



Rewarding Learning

**General Certificate of Secondary Education
2025**

Business Studies

Unit 2

Developing a Business

[GBU21]

FRIDAY 16 MAY, AFTERNOON

**MARK
SCHEME**

General Marking Instructions

Introduction

Mark schemes are intended to ensure that the GCSE examinations are marked consistently and fairly. The mark schemes provide markers with an indication of the nature and range of candidates' responses likely to be worthy of credit. They also set out the criteria which they should apply in allocating marks to candidates' responses.

Assessment objectives

Below are the assessment objectives for Business Studies.

Candidates must:

- AO1** recall, select and communicate their knowledge and understanding of concepts, issues and terminology;
- AO2** apply skills, knowledge and understanding in a variety of contexts and in planning and carrying out investigations and tasks; and
- AO3** analyse and evaluate evidence, make reasoned judgements and present appropriate conclusions.

Quality of candidates' responses

In marking the examination papers, examiners should be looking for a quality of response reflecting the level of maturity which may reasonably be expected of a 16-year-old which is the age at which the majority of candidates sit their GCSE examinations.

Flexibility in marking

Mark schemes are not intended to be totally prescriptive. No mark scheme can cover all the responses which candidates may produce. In the event of unanticipated answers, examiners are expected to use their professional judgement to assess the validity of answers. If an answer is particularly problematic, then examiners should seek the guidance of the Supervising Examiner.

Positive marking

Examiners are encouraged to be positive in their marking, giving appropriate credit for what candidates know, understand and can do rather than penalising candidates for errors or omissions. Examiners should make use of the whole of the available mark range for any particular question and be prepared to award full marks for a response which is as good as might reasonably be expected of a 16-year-old GCSE candidate.

Awarding zero marks

Marks should only be awarded for valid responses and no marks should be awarded for an answer which is completely incorrect or inappropriate.

Marking calculations

In marking answers involving calculations, examiners should apply the 'own figure rule' so that candidates are not penalised more than once for a computational error.

Types of mark schemes

Mark schemes for tasks or questions which require candidates to respond in extended written form are marked on the basis of levels of response which take account of the quality of written communication.

Other questions which require only short answers are marked on a point for point basis with marks awarded for each valid piece of information provided.

Levels of response

Tasks and questions requiring candidates to respond in extended writing are marked in terms of levels of response. In deciding which level of response to award, examiners should look for the 'best fit' bearing in mind that weakness in one area may be compensated for by strength in another. In deciding which mark within a particular level to award to any response, examiners are expected to use their professional judgement. The following guidance is provided to assist examiners.

- **Threshold performance:** Response which just merits inclusion in the level and should be awarded a mark at or near the bottom of the range.
- **Intermediate performance:** Response which clearly merits inclusion in the level and should be awarded a mark at or near the middle of the range.
- **High performance:** Response which fully satisfies the level description and should be awarded a mark at or near the top of the range.

Quality of written communication

Quality of written communication is taken into account in assessing candidates' responses to all tasks and questions that require them to respond in extended written form. These tasks and questions are marked on the basis of levels of response. The description for each level of response includes reference to the quality of written communication.

For conciseness, quality of written communication is distinguished within levels of response as follows:

Level 1: Quality of written communication is basic.

Level 2: Quality of written communication is good.

Level 3: Quality of written communication is excellent.

In interpreting these level descriptions, examiners should refer to the more detailed guidance provided below:

Level 1 (Basic): The candidate makes only a limited selection and use of an appropriate form and style of writing. The organisation of material may lack clarity and coherence. There is little use of specialist vocabulary. Presentation, spelling, punctuation and grammar may be such that intended meaning is not clear.

Level 2 (Good): The candidate makes a reasonable selection and use of an appropriate form and style of writing. Relevant material is organised with some clarity and coherence. There is some use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are sufficiently competent to make meaning clear.

Level 3 (Excellent): The candidate successfully selects and uses the most appropriate form and style of writing. Relevant material is organised with a high degree of clarity and coherence. There is widespread and accurate use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are of a sufficiently high standard to make meaning clear.

1 (a) (i) (AO1)

List two methods of external recruitment.

Any two from the following:

- Internet/website/social media/media/newspaper/headhunting/private recruitment agency/job centres/billboards/posters/shop windows/radio/tv

[1] mark for listing one method

[2] marks for listing two methods

[2]

(ii) (AO1, AO2)

Explain one advantage of TWS recruiting externally.

- The range of applicants is wider leading to a better choice for TWS
- The applicant will bring new skills and ideas to the job
- No other internal vacancies are created
- It avoids jealousy from existing staff who have not been promoted internally
- Fully trained specialists can be recruited leading to less training costs

[1] mark for a brief explanation of one advantage

[2] marks for a detailed explanation of one advantage

Valid alternative responses will be credited

[2]

(b) (i) (AO1, AO2)

Explain one advantage to TWS of using testing.

- It shows level of applicant's practical skills/confidence/work ethic/knowledge
- It allows TWS to compare applicants easily as they all complete the same test
- It helps with short listing
- TWS can see how well the applicant is organised
- It allows them to verify information on the CV/application form

[1] mark for a brief explanation of one advantage

[2] marks for a detailed explanation of one advantage

Valid alternative responses will be credited

[2]

(ii) (AO1, AO2)

Discuss one advantage and one disadvantage to TWS of using interviews.

One discussed advantage from the following:

- It shows the level of the applicant's preparation and confidence
- It shows the applicant's personality and communication skills
- It shows how the applicant can react under pressure
- It shows any new ideas the applicant might have about the job
- It allows the employer to check information on the application form
- It allows for two way communication/face to face

One discussed disadvantage from the following:

- It can be intimidating, and the applicant may become nervous and not perform to their usual standard
- It is time consuming for the employer to interview all applicants

[1] mark for a brief discussion of either an advantage or a disadvantage
 [2] marks for a detailed discussion of either an advantage or a disadvantage or a brief discussion of one advantage and one disadvantage
 [3] marks for a detailed discussion of either an advantage or a disadvantage and a brief discussion of an advantage or a disadvantage
 [4] marks for a detailed discussion of one advantage and one disadvantage
 Valid alternative responses will be credited [4]

(c) (AO2)
Discuss the responsibility of TWS using honesty and confidentiality in the selection process.

Honesty

- It is expected that both employer and potential employee would be totally honest with each other, e.g. any documents relating to the job/job description, roles, wages

Confidentiality

- Both employer and employee must treat all information learned about each other as strictly confidential, e.g. employer must not share any personal details about applicant

[1] mark for a brief discussion of either honesty or confidentiality
 [2] marks for a detailed discussion of either honesty or confidentiality or a brief discussion of honesty and confidentiality
 [3] marks for a detailed discussion of either honesty or confidentiality and a brief discussion of honesty or confidentiality
 [4] marks for a detailed discussion of honesty and confidentiality
 Valid alternative responses will be credited [4]

(d) (i) (AO1)
Identify two reasons why TWS should train its employees.

Any two reasons from the following:

- Induction of new staff
- To become more competitive/improves corporate image
- To increase efficiency/quality/skills/productivity/standard of work
- Changes in procedure/new machinery

[1] mark for identifying one reason
 [2] marks for identifying two reasons
 Valid alternative responses will be credited [2]

(ii) (AO1, AO2)

Describe one advantage and one disadvantage of staff training to the employees of TWS.

One described advantage from the following:

- Employees will have up-to-date skills using new equipment
- Legally employees must be trained on new machinery
- It increases employee motivation as they may get additional qualifications
- Employees become more flexible and can do more than one job
- It reduces the risk of accidents/injury
- Helps them settle into a new job/the business
- Highly trained employees have better opportunities for promotion

One described disadvantage from the following:

- Employees may need to travel to attend training courses
- Some courses may not relate fully to their job
- The quality of the training may not be good

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

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

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

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

Valid alternative responses will be credited [4]

(e) (AO1)

Identify three methods of non-financial motivation that TWS could use.

Any three from the following:

- Job rotation/team working/quality circles/flexible working/job sharing

[1] mark for identifying one method

[2] marks for identifying two methods

[3] marks for identifying three methods

Valid alternative responses will be credited [3]

(f) (i) (AO1, AO2)

Explain one reason why TWS conducts staff appraisal.

- It shows the employees' strengths which can help promotion
- It shows the employees' weaknesses that can help identify any training needed
- It can be used to set levels of pay/targets within the business
- It provides feedback to the employees on their performance

[1] mark for a brief explanation of one reason

[2] marks for a detailed explanation of one reason

Valid alternative responses will be credited [2]

(ii) (AO3)

Evaluate the use of observation as a method of staff appraisal.

One advantage and disadvantage from the following:

- It allows the opportunity for the employee to be observed in their usual surroundings
- It gives a true picture of the employee's work
- It is time consuming to carry out
- It can be intimidating for the employee

Final judgement

[1] mark identifying either one advantage or one disadvantage of observation

[2] marks for fully discussing one advantage or one disadvantage of observation

[3] marks for identifying one advantage and one disadvantage of observation and giving a final judgement or for fully discussing one advantage or one disadvantage and giving a final judgement

[4] marks for fully discussing one advantage and one disadvantage of observation or for fully discussing one advantage/disadvantage and identifying one advantage/disadvantage and giving a final judgement

[5] marks for fully discussing one advantage and one disadvantage of observation and giving a final judgement

Valid alternative responses will be credited

[5]

30

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2 (a) (AO1, AO2)

TWS has steadily increased its profits. Identify two other signs of success that TWS might have experienced.

Any two from the following:

- Attracting new competitors into industry
- Expansion/Growth/Increase size of the premises
- Good customer reviews/social media
- Increased public awareness/corporate image
- Increased market share/increased sales/customers

[1] mark for listing one sign

[2] marks for listing two signs

Valid alternative responses will be credited

[2]

(b) (AO1, AO2)

Explain the following:

Internal growth

- Takes place inside the business and is also known as organic growth. It can be a slow form of growth

Takeover

- Takes place when one business buys over the control of another business. It can be hostile or friendly

Technical economies of scale

- Average costs of production can be reduced by introducing upgraded machinery and technology

Financial economies of scale

- This is when a large business can borrow more money with better rates of interest

[1] mark for a brief explanation of each term

[2] marks for a detailed explanation of each term

Valid alternative responses will be credited

([2] × 4)

[8]

(c) (AO1, AO2)

TWS has previously reinvested its profits. Identify and describe one other type of internal/organic growth that TWS may have used.

One from the following:

- Expand its product/service range
- They may have introduced new lines or services for events or a range of different options for customers
- Increase sales/open another branch/increase staff
- They may have gained new contracts for events or targeted new customers in different markets

[1] mark for identifying one type of internal/organic growth

[2] marks for identifying one type of internal/organic growth and briefly describing it.

[3] marks for identifying one type of internal/organic growth and fully describing it.

Valid alternative responses will be credited

[3]

(d) (AO3)

Evaluate franchising as a method of external growth for TWS.

One advantage and disadvantage from the following:

Advantages

- Increased opportunity to grow and expand the business quickly
- They can benefit from economies of scale leading to reduced costs
- They receive annual royalty payments from the franchisee
- The franchisee will contribute to the growth via capital investment

Disadvantages

- They will lose the day to day control of running of the business
- They will need to provide ongoing training and support
- The reputation of TWS could be damaged if the franchisee provides a bad service/makes a bad decision

Final judgement

[1] mark for identifying either one advantage or one disadvantage of franchising for TWS

[2] marks for fully discussing one advantage or one disadvantage of franchising for TWS

[3] marks for identifying one advantage and one disadvantage of franchising for TWS and giving a final judgement or for fully discussing one advantage or one disadvantage and giving a final judgement

[4] marks for fully discussing one advantage and one disadvantage of franchising for TWS or for fully discussing one advantage/disadvantage and identifying one advantage/disadvantage and giving a final judgement

[5] marks for fully discussing one advantage and one disadvantage of franchising for TWS and giving a final judgement

Valid alternative responses will be credited [5]

(e) (AO1, AO2)

Discuss two factors that could limit the growth of TWS.

Any two from the following:

- Lack of finance – money will be needed to buy new equipment or premises and may be difficult to raise
- Increased competition – if there is lots of similar businesses in or near the same location it may prevent TWS from getting new customers
- Lack of demand – as customer tastes and preferences change
- Difficult economic climate, e.g. the cost of living crisis means less people can afford to run events
- Impact of Covid-19

[1] mark for a brief discussion of one factor

[2] marks for a detailed discussion of one factor or two factors briefly discussed

[3] marks for a detailed discussion of one factor and a brief discussion on another

[4] marks for a detailed discussion of two factors

Valid alternative responses will be credited [4]

(f) (AO1, AO2, AO3)

Analyse one advantage and one disadvantage of growth for TWS.

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Any one advantage from the following:

- Increased profit – as the business grows it will have more customers which will result in increased profit that can either be shared amongst the owners or reinvested for future growth
- Economies of scale – the business will be able to benefit from economies of scale such as purchasing of any products needed to run the events, financial by securing better deals on loans or marketing by spreading the costs of advertising
- Greater market influence – as the business grows they may gain a better reputation that might allow them to negotiate better deals with suppliers or take the lead in setting prices, this will help increase market share

Any one disadvantage from the following:

- Poor communication – as the business grows it can be difficult for departments to communicate with each other or for management to communicate with employees. It may also take longer
- Lack of motivation – in a very large business employees may not know each other and feel they are small cogs in a large wheel
- Difficulties of co-ordination – a large business may be split over different sites or regions and this can lead to difficulties between branches or departments leading to reduced quality of service

Valid alternative responses will be credited

Level 1 ([1]–[3] marks)

Candidate demonstrates basic knowledge and understanding and partially analyses one advantage or one disadvantage. Quality of written communication is basic.

Level 2 ([4]–[6] marks)

Candidate demonstrates good knowledge and understanding and analyses one advantage and one disadvantage. Quality of written communication is good.

Level 3 ([7]–[8] marks)

Candidate demonstrates excellent knowledge and understanding and fully analyses one advantage and one disadvantage. Quality of written communication is excellent.

[8]

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3 (a) (AO1)
Suggest two internal sources of finance that might be available to TWS.

Any two from the following:

- Owner/partners own investment
- Retained profit
- Debt collection
- Sale of non-current assets

[1] mark for suggesting one source

[2] marks for suggesting two sources

Valid alternative responses will be credited [2]

(b) (AO1, AO2)
Explain one advantage and one disadvantage of a mortgage.

One explained advantage from the following:

- Large sums of money can be made available to the business
- Set repayments help the business budget
- It can be repaid over an extended period of time
- The business is successful so the application should be accepted

One explained disadvantage from the following:

- It is costly to the business as it will need to repay interest usually long term
- It is time consuming as they may need to compile a business plan or an application process
- The premises may act as collateral which means they can be taken from the business

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

[2] marks for a detailed explanation of either an advantage or a disadvantage or a brief explanation of one advantage and one disadvantage

[3] marks for a detailed explanation of either an advantage or a disadvantage and a brief explanation of an advantage or a disadvantage

[4] marks for a detailed explanation of one advantage and one disadvantage
Valid alternative responses will be credited [4]

(c) (AO1, AO2)
Explain the importance of an Income Statement to TWS.

- It is used to calculate the gross and net profit figures
- It is used to calculate the cost of sales
- It shows the expenses of the business
- It can be compared to previous years

[1] mark for a brief explanation of importance

[2] marks for a detailed explanation of importance

Valid alternative responses will be credited [2]

(d) (AO2)
Complete the Income Statement to show the following figures:

Opening inventory	£144 000	[1]
Closing inventory	£78 500	[1]
Gross profit	£536 600	[1]
Advertising	£10 600	[1]

([1] × 4) [4]

(e) (AO2)
Use the information in TWS's Income Statement to calculate the Net Profit Percentage. Show your workings.

Net Profit Percentage	=	$\frac{\text{Net profit}}{\text{Sales}} \times 100$
	=	$\frac{161\,750}{998\,500} \times 100$
	=	16.2%

[1] mark for a correct substitution of the figures
[2] marks for correct final answer with % sign [2]

(f) (AO2, AO3)
Comment on the performance of TWS in 2024.

- Net profit % has increased from 13.5% to 16.2%
- TWS is making 16.2p on every £1 of sales
- This shows that either sales have increased from the previous year or TWS is better at reducing expenses
- This is a good result for TWS and suggests business strategies are working well
- It shows the net profit which has been made from sales

[1] mark for a brief comment
[2] marks for a detailed comment or a brief comment on two points
[3] marks for a detailed comment and a brief comment point on another very detailed comment
[4] marks for two detailed comments or one fully detailed comment
Valid alternative responses will be credited [4]

(g) (AO1, AO2)

Explain the importance of a Statement of Financial position for TWS.

- It shows the accurate value of the business on any given date
- It shows the total assets – current and non-current
- It shows the total liabilities – current and non-current
- It can be compared to previous years
- It shows how the business is financed and what the business has done with the money

[1] mark for a brief explanation of importance

[2] marks for a detailed explanation of importance

Valid alternative responses will be credited

[2]

(h) (AO1, AO3)

The Working Capital Ratio for TWS in 2024 is 1.9:1. Explain what the working capital ratio measures in the business and comment on its performance in TWS.

- The working capital ratio shows the relationship between the current assets and the current liabilities and measures the business's ability to pay its short term debts

[1] mark for a brief explanation on what the working capital ratio measures

[2] marks for a full explanation on what the working capital ratio measures

Comments:

- This is considered good as an acceptable benchmark is between 1.5:1 or 2:1
- It shows the business has good liquidity/ability to meet its debts
- It means if they want the bank loan the bank should be agreeable to lend the money

[1] mark for a brief comment on the performance

[2] marks for a detailed comment on the performance

[4]

(i) (AO1, AO3)

Analyse the consequences to TWS if the Cash Flow Forecast is prepared incorrectly.

- It could cause a surplus – too much extra money in the business that could be used for other things
- It could cause a deficit meaning bills may not be paid, e.g. suppliers
- Bank loans or other funding could be required/additional funding may be hard to get
- Purchases may be made at the incorrect time leading to too much stock
- Trading opportunities may be lost

Valid alternative responses will be credited

Level 1 ([1]–[2] marks)

Candidate demonstrates basic knowledge and understanding and partially analyses one or two consequences. Quality of written communication is basic.

Level 2 ([3]–[4] marks)

Candidate demonstrates good knowledge and understanding and analyses one consequence and briefly analyses another. Quality of written communication is good.

Level 3 ([5]–[6] marks)

Candidate demonstrates excellent knowledge and understanding and fully analyses two consequences. Quality of written communication is excellent.

[6]

30

Total

90

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