least two promotional activities suitable for a sweet shop using examples from the local area. Maximum of 5 marks for response with no reference to local area or only one promotional activity with L3 analysis.</p> <p>Level 2 – Application (3–4 marks) Knowledge and understanding of one or more promotional activities.</p>

Question	Answer	Mark	Guidance
	<p>I think R&K Sweets should use both methods when it opens the business because it will be new to the area and needs to invest in more promotion in the first few months. However the extent to which it will be able to spend money on promotion will depend on its cash flow and the money it has available. In the short term the business may have to choose one or other of these activities (Level 4).</p>		<p>Level 1 – Knowledge (1–2 marks) Identification of promotional activities.</p> <p>Default marks: L4 = 9 L3 = 6 L2 = 4 L1=2</p> <p>NR must be given where there is no answer or 0 marks for no answer worthy of credit.</p> <p>Ensure P8 is SEEN No mark for advertising on own.</p>
6	<p>Possible answers include:</p> <ul style="list-style-type: none"> • On the job training/training in the shop/internal/work shadowing (show them how) • Off the job training/training somewhere else/external training/college course • Induction training. • Training day • Apprenticeship <p>Exemplar answer:</p> <p>Off the job training</p> <p>Karen and Rachel may not be very good at training so off the job training may be more effective than on the job training. Off the job training may involve the employee in attending external courses at a college (L1), perhaps in business administration, to keep records, or customer service, to serve in the shop (L2). The problem with this type of training is that it can be expensive and time is lost when the employee is out at the college.(L3) The training may be comprehensive but is not hands on and therefore the owners may not achieve the standard of training they specifically want for the shop.</p>	7	<p>Level 4 – Evaluation (6–7 mark) Recommendation and justification of suitable method(s) of training suitable for a sweet shop using examples from the local area. Maximum of 6 marks for response with no reference to local area.</p> <p>Level 3 – Analysis (4–5 marks) Analysis of the implication of using training method(s) suitable for a sweet shop using examples from the local area. Maximum of 4 marks for response with no reference to local area/one example.</p> <p>Level 2 – Application (2–3 marks) Knowledge and understanding of training method(s).</p>

Question	Answer	Mark	Guidance
	<p>However, if the new employee makes a mistake when training it will not affect the R&K Sweets' customers as it could with on the job training. If this happens the shop is likely to lose sales. This is particularly important when opening a new shop as it is in the first few weeks that the image of the shop is set in the minds of the customers.</p>		<p>Level 1 – Knowledge (1 mark) Identification of training method(s).</p> <p>A job eg stock check isn't a training method.</p> <p>Default marks: L4 = 7 L3 = 5 L2 = 3 L1=1</p> <p>NR must be given where there is no answer or 0 marks for no answer worthy of credit.</p>
7	<p>Possible answers include:</p> <ul style="list-style-type: none"> • Recycling waste • Reusable bags • Keeping electronic records • Ecommerce • Transport/pollution • Healthy Eating • Examples of natural disaster (eg flooding, freak weather conditions) • Litter <p>Exemplar answer:</p> <p>R&K Sweets uses a lot of paper bags so there may be an opportunity to use recycled paper (1) and gain new customers who want an environmentally supportive sweet shop (1).</p>	2	<p>One mark for a correct identification plus a further one mark for an explanation. 1+1</p> <p>NR must be given where there is no answer or 0 marks for no answer worthy of credit.</p> <p>Do not reward weather – too vague.</p>

Question	Answer	Mark	Guidance
8	<p>Possible answers include (must be economic):</p> <ul style="list-style-type: none"> • Recession/recovery • Unemployment • Inflation • Interest rates • Taxation/government spending. • Competition (if only connected to prices or eg large supermarkets) • Demand <p>Exemplar answer:</p> <p>If people do not have jobs then they are unlikely to buy sweets which maybe a luxury (Level 1). This would impact on R&K Sweet's sales and reduce their sales and perhaps profit. Many shops in my local area have closed down because of high levels of unemployment so this is very likely to impact on businesses such as R&K Sweets. However, R&K Sweets may benefit from the really low interest rates at the moment (Level 2) because these would reduce its payments on any future loans and/or mortgages and allow the business to make more profit due to this reduction in cost (Level 3) It may also mean that customers have more money in their pockets to spend on luxuries such as sweets. Interest rates however usually have a slower impact than the immediate nature of falling sales and therefore the impact of sales may be felt sooner. However, small shops often rely on loyalty in which case it may take some time for either of these factors to impact on the business (Level 4). Overall unemployment has had a bigger impact on businesses in my local area because more of them have closed down due to the recession and falling sales than have benefitted from the lower interest rates (Level 4).</p>	10	<p>Level 4 – Evaluation (8–10 marks) Evaluation of at least two economic factors which will impact on a business such as R&K Sweets. For 9/10 marks candidate must come to a justified judgement based upon the preceding analysis and research. No research max 8 marks.</p> <p>Level 3 – Analysis (5–7 marks) Analysis of at least two economic factors which may impact a business such as R&K Sweets based on research. No research max 6 marks.</p> <p>Only one factor/no research achieve maximum 5 marks.</p> <p>Level 2 – Application (3–4 marks) Knowledge and understanding of economic factor(s) which will impact a business.</p> <p>Level 1 – Knowledge (1–2 marks) Knowledge of economic factor(s).</p> <p>Default marks: L4 = 9 L3 = 6 L2 = 4 L1=2</p>

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					NR must be given where there is no answer or 0 marks for no answer worthy of credit.

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