



**General Certificate of Secondary Education
2022**

Business Studies

Unit 2

Developing a Business

[GBU21]

THURSDAY 9 JUNE, MORNING

**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.

COVID-19 Context

Given the unprecedented circumstances presented by the COVID-19 public health crisis, senior examiners, under the instruction of CCEA awarding organisation, are required to train assistant examiners to apply the mark scheme in case of disrupted learning and lost teaching time. The interpretation and intended application of the mark scheme for this examination series will be communicated through the standardising meeting by the Chief or Principal Examiner and will be monitored through the supervision period. This paragraph will apply to examination series in 2021–2022 only.

1 (a) (AO1, AO2)

*Explain **one** purpose of a Job Description.*

One purpose of a Job Description from the following:

- To show the duties/roles and responsibilities of the job
- To act as a reference document in the event of later disputes
- To show how closely the employee matches the requirements of the job
- To help with design of the job advertisement

Valid alternative responses will be credited.

Marking:

[1] mark for a brief explanation of one purpose

[2] marks for a detailed explanation of one purpose

[2]

1 (b) (AO1, AO2)

*Explain **one** legal control that governs race and **one** legal control that governs religion which Grace must observe when recruiting an Assistant Manager.*

Legal controls which govern Race:

- People of all races, colours, nationalities or ethnic origin must be treated equally
- In Northern Ireland such conditions also apply to Irish Travellers

Legal controls which govern Religion:

- People of all religious beliefs and political opinion should be treated equally
- The fitness centre must be a neutral area. No flags, emblems, posters or graffiti are allowed or the singing of songs which would give offence or cause fear
- Fitness for All must be registered with the Equality Commission as more than ten people are employed there
- Grace must submit annual information about the religious composition of her workforce in order to keep a religious balance

Valid alternative responses will be credited.

Marking:

[1] mark for a brief explanation of one control on either race or religion

[2] marks for a detailed explanation of one control on either race or religion

OR a brief explanation of controls on both race and religion

[3] marks for a detailed explanation of one control on either race or religion

AND a brief explanation of one control on either race or religion

[4] marks for a detailed explanation of controls on both race and religion [4]

1 (c) (AO3)

*Grace would prefer to recruit the Assistant Manager internally. Discuss **three** advantages of internal recruitment for Fitness for All.*

Three advantages of internal recruitment for Fitness for All from the following:

- The new appointee is familiar with the centre/owner knows the person
- Creates promotion opportunities in the centre
- Is motivating for existing staff
- Is less expensive than external recruitment

- Is faster than external recruitment
- Induction training would not be required

Valid alternative responses will be credited.

Marking:

[1] mark for a brief discussion of one advantage

[2] marks for a detailed discussion of one advantage OR brief discussion of two advantages

[3] marks for a detailed discussion of one advantage AND a brief discussion of a second advantage OR brief discussion of three advantages

[4] marks for a detailed discussion of two advantages

[5] marks for a detailed discussion of two advantages AND a brief discussion of a third advantage

[6] marks for a detailed discussion of three advantages [6]

(d) (AO2, AO3)

Discuss the following responsibilities which both Grace and the prospective Assistant Manager have in the selection process.

Honesty

- Both parties are expected to be completely honest with each other. For example, the employer must describe the working terms and conditions accurately and the applicant must not omit any relevant information or include any false information when applying for the job.

Fairness

- Both parties are expected to be completely fair with each other. For example, the employer must give each applicant an equal length of interview time and ask the same questions, and the applicant must give all relevant information to the employer.

Confidentiality

- Both parties must treat all information learned about the other as strictly confidential. For example, the employer must not talk about the personal details of the applicant and the applicant must not disclose any details about the business.

Valid alternative responses will be credited.

Marking:

[1] mark for a brief discussion of one responsibility

[2] marks for a detailed discussion of one responsibility OR a brief discussion of two responsibilities

[3] marks for a detailed discussion of one responsibility AND a brief discussion of a second responsibility OR a brief discussion of three responsibilities

[4] marks for a detailed discussion of two responsibilities

[5] marks for a detailed discussion of two responsibilities AND a brief discussion of a third responsibility

[6] marks for a detailed discussion of three responsibilities [6]

(e) (AO1, AO2)

Explain the following reasons for staff training in Fitness for All.

Induction

- Is the name given to the introduction of new employees to the centre
- Is designed to make new employees feel comfortable in their new workplace
- Would include a tour of the building, introduction to colleagues and explanation of the centre's health and safety procedures
- Helps new employees to understand the ethos and work of the centre
- Leads to employee being more efficient more quickly

Change in Procedures

- Training may be given for example, in the use of new equipment/ apparatus introduced to the centre
- Members of staff need to be up-dated about new technology
- Regular up-date training is required on health and safety issues

To become more competitive

- Regular training is required in order to keep the centre ahead of its competitors
- The aim is to have the maximum number of users of the centre
- To be competitive the centre's staff must be fully trained, efficient and up-to-date

Valid alternative responses will be credited.

Marking:

[1] mark for a brief explanation of one reason

[2] marks for a detailed explanation of one reason OR a brief explanation of two reasons

[3] marks for a detailed explanation of one reason AND a brief explanation of a second reason OR a brief explanation of three reasons

[4] marks for a detailed explanation of two reasons

[5] marks for a detailed explanation of two reasons AND a brief explanation of a third reason

[6] marks for a detailed explanation of three reasons [6]

(f) (AO1, AO2)

*Explain **three** reasons why high staff motivation is important in Fitness for All.*

Three reasons from the following:

- There would be a lower staff turnover
- Quality of work would be better
- Fewer accidents in the centre would result
- There would be a lower level of absenteeism
- Profitability of the centre would increase
- Good customer reviews/reputation
- Higher staff morale
- More efficient/work harder

Valid alternative responses will be credited.

Marking:

Level 1 ([1]–[2] marks)

Candidate demonstrates basic knowledge and understanding of the importance of motivation, giving only one valid reason. Candidate displays basic accuracy in the use of spelling, punctuation and grammar.

Level 2 ([3]–[4] marks)

Candidate demonstrates good knowledge and understanding of the importance of motivation, giving one to two detailed reasons. Candidate displays good accuracy in the use of spelling, punctuation and grammar.

Level 3 ([5]–[6] marks)

Candidate demonstrates excellent knowledge and understanding of the importance of motivation, giving three detailed reasons. Candidate displays excellent accuracy in the use of spelling, punctuation and grammar. [6]

AVAILABLE
MARKS

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- 2 (a) (AO1)
*Identify **two** signs of success which you would expect to find in Fitness for All.*

Two signs of success identified from the following:

- Increasing profit
- Healthy cash flow
- Attracting new competitors into the industry
- Expansion of premises/equipment
- Opening additional outlets
- Increased number of employees
- Favourable customer reviews
- Word of mouth recognition
- Listings on social media/increased publicity
- Increased sales/share of the market
- Good corporate image

Valid alternative responses will be credited.

Marking:

[1] mark for identification of one appropriate sign of success

[2] marks for identification of two appropriate signs of success

[2]

- (b) (AO2, AO3)

*Discuss **three** factors that could limit growth of Fitness for All.*

Three discussed limitations of growth from the following:

- Lack of finance
- Lack of entrepreneurial skills/expertise
- Lack of knowledge of fitness programmes/staff
- Increased competition/loss of customers
- Changes in consumer trends and tastes
- Poor communication with all aspects of the fitness market
- Legal constraints/services/poor reputation
- Lack of market demand due to factors such as recession/unemployment
- Lack of promotion
- Difficult economic conditions
- Unfavourable customer reviews
- Lack of motivation from staff
- Poor location

Valid alternative responses will be credited.

Marking:

Level 1 ([1]–[2] marks)

Candidate demonstrates basic knowledge and understanding of the factors which could limit growth, discussing only one valid factor. Candidate displays basic accuracy in the use of spelling, punctuation and grammar.

Level 2 ([3]–[4] marks)

Candidate demonstrates good knowledge and understanding of the factors which could limit growth, discussing one or two detailed factors. Candidate displays good accuracy in the use of spelling, punctuation and grammar.

Level 3 ([5]–[6] marks)

Candidate demonstrates excellent knowledge and understanding of the factors which could limit growth, discussing three detailed factors. Candidate displays excellent accuracy in the use of spelling, punctuation and grammar. [6]

(c) (AO2, AO3)

Analyse **two** advantages of growth in *Fitness for All*.

Two advantages analysed from the following:

- Increased profits
- Greater market influence
- Economies of scale
- Increased sales/market share
- Increased range of service
- Better corporate image/reputation
- May eliminate competitors
- Easier access to loans
- Possible increased capital
- Improved staff morale

Valid alternative responses will be credited.

Marking:

[1] mark for a brief analysis of one advantage

[2] marks for a detailed analysis of one advantage OR a brief analysis of two advantages

[3] marks for a detailed analysis of one advantage AND a brief analysis of a second advantage

[4] marks for a detailed analysis of two advantages [4]

(d) (AO2, AO3)

Analyse **two** disadvantages of growth for *Fitness for All*.

Two disadvantages analysed from the following:

- Communication may be more difficult in a bigger organisation
- Decision making may be slower
- Increased costs, e.g. more buildings/more staff would be needed
- Additional capital would be required
- Increased difficulties of co-ordination
- Risk of poor staff morale/motivation
- Diseconomies of scale may result
- Wider market would lead to increased competition
- Bad reputation if others are put out of business
- Noise pollution to local area

Valid alternative responses will be credited.

Marking:

[1] mark for a brief analysis of one disadvantage

[2] marks for a detailed analysis of one disadvantage OR a brief analysis of two disadvantages

[3] marks for a detailed analysis of one disadvantage AND a brief analysis of a second disadvantage

[4] marks for a detailed analysis of two disadvantages [4]

- (e) (AO1)
Explain the role of the Competition and Markets Authority (CMA) in relation to business growth.

Two points to fully explain the role of CMA from the following:

- It works to maintain some competition in business
- It aims to make the market work in favour of consumers
- It enforces consumer protection legislation
- It investigates mergers and monopolies in order to ensure competition in the market
- It prevents large businesses from abusing their market powers

Valid alternative responses will be credited.

Marking:

[1] mark for a brief explanation of one role

[2] marks for a detailed explanation of one role OR a brief explanation of two roles

[3] marks for a detailed explanation of one role AND a brief explanation of a second role

[4] marks for a detailed explanation of two roles [4]

- (f) (AO1)
Explain the meaning of 'external growth'.

One point to fully explain external growth:

- Is the growth of a business which involves the capital and assistance of other organisations/businesses. This may be achieved through merger, takeover or franchise

Valid alternative responses will be credited.

Marking:

[1] mark for a brief explanation of external growth

[2] marks for a detailed explanation of external growth [2]

- (g) (AO3)
*Describe **two** advantages and **two** disadvantages of franchising for Grace's business.*

Two advantages for Grace's business from the following:

- Increased opportunities for expansion/cheaper method of growth
- Benefits from economies of scale
- Receiving yearly royalty payments
- Another fitness centre being run without increased capital investment
- Enhanced corporate image/reputation

Two disadvantages for Grace's business from the following:

- If the day to day running of the fitness centre is poor, her reputation could be damaged
- Grace will need to provide ongoing training and support

Valid alternative responses will be credited.

Marking:

[1] mark for a brief description of either an advantage OR a disadvantage

[2] marks for a detailed description of either an advantage OR a disadvantage

[3] marks for a brief description of either an advantage or a disadvantage AND a detailed description of either an advantage or a disadvantage

[4] marks for a detailed description of two either advantages OR disadvantages

[5] marks for a detailed description of two either advantages or disadvantages AND a brief description of a third advantage or disadvantage

[6] marks for a detailed description of three either advantages or disadvantages

[7] marks for a detailed description of three either advantages or disadvantages AND a brief description of a fourth advantage or disadvantage

[8] marks for a detailed description of two advantages and two disadvantages

[8]

AVAILABLE
MARKS

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3 (a) (AO1, AO3)

*Explain **one** advantage and **one** disadvantage for Grace of buying the equipment using Hire Purchase.*

One explained advantage from the following:

- Grace would have the use of the equipment while paying it off
- Eventually Grace would own the equipment
- The Fitness Centre would have very up-to-date equipment
- The full amount would not have to be paid at the beginning/
good cash flow/budgeting

One explained disadvantage from the following:

- A deposit is required to set up a hire purchase agreement
- Maintenance and repair costs have to be paid for by Grace
- The total cost of the equipment is higher than if bought for cash

Valid alternative responses will be credited.

Marking:

[1] mark for a brief description of either an advantage or a disadvantage

[2] marks for a detailed description of either an advantage or a disadvantage

OR a brief description of an advantage and a disadvantage

[3] marks for a brief description of either an advantage or a disadvantage

AND a detailed description of either an advantage or a disadvantage

[4] marks for a detailed description of one advantage and one

disadvantage

[4]

3 (b) (AO1, AO3)

*Explain **one** advantage and **one** disadvantage for Grace of leasing the equipment.*

One explained advantage from the following:

- Grace would have the use of the equipment while leasing it
- Maintenance and repair costs are usually paid by the finance company
- The Fitness Centre would have very up-to-date equipment
- The full amount would not have to be paid at the beginning

One explained disadvantage from the following:

- Payments are very high as they include profits for the finance company
- Grace's business would never own the equipment
- Over a longer term leasing is more expensive than other forms of
finance

Valid alternative responses will be credited.

Marking:

[1] mark for a brief description of either an advantage or a disadvantage

[2] marks for a detailed description of either an advantage or a disadvantage

OR a brief description of an advantage and a disadvantage

[3] marks for a brief description of either an advantage or a disadvantage

AND a detailed description of either an advantage or a disadvantage

[4] marks for a detailed description of one advantage and one

disadvantage

[4]

- (c) (AO3)
*Identify which of the above **two** methods is the more appropriate source of finance for Grace to use.*

NO MARK for stating the choice
Either method will be credited if correctly reasoned.

Marking:

[1] mark for brief reason for choice of source of finance
[2] marks for detailed reason for choice of source of finance [2]

- (d) (AO1, AO3)
*Explain **one** reason why each of the following financial statements is important to a business such as Fitness for All.*

One reason for importance of Income Statement from the following:

- It calculates the net profit or loss which the Fitness Centre is making
- It calculates the cost of sales
- It shows the opening and closing inventories
- It shows the difference between gross profit or loss and net profit or loss
- It shows the expenses of the business
- Compare with previous years

One reason for importance of Statement of Financial Position from the following:

- It shows the accurate value of the business on any given date
- It shows the total assets – current and non-current
- It shows the total liabilities – current and non-current
- It shows Grace's capital and drawings
- It shows the net profit

Valid alternative responses will be credited.

Marking:

[1] mark for a brief explanation of the importance of either the Income Statement OR the Statement of Financial Position
[2] marks for a detailed explanation of the importance of either the Income Statement or the Statement of Financial Position OR a brief explanation of both statements
[3] marks for a detailed explanation of the importance of either the Income Statement or the Statement of Financial Position AND a brief explanation of the second statement
[4] marks for a detailed explanation of the importance of both the Income Statement and the Statement of Financial Position [4]

(e) (AO1)
Complete the Income Statement to show the figures for the following:

Purchases £90 000
Closing Inventory £22 500
Gross Profit..... £43 500
Net Profit £24 750 (OFR applies to Net Profit)

Marking:

- [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]

(f) (AO1, AO2, AO3)
Distinguish between fixed and variable costs. Identify **two** examples of each which may occur in Fitness for All.

Distinction between Fixed and Variable Costs:

Fixed costs remain the same and are not affected by the number of customers using the centre.

Variable costs change according to the amount of usage.

Two examples of possible fixed costs in Fitness for All from the following:

- rent
- rates
- salaries
- insurance
- bank loan repayment

Two examples of possible variable costs in Fitness for All from the following:

- heating
- electricity
- telephone
- stationery
- purchases
- wages

Valid alternative responses will be credited.

Marking:

- [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 OR examples of two costs
- [3] marks for a detailed distinction between fixed and variable costs and an example of one cost OR examples of three costs
- [4] marks for a detailed distinction between fixed and variable costs AND examples of two costs OR examples of four costs
- [5] marks for a detailed distinction between fixed and variable costs AND examples of three costs
- [6] marks for a detailed distinction between fixed and variable costs AND examples of four costs [6]

- (g) (AO1)
Calculate the Net Profit Percentage for Fitness For All.

Calculation of the Net Profit Percentage:

$$\text{Net Profit Percentage} = \frac{\text{Net Profit}}{\text{Sales}} \times 100$$

$$= \frac{24\,750}{165\,000} \times 100$$

$$= 15\%$$

Marking:

[1] mark for correct substitution of figures

[2] marks for correct final answer including percentage sign

(The own figure rule must apply in Question 3(g) as per general marking instructions. Candidates are not penalised more than once for a computational error.)

[2]

- (h) (AO2, AO3)
Analyse your calculation of the Net Profit Percentage and comment on the performance of Fitness For All for the year.

Two comments analysed from the following:

- Net Profit Percentage informs Fitness For All of the level of net profit which has been made on sales
- This result tells Grace that the centre is making 15% profit on sales – or 15p on every £1 of sales
- This is a very satisfactory result and shows Grace that her marketing and sales methods are working satisfactorily
- It would be helpful to know the Net Profit Percentage from previous years for purposes of comparison
- It would also be helpful to know the Net Profit Percentage of rival fitness centres for purposes of comparison

Valid alternative responses will be credited.

OFR applies

Marking:

[1] mark for a brief analysis of one comment

[2] marks for a detailed analysis of one comment OR a brief analysis of two comments

[3] marks for a detailed analysis of one comment AND a brief analysis of a second comment

[4] marks for a detailed analysis of two comments

[4]

Total

**AVAILABLE
MARKS**

30

90