



ADDITIONAL SPECIMEN
ASSESSMENT MATERIAL

GCSE
BUSINESS
8132/2

PAPER 2

Mark scheme

V1.0

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.

Section A

Total for this section: 20 marks

Question number	Answer
01.1	D
01.2	A
01.3	A
01.4	C
01.5	A
01.6	D

01.1 – 01.6 = AO1 × 6 (1 mark for each correct answer)

01.7 State **two** advantages of setting up as a partnership instead of a sole trader. **[2 marks]**

01	7	<p>1 mark for each correct reason identified up to a maximum of 2 marks.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • shared finance • shared responsibility • different skills/expertise • more ideas • easy to set up • greater flexibility in working • cover for illness/holiday. 	AO1	2
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01.8 State **two** sources of finance for a business. **[2 marks]**

01	8	<p>1 mark for each correct reason identified up to a maximum of 2 marks.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • overdraft • family and friends • share issue • retained profit • loan • mortgage • selling assets • government grants. 	AO1	2
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01.9 Define what a statement of financial position is? **[2 marks]**

01	9	<p>1 mark for giving limited definition and 1 mark for some development.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • document to show what a business is worth • list of assets and liabilities • a ‘snap shot’ of a business at a point in time • used by investors (or other stakeholders) to see if it is worth investing etc. <p>Example of developed answer: Shows the value of a business (1). What the business owns and owes (its assets and its liabilities) (1).</p>	AO1	2
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01.10 Explain **one** objective of an entrepreneur.

[2 marks]

01	10	<p>1 mark for knowledge of an objective of an entrepreneur and 1 mark for explaining the objective</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • to be their own boss • flexible working hours • to pursue an interest • earn more money • dissatisfaction with current job. <p>Example of developed answer: To be their own boss (1) because they want the freedom to make decisions for themselves (1).</p>	AO1	2
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01.11 Explain **two** possible effects of a business lowering its prices.

[4 marks]

01	11	<p>1 mark for identifying an effect of lowering a price for a business and 1 mark for explaining the effect.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • sell more products • become more competitive • receive less revenue per unit sold • may increase revenue and/or profits. <p>Example of developed answer: They will sell more products (1) as customers will demand more at a lower price (1).</p>	AO1	4
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01.12 Calculate the closing balance in pounds (£) for **February** for **Figure 1**. Show all your workings.

[2 marks]

01	12	<p>$(353) + (151) = (504)$ (1)</p> <p>$(504) + 2727 = \text{£}2223$ (1) OFR</p> <p>Note Ignore the use of a £ sign (as given in the question), award the figure only.</p>	AO2	2
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Section B

Total for this section: 34 marks

01.11 Explain **two** possible effects of a business lowering its prices. **[4 marks]**

02	1	<p>1 mark for correct identification of unit cost formulae and 3 marks for calculation.</p> <p>Total cost/amount sold (1) AO1</p> <p>$23\ 000 + 16\ 000 + 650\ 000 + 120\ 000 + 66\ 000 = 875\ 000$ (1)</p> <p>$875\ 000 / 250\ 000 = \text{£}3.50$ (1)</p> <p>$\text{£}4 - \text{£}3.50 = \text{£}0.50$ (1) OFR</p> <p>Note Ignore the use of a £ sign (as given in the question), award the figure only.</p>	4
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02.2 Explain how Emporium of Candy has benefited from economies of scale as it grew in 2016. **[4 marks]**

02.2 Marking grid

Marks for this question: AO1 = 1 AO2 = 3

Level	Description	Marks
2	<p>Sound understanding and application of the topics</p> <ul style="list-style-type: none"> Applies knowledge and understanding to the context sufficiently. A sound understanding of one or more business concepts and issues. 	3–4
1	<p>Basic understanding and application of the topics</p> <ul style="list-style-type: none"> Applies basic knowledge and understanding to the context. A basic understanding of one or more business concepts. 	1–2
0	Nothing worthy of credit	

02	2	<p>Possible answers include:</p> <ul style="list-style-type: none"> purchasing technical economies of scale. <p>Example of developed answer L2 When the business grows it will be buying more supplies this means it can negotiate a better deal with suppliers because it is a more important buyer. This means it can reduce the price of its supplies and its unit costs fall from £4 to £3.50 which shows an economy of scale.</p>	4
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02.3 Emporium of Candy currently has a basic website promoting its products. It is considering whether it should introduce an online service to sell its products as well.

Advise Emporium of Candy whether or not this is a good idea. Give reasons for your advice.

[9 marks]

02.3 Marking grid

Marks for this question: AO2 = 3 AO3 = 6

Level	Description	Marks
3	Detailed analysis and evaluation of topics based on the context <ul style="list-style-type: none"> Sustained line of reasoning, which is coherent, relevant, substantiated with a focused conclusion that is fully justified. Business areas are fully analysed. Applies knowledge and understanding to the context sufficiently. 	7–9
2	Sound analysis and evaluation of topics based on the context <ul style="list-style-type: none"> A line of reasoning, with a conclusion that has some justification. Business areas are partially analysed. Applies some knowledge and understanding to the context. 	4–6
1	Basic analysis and evaluation of topics based on the context <ul style="list-style-type: none"> Basic line of reasoning with a conclusion. Basic analysis of business areas. Basic knowledge and understanding is applied to the context. 	1–3
0	Nothing worthy of credit	0

02.3 Indicative content

Application	Analysis/evaluation
Wider area for sales.	Customers in different areas more likely to purchase online, however will this reduce sales in the shops?
USP – watching and tasting the candy.	Will the business be able to generate interests in sales without this and be able to maintain its selling price?
Product is suitable for posting.	Packets of candy will be small enough to post economically, although they will need to be protected to ensure they are not damaged as they are a little fragile.
Cost to set up secure online payments.	As the website is basic the business may need to employ a specialist to improve this and set up security for online payments. Without this customers are not likely to order as their details could be stolen. A secure website could be a huge cost which will need to be recovered.
Would cost increase to maintain website and stock levels?	As some types of sweets sell out the business may not be able to maintain the availability on the website and this will lead to disappointed customers. They may need to employ someone to look after the website which increases costs and lowers profit.
As a small business with two shops will they be able to produce enough to meet demand?	As the business only has two shops which produce the candy and some sell out frequently, will it have enough to sell online? It may need to increase production facilities before it can be made available online.

02.4 Explain **one** way in which greater competition may affect a business.

[2 marks]

02	4	<p>Possible answers include:</p> <ul style="list-style-type: none"> • may reduce sales • may increase incentive to develop new products • may encourage more promotional activity to keep customers • may reduce prices to be more competitive. <p>Example of developed answer: May reduce sales (1) as customers switch to the new competitors who offer alternatives (1).</p>	AO1	2
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02.5 Using **Item B**, analyse why the forecasted yearly break-even level of output for online sales of Emporium of Candy may not be accurate.

[6 marks]

02.5 Marking grid

Marks for this question: AO2 = 3 AO3 = 3

Level	Description	Marks
3	<p>Detailed analysis of topics based on the context</p> <ul style="list-style-type: none"> • Business areas are fully analysed. • Applies knowledge and understanding to the context sufficiently. 	5–6
2	<p>Sound analysis of topics based on the context</p> <ul style="list-style-type: none"> • Business areas are partially analysed. • Applies some knowledge and understanding to the context. 	3–4
1	<p>Basic analysis of topics based on the context</p> <ul style="list-style-type: none"> • Basic analysis of business areas. • Basic knowledge and understanding is applied to the context. 	1–2
0	Nothing worthy of credit	0

02	5	<p>Application:</p> <ul style="list-style-type: none"> • The selling price may need to decrease as a competitor is selling some candy cheaper than Emporium of Candy. • Changes in interest rates can affect costs. <p>Analysis:</p> <ul style="list-style-type: none"> • If the price has to be lowered this will increase the break-even point and require a higher number of products to be sold. • If the interest rate increases this will increase the break-even output. <p>Example of a developed answer L3: The candy will be a variable cost so if the ingredients being imported are more expensive, costs will be higher than expected. The actual total costs will be different from the forecasted figures when this increase in ingredients was not known by the business. This will mean that the estimated 300 000 packs of candy will increase before break-even is reached as the actual break-even point will increase from that predicted.</p>	
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02.6 In order to boost its online sales Emporium of Candy is considering giving customers a 15% discount coupon off their next order. Customers would need to purchase more than £20 worth of candy to use the coupon.

Advise Emporium of Candy whether or not this is a good idea. Give reasons for your advice.

[9 marks]

02.6 Marking grid

Marks for this question: AO2 = 3 AO3 = 6

Level	Description	Marks
3	<p>Detailed analysis and evaluation of topics based on the context</p> <ul style="list-style-type: none"> • Sustained line of reasoning, which is coherent, relevant, substantiated with a focused conclusion that is fully justified. • Business areas are fully analysed. • Applies knowledge and understanding to the context sufficiently. 	7–9
2	<p>Sound analysis and evaluation of topics based on the context</p> <ul style="list-style-type: none"> • A line of reasoning, with a conclusion that has some justification. • Business areas are partially analysed. • Applies some knowledge and understanding to the context. 	4–6
1	<p>Basic analysis and evaluation of topics based on the context</p> <ul style="list-style-type: none"> • Basic line of reasoning with a conclusion. • Basic analysis of business areas. • Basic knowledge and understanding is applied to the context. 	1–3
0	Nothing worthy of credit	0

02.6 Indicative content

Application	Analysis/evaluation
Coupons will help ensure that customers do not go to a competitor for their next purchase.	This encourages repeat customers to visit the website and makes the price more competitive, as they are gaining a discount. A minimum spend of £20 ensures that more than one pack of candy is sold to help maintain sales and profits. Discount may bring prices down to be more competitive against some competitors if at the moment they have lower prices and lead to more repeat business.
May increase sales to existing customers from £16 on average.	The incentive may increase the willingness to buy five packs not four packs of candy if the discount is seen as significant (which 15% seems to be).
The coupons could be offered on the candy which is not selling well.	This way customers end up purchasing products which they did not need or have the intention of buying in the first place and then taste the good quality of the candy. The candy that is not selling well could be used rather than reducing the selling price which may undervalue the high quality. However the business could just remove this type of candy from sale online and concentrate on products that do sell well.
May lead to new customers through online promotion of the coupons.	This could increase number of customers. The coupons may encourage browsers to purchase online even if they were not originally intending to, as they feel they are getting something free.
May lead to unhappiness from store customers if they do not get the same promotion.	May lead to more orders online and less in stores.
Promotion of new discount coupons will cost money.	And need to consider how effective this is at increasing sales.

02	6	<p>Evaluation/conclusion</p> <ul style="list-style-type: none"> Discount coupons could be used on all candy and therefore they may be giving profits away on the unique candy, which is selling well, and does not have much competition. However this may appeal to a wider range of customers. The coupons may encourage browsers to purchase online even if they were not originally intending to, as they feel they are getting something free. They can limit the offer to only candy whose sales are low eg maple syrup. Depends on how significant the offer is felt to be to customers and how big an impact it has on sales. Depends on costs of promoting the coupons and how effective this is. 	9
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Section C

Total for this section: 36 marks

03.1 Analyse why it is important for Hendry to have a good brand image.

[6 marks]

03.1 Marking grid

Marks for this question: AO2 = 3 AO3 = 3

Level	Description	Marks
3	Detailed analysis of topics based on the context <ul style="list-style-type: none"> Business areas are fully analysed. Applies knowledge and understanding to the context sufficiently. 	5–6
2	Sound analysis of topics based on the context <ul style="list-style-type: none"> Business areas are partially analysed. Applies some knowledge and understanding to the context. 	3–4
1	Basic analysis of topics based on the context <ul style="list-style-type: none"> Basic analysis of business areas. Basic knowledge and understanding is applied to the context. 	1–2
0	Nothing worthy of credit	0

03	1	<p>Possible answers include:</p> <ul style="list-style-type: none"> a good brand image can allow a business to differentiate themselves negative brand image can reduce sales customers likely to buy more products recognition by customers brand loyalty image of quality can improve sales of all products. <p>Application:</p> <ul style="list-style-type: none"> luxury designer brand use of the Hendry check negative publicity in newspapers business banning wearing their products brand being made fun of known for attractive young style in China forced to reduce the use of the famous check from 100% to 5%. <p>Analysis:</p> <ul style="list-style-type: none"> a good brand image is important to the luxury positioning and can help sales and help make sales less sensitive to price brand image will affect sales of new products and designs as they are launched a good brand image will help get free positive publicity helping sales a good brand image will help with distribution in the right outlets. 	6
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	<p>Example of developed answer L3: A good brand image can allow a business to differentiate themselves from competitors. For example, the use of the Hendry check can make the clothes stand out and give them a recognisable USP. Shops will therefore want to stock these products because they think customers will want to buy them and they will make more profit.</p>	
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03.2 Using **Item C**, explain **one** way in which Hendry might segment its market.

[4 marks]

03.2 Marking grid

Marks for this question: AO1 = 2 AO2 = 2

Level	Description	Marks
2	<p>Sound understanding and application of the topics</p> <ul style="list-style-type: none"> • Applies knowledge and understanding to the context sufficiently. • A sound understanding of one or more business concepts and issues. 	3–4
1	<p>Basic understanding and application of the topics</p> <ul style="list-style-type: none"> • Applies basic knowledge and understanding to the context. • A basic understanding of one or more business concepts. 	1–2
0	Nothing worthy of credit	0

03	2	<p>Possible answers include:</p> <ul style="list-style-type: none"> • gender • age • income • location. <p>Application:</p> <ul style="list-style-type: none"> • products targeted at males and females eg different beauty products • products targeting different age groups eg in terms of design and style • products targeting different income groups eg though having different price points. <p>Example of developed answer L2: Hendry may target different age groups who are most likely to wear particular designs or items of clothing they produce. For example they may make some clothes that are more fashionable, trendy clothes for younger buyers and more classic clothes for older buyers.</p>	4
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03.3 Analyse **one** benefit for Hendry of using social media to promote the business. **[6 marks]**

03.3 Marking grid

Marks for this question: AO2 = 3 AO3 = 3

Level	Description	Marks
3	Detailed analysis of topics based on the context <ul style="list-style-type: none"> Business areas are fully analysed. Applies knowledge and understanding to the context sufficiently. 	5–6
2	Sound analysis of topics based on the context <ul style="list-style-type: none"> Business areas are partially analysed. Applies some knowledge and understanding to the context. 	3–4
1	Basic analysis of topics based on the context <ul style="list-style-type: none"> Basic analysis of business areas. Basic knowledge and understanding is applied to the context. 	1–2
0	Nothing worthy of credit	0

03	3	<p>Possible answers include:</p> <ul style="list-style-type: none"> targeted adverts at specific customers communicate with customers encourage customers to order online with links to products build relationships target customers in a certain location may be relatively cheap. <p>Application:</p> <ul style="list-style-type: none"> 40 million followers video of Hendry was seen more than 3 million times Chinese consumers like looking for information and comparing prices 70% of buyers of luxury products in China are under 45 years who extensively use the internet and technology advertising campaign live. <p>Analysis:</p> <ul style="list-style-type: none"> effective targeting via social media can be cost effective and generate high overall returns social media may be appropriate way of reaching target audience and therefore less wasted communication social media may fit with brand image and therefore reinforce positioning. <p>Example of developed answer L3</p> <p>As Chinese consumers like looking for information and comparing prices, social media can communicate with customers quickly and give them information about new products as they are available. This means that they can then immediately start comparing Hendry products with competitors and will start making buying decisions. As 70% of buyers are under 45 and like to use technology they are more likely to compare these prices and information using social media, which is available on portable devices.</p>	6
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03.4 Calculate the change in the percentage of Hendry's **total revenue** that comes from Asia between 2012 and 2016.
Show all your workings. **[3 marks]**

03	4	2012 $651/1860 \times 100 = 35\%$ (1) 2016 $925/2500 \times 100 = 37\%$ (1) % change = $37\% - 35\% = 2\%$ increase (1) (OFR)	AO2	3
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03.5 Calculate the gross profit for Hendry in 2016.
State the gross profit formula used and show all your workings. **[3 marks]**

03	5	1 mark for correct identification formulae 2 marks for calculation Gross profit= revenue – cost of sales $2500 - 752$ (1) = £1748 million (1) £ sign and “million” are required for answer to be fully correct.	AO1 = 1 AO2 = 2	3
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03.6 Explain the marketing term ‘m-commerce’. **[2 marks]**

03	6	1 mark for some understanding of m-commerce. 2 marks for clear understanding of m-commerce. m-commerce is mobile commerce where products or services are sold (1) through a device such as a mobile phone/tablet (1).	AO1	2
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03.7 Hendry is considering two options to increase its sales.

These options are:

- developing an app
- re-launching its bags.

Analyse the effect of **each** of these two options on Hendry's sales.

Evaluate which of these two options will have the biggest impact on Hendry's sales.

[12 marks]

03.7 Marking grid

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

Level	Description	Marks
4	<p>Developed integrated analysis and evaluation of topics with sustained judgement based on context.</p> <ul style="list-style-type: none"> • 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
3	<p>Detailed analysis and evaluation of topics based on the context</p> <ul style="list-style-type: none"> • 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
2	<p>Sound analysis and evaluation of topics in isolation of their interdependence based on the context.</p> <ul style="list-style-type: none"> • 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
1	<p>Basic generic discussion of topics.</p> <ul style="list-style-type: none"> • A basic understanding of business concepts in isolation. • A basic understanding of one or more business concepts. • Partial relevance to the question. 	1-3
0	Nothing worthy of credit	0

03.7 Indicative content

Understanding	Application	Analysis/evaluation
Developing an app can boost sales globally.	E-commerce is expected to account for about third of revenue growth. As Chinese consumers like looking for information and comparing prices, an app will allow easy access to the information.	m-commerce is an easy way for consumers to view products and make purchases. With sales online higher in China, it allows the needs of these customers to be catered for easily and will help turn around the fall in revenue as this market is growing, ensuring a long term increase in sales revenue. However products may have to be sold for less online as customers can shop around which may not increase profits as much. It will depend on how much it costs to develop the app as to how much profit is made. However as ecommerce sales are going well may be less risky than developing new products.
Re-launching bags.	The recent addition of the rucksack proved so popular that it sold out. Accessories at 36% sales are higher by 6% than any other type of product. Sales of this type of product are growing fast generally but an area of weakness for Hendry compared with their competitors.	This suggests that any more new products in this category will help boost sales as it has been in such high demand before. As sales of this category are higher than any other this will increase revenue and also help them rival their competitors. New product development will allow them to keep up in a competitive market and keep customers from looking elsewhere. If new bags can be developed to rival competitors or even better them, then this will help maintain prices and allow profit margins to be maintained. However this will depend on how well the products are designed and the success of the rucksack may not be achieved. As the market in China is so important the product could be designed with these customers' preferences to maintain sales and then achieve a higher profit.

03	7	Evaluation <ul style="list-style-type: none"> • Depends on how well the bags are designed and launched eg will they be as successful as rucksacks. • Depends on how well the app is developed and how easy to use. • The bags are only part of the company's product range whereas the app could improve sales in all areas. 	12
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