



Rewarding Learning

**ADVANCED SUBSIDIARY (AS)
General Certificate of Education
2023**

Business Studies

Assessment Unit AS 2

assessing

Growing the Business

[SBU21]

FRIDAY 26 MAY, AFTERNOON

**MARK
SCHEME**

General Marking Instructions

Introduction

The main purpose of the mark scheme is to ensure that examinations are marked accurately, consistently and fairly. The mark scheme provides examiners with an indication of the nature and range of candidates' responses likely to be worthy of credit. It also sets out the criteria which they should apply in allocating marks to candidates' responses.

Assessment objectives

Below are the assessment objectives for GCE Business Studies.

Candidates should be able to:

- AO1** Demonstrate knowledge of terms, concepts, theories, methods and models to show an understanding of how individuals and organisations are affected by and respond to business issues.
- AO2** Apply knowledge and understanding to various business contexts to show how individuals and organisations are affected by and respond to issues.
- AO3** Analyse issues within a business, showing an understanding of the impact on individuals and organisations of external and internal influences.
- AO4** Evaluate quantitative and qualitative information to make informed judgements and propose evidence-based solutions to business issues.

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 17 or 18-year-old which is the age at which the majority of candidates sit their GCE 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 17 or 18-year-old GCE 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. To avoid a candidate being penalised, marks can be awarded where correct conclusions or inferences are made from their incorrect calculations.

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

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 satisfactory.

Level 3: Quality of written communication is good.

Level 4: 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 basic 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 (Satisfactory): The candidate makes a satisfactory selection and use of an appropriate form and style of writing. Relevant material is organised with some degree of clarity and coherence. There is some use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are satisfactory enough to make meaning clear.

Level 3 (Good): The candidate makes a good selection and use of an appropriate form and style of writing. Relevant material is organised with good clarity and coherence. There is good use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are sufficiently competent to make meaning clear.

Level 4 (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 very clear.

1 (a) (AO1, AO2)

Explain what is meant by the term **oligopoly** using an example from the case study.

Definition:

Five firm concentration ratio/Some barriers to entry/Interdependence/
Possibility of collusion/Product differentiation

A few large firms, each with a large market share dominate the market. They compete on the basis of product branding as opposed to price only.

Price Wars e.g. supermarkets/seek to maximise profits

Five fuel distributors, Donnelly Fuels, EMO Oil, Maxol Direct, Nicholl Fuel Oils and Shell Direct dominate the oil based market in NI and they compete on product branding as opposed to price, selling a homogeneous product, petrol, diesel.

Marking:

- [1] basic explanation of the term oligopoly
- [2] detailed explanation of the term oligopoly
- [1] basic application of stimulus material
- [2] detailed application of stimulus material
- [0] incorrect explanation and/or application of stimulus material. [4]

Answer not worthy of credit **[0]** marks. [4]

1 (b) (AO1, AO2, AO3)

Analyse **two** ways in which Alfie could use the elements of the marketing mix, in order to successfully manage a petrol station.

Product:

Offer range of different products to consumer, all types of fuel, eco-fuel, electric cars, shop provisions, car wash, valeting, motoring products.

Promotion:

Special offers to attract to petrol station; purchase £50 petrol, free car wash, price discounts on selected motoring products, BOGOF promotions, free Apps to advertise petrol station.

Alternative acceptable answers credited where appropriate.

Any other 7Ps are accepted.

Level 3 [7]–[8]

An excellent response demonstrates:

- Well-focused and sound discussion of ways in which Alfie could use two different elements of the marketing mix to successfully manage a petrol station.
- Comprehensive and relevant, accurate knowledge and understanding of ways in which Alfie could use two different elements of the marketing mix to successfully manage a petrol station.
- Thorough and detailed use of relevant source material to analyse ways in which Alfie could use two different elements of the marketing mix to successfully manage a petrol station.

Level 2 [4]–[6]

A good response demonstrates:

- Focused discussion of ways in which Alfie could use two different elements of the marketing mix to successfully manage a petrol station
- Good, accurate knowledge and understanding of ways in which Alfie could use two different elements of the marketing mix to successfully manage a petrol station.
- Good use of relevant source material to analyse ways in which Alfie could use two different elements of the marketing mix to successfully manage a petrol station.

Level 1 [1]–[3]

A basic response demonstrates:

- Basic analysis of ways in which Alfie could use two different elements of the marketing mix to successfully manage a petrol station.
- Basic knowledge and understanding of ways in which Alfie could use two different elements of the marketing mix to successfully manage a petrol station.
- Limited use of relevant source material to analyse ways in which Alfie could use two different elements of the marketing mix to successfully manage a petrol station.

Answers not worthy of credit **[0]** marks.

[8]

(c) (AO1, AO2, AO3)

Analyse **three** factors that will determine the degree of competition in the petrol station market in NI.

1. Barriers to entry - capital investment of £1m required.
2. Product differentiation - use of branding, logos.
3. Number of buyers - potential for 631,000 consumers, per ONS statistics - size of market
4. Number of sellers - 565 sellers, which can vary. Competitors
5. Full knowledge - consumers have knowledge of petrol prices, vary by 10p

Level 3 [8]–[10]

An excellent response demonstrates:

- Well-focused and sound analysis of three factors that will determine the degree of competition in the petrol station market in NI.
- Comprehensive and relevant, accurate knowledge and understanding of three factors that will determine the degree of competition in the petrol station market in NI.
- Thorough and detailed use of relevant source material to analyse three factors that will determine the degree of competition in the petrol station market in NI.
- An excellent quality of written communication.

Level 2 [4]–[7]

A good response demonstrates:

- Focused analysis of up to three factors that will determine the degree of competition in the petrol station market in NI.
- Good, accurate knowledge and understanding of up to three factors that will determine the degree of competition in the petrol station market in NI.
- Good use of relevant source material to analyse up to three factors that will determine the degree of competition in the petrol station market in NI.

- A good quality of written communication.

Level 1 [1]–[3]

A basic response demonstrates:

- Basic analysis of the three factors that will determine the degree of competition in the petrol station market in NI.
- Basic knowledge and understanding of three factors that will determine the degree of competition in the petrol station market in NI.
- Limited use of relevant source material to analyse one, two or three factors that will determine the degree of competition in the petrol station market in NI.
- A basic quality of written communication.

Answers not worthy of credit **[0]** marks.

[10]

(d) (AO1, AO2, AO3, AO4)

Evaluate the usefulness of secondary market research to OilNi Ltd in deciding to operate a petrol station in Belfast.

Secondary research or desk research

Advantages of secondary/desk research:

- It is a fast method of market research for OilNi Ltd (e.g. internet)
- It is data that already exists, so it is cheaper to obtain. This means that the big five oil distributors will have plenty of data there for Tom and Alfie
- May be gathered on a much larger scale by other oil companies and research companies. The government websites such as ONS will have useful information for Tom and Alfie (e.g. government reports)

Disadvantages of secondary/desk research:

- Information gathered by secondary research can be out-of-date and inaccurate quite quickly. The petrol industry is fast moving, so any data gathered may not be of use (e.g. surveys)
- The data may be biased, and it is hard to know if the information collected is totally accurate
- The data gathered may not be 100% relevant to Northern Ireland and its customer base (e.g. journals/newspapers)
- In some cases the cost of purchasing a marketing report can be quite expensive, such as the cost of a Mintel report

Marking:

Level 4 [14]–[18]

An excellent response demonstrates:

- Comprehensive and relevant, accurate knowledge and understanding, and detailed evaluation of the usefulness of secondary research to OilNi Ltd in deciding to operate a petrol station in Belfast.
- Highly appropriate, clear and logical judgement of secondary research for a business such as OilNi Ltd in deciding to operate a petrol station in Belfast.
- Thorough use of relevant source material to evaluate the usefulness of secondary research to a business such as OilNi Ltd in deciding to operate a petrol station in Belfast.
- An excellent quality of written communication.

Level 3 [10]–[13]

A good response demonstrates:

- Sound, good, accurate knowledge and understanding, and evaluation of secondary research to a business such as OilNi Ltd in deciding to operate a petrol station in Belfast.
- An appropriate, clear and logical judgement of the usefulness of secondary research to a business such as OilNi Ltd in deciding to operate a petrol station in Belfast.
- Good use of relevant source material to address the usefulness of secondary research to a business such as OilNi Ltd in deciding to operate a petrol station in Belfast.
- A good quality of written communication.

Level 2 [6]–[9]

A satisfactory response demonstrates:

- Satisfactory knowledge and understanding, and evaluation of secondary research to a business such as OilNi Ltd in deciding to operate a petrol station in Belfast.
- A suitable, appropriate judgement of the usefulness of secondary research to a business such as OilNi Ltd in deciding to operate a petrol station in Belfast.
- A satisfactory quality of written communication.

Level 1 [1]–[5]

A basic response demonstrates:

- Basic knowledge and understanding, with unfocused evaluation of secondary research to a business such as OilNi Ltd in deciding to operate a petrol station in Belfast.
- Basic or no judgement based on limited analysis of the usefulness of secondary research to a business such as OilNi Ltd in deciding to operate a petrol station in Belfast.
- Limited use of relevant source material to address the usefulness of secondary research to a business such as OilNi Ltd in deciding to operate a petrol station in Belfast.
- A basic quality of written communication.

Answers not worthy of credit **[0]** marks.

[18]

40

2 (a) (AO1, AO2, AO3)

Calculate the following figures as of 31st March 2024, using the information in **Table 1**.

- (i) Net cash flow for March 2024
 $220,000 - 304,400 = (84,400)$
 ANSWER (–84 400) [2]
- (ii) Closing Balance for March 2024
 $(84,400) + 42,650 = (41,750)$
 ANSWER (–41 750) [2]
 OFR applies above

Marking:

[0] mark for incorrect calculation/answer

[1] mark for the correct calculation of Net cash flow for March 2024.

[1] mark for the correct calculation of Closing Balance for March 2024.

[2] marks for correct calculation **and** brackets (or – / minus sign) for Net cash flow for March 2024.

[2] marks for correct calculation **and** brackets (or – / minus sign) for Closing Balance for March 2024. [4]

(b) Analyse **two** ways in which Vibe Furnishings can improve its cash flow.

- Increase their sales revenue
- Decrease their payments/Postpone payments to trade payables
- Decreasing running costs - such as electricity/better stock control e.g. JIT
- Increase their sales revenue – Vibe Furnishings Dungannon can try to boost their sales revenue by focusing on repeat customers, by improving their pricing strategies, use more effective marketing strategies or increase their online presence further, reduce credit sales.
- Decrease their payments – Vibe Furnishings Ltd can look at reducing their cost of purchases. Find a cheaper but still good quality furniture supplier. They could look into reducing salaries and wages. Find cheaper labour, and reduce their hours. Management work longer hours, possibly requesting additional trade arrangements with suppliers.
- Lease the new van over 3 years, thus reducing the March 2024 expenditure by £25 000.
- Hire purchase, the new van is over 3 years again reducing the March 2024 outgoings.
- Postpone the purchase of new van until better cash flow position.
- Reduce the Trade Receivables from £120 000.
- Arrange an overdraft

Marking:**Level 3 [7]–[8]**

An excellent response demonstrates:

- Well-focused and sound discussion of two ways that Vibe Furnishings Dungannon can improve its cash flow.
- Comprehensive and relevant, accurate knowledge and understanding of one way that Vibe Furnishings Dungannon can improve its cash flow.
- Thorough and detailed use of relevant source material to analyse two ways that Vibe Furnishings Dungannon can improve its cash flow.

Level 2 [4]–[6]

A good response demonstrates:

- Focused discussion of up to two ways that Vibe Furnishings Dungannon can improve its cash flow.
- Good, accurate knowledge and understanding of up to two ways that Vibe Furnishings Dungannon can improve its cash flow.
- Good use of relevant source material to analyse up to two ways that Vibe Furnishings Dungannon can improve its cash flow.

Level 1 [1]–[3]

A basic response demonstrates:

- Basic analysis of one way that Vibe Furnishings can improve its cash flow.
- Basic knowledge and understanding of one way that Vibe Furnishings Dungannon can improve its cash flow.
- Limited use of relevant source material to analyse one way that Vibe Furnishings Dungannon can improve its cash flow.

Answers not worthy of credit **[0]** marks.

[8]

(c) (AO1, AO2, AO3)

Analyse **three** ways that Vibe Furnishings can increase its market share, excluding the use of e-business.

- Selling more to existing customers. Trying to find out what your existing customers want to buy, why they buy and how much are they willing to pay. By reducing price/discounting
- Focusing your customer service and marketing efforts on retaining customers. Market Research / Better Quality products
- Expanding your customer base to include similar people who are not currently customers.
- Selling through new channels or into new markets. Vibe Furnishings can sell beyond Northern Ireland. Sell their furnishings to the south of Ireland and to mainland UK.
- Expand and diversify your product range. This could mean for Vibe Furnishings, more interior design pieces, such as cushions and candles, etc.
- Personal shopping.
- Free delivery of goods, new van to facilitate.
- Increase advertising - by using social media, TV, radio, billboards etc.

Level 3 [8]–[10]

An excellent response demonstrates:

- Well-focused and sound analysis of three ways to increase its market share.
- Comprehensive and relevant, accurate knowledge and understanding of all three ways to increase its market share.
- Thorough and detailed use of relevant source material to analyse all three ways to increase its market share.
- An excellent quality of written communication.

Level 2 [4]–[7]

A good response demonstrates:

- Focused analysis of up to three ways to increase its market share.
- Good, accurate knowledge and understanding of up to three ways to increase its market share.

- Good use of relevant source material to analyse up to three ways to increase its market share.
- A good quality of written communication.

Level 1 [1]–[3]

A basic response demonstrates:

- Basic analysis of the appropriate ways to increase its market share.
- Basic knowledge and understanding of the appropriate ways to increase its market share.
- Limited use of relevant source material to analyse one, two or three ways to increase its market share.
- A basic quality of written communication.

Answers not worthy of credit [0] marks.

[10]

The question requires an analysis of only three ways to increase market share. Any additional reasons analysed will not attract any marks.

(d) (AO1, AO2, AO3, AO4)

Evaluate the usefulness of e-business to Vibe Furnishings as a method to increase its profits.

E-commerce is the buying and selling of goods and services via the internet.

Advantages of e-commerce

- 24 hours/365 days a week. Vibe Furnishings can sell their goods online all the time. Customers can shop from the comfort of their own home 24 hours a day.
- Personalisation – e-commerce allows Vibe Furnishings to target customers directly with advertising based on their browsing history.
- Global marketplace – this allows Vibe Furnishings to sell across the globe. The costs of delivery can be added in at checkout and it means that they have a lot more customers.
- Lower costs – the store doesn't have to be open as long. They may not stock as many pieces of furniture. Just order when a customer orders.
- Used for Market Research - this can increase future profits

Disadvantages of e-commerce

- Security – it will cost Vibe Furnishings a lot to ensure the personal details and bank details of their customers are secure.
- Costs – it will cost Vibe Furnishings extra for their online presence. They may have to employ an IT specialist – £1000 per month.
- Visualise – it can be difficult for consumers to visualise their furniture. It will require a lot of two-way communication to reassure customers about their purchase.
- Competition – it opens Vibe Furnishings up to a lot more competition. They can face competition from all over Northern Ireland and Ireland and the UK. Customers can compare prices
- Negative reviews online can impact sales and profits.
- Also, delivery costs could impact profits

Marking:

Level 4 [14]–[18]

An excellent response demonstrates:

- Comprehensive and relevant, accurate knowledge and understanding, and detailed evaluation of e-business to Vibe Furnishings as a method to increase profits.
- Highly appropriate, clear and logical judgement of of e-business to Vibe Furnishings as a method to increase profits. Focused analysis of e-business. Thorough use of relevant source material to evaluate e-business to Vibe Furnishings as a method to increase profits.
- An excellent quality of written communication.

Level 3 [10]–[13]

A good response demonstrates:

- Sound, good, accurate knowledge and understanding, and evaluation of e-business to Vibe Furnishings as a method to increase profits.
- An appropriate, clear and logical judgement of e-business to Vibe Furnishings as a method to increase profits, based on well focused analysis.
- Good use of relevant source material of Vibe Furnishings as a method to increase profits.
- A good quality of written communication.

Level 2 [6]–[9]

A satisfactory response demonstrates:

- Satisfactory knowledge, understanding and application of e-business to Vibe Furnishings as a method to increase profits.
- A suitable, appropriate judgement of e-business to Vibe Furnishings as a method to increase profits.
- A satisfactory quality of written communication.

Level 1 [1]–[5]

A basic response demonstrates:

- Basic knowledge and understanding, with unfocused evaluation of e-business to Vibe Furnishings as a method to increase profits.
- Basic or no judgement based on limited analysis of e-business to Vibe Furnishings as a method to increase profits.
- Limited use of relevant source material to evaluate the usefulness of e-business to Vibe Furnishings as a method to increase profits.
- A basic quality of written communication.

Answers not worthy of credit **[0]** marks.

[18]

40

Total

80

**AVAILABLE
MARKS**