

CAMBRIDGE INTERNATIONAL EXAMINATIONS

Career Award Standard Level

MARK SCHEME for the October 2003 question papers

5161, 5162, 5163, 5164, 5165 BUSINESS

5161 Paper 1 (Business Organisation and Environment), maximum mark 100

5162 Paper 1 (Effective Business Communication), maximum mark 100

5163 Paper 1 (Business Finance), maximum mark 100

5164 Paper 1 (Marketing), maximum mark 100

5165 Paper 1 (Human Resource Management), maximum mark 100

These mark schemes are published as an aid to teachers and students, to indicate the requirements of the examination. They show the basis on which Examiners were initially instructed to award marks. They do not indicate the details of the discussions that took place at an Examiners' meeting before marking began. Any substantial changes to the mark scheme that arose from these discussions will be recorded in the published *Report on the Examination*.

All Examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes must be read in conjunction with the question papers and the *Report on the Examination*.

- CIE will not enter into discussions or correspondence in connection with these mark schemes.



CAMBRIDGE
INTERNATIONAL EXAMINATIONS

October 2003

CAMBRIDGE INTERNATIONAL DIPLOMA

MARK SCHEME

MAXIMUM MARK: 100

SYLLABUS/COMPONENT: 5161/01

BUSINESS
Organisation and Environment



Page 1	Mark Scheme	Syllabus	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA – OCT 2003	5161	1

The following are *not model answers* but are nonetheless to be regarded as persuasive. A candidate may offer relevant and appropriate responses.

1 Define the following terms which are used in the case study: (3 marks per response = 15 marks in total).

A candidate needs to give one or two well constructed explanatory sentences i.e. sufficient to demonstrate knowledge.

(a) Subsidiary (line 5)

a business that is owned by another business i.e. holding or parent company; trades under its own name; effective control exercised by the holding company (which must have at least 51% of the shares).

(b) Exclusive region (line 11)

Excelsior Teaching Agency [Southern Africa], as a franchisee, has bought an area in which no other franchisee will be able to trade. This restriction only applies to those franchisees appointed by the holding company.

(c) Profit sharing (line 32)

quite simply it means that a proportion of the profit of a company is shared among staff as a bonus; in the case of a partnership (the Agency) the profit is the only remuneration paid to partners which is shared equally unless other arrangements have been made.

(d) PEST factors (line 45)

political, economic, social and technological factors which influence business organisations; they may be threats or opportunities; they are applied from outside the business e.g. Government tax policy.

(e) Business climate (line 46)

Entrepreneurs are either optimistic or pessimistic about the immediate future; question of confidence; climate is about the state of the economy and immediate prospects; future orders; rate of interest; all come together to create a 'climate'.

Level 1: indicates partial knowledge or a weak response

[1-2]

Level 2: an excellent and fluent response offering appropriate knowledge

[3]

2(a) The partners like to talk about their micro business. One of the staff thinks it is the wrong description to use.

Define what is meant by a micro business and suggest whether or not the term is appropriate for the Agency.

[5]

The point to make is that a micro business employs less than 10 people; as the Agency employs 6 staff plus an unspecified number of teachers (one can assume more than four), more than 10 will be employed making it a small business; partners are not regarded as employees; micro is acceptable if only the 6 staff are considered but otherwise it is a small business.

Level 1: partial knowledge, weak response

[1-2]

Level 2: good to strong response, understanding of micro, application

[3-5]

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2(b) Excelsior Teaching Agency (Southern Africa) is a franchisee.

Identify two advantages to the Agency of being a franchisee. [5]

The task assumes some knowledge of franchise; both points are needed for 5 marks; just one good answer can earn 3; choice from e.g.:

- the Agency has a specific region and no other Excelsior competition
- the name Excelsior and any logo will be universally used and so readily identified by schools and ministries
- part of the annual payment to the franchisor will go into support activity e.g. marketing, professional support, training
- the Agency can run the business according to format which is (presumed) successful

Level 1: partial knowledge of franchise, weak response [1-2]

Level 2: good to strong, clear awareness of franchisee's position [3-5]

2(c) Each partner has invested a different amount of capital and receives an equal share of the profits. This concerns the major investing partner.

Explain why each partner receives an equal share of the profits and how the major investing partner's suggestion can be settled. [5]

This task calls for some knowledge of partnership; Deed of Partnership is an important point:

- general provisions of partnership are that profits are shared equally (and so are debts)
- majority partner's suggestion can be settled by a Deed or an Agreement which will state just how the profits (and losses) may be shared e.g. in direct proportion to investment

Level 1: partial knowledge of partnership, weak response [1-2]

Level 2: good to strong, awareness of situation and Deed of Partnership [3-5]

3(a) Each partner is supposed to have a specific role within the business i.e. finance, recruitment, placement, marketing or administration.

Explain how the different functions or roles in the Agency should link together. [10]

A candidate is not required to offer a detailed account but must indicate an Appreciation that each function supports and relies upon another, that there is a linkage.

A simple awareness makes the following points:

Marketing (apart from any support from the franchisor) helps to make the Agency known so that it can **recruit** the teachers who then go to **placements** in overseas schools; all activity involves costs and produces revenue so **financial** control is necessary; all this is in the context of the Agency which has to be **administered** so that it functions appropriately.

A candidate can log each function with an explanation:

- marketing: identifying client need via e.g. advertising, promotion
 - finance: control of resources, cash flow, budgets, forecasts, day-to-day expenses
 - administration: record keeping, organisation, control systems, coordination
 - recruitment: process of attracting teachers for the Agency to place
 - placement: process of sending teachers overseas to specific schools
- Partners need to appreciate that each function complements another.

Some latitude in marking may be required.

Level 1: partial knowledge, weak response, little understanding of organisation [1-2]

Level 2: demonstration of some knowledge but limited application [3-5]

Level 3: demonstrates a good grasp of business organisation [6-8]

Level 4: excellent response, firm knowledge, well explained [9-10]

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- 3(b) It has been suggested that the partners should organise themselves as a project team and work within a matrix.

Explain how a matrix might benefit the Agency. [5]

The response will not be detailed but should demonstrate some knowledge of a matrix and grasp of the case:

Partners are in any case responsible to each other for their decisions i.e. the decision of one binds them all - hence the suggestion to regard themselves as a project team; a matrix means getting people with specialist skills together into a project team; each partner has a specialism but should work together and recognise the interdependence of their functions (as in 3(a) above); the Agency is providing and placing teachers, therefore their respective efforts go into that objective.

Level 1: partial knowledge, weak understanding [1-2]

Level 2: good to strong response, clear awareness of the situation [3-5]

- 3(c) The Agency has no organisation chart. One of the functions of an organisation chart is accountability.

Explain the term accountability. [5]

A candidate should point out that it is the extent to which an individual, team, even a department, may be held responsible for the success or failure of a policy/initiative/action; within a clear management structure staff will know what authority has been given to a person who will be called to account for actions.

Level 1: partial understanding of accountability, weak response [1-2]

Level 2: good to strong, understanding of accountability [3-5]

- 4(a) The Agency's employees are the six assistants and some of the teachers. Other teachers are employed by the schools which have offered placement.

Select and explain three expectations that the employer, i.e. the Agency, might reasonably ask of all its staff. [10]

A general response is acceptable (L1/2) but some reference to the Agency is required; three expectations are called for and full marks can only be considered when all three are offered:

- acceptance of the Agency's code of conduct (and professional code also)
- appropriate training and skills (experience and qualifications)
- ability to work with others (important on overseas contracts)
- effective delivery (skills)
- loyalty
- cooperative attitude

Level 1: partial knowledge, little understanding of staff issues [1-2]

Level 2: demonstrates some knowledge, limited response [3-5]

Level 3: demonstrates good grasp of the issues, likely to be analytical [6-8]

Level 4: excellent response, full knowledge and awareness, evaluative [9-10]

Page 4	Mark Scheme	Syllabus	Paper
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- 4(b) Sometimes the teachers on placement complain about the schools they work in and/or their accommodation.**

Identify two arrangements or conditions teachers might reasonably expect. [5]

The points are largely employees' expectations of employer provision but related to teacher placement:

- safe working environment
- appropriate hours and pay, and other conditions
- secure contract
- be placed where the full exercise of skills and delivery is possible

Level 1: partial knowledge, little understanding of the specifics [1-2]

Level 2: good to strong, understanding and application to the case [3-5]

- 4(c) Some of the teachers are on fixed term contracts whilst the consultants are freelance.**

Explain the difference between having a fixed term contract and being freelance. [5]

No detailed knowledge required but a demonstration of understanding;
A freelance is self-employed and sells services to clients for a fee; no security of employment; irregular work and income; whereas the teacher on a fixed term contract can look forward to secure employment for the duration of the contract; the teacher will be an employee.

Level 1: partial knowledge, little understanding of terms [1-2]

Level 2: good to strong, terms and difference clearly understood [3-5]

- 5(a) All businesses are affected to some degree by those external influences that determine the business climate.**

Describe how competition and employment policy might affect the Agency. [10]

A rehearsal of PEST knowledge is required here; and L3/4 answer needs to offer application to the Agency; detailed economic and political knowledge is not required but an understanding is; PEST issues need not be threats, may be opportunities.

Competition

- not currently a problem as the market is large and still growing
- competition may get tougher with more agencies and/or fewer teaching places to fill
- could push agencies out of business or force downsizing
- survival may depend upon restructuring fees and commission i.e. become price competitive
- competition may come from agencies recruiting better teachers

Employment Policy

- can be considered in the region and/or in the placement countries
- restrictions might be put in place by countries in the region to regulate the 'temporary export' of teachers; may produce local recruitment problems
- host nations might tighten up on the placement activity by making it difficult to employ non-nationals even temporarily
- could be an employment tax levied on the Agency i.e. employment licence
- teaching shortage could be resolved in placement countries

Level 1: partial knowledge, limited appreciation of the issues [1-2]

Level 2: demonstrates some knowledge but limited understanding [3-5]

Level 3: good grasp of PEST, good application, analytical [6-8]

Level 4: excellent grasp of PEST, clear understanding, evaluative [9-10]

Page 5	Mark Scheme	Syllabus	Paper
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5(b) The location of the Agency is in Gaborone.

Keeping in mind in the Agency's business, explain whether or not its location is important. [5]

Some appreciation of location issues is called for; detailed argument is not required;

- the Agency is not an industry so access to raw materials, water, etc. is not relevant
- the Agency recruits in the region using consultants who make the contacts
- Gaborone is in the region and has an airport allowing the partners to travel if need be
- the actual location is immaterial so long as it is in the region and served by reliable communications

Level 1: partial knowledge of location matters, weak response [1-2]

Level 2: good to strong, understanding of location in the case [3-5]

6(a) The Agency is in a busy and profitable market.

List three factors or issues which affect the nature of the Agency's market. [5]

Only a list is required but full marks will be awarded for overt application to the Agency
E.g. three from the following (or other relevant points);

- extent of competition
- the product (teachers - trained and experienced)
- price (cost of supplying the teachers)
- quality (experience, qualifications, record)
- government controls (employment laws, provisions affecting teachers)

Level 1: partial knowledge, little application [1-2]

Level 2: good to strong, understanding of the market [3-5]

6(b) The Agency has to satisfy some very demanding clients and complaints have been made about some of the teachers.

Keeping in mind the clients are educational institutions and expect experienced and qualified teachers, suggest how the Agency should ensure client satisfaction. [10]

The clue is in the task: the Agency is required to supply suitably qualified and experienced teachers; a candidate needs to show appreciation of the situation;
Expect three well made points:

- ensure the Agency has a client profile so that they can match teacher to school
e.g. a multi-ethnic/cultural school requires a teacher who has appropriate experience
- teachers need to be thoroughly interviewed and assessed - no good placing a well qualified teacher who cannot keep class control
- teachers should be thoroughly briefed about the country they are going to
- any teacher giving less than satisfaction, the Agency needs to act (via local representatives) e.g. re: discipline, replace if necessary, refund fees
- Agency should ensure that all qualifications and training claimed are true

Level 1: partial knowledge, limited understanding of the issues [1-2]

Level 2: demonstrates some knowledge but limited awareness [3-5]

Level 3: good grasp of client satisfaction, application, analytical [6-8]

Level 4: excellent response, clear understanding of client satisfaction, evaluative [9-10]

CAMBRIDGE
INTERNATIONAL EXAMINATIONS

October 2003

CAMBRIDGE INTERNATIONAL DIPLOMA

MARK SCHEME

MAXIMUM MARK: 100

SYLLABUS/COMPONENT: 5162/01

BUSINESS
Effective Business Communication



Page 1	Mark Scheme	Syllabus	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA – OCT 2003	5162	1

The following are not model answers, but are nevertheless to be regarded as persuasive. Candidates may offer other relevant and appropriate material and arguments.

1 Collins has asked you to prepare a paper which addresses the following issues which can be sent to the new members of staff

- (a) Explain three important issues which need to be considered when deciding the best methods of communication to internal employees within organisations.**

[6]

Answers to include three issues such as:

- need to convey clear message within the organisation
- the business needs to receive and process information effectively
- necessary for a business to operate successfully at all levels
- need to consider the individuals within the organisation and consider appropriate methods, i.e. Directors, shop floor, admin staff etc.
- need to consider the immediacy of the communication
- need to consider the importance of the communication i.e. disciplinary interview, notice about canteen opening times
- need to consider the level of feedback required i.e. one-way or two-way communications
- need to consider methods of recording the communication i.e. copies to etc.
- need to consider timings and costs involved
- need to consider use of electronic methods

[1 mark per issue and 1 mark for explanation up to 6 marks]

- (b) Explain two methods of one-way communication and two methods of two-way communications which could be used to ensure that new staff know all about the Hanley organisation**

[8]

Answer to include identification of one-way communications and an explanation of each:

- letter
- memo
- report

Answer to include identification of two-way communications and an explanation of each:

- telephone
- meetings
- quality circles
- interviews

[1 mark per method + 1 mark for explanation = 8 marks]

- (c) Identify and explain three different methods of evaluating the effectiveness of communications**

[6]

Answer to include methods of evaluation and an explanation of each:

- availability – can staff access the information?
- cost-effectiveness – is it cost effective?
- message content – is the message understood and decoded correctly by the receiver or member of staff?
- appropriateness - is the method appropriate for the situation?

[1 mark per method and 1 mark per explanation up to 6 marks]

Page 2	Mark Scheme	Syllabus	Paper
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2 Collins Yebila has been asked to respond to a number of the current communications issues.

- (a) Write a promotional letter to customers who have previously visited the Pretoria store, telling them about the 'The Pet Factory' stores and website. You can 'create' any details that you think are necessary. [8]

The letter should conform to the following format:

- logo or letter heading of the company } [1]
- date } [1]
- reference number } [1]
- appropriate salutation – Dear Mr/Mrs } [1]
- letter Heading – Have you Visited Our Pet Factory? } [1]
- the body/content of letter }
- discussion of key reasons for visiting the PF }
- include website details } [4]
- appropriate closure }
- signature and position } [1]

The content and tone of the letter should be persuasive. It should cite the fun elements and reasons for visiting the Pet Factory and the website. The letter could include some inducement or response mechanism. [up to 8 marks]

- (b) Write a report on the current state of the company for circulation to the internal staff to help increase motivation. [12]

Report should conform to the following format:

- report heading } [1]
- to/from } [1]
- date }
- terms of reference – aims to communicate current state of company & improve moral } [3]
- body of the report – refurbishment of store, pet factories, recruitment of new members of sales staff, increasing turnover and profit figures year on year } [5]
- conclusion – needs to be up beat to raise morale }
- recommendations – need to consider staff feedback, etc. } [3]

For main body of report:

Level 1: states key information in very bland form [1-2]

Level 2: includes key information with is given in an up beat tone [3-5]

[up to 12 marks]

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3 Collins has now set up the internal staff group to investigate the negative attitude of the sales floor staff towards working extra hours on Fridays and Sunday mornings.

(a) Identify, with reasons, two methods of communication which Collins could use to discuss this issue with the staff group. [4]

Collins could use the following methods:

- one to one interview – to identify individual perceptions, avoid embarrassment, look for personal explanations
- regular meetings with the staff – to investigate and discuss as a group, brain storming, etc.
- one off presentation to staff with group feedback – to air the problem and seek thoughts before deciding next course of action
- set a group project to investigate – to set a time-scale for the group to identify and come up with proposals

[1 marks for method of communication + 1 mark for reason up to 4 marks]

(b) Collins has decided to run weekly briefing meetings with staff to monitor the situation. Write a guide to help ensure that these meetings are successful. [10]

Collins will need to consider:

- the nature of the meeting – i.e. is it solely to give or to receive information or both? Is a facilitation of a discussion important?
- who should be invited to the meeting and what is to be each individual's role or relative contribution?
- a notice of the meeting must be issued
- an agenda must be prepared
- an approximate time-scale for the duration of the meeting should be decided – a guillotine approach to agenda items may need to be undertaken
- minutes should be taken, produced and circulated after the meeting has taken place
- action points must be detailed in the minutes which must be referred to in the following meeting
- a chair for the meeting must be appointed and his/her agenda drawn up – is the chair to rotate?
- a suitable room/location must be prepared and ready to receive the participants
- preparation of appropriate information must be ready for each meeting
- the date of the next meeting should be decided at the end of each meeting
- the timing of the meeting in terms of the time of day should be decided

Level 1: demonstrates limited knowledge and understanding [1-2]

Level 2: demonstrates a clearer understanding of most of the issues [3-5]

Level 3: analyses of each point which is fully applied to the scenario [6-8]

Level 4: full analysis of each area which is applied fully [9-10]

[up to 10 marks]

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- (c) **Collins decides to give a presentation to inform the sales staff in the Pretoria store about the new ‘The Pet Factories’ and website so that they can pass on this information to customers. Identify three verbal issues and three non-verbal issues Collins will need to consider when planning the presentation. [6 marks]**

Collins will could consider the following:

Verbal Communication:

- decide on the aim of the message
- select and deliver the important facts and figures
- identify and stress the key points of the message
- choose an appropriate verbal style – sincerity, warmth, assertiveness, diplomacy
- choose an appropriate articulation – tone, enunciation, emphasis, volume, projection
- monitor feedback constantly – adjust delivery accordingly
- end on a positive note

Non-verbal Communication:

- need to decide on body stance and gestures – ease, physical presence, enthusiasm
- need to ensure eye contact
- need to be prepared to listen to feedback and show this
- need to check facial expression
- need to choose most effective methods of presenting data – charts etc.

[1 mark per point for each up to 6 marks]

- 4 Collins has decided that two of the Sales staff in the Pretoria store will undertake some market research in the form of a personal interview with customers who enter the store and are willing to be interviewed.**

- (a) **This is the first time these members of staff have done market research interviews. Write a set of guidelines to plan for the interviewers to assess the customers attitudes to customer care within the store and to identify their perceptions of the newly refurbished store. [10]**

Guidelines for planning interviews:

- consider the aims and purpose of the interview
- need to consider type of questions – open, probing, scenario base, etc.
- need to write an interview protocol
- the discussion should largely go backwards and forwards from the interviewer to the interviewee so that the interviewer maintains the position of controlling the proceedings
- need to consider the non-verbal communication i.e. body language
- need to ensure bias is minimised in the interview
- need to consider the length of the interview
- the interviewer will also need to set the general tone of the interview
- need to choose an appropriate location
- need to listen carefully for information expressed by the interviewee. Need to consider how this is to be recorded.
- need to consider an incentive to ensure response
- need to make notes on critical issues during the course of the interview
- after the interview, need to spend a few minutes making additional notes that may be useful for reference later, whilst the interview is fresh in the mind

Level 1: demonstrates limited knowledge and understanding [1-2]

Level 2: demonstrates a clearer understanding of planning stages [3-5]

Level 3: analyses appropriate stages which are fully applied [6-8]

Level 4: fully analyses all appropriate stages which are applied [9-10]

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- (b) Identify and explain two potential problems which could occur if the interviews are not conducted correctly. [4]

Answer should consider:

- customer may become disillusioned
- customer may become bored
- customer may take the opportunity to complain
- customer may decide not to come back to the store
- customer may feel that the interview is too intrusive and personal

[1 mark per point and 1 mark per explanation up to 4 marks]

- (c) List three other types of business interviews which could be conducted with internal staff. [6]

Other types of interviews which could take place:

- performance appraisal reviews
- medical interviews
- counselling interviews
- grievance interview
- disciplinary interview
- promotional interview

[1 mark per point and 1 mark per explanation up to 6 marks]

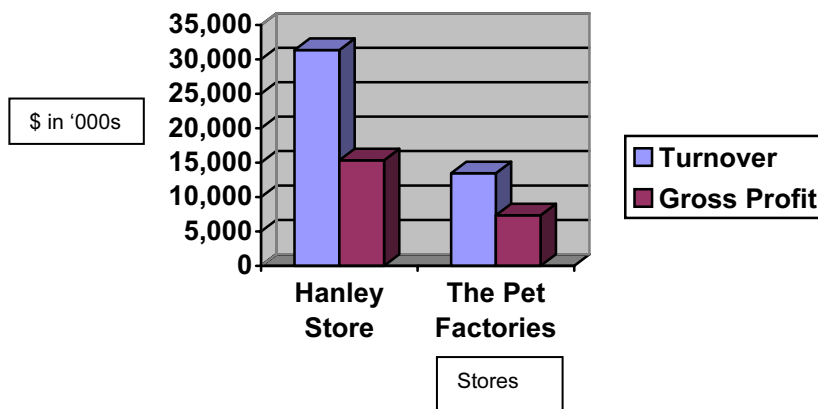
- 5 Collins has decided that the information about the turnover and gross margin for the Hanley Store and 'The Pet Factory' should be included as an appendix to the report for staff.

- (a) Collins has asked you to prepare the data in Table 1 and present it as a bar chart for 2002 only. [10]

A simple bar chart, comprising of a vertical and horizontal axis, with '0' as the common factor. This could be in the form of a vertical or horizontal bar chart, with shaded portions.

- Correct aid used [2]
 Correct values plotted on axis, with '0' as the common factor [2]
 Correct shaded areas to illustrate key [2]
 Clarity of chart and correct labelling [4]

Financial Figures - 2002



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(b) List two issues which you need to consider when producing data as a visual aid. [4]

Issues to be considered:

- analyse the audience to whom this information will be presented and reflect their needs in terms of the amount and level of data used
- keep the format simple, uncrowded and easy to handle
- label the information clearly
- provide a key for headings etc.
- attention to labels
- use shading where appropriate

[1-2 marks per point up to 4 marks]

(c) Briefly explain the following:

(i) pie charts
(ii) line graphs. [6]

(i) Explanation of pie chart: circular diagrams that are particularly useful for showing the composition of all data, with the segments demonstrating the relative values of the data. Must be accurate. Not all information is best presented in this way.

(ii) Explanation of line graphs: these are a series of points joined together to form a straight or curved line and are usually used to reflect a trend over a period of time, or the interaction of two variables. Similar to column or bar charts, but with the lines instead of columns to represent the value of the variables.

Level 1: basic description of each [1-2 marks each]
Level 2: good description and analysis of each [3 marks each]

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October 2003

CAMBRIDGE INTERNATIONAL DIPLOMA

MARK SCHEME

MAXIMUM MARK: 100

SYLLABUS/COMPONENT: 5163/01

BUSINESS
Business Finance



Page 1	Mark Scheme	Syllabus	Paper
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The following are not model answers, but are nonetheless regarded as persuasive. A candidate may offer other relevant and appropriate responses.

1 (a) (i) Explain the difference between a ‘lump sum payment’ and a ‘share of the royalties’ (line 3). [2]

Candidate provides vague definition [1]

Candidate clearly identifies both terms (one off payment, variable payment depending on sales) [2]

(b) (i) Explain what is meant by the term ‘auditor’ (line 9). [2]

Candidate provides only vague definition [1]

Candidate provides clear definition (independent checking of accounts, required for Ltd Co.) [2]

(ii) Identify two services that an auditor could provide for U-Win Games. [2]

Candidate provides only one appropriate response [1]

Candidate provides two relevant responses (checking, advice, signing for Co.) [2]

(c) Explain the difference between ‘an incorporated and an unincorporated organisation’ (line 11). [4]

Level 1: vague distinction between the terms [1-2]

Level 2: candidate clearly distinguishes and shows contrast (Company v Non Company, Limited Liability, Legal requirements) [3-4]

(d) (i) Explain what is meant by the term ‘leasing’ (line 15). [2]

Vague definition [1]

Clear definition with reference to rental, time period, ownership [2]

(ii) List one advantage and one disadvantage to U-Win Games of leasing computer equipment. [2]

Candidate provides either relevant advantage/disadvantage [1]

Candidate provides both relevant advantage and disadvantage [2]

2 (a) Identify four sources of capital that could be used to finance the proposed business venture. [4]

[1 mark per relevant source of capital up to 4]

(b) For each source that you have selected, explain the financial consequences to the business of employing that source. [4 x 3 = 12]

Up to 3 marks per source, to achieve the full award for each source the candidate should discuss in terms of claim on future profits, risk and liquidity [4 x 3]

Page 2	Mark Scheme	Syllabus	Paper
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- 3 (a) From the information provided by Tan and Sue Lin produce a four month (January - April) Cash Budget for Proposal B. [12]**

Level 1: process of constructing budget not well understood, some attempt made to extract and use data [1-4]

Level 2: process better understood and several calculations attempted but many errors made [5-8]

Level 3: process clearly understood and most calculations made. At top end all of subtotals correct [9-12]

See Appendix 1 for suggested solution

- (b) Identify and explain two reasons why producing a cash budget would be useful to Tan and Sue Lin. [4]**

2 marks per reason explained, e.g. insolvency, future planning, obtain maximum return on assets, etc.

- 4 (a) Explain what is meant by the term double entry bookkeeping (line 7). [4]**

Level 1: vague definition, some idea of dual recording [1-2]

Level 2: clear idea of process with reference to debit/credit identities [3-4]

- (b) Identify and explain the double entry balancing equation. [2]**

Level 1: some idea of process, equation incorrect or absent [1]

Level 2: equation included and explained (capital = assets - liabilities) [2]

- (c) List three financial records and three books of account that the firm should be keeping. [6]**

1 mark per financial record (invoice, receipt, etc.) 1 mark per book (day, cash, ledger, etc.)

- 5 (a) Identify three standard accounting concepts. [3]**

1 mark per concept identified, additional 1 mark if brief explanation of concept given [3 x 2 = 6]

- (b) Explain how each of these concepts contributes to the production of accurate accounts. [3 x 3 = 9]**

Up to 2 marks per concept for explanation. Only award full marks if the candidate clearly relates the discussion to accuracy [3 x 2 = 6]

- 6 Using the information provided, calculate both the gross and the net profit figures for the alternative production proposals. [12]**

Level 1: candidate demonstrates little knowledge of process and little attempt to extract or use the data provided [1-4]

Level 2: candidate has some understanding of process and begins to use the information but with errors [5-8]

Level 3: candidate clearly understands the process and makes appropriate calculations. At top end all figures correctly entered [9-12]

If candidate attempts calculation of only one proposal, or only gross or net profit - maximum 6 marks

See Appendix 2 for suggested solution

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- 7 (a) Explain what information you would require in order to be able to produce a balance sheet and a profit and loss account for the firm.**

[10]

5 marks available for each statement

Level 1: very limited knowledge shown [1-2]

Level 2: clear understanding of the range of information required [3-4]

Level 3: for full award the candidate should employ the terminology correctly [5]

If candidate chooses to answer the question by providing own examples of statements, award marks as appropriate to above categories.

- (b) Identify two internal and two external users who would be interested in these statements and explain how they would use the information.**

[8]

1 mark for identification of each internal/external user [4]

Additional 1 mark if candidate explains how the information would be employed by each user [4]

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Appendix 1

Cash Budget for U-Win Games January-April

	Jan \$	Feb \$	Mar \$	Apr \$
Opening cash	3 000.00	1 666.66	8 033.32	4449.98
Add Sales	10 000.00	15 000.00	5 000.00	5 000.00
	13 000.00	16 666.66	13 033.32	9 449.98
Less purchases	500.00	300.00	250.00	250.00
Rent	416.67	416.67	416.67	416.67
Fuel	416.67	416.67	416.67	416.67
Wages	4 166.67	4 166.67	4 166.67	4 166.67
Expenses	833.36	833.36	833.36	833.36
Capital purchase	5 000.00	2 500.00	2 500.00	-
Closing Cash	1666.66	8 033.32	4 449.98	3 366.64

Appendix 2

Proposal A

Gross Profit = Turnover - Cost Price of Sales

Sales Turnover = \$120 000

Cost of Sales = rent + fuel + wages + consumables
= (60% of 5 000) + (60% of 5 000) + 40 000 + 4 000
= 3 000 + 3 000 + 40 000 + 4 000
= 50 000

Gross Profit = \$120 000 - \$50 000
= \$70 000

Net Profit = Gross Profit - Expenses

Gross Profit = \$70 000

Expenses = rent + power + sales expenses + depreciation
= (40% of 5 000) + (40% of 5 000) + 100 000 + (50% of 6 000)
= 2 000 + 2 000 + 100 000 + 3 000
= \$17 000

Net Profit = \$70 000 - \$17 000
= \$53 000

Proposal B

Sales Turnover = \$120 000 + \$30 000 = \$150 000

Cost of Sales = rent + fuel + wages + consumables
= (60% of 5 000) + (60% of 5 000) + 50 000 + 5 000
= 3 000 + 3 000 + 50 000 + 5 000
= 61 000

Gross Profit = \$150 000 - \$61 000
= \$89 000

Net Profit = Gross Profit - Expenses

Gross Profit = \$89 000

Expenses = rent + power + sales expenses + depreciation
= 2 000 + 2 000 + 100 000 + 5 000
= \$19 000

Net Profit = \$89 000 - \$19 000
= \$70 000

CAMBRIDGE
INTERNATIONAL EXAMINATIONS

October 2003

CAMBRIDGE INTERNATIONAL DIPLOMA

MARK SCHEME

MAXIMUM MARK: 100

SYLLABUS/COMPONENT: 5164/01

BUSINESS
Marketing



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Not Available.

CAMBRIDGE
INTERNATIONAL EXAMINATIONS

October 2003

CAMBRIDGE INTERNATIONAL DIPLOMA

MARK SCHEME

MAXIMUM MARK: 100

SYLLABUS/COMPONENT: 5165/01

BUSINESS
Human Resource Management

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1 Explain how Human Resource Management in Air International can assist in:

(a) creating relationships with its employees [5]

positive treatment at recruitment and selection stages and during induction to establish the psychological contract.

Level 1 and 2: brief statement or list [0-2]

Level 3: accurate explanation with examples [3-5]

(b) maintaining relationships with its employees [5]

reward in terms of high pay (n.b. Japanese neko-juretsu) acting as a retaining mechanism, as do service-related benefits, pensions and other delayed reward schemes like PRP2.

Level 1 and 2: brief statement or list [0-2]

Level 3: accurate explanation with examples [3-5]

2 Explain the significance of the following features of the employment market for Air International.

(a) age [5]

lower wages for young persons, traineeships, high competition, qualifications important. Older workers more likely to be made redundant and have greater difficulty in finding re-employment.

Level 1 and 2: brief statement or list [0-2]

Level 3: accurate explanation with examples [3-5]

(b) gender [5]

lower wages for women, childcare means flexible hours are important, maternity provisions necessary.

Level 1 and 2: brief statement or list [0-2]

Level 3: accurate explanation with examples [3-5]

3 (a) Describe two external organisations which might influence human resource policies in Air International. [4]

Any two of:

- Trade Unions – represent interest of members – may hold up production or threaten to, negotiate for higher reward packages
- employer associations – benchmarking and local rules agreements and conferences
- govt agencies – departments really which set standards or enact legislation
- professional bodies – set standards and discipline members

Level 1 and 2: brief statement or list [1-2]

Level 3: accurate description [3-4]

(b) Explain how each of the organisations you describe above might influence human resource policies within Air International. [6]

Level 1 and 2: brief statement or list [0-3]

Level 3: accurate explanations with examples [4-6]

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4 Identify two legal issues that might affect Air International's new human resource policies, and explain how the company's policies would be affected by these issues.

[5 x 2 = 10]

- protection – difficulty of dismissal
- EO – equal pay and opportunities
- safety – changes working practices
- maternity – need for temporary staff
- training – compliance with scheme aims
- job creation – recruitment and selection important

Level 1 and 2: brief statement or list [0-2]

Level 3: explanations with examples [3-5]

5 Air International might have to change its staffing over time. Describe the features of the following ways of ending employment contracts.

(c) resignation [5]

employee gives notice of termination of contract unilaterally

Level 1 and 2: brief statement [0-2]

Level 3: accurate description with examples [3-5]

(d) retirement [5]

employee reaches statutory age and must retire; occasionally early retirement is possible often on grounds of ill health – this is negotiable

Level 1 and 2: brief statement [0-2]

Level 3: accurate description with examples [3-5]

(c) redundancy [5]

work which the employee is contracted to do ceases or diminishes or is expected to

Level 1 and 2: brief statement [0-2]

Level 3: accurate description with examples [3-5]

(d) dismissal [5]

unilateral action by employer to terminate contract due to capability, conduct, statutory provision, redundancy, or 'some other substantial reason'

Level 1 and 2: brief statement [0-2]

Level 3: accurate description with examples [3-5]

6 Explain the role of the following forms in specifying the job and recruiting and selecting an appropriate applicant.

(a) job description

(b) person specification

(c) application form

[5 x 3 = 15]

Level 1 and 2: brief statement [0-2]

Level 3: accurate explanation with examples [3-5]

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7 Describe two systems that Air International might use to communicate with its staff and resolve staff problems. [2 x 5 = 10]

- discipline
- grievance
- improvement initiatives and TQM
- formal consultation and negotiation committees

Level 1 and 2: brief statement [0-2]

Level 3: accurate description with examples [3-5]

8 Explain how three factors in the nature of work might contribute to the motivation of staff within Air International. [3 x 5 = 15]

- conditions
- promotion
- job satisfaction
- recognition
- levels of responsibility

Herzberg stresses these motivators at the expense of hygiene factors like pay

Level 1 and 2: brief statement [0-2]

Level 3: accurate explanation with examples [3-5]