

OXFORD CAMBRIDGE AND RSA EXAMINATIONS

Advanced GCE

BUSINESS STUDIES

F296 MS

Unit F296: Business Production

Specimen Mark Scheme

The maximum mark for this paper is 60.

QUALITY OF WRITTEN COMMUNICATION

Quality of written communication is assessed in questions that are indicated accordingly (*). Marks should be awarded for spelling, punctuation and grammar, use of appropriate form and style of writing, and for organising work clearly and coherently.

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Question Number	ΔηςωΔη				
1	Using the information in lines 48 – 56, calculate the percentage savings in the value of maintenance stock Northbury Cement might achieve by 2005, if it reached its stock level targets. (Ignore any change in stock prices that may occur) $2500 * £250 = £625 000 (1 \text{ mark}) (= \text{new value of stock})$ £1.5 million – £625 000 = £875 000 (1 mark) (875000/1500000 * 100 (1 mark)) = 58.3% (1 mark)				
	4 marks for the correct answer only.				
2	Analyse why it might be difficult for NC to achieve further reductions in its levels of stock held.				
	Possible reasons might include:				
	 the need to meet unexpected increases in demand e.g. a boom in house building; 				
	the reliance on suppliers for some raw materials e.g. coal and coke – there may be unforeseen interruption to supply;				
	 the cement works needs to hold some stocks of raw materials obtained in the summer because quarrying in winter may be difficult e.g. the clay and chalk; 				
	placing smaller orders for materials may prove to be more costly per item so offsetting cost savings from stock reductions.				
	Level 3				
	For analysing the reasons why similar reductions in production stock may be difficult.	[5-6]			
	Level 2 For demonstrating an understanding why production stock reductions may be difficult. If the answer is not in context but shows a clear				
	understanding of the problems that may arise from holding too little stock then award marks at the lower end of this level.	[3-4]			
	Level 1 For knowledge of the general disadvantages of reducing stock levels.	[1-2]			
3*	Evaluate the impact the external environment may have on operations at NC.	[16]			
	Candidates may approach this question from a variety of angles. They may adopt a PEST approach or they may adopt a pragmatic approach looking a various external constraints on the business. The following is a general guide and other appropriate responses should be given credit.	- -			

Question Number	Answer			
3* cont'd	 legal constraints on operations such as Health and Safety, laws concerning pollution/emissions and noise etc. Also building regulations and standards and building controls. social issues – the residents of the area, pressure groups are concerned about the current and future operations of the business. economic factors – the business is dependent on the prosperity of the construction industry which can be dependent on the economy e.g. interest rates and the housing market, government expenditure on new building. technological factors – new processes, fuels etc. political – whether the environmental lobby is influential or not with the local and national government. 			
	Level 4 For evaluating how the external environment impacts on operations within the context of Northbury Cement. Complex ideas have been expressed clearly and fluently using a style of writing appropriate to the complex subject matter. Sentences and paragraphs, consistently relevant, have been well structured, using appropriate technical terminology. There may be few, if any, errors of spelling, punctuation and grammar. Level 3 For analysing how the external environment impacts on operations within the context of Northbury Cement i.e. the impact of these constraints on the business. Candidates may access marks in this level by exploring the implications of external environmental factors on decision making at NC or exploring the benefits or drawbacks of any factor raised. Relatively straight forward ideas have been expressed with some clarity and fluency. Arguments are generally relevant, though may stray from the point of the question. There will be some errors of spelling, punctuation and grammar, but these are unlikely to be intrusive or obscure meaning. Level 2 For demonstrating knowledge and understanding of how the external environment impacts on operations in the context of Northbury Cement i.e. the implications of external environment constraints on the business. If the answer is not in the appropriate context but shows a clear understanding of the issues involved then award marks at the lower end of this level. Some simple ideas have been expressed in an appropriate context. There are likely to be some errors of spelling, punctuation and grammar of which some may be noticeable and intrusive. Level 1 For showing knowledge and understanding of how external environmental factors might impact on business in general. Some simple ideas have been expressed. There will be some errors of spelling, punctuation and grammar which will be noticeable and intrusive. Writing may also lack legibility.	[9-13] [5-8]		

Question Number	ΔηςΨΩΓ			
4	Analyse whether Northbury is a suitable location for continuing cement production over the next 10 years.			
	Possible reasons might include:			
	the local availability of raw materials e.g. chalk and clay;			
	 to provide the products for a nearby market, which has the potential for expansion in the future— cement is a bulky product to transport long distances; 			
	the production method used at NC means it is a more expensive site to operate than dry process production plants;			
	there is land available for any future developments e.g. the waste burning plant;			
	the possibility of local government assistance and community support (linked to the point above) if the plant uses domestic waste as a fuel;			
	there is a ready supply of skilled labour with training courses at local colleges.			
	Level 3			
	For analysing the reasons why Northbury is an ideal location for continuing cement manufacturing. Candidates might for example explore the implications for costs, revenue or profits.	[5-6]		
	Level 2 For demonstrating an understanding of reasons why Northbury is a good location for a cement manufacturing business. If the answer is not in			
	context but shows a clear understanding of the factors influencing location of businesses then award marks at the low end of this level.	[3-4]		
	Level 1 For demonstrating knowledge of the general factors that influence the location of a business.	[1-2]		
5*	Discuss the methods NC might use to ensure it sells products of the highest quality to its customers	[13]		
	Candidates may explore issues from a number of standpoints.	[]		
	Quality is about meeting the needs of customers but it may involve some measurement to achieve particular standards. Northbury Cement uses methods clearly identified in the case study (lines 12-25);			
	Quality covers many aspects of production such as design, reliability, durability, after sales service etc;			
	Quality can begin with the design process and then methods used to manufacture the goods.			

Question Number	Answer			
5* cont'd	 The company may adopt a range of procedures to achieve quality standards. total quality management – where quality checks are built into the entire production process. It is a business philosophy as much as a method of quality control; quality assurance – meeting the standards desired by customers – it involves ensuring/guaranteeing certain quality standards are met. It may involve codes of practice, national or international recognised standards e.g. ISO 9001, signs and symbols; the introduction of quality circles – staff that meet regularly to solve problems and suggest ways to improve quality in all areas of the business; benchmarking – a technique used by businesses to identify the best methods of production and the best products and aim to match them; sampling is mentioned in lines 29-31 of the case study. Tests are carried out on an hourly basis and for major contracts concrete blocks are produced and tested for strength at different time intervals. 			
	Level 4 For evaluating methods NC might use to achieve the highest quality of products. Complex ideas have been expressed clearly and fluently using a style of writing appropriate to the complex subject matter. Sentences and paragraphs, consistently relevant, have been well structured, using appropriate technical terminology. There may be few, if any, errors of spelling, punctuation and grammar. Level 3 For analysing methods NC might use to achieve the highest quality of			
	products. Candidates may access marks in this level by exploring the implications of quality control methods on for example costs, or revenues at NC or the resource implications or by exploring the benefits or drawbacks of any factor raised. Relatively straight forward ideas have been expressed with some clarity and fluency. Arguments are generally relevant, though may stray from the point of the question. There will be some errors of spelling, punctuation and grammar, but these are unlikely to be intrusive or obscure meaning.	[5-8]		
	For demonstrating knowledge and understanding of methods used to achieve the highest quality of products in the context of Northbury Cement. If the answer is not in the appropriate context but shows a clear understanding of the issues involved then award marks at the lower end of this level. Some simple ideas have been expressed in an appropriate context. There are likely to be some errors of spelling, punctuation and grammar of which some may be noticeable and intrusive.	[3-4]		

Question Number	Answer				
	Level 1 For showing a general knowledge and understanding of the methods used by businesses to achieve quality standards. Some simple ideas have been expressed. There will be some errors of spelling, punctuation and grammar which will be noticeable and intrusive. Writing may also lack legibility.	[1-2]			
6*	Should NC enter into a joint venture with Digest plc? Justify your view. Should the waste plant receive planning permission then there are a number of possible strategic (i.e. medium-> long-term implications) for	[15]			
	 NC. there are financial implications as it will be a joint venture with Digest plc—finance will be needed—it is a £16 million investment; there are implications for future cost savings at NC—at present fuel is a significant production cost. The opening of the plant will reduce this and make cement production cheaper. NC may then become more competitive. This may secure NC's future; the payback would probably be quite short (state assumptions e.g. for an investment of £8 million, and future fuel cost savings of £3 million the payback period would be 2.66 years0. Other investment appraisal calculations could be carried out; as the plant is being built on the site it will take up potential space that NC might wish to utilise in the future; there will be more deliveries to the NC site as refuse lorries deliver the waste; a major issue for NC at present is the burning of tyres for fuel. This is causing environmental concerns amongst the local population. Also the plan is to use local waste to fuel the plant—there may be external environmental gains from this; supplies of fuel should be guaranteed. Integrating the two plants should be beneficial; 				
	 the quality of the fuel is unknown – there may be issues here; there may be resourcing issues – the plant will need to be managed and operated – presumably NC will play some part in this. Level 4 For evaluating the strategic implications of the waste plant getting the go ahead at the Northbury site. Complex ideas have been expressed clearly and fluently using a style of writing appropriate to the complex subject matter. Sentences and paragraphs, consistently relevant, have been well structured, using appropriate technical terminology. There may be few, if any, errors of spelling, punctuation and grammar. 	[13-18]			

Question Number	Answer	Marks
6* cont'd	Level 3 For analysing the strategic implications of the waste plant getting the go ahead at the Northbury site. Candidates may access marks in this level by exploring the implications of the factors on possible strategic decision making at NC or exploring the benefits or drawbacks of any factor raised. Relatively straight forward ideas have been expressed with some clarity and fluency. Arguments are generally relevant, though may stray from the point of the question. There will be some errors of spelling, punctuation and grammar, but these are unlikely to be intrusive or obscure meaning. Level 2 For demonstrating knowledge and understanding of the waste plant getting the go ahead and the general implications for Northbury Cement. It is unlikely candidates at this level will discuss the potential impact these implications might have for decision making within the business. If the answer is not in the appropriate context but shows a clear understanding	[7-12]
	of the issues involved then award marks at the lower end of this level. Some simple ideas have been expressed in an appropriate context. There are likely to be some errors of spelling, punctuation and grammar of which some may be noticeable and intrusive.	[3-6]
	Level 1	
	For showing knowledge and understanding of how strategic changes might impact on business in general.	
	Some simple ideas have been expressed. There will be some errors of spelling, punctuation and grammar which will be noticeable and intrusive. Writing may also lack legibility.	[1-2]
	Paper Total	60

Assessment Objectives Grid (includes QWC)

Question	AO1	AO2	AO3	AO4	Total
1	2	2	-	-	4
2	2	2	2	-	6
3*	2	3	3	5	13
4	2	2	2	-	6
5*	2	3	3	5	13
6*	2	4	6	6	18
Totals	12	16	16	16	60