



**For teaching from 2009  
For awards from 2011**

# **BUSINESS STUDIES**

## **SPECIMEN ASSESSMENT MATERIALS**



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Candidate Name	Centre Number				Candidate Number			
					0			



**GCSE**

**BUSINESS STUDIES**

**SPECIMEN PAPER**

**2 hours**

### **INSTRUCTIONS TO CANDIDATES**

Write your name, centre number and candidate number in the spaces at the top of this page.

Answer **all** questions.

Write your answers in the spaces provided in this booklet.

### **INFORMATION FOR CANDIDATES**







The number of marks is given in brackets at the end of each question or part-question.

You are reminded that assessment will take into account the quality of written communication used in your answers that involve extended writing, i.e. questions 6(d), 8(d) and 9(e).

Answer **all** the questions in the spaces provided.





1. Which **three** of the following are examples of **fixed costs** paid by a coffee shop? [3]

Tick **three** boxes only.

Monthly payment for coffee making machine 	<input type="checkbox"/>	Bill for electricity to power the coffee making machines 	<input type="checkbox"/>
Payment of business rates on premises 	<input type="checkbox"/>	Cost of ingredients 	<input type="checkbox"/>
Value Added Tax paid to the government 	<input type="checkbox"/>	Rent for shop 	<input type="checkbox"/>

2. Which **two** of the following apply to private limited companies? [2]

Tick **two** boxes only.

The maximum number of shareholders is twenty 	<input type="checkbox"/>	Shares are not sold on the Stock Exchange 	<input type="checkbox"/>
The name of the company is followed by the letters "Ltd" 	<input type="checkbox"/>	The name of the company is followed by the letters "plc" 	<input type="checkbox"/>

3. Below are a number of terms and phrases used in business.

SPAN OF CONTROL

DESK RESEARCH

SET-UP COST

PLANNING PERMISSION

HIERARCHY

BUSINESS PLAN

BALANCE SHEET

FIELD RESEARCH

Which of the above best describes **each** of the following: [4]

(a) the number of people someone in a business is directly responsible for;

.....

(b) a measure of the assets and liabilities of a business;

.....

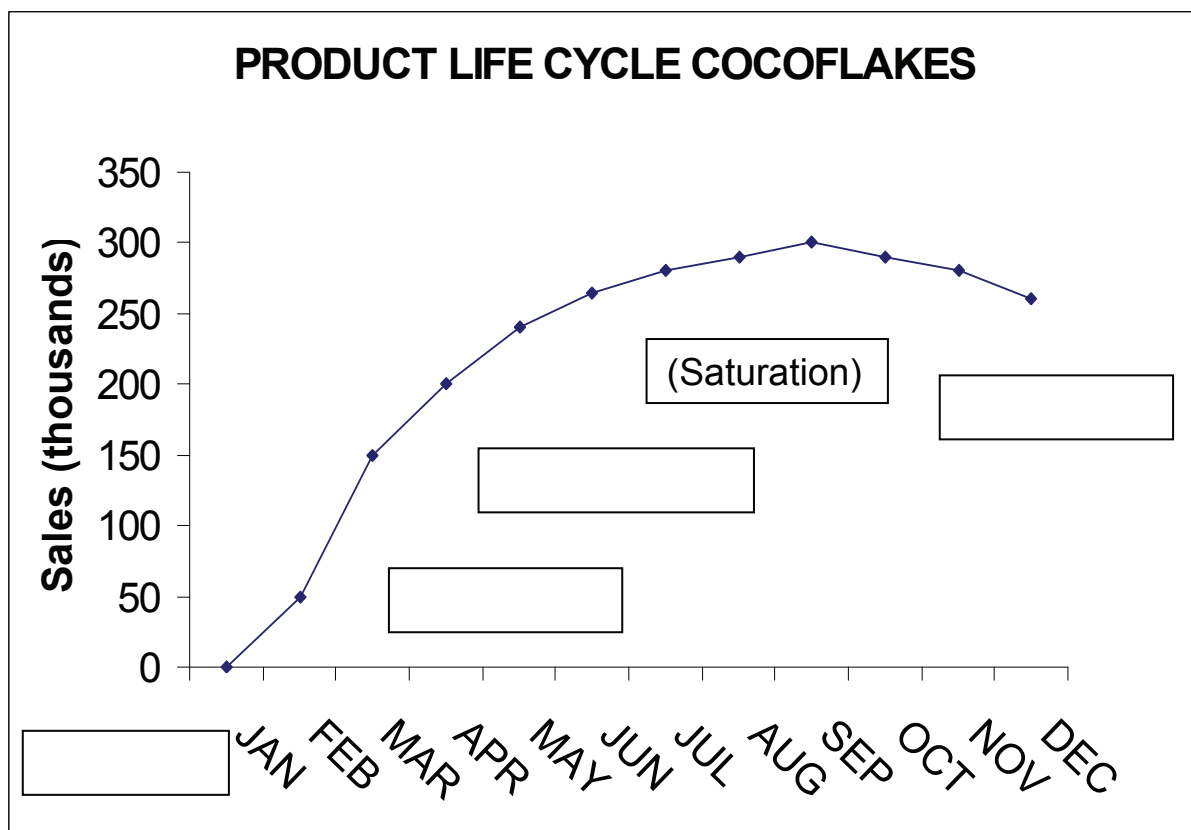
(c) a means of identifying customer needs using questionnaires;

.....

(d) a document drawn up by a business aimed at persuading a bank to lend it some money?

.....

4. Nettle's plc produces breakfast cereal. On 1<sup>st</sup> January 2007 it introduced a new breakfast cereal for children called CocoFlakes. Early promotions meant that the product sold well to begin with, but eventually sales fell.
- (a) Label the graph below to show the various stages in the product life cycle of CocoFlakes. [4]



- (b) Outline **one** strategy that Nettle's might use to extend the product life cycle of CocoFlakes. [2]

.....

.....

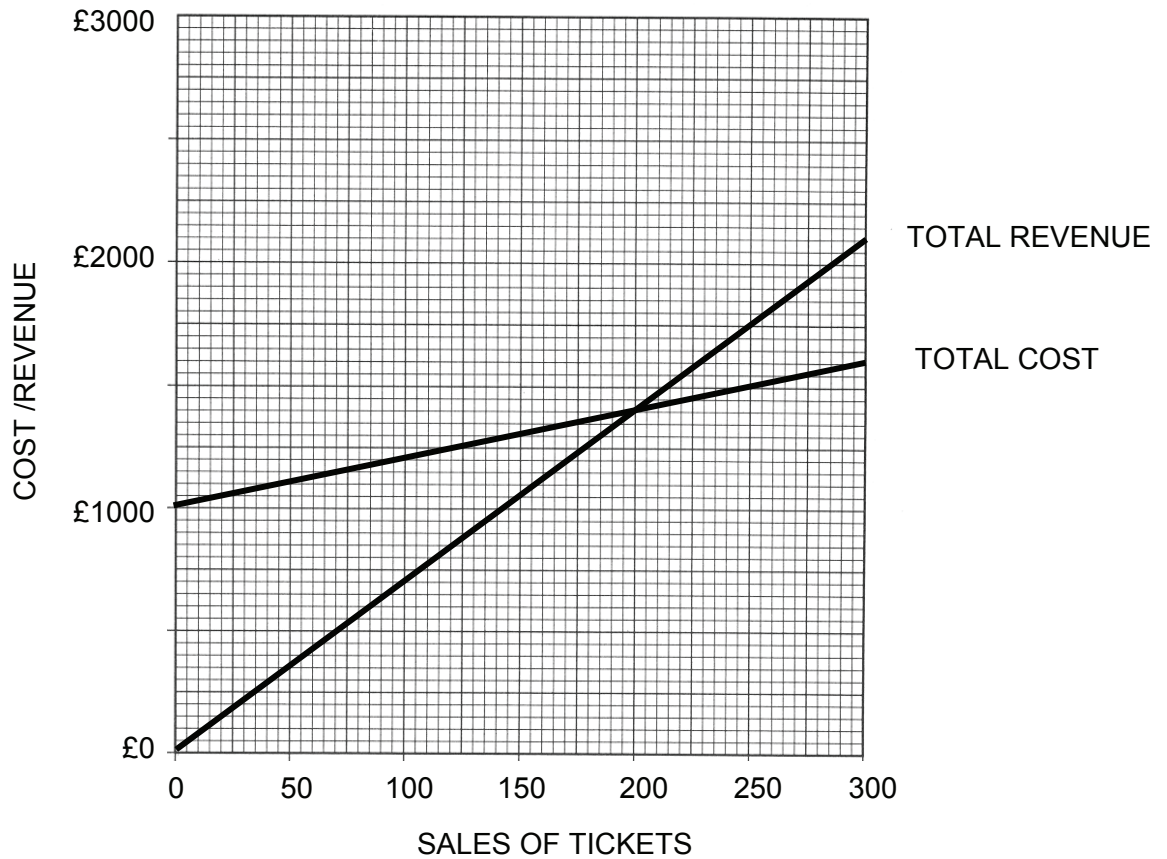
.....

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5. Theatr Ddraig is a small theatre located in the mid-Wales town of Llandisant. The theatre can have an audience of up to 300 people. Each person attending a performance pays £7, so when the theatre is full £2100 will be taken.

Below is a partly completed break-even chart.



- (a) On the diagram above draw and label the fixed cost line. [2]
- (b) How many tickets must be sold for the theatre to break-even? [1]
- .....
- (c) How much profit will the theatre make when it is full? [2]
- .....
- .....
- .....

6. Frank James owns a small tearoom in a coastal resort in West Wales.



(a) Frank set up his tearoom as a sole trader. Suggest and explain **two** aims Frank might have for his business. [4]

(i) .....

.....

.....

.....

(ii) .....

.....

.....

.....

Frank would like to employ an extra worker.

(b) Suggest **two** items that might appear in a job description and explain why these items are important to the worker. [4]

(i) .....

.....

.....

.....

(ii) .....

.....

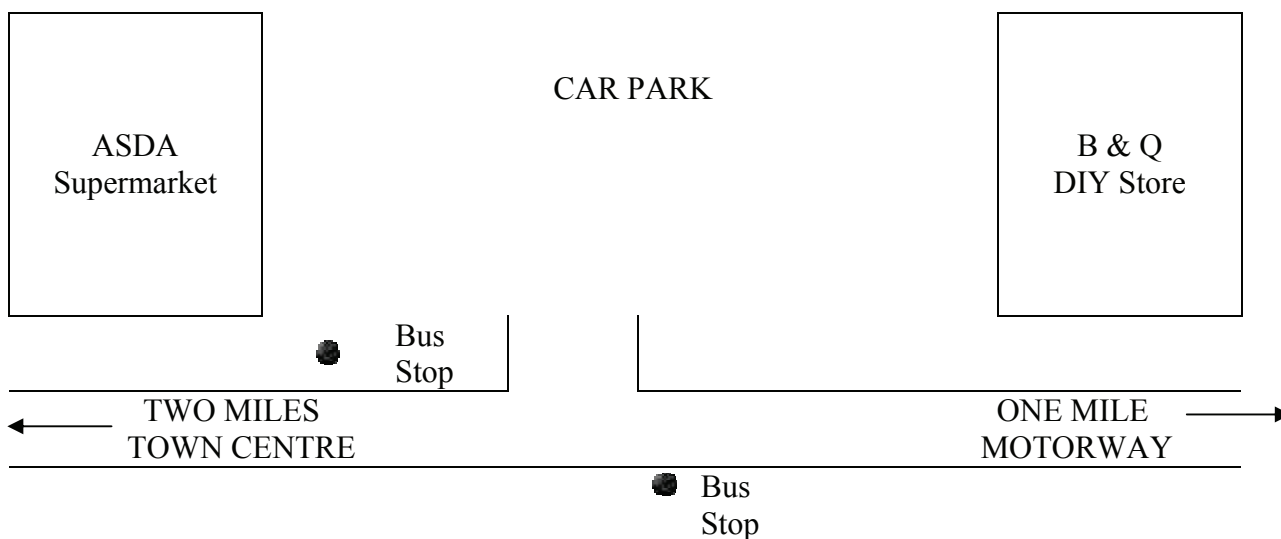
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7. Below is a map showing a retail park two miles from the centre of a medium-sized Welsh town.

DFS Furniture Store	Comet Electrical Goods	SCS Furniture Store	Harvey's Home Furnishings	Empty Unit
------------------------	---------------------------	------------------------	---------------------------------	------------



(a) Explain **one** advantage and **one** disadvantage to ASDA Supermarket of being located at this retail park. [4]

Advantage .....

.....

.....

.....

Disadvantage .....

.....

.....

.....

(b) Outline **two** ways in which this retail park might affect businesses in the town centre. [4]

(i) .....

.....

.....

.....

(ii) .....

.....

.....

.....

In 2007 a report by the National Consumer Council placed ASDA Supermarket behind three other supermarkets based on their eco-friendly policies.

(c) (i) Suggest **two** ways in which ASDA Supermarket could improve its eco-friendly policies. [2]

(I) .....

.....

(II) .....

.....

(ii) Explain why your suggestions are important. [2]

.....

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8. Fiona Howe is the Managing Director and main shareholder in Posh Paws Ltd. The business provides grooming services for dogs and cats in a small shop on the outskirts of a large town. The company employs ten staff who are paid £9 per hour for a forty hour week. Overtime pay is paid at £13.50 per hour.

(a) In one busy week each member of staff works for 50 hours. What is the total wage bill paid by the company to its staff? (Show your workings.) [2]

.....

.....

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.....

(b) An increase in the number of customers means that Fiona needs to expand the business. Suggest **two** appropriate sources of finance she could consider to raise the money and give a reason for each suggestion. [4]

(i) Suggestion .....

Reason .....

.....

.....

(ii) Suggestion .....

Reason .....

.....

.....

(c) Fiona needs to contact a number of people. Suggest the form of communication you would recommend in each situation below. Give a reason for your choice. [4]

SITUATION	METHOD	REASON
Fiona has to inform a customer that she needs to cancel an appointment later that day.	.....	..... ..... .....
The local council want to see a copy of the plans for the extension to the shop urgently.	.....	..... ..... .....





9. Redrow plc is a company which builds houses.

Below is part of the profit and loss account for Redrow plc.

**PROFIT AND LOSS ACCOUNT  
REDROW PLC**

For Year Ending 30<sup>th</sup> June

	2007 £million	2006 £million
Turnover	800	770
Cost of Sales	613	592
Gross Profit	187	178
Expenses	67	58
Net Profit	120	120

*Adapted from <http://www.redrow.co.uk>*

- (a) Suggest an "Expense" which might be paid by a building firm such as Redrow. [1]

.....

- (b) Calculate the net percentage profit for the year ending 30<sup>th</sup> June 2007. [2]

- (c) Using the figures from the profit and loss account, comment on Redrow plc's profitability between 2006 and 2007. [3]

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.....

Redrow plc aims to achieve the highest possible quality for its houses.

- (d) Outline **two** ways in which Redrow plc can make sure that the quality of its houses is maintained. [4]

(i) .....

.....

.....

.....

(ii) .....

.....

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.....

Redrow plc builds over 5000 houses every year in about 100 developments throughout the United Kingdom.

- (e) Evaluate the possible effects of such developments on the stakeholders in local communities. [10]

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## **MARK SCHEME**

### **GENERAL MARKING GUIDANCE**

#### **Positive Marking**

It should be remembered that candidates are writing under examination conditions and credit should be given for what the candidate writes, rather than adopting the approach of penalising him/her for any omissions. It should be possible for a very good candidate to achieve full marks and a very poor one to achieve zero marks. Marks should not be deducted for a less than perfect answer if it satisfies the criteria of the mark scheme, nor should marks be added as a consolation where they are not merited.

#### **Unexpected but Acceptable Answers**

The mark scheme gives an indication of the likely responses of candidates, but examiners must be prepared to award marks appropriately for answers which are unexpected but are nevertheless worthy of credit. If an examiner is unsure about the validity of such a response they should seek advice from the chief examiner.

#### **Levels of Response**

Some questions are awarded marks on the basis of the levels of response. The purpose of this is to reward the so-called higher level skills, particularly of analysis and evaluation. In practice, the good Business Studies candidate is likely to demonstrate a good grasp of the information presented to him/her. He/she will be able to weigh this up in the light of his/her theoretical understanding of the subject and will be able to suggest appropriate strategies to deal with the situation. Candidates who have a deficiency in their theoretical understanding, or who are unable to analyse properly a situation, are unlikely to be able to synthesise or evaluate in a meaningful way.

#### **Quality of Written Communication**

In addition, candidates will be assessed on their Quality of Written Communication in questions 6(d), 7(d) and 9(e). Levels of response are used for QWC. These levels are integrated within the mark scheme and will help to determine where in a level a candidate's response lies.

1. **Which three of the following are examples of fixed costs paid by a coffee shop?** [3]

Monthly payment for coffee making machine.  
Payment of business rates on premises.  
Rent for shop.

(3 x 1)

2. **Which two of the following apply to private limited companies?** [2]

The name of the company is followed by the letters "Ltd".  
Shares are not sold on the Stock Exchange.

(2 x 1)

3. **Below are a number of terms and phrases used in business. Which of the above best describes each of the following?** [4]

- (a) **The number of people someone in a business is directly responsible for.**

Span of Control (1)

- (b) **A measure of the assets and liabilities of a business.**

Balance Sheet (1)

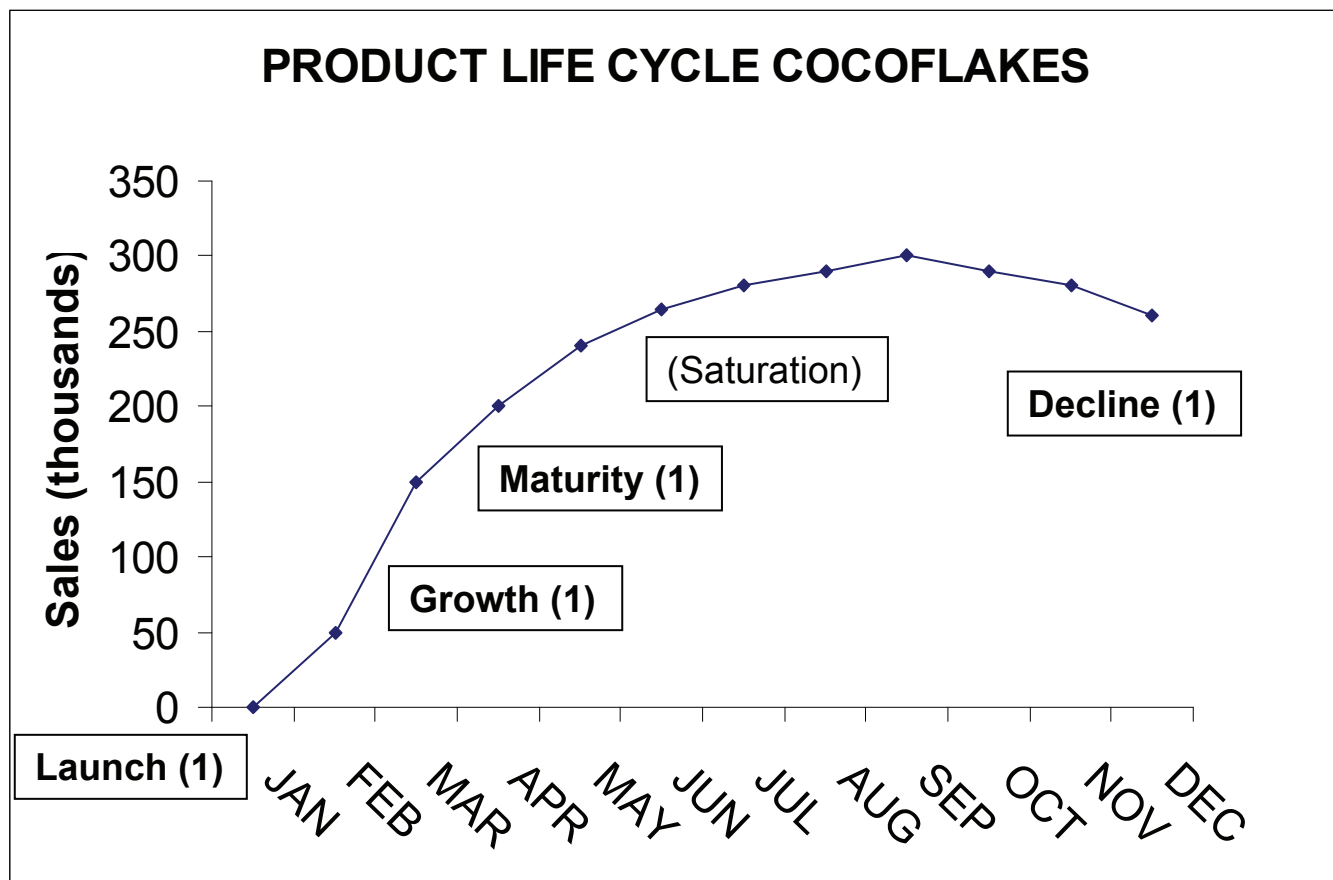
- (c) **A means of identifying customer needs using questionnaires.**

Field Research (1)

- (d) **A document drawn up by a business aimed at persuading a bank to lend it some money.**

Business Plan (1)

4. (a) Label the graph below to show the various stages in the product life cycle of CocoFlakes. [4]



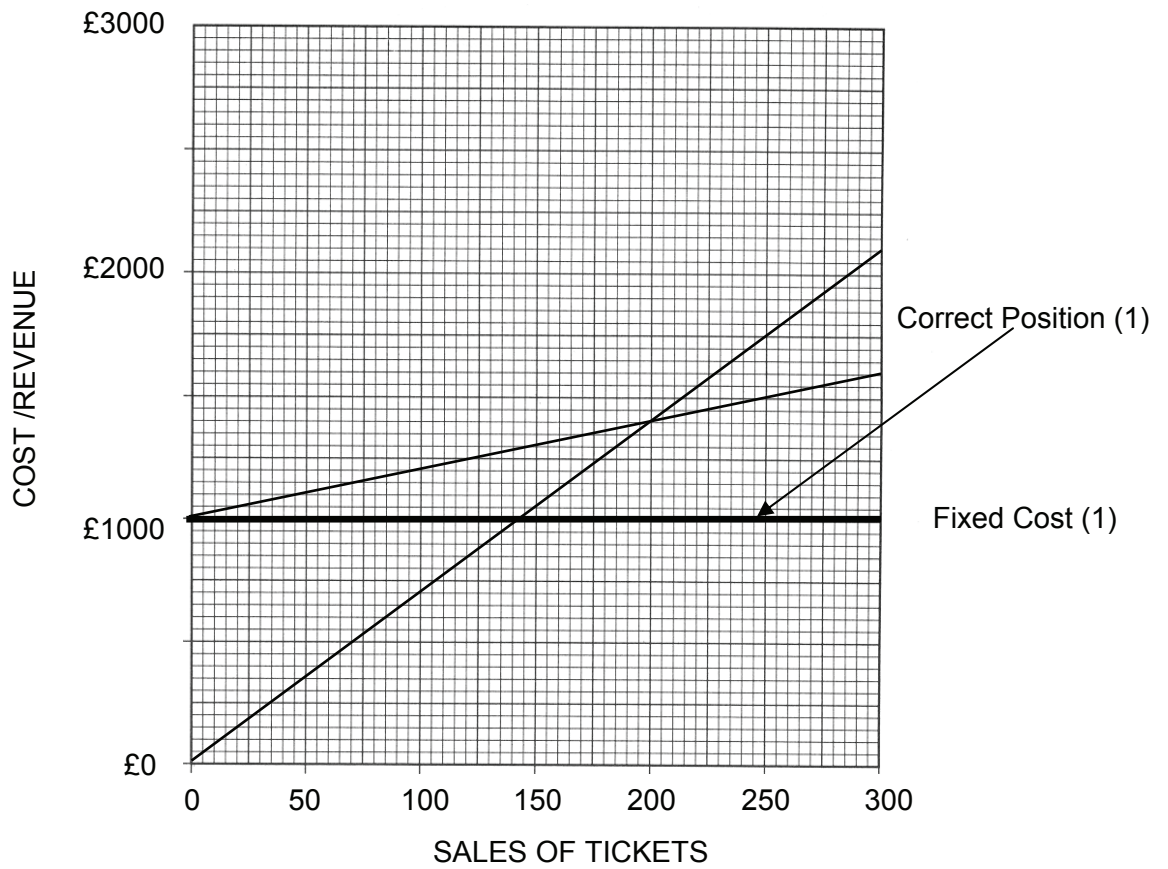
- (b) Outline one strategy that Nettlies might use to extend the product life cycle of CocoFakes. [2]

Suggestion (1)  
Development (1)

Answers might include adjusting elements of the marketing mix, e.g.

- changing the price of the product;
- promotional campaigns;
- changing or modifying the product;
- altering distribution patterns.

5. (a) On the diagram draw and label the fixed cost line. [2]



- (b) How many tickets must be sold for the theatre to break even? [1]

200 (1)

- (c) How much profit will the theatre make when it is full? [2]

Total revenue minus total cost or £2100 – £1600. (1)

£500 (1)

6. (a) **Frank set up his tearoom as a sole trader. Suggest and explain two aims Frank might have for his business.** [4]

For each suggestion (2 x 1)

For each valid explanation (2 x 1)

Suggestions and explanations might include:

Profit (1) make as much as possible/required (1).

Survival (1) to ensure business continues (1).

Growth (1) to earn greater future profits/to be able to compete (1).

Increased sales/market share (1) for profit/to be able to compete (1).

Operate ethically (1) to treat customers/workers/suppliers appropriately (1).

To work in a sustainable manner (1) for the benefit of the environment/society (1).

To be aware of the needs of consumers (1) to be able to supply those needs (1).

- (b) **Suggest two items that might appear in a job description and explain why these items are important to the worker.** [4]

For each suggestion (2 x 1)

For each valid explanation (2 x 1)

Suggestions and explanations might include:

Job title/example of job title (1) which may suggest status (1).

Pay (1) – is the potential employee willing to work for the rate on offer? (1).

Nature of work (1) shows whether the worker has the necessary skills/qualifications/experience (1).

Days worked (1) – job may be part or full time/weekends may not suit (1).

Hours worked (1) – will the job fit in with domestic responsibilities? (1).

Holidays (1) – length/time (1).

Superiors (1) – who the worker will be responsible to (1).

Subordinates (1) – will the worker have supervision over others? (1).

Location/address (1) – is the work place close to the worker? (1).

- (c) **Give one important quality the person appointed should have and suggest why this quality is important to Frank's business.** [2]

Important quality [1]

Reason [1]

Answers might include:

Honest (1) as money is being taken (1).

Hardworking (1) as the tea room may be busy (1).

Friendly/social skills (1) as customers may be encouraged to return (1).

Co-operative (1) as success involves teamwork (1).

Punctual (1) as business cannot operate efficiently if workers are frequently late (1).

Skill in the job (1) so mistakes are minimised/to keep training costs/time low (1).

Pride in appearance (1) as impressions are important in catering (1).

Personal hygiene (1) as food is being handled/health risks (1).



- (d) **As the business grows Frank is considering taking on a business partner. Discuss whether or not Frank should take on a partner for his business.** [10]

Level 1	(0-3)	Candidate lists the advantages/disadvantages of taking on a partner  Information is poorly organised. There is limited use of specialist terminology/vocabulary and frequent errors in spelling, punctuation and grammar.
Level 2	(4-6)	Candidate applies knowledge to the situation and explains how Frank would gain or lose from taking on a partner.  Information is well organised and ideas are expressed in a logical manner. There is good use of specialist terms/vocabulary with some errors in spelling, punctuation and grammar, but these are not intrusive.
Level 3	(7-10)	Candidate analyses the situation and considers the advantages and disadvantages of taking on a partner. The best answers will recommend whether or not Frank should take on a partner in the light of the evidence.  Information is very well organised and the form and style of communication is highly appropriate. There is very good use of specialist terms/vocabulary with few, if any, errors in spelling, punctuation and grammar.

Possible arguments for a partnership might include:

Easy to set up.  
Profits belong to partners.  
Business affairs can be kept private.  
Good relations with customers/employees.  
More capital than sole traders.  
Extra skills/expertise in business.  
More people to make decisions.  
Allow reference to sleeping partners, but show benefits to Frank.

Possible arguments against a partnership might include:

Partners may disagree.  
Profits will be shared.  
Some partners may not work as hard as others.

7. (a) **Explain one advantage and one disadvantage to ASDA Supermarket of being located at this retail park.** [4]

Suggestion (1)

Explanation/development (1)

Advantages might include:

Cheaper out of town sites (1) so costs reduced (1).

Close to motorway (1) so easy access for customers/deliveries (1).

Car parks (1) encourage customers to travel (1).

Other shops (1) might attract customers to supermarket (1).

Disadvantages might include

Congestion (1) with variety of businesses (1).

Distance to travel/need for car (1) may put off some customers (1).

- (b) **Outline two ways in which this retail park might affect businesses in the town centre.** [4]

Suggestion (2 x 1)

Explanation (2 x 1)

**Suggestions may be positive or negative**

Answer might refer to:

Increased competition (1) because of distance from town/closure of businesses (1).

Lower rents in town (1) as shops close, demand reduces (1).

New businesses may open (1) selling goods not offered out of town/less congestion (1).

More customers attracted to town (1) by new businesses/quieter town (1).

- (c) (i) **Suggest two ways in which ASDA Supermarket could improve its eco-friendly policies.** [2]

Suggestions (2 x 1)

Suggestions might include:

Less packaging.

More biodegradable packaging.

Selling more locally produced products.

Offering more organically produced food.

Offering other eco friendly goods, e.g. light bulbs/low energy electrical products.

Buying from sustainable sources.

Selling eco-friendly products at lower prices.

**(ii) Explain why your suggestions are important. [2]**

Reasons might include:

Preserves scarce resources (1) such as oil for transport/plastics (1).  
Sustainable sources (1) so resources are replaceable/not  
wasted/recyclable (1).  
Environmentally friendly (1) reducing CO<sub>2</sub>/reducing pesticides (1).  
Healthier for consumer (1) as not buying harmful products/buying  
beneficial products. (1)  
ASDA's reputation (1) as good for corporate image (1).

**(d) Evaluate promotional methods supermarkets, such as ASDA, might use to increase their sales. [8]**

Level 1	(0-2)	Candidate lists promotional methods and/or media.
Level 2	(3-5)	Candidate applies knowledge to the situation and explains the benefits of their chosen methods and/or media.
Level 3	(6-8)	Candidate analyses the situation and considers advantages and disadvantages of the chosen methods and/or media.

The question is specifically on promotion. Other elements of the marketing mix should not be credited.

Answers might include:

Competitions  
Buy One Get One Free (BOGOF)  
Celebrity visits to stores  
Media  
Television  
Radio  
Magazines  
Newspapers  
Billboards

Advantages and disadvantages might include issues related to:

Cost - is one type more expensive than others?  
Geographical coverage – do sales need to increase locally/nationally/internationally?  
Number of people likely to view the media.  
Market segment to be covered will determine the method used, e.g. TV programmes/magazines.  
Likely impact, e.g. television versus radio, i.e. sight/colour/sound versus just sound.

8. (a) **In one busy week each member of staff works for 50 hours. What is the total wage bill paid by the company to its staff? (Show your workings.)**

[2]

$$\begin{aligned}
 \text{Total wage bill} &= (\text{Basic pay} + \text{Overtime pay}) \times 10 && [1] \\
 &= [(40 \times \text{£}9) + (10 \times \text{£}13.50)] \times 10 \\
 &= (\text{£}360 + \text{£}135) \times 10 \\
 &= \text{£}495 \times 10 \\
 &= \text{£}4950 && [1]
 \end{aligned}$$

- (b) **An increase in the number of customers means that Fiona needs to expand the business. Suggest two appropriate sources of finance she could consider to raise the money and give a reason for each suggestion.**

[4]

Suggestion (2 x 1)  
 Explanation (2 x 1)

Suggestions might include

- bank loan
- overdraft
- share issue
- hire purchase
- (allow) leasing
- selling assets
- use of profits/reserves

Explanations might refer to

- is interest payable?
- rate of interest/amount to pay back
- control lender has on business
- collateral security
- availability of finance
- length of loan
- size of loan
- ease of obtaining
- preference of borrower
- ownership of asset

- (c) **Fiona needs to contact a number of people. Suggest the form of communication you would recommend in each situation below. Give a reason for your choice.**

[4]

- (i) **Fiona has to inform a customer that she needs to cancel an appointment later that day.**

Telephone/text/e-mail. (1)  
 It is direct/fast and the problem can be explained. (1)

- (ii) **The local council want to see a copy of the plans for the extension to the shop urgently.**

Fax/first class letter/e-mail with an attachment. (1)  
 It is visual/direct/fast – a hard copy of the document is required. (1)  
 (Do not accept oral means of communication.)

**(d) Assess the strengths and weaknesses of Fiona's leadership style. [10]**

Level 1	(0-3)	Candidate lists Fiona's strengths and/or weaknesses  Information is poorly organised. There is limited use of specialist terminology/vocabulary and frequent errors in spelling, punctuation and grammar.
Level 2	(4-6)	Candidate applies knowledge to the situation and explains how Fiona gains or loses from her leadership style.  Information is well organised and ideas are expressed in a logical manner. There is good use of specialist terms/vocabulary with some errors in spelling, punctuation and grammar, but these are not intrusive.
Level 3	(7-10)	Candidate analyses the situation and considers advantages and disadvantages of Fiona's leadership style. The best answers will make recommendations about how Fiona should progress in light of the arguments.  Information is very well organised and the form and style of communication is highly appropriate. There is very good use of specialist terms/vocabulary with few, if any, errors in spelling, punctuation and grammar.

Good points about Fiona's leadership style might include:

She is an autocratic boss and shows that she is in control.  
Business has been a success using her style.  
She has single minded vision about the running of the business.  
She operates more efficiently as the only person making decisions.

Bad points about Fiona's leadership style might include:

She is not a democratic boss.  
Worker morale may be low as they are not listened to/consulted.  
Her vision about the running of the business may be too narrow.  
She may miss out on good ideas from her employees.  
Higher labour turnover than if she adopted more democratic style.  
May lead to higher recruitment/training costs.

9. (a) **Suggest an “Expense” which might be paid by a building firm such as Redrow.** [1]

Any relevant example 1 mark e.g.

Rent  
Rates  
Payment for utilities  
Advertising  
Insurance  
Wages/salaries  
Administration costs

- (b) **Calculate the net percentage profit for the year ending 30<sup>th</sup> June 2007.** [2]

Net profit/turnover. (1)

$120/800 = 15\%$ . (1)

- (c) **Using the figures from the profit and loss account, comment on Redrow plc's profitability between 2006 and 2007.** [3]

Simple statements, e.g. gross profit has risen/net profit has stayed the same. [1]

Use of numbers e.g. simple calculation using numbers from account such

	2007	2006
Gross percentage profit	23.4	23.1
Net percentage profit	15.0	15.6

[1]

Comment – e.g. even though gross profit/turnover has increased, net profit hasn't because of increase in costs/expenses, OR comparison of % changes.

[1]

- (d) **Outline two ways in which Redrow plc can make sure that the quality of its houses is maintained.** [4]

Suggestion (2 x 1)

Development/expansion (2 x 1)

Suggestions might include:

Use of technology (1) leading to improved materials/methods/tools/machinery (1).

Quality of workers (1) through training/skills/qualifications (1).

Quality of materials (1) to be as high as possible (1).

Timekeeping (1) so that houses are completed to meet consumer demand (1).

Supervision of workers (1) with clearly defined management/organisational structures (1).

Testing/inspection of completed buildings (1) for quality/faults (1).

Belonging to professional organisations (1) which produce codes of practice/standards (1).

Customer feedback (1) with questionnaires/number of complaints (1).

**(e) Evaluate the possible effects of such developments on the stakeholders in local communities. [10]**

- Level 1 (0 - 3) Candidate lists possible effects on local communities.
- Information is poorly organised. There is limited use of specialist terminology/vocabulary and frequent errors in spelling, punctuation and grammar.
- Level 2 (4 - 6) Candidate applies knowledge to the situation and explains possible positive or negative effects on local communities.
- Information is well organised and ideas are expressed in a logical manner. There is good use of specialist terms/vocabulary with some errors in spelling, punctuation and grammar, but these are not intrusive.
- Level 3 (7 - 10) Candidate analyses the situation and considers possible positive and negative effects on local communities.
- The best answers will draw conclusions on whether the developments are generally beneficial or detrimental for local communities.
- Information is very well organised and the form and style of communication is highly appropriate. There is very good use of specialist terms/vocabulary with few, if any, errors in spelling, punctuation and grammar.

Answers might refer to:

Positive impact on communities:

- More jobs in the area, which may be skilled and unskilled therefore more money spent by workers, therefore benefit to local businesses.
- Jobs may provide opportunities for locals to train in/develop new skills.
- More social housing available.
- Improved infrastructure.
- Builders may provide more community facilities.
- Possible disappearance of unsightly brown-field sites.
- Increased viability of small schools.

Negative impact on communities:

- Jobs for local workers may be low paid/unskilled.
- Construction jobs for local workers will be temporary.
- More traffic during and after construction leading to pollution/congestion/increased dangers.
- Removal of green-field sites with visual impact/effect on nature.
- Houses may be expensive drawing in people from the outside, changing nature of community.
- Increased pressure on local services including shops/health/schools.

**ASSESSMENT OBJECTIVES GRID FOR EXAMINATION PAPER**

QUESTION	AO1	AO2	AO3	TOTAL
1		3		3
2	1	1		2
3	4			4
4a	2	2		4
4b		1	1	2
5a		2		2
5b			1	1
5c	1		1	2
6a	2	2		4
6b	2	2		4
6c	1		1	2
6d	3	3	4	10
7a		2	2	4
7b		2	2	4
7c	2		2	4
7d	2	3	3	8
8a	1		1	2
8b	2	2		4
8c	2	2		4
8d	3	3	4	10
9a		1		1
9b		1	1	2
9c	1	1	1	3
9d	2		2	4
9e	3	3	4	10
TOTAL	34	36	30	100

**OVERALL ASSESSMENT OBJECTIVES GRID  
(EXAMINATION PAPER AND CONTROLLED TASK)**

ASSESSMENT	ASSESSMENT OBJECTIVES						TOTAL	
	AO1		AO2		AO3		MARK	%
	MARK	%	MARK	%	MARK	%		
QUESTION PAPER	34	25.5	36	27	30	22.5	100	75
CONTROLLED TASK	18	7.5	24	10	18	7.5	60	25
TOTAL	52	33	60	37	48	30	160	100