

# GCSE BUSINESS STUDIES (SHORT COURSE)

413013 - Unit 13 Business Start Up  
Mark scheme

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Mark schemes are prepared by the Lead Assessment Writer and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation events which all associates participate in and is the scheme which was used by them in this examination. The standardisation process ensures that the mark scheme covers the students' responses to questions and that every associate understands and applies it in the same correct way. As preparation for standardisation each associate analyses a number of students' scripts: alternative answers not already covered by the mark scheme are discussed and legislated for. If, after the standardisation process, associates encounter unusual answers which have not been raised they are required to refer these to the Lead Assessment Writer.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of students' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

Further copies of this Mark Scheme are available from [aqa.org.uk](http://aqa.org.uk)

**1 (a)** Describe **one** suitable promotional method Tieler could use.

**[2 marks]**

1 mark for stating method, 2<sup>nd</sup> mark for describing how it works/its suitability for Tieler.

**Possible methods could include:**

- loyalty cards
- flyers
- special offers
- poster in window / A board
- local newspaper advert.

Loyalty cards **(1)** would help to keep Tieler’s customers away from his competitors in the city centre **(2)**.

**Or**

Special Offers **(1)** might encourage local workers to try his place out for the first time **(2)**.

Do NOT award ‘non-local’ methods, eg TV adverts, national newspaper, national radio.

**1 (b)** Explain why it is important for Fernandez Fried Chicken Ltd to have high quality products.

**[3 marks]**

**Possible answers may include:**

- taste is a key factor when buying food
- food poisoning could be a major problem if quality is poor
- quality could help him stand out from his rivals in the city centre
- competitors are ‘low-priced’ – quality may be his USP.

High quality food is important to Tieler because it could help him stand out **(L1)**. Better food than any rivals will encourage customers to use his business **(L2)**, which is important to Tieler as the city centre contains lower priced competitors **(L3)**.

**Or**

Quality food means a good taste **(L1)**. Better tasting food should attract customers **(L2)** and what can be more important when choosing a food product, like chicken, than the taste **(L3)**?

Level	Descriptor	Marks	Assessment Objective
3	Candidate describes reason in context of Fernandez Fried Chicken.	3	AO2
2	Candidate describes reason or identifies reason in context.	2	
1	Candidate identifies reason.	1	AO1
0	No valid response.	0	

**1 (c)** Using **Figure 1** and other information from **Item A**, explain how Tieler could improve the business's cash flow.

**[5 marks]**

**Possible answers may include:**

- reschedule payments to suppliers – inference from cash flow is that ingredients are 50% of each month's sales and are paid in the month incurred
- reduce costs (eg staff) – given that staff wages do not fluctuate, perhaps more flexible staffing could reduce this outflow in quieter periods
- boost cash inflows – cash inflow from sales simply isn't enough to cover existing outflows
- seek extra sources of finance (eg overdraft/loan) to spend more on promotion
- postpone or cancel promotion.

Tieler could improve his cash flow by getting a loan from the bank (**L1**). This would mean cash inflow increases (**L2**), and perhaps allow him to spend more than £2000 on his next promotion (**L3**).

Level	Descriptor	Marks	Assessment Objective
3	Candidate explains how way(s) would improve cash flow in context of Fernandez Fried Chicken.	5–4	AO2
2	Candidate explains way(s) to improve cash flow <b>or</b> identifies a way(s) in context.	3–2	
1	Candidate identifies way(s) to improve cash flow.	1	AO1
0	No valid response.	0	

**1 (d)** Do you think Tieler was right to start up independently instead of buying the franchise? Justify your answer.

• **[9 marks]**

**Possible answers may include:**

**Independent was right because:**

- £25 000 looks a lot in the light of his cash flow – he may not have been able to raise the money in the first place
- Tieler likes the freedom his own business brings and being his own boss
- the franchisor may have been unwilling to sell a franchise to a school-leaver.

**A franchise may have been better because:**

- Tieler is short of customers – a recognisable franchise name may have led to higher customer levels
- promotion is his main problem – a franchise would have helped
- he was straight out of school so lacked experience – a franchisor would have provided training.

Themes for evaluation may question the motives of the entrepreneur – does a franchise give you the chance to really be your own boss, question whether a franchise was ever really a viable option for Tieler but recognise that key benefits of franchising may have directly tackled Tieler's major problems – lack of customers and perhaps inexperience.

Level	Descriptor	Marks	Assessment Objective
3	Candidate analyses point(s) in context.	4–3	AO3
2	Candidate describes relevant point(s) in context.	2	AO2
1	Candidate makes a relevant point(s).	1	AO1
0	No valid response.	0	

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

Level	Descriptor	Marks	Default mark	Assessment Objective
2	Offers judgement plus clear 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	4	AO3 and Quality of Written Communication
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	

**2 (a)** State **two** features of a private limited company. **[2 marks]**

**Possible features include:**

- has shareholders
- Shareholders/owners have limited liability
- separate legal entity
- shares can be sold to friends, family, associates.

One mark per valid feature identified.

**2 (b)** Explain how High Note Fashions Ltd could improve efficiency in the existing shop. **[4 marks]**

**Possible answers include:**

- reduce amount of stock held
- allocate job of keeping stockroom tidy
- allocate job of returning fitting room clothes back to shopfloor
- better training of weekend staff on tills
- better stock ordering to ensure right sizes always in – perhaps through careful analysis of sales.

Sophie could hold less stock (**L1**) so that she can make better use of her space (**L2**) as it says she has an overcrowded stock room (**L3**).

Level	Descriptor	Marks	Assessment Objective
3	Candidate explains how method would improve efficiency at High Note Fashions.	4–3	AO2
2	Candidate explains relevant method(s).	2	
1	Candidate identifies relevant method(s).	1	AO1
0	No valid response.	0	

**2 (c)** Explain **two** reasons why Sophie has decided to carry out market research before opening the new shop.

**[6 marks]**

**Possible reasons include:**

- if the town needs a new clothes store
- how many competitors are in the new town
- details on new competitors products, prices etc
- what types of clothes customers in the new town would buy
- what prices they'd be prepared to pay
- size of target market.

Sophie may carry out research to find out what type of clothes customers like (**L1**) because she needs to ensure she will sell products that local customers want to buy (**L2**) in a town which is new to her business where customers may have different tastes to her current ones (**L3**).

Level	Descriptor	Marks	Assessment Objective
3	Candidate explains reason in context.	3	AO2
2	Candidate explains reason.	2	
1	Candidate identifies reason.	1	AO1
0	No valid response.	0	

**Apply twice.**

**2 (d)** Do you think that Sophie should use internal or external recruitment to find a manager for the new shop? Justify your answer.

**[9 marks]**

**Possible answers may include:**

**Internal recruitment may be good because:**

- offers career progression for current staff
- current staff referred to as experienced and reliable
- staff know the business – the shop has been open for 5 years.

**External recruitment may be good because:**

- 50 miles may be a long way for existing staff to commute
- current staff may be unwilling to work at weekends
- externals may bring a better skill set to suit management role for new store
- externals may bring in new ideas to help solve existing problems such as inefficiency
- operating in a larger town may require someone with knowledge of the town or experience of operating in a more competitive local market.

Evaluative themes may include recognition that Sophie is taking a major step for the business and therefore trust in the new manager may be critical – suggesting internal recruitment may be preferable, or recognition that existing methods at the first branch seem to be inefficient – prompting the need for new ideas from external candidates.

Level	Descriptor	Marks	Assessment Objective
3	Candidate analyses point(s) in context.	4–3	AO3
2	Candidate describes relevant point(s) in context.	2	AO2
1	Candidate makes a relevant point(s).	1	AO1
0	No valid response.	0	

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

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