



# **GCE AS MARKING SCHEME**

**SUMMER 2024**

**AS  
BUSINESS – UNIT 1  
BUSINESS OPPORTUNITIES  
2510U10-1**

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## About this marking scheme

The purpose of this marking scheme is to provide teachers, learners, and other interested parties, with an understanding of the assessment criteria used to assess this specific assessment.

This marking scheme reflects the criteria by which this assessment was marked in a live series and was finalised following detailed discussion at an examiners' conference. A team of qualified examiners were trained specifically in the application of this marking scheme. The aim of the conference was to ensure that the marking scheme was interpreted and applied in the same way by all examiners. It may not be possible, or appropriate, to capture every variation that a candidate may present in their responses within this marking scheme. However, during the training conference, examiners were guided in using their professional judgement to credit alternative valid responses as instructed by the document, and through reviewing exemplar responses.

Without the benefit of participation in the examiners' conference, teachers, learners and other users, may have different views on certain matters of detail or interpretation. Therefore, it is strongly recommended that this marking scheme is used alongside other guidance, such as published exemplar materials or Guidance for Teaching. This marking scheme is final and will not be changed, unless in the event that a clear error is identified, as it reflects the criteria used to assess candidate responses during the live series.

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## **GENERAL MARKING GUIDANCE**

### **Positive Marking**

It should be remembered that learners are writing under examination conditions and credit should be given for what the learner writes, rather than adopting the approach of penalising him/her for any omissions. It should be possible for a very good response 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.

For each question there is a list of indicative content which suggest the range of business concepts, theory, issues and arguments which might be included in learners' answers. This is not intended to be exhaustive and learners do not have to include all the indicative content to reach the highest level of the mark scheme.

The level based mark schemes sub-divide the total mark to allocate to individual assessment objectives. These are shown in bands in the mark scheme. For each assessment objective a descriptor will indicate the different skills and qualities at the appropriate level. Learner's responses to questions are assessed against the relevant individual assessment objectives and they may achieve different bands within a single question. A mark will be awarded for each assessment objective targeted in the question and then totalled to give an overall mark for the question.

**WJEC GCE AS BUSINESS**  
**UNIT 1 - BUSINESS OPPORTUNITIES**  
**SUMMER 2024 MARK SCHEME**

**1. (a) Outline what is meant by the term market.**

**[2]**

**AO1 - 2 marks**

Award **1** mark for each valid point

**Indicative content:**

Any set of arrangements that allows buyers and sellers [1] to exchange goods/services. [1]

**(b) Identify and describe two factors that Time for Tea would have considered when locating its business.**

**[4]**

<b>Band</b>	<b>AO1 2 marks</b>	<b>AO2 2 marks</b>
<b>2</b>	<b>2 marks</b> Good knowledge and understanding of two factors to be considered when locating a new business	<b>2 marks</b> Good application to Time for Tea
<b>1</b>	<b>1 mark</b> Limited knowledge or understanding of at least one factor to be considered when locating a new business	<b>1 mark</b> Limited application to Time for Tea
<b>0</b>	<b>0 marks</b> No understanding of the factors to be considered when locating a new business	<b>0 marks</b> No application to Time for Tea

**Indicative content:**

- **Accessibility** - the retail location required by Time for Tea would be driven by access to customers. Time for Tea located in a premises just off the high street in the centre of the town to ensure customers could access the location easily.
- **Competition** - Time for Tea is the only specialised tea shop in the town, although there are numerous supermarkets who sell a wide range of branded tea. As it is the only retailer in the town selling specialised tea, Time for Tea are able to attract the town's potential customers. Being in close proximity to other retailers such as the supermarkets, Time for Tea can benefit from their marketing efforts.
- **Cost of premises** - as Time for Tea is a new business, the most important location factor is likely to be the cost. Limited capital in 2018 will have meant that Time for Tea needed to keep their costs low. Time for Tea therefore located just off the high street in order to minimise the cost.
- **Size of location** - for most new businesses, the most important location factor is likely to be the cost which means that new businesses are likely to search for smaller premises. As Time for Tea was established in 2018, limited capital may have resulted in the business selecting a small premises.

Other factors include:

- Footfall
- Social reasons
- Labour
- Government support

Credit any other valid point.

**1. (c) Explain two key components of a business plan. [4]**

<b>Band</b>	<b>AO1 2 marks</b>	<b>AO3 2 marks</b>
<b>2</b>	<b>2 marks</b> Knowledge of two key components of a business plan identified	<b>2 marks</b> Good explanation of two key components of a business plan
<b>1</b>	<b>1 mark</b> Knowledge of one key component of a business plan identified	<b>1 mark</b> Limited explanation at least one key component of a business plan
<b>0</b>	<b>0 marks</b> No understanding of the key components of a business plan	<b>0 marks</b> No explanation of the components of a business plan

**Indicative content:**

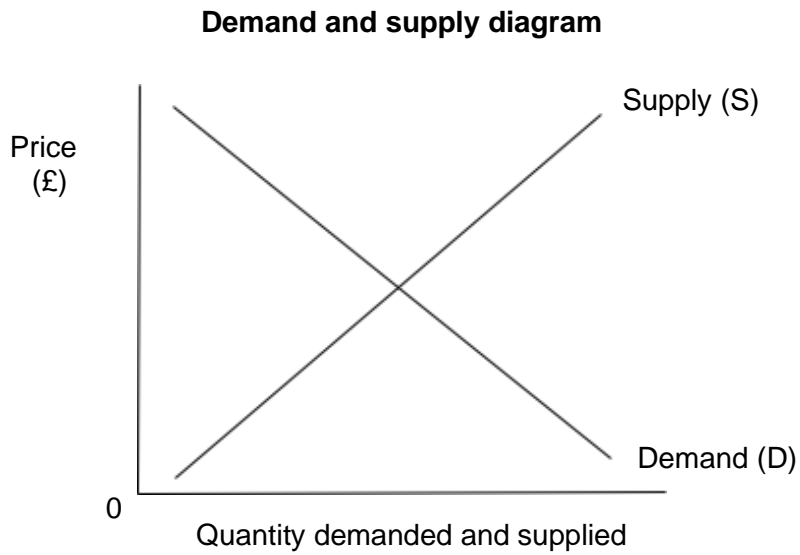
- **The introduction or overview** - sometimes called the executive statement. It provides an overview of the business's aims, objectives and strategy and is evidence that the proposal is viable. It sets out how the business is going to be run.
- **The marketing plan** - this may include both primary and/or secondary research that is relevant to the market within which the business intends to operate.
- **The personnel statement** – this includes how many employees will be needed and what skills will required in order for the business to run effectively. Management and leadership should be identified.
- **The operations plan** - this will include details of where the business will be located, production methods and any equipment needed. In addition, information on the costs of production and where the business will buy supplies may also be included.
- **The financial forecast / cashflow forecast** - this is likely to contain a cash flow forecast, budgets, profit and loss forecast and a break-even chart to help ensure sound financial management.

Credit any other valid point.

2. (a) Complete the diagram below by drawing and labelling the demand curve and a supply curve. [2]

AO1 - 2 marks

Award 1 mark for a correctly drawn and labelled demand curve  
Award 1 mark for a correctly drawn and labelled supply curve



**2. (b) (i) Adapt your demand and supply diagram to demonstrate the change in the UK strawberry market.**

**[1]**

**AO2 - 1 mark**

Award **1** mark for shifting the supply curve to the right.

Labelling S1 is not necessary for **1** mark.

Award no marks if a new demand curve is drawn in addition to a correct new supply curve.

**(ii) On your diagram, draw and label:**

• **the original equilibrium price and equilibrium quantity**

**[1]**

• **the new equilibrium price and equilibrium quantity**

**[1]**

**AO2 - 2 marks**

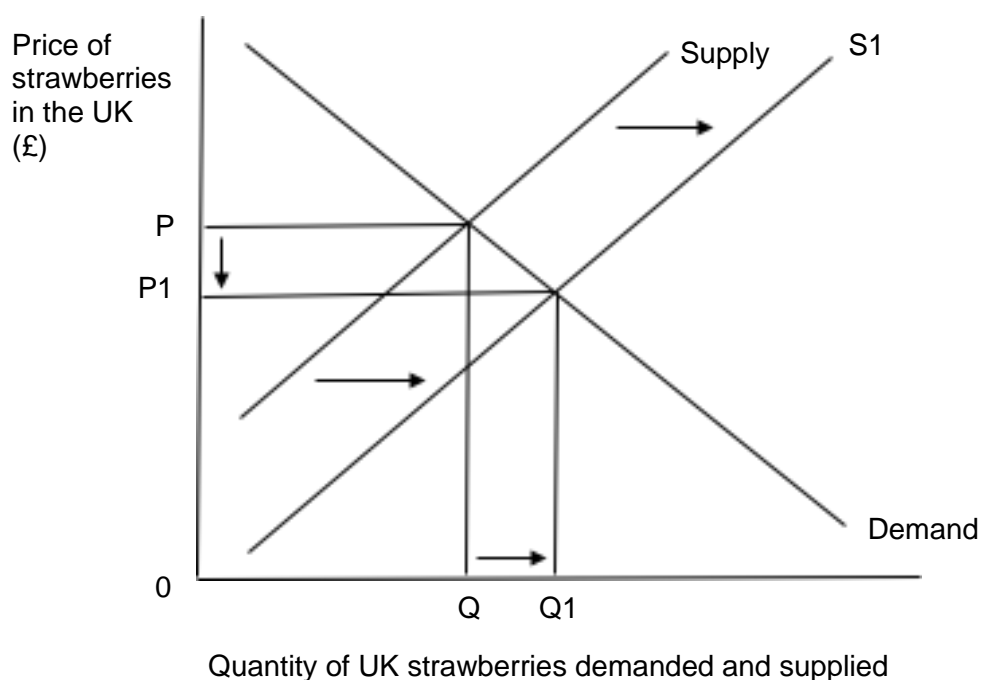
Award **1** mark for correct original equilibrium price and equilibrium quantity if fully labelled.

Award **1** mark for correct new equilibrium price and equilibrium quantity if fully labelled.

Labelling P/P1 and Q/Q1 is necessary for both marks to be awarded.

Award **1** mark for identifying both correct original and new price / quantity equilibrium unlabelled.

**Demand and supply diagram for the UK strawberry market**



**2. (c) Other than new technology, explain two factors which could affect the supply of strawberries in the UK. [6]**

<b>Band</b>	<b>AO1 2 marks</b>	<b>AO2 2 marks</b>	<b>AO3 2 marks</b>
<b>2</b>	<b>2 marks</b> Good knowledge of two factors which affect supply	<b>2 marks</b> Good application to the UK strawberry market	<b>2 marks</b> Good explanation of the two factors that affect supply
<b>1</b>	<b>1 mark</b> Limited knowledge of a factor which affects supply	<b>1 mark</b> Limited application to the UK strawberry market	<b>1 mark</b> Limited explanation of the factor(s) that affect supply
<b>0</b>	<b>0 marks</b> No knowledge demonstrated	<b>0 marks</b> No reference to the UK strawberry market	<b>0 marks</b> No explanation undertaken

**Indicative content:**

- One factor that can change the supply is a **change in costs**. If strawberry producers' costs fall resulting from a factor such as a fall in the price of raw materials such as strawberry plants or seeds, fertilizer, compost or cost of labour, this will increase supply, shifting the supply curve to the right. More is then supplied at each price level. Rising costs will have the opposite effect and shift the supply curve to the left.
- **Weather** can have a significant impact on the supply of agricultural products such as strawberries. Increased output is likely to result from a good harvest which shifts the supply curve to the right. Bad weather, such as frost, has the opposite effect, decreasing the supply of strawberries.
- **Legislation** can also have a significant impact on the supply of strawberries. Increasingly businesses find their costs are increasing because they have to comply with new legislation introduced by the government. New legislation on use of pesticides when growing strawberries, labelling, packaging and sealing could be introduced which shifts the supply curve to the left.
- **Labour shortages** can also impact the supply of strawberries. The increasing difficulty in recruiting British workers to farms and the free movement of labour restriction due to Brexit could decrease the supply of strawberries in the UK.
- **Pests, viruses, bacteria and diseases** can also affect the supply of strawberries in the UK. These infect strawberries, causing a wide range of symptoms that result in a lower yield causing supply to decrease.
- Increased imports from overseas businesses will increase the supply of strawberries. This would add to the supply of the domestic market in the UK. This could result in lower prices.
- **Subsidies**-Examples where the government encourage increase in supply through subsidies.
- Environmental tax on the use of pesticides

Credit any other valid point.

**3. (a) Outline one difference between the private and the public sector.**

**[2]**

**AO1 - 2 marks**

Award **1** mark for knowledge of the private or public sector

Award **2** marks for outlining one difference between the private and public sector

**Indicative content:**

- **Ownership** – the **private sector** is operated by businesses owned by **shareholders** or **private individuals** whereas the **public sector** is made up of organisations that are owned and run by the **government**.
- **Aims and objectives** – businesses in the **private sector** usually aim for **profit maximisation** whereas the **government** aims to **provide a service** and **serve its citizens**.
- **Funding** – businesses in the **private sector** usually raise finance through issuing **shares**, personal investment or by taking loans whereby the **public sector** raises its revenue from public revenue such as **tax**, duty and penalties.
- **Types of goods and services** – businesses in the **private sector** provide a wide range of goods and services to satisfy the **wants** of society whereas the **public sector** provide for the **needs** of society e.g. policing, health.

Credit any other valid point.

**(b) Describe the role of the public sector in providing goods and services in the UK. [3]**

<b>Band</b>	<b>AO1 3 marks</b>
<b>3</b>	<b>3 marks</b> Excellent knowledge and understanding of the role of the public sector in providing goods and services in the UK
<b>2</b>	<b>2 marks</b> Good knowledge and understanding of the role of the public sector in providing goods and services in the UK
<b>1</b>	<b>1 mark</b> Limited knowledge and / or understanding of the role of the public sector in providing goods and services in the UK
<b>0</b>	<b>0 marks</b> No knowledge demonstrated

**Indicative content:**

- Providing goods and services which people **need** in everyday life which are not provided by the private sector who are looking to make a profit.
- Providing **necessities** such as street lighting, defence (army, navy, air force) and the police. Everyone can benefit from these without paying for them. So, if someone paid for, and installed street lighting, anyone walking down that road would benefit. The role of the government is to provide these **public goods**.
- Providing **merit goods** such as education and healthcare. These can be supplied by both the private and public sectors. But if left to just the private sector, people may **under-consume** merit goods if it were left to the market. Some consumers could not afford the goods; others would fail to see the full benefit of consuming these goods. These merit goods have positive externalities. This means that their consumption will have positive effects not only on the individual that consumes them, but also on society in general.
- Due to these positive externalities and likely under-consumption if left to the market, the government provides merit goods (mainly) **free at the point of delivery**. Instead of paying to consume these goods or services directly, we pay for them through general taxation.
- The public sector is focussed much more on **needs than wants**. There are public-owned leisure facilities, theatres, museums that look to attract paying customers, but the core role of the public sector is to create a **fair and just society** and, if possible, an efficient economy.

Credit any other valid point.

**4. “Operating as a private limited company has more benefits than operating as a sole trader.” Discuss. [10]**

<b>Band</b>	<b>AO3 4 marks</b>	<b>AO4 6 marks</b>
<b>3</b>	<p><b>4 marks</b></p> <p>An excellent explanation of the benefits of operating as a Ltd in comparison to a sole trader with the key factors clearly explained</p> <p>The candidate develops a clear explanation of the benefits of a Ltd in relation to a sole trader</p> <p>The explanation is well developed and has a clear line of development</p>	<p><b>5-6 marks</b></p> <p>Excellent discussion of the benefits and drawbacks of operating as a Ltd compared to a sole trader</p> <p>The evaluation is well balanced</p> <p>The candidate makes judgments to support their evaluation and may include a final conclusion and an overall judgment is made</p>
<b>2</b>	<p><b>2-3 marks</b></p> <p>A good explanation of the benefits of operating as a Ltd in comparison to a sole trader</p> <p>A number of key issues are explained. The explanation will have some well-developed points and others where the development is more limited</p>	<p><b>3-4 marks</b></p> <p>A good discussion of the benefit(s) and drawback(s) of operating as a Ltd compared to a sole trader</p> <p>Evaluation is balanced but may focus on either benefits or drawbacks</p> <p>Judgments are made with some attempt to support statements and build arguments</p> <p>A brief conclusion may be offered</p>
<b>1</b>	<p><b>1 mark</b></p> <p>A limited explanation of the benefits of operating as a Ltd in comparison to a sole trader</p> <p>The benefits of operating as a Ltd or sole trader are briefly explained</p>	<p><b>1-2 marks</b></p> <p>A limited discussion of the benefit(s) and/or drawback(s) of operating as a Ltd and/or sole trader</p> <p>The evaluation is one sided and includes general comments that are not developed</p> <p>Judgments are superficial and unsupported</p>
<b>0</b>	<p><b>0 marks</b></p> <p>No valid explanation of the benefits of operating as a Ltd or sole trader</p>	<p><b>0 marks</b></p> <p>No valid or meaningful discussion undertaken</p>

### Indicative content:

- A limited company means that any potential shareholders would have **limited liability**. As a sole trader, the owner is personally liable for all the debts of the business. As a shareholder, there is **less risk** as they are only liable for the amount of money invested in the business.
- More people would be willing to risk making an investment into a Ltd as they are only liable to lose the amount of money originally invested. **Selling shares** increases the **amount of capital** available which allows a Ltd to **expand quicker**. As a sole trader, there is often limited capital. Sole traders often rely on their own savings and perhaps secured business loans. Lenders tend to view companies more favourably than sole traders. Limited companies are regarded by many as a safer bet as they are required to comply with rules and regulations set out by the government. Therefore, potential lenders are more likely to view Ltds as a business which is more likely to survive and prosper. However, the shares of a Ltd cannot be sold to the public which may restrict the investment of additional capital.
- A Ltd business is able to **continue** even if one of the owners dies.
- Directors in a Ltd would also **share the workload** of the growing business. All the decisions and the future success of a business rest with one person as a sole trader which increases the pressure.
- It is likely that a sole trader will have a limited range of skills. A sole trader may be an expert plumber, but is he or she an expert at marketing, managing staff, and controlling cash flow? With the need to be effective at all these tasks cause immense pressure. Directors in a Ltd however are able to offer **specialist knowledge** in a range of areas which **improves decision making**.

However,

- Sole traders are easy to **set up and run**. Whereas Ltds have legal procedures in setting up which increases costs. Costs can be kept low as a sole trader due to the **simplicity of setting up** and **no legal formalities**, so there is **little administrative cost**. However, through registering as a Ltd, the company exists separately from their owners. This separate legal existence is known as **incorporation** so the company exists in the eyes of the law. Any legal action is taken against the company and not the shareholders. Shareholders are only liable to lose the amount of money they have invested in the business. A sole trader however is **unincorporated** which means that they do not have a separate legal existence and therefore have **unlimited liability**.
- As a sole trader, **no formal audited accounts** are required, though it makes good business sense to keep a full set of business records. As a Ltd, financial information is in the public domain. This means that sole traders have **privacy** over financial information whereas the accounts of a Ltd are public.
- A sole trader benefits from **fast decision-making** and may (within employment law) hire and fire as they please. Due to the existence of shareholders and directors, decision making can be slow in a Ltd which can mean that they are **slower to respond** to the needs of the market.
- A sole trader can keep all **profits**. As a Ltd, profits have to be shared with shareholders in the form of **dividends**.

Credit any other valid point.

**5. (a) Explain two reasons why conducting market research is important to a business. [4]**

<b>Band</b>	<b>AO1 2 marks</b>	<b>AO3 2 marks</b>
<b>2</b>	<b>2 marks</b> Two reasons why conducting market research is important to a business are identified	<b>2 marks</b> Good explanation of two reasons why conducting market research is important to a business
<b>1</b>	<b>1 mark</b> One reason why conducting market research is important to a business is identified	<b>1 mark</b> Limited explanation of at least one reason why conducting market research is important to a business
<b>0</b>	<b>0 marks</b> No knowledge of why conducting market research is important to a business	<b>0 marks</b> No explanation of why conducting market research is important to a business

**Indicative content:**

- To **understand** their markets, in order to design products and marketing campaigns that meet the **needs of customers**. Market research helps businesses discover the needs of customers - who are their customers and how many are there likely to be? What motivates them to purchase the product? How much are they willing to spend?
- To gather evidence that can enable **marketing and production decisions** to be made in a more scientific way than would otherwise be possible. Market research undoubtedly **reduces risk**.
- To understand the **structure** of the market. Market research needs to tell the business managers if the market is subdivided or segmented or if the market is separated by geographical differences, socioeconomic differences or other differences. This will allow a business to better **target** their customers.
- To discover whether or not market demand is increasing, in order that **future sales predictions** can be made. What might be the sales and profit potential of the product or service and its likely future success? This will help the business when **planning** stock levels, human resource requirements and production requirements.
- To **test consumer response** to new products or services. Once consumer reactions have been discovered, **product adaptation** and development can be undertaken to meet consumer needs.
- Monitor **competition** and understand the activities of existing, new and potential competitors. What are their **strengths and weaknesses** in relation to their products/services, finances, pricing, distribution and packaging?

Credit any other valid point.

**(b) With reference to the party bus idea, outline the difference between variable and fixed costs.** [4]

**AO1 - 2 marks**

**AO2 - 2 marks**

Award **1** mark for definition of variable costs - Variable costs vary in direct proportion to output. As output increases variable costs increase, as output falls variable costs fall.

Award **1** mark for definition of fixed costs - Fixed costs are costs that do not vary with output. No matter how much is made or how little is sold, fixed costs still have to be paid.

Award **1** mark for reference of a variable cost for Rowlands Coaches - food, drink and party bags.

Award **1** mark for reference of a fixed cost for Rowlands Coaches - insurance for the coaches, wages of entertainer and/or driver.

**(c) Calculate the profit that the party bus would generate per party if 40 children attended. Show your workings.** [3]

**AO1 - 1 mark**

**AO2 - 2 marks**

Award **1** mark for knowledge of the formula Profit = Total Revenue [TR] - Total Costs [TC]

Award **1** mark for correct revenue and cost  $TR = £10 \times 40 = £400$

$TC = £200 + (£2 \times 40) = £280$

Award **1** mark for correct profit  $£400 - £280 = £120$  per party

Award **2** marks only if no £ present

Award **3** marks if just the correct answer of £120 is given.

Award OFR for incorrect TR or TC

(d) (i) Construct a break-even chart for the party bus idea on the graph below. Plot and label total revenue, total costs and fixed costs. [3]

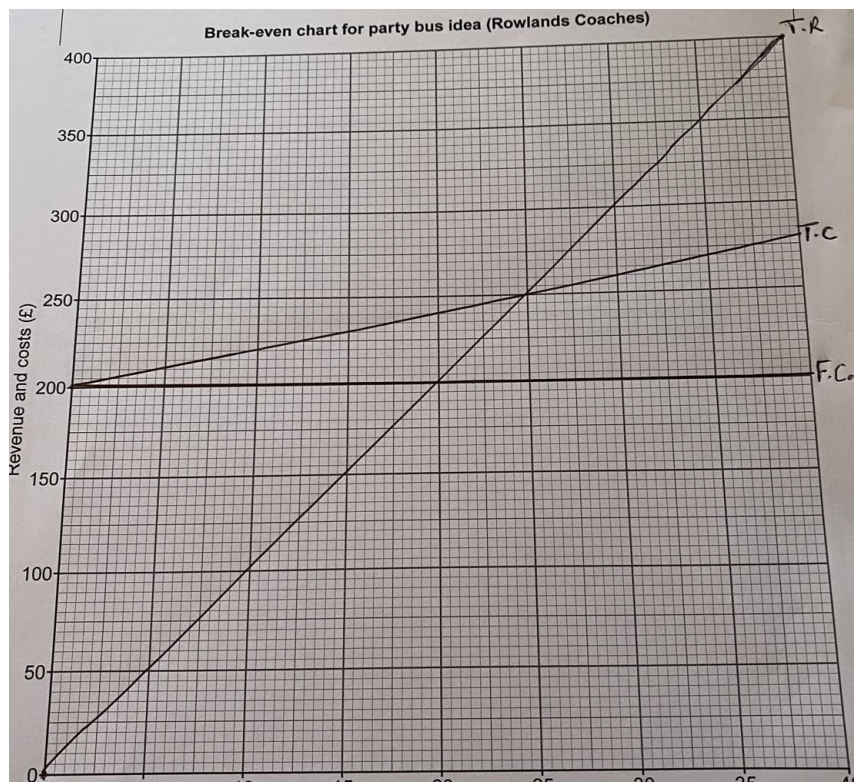
AO2 - 3 marks

FC line [1]

TC line [1]

TR line [1]

Award 2 marks only if all lines are correct but no labelling present.



(d) (ii) Identify the number of children required per party to break even. [1]

AO2 - 1 mark

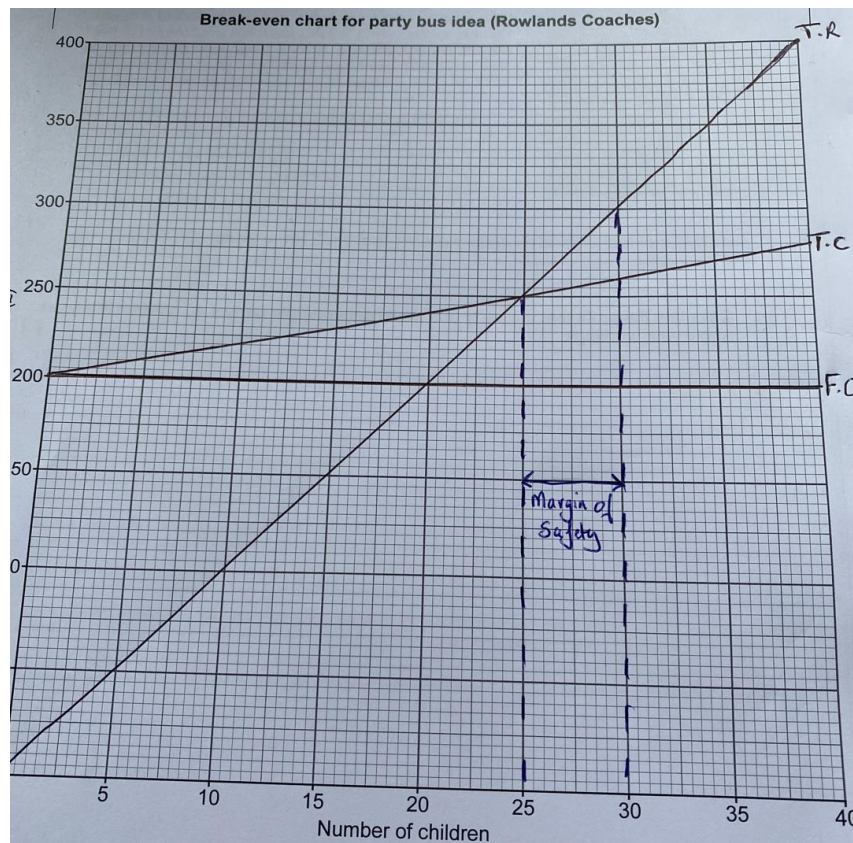
Break-even number of children = 25

OFR applied

(d) (iii) Label the margin of safety on the break-even chart if there are 30 children on the party bus. [1]

AO2 - 1 mark

The correct Margin of safety shown on the diagram / Accept MOSOFR applied



**(e) Consider the benefits and limitations of the use of break-even analysis for a business. [8]**

<b>Band</b>	<b>AO3 4 marks</b>	<b>AO4 4 marks</b>
<b>3</b>	<p><b>4 marks</b></p> <p>An excellent explanation of the usefulness of break-even analysis is demonstrated</p> <p>The candidate develops a clear explanation of the benefits and limitations</p> <p>The explanation is well developed</p>	<p><b>4 marks</b></p> <p>Excellent evaluation of the benefits and limitations of break-even analysis</p> <p>The evaluation is well balanced</p> <p>The candidate makes judgments to support their evaluation and may include a final conclusion</p>
<b>2</b>	<p><b>2-3 marks</b></p> <p>A good explanation of the usefulness of break-even analysis is demonstrated</p> <p>The explanation may be uneven, with some well-developed benefits or limitations and some where the explanation is more limited</p>	<p><b>2-3 marks</b></p> <p>A good evaluation of the benefit(s) and limitation(s) of break-even analysis</p> <p>The evaluation includes judgements on benefits and limitations, though may be uneven</p> <p>Judgments are made with some attempt to support statements and build arguments</p> <p>A brief conclusion may be offered</p>
<b>1</b>	<p><b>1 mark</b></p> <p>A limited explanation of the usefulness of break-even analysis is demonstrated</p> <p>The benefits and/or limitations are briefly explained</p> <p>The explanation may focus on either benefits or limitations</p>	<p><b>1 mark</b></p> <p>A limited evaluation of the benefit(s) or limitation(s) of break-even analysis</p> <p>The evaluation is one sided and includes general comments that are not developed</p> <p>Judgments are superficial and unsupported</p>
<b>0</b>	<p><b>0 marks</b></p> <p>No valid explanation of the usefulness of break-even analysis</p>	<p><b>0 marks</b></p> <p>No valid evaluation of the benefits or limitations of break-even analysis</p>

**Indicative content:****Benefits:**

- Easy visual means of analysing a firm's financial position at different levels of output.
- Profit and loss situation can be seen at a glance - good for non-financial specialists.
- Helpful for making decisions in 'what if' situations.
- Breakeven analysis, as part of a business plan, can be helpful in gaining finance.
- Can act as a motivator for a business if the break-even chart indicates that targets are not being reached.

**Limitations:**

- Often regarded as too simplistic as some assumptions are unrealistic.
- It assumes all output is sold at a certain price, which is often not the case.
- Assumes that conditions remain unchanged - wages, prices, technology can all change suddenly.
- Relies on the data being accurate and often under or over estimations are made.
- Assumes that total revenue and cost curves are always linear - this may not be the case.
- Fixed costs are often stepped - this makes BE analysis difficult.

Helpful tool that can be used alongside other analytical tools.

Credit any other valid point.