

Mark Scheme (Results)

Summer 2008

IGCSE

IGCSE Business Studies (4330/1F & 2H)

General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

Question Number	Answer FOUNDATION QUESTION 1	Mark
1(a)	(i) C (ii) B (iii) A (iv) C (v) A	5 marks

Question Number	Answer FOUNDATION QUESTION 1	Mark																				
1(b)	<table border="1"> <thead> <tr> <th></th> <th><u>Primary</u></th> <th><u>Secondary</u></th> <th><u>Tertiary</u></th> </tr> </thead> <tbody> <tr> <td><i>RGE plc</i></td> <td></td> <td></td> <td>✓</td> </tr> <tr> <td><i>Stone Mei Ltd</i></td> <td>✓</td> <td></td> <td></td> </tr> <tr> <td><i>Dropping Ltd</i></td> <td></td> <td>✓</td> <td></td> </tr> <tr> <td><i>Rypov Bank plc</i></td> <td></td> <td></td> <td>✓</td> </tr> </tbody> </table>		<u>Primary</u>	<u>Secondary</u>	<u>Tertiary</u>	<i>RGE plc</i>			✓	<i>Stone Mei Ltd</i>	✓			<i>Dropping Ltd</i>		✓		<i>Rypov Bank plc</i>			✓	4 marks
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Question Number	Answer FOUNDATION QUESTION 1	Mark
1(c)	Valid points could include: eg capital intensive uses mainly machinery/equipment - labour intensive relies on employees/employee skills	2 marks

Question Number	Answer FOUNDATION QUESTION 1	Mark
1(d)	eg greater efficiency - increased output increased production/more efficient production/less wastage - because of skill/because of expertise	2 marks

Question Number	Answer FOUNDATION QUESTION 1	Mark
1(e)(i)	Assets Valid points could include: eg items owned - such as stocks, furniture and buildings	2 marks

Question Number	Answer FOUNDATION QUESTION 1	Mark
1(e)(ii)	Share capital Valid points could include: eg money invested - by shareholders/by owners	2 marks

Question Number	Answer FOUNDATION QUESTION 1	Mark
1(e)(iii)	Liabilities Valid points could include: eg items owed - such as creditors and bank overdraft	2 marks

Question Number	Answer FOUNDATION QUESTION 1	Mark
1(f)	Valid points could include: eg expenses deducted from gross profit <i>BC</i> has to pay £5m expenses out of its gross profit	1 mark
		Total 20 marks

Question Number	Answer FOUNDATION QUESTION 2	Mark
2(a)(i)	Valid points could include: eg identifying customer needs - by obtaining information using primary/secondary techniques - to examine the potential market	2 marks

Question Number	Answer FOUNDATION QUESTION 2	Mark
2(a)(ii)	Valid points could include: eg questionnaire survey government statistics desk/secondary field/primary	1 mark

Question Number	Answer FOUNDATION QUESTION 2	Mark
2(b)(i)	eg (A) Total revenue/Total sales/Total income/Total output (B) Total costs (C) Fixed costs	3 marks

Question Number	Answer FOUNDATION QUESTION 2	Mark
2(b)(ii)	Valid points could include: eg include a heading provide more information on the left-hand/vertical axis place the values at the end of the lines show/name/label/describe the breakeven point show/name/label/describe the margin of safety	2 marks

Question Number	Answer FOUNDATION QUESTION 2	Mark
2(c)	Valid points could include: eg finance is only needed for a short period (for three months) - an overdraft is designed for this a cheap method of borrowing - only have to pay interest for the amount overdrawn a flexible method of borrowing - <i>BC</i> can increase if necessary	4 marks

Question Number	Answer FOUNDATION QUESTION 2	Mark
2(d)(i)	Valid points could include: eg (1) local paper / (3) local radio because it concentrates on the local market - and there is greater coverage/frequent appearance of the adverts	2 marks

Question Number	Answer FOUNDATION QUESTION 2	Mark
2(d)(ii)	Valid points could include: eg (2) national television / (4) national paper because it is national rather than local - <i>BC</i> needs to concentrate on the local market/local people are the most likely to be interested in the new flats (3) local radio because it is the only non visual medium - <i>BC</i> cannot show pictures/details of the flats	2 marks

Question Number	Answer FOUNDATION QUESTION 2	Mark
2(e)	Valid points could include: eg details of <i>BC</i> /details of the new flats - gives information necessary for people to make a decision visual appeal/ a free holiday competition - attempts to persuade people to buy/appeals to people's desires	4 marks
		Total 20 marks

Question Number	Answer	Mark
	FOUNDATION QUESTION 3 - HIGHER QUESTION 1	
(a)(i)	<p>Valid points could include:</p> <p>eg</p> <p>to introduce the new employee to the business - and the business to the new employee</p> <p>to get the new person to contribute as quickly as possible - by making her or him feel comfortable in the new environment</p>	2 marks

Question Number	Answer	Mark
	FOUNDATION QUESTION 3 - HIGHER QUESTION 1	
(a)(ii)	<p>Valid points could include:</p> <p>eg</p> <p>meeting with Finance Office staff</p> <p>initial training on accounting software</p> <p>overview/history of <i>BC</i></p> <p>tour of the Finance Office/tour of the other offices</p> <p>(maximum 1 mark for generic statements)</p>	3 marks

Question Number	Answer	Mark
	FOUNDATION QUESTION 3 - HIGHER QUESTION 1	
(b)	<p>Valid points could include:</p> <p>eg</p> <p>negative aspects of hygiene factors displease <i>BC</i> employees - examples include salary, working conditions, supervision - hygiene factors by themselves will not motivate - but it is necessary to meet hygiene factors in order to prevent employee dissatisfaction at <i>BC</i></p> <p>motivators are what managers at <i>BC</i> must focus on if they want employees to be motivated at work - examples include achievement, recognition of achievement, responsibility - but <i>BC</i> managers must first provide a basic level of acceptable hygiene factors</p> <p>(maximum 3 marks if only hygiene factors or motivators are discussed)</p> <p>(candidates do not receive marks for a list of knowledge points about Herzberg)</p>	5 marks

Question Number	Answer FOUNDATION QUESTION 3 - HIGHER QUESTION 1	Mark
(c)(i)	<p>Valid points could include:</p> <p>eg inputs compared against outputs - to assess efficiency a method of checking labour/resource performance - by measuring inputs against outputs</p> <p>(answers must focus on productivity and not on production)</p>	2 marks

Question Number	Answer FOUNDATION QUESTION 3 - HIGHER QUESTION 1	Mark
(c)(ii)	<p>Valid points could include:</p> <p>eg increase investment in new equipment - so building work is speeded up/so there is less waste of building materials improve the ability of employees/train employees - so they can build better houses/flats improve employee motivation - so they work more efficiently when building houses</p> <p>(reference to <i>BC</i>/building context needed for the second mark)</p>	2 marks

Question Number	Answer FOUNDATION QUESTION 3 - HIGHER QUESTION 1	Mark
(d)	<p>Valid points could include:</p> <p>eg <i>BC</i> is in a competitive market - needs to guarantee quality so it stays in business/makes a profit/competes successfully - TQM helps achieve this guarantee <i>BC</i> employees treat everyone as customers - which should improve product quality offered by <i>BC</i> - improved quality culture throughout - so customers become more satisfied - customers are more likely to use <i>BC</i> again Need for training - which will increase <i>BC</i>'s costs Employees in <i>BC</i> may not accept the new culture - which will affect how they treat customers</p> <p>(maximum 4 marks for a one-sided answer)</p>	6 marks
		Total 20 marks

Question Number	Answer HIGHER QUESTION 2	Mark
(2)(a)(i)	eg 200 000	1 mark

Question Number	Answer HIGHER QUESTION 2	Mark
(2)(a)(ii)	eg 30 000 (accept between 29 000 and 31 000 inclusive)	1 mark

Question Number	Answer HIGHER QUESTION 2	Mark
(2)(a)(iii)	eg 80 000	1 mark

Question Number	Answer HIGHER QUESTION 2	Mark
(2)(a)(iv)	eg 4	1 mark

Question Number	Answer HIGHER QUESTION 2	Mark
(2)(a)(v)	eg 200 000 profit	1 mark

Question Number	Answer HIGHER QUESTION 2	Mark
(2)(b)	<p>Valid points could include:</p> <p>eg helps <i>BC</i> managers to forecast - by requiring information on likely future costs/revenues to be prepared - but no guarantee that the forecast will be accurate</p> <p>helps to model - figures on (eg) cost of building can be changed and the effects seen - which improves decision-making</p> <p>problem that costs/revenues change/are only forecasts - so the breakeven point for (eg) a block of flats may be inaccurate</p> <p>difficult to apply where more than one product is being made - and <i>BC</i> is likely to make a range of buildings</p> <p>(conclusion) it can therefore be used to examine 'what if' situations and so help <i>BC</i> in its decision-making - but with reservations as to the accuracy of the information</p> <p>(3 marks if no reference to context of building businesses) (1 mark for context) (1 mark for conclusion)</p>	5 marks

Question Number	Answer HIGHER QUESTION 2	Mark
(2)(c)	<p>Valid points could include:</p> <p>eg P&L is needed to see how much profit is made/to see <i>BC's</i> financial performance - B/S is needed to see what is owned and owed/to see <i>BC's</i> financial position</p> <p>Legal requirement - <i>BC</i> is a limited company so must produce final accounts</p> <p>P&L helps <i>BC's</i> directors make decisions on profitability - B/S helps them make decisions on liquidity</p>	4 marks

Question Number	Answer	Mark
	HIGHER QUESTION 2	
(2)(d)(i)	Valid points could include: eg use of people in production - rather than equipment	2 marks

Question Number	Answer	Mark
	HIGHER QUESTION 2	
(2)(d)ii)	Valid points could include: eg (benefit) skilled workers are more efficient - so <i>BC</i> gains from greater output skilled workers deliver a better quality job - this improves the chance of selling property/improves <i>BC's</i> reputation eg (drawback) wages are likely to be higher - which increases <i>BC's</i> costs if one group withdraws its labour - <i>BC</i> loses production/cannot replace the skills easily	4 marks
		Total 20 marks

Question Number	Answer HIGHER QUESTION 3	Mark
(3)(a)(i)	Valid points could include: eg primary involves original work/is unique to the business - secondary is from other sources/is not unique to the business	2 marks

Question Number	Answer HIGHER QUESTION 3	Mark
(3)(a)(ii)	Valid points could include: eg persuasive seeks to tempt people to buy/it is more associated with impulse buying - informative gives facts and figures about the product	2 marks

Question Number	Answer HIGHER QUESTION 3	Mark
(3)(b)	Valid points could include: eg (local paper) (AO3) focuses on the local market so it is suitable because likely purchasers could live in the locality (AO3) inexpensive/can show pictures/can give facts/can show map where the property is - (AO4) but people might not see the advert/less wide coverage than radio - loss of potential sales (local radio) (AO3) focuses on the local market so it is suitable - because likely purchasers could live in the locality (AO3) other nearby towns also covered so wider coverage/ people may be willing to move a short distance (AO3) inexpensive/can describe/can give facts/can explain where the property is so it is suitable for these reasons - (AO4) but people might not listen to the radio/it is not permanent so information may be forgotten	7 marks

Question Number	Answer HIGHER QUESTION 3	Mark
(3)(c)	<p>Valid points could include:</p> <p>eg (start building homes outside the UK) (AO3) this is likely to increase <i>BC's</i> market share/diversify into different markets - AO4) which will make it stronger</p> <p>(increase net profit by 2%) (AO3) this is likely to improve <i>BC's</i> profitability/liquidity - (AO4) which will make it financially sounder</p> <p>(train staff to use computers) (AO3) this is likely to improve employee efficiency - (AO4) which will improve <i>BC's</i> reputation - cut its costs - make it more competitive</p> <p>(accept valid negative arguments regarding survival: eg training staff increases costs . . .)</p> <p>(maximum 4 marks for any one objective) (1 mark for reference to the overall effect)</p>	<p>9 marks</p>
		Total 20 marks