



GCSE BUSINESS 8132/2

PAPER 2

Mark scheme

Specimen Assessment Material

V1.1

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

Level of response marking instructions

Level of response mark schemes are broken down into levels, each of which has a descriptor. The descriptor for the level shows the average performance for the level. There are marks in each level.

Before you apply the mark scheme to a student's answer read through the answer and annotate it (as instructed) to show the qualities that are being looked for. You can then apply the mark scheme.

Step 1 Determine a level

Start at the lowest level of the mark scheme and use it as a ladder to see whether the answer meets the descriptor for that level. The descriptor for the level indicates the different qualities that might be seen in the student's answer for that level. If it meets the lowest level then go to the next one and decide if it meets this level, and so on, until you have a match between the level descriptor and the answer. With practice and familiarity you will find that for better answers you will be able to quickly skip through the lower levels of the mark scheme.

When assigning a level you should look at the overall quality of the answer and not look to pick holes in small and specific parts of the answer where the student has not performed quite as well as the rest. If the answer covers different aspects of different levels of the mark scheme you should use a best fit approach for defining the level and then use the variability of the response to help decide the mark within the level, ie if the response is predominantly level 3 with a small amount of level 4 material it would be placed in level 3 but be awarded a mark near the top of the level because of the level 4 content.

Step 2 Determine a mark

Once you have assigned a level you need to decide on the mark. The descriptors on how to allocate marks can help with this. The exemplar materials used during standardisation will help. There will be an answer in the standardising materials which will correspond with each level of the mark scheme. This answer will have been awarded a mark by the Lead Examiner. You can compare the student's answer with the example to determine if it is the same standard, better or worse than the example. You can then use this to allocate a mark for the answer based on the Lead Examiner's mark on the example.

You may well need to read back through the answer as you apply the mark scheme to clarify points and assure yourself that the level and the mark are appropriate.

Indicative content in the mark scheme is provided as a guide for examiners. It is not intended to be exhaustive and you must credit other valid points. Students do not have to cover all of the points mentioned in the Indicative content to reach the highest level of the mark scheme.

An answer which contains nothing of relevance to the question must be awarded no marks.

Examiners are required to assign each of the candidates' responses to the most appropriate level according to its overall quality, then allocate a single mark within the level. When deciding upon a mark in a level examiners should bear in mind the relative weightings of the assessment objectives (included in each question) and be careful not to over/under credit a particular skill. For example, in question 2.5, more weight should be given to AO3 than to AO2. This will be exemplified and reinforced as part of examiner training and standardisation.

Section A

Total for this section: 20 marks

Question number	Answer
1.1	A
1.2	C
1.3	D
1.4	A
1.5	C
1.6	D

1.1–1.6 = AO1 × 6
(1 mark for each correct answer)

01.7

Calculate the average monthly profit made by the café between January and March 2015. Give your answer to the nearest pound (£).

[2 marks]

Marks for this question: AO2 = 2

–1000+1500+2000 = £2500 (1)
2500/3 = £833 (1) OFR

Markers note:
Ignore the use of a £ sign award the figure only

01.8

Explain **one** way in which a business can segment the market.

[2 marks]

Marks for this question: AO1 = 2
1 mark for knowledge of a correct method of market segmentation
1 mark for explaining why this is a correct method of market segmentation

- Indicative content:
- Age
 - Income
 - Location
 - Gender.

The indicative content is not exhaustive; other credit worthy material should be awarded marks as appropriate.

Example of developed answer:

A business could segment the market by age (1) as this would allow them to develop a targeted marketing strategy (1).

01.9 Explain one reason why someone might want to start up their own business. [2 marks]

Marks for this question: AO1 = 2

1 mark for knowledge of why someone may start a new business

1 mark for explaining why someone may start a new business

Indicative content:

- Dissatisfied with current job
- Earn more money
- Identified a gap in the market
- Flexible working hours
- Be their own boss
- To pursue an interest.

Example of developed answer:

A reason why someone may start a new business is to have flexible working hours (1) this would allow them to fit work around their other priorities (1).

01.10 Explain one disadvantage of using an overdraft as a source of finance. [2 marks]

Marks for this question: AO1 = 2

1 mark for knowledge of a disadvantage of an overdraft

1 mark for explaining the disadvantage

Indicative content:

- Likely to have a higher interest rate
- No guaranteed period as the bank may withdraw at any time.

Example of developed answer:

A disadvantage of an overdraft is the high interest rate (1) this would decrease cash further (1).

01.11 Explain, using **one** business example, the meaning of the tertiary sector.

[2 marks]

Marks for this question: AO1 = 2

1 mark for knowledge of the tertiary sector

1 mark for an example of tertiary sector

Possible examples:

- Banking
- Hotel
- Shops
- Entertainment
- Travel
- Insurance.

Example of developed answer:

The tertiary sector is concerned with providing services for its customer (1) for example a business selling holidays (1)

01.12 Explain **one** objective which a business may set.

[2 marks]

Marks for this question: AO1 = 2

1 mark for identifying an objective for a business

1 mark for explaining the objective

Indicative content:

- profit maximisation
- market share
- growth (domestic and international)
- customer satisfaction
- ethical
- survival
- social
- shareholder value.

Example of developed answer:

A business may want to increase market share (1) they will be looking to take sales away from competitors (1).

01.13 Explain how a business can use outsourcing.

[2 marks]

Marks for this question: AO1 = 2

1 mark for showing knowledge of outsourcing

1 mark for explaining outsourcing

Example of developed answer:

Outsourcing involves the contracting out of part of the business to another business (1) business using independent manufacturers to produce products (1).

Section B

Total for this section: 33 marks

02.1 Analyse **one** benefit of Sonya completing primary market research.

[6 marks]

Marks for this question: AO2 = 3 AO3 = 3

Level	Description	Marks
3	Detailed analysis of topics based on the context. - Business areas are fully analysed. - Applies knowledge and understanding to the context sufficiently.	5–6 AO3 AO2
2	Sound analysis of topics based on the context. - Business areas are partially analysed. - Applies some knowledge and understanding to the context.	3–4 AO3 AO2
1	Basic analysis of topics based on the context. - Basic analysis of business areas. - Basic knowledge and understanding is applied to the context.	1–2 AO3 AO2
0	Nothing worthy of credit.	

Indicative content:

- Tailored to the needs of the business – specific questions asked for planning parties
- Survey has asked parents who are likely to use the service
- She has identified customer preferences/needs for price
- It's cheaper than getting someone else to do it as she is a new business.

Analysis/impact:

- Reduces the risk of things going wrong
- Ensure correct marketing mix of the business eg prices
- She can target customers eg promotions more effectively

- Compare with the limitations of secondary research.

Example of developed answer:

Sonya has asked specific questions which are tailored for the needs of the business for example what on average parents spend on their child's party (L1). This will give her a better insight into the prices that she can charge in the local area as the research asked parents at a local play group (L2) and will allow Sonya to set her prices more accurately, which based on the number of respondents the price option would be £251–500. (L3).

02.2 Sonya is considering two methods of promoting her new business.

- Flyers – 10 000 professionally printed colour A5 flyers which Sonya will design herself at home and deliver to houses in the local area costing £200
- Poster – a professionally designed and printed large poster to be displayed in a local health club. For £850 the poster would be put up in the café next to their soft play area for 12 months.

Recommend which is the better option for Sonya to take. Give reasons for your advice.

[9 marks]

Marks for this question: AO2 = 3 AO3 = 6

Level	Description	Marks
3	Detailed evaluation of topics based on the context. • Sustained line of reasoning, which is coherent, relevant, substantiated with a focused conclusion that is fully justified. • Business areas are fully analysed. • Detailed application of interpretation of financial data including calculation of relevant figures..	7–9 AO3 AO3 AO2
2	Sound evaluation of topics based on the context. • A line of reasoning, with a conclusion that has some justification. • Business areas are partially analysed. • Sound application of interpretation of financial data including calculation of relevant figures.	4–6 AO3 AO3 AO2
1	Basic evaluation of topics based on the context. • Basic line of reasoning with a conclusion • Basic analysis of business areas. • Basic application of interpretation of financial data including calculation of relevant figures.	1–3 AO3 AO3 AO2
0	Nothing worthy of credit.	

Indicative content:

Application	Analysis/evaluation
The soft play area will attract parents who will be her customers. Posters can be placed where specific customers can be targeted.	They are likely to be sitting in the café and will notice it more than if just walking past. These parents if a member of a gym are more likely to have the money to pay for someone to organise their party.

£850 for 12 months is only £70 per month. Posters can remain on display for a period of time.	This will ensure that more of the gym members will see the poster and the more they see it the more likely they are to think of the business when it's their child's birthday during the year.
10 000 for £200 is 2p per flyer, flyers can be inexpensive.	As this is her first attempt at marketing the business and funds will be limited this low cost could be essential in helping her break even.
10 000 can reach many more potential customers than the local gym. Flyers can target a large number of potential customers.	The gym may not have this many members who use it regularly and so more people will be aware of the businesses. However not all will have children of an age who have parties and so not be interested in the business.
Delivered to house so households may more likely keep if of interest. Flyers can be kept until needed.	Some households may keep flyers and leaflets delivered to their house as it is easy to do when they are put through the letter box. However if they don't have children or grandchildren they are likely to throw them straight out or recycle them.

02.3 Explain **one** way Sonya could improve her cash flow problems.

[4 marks]

Marks for this question: AO1 = 2 AO2 = 2

Level	Description	Marks
2	Sound understanding and application of the topics. - Applies knowledge and understanding to the context sufficiently. - A sound understanding of one or more business concepts and issues.	3–4 AO2 AO1
1	Basic understanding and application of the topics. - Applies basic knowledge and understanding to the context. - A basic understanding of one or more business concepts.	1–2 AO2 AO1
0	Nothing worthy of credit.	

Indicative content:

- Delay payments/re-schedule payments
- Increase selling price/increasing inflow
- Reduce cash outflows
- Arrange an overdraft
- Partner invest in the business
- Speed up cash inflow
- Find new sources of finance.

Example of developed answer:

Sonya could delay payments to suppliers to keep cash in her bank account for longer instead of paying for catering in advance of the party (L1) she could pay them a deposit and the rest on the day of the party, resulting in a positive cash flow most months as cash inflow is higher each month than outflow (L2).

02.4 Sonya is thinking of investing in her own catering equipment that is estimated to increase total profit by £4000 over its lifetime. It is expected to last eight years. The investment will cost £3000.

Calculate the average rate of return. State the formula used and show all workings. Give your answer to **two** decimal places.

[5 marks]

Marks for this question: AO1 = 1 AO2 = 4

1 mark for correct identification of ARR formula
4 marks for calculation

Answer 16.67% = 4 marks

ARR = (average annual profit/cost of investment) x100 **(1)**

4000 / 8 **(1)** = 500 OFR **(1)**

(500 OFR / 3000) x100 **(1)** = 16.67% OFR **(1)**

02.5 Sonya wants to have a website designed to promote her business, this will cost £4 800. She is considering the following two options to pay for the website:

- A bank loan for £4 800 to be repaid over 2 years
- Take her friend on as a partner.

Recommend which is the better option for Sonya to take. Give reasons for your advice.

[9 marks]

Marks for this question: AO2 = 3 AO3 = 6

Level	Description	Marks
3	Detailed evaluation of topics based on the context. • Sustained line of reasoning, which is coherent, relevant, substantiated with a focused conclusion that is fully justified. • Business areas are fully analysed. • Detailed application of interpretation of financial data including calculation of relevant figures.	7–9 AO3 AO3 AO2
2	Sound evaluation of topics based on the context. • A line of reasoning, with a conclusion that has some justification. • Business areas are partially analysed. • Sound application of interpretation of financial data including calculation of relevant figures.	4–6 AO3 AO3 AO2
1	Basic evaluation of topics based on the context.	1–3 AO3

	• Basic line of reasoning with a conclusion. • Basic analysis of business areas. • Basic application of interpretation of financial data including calculation of relevant figures.	AO3 AO2
0	Nothing worthy of credit.	

Indicative content:

Application	Analysis/evaluation
Bank loan The bank loan will spread the payments out over 24 months. As it's repaid through regular payments and is for a fixed period of time. It may also have a low interest rate.	Over 24 months these are not going to significantly affect her cash flow. This will mean that she can expand the business and ensure that cash is available to pay suppliers to keep the business going. Overall there is less chance of the business going into the red and having possible extra charges or liquidity issues.
Partnership The £3000 will come into the business immediately but will expect a share of the profits 50% of last year's profit would mean Sonya would have to give her partner £4 000.	The full amount can't be covered by the partner's £3000 investment, how will they pay for the £1800 left? They may still need a loan or a large overdraft so until this is arranged they won't be able to go ahead with the website. The investment is low compared with the return she will get at the end of the first year. This will cost Sonya more than the loan and she will lose complete control of her business. However her friend may leave if she does not make her a partner.

Section C

Total for this section: 36 marks

03.1 Explain why Apple would choose to spend millions of dollars to promote the Apple Watch.

[4 marks]

Marks for this question: AO1 = 2 AO2 = 2

Level	Description	Marks
2	Sound understanding and application of the topics. - Applies knowledge and understanding to the context sufficiently. - A sound understanding of one or more business concepts and issues.	3–4 AO2 AO1
1	Basic understanding and application of the topics. - Applies basic knowledge and understanding to the context. - A basic understanding of one or more business concepts.	1–2 AO2 AO1
0	Nothing worthy of credit.	

Indicative content:

- Inform customers about the product
- Persuade customers to buy the product
- Remind customers of the benefit of the product
- Target specific customers
- The market is growing.

Example of a developed answer:

As the Smartwatch market is growing Apple can use promotion to create sufficient sales to cover the cost of advertising (L1). As the Apple Watch is new to the market Apple will need to make sure that customers know about the product and promote the product in many places which increases the amount spent, this will create desire to buy the Apple Watch and the level of sales that they need (L2).

03.2 Calculate the difference between the gross profit margin and the net profit margin for Apple for 2016. State the profit margin formula used and show all workings.

[5 marks]

Marks for this question: AO1 = 1 AO2 = 4

1 mark for correct identification of gross profit and net profit formulae
3 marks for calculation

$GP/Revenue \times 100$ or $NP/Revenue \times 100$ (1) AO1
 $300000 \times 1.1 = 330000$ (1)
 $59400/330000 \times 100 = 18\%$ (1) OFR
 $99000/330000 \times 100 = 30\%$ (1) OFR
 $30 - 18 = 12\%$ (1) OFR

03.3 Explain **two** benefits of developing new products for a business.

[4 marks]

2 marks for applying knowledge of two benefits of developing new products for a business

2 marks for applying understanding of two benefits of developing new products for a business

Marks for this question: AO1 = 4

Indicative content:

- Introduce new products to increase sales
- Extend life cycle of existing products
- Maintain sales as some product sales may be falling
- Target customers in a new segment of the market
- The new market is growing.

Example of developed answer:

Businesses introduce new products to have a balanced portfolio of products (1) this may be to have a range of different customers for different segments of the market (1).

03.4 Analyse the benefit to Apple of using price skimming for the iPhone 6s.

[6 marks]

Marks for this question: AO2 = 3 AO3 = 3

Level	Description	Marks
3	Detailed analysis of topics based on the context. • Business areas are fully analysed. • Applies knowledge and understanding to the context sufficiently.	5–6 AO3 AO2
2	Sound analysis of topics based on the context. • Business areas are partially analysed. • Applies some knowledge and understanding to the context.	3–4 AO3 AO2
1	Basic analysis of topics based on the context. • Basic analysis of business areas. • Basic knowledge and understanding is applied to the context.	1–2 AO3 AO2
0	Nothing worthy of credit.	

Indicative content:

Application/analysis:

- Customer willing to pay more due to demand for the latest technology – 3D touch
- Loyal customers – queuing for new versions
- Allows a high price to be set to recover R&D costs.

Benefits:

- Increased revenue as long as there is a perception of higher quality

- Adding value/improved image
- High demand when product first launched if the product has a USP.

Example of developed answer:

Price skimming will allow Apple to have a high price when the iPhone is updated each year as demand is high (L1) there will be higher demand for the latest technology and as 3D technology is not available on other phones this will lead to more people who are willing to pay a high price as there is no alternative (L2). Therefore, Apple could increase their revenue as the price remains high until the next iPhone update the following year, when it is then reduced (L3).

03.5 Analyse how effective using an extension strategy to extend the product life cycle of the iPhone would be for Apple.

[6 marks]

Marks for this question: AO2 = 3 AO3 = 3

Level	Description	Marks
3	Detailed analysis of topics based on the context. • Business areas are fully analysed. • Applies knowledge and understanding to the context sufficiently.	5–6 AO3 AO2
2	Sound analysis of topics based on the context. • Business areas are partially analysed. • Applies some knowledge and understanding to the context.	3–4 AO3 AO2
1	Basic analysis of topics based on the context. • Basic analysis of business areas. • Basic knowledge and understanding is applied to the context.	1–2 AO3 AO2
0	Nothing worthy of credit.	

Indicative content:

Application:

- Target a new market segment as the latest version of the iPhone 6s plus has 3D touch technology
- Trying to get customer to upgrade through new technology as the latest version of the iPhone 6s plus has 3D touch technology
- Trying to get customer to upgrade their phone more regularly by linking it to other products as the Apple Watch needs an iPhone to work.

Example of developed answer:

Apple could extend the product life cycle by trying to get customers to upgrade their phone more frequently by linking to other products (L1) as the iPhone can be linked to the Apple Watch this means that customers will stay loyal to Apple and more likely to upgrade their iPhone when they need a new phone (L2). Sales of the Smartwatch market are expected to rise and the iPhone is Apple's most successfully product this is likely to be effective (L3).

03.6 Analyse the impact on Apple of moving production facilities to China. In your answer you should consider:

- Ethical considerations
- Financial implications

You must evaluate which area has seen the biggest impact. Use evidence to support your answer.

[12 marks]

Marks for this question: AO1 =3 AO2 = 3 AO3 = 6

Level	Description	Marks
4	Developed integrated analysis and evaluation of topics with sustained judgement based on context. • An integrated line of reasoning, which is coherent, relevant, with a conclusion with the area which has been impacted on the most has been fully justified. • Interdependent nature of business areas are fully analysed. • Applies knowledge and understanding to the context and successfully draws together several functional areas of business.	10–12 AO3 AO3 AO2
3	Detailed analysis and evaluation of topics based on the context. • A line of reasoning, which is coherent, relevant, with a conclusion that is justified. • Different business areas are analysed independently or the interdependent nature of business areas is partially analysed. • Applies knowledge and understanding to the context and starts to draw together several functional areas of business.	7–9 AO3 AO3 AO2
2	Sound analysis and evaluation of topics in isolation of their interdependence based on the context. • A line of reasoning, with a conclusion that has some justification. • One business area is analysed independently. • Applies some knowledge and understanding to the context.	4–6 AO3 AO3 AO2
1	Basic generic discussion of topics. • A basic understanding of business concepts in isolation. • A basic understanding of one or more business concepts. • Partial relevance to the question.	1–3 AO1 AO1 AO1
	Nothing worthy of credit.	

Integrated approach – ethics and links with other areas:

- Finance can improve as costs are reduced. Can business reduce labour and production costs without moving abroad? Living standards are lower in these developing countries and why should businesses not take advantage of them?

- Are ethics more important than profit for their shareholders? If they pay higher wages or give them shorter working hours this will cost more and reduce profit
- Will consumers be affected when buying their products? If they do not pay attention to newspaper reports then sales will remain the same
- Marketing and PR will be directly impacted by unethical decisions. It may increase costs in this area as their website has been developed and the extra checks may be needed.

Indicative content:

Understanding	Application	Analysis/evaluation
Ethics – is location in China morally right?	Working hours 10 per day are high.	Apple is seen to be trying to change and are working with suppliers and trying to monitor through checks which are seeking continued improvement. As Apple is a large company the media may pay more attention to them than others and therefore ethics become more important.
Finance – production costs wages lower, need to maintain profits. Other costs higher.	Employees paid £1.12 per hour or £180 month much lower than other parts of the world. 60 000 employees been sent on training courses for free. Checks increasing.	However Apple brings jobs to the area and provides better working conditions than other companies, therefore if they withdraw conditions will get worse for these workers.
Marketing – negative PR	The newspaper article has been written with some negative statements about Apple and the marketing department will need to respond to this	This may reduce sales as less buyers demand Apple products. However their code of conduct suggests that they take this seriously and are funding checks and initiatives to improve the situation. Their profit and sales would not suggest that this is having an impact on sales.
Factors affecting location – proximity to market.	China is a growing market for Apple and as sales are 25% of their total sales they rely heavily on this market.	If products are being produced in China there will be lower transport costs and no import taxes. This will make Apple more competitive in the growing market. They can invest money in marketing and R&D and also the training courses they are offering to improve living standards.

Assessment Objectives

	AO1	AO2	AO3	TOTAL
1.1-1.6	6			6
1.7		2		2
1.8	2			2
1.9	2			2
1.10	2			2
1.11	2			2
1.12	2			2
1.13	2			2
2.1		3	3	6
2.2		3	6	9
2.3	2	2		4
2.4	1	4		5
2.5		3	6	9
3.1	2	2		4
3.2	1	4		5
3.3	4			4
3.4		3	3	6
3.5		3	3	6
3.6	3	3	6	12
Paper total	31	32	27	90