

# **Business Studies A**

General Certificate of Secondary Education **1951**

General Certificate of Secondary Education (Short Course) **1051**

## **Mark Schemes for the Units**

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**June 2007**

**1951/1051/MS/R/07**

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## CONTENTS

### GCSE Business Studies A (1951)

### GCSE Business Studies A (Short Course) (1051)

#### MARK SCHEMES FOR THE UNITS

<b>Unit</b>	<b>Content</b>	<b>Page</b>
1051/01	Paper 1 Foundation Tier	1
1051/02	Paper 2 Higher Tier	13
1051/03	Case Study Paper Foundation Tier	25
1051/04	Case Study Paper Foundation Tier	37
1951/01	Foundation Common Core	51
1951/02	Higher Common Core	69
1951/03	Foundation Business and Change	89
1951/04	Higher Business and Change	101
1951/05	Foundation Business Communication and Marketing	113
1951/06	Higher Business Communication and Marketing	125
1951/07	Foundation Case Study	137
1951/08	Higher Case Study	153
*	Grade Thresholds	169



**Mark Scheme 1051/01  
June 2007**

## INSTRUCTIONS ON MARKING SCRIPTS

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For many question papers there will also be subject or paper specific instructions which supplement these general instructions. The paper specific instructions follow these generic ones.

### 1 Before the Standardisation Meeting

**Before the Standardisation Meeting you must mark a selection of at least 10 scripts.** The selection should be drawn from several Centres. The preliminary marking should be carried out **in pencil** in strict accordance with the mark scheme. In order to help identify any marking issues which might subsequently be encountered in carrying out your duties, **the marked scripts must be brought to the meeting.** (*Section 5c, page 6*)

### 2 After the standardisation meeting

- a) Scripts must be marked in **red**, including those initially marked in pencil for the Standardisation Meeting.
- b) All scripts must be marked in accordance with the version of the mark scheme agreed at the Standardisation Meeting.
- c) **Annotation of scripts**

The purpose of annotation is to enable examiners to indicate clearly where a mark is earned or why it has not been awarded. Annotation can, therefore, help examiners, checkers, and those remarking scripts to understand how the script has been marked.

#### **Annotation consists of:**

- the use of ticks and crosses against responses to show where marks have been earned or not earned;
- the use of specific words or phrases as agreed at standardisation and as contained in the final mark scheme either to confirm why a mark has been earned or indicate why a mark has not been earned (eg indicate an omission);
- the use of standard abbreviations eg for follow through, special case etc.

Scripts may be returned to Centres. Therefore, any comments should be kept to a minimum and should always be specifically related to the award of a mark or marks and be taken (if appropriate) from statements in the mark scheme. General comments on a candidate's work must be avoided.

Where annotations are put onto the candidates' script evidence, it should normally be recorded in the body of the answer or in the margin immediately adjacent to the point where the decision is made to award or not award the mark.

**d) Recording of marking: the scripts**

- i) Marked scripts must give a clear indication of how marks have been awarded, as instructed in the mark scheme.
- ii) All numerical marks for responses to part questions should be recorded unringed in the right-hand margin. The total for each question (or, in specified cases, for each page) should be shown as a single ringed mark in the right-hand margin at the end of each question.
- iii) The ringed totals should be transferred to the front page of the script, where they should be totalled.
- iv) Every page of a script on which the candidate has made a response should show evidence that the work has been seen.
- v) Every blank page should be crossed through to indicate that it has been seen. (*Section 8a – d, page 8*)

**e) Handling of unexpected answers**

The standardisation meeting will include a discussion of marking issues, including:

- a full consideration of the mark scheme in the context of achieving a clear and common understanding of the range of acceptable responses and the marks appropriate to them, and comparable marking standards for optional questions;
- the handling of unexpected, yet acceptable answers. (*Section 6a, bullet point 5, page 6*)

There will be times when you may not be clear how the mark scheme should be applied to a particular response. In these circumstances, a telephone call to the Team Leader should produce a speedy resolution to the problem. (*Appendix 5, para 17, page 26*)

1 (a) **Target: To demonstrate and apply knowledge of characteristics of business activity.**

- (i) Advantages may include: own boss  
own/quick decisions eg holidays, hours  
keep all profit  
low setting up costs [2]

- (ii) Unlimited Liability – owner is totally liable/responsible for all the debts of the business (1). They may be forced to use their personal possessions and wealth to settle any business debts (1). [2]

- (iii) Stakeholder groups may include:
- Owners (include Jenny)
  - Customers – include vets, internet buyers
  - Employees
  - Suppliers
  - Bank/lender
  - Government
  - Community.
  - Competition

Any two examples NOT shareholder. [2]

- (iv) **Example:** The customers have an interest in the business in terms of the price/value for money (1) and the quality of service offered to their animals (1).

Marks are given for correct selection of appropriate stakeholders and relevance to the business. A judgement has to be made as to why these stakeholders have a particular interest in this type of retailer.

Only 1 mark for a simple statement of interest.

No marks for just stating stakeholder group. [4]

(b) **Target: Ability to evaluate the importance of objectives in the context.**

**Example:** In the first year ANIMO would be trying to attract customers and to make a small profit. It needs to be able to cover its costs and pay its wages (L1). It is important that it makes a profit so that it can have money in case of emergencies. It is more important than expanding because this would cost too much in the first year and ANIMO would want to make sure that it had a good demand for the products and services it is selling at the moment (L2). It is more important than adding value in the first year because usually businesses in the first year want to sell their products. Changes will be made later as the business grows and takes in the competition.

**Example:** In the first year ANIMO would be trying to survive by at least covering its costs with its revenue. It is important that it achieves this by building up a steady flow of loyal customers and by showing that it can provide a good quality service. Attempts to make a profit may be the main objective in future years. Add value and expansion need specific examples to show understanding.

**Level 2 (3-6 marks)**

Good discussion of one objective as more important than the others, with detailed reference to one/two other objectives.  
Max 3 marks if not in context.

**Level 1 (1-2 marks)**

Some analysis of reasons for choosing one objective.

[6]



(c) **Target: To demonstrate knowledge of ownership of business and apply in context.**

(i) Shareholder/Board of Directors/manager [1]

(ii) True [1]

(iii) Advantages: do not have to find a location  
already customers in the shop  
can use facilities of shop  
advertising in shop.  
May be less expensive

Any two relevant advantages explained 1+2 for development x 2  
**OR** 2 x 3.

**Example:** ANIMO will not have to find its own premises (1) and so its costs may be reduced (1) as it may only have to rent rather than buy (1). [6]

**Total 24 marks**

- 2 (a) **Target: Demonstrate knowledge of market research methods and the use of technology in the context.**
- (i) Reasons: To assess demand  
To find out how many dog/cat owners there are  
To find out what price they would pay  
To reduce the risk of failure  
To find out fashion needs for animals.  
Cost effective  
ARS  
1 mark each [2]
- (ii) Internet – statistical records about demand  
information about competition  
mobile phones  
databases sold by advertising agencies.  
Gaps/info about market [3]
- The internet could give information about competitors (1) their prices (1) and the range of services they offer (1).
- (b) **Target: To analyse and evaluate market research results in context and in terms of marketing.**
- (i) Dog [1]
- (ii)  $30 + 30(1) = 60(1)$  accept any reasonable answer.  
Once a month, not an answer. [2]
- (iii) Useful because they need to know how many people will buy this service (1) and in particular how often they would buy the service so they can predict sales (1). This will help them with staffing (1) or estimating the facilities required (1).  
1 mark for reference to results  
Any reasonable analysis is rewardable.  
1 + 2 for development. [3]
- (iv) Grooming, raincoats. [2]

- (v) **Example:** Fig 1 will help ANIMO to identify the target market especially in terms of the number of likely customers who are available and how often they would come into the superstore (L2). So in terms of advertising it can use the information to identify types of advertisements which can be used. For example, leaflets could be handed out outside the store emphasising the products and services that the research shows are most popular. The information shows that raincoats are popular so ANIMO could have a fashion show for its products as a promotional campaign (L2).

To some extent the information is limited in that it does not identify particular types of people or the competition in the area. It also neglects to ask about how prices should be advertised and how often potential customers would buy the specialist product at a particular price (L3).

**Level 3 (5-8 marks)**

Candidate analyses the market research in terms of advertising and evaluates its use in terms of this business. **Up to 6 marks for good analysis no evaluation.**

**Level 2 (3-4 marks)**

Candidate analyses the market research in terms of advertising but fails to evaluate the information. Refers to at least one piece of research specifically.

**Ref only research not how to advertise MAX 4 marks**

**Level 1 (1-2 marks)**

Candidate makes some general statements about the information.

Candidates will also be assessed for their Quality of Written Communication on this part of the question, according to the following requirements:

- Ideas are expressed clearly, fluently, legibly and in an appropriate way. There are few errors in spelling, punctuation and grammar (2).
- Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer (1).
- Candidate fails to reach the threshold standard in all respects (0). **[8] + [2]**

(c) **Target: To demonstrate knowledge and understanding of training methods**

1 mark for identification of method of training, 2 for development.

Eg: Induction training (1) will help the assistant settle in (1) and understand the layout of the shop (1) including health and safety information (1).

Max 2 marks for only stating ways of training eg work with people, hygiene with animals.

Accept ARA eg work shadowing, on the job etc.

**[3]**

**Total 26 marks**

3 (a) **Target: To demonstrate and apply knowledge about how membership of the European Union affects the operations of the business and the decisions it makes.**

(i) Job production (1). Fancy dress outfits are a one off made to the customer's requirements. This means that the costumes will be made individually and will be a high price and probably high quality (1).  
Application to ANIMO (1). [3]

(ii) Disadvantages: Currency exchange  
Payment problems.  
Any relevant disadvantages explained.

**Example:** France uses the Euro and Britain uses the £ (1). This means that ANIMO will have to pay in Euros for the costumes (1) and this may be affected by exchange rate changes (1). [3]

(iii) Disadvantages: Communication  
Transportation  
Quality  
Laws  
Cuts jobs in UK.  
Speed of service  
Language  
Specific Costs

**Example:** France is a different country with different language and/or regulations (1). This may result in difficulties for ANIMO when ordering costumes and explaining the requirements of the customers (1).

Any two explained 2 x 2 [4]

(b) **Target: To demonstrate and apply knowledge of organisation charts and the roles and responsibilities of people in organisations.**

(i) Functions: Organising materials  
Setting targets  
Managing subordinates  
Motivating managers  
Ensuring quality.  
To take instructions from BOD  
Any 2 explained 1 mark for function + 1 mark for explanation x 2. [4]

**Example:** the production manager will need to organise materials (1) so that production is maintained (1). He/she must set targets (1) in order that sales and profit targets are reached (1).

(ii) Marketing (accept sales and/or purchasing), Finance/Accounts, Human Resources, Administration. [2]

(iii)

DUTIES	TICK
Checks standards are maintained	✓
Buys good quality raw materials	
Designs quality fancy dress costumes	
Supervises quality control assistants	✓

[2]

(c) **Target: To apply knowledge of different payment systems and to evaluate them in the context of differing organisational roles.**

(i) A piece rate payment system pays workers based on the number of products that are produced.

[1]

(ii) Why is it suitable? They make products  
It increases productivity  
It is motivating  
It is measurable.

Any reason explained.

[2]

**Example:** It motivates staff (1) by rewarding them for extra output (1).

(iii) A time based system pays employees on the basis of how many hours they have worked.

[1]

(iv) Why is it suitable? They do not make products  
Their work is not measurable.

Any reason explained.

[2]

**Total 24 marks**

- 4 (a) **Target: To demonstrate knowledge of the impact of technology on business.**

**Examples:** Spreadsheets for ease of number entry  
 Excel – must be qualified  
 Layout – for presentation of accounts  
 Presentation.  
 Easy to save/edit / 'what if' investigations  
**No mark for EXCEL/DATABASE**

Any reasonable suggestion associated with accounts. [2]

- (b) **Target: To apply, analyse and evaluate knowledge of differing pricing strategies in the context.**

**Example:** When deciding on a pricing strategy ANIMO has to look at the prices that are being charged by its competitors (L1). In the first year it has to cover its costs and become well known for a high standard of coats (L2). If it regards its product as of a higher quality than its competitors, or if there are not many competitors in the area it may decide on a price skimming strategy and charge a higher price than its competitors (Just L3). However if it decides it wants to sell as many raincoats as possible in the first year, then it may decide to charge the same as competitors in order to gain a foothold in the market. Overall, as this is its first year and the principal aim is to become established, it should charge the same price as competitors (Top L3).

Either strategy acceptable depending on analysis.

**Level 3 (4-6 marks)**

Comparison and judgements are made with regard to the different strategies which could be adopted.

**Level 2 (2-3 marks)**

Any analysis of the factors which may cause the decision to be made.

**Level 1 (1 mark)**

Simple statements about strategy/ies which could be used and factors which could be taken into account. [6]

- (c) **Target: To demonstrate, apply and make judgements about elements of accounts.**

- (i) Raincoats will be demanded more in the autumn and the winter (1) and therefore the sales will increase at this time (1). Sales will fall in summer (1).

1 mark for seasonal statement + 2 marks for a judgement about how this will affect the accounts.

[3]

- (ii)  $10\%(1)$  of  $200 = 20(1)$   
 $200 + 20 = 220(1)$  1 mark for process

[3]

- (d) **Target: To demonstrate knowledge of the main costs incurred by business during production.**

COST	TICK
Rent	✓
Wages	
Insurance	✓
Shampoo	

- (e) **Target: To demonstrate and apply knowledge of the main elements of the Profit and Loss Account and to calculate gross and net profit.** [2]

(i)  $30,000 - 5,000(1) = \text{£}25,000(1)$  **Gross Profit.** [2]

(ii) OFR applies.  
 $25,000 - 7,500(1) = \text{£}17,500(1)$  **Net Profit.** [2]

- (f) **Target: To demonstrate knowledge of main elements of the balance sheet.**

These are the fixed assets of the business. [1]

- (g) **Target: To select, analyse and evaluate the main factors affecting the decisions of business to choose a particular method of finance.**

**Example:** ANIMO needs to buy shelving and equipment which should last a few years (L1). This means that these assets should be financed using long-term finance rather than short-term finance such as an overdraft (L2). An overdraft is usually used for short term expenses such as wages and shampoo (L1). Overdrafts are when banks lend businesses money for a short period when cash is short and this is repaid very quickly (L1). Therefore it is much more appropriate for ANIMO to get a loan from the bank which can be paid back in regular instalments over a fixed period (L2).

Overdraft can be accepted if analysis is good.

**Level 2 (3-5 marks)**

Judgements are made by analysing the main factors which affect the choice of finance.

**Level 1 (1-2 marks)**

Candidate shows understanding of one or more terms with little/no analysis of the factors involved. [5]

**Total 26 marks**





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1 (a) **Target: To demonstrate, analyse and evaluate knowledge of business sectors and changing factors on business activity.**

- (i) **Example:** ANIMO operates in the tertiary sector because it is a retailer (1) and it provides products and services to the consumer. (1)  
The tertiary sector is important because it provides products and services to consumer (1) and supports other businesses eg banking (1)  
Any reference to major employment sector is rewardable.

[2]

- (ii) **Target: Ability to evaluate the importance of objectives in the context.**  
**Example:** In the first year ANIMO would be trying to attract customers and to make a small profit. It needs to be able to cover its costs and pay itself wages. (L1) It is important that it makes a profit so that it can have money in case of emergencies. It is more important than expanding because this would cost too much in the first year and ANIMO would want to make sure that it has a good demand for the products and services it is selling at the moment. (L2) It is more important than adding value in the first year because usually businesses in the first year want to sell their products. Changes will be made later as the business grows and takes in the competition.

**Example:** In the first year ANIMO would be trying to survive by at least covering its costs with its revenue. It is important that it achieves this by building up a steady flow of loyal customers and by showing that it can provide a good quality service. Attempts to make a profit may be the main objectives in future years.

Add value and expansion need specific examples to show understanding.

**Level 2 (3-6 marks)**

Good discussion of one objective as more important than the others, with detailed reference to one/two other objectives.

Max 3 marks if not in context.

**Level 1 (1-2 marks)**

Some analysis of reasons for choosing one objective.

[6]

(b) **Target: To demonstrate knowledge of main features of business ownership and distribution of profits.**

People who invest money into a company are known as **shareholders**.

The part of the company's profits they receive as a reward for their investment is known as a **dividend**. (1) Most of these investors do not have any say in the day to day **control** (1) of the company. They elect a **Board of Directors** (1) to run the company and to look after their interests. They have limited **liability** (1).

Accept Chairman/Board and operation/running instead of control.

[5]

(c) **Target: To select and identify the main groups involved in business ownership.**

**Example:** ANIMO is a sole trader and therefore does not sell shares to raise money. This means that it has no shareholders (1) unlike the superstore which is a plc and sells shares to the public (1) and therefore has many shareholders (1).  
Accept liability.

1 mark for example + 2 for development.

Only 1 mark if no comparison made.

[3]

**Total 16 marks**

2 (a) **Target: To demonstrate knowledge and understanding of primary research methods and the factors relating to primary research.**

- (i) **Example:** Market segment is when the total population is broken down (1) into groups which are manageable in terms of carrying out research and selling (1). For ANIMO it could segment the market into dog owners, cat owners or location (1).

1 mark + 2 for development.

[3]

- (ii) Methods could include: interviews, observing competitors, questionnaires, observing numbers entering the superstore.

Accept consumer panels.

Example: ANIMO could save some time and money by conducting interviews (L1) with a selection of customers leaving the pet superstore or animal owners in the area. (L2) It could ask more open questions and gain better information about the products and services on offer. Questionnaires tend to be more inaccurate in terms of assessing demand and interviews often get a better insight into the actual demand available (L3).

Emphasis of answer should be on who and where not how.

**Level 3 (5-6 marks)**

Evaluation of the results of chosen/rejected research methods.

**Level 2 (3-4 marks)**

Relevant methods suggested and justified in terms of context and appropriate advantages. **Ref only to research MAX 4 marks.**

**Level 1 (1-2 marks)**

Methods suggested with little/no application to the business.

[6]

- (b) **Target: To analyse and interpret market research results in order to make judgements about marketing activity.**

Example: Fig 1 will help ANIMO to identify the target market especially in terms of the number of likely customers who are available and how often they would come into the superstore. (L2) So in terms of advertising it can use the information to identify types of advertisements which can be used. For example, leaflets could be handed out outside the store emphasising the product and services that the research shows are most popular. The information shows that raincoats are popular so ANIMO could have a fashion show for its products as a promotional campaign (L2).

To some extent the information is limited in that it does not identify particular types of people or the competition in the area. It also neglects to ask about how prices should be advertised and how often potential customers would buy the specialist product at a particular price (L3).

**Level 3 (5-8 marks)**

Candidate analyses the market research in terms of advertising and evaluates its use in terms of this business. **Up to 6 marks for good analysis with no evaluation.**

**Level 2 (3-4 marks)**

Candidate analyses the market research in terms of advertising but fails to evaluate the information. Refers to at least one piece of research specifically. **Reference only to research not how to advertise MAX 4 marks.**

**Level 1 (1-2 marks)**

Candidate makes some general statements about the information.

Candidates will also be assessed for the Quality of Written Communication on this part of the question, according to the following requirements:

Ideas are expressed clearly, fluently, legibly and in an appropriate way. There are few errors in spelling, punctuation and grammar. **[2]**

Straightforward ideas are expressed relatively clearly, legibly and appropriately. They may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer. **[1]**

Candidate fails to reach the threshold standard in all respects. **[0]**  
**[8+2]**

- (c) **Target: To show knowledge and understanding of different payment systems in context.**

Example: Saturday job is part time (1) and therefore will only be paid for the hours worked. (1) A salary is paid monthly (1) for full time (1) work with greater responsibility (1).

2 marks + 2 for development/evaluation. **[4]**

**(d) Target: To demonstrate knowledge and understanding of recruitment and selection methods.**

- (i) Benefits of short listing: Fewer people to interview (1) which will save time (1)  
Pick people who look best on form (1) which will help select the best candidate (1)

Any reasonable suggestion 2 x 1. [2]

- (ii) Disadvantages: False situation  
Expensive  
Short time or time consuming  
Prejudice any kind

Example: Interviews mean that the decision about who to employ based upon a short meeting (1) rather than really knowing whether the person has a good relationship with animals and people (1). Allows two way discussions (1) and questioning (1).

1 for disadvantage + 2 for development

Up to two marks if no reference to the job. [3]

**(e) Target: To analyse and evaluate importance of appraisal in staff development.**

Example: The aim of appraisal is to identify areas for improvement, to recognise areas of achievement and to set objectives to be achieved by the next appraisal. This allows the staff to develop and to learn more and more about the job. This job requires the person to deal with animals and people. (L1) This type of skill is specialised and the reputation of the business depends upon the assistant being able to deal with all kinds of cats, dogs and animals. If they are unable to do this or do not have the right qualities the business may lose customers who will not come back to the business again. (L2) It may be that the assistant is given a probationary period to see if there are any problems and then given an appraisal after that time.

However it may be that regular appraisal is unnecessary in this type of job. In some cases it can be a motivating factor but in others the person feels like they are being tested and it is difficult to settle into the job (L3).

**Level 3 (5-6 marks)**

Some evaluation as to whether appraisal is useful in this situation.

**Level 2 (3-4 marks)**

Analysis of consequences of appraisal as a tool for staff development and motivation in the context of this business.

**Level 1 (1-2 marks)**

Knowledge of appraisal applied simply to the little/no context.  
If candidate refers to praise rather than appraisal – up to 2 marks.

[6]

**Total 34 marks**

**3 (a) Target: Demonstrate knowledge and understanding of how resources are managed and the impact of a business operating in the European Union.**

- (i) LAND – raw materials, land.  
CAPITAL – equipment/factory/assets.

1 mark for each example.

**[2]**

- (ii) Disadvantages: Currency exchange  
Payment problems

Any relevant disadvantages explained.

Example: France uses the Euro and Britain uses the £ (1). This means that ANIMO will have to pay in euros for the costumes (1) and this may be affected by exchange rate changes (1). **[3]**

- (iii) Disadvantages: Communication  
Transportation  
Quality  
Laws  
Cuts job in UK  
Speed of service  
Language  
Specific costs

Example: France is a different country with different language and/or regulations (1). This may result in difficulties for ANIMO when ordering costumes and explaining the requirements of the customers (1).

Any two explained 2 x 2 **[4]**

**(b) Target: To demonstrate and apply knowledge of organisation charts and the roles and responsibilities of people in organisations.**

- (i) Functions: Organising materials  
Setting targets  
Managing subordinates  
Motivating managers  
Ensuring quality  
To take instructions from BOD

Any 2 explained 1 mark for function + 1 mark for explanation x 2

**[4]**

Example: the production manager will need to organise materials (1) so that production is maintained (1). He/she must set targets (1) in order that sales and profit targets are reached (1).

- (ii) Reasons:
- to identify responsibilities
  - to establish the hierarchy within the business
  - to establish lines of communication.
  - To increase motivation for promotion

**[4]**



- (iii) Reasons:
- to improve quality by looking at production systems
  - to provide training to improve quality
  - to identify problems which can then be corrected by the production department.

**[2]**

- (iv) Possible choices:
- e-mail
  - memo
  - meeting/talking
  - phone calls.

Methods suggested will depend upon the suggestion made in iii. For example if the Quality Control Supervisor wanted to report a breakdown in a testing machine he/she may choose to use an informal channel of communication to inform the Production Director eg memo or e-mail. This is because the superior needs to be informed of the problem but the responsibility for fixing the machine is the supervisor's. However if the problem is likely to be long term the QCS may choose to have a meeting with his superior where different options can be discussed and a solution decided upon.

1 mark for each method selected + 2 marks for each method evaluated in terms of its usefulness. (1+1x2=4)

**[4]****Total 23 marks**

4 (a) **Target: To demonstrate knowledge and understanding importance of profit in terms of risk taking.**

- to see if costs have been covered
- to compare sales/expenses/profit for next year
- to raise finance from the bank/communication
- to make decisions about future actions
- to see if business is viable

Any two reasonable suggestions.

[2]

(b) **Target: To apply, analyse and evaluate knowledge of differing pricing strategies in the context.**

**Example:** When deciding on a pricing strategy ANIMO has to look at the prices that are being charged by its competitors. (L1) In the first year it has to cover its costs and become well known for a high standard of coats. (L2) If it regards its product as of a higher quality than the competitors, or if there are not many competitors in the area it may decide on a price skimming strategy and charge a higher price than the competitors. (Just L3) However if it decided that it wants to sell as many rain coats as possible in the first year then it may decide to charge the same as the competitors in order to gain a foothold in the market. Overall, as this is its first year and the principal aim is to become established it should charge the same price as competitors (Top L3).

Either strategy acceptable depending on analysis.

**Level 3 (4-6 marks)**

Comparison and judgements are made with regard to one/both strategies which could be adopted.

**Level 2 (2-3 marks)**

Any analysis of the factors which may cause the decision to be made.

**Level 1 (1 mark)**

Simple statements about strategy/ies which could be used and factors which could be taken into account.

[6]

**(c) Target: To demonstrate, apply and make judgements about elements of accounts.**

- (i) Raincoats will be in demand more in the autumn and the winter (1) and therefore will rise during these periods (1) in summer sales will fall (1).

1 mark for seasonal statement + 2 marks for a judgment about how this will affect the accounts. Only 1 mark for ref to profit. [3]

- (ii) 10% (1) of 200 = 20 (1)  
200 + 20 = 220 (1) Any process 1 mark. [3]

**(d) Target: To demonstrate understanding about the main elements of the profit and loss account and to calculate gross and net profit.**

(i)	Opening Stock	0	
	+ purchases	10000	
		<u>10000</u>	(1)
	- closing stock	5000	
		<u>£5000</u>	

**1 mark for answer and 1 mark for process** OFR applies [2]

(ii)	OFR applies		
		17500	
	+10%	<u>1750</u>	(1)
		19250	(1)
	+20%	<u>3850</u>	(1)
		23100	(1)

[4]

**(e) Target: To show knowledge of the main elements of the balance sheet.**

As fixed assets (1) on the balance sheet (1). [2]

**(f) Target: To select, analyse and evaluate the main factors affecting the decisions of business to choose a particular method of finance.**

Example: ANIMO needs to buy shelving and equipment which should last a few years (L1). This means that these assets should be financed using long-term finance rather than short-term finance such as an overdraft (L2). An overdraft is usually used for short term expenses such as wages and shampoo. (L1) Overdrafts are when banks lend businesses money for a short period when cash is short and this is repaid very quickly (L1). Therefore it is much more appropriate for ANIMO to get a loan from the bank which can be paid back in regular instalments over a fixed period. (L2).

Overdraft can be accepted if analysis is good.

**Level 2 (3-5 marks)**

Judgements are made by analysing the main factors which affect the choice of finance.

**Level 1 (1-2 marks)**

Candidate shows understanding of one or more terms with little/no analysis of the factors involved. [5]

**Total 27 marks**



**Mark Scheme 1051/03  
June 2007**

## INSTRUCTIONS ON MARKING SCRIPTS

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### 1 Before the Standardisation Meeting

**Before the Standardisation Meeting you must mark a selection of at least 10 scripts.** The selection should be drawn from several Centres. The preliminary marking should be carried out **in pencil** in strict accordance with the mark scheme. In order to help identify any marking issues which might subsequently be encountered in carrying out your duties, **the marked scripts must be brought to the meeting.** (*Section 5c, page 6*)

### 2 After the standardisation meeting

- a) Scripts must be marked in **red**, including those initially marked in pencil for the Standardisation Meeting.
- b) All scripts must be marked in accordance with the version of the mark scheme agreed at the Standardisation Meeting.
- c) **Annotation of scripts**

The purpose of annotation is to enable examiners to indicate clearly where a mark is earned or why it has not been awarded. Annotation can, therefore, help examiners, checkers, and those remarking scripts to understand how the script has been marked.

#### **Annotation consists of:**

- the use of ticks and crosses against responses to show where marks have been earned or not earned;
- the use of specific words or phrases as agreed at standardisation and as contained in the final mark scheme either to confirm why a mark has been earned or indicate why a mark has not been earned (eg indicate an omission);
- the use of standard abbreviations eg for follow through, special case etc.

Scripts may be returned to Centres. Therefore, any comments should be kept to a minimum and should always be specifically related to the award of a mark or marks and be taken (if appropriate) from statements in the mark scheme. General comments on a candidate's work must be avoided.

Where annotations are put onto the candidates' script evidence, it should normally be recorded in the body of the answer or in the margin immediately adjacent to the point where the decision is made to award or not award the mark.

**d) Recording of marking: the scripts**

- i) Marked scripts must give a clear indication of how marks have been awarded, as instructed in the mark scheme.
- ii) All numerical marks for responses to part questions should be recorded unringed in the right-hand margin. The total for each question (or, in specified cases, for each page) should be shown as a single ringed mark in the right-hand margin at the end of each question.
- iii) The ringed totals should be transferred to the front page of the script, where they should be totalled.
- iv) Every page of a script on which the candidate has made a response should show evidence that the work has been seen.
- v) Every blank page should be crossed through to indicate that it has been seen. (*Section 8a – d, page 8*)

**e) Handling of unexpected answers**

The standardisation meeting will include a discussion of marking issues, including:

- a full consideration of the mark scheme in the context of achieving a clear and common understanding of the range of acceptable responses and the marks appropriate to them, and comparable marking standards for optional questions;
- the handling of unexpected, yet acceptable answers. (*Section 6a, bullet point 5, page 6*)

There will be times when you may not be clear how the mark scheme should be applied to a particular response. In these circumstances, a telephone call to the Team Leader should produce a speedy resolution to the problem. (*Appendix 5, para 17, page 26*)

**NB No marks for the assessment of knowledge are awarded for this question paper.**

**1 (a) To apply knowledge and understanding in relation to the classification of occupations and Diva plc.**

(i) Any one reason x 1 mark such as –

- Diva plc is a manufacturing company
- It makes shoes and boots
- It has a factory
- It uses raw materials such as leather

[1]

(ii) Any one reason x 1 mark such as:

- It sells shoes
- It sells to shoe shops / department stores
- It operates a mail order / Internet business
- It is also about to open a factory shop

[1]

**(b) To analyse knowledge of stakeholders and evaluate that knowledge.**

Any two points evaluated x 2 marks such as –

Suppliers are important stakeholders **because** we are told that the UK footwear market is very competitive and so Diva plc will want suppliers who can provide good quality at good prices with reliable delivery dates. Suppliers are also stakeholders in Diva plc because they are likely to give Diva plc credit and will be owed money by the company. Supply raw materials.

Consumers are the reason Diva plc is in business so they are very important. If consumers did not buy there would be no business and no profits. What they buy helps Diva plc to decide what to sell. Diva plc produces quality products and hopes that consumers will tell others about these so that sales will improve.

Any other relevant point.

[4]

**(c) To apply knowledge and understanding and analyse knowledge of public limited companies.**

Any one benefit explained x 2 marks such as –

- It has access to large amounts of capital from shareholders who may be anyone but also may be members of the founding family.
- Shareholders have limited liability so have more confidence in investing.
- As a result of large amount of capital, Diva plc can take advantage of economies of scale such as introducing more computerisation in the manufacturing process.
- Better known so likely to sell more

Any other relevant point.

[2]



**(d) To apply knowledge and understanding of batch production and analyse that knowledge in relation to Diva plc.**

Any two explained advantages x 2 marks such as –

- Diva plc uses batch production because it makes small numbers of shoes or boots according to demand.
- It can make a batch of one style and then a batch of another style.
- Some shoes are made in batches when orders are placed so footwear is not stored for too long.
- The batches are likely to be larger for those styles which are made for several years.
- It would not be worthwhile to mass produce shoes because they would be made in very large quantities and many would be wasted as fashions change.
- Diva plc may also make parts of shoes and boots in batches and store them until they are used in various styles of footwear.
- It is unlikely to use job production because it would be too expensive to make individual orders.

Any other relevant advantage.

**[4]**

**(e) To analyse ways in which Diva plc adds value to materials.**

Any three ways x 1 marks each such as:

- Cutting leather to shape
- Stitching soles to the uppers
- Adding decoration to shoes
- Inserting zips/other fasteners
- Inserting linings to shoes/boots
- Packaging the products/ putting in boxes
- Advertising the products/ promoting/ marketing (1 only)
- Branding product
- Wide selection of colours
- Dyeing/colouring
- Variety of sizes
- Workmanship used in making shoes

Any other relevant way.

Using treated leather = 0 marks

Creating finished products/ putting shoes together = 0 marks

Reference to costs = 0 marks

Selling for more = 0 marks

Variety of styles = 0 marks

**[3]**

**Total mark [15]**

- 2 (a) **To apply knowledge and understanding and to analyse that knowledge in relation to the needs of people at work.**

Any reasons x up to 3 marks such as –

- Easier to do so because Diva plc is located in a densely populated area and there will be plenty of people available.
- Employees will have less travelling time.
- Local people will be looking for employment locally.
- Builds up good relations with local community.
- Useful if people know the area

Any other relevant point.

**[3]**

- (b) **To analyse and evaluate knowledge of needs of people at work.**

Any evaluated reasons x up to 3 marks such as –

Yes (0 marks) –

Because they may feel that they are underpaid in relation to other workplaces around.

Because they may now feel that they are valued and so will attend.  
Incentive to come to work.

No (0 marks) –

Because they may feel that the higher wages will not be kept up if sales fall.

Because some absences may be unavoidable.

Because they may be able to earn just as much money for less time in the factory.

Any other relevant point.

**[3]**

- (c) **To analyse and evaluate knowledge of communication in relation to changes at work.**

**Level 2 (3-4 marks)**

Has shown that communication is important with clear analysis and reasoning to support the opinion.

**Level 1 (1-2 marks)**

Has analysed why communication is important in the workplace.

**Points to consider**

Need to keep the workforce informed otherwise they will feel that they have not been consulted and may not co-operate.

So that reactions to the changes can be discovered before the changes are made.

Rumours may start and the wrong information may disrupt the factory.

The workforce may have suggestions to make that will make the changes more acceptable to them.

**[4]**

Candidates will also be assessed for their quality of written communication for this part of the question, according to the following criteria:

Ideas are expressed clearly, fluently, legibly and in the appropriate way. There are few errors in spelling, punctuation and grammar.	2
Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer.	1
Candidate fails to reach the threshold standard in all respects.	0

**Total mark [12]**

**3 (a) To analyse data in connection with total sales revenue made by Diva plc.**

30% + 20% (1 mark) = 50% (1 mark)

If the correct answer is given without working, award full marks.

**[2]**

**(b) To analyse and evaluate the trend towards selling on the Internet.**

**Level 2 (3-4 marks)**

Has evaluated the trend giving a reasoned opinion in context.

**Level 1 (1-2 marks)**

Has analysed the trend with an unsupported opinion or without an opinion. Eg the Internet is popular because ... (no context)

**Points to consider**

The trend has been for Internet sales to increase, so there is no reason why this trend should not continue. More and more people have computers and are connected to the Internet. More people are encouraged to purchase on-line because of the convenience. They may also obtain reduced prices compared with shops.

The trend may not continue if Diva plc does not provide a reliable service. Its website must be attractive, its purchasing procedure easy to follow and its delivery time must be quick and reliable.

**[4]**

- (c) **To analyse and evaluate the statement about international trade in relation to Diva plc.**

**Level 2 (2-3 marks)**

Has evaluated the statement eg the managers are right to be concerned because the case says that the UK footwear market is very competitive with large-scale imports from different parts of the world. Unless Diva plc improves its exports and looks for other sales opportunities, the company is likely to have difficulties certainly in the long-term.

**Level 1 (1 mark)**

Has made a general statement that Diva plc may lose sales.

**Points to consider**

The footwear market in the UK is very competitive with imports from many parts of the world. If Diva plc is to survive, it has to purchase where supplies are cheap eg abroad and sell in many different markets.

At the moment exports represent only 5% of sales so there is potential for international sales. This statement has been recognised by the Board in the investigation undertaken by the MD about moving manufacturing abroad.

The case study shows that Diva plc is selling mostly in the UK market and is surviving at the moment. Exporting is not important. The statement is, therefore, not true for Diva plc in the short term.

Any other relevant point.

0 = raw materials imported [3]

- (d) **To analyse knowledge of a selling strategy and its appeal to customers.**

For each correct statement award 1 mark –

(i) website offering on-line ordering [1]

(ii) up-to-date styling using the finest materials [1]

- (e) **To evaluate knowledge of a promotion made by Diva plc.**

Any reason evaluated x 2 marks –

Yes – because it is something for nothing and many people like a bargain.

No – because not everyone wants a leather wallet and some people may not order because they want to avoid unwanted goods.  
Many female customers may want purses  
Growth of cashless society/people using Internet

Any other relevant point. [2]

- (f) **To apply knowledge and understanding, analyse and evaluate that knowledge in relation to methods of advertising and Diva plc's products.**

**Level 2 (3-4 marks)**

Has considered both methods of advertising and has justified the use of women's magazines rather than television (or shown why television would be preferable) or said why both might be suitable with reasoning to support the opinion.

**Level 1 (1-2 marks)**

Has attempted to analyse one or both methods of advertising and may have given an unsupported opinion.

**Points to consider**

Women's magazines – read mainly by women, full of adverts for clothing and footwear, usually in colour, widely read, can be referred to, reasonable cost to advertise, relatively long lasting.

Television – seen by a large audience, both men and women, very costly to advertise, advertisement lasts only a few seconds, cannot be referred to, may be ignored.

**[4]**

**Total mark [17]**

- (4) (a) To apply knowledge and understanding, analyse and evaluate the location of the factory shop.

**Level 2 (3-4 marks)**

Has analysed the arguments for the more suitable site (may have included arguments against the other site) and has recommended the more suitable site with reasons based on the analysis.

**Level 1 (1-2 marks)**

Has identified some arguments for one of the sites (1 mark) or has attempted some analysis with an unsupported recommendation or no recommendation (2 marks).

**Points to consider**

Site B

Arguments for –

Part of an outlets village so much of the publicity would be done by the owner of the village. The village is close to the motorway on a major road into Brunham. Visitors to other outlets might be tempted to visit Diva plc's shop and so there would be increased business. There is ample parking and the unit is there with a display area and storage.

Arguments against –

This site is further away from the factory supplies but the distance is not great and the opening of the new bypass will assist travel. Diva plc might have to sign a lease which they would have to honour even if the shop was unsuccessful.

Might be suitable short term until a decision about the manufacturing is taken. Would enable the success or failure of a factory shop to be judged without too much loss if it failed.

Site C

Arguments for –

Provides a small warehouse which would easily convert. The site is close to the factory and so easily supplied. It is on a main road between Brunham and another large town, Melton. Would add to the assets of the company.

Arguments against –

Diva plc would need to purchase the site and may need to borrow to fund the purchase. We do not know what other borrowing the company may have. If this were bought, there would be a delay in setting up the factory shop. Planning permission may have to be sought and conversion would take some time.

Might be a long term solution if manufacturing continued at Brunham.

**[4]**

**(b) To analyse and evaluate the forecast figures for the factory shop.**

- (i)**
- £9000 – £3000 (1) = £6000 (1) OFR applies

Allow the correct answer without working for full marks.

**[2]**

- (ii)**
- Any reason evaluated x 2 marks such as:

Yes – Because the second trading period covers Christmas and sales are usually higher just before Christmas.

The business is now better known and more established and the effects of advertising can be seen.

No – Because there may have been a lack of customer service or quality, the factory shop may not sell the kind of goods that people want to give as presents.  
Influence of on-line sales.

The factory shop may suffer from a lack of stock or limited ranges.

Any other relevant reason.

**[2]****(c) To apply knowledge and understanding, analyse and evaluate one of the three proposals to maintain the profitability of Diva plc.**

Choice = 0 marks

Any three reasons x 2 marks each (which may include negative statements on the other two proposals eg high costs, unemployment) which should show some analysis and evaluation such as:

Proposal 1 – opening retail shops

- Because it is good publicity for the brand name in city centre location.
- Because it may bring additional sales, revenue and profit but there are likely to be very high costs.
- Enables Diva plc to obtain retail prices rather than sell at discounted prices to other retailers but the company would be in competition with its major customers.

Proposal 3 – moving manufacturing abroad

- May reduce costs as labour costs in the UK are high compared with some European countries.
- May free the site for other enterprises eg factory shop and expanding mail order / Internet business.
- May mean that Diva plc can offer a cheaper range of footwear.
- May open up larger markets in Europe.
- Could sell to the state.

Any other relevant point.

**[6]**

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**Total mark [16]**





**Mark Scheme 1051/04  
June 2007**

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**General advice to Assistant Examiners on the procedures to be used**

- 1 The schedule of dates for the marking of this paper is of paramount importance. It is vital that you meet these requirements. If you experience problems then you must contact your Team Leader without delay.
- 2 Please ensure that you use the final version of the Mark Scheme which will be available at the end of the Examiner's Standardisation Meeting. You are advised to destroy all draft versions.
- 3 An element of professional judgement is required in the marking of any written paper, and candidates may not use the exact words which appear in the detailed sheets which follow. If the Business Studies is correct and also answers the question then the mark(s) should normally be credited. If you are in doubt about the validity of any answer then contact your Team Leader for guidance.
- 4 Mark in red. A tick (✓) should be used, at the appropriate point, for each answer judged worthy of credit.
- 5 Strike through all blank spaces and/or pages in order to give a clear indication that the whole of the script has been considered.
- 6 The mark total for each question should normally be ringed at the bottom right hand side.
- 7 In cases where candidates give multiple answers, mark the first answer(s) up to the total number required. In specific cases where this simple rule cannot be applied, the exact procedure to be used will be given in detail at the Examiners' Standardisation Meeting.
- 8 Some questions may have a 'Level of Response' mark scheme.
- 9 Abbreviations, annotations and conventions used in the detailed Mark Scheme:
  - / = alternative and acceptable answers for the same marking point
  - NOT = answers which are not worthy of credit
  - = (underlining) key words which **must** be used to gain credit
  - ecf = error carried forward
- 10 Abbreviations to be used when marking
  - ^ = omission mark
  - bod = benefit of the doubt
  - ecf = error carried forward
  - v = working towards credit, but now awarded the mark, too vague
  - con = contradiction (cases where candidates contradict themselves in the same response)
  - r = repetition
  - ( ) = brackets around text indicate that what is written is irrelevant and has been ignored

**NB No marks for the assessment of knowledge are awarded for this question paper.**

- 1 (a) To apply knowledge and understanding and to analyse that knowledge in relation to the classification of occupations and Diva plc.**

Any three points x 1 mark each such as:

- Diva plc is a manufacturing company using raw materials such as leather so it is a secondary business
- Diva plc is also selling to shoe shops/department stores
- And operating a mail order/Internet business so it is a tertiary business
- It is also about to open a factory shop and this is in the tertiary sector.

Any other relevant point. **[3]**

- (b) To analyse knowledge of stakeholders and evaluate that knowledge.**

Any two points evaluated x 2 marks such as:

Suppliers are important stakeholders **because** we are told that the UK footwear market is very competitive and so Diva plc will want suppliers who can provide good quality at good prices with reliable delivery dates. Suppliers are also stakeholders in Diva plc because they are likely to give Diva plc credit and will be owed money by the company. Supplies raw materials.

Consumers are the reason Diva plc is in business so they are very important. If consumers did not buy there would be no business and no profits. What they buy helps Diva plc to decide what to sell. Diva plc produces quality products and hopes that consumers will tell others about these so that sales will improve.

Any other relevant point. **[4]**

- (c) To analyse and evaluate batch production in relation to Diva plc.**

**Level 2 (3-4 marks)**

Has shown whether or not the benefits of batch production outweigh the drawbacks in relation to Diva plc with reasoning to support the opinion.

**Level 1 (1-2 marks)**

Has analysed batch production in context.

**Points to consider**

Diva plc uses batch production to make small numbers of shoes or boots according to demand. It can make a batch of one style and then a batch of another style. Some shoes are made in batches when orders are placed so footwear is not stored for too long. This causes delays in deliveries. The batches are likely to be larger for those styles which are made for several years. It would not be worthwhile to mass produce shoes because they would be made in very large quantities and many would be wasted as fashions change. There may be problems in deciding how large the batch should be because they need to avoid overproduction. Diva plc may also make parts of shoes and boots in batches and store them until they are used in various styles of footwear. The company therefore needs storage which again adds to costs.

Any other relevant advantage. **[4]**

**(d) To analyse ways in which Diva plc adds value to materials.**

Any three ways x 1 marks each such as:

- Cutting leather to shape
- Stitching soles to the uppers
- Adding decoration to shoes
- Inserting zips/other fasteners
- Inserting linings to shoes/boots
- Packaging the products/ putting in boxes
- Advertising the products/ promoting/ marketing (1 only)
- Branding product
- Wide selection of colours
- Dyeing/colouring
- Variety of sizes
- Workmanship used in making shoes

Any other relevant way.

Using treated leather = 0 marks

Creating finished products/ putting shoes together = 0 marks

Reference to costs = 0 marks

Selling for more = 0 marks

Variety of styles = 0

**[3]**

**Total mark [14]**

- 2 (a) **To apply knowledge and understanding and to analyse and evaluate that knowledge in relation to the needs of people at work.**

Any two reasons x 2 marks which should show analysis and some evaluation such as:

Training courses will make workers feel valued and make them more efficient and confident. Will help them to be more productive as they will know what they are doing. Will help them to be better skilled and so make them more employable. Training courses may not reduce absenteeism as some people may not be able to cope with the computer courses and so may continue to absent themselves. Some staff may feel that having training is only solving part of the problem. They may feel that the changes may lead to redundancy.

Any other relevant reason.

**[4]**

- (b) Any two reasons x 2 marks which should show analysis and some evaluation such as:

Flexible working hours will suit people with home commitments eg working mothers. Will help people to travel off peak and arrange appointments out of working hours. Flexible working hours may not be suitable for factory workers as some person's work may be dependent on others being there. Machinery may be underutilised at certain times of the day. May not suit all the workforce, some of which might like regular hours.

Any other relevant reason.

**[4]**

**Total mark [8]**

**3 (a) To analyse data in connection with total sales revenue made by Diva plc.**

£40 – £18 = £22 profit per pair of shoes (1).

£22 x 270 (1) = £5940 (1).

OFR applies.

If the correct answer is given without working, award full marks.

**[3]**

**(b) To analyse and evaluate data in connection with sales revenue figures for Diva plc.**

55% of £24m = £13.2m (1).

45% of £30m = £13.5m (1).

£13.5m – £13.2m (1) = £300 000 more sales revenue in 2006 (1).

OFR applies.

**NB** If candidate comments that sales revenue has increased without calculations = 1 mark only

**[4]**

**(c) To analyse and evaluate the trend towards selling on the Internet.****Level 2 (3-4 marks)**

Has evaluated the trend giving a reasoned opinion in context.

**Level 1 (1-2 marks)**

Has analysed the trend with an unsupported opinion or without an opinion.  
eg the Internet is popular because....(no context)

**Points to consider**

The trend has been for Internet sales to increase, so there is no reason why this trend should not continue. More and more people have computers and are connected to the Internet. More people are encouraged to purchase on-line because of the convenience. They may also obtain reduced prices compared with shops.

The trend may not continue if Diva plc does not provide a reliable service. Its website must be attractive, its purchasing procedure easy to follow and its delivery must be quick and reliable.

**[4]**



- (d) **To analyse and evaluate the statement about international trade in relation to Diva plc.**

**Level 2 (2-3 marks)**

Has evaluated the statement eg the managers are right to be concerned because the case says that the UK footwear market is very competitive with large-scale imports from different parts of the world. Unless Diva plc improves its exports and looks for other sales opportunities, the company is likely to have difficulties certainly in the long-term.

**Level 1 (1 mark)**

Has made general statement that Diva plc may lose sales.

**Points to consider**

The footwear market in the UK is very competitive with imports from many parts of the world. If Diva plc is to survive, it has to purchase where supplies are cheap eg abroad and sell in many different markets.

At the moment exports represent only 5% of sales so there is potential for international sales. This statement has been recognised by the Board in the investigation undertaken by the MD about moving manufacturing abroad.

The case study shows that Diva plc is selling mostly in the UK market and is surviving at the moment. Exporting is not important. The statement is, therefore, not true for Diva plc in the short term.

Any other relevant point.

0 = mention of imported raw material

**[3]**

- (e) **To apply knowledge and understanding and to analyse and evaluate knowledge of a selling strategy and its appeal to customers.**

**Level 3 (5-6 marks)**

Has analysed some aspects of Figure 2 in the case study and has shown, with reasoning whether or not it will satisfy the needs of customers.

**Level 2 (3-4 marks)**

Has analysed some aspects of Figure 2 in the case study with an unsupported opinion or without an opinion.

**Level 1 (1-2 marks)**

Has made some comments on a few aspects of Figure 2 with little context.

**Points to consider**

A wide selection of styles, colours, sizes and fittings is likely to suit many different types of customers of all age groups.

Those who want up-to-date styling may buy, those who want something more traditional may not be according to Resource Sheet 1, Diva plc makes all kinds of footwear. An orderline open at weekends would be useful but it does not say the hours of opening. Many people prefer to talk to people rather than an answering machine. Details of the website are necessary as on-line shopping is increasing. We do not know the quality of the website and how much detail it gives of the boots and shoes for sale.

Most customers would be pleased with replacement or full refund and free returns of unwanted goods. Many companies make customers pay for the return of goods. Despatch within 48 hours may not always happen. Some footwear is made to order. We do not know how many of the styles, colours, sizes are in stock and can be sent within 48 hours – there may be very few and so this statement could be misleading.

**[6]**

Candidates will also be assessed for their quality of written communication for this part of the question, according to the following criteria:

Ideas are expressed clearly, fluently, legibly and in the appropriate way. There are few errors in spelling, punctuation and grammar.	2
Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer.	1
Candidate fails to reach the threshold standard in all respects.	0

**Total mark [22]**

- 4 (a) **To apply knowledge and understanding, analyse and evaluate the location of the factory shop.**

**Level 2 (3-4 marks)**

Has analysed the arguments for the more suitable site (may include arguments against the other site) and has recommended the more suitable site with reasons based on the analysis.

**Level 1 (1-2 marks)**

Has identified some arguments for one of the sites (1 mark) or has attempted some analysis with an unsupported recommendation or no recommendation (2 marks).

**Points to consider**

**Site B**

Arguments for –

Part of an outlets village so much of the publicity would be done by the owner of the village. The village is close to the motorway on a major road into Brunham. Visitors to other outlets might be tempted to visit Diva plc's shop and so there would be increased business. There is ample parking and the unit is there with a display area and storage.

Arguments against –

This site is further away from the factory supplies but the distance is not great and the opening of the new bypass will assist travel. Diva plc might have to sign a lease which they would have to honour even if the shop was unsuccessful.

Might be suitable short term until a decision about the manufacturing is taken. Would enable the success or failure of a factory shop to be judged without too much loss if it failed.

**Site C**

Arguments for –

provides a small warehouse which would easily convert. The site is close to the factory and so easily supplied. It is on a main road between Brunham and another large town, Melton. Would add to the assets of the company.

Arguments against –

Diva plc would need to purchase the site and may need to borrow to fund the purchase. We do not know what other borrowing the company may have. If this were bought, there would be a delay in setting up the factory shop. Planning permission may have to be sought and conversion would take some time.

Might be a long term solution if manufacturing continued at Brunham.

**[4]**

**(b) To analyse the forecast figures for the factory shop.****Level 2 (3-4 marks)**

Has analysed the changes in the forecast gross profit and net profit figures.

**Level 1 (1-2 marks)**

Has attempted some analysis of the forecast gross profit and net profit figures  
OR has analysed either the gross profit or the net profit figures.

**Points to consider**

Gross profit is forecasted to increase by £8500 ie 28.3%

This may be because the goods are costing less

or because sales revenue has increased by £13000 as the factory shop becomes better known and makes extra sales over the Christmas period.

Cost of goods sold was 46% of sales revenue in first six months but had decreased to 44% in the second six months.

Net profit is forecasted to increase by £6000 ie 200%

This may be because gross profit has increased but also because expenses have been reduced in relation to gross profit, 93% in first six months, 77% in second six months.

Both gross profit and net profit have increased. This may be because the business is better known and more established.

**[4]**

**(c) To apply knowledge and understanding, analyse and evaluate one of the two proposals to maintain the profitability of Diva plc.**

Choice = 0 marks

Any three reasons x 2 marks each (which may include negative statements on the other two proposals eg high costs, unemployment) which should show some analysis and evaluation such as:

Proposal 1 – opening retail shops

- Because it is good publicity for the brand name in city centre location.
- Because it may bring additional sales revenue and profit but there are likely to be very high costs enables Diva plc to obtain retail prices rather than sell at discounted prices to other retailers but the company would be in competition with its major customers.

Proposal 3 – moving manufacturing abroad

- May reduce costs as labour costs in the UK are high compared with some European countries.
- May free the site for other enterprises eg factory shop and expanding mail order/Internet business.
- May mean that Diva plc can offer a cheaper range of footwear.

Any other relevant point.

**[6]**

Candidates will also be assessed for their quality of written communication for this part of the question, according to the following criteria:

Ideas are expressed clearly, fluently, legibly and in the appropriate way. There are few errors in spelling, punctuation and grammar.	2
Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer.	1
Candidate fails to reach the threshold standard in all respects.	0

**Total mark [16]**



**Mark Scheme 1951/01**  
**June 2007**

## INSTRUCTIONS ON MARKING SCRIPTS

*All page references relate to the Instructions to Examiner booklet (revised June 2006)*

For many question papers there will also be subject or paper specific instructions which supplement these general instructions. The paper specific instructions follow these generic ones.

### 1 Before the Standardisation Meeting

**Before the Standardisation Meeting you must mark a selection of at least 10 scripts.** The selection should be drawn from several Centres. The preliminary marking should be carried out **in pencil** in strict accordance with the mark scheme. In order to help identify any marking issues which might subsequently be encountered in carrying out your duties, **the marked scripts must be brought to the meeting.** (*Section 5c, page 6*)

### 2 After the Standardisation Meeting

- a) Scripts must be marked in **red**, including those initially marked in pencil for the Standardisation Meeting.
- b) All scripts must be marked in accordance with the version of the mark scheme agreed at the Standardisation Meeting.
- c) **Annotation of scripts**

The purpose of annotation is to enable examiners to indicate clearly where a mark is earned or why it has not been awarded. Annotation can, therefore, help examiners, checkers, and those remarking scripts to understand how the script has been marked.

#### **Annotation consists of:**

- the use of ticks and crosses against responses to show where marks have been earned or not earned;
- the use of specific words or phrases as agreed at standardisation and as contained in the final mark scheme either to confirm why a mark has been earned or indicate why a mark has not been earned (eg indicate an omission);
- the use of standard abbreviations eg for follow through, special case etc.

Scripts may be returned to Centres. Therefore, any comments should be kept to a minimum and should always be specifically related to the award of a mark or marks and be taken (if appropriate) from statements in the mark scheme. General comments on a candidate's work must be avoided.

Where annotations are put onto the candidates' script evidence, it should normally be recorded in the body of the answer or in the margin immediately adjacent to the point where the decision is made to award or not award the mark.



**d) Recording of marking: the scripts**

- i) Marked scripts must give a clear indication of how marks have been awarded, as instructed in the mark scheme.
- ii) All numerical marks for responses to part questions should be recorded unringed in the right-hand margin. The total for each question (or, in specified cases, for each page) should be shown as a single ringed mark in the right-hand margin at the end of each question.
- iii) The ringed totals should be transferred to the front page of the script, where they should be totalled.
- iv) Every page of a script on which the candidate has made a response should show evidence that the work has been seen.
- v) Every blank page should be crossed through to indicate that it has been seen. (*Section 8a – d, page 8*)

**e) Handling of unexpected answers**

The Standardisation Meeting will include a discussion of marking issues, including:

- a full consideration of the mark scheme in the context of achieving a clear and common understanding of the range of acceptable responses and the marks appropriate to them, and comparable marking standards for optional questions;
- the handling of unexpected, yet acceptable answers. (*Section 6a, bullet point 5, page 6*)

There will be times when you may not be clear how the mark scheme should be applied to a particular response. In these circumstances, a telephone call to the Team Leader should produce a speedy resolution to the problem. (*Appendix 5, para 17, page 26*)

**General advice to Assistant Examiners on the procedures to be used**

- 1 The schedule of dates for the marking of this paper is of paramount importance. It is vital that you meet these requirements. If you experience problems than you must contact your Team Leader without delay.
- 2 Please ensure that you use the final version of the Mark Scheme which will be available at the end of the Examiner's Standardisation meeting. You are advised to destroy all draft versions.
- 3 An element of professional judgement is required in the marking of any written paper, and candidates may not use the exact words which appear in the detailed sheets which follow. If the Business Studies is correct and also answers the question then the mark(s) should normally be credited. If you are in doubt about the validity of any answer then contact your Team Leader for guidance.
- 4 Mark in red. A tick (✓) should be used, at the appropriate point, for each answer judged worthy of credit.
- 5 Strike through all blank spaces and/or pages in order to give a clear indication that the whole of the script has been considered.
- 6 The mark total for each question should normally be ringed at the bottom right hand side.
- 7 In cases where candidates give multiple answers, mark the first answer(s) up to the total number required. In specific cases where this simple rule cannot be applied, the exact procedure to be used will be given in detail at the Examiners' Standardisation meeting.
- 8 Some questions may have a 'Level of Response' mark scheme.
- 9 Abbreviations, annotations and conventions used in the detailed Mark Scheme:
  - / = alternative and acceptable answers for the same marking point
  - NOT = answers which are not worthy of credit
  - = (underlining) key words which **must** be used to gain credit
  - ecf = error carried forward
- 10 Abbreviations to be used when marking
  - ^ = omission mark
  - bod = benefit of the doubt
  - ecf = error carried forward
  - v = working towards credit, but now awarded the mark, too vague
  - con = contradiction (cases where candidates contradict themselves in the same response)
  - r = repetition
  - ( ) = brackets around text indicate that what is written is irrelevant and has been ignored

1 (a) **Target: Knowledge of Franchises.**

- (i) One mark for each correct feature stated which is related to a franchise
- It is a marketing arrangement (1) between a franchisor (1) and franchisee (1).
  - The franchisee pays a fee or royalty (1) to the franchisor.
  - The franchisor lays down strict conditions under which the business is to be run (or any example from Figure 1).
  - The franchisor provides training (1) and advertises (1) on behalf of all the franchises.
  - The franchise offers a tried and tested product (1).
  - Benefit from standard/same product/well known brand name(1)

**Max: 4 marks**

(ii) **Target: Ability to evaluate the needs of a business in terms of personal skills.**

One mark for each skill or quality and one mark for each appropriate point of justification. Many possible answers.

- Communication skills (1) – to sell the product (1).
- Financial/money management skills (1), to handle the accounts/money of the business.
- Marketing skills (1) so they can sell the water (1)
- Managerial skills (1) to organise the activities of the business (1) or workers (1).
- Driving skills (1) – to deliver the water in the van (1).
- Numeracy skills (1) – to do the business accounts (1).
- Drive (1) – to have the energy to do all the jobs to make the business a success (1).
- Honest (1) – so that they do not run off with the money (1).
- Reliable (1) – so that they will make the business a success (1).
- Business experience (1).

Any reasonable answer

**Max: 2 x 2 = 4 marks**

(b) **Target: Ability to analyse figures and apply numeracy skills.**

- (i) 3 marks for a correct answer, up to 2 marks for an appropriate method if answer is wrong.

•	$£10,000 + £5000 (1) + £4000 (1) = £19000 (1)$
<b>Max: 3 marks</b>	

- (ii) 3 marks for a correct answer, up to 2 marks for an appropriate method if answer is wrong.

•	$(10 \times 10) (1) \times 5 (1) = 500 (3)$
<b>Max: 3 marks</b>	

- (iii) 2 marks for a correct answer, 1 mark for an appropriate method if answer is wrong. (Accept ecf must show working)

•	$500 \times \text{£}2 (1) = \text{£}1000 (2)$
	<b>Max: 2 marks</b>

- (iv) 2 marks for a correct answer, 1 mark for an appropriate method if answer is wrong. (Allow ecf must show working)

•	$500 \times \text{£}5 (1) = \text{£}2500 (2)$
	<b>Max: 2 marks</b>

- (v) 2 marks for a correct answer, 1 mark for an appropriate method if answer is wrong. (Allow ecf must show working)

•	$\text{£}2500 - \text{£}1000 (1) = \text{£}1500 (2)$
	<b>Max: 2 marks</b>

**(c) Target: Knowledge of business costs.**

One mark for each appropriate running cost stated. Many possible answers.

- Advertising
- Costs associated with running the van
- Electricity
- Post

**Max: 3 marks**

**(d) Target: Ability to evaluate the accuracy of projected figures.**

One mark for each point of explanation. Look for an explanation of a change in price, sales, cost of goods and business expenses. Answers may deal with gross profit and/or net profit.

- It is only an estimate/prediction (1), because the data is inaccurate (1).
- The revenue may not be as much as expected (1) because the sales may fall (1) or the price lower (1) perhaps because of competition (1) whose water is better (1) or cheaper (1). Sales may be less/more because of cold/warm weather (1).
- Costs may rise (1). The franchisor may raise the cost of the bottles of water (1) or the business expenses may increase (and/or any one example given) (1).
- Supply problems (1) eg the machinery to bottle the water (1) so they do not have the water/product to sell (1)
- The franchisee may be poor (1) so the business makes less sales (1) or costs are high (1)

**Max: 4 marks**

**(e) Target: Application of knowledge about profits.**

<b>Statement</b>	<b>Tick</b>
Profits provide her with income	√
Profits must be shared with the workers	
Profits have to be distributed to shareholders	
Profits provide her with money that she can use to expand the business	√

**Max: 2 marks****Q1 Total = 29 marks**

2 (a) **Target: Ability to apply knowledge of the advantages and disadvantages of sole traders.**

One mark for each advantage / disadvantage stated, one mark for an appropriate point of explanation.

- (i)
- Easy to set up (1) – no need for legal documents (1).
  - Cheap to set up (1) – no need to pay for Limited Company status/the writing of a Deed of Partnership (1).
  - Private financial information (1) – no need to publish accounts (1).
  - Owner keeps all profit (1) – no need to share with partner/shareholders (1).
  - Own boss (1) – can make all decisions without consulting others, or any one example eg decide when holidays to be taken, hours to work etc (1).  
(NB reward only one “own boss statement” and explanation).

**Max: 4 marks**

- (ii)
- Unlimited liability (1) – means risk to private possessions / in the event of the business going bankrupt (1).
  - Shortage of capital (1) – because only one person can contribute capital / sole traders represent a high risk loan for banks (1).
  - Difficult to take time off/illness of owner/Difficult to take holidays (1) – and if there is no one else to run the business it may cease trading / lose income (1).
  - Continuity (1) – the business stops on the death of the owner (1).
  - Shortage of skills (1) – the owner cannot be an expert in all areas of business (1).
  - Economies of scale (1) – sole traders often only produce small outputs so find it difficult to compete with larger businesses which enjoy lower unit costs (1).
  - (1) – because no one to take control of the business when off (1).
  - Not many ideas (1) – because only one person running the business (1).
  - Heavy work load (1) – no one to share the work/responsibility with (1).

**Max: 4 marks**

(b) **Target: Ability to apply knowledge about trade credit.**

The candidate explains what it is and/or how trade credit helps a business.

- Trade credit is when a business does not have to pay for a product it has bought straight away (1) for 30 – 90 days. (1) There is no interest to be paid (1).
- Trade credit eases the cash flow (1) of a business allowing it to sell the product before it has to pay for it. (1) Once sold she can pay back the trade credit (1). Because there is no interest, trade credit is a good way of getting goods compared with, for example, using an overdraft (1) it costs less (1)
- Trade credit is useful to new businesses because they often do not have enough cash to pay for stock up front (1) it is a short term way to raise capital (1)

**Max: 4 marks**

**(c) Target: Ability to evaluate the usefulness of leasing in a business context.****Level Two (4-6 marks)**

The candidate compares both options/justifies the choice of one option in favour of the other or states additional information that will be needed to make the judgement.

- I think Danielle will be better leasing the van because she knows how much it will cost her including repairs and maintenance and she does not have to plan for any unforeseen expenditures .However I think Danielle could be better buying the van because leasing cost a lot of money and at the end of the lease period she will have nothing to show for her money.
- I think Danielle will be better leasing the van because she can upgrade to a new van at the end of the lease period and so she is more likely to have a reliable vehicle which is essential for running the business successfully. However, Danielle will be better buying the van because then she will have a fixed asset which increases the value of the business.
- Danielle will be better leasing the van because she will not have to take out a loan to pay for it and so she will not have interest to pay. But she will need to calculate the total cost of leasing the van and compare it with the total cost of buying the van including repairs to decide which is the best option.

**Max: 6 marks**

**Level One (1–3 marks)**

The candidate is able to explain statements about one option.

- Payments to lease the van are made every month – it is a fee to rent the van.
- The leasing company will do repairs and services on the van – this is usually provided within the terms of the lease.
- Danielle will be able to upgrade to a new van every two years because at the end of the lease she can take out a new lease contract on a new van.
- The van will belong to Danielle – because she is buying it.
- Danielle may have to take out a loan to buy the van – if she does not have enough money in the bank to pay for it.
- Loan repayments may be less expensive than leasing – because leasing is an expensive method of finance/it includes the cost of the repairs and maintenance.

**(d) Target: Ability to evaluate the information that should be used to advertise the business on the side of the van.**

- The name of the business (1) so that people see/are aware of the business (1).
- That the business sells water (1) so that customers who want water may remember where they can buy it (1).
- Contact details/telephone number/web/address (1) so that customers know how to contact the business (1).
- Pictures of bottles of water (1) so that people are attracted to look at the van (1).
- A logo/slogan (1)

**Max: 3 x 2 = 6 marks**

**Q2 Total = 24 marks**

**3 (a) (i) Target: Knowledge of job descriptions and person specifications.**

One mark for each correct answer.

<b>Idea</b>	<b>Job description</b>	<b>Person specification</b>
The person must deliver water to customers.	√	
The person must have a clean driving licence.		√
The person has to have good communication skills.		√
The person will have to find new customers.	√	
The person will be punctual and reliable.		√
The person will be responsible to Danielle.	√	
The person will need to look smart.		√

**Max: 6 marks**

**(ii) Target: Ability to evaluate the appropriateness of different methods of selection.**

One mark for identifying an appropriate method, one mark for each point of justification.

- Interview (1) – communication skills (1), suitable appearance (1), ability to work / get on with others (1) what they say in answer to questions (1). [Not “what they are like” or “see if they are good at the job” or “skills”]
- References (1) – get the opinion of a previous employer / school (1), about attendance / punctuality (1), quality of work (1) how well the person worked with others (1).
- Role play (simulation) (1) – see how people deal with potential customers (1), how well they can communicate (1).
- Give a presentation (1) – it will show communication skills (1) such as how well they speak (1) how persuasive they are (1) their computer skills (1).
- Any named test (1) – suitable explanation (1). [NOT driving test].

**Max: 2 x 3 or 4 + 2 = 6**



**(b) Target: Ability to evaluate the appropriateness of different methods of motivation.**

One mark for an appropriate method, one mark for each point of justification.

- Commission (1) – the salesperson will receive a percentage (1) of the value of the sales he / she makes (1). The more sales the person makes (1) the more he / she will receive (1). This will motivate the person to sell as many bottles of water as possible (1).
- Piece rates (1) – the worker can get a payment for each delivery made (1) so this will motivate the person to do more deliveries during working hours (1).
- Bonus (1) – a sum of money is given (1) depending on meeting a target/certain amount number of bottles sold / delivered (1)
- Possibility of a pay rise (1) – at a later date for good performance over a period of time (1)
- Fringe benefits (1) – own car/van (use of) (1)
- Induction/training (1) makes them feel comfortable/valued (1)
- Delegation/giving responsibility (1) which makes the worker feel trusted (1) and fulfilled (1)
- Praise (1) to make the person feel valued (1).
- Promotion (1) – at some time in the future if the business goes well (1).

NOT – job rotation, job enrichment, team activities, – not in context

**Max: 2 x 3 or 4 + 2 = 6**

Candidates will also be assessed for the quality of their written communication, according to the following criteria:

<i>Candidates will also be assessed for the quality of their written communication, according to the following criteria;</i>		
<i>Ideas expressed clearly, fluently, legibly and in an appropriate way. There are few errors in spelling, punctuation and grammar.</i>	2	
<i>Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer.</i>	1	
<i>Candidate fails to reach the threshold standard in all respects.</i>	0	2

**(c) Target: Ability to evaluate the appropriateness of different methods of training.**

One mark for each point for or against each of the options. Maximum of 4 if only one option discussed.

**Level Two (3-4 marks)**

The candidate makes a reasoned judgement weighing up both methods of training.

**Level One (1-2 marks)**

Candidate makes comments about either role play or taking the worker with her.

- Role plays – trainee can practice the skills herself (1), can be presented with different situations (1), can get feedback (1) can practice to improve where development needed (1).
- Watching – to see how Danielle does the job (1), to learn what kinds of things people ask (1), to learn what kinds of things to say (1). May be time consuming (1) trainee has to travel with Danielle (1) but they can talk about what happened during visits (1).

**Max: 4 marks**

Candidates will also be assessed for the quality of their written communication, according to the following criteria:

<i>Candidates will also be assessed for the quality of their written communication, according to the following criteria;</i>		
<i>Ideas expressed clearly, fluently, legibly and in an appropriate way. There are few errors in spelling, punctuation and grammar.</i>	2	
<i>Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer.</i>	1	
<i>Candidate fails to reach the threshold standard in all respects.</i>	0	2

**(d) Target: Knowledge of employment laws.**

One mark for identifying a law (name of Act not required) and/or one mark for a point of explanation.

- Equal pay act – men / women doing same work (1) must receive the same pay (1)
- Race Relations law (1) – to prevent discrimination against people of different races (1) eg where a black / white person may be promoted because of their race (1).
- Sex Discrimination laws – to prevent men / women being treated differently (1) eg not allowed to advertise jobs specifically for one sex (1) though there are exceptions (1).
- Health and Safety at work regulations (1) – to protect workers (1), to provide safety equipment (1) warning signs (1) etc.
- Minimum wage legislation (1) – to protect employees against exploitation (1) quote appropriate figure (1), mention different rates for different age groups (1).
- Employment rights laws (1) – need to be given written contract (1), statement of particulars (1) within 8 weeks / soon after starting work (1). It details hours / pay / holidays etc (1).
- Rules regarding breaks (1) eg cannot work more than so many hours without a break (1).

**Max: 2 x 2 = 4**

**Q3 Total = 30 marks**

4 (a) **Target: Knowledge of the definitions of terms on a balance sheet.**

One mark for each correct answer.

Term	Number		Definition
Current Assets	3		1 A heading for the different monies owed by the business that have to be repaid within 12 months.
Stock	5		2 The amount that the business has overspent on its bank account.
Debtors	4		3 A heading for those items owned by the business that can be changed into cash fairly quickly.
Cash at Bank	6		4 Money owed by customers to a business for goods they have bought.
Current liabilities	1		5 Goods that are in the warehouse of the business.
Creditors	7		6 Money the business has in its bank account.
Overdraft	2		7 Money owed by the business for the goods it has bought.

**Max: 6 marks**

(b) (i) **Target: Ability to apply the current ratio formula.**

Three marks for correct answer, one mark for each correct placement of values in formula if answer is wrong.

$$12000 (1)/6000(1) = 2 \text{ (or } 2:1) (3)$$

**Max: 3 marks**

(ii) **Target: Ability to evaluate the liquidity of a business.**

**Level Two (3-4 marks)**

Candidate is able to identify that the current ratio is satisfactory for a typical business.

The current ratio is 2:1 which is in the safe range of 1.5 – 2:1.

**Level One (1-2 marks)**

Candidate compares current assets and liabilities.

The current assets are greater than liabilities (1) so the business should have enough to pay any debts (1) in the near future.

**Max: 4 marks**

**(c) Knowledge of the impact of changes in interest rates.**

One mark for each appropriate comment. To get two marks candidates must state what will happen to the costs or sales as they are not strictly answering the question. If they do not they can get one mark for showing business understanding.

**(i) Costs**

- Costs will rise (1) because the business will have to pay more on – any one acceptable example – loans, mortgage, overdraft (1).

**Max: 2 marks**

**(ii) Sales**

- Sales are likely to fall (1)  
because customers will not want to borrow as much (1), will want to cut back on costs (1), will not have as much money to spend on things that might not be essential (1).  
If costs rise, Danielle may have to raise prices (1) and this will lead to a fall in sales (1)
- Sales to schools may not be affected at all/very much (1)  
because they do not normally pay interest/take out loans (1).  
because the cost of the water in most businesses will be very small (1) and businesses will not be borrowing money to pay for it (1).

**Max: 2 marks**

**Q4 Total = 17 marks**

**5 (a) Target: Ability to apply numerical skills.**

Two marks for the correct answer, one mark for an appropriate method where a wrong answer is given.

$$\text{Eg } \frac{\pounds 1,000,000}{100} \times 10 \text{ (1)} = \pounds 100,000 \text{ (2)}$$

**Max: 2 marks****(b) Target: Ability to evaluate advertising to different market segments.**

No mark for choosing a reason, one mark for a point of justification. **Care** no mark for repeating stem

**(i) For schools**

Letter	Statement	Reason
<b>A</b>	Drinking water helps people to concentrate.	This message will encourage pupils to drink water so they can improve their performance in lessons and in examinations (1). Also teachers will encourage pupils to drink the water (1) for the same reason (1).
<b>B</b>	Drinking lots of water helps to keep your skin looking younger.	Staff and pupils (1) in the school may drink more water if they are conscious about their looks (1).
<b>C</b>	Drinking water before physical activity improves performance.	Pupils will want to drink water before PE lessons (1) so that they will do better in the lesson (1).

**Max: 2 marks****(ii) For Gymnasiums**

Letter	Statement	Reason
<b>A</b>	Drinking water helps people to concentrate.	This will encourage people to drink water so they can concentrate on their activity (1) longer (1) and do it better (1) and so get fitter (1).
<b>B</b>	Drinking lots of water helps to keep your skin looking younger.	People who go to gyms are often concerned about how they look (1) so this will give them reason to drink more water (1).
<b>C</b>	Drinking water before physical activity improves performance.	People will want to drink water so that they do a better workout (1) and so get fitter (1).

**Max: 2 marks**

**(c) Target: Ability to evaluate the appropriateness of different methods of promotion.**

One mark for an appropriate method/strategy, one mark for each point of justification.

- Reduce the price of the water for the school to buy (1) – for a short period (1) so the school buys more (1) and more people start using it (1).
- Let the schools have more water fountains (1) – so they are in more places in the school (1) and people are more likely to drink it (1).
- Provide teaching materials (1) – which the school can use in eg PSE/Science/PE lessons (1) which stress the importance of drinking water.
- Provide different flavours of water (1) to appeal to a wider range of tastes (1).
- Put messages on plasma screen displays (1) because pupils like looking at these (1) and they are seen all day long (1).
- Promote a healthy eating campaign (1) so that pupils are more health conscious (1) and understand the importance of drinking water (1).
- Danielle could come into school and do presentations in assemblies (1) about the importance of drinking water (1) which would be good because she could talk to every pupil in the school this way (1).
- School radio(1)/pop-ups(1)/letter home(1) Must relate to school/business

**Max: 2 x 3 or 4 + 2 = 6 marks**

**(d) (i) Target: Ability to apply numerical skills.**

Two marks for the correct answer, one mark for an appropriate method where a wrong answer is given.

Eg:  $\frac{\pounds 2 \times 10}{100} = 20\text{p}$

**Max: 2 marks**

**(ii) Target: Ability to apply knowledge about business objectives.**

One mark for the selection of the correct method, one mark for a point of explanation.

Objective – Raising money to help others (1)

Reason – Because WaterAid raises money for people in Africa/Jack says in the newspaper article that “It’s great to see villagers becoming independent – that’s why I set up the business”.

**Max: 2 marks**

**(iii) Target: Knowledge of the reasons why businesses set objectives.**

One mark for each point of explanation.

- Profit – because this is the main reason that business exists (1), it is the income of the owners (1) and it gives the business something to aim for (1) focussing on what needs to be done (1) to achieve the target.
- Growth – this can be set in terms of total sales (1) or market share (1). It sets a clear target (1) for the marketing/production departments (1) to achieve.
- Survival – this is very important for all businesses because if they do not survive they cannot make a profit (1) and the owners will lose a source of income (1). It is important for new businesses (1) to give them time to get customers (1) and start to make a profit (1).
- Providing a service – because if people are satisfied with the service (1) they will return for more business (1). Some organisations are non-profit making (1) and their reason for existing is to provide a service eg a local council sports centre (1).
- Raising money to help others-some businesses give portion of profits to charity eg retailers/banks(1)

**Max: 2 x 2 = 4 marks**

**Q5 Total = 20 marks**



**Mark Scheme 1951/02**  
**June 2007**

## INSTRUCTIONS ON MARKING SCRIPTS

*All page references relate to the Instructions to Examiner booklet (revised June 2006)*

For many question papers there will also be subject or paper specific instructions which supplement these general instructions. The paper specific instructions follow these generic ones.

### 1 Before the Standardisation Meeting

**Before the Standardisation Meeting you must mark a selection of at least 10 scripts.** The selection should be drawn from several Centres. The preliminary marking should be carried out **in pencil** in strict accordance with the mark scheme. In order to help identify any marking issues which might subsequently be encountered in carrying out your duties, **the marked scripts must be brought to the meeting.** (*Section 5c, page 6*)

### 2 After the Standardisation Meeting

- a) Scripts must be marked in **red**, including those initially marked in pencil for the Standardisation Meeting.
- b) All scripts must be marked in accordance with the version of the mark scheme agreed at the Standardisation Meeting.
- c) **Annotation of scripts**

The purpose of annotation is to enable examiners to indicate clearly where a mark is earned or why it has not been awarded. Annotation can, therefore, help examiners, checkers, and those remarking scripts to understand how the script has been marked.

#### **Annotation consists of:**

- the use of ticks and crosses against responses to show where marks have been earned or not earned;
- the use of specific words or phrases as agreed at standardisation and as contained in the final mark scheme either to confirm why a mark has been earned or indicate why a mark has not been earned (eg indicate an omission);
- the use of standard abbreviations eg for follow through, special case etc

Scripts may be returned to Centres. Therefore, any comments should be kept to a minimum and should always be specifically related to the award of a mark or marks and be taken (if appropriate) from statements in the mark scheme. General comments on a candidate's work must be avoided.

Where annotations are put onto the candidates' script evidence, it should normally be recorded in the body of the answer or in the margin immediately adjacent to the point where the decision is made to award or not award the mark.

**d) Recording of marking: the scripts**

- i) Marked scripts must give a clear indication of how marks have been awarded, as instructed in the mark scheme.
- ii) All numerical marks for responses to part questions should be recorded unringed in the right-hand margin. The total for each question (or, in specified cases, for each page) should be shown as a single ringed mark in the right-hand margin at the end of each question.
- iii) The ringed totals should be transferred to the front page of the script, where they should be totalled.
- iv) Every page of a script on which the candidate has made a response should show evidence that the work has been seen.
- v) Every blank page should be crossed through to indicate that it has been seen. (*Section 8a – d, page 8*)

**e) Handling of unexpected answers**

The Standardisation Meeting will include a discussion of marking issues, including:

- a full consideration of the mark scheme in the context of achieving a clear and common understanding of the range of acceptable responses and the marks appropriate to them, and comparable marking standards for optional questions;
- the handling of unexpected, yet acceptable answers. (*Section 6a, bullet point 5, page 6*)

There will be times when you may not be clear how the mark scheme should be applied to a particular response. In these circumstances, a telephone call to the Team Leader should produce a speedy resolution to the problem. (*Appendix 5, para 17, page 26*)

**General advice to Assistant Examiners on the procedures to be used**

- 1 The schedule of dates for the marking of this paper is of paramount importance. It is vital that you meet these requirements. If you experience problems than you must contact your Team Leader without delay.
- 2 Please ensure that you use the final version of the Mark Scheme which will be available at the end of the Examiner's Standardisation meeting. You are advised to destroy all draft versions.
- 3 An element of professional judgement is required in the marking of any written paper, and candidates may not use the exact words which appear in the detailed sheets which follow. If the Business Studies is correct and also answers the question then the mark(s) should normally be credited. If you are in doubt about the validity of any answer then contact your Team Leader for guidance.
- 4 Mark in red. A tick (✓) should be used, at the appropriate point, for each answer judged worthy of credit.
- 5 Strike through all blank spaces and/or pages in order to give a clear indication that the whole of the script has been considered.
- 6 The mark total for each question should normally be ringed at the bottom right hand side.
- 7 In cases where candidates give multiple answers, mark the first answer(s) up to the total number required. In specific cases where this simple rule cannot be applied, the exact procedure to be used will be given in detail at the Examiners' Standardisation meeting.
- 8 Some questions may have a 'Level of Response' mark scheme.
- 9 Abbreviations, annotations and conventions used in the detailed Mark Scheme:
  - / = alternative and acceptable answers for the same marking point
  - NOT = answers which are not worthy of credit
  - = (underlining) key words which **must** be used to gain credit
  - ecf = error carried forward
- 10 Abbreviations to be used when marking
  - ^ = omission mark
  - bod = benefit of the doubt
  - ecf = error carried forward
  - v = working towards credit, but now awarded the mark, too vague
  - con = contradiction (Cases where candidates contradict themselves in the same response)
  - r = repetition
  - ( ) = brackets around text indicate that what is written is irrelevant and has been ignored

**1 (a) Target: Ability to evaluate the needs of a business in terms of personal skills.**

One mark for each skill or quality and one mark for each appropriate point of justification. Many possible answers.

- Communication skills (1) – to sell the product (1).
- Financial/money management skills (1), to handle the accounts/money of the business.
- Marketing skills (1) so they can sell the water (1)
- Managerial skills (1) to organise the activities of the business (1) or workers (1).
- Driving skills (1) – to deliver the water in the van (1).
- Numeracy skills (1) – to do the business accounts (1).
- Drive (1) – to have the energy to do all the jobs to make the business a success (1).
- Honest (1) – so that they do not run off with the money (1).
- Reliable (1) – so that they will make the business a success (1).
- Business experience (1).

Any reasonable answer

**Max: 2 x 2 = 4 marks**

**(b) Target: Ability to use knowledge of franchises to evaluate its appropriateness as a method of business growth.**

One mark for each point and one for each point of explanation. Beware mirror arguments and repetition.

Benefits for franchisor of setting up as a franchise –

- risk taken is less (1) because start-up capital provided by franchisee (1),
- income from fee or royalty (1),
- management responsibility is undertaken by franchisee (1) so less work for franchisor (1)
- franchisor / franchisee have shared benefits/interest (1) so franchisee motivated in interests of franchisor (1)
- He will have lot of control (1) because he can strictly regulate how a franchise operates (1)

Problems of setting up as franchise would include:

- finding suitable franchisees (1) who would run the business well (1)
- legal agreements need to be drawn up (1).

Disadvantage of creating a franchise:

- Franchisee takes profit (1) that could have been enjoyed by franchisor (1), must honour commitments (1) eg training/advertising (1)
- Stuck with franchisee for a fixed period (1) because it will be legal contract (1).
- Poor management of a franchise (1) could give the business a poor reputation (1).
- He would have more work for himself (1) eg he would have more travel to do [or any other illustration] (1) however he could take on a partner to help him share the workload (1).
- He would have to raise the capital himself (1) however he could take on a partner or become a limited company (1).

- He would control the business (1) because he has centralised control (1).
- An advantage of expanding the business himself is that he will keep all the profit for himself (1).

If they answer the question from the point of view of being a franchisee, maximum of two marks.

**Max: 8 marks**

Candidates will also be assessed for the quality of their written communication, according to the following criteria:

<i>Candidates will also be assessed for the quality of their written communication, according to the following criteria;</i>		
<i>Ideas expressed clearly, fluently, legibly and in an appropriate way. There are few errors in spelling, punctuation and grammar.</i>	2	
<i>Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer.</i>	1	
<i>Candidate fails to reach the threshold standard in all respects.</i>	0	2

**(c) Target: Ability to analyse figures and apply numeracy skills.**

4 marks for a correct answer, up to 3 marks for correct method where wrong answer has been given.

Where the final answer is wrong, look for evidence of three calculation steps:

- ✓ Revenue figure
- ✓ Cost of sales figure
- ✓ Gross profit ie that cost of sales is deducted from the revenue figure.

*Method 1 – Candidate working out weekly profit first.*

Revenue calculation

- Sales calculation –  $(10 \times 10) \times 5 = 500$  bottles sold.
- Sales Revenue –  $500 \times 5 = \text{£}2500$  (1)

Cost of sales calculation

- Cost of Sales –  $500 \times 2 = \text{£}1000$  (1)

Gross profit calculation

- Annual Gross Profit =  $2500 - 1000 = 1500 \times 50$  (1) =  $\text{£}75,000$  (4)

*Method 2 – Candidate working out annual figures for sales revenue and cost of goods sold.*

Revenue calculation

$$10 \times \text{£}5 = \text{£}50$$

$$\text{£}50 \times 10 = \text{£}500$$

$$500 \times 5 = \text{£}2500$$

$$\text{£}2500 \times 50 = \text{£}125,000$$
 (1)

Cost calculation

$$10 \times \text{£}2 = \text{£}20$$

$$\text{£}20 \times 10 = \text{£}200$$

$$\text{£}200 \times 5 = \text{£}1000$$

$$\text{£}1000 \times 50 = \text{£}50,000$$
 (1)

Gross profit calculation

$$\text{£}125000 - \text{£}50,000$$
 (1) =

$$\text{£}75000$$
 (4)

*Method 3 – Candidate works out per bottle profit first*

$$\text{£}5 - \text{£}2 = \text{£}3$$
 (1)

$$10 \times 10 = 100 \times 5 = 500 \times 50 = 25000$$
 (Number of bottles sold) (1)

$$25000 \times \text{£}3$$
 (1) =  $\text{£}75000$  (4)

**Max: 4 marks**

**(d) Target: Ability to analyse figures and apply numeracy skills.**

Two marks for a correct answer, 1 mark for an appropriate method if answer is wrong.

Eg:

$$\text{Gross profit per bottle} = \frac{\pounds 3}{\pounds 5} \times 100 \text{ (1)} = 60\% \text{ (2)}$$

**Max: 2 marks**

**(e) Target: Knowledge of business costs.**

One mark for each appropriate cost stated. Many possible answers- they must be business expenses

- Advertising
- Costs associated with running the van
- Electricity
- Post
- Petrol
- Wages/paying staff
- Telephone
- Stationery

NOT stock

**Max: 2 marks**

**(f) Target: Ability to evaluate the accuracy of projected figures.**

One mark for each point of explanation. Look for an explanation of a change in price, sales, cost of goods and business expenses. Answers may deal with gross profit and/or net profit.

- It is only an estimate/prediction (1), because the data is inaccurate (1).
- The revenue may not be as much as expected (1) because the sales may fall (1) or the price lower (1) perhaps because of competition (1) whose water is better (1) or cheaper (1). Sales may be less/more because of cold/warm weather (1).
- Costs may rise (1). The franchisor may raise the cost of the bottles of water (1) or the business expenses may increase (and/or any one example given) (1).
- Supply problems (1) eg the machinery to bottle the water (1) so they do not have the water/product to sell (1)
- The franchisee may be poor (1) so the business makes less sales (1) or costs are high (1)

**Max: 4 marks**

**Q1 Total = 26 marks**



2 (a) **Target: Ability to apply knowledge of the advantages and disadvantages of sole traders.**

One mark for each advantage / disadvantage stated, one mark for an appropriate point of explanation.

- (i)
- Easy to set up (1) – no need for legal documents (1).
  - Cheap to set up (1) – no need to pay for Limited Company status/the writing of a Deed of Partnership (1).
  - Private financial information (1) – no need to publish accounts (1).
  - Owner keeps all profit (1) – no need to share with partner/shareholders (1).
  - Own boss (1) – can make all decisions without consulting others, or any one example eg decide when holidays to be taken, hours to work etc (1).  
(NB reward only one “own boss statement” and explanation).

**Max: 4 marks**

- (ii)
- Unlimited liability (1) – means risk to private possessions / in the event of the business going bankrupt (1).
  - Shortage of capital (1) – because only one person can contribute capital / sole traders represent a high risk loan for banks (1).
  - Difficult to take time off/illness of owner/Difficult to take holidays (1) – and if there is no one else to run the business it may cease trading / lose income (1).
  - Continuity (1) – the business stops on the death of the owner (1).
  - Shortage of skills (1) – the owner cannot be an expert in all areas of business (1).
  - Economies of scale (1) – sole traders often only produce small outputs so find it difficult to compete with larger businesses which enjoy lower unit costs (1).
  - Not many ideas (1) – because only one person running the business (1).
  - Heavy work load (1) – no one to share the work/responsibility with (1).

**Max: 4 marks**

**(b) Target: Ability to apply knowledge about trade credit.**

The candidate explains what it is and/or how trade credit helps a business.

- Trade credit is when a business does not have to pay for a product it has bought straight away (1) for 30 – 90 days. (1) There is no interest to be paid (1).
- Trade credit eases the cash flow (1) of a business allowing it to sell the product before it has to pay for it. (1) Once sold she can pay back the trade credit (1). Because there is no interest, trade credit is a good way of getting goods compared with, for example, using an overdraft (1) it costs less (1)
- Trade credit is useful to new businesses because they often do not have enough cash to pay for stock up front (1) it is a short term way to raise capital (1)

**Max: 4 marks**

**(c) Target: Ability to evaluate the usefulness of leasing in a business context.**

One point for each statement. Cap at 4 if the answer does not discuss both advantages and disadvantages. The focus is on the financing method.

- Leasing is when you rent (1) and pay monthly/spread payment/No large amount of capital needed (1). This helps with cash flow (1).
- Maintenance and repair costs paid for. (1)
- Van will be up to date / can be upgraded (1)
- She only pays £4000 per year (1)
- Lessee does not own the vehicle (1), so cannot be counted as an asset (1). If she misses a payment the leasing company may take the van off her (1).
- It is expensive (1) so adds to costs (1)
- Depreciation (1).

**Max: 3 + 3 or 4 + 2 = 6 marks**

**(d) Target: Ability to evaluate the appropriateness of different forms of financing.**

One mark for each appropriate line of argument. Maximum of 6 if conclusion reached without weighing up both sides of the argument.

- Using retained profit is profits that have been saved/not taken out for personal use (1). This will save money (1) because Danielle will not need to pay interest (1). However it depends if she has enough retained profit (1) and if there is anything else she needs the retained profit for (1) like paying herself an income (1). With retained profit she gets the cash straight away (1) she does not need to wait for the bank manager to approve her application for a mortgage (1). There is an opportunity cost (1) which is that she does not have this profit for her own personal use (1) or that she would lose interest that she might have gained by keeping it in the bank (1).

- A mortgage is a good way of paying for the warehouse because it is a loan (1) used to buy property (1). She can pay in monthly instalments/does not need to find a lump sum (1). She will have to pay interest (1) and repay the loan (1) but this is usually done over a long period of time (1) so it will give her time to earn money to make repayments/helps cash flow (1). However, it would mean Danielle is going to into a lot of debt (1) and, given that she has unlimited liability (1) as a sole trader (1) she is putting her private possessions at risk (1).

**Max: 8 marks**

**Q2 total = 26 marks**

**3 (a) Target: Knowledge of job description and person specifications.**

Target: Ability to evaluate the usefulness of job descriptions and person specifications *in the recruitment process*. Reward answers that show *knowledge of specific* elements of each document up to 2 marks. To get maximum marks candidate must say *why* the document is useful.

- (i) • Job description – This lists the tasks/responsibilities (1) the job title (1) that need to be completed and who the person is responsible to (1). Writing it down will help Danielle to think clearly exactly what job she wants doing (1) and the type of person she will need to employ (1). It helps applicants to decide whether they can do the job or not/whether it's a job they want (1). This may help Danielle by reducing the number of inappropriate applicants (1) saving her time (1).
- Allow "salary scale" (1).

**Max: 3 marks**

- (ii) • Person specification – This identifies qualifications (1) and qualities (1) skills (1) needed for the job. This will help Danielle to plan the appropriate methods of selection to use (1) and to know what she is looking for in an application form / interview. Only appropriate people will apply (1) which will save Danielle time/time (1).

**Max: 3 marks**

**(b) Target: Ability to evaluate the appropriateness of different methods of selection.**

One mark for identifying an appropriate method, one mark for each point of justification.

- Interview (1) – communication skills (1), suitable appearance (1), ability to work / get on with others (1) what they say in answer to questions (1). [Not "what they are like" or "see if they are good at the job" or "skills"]
- References (1) – get the opinion of a previous employer / school (1), about attendance / punctuality (1), quality of work (1) how well the person worked with others (1).
- Role play (simulation) (1) – see how people deal with potential customers (1), how well they can communicate (1).
- Give a presentation (1) – it will show communication skills (1) such as how well they speak (1) how persuasive they are (1) their computer skills (1).
- Any named test (1) – suitable explanation (1). [NOT driving test].

**Max: 2 x 3 or 4 + 2 = 6**

**(c) Target: Ability to evaluate the appropriateness of different methods of motivation.**

One mark for an appropriate method, one mark for each point of justification.

- Commission (1) – the salesperson will receive a percentage (1) of the value of the sales he / she makes (1). The more sales the person makes (1) the more he / she will receive (1). This will motivate the person to sell as many bottles of water as possible (1).
- Piece rates (1) – the worker can get a payment for each delivery made (1) so this will motivate the person to do more deliveries during working hours (1).
- Bonus (1) – a sum of money is given (1) depending on meeting a target/certain amount number of bottles sold / delivered (1)
- Possibility of a pay rise (1) – at a later date for good performance over a period of time (1)
- Fringe benefits (1) – own car/van (use of) (1)
- Induction/training (1) makes them feel comfortable/valued (1)
- Delegation/giving responsibility (1) which makes the worker feel trusted (1) and fulfilled (1)
- Praise (1) to make the person feel valued (1).
- Promotion (1) – at some time in the future if the business goes well (1).

NOT – job rotation, job enrichment, team activities, – not in context

**Max: 2 x 3 or 4 + 2 = 6**

Candidates will also be assessed for the quality of their written communication, according to the following criteria:

<i>Candidates will also be assessed for the quality of their written communication, according to the following criteria;</i>		
<i>Ideas expressed clearly, fluently, legibly and in an appropriate way. There are few errors in spelling, punctuation and grammar.</i>	2	
<i>Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer.</i>	1	
<i>Candidate fails to reach the threshold standard in all respects.</i>	0	2

**(d) Target: Knowledge of employment laws.**

One mark for identifying a law (name of Act not required) and/or one mark for a point of explanation.

- Equal pay act – men / women doing same work (1) must receive the same pay (1)
- Race Relations law (1) – to prevent discrimination against people of different races (1) eg where a black / white person may be promoted because of their race (1).
- Sex Discrimination laws – to prevent men / women being treated differently (1) eg not allowed to advertise jobs specifically for one sex (1) though there are exceptions (1).
- Health and Safety at work regulations (1) – to protect workers (1), to provide safety equipment (1) warning signs (1) etc.
- Minimum wage legislation (1) – to protect employees against exploitation (1) quote appropriate figure (1), mention different rates for different age groups (1).
- Employment rights laws (1) – need to be given written contract (1), statement of particulars (1) within 8 weeks / soon after starting work (1). It details hours / pay / holidays etc (1).
- Rules regarding breaks (1) eg cannot work more than so many hours without a break (1).

**Max: 2 x 2 = 4**

**Q3 Total = 24 marks**

4 (a) **Target: Ability to apply the current ratio formula.**

Three marks for correct answer, one for stating the formula and one mark for each correct placement of values in formula if answer is wrong up to 2 marks.

- CA/CL (1)  
and/or
- $\frac{12000 (1)}{6000 (1)} = 2$  (or 2:1) (3)

**Max: 3 marks**

(b) **Target: Ability to apply the return on capital employed formula.**

Three marks for correct answer, one mark for each correct placement of values in formula if answer is wrong up to 2 marks. Give one mark for writing the formula.

- ROCE = Net profit/Capital employed (1) (x 100 not needed).  
or
- $\frac{£20,000 (1)}{£80,000 (1)} \times 100 = 25\%$  (3)

**Max: 3 marks**

(c) **Target: Ability to evaluate financial information****Level 3 (7-10 marks)**

Candidate draws conclusions from ratio analysis to compare performance. Use of eg ideal ratios must be discussed in a meaningful answer.

- The current ratio has gone down (L2), so *this means* the liquidity of the business has become a problem. This is below the safe level of between 1.5 and 2 : 1 recommended for typical businesses.
- The acid test ratio has gone down (L2) so *this means* the liquidity of the business has become a problem. This is below the safe level of 1:1.
- The ROCE has fallen so (L2) *this means* the return is not as good as the previous year. However, it is not a very large fall and Danielle would need to know how competitors fared to make proper conclusions.

NB The candidate will have to have shown the appropriate calculation(s) at L2 to be given a L3 mark.

**Level 2 (4-6 marks)**

Candidate calculates the ratio(s) for 2006 applies ratio analysis to compare performance.

- Current ratio for 2006 –  $8000 / 6000 = 1.33$  (L2)
- ROCE for 2006 –  $22,000 / 100,000 \times 100 = 22\%$  (L2)
- The acid test ratio falls from 1.67 (L2) in 2005 to 0.83 (L2) in 2006.

**Level 1 (1–3 marks)**

Candidate draws conclusion based on the evidence available taken at face value.

- Danielle will be pleased because the profit has gone up (1) from £20,000 to £22,000 / by £2000 (1). Also the net assets / capital employed have gone up (1) from £80,000 to £100,000 (1). The value of the premises has gone up (1) by £14,000 (1).

**Max: 10 marks**

**(d) Target Knowledge of the impact of changes in interest rates.**

One mark for each appropriate comment. To get two marks candidates must state what will happen to the costs or sales as they are not strictly answering the question. If they do not they can get one mark for showing business understanding.

**(i) Costs**

- Costs will rise (1) because the business will have to pay more on – any one acceptable example – loans, mortgage, overdraft (1).

**Max: 2 marks**

**(ii) Sales**

- Sales are likely to fall (1)  
because customers will not want to borrow as much (1), will want to cut back on costs (1), will not have as much money to spend on things that might not be essential (1).  
If costs rise, Danielle may have to raise prices (1) and this will lead to a fall in sales (1)
- Sales to schools may not be affected at all/very much (1)  
because they do not normally pay interest/take out loans (1).  
because the cost of the water in most businesses will be very small (1) and businesses will not be borrowing money to pay for it (1).

**Max: 2 marks**

**Q4 Total = 20 marks**



5 (a) **Target: Ability to apply numerical skills to business data.****Level 2 (2-4 marks)**

Candidate calculates the change in the value of sales for Bowton WaterAid.

- The value of sales goes up (L2) by £20,000 / from £100,000 to £120,000.(L2)  
Incorrect figures but right idea equals maximum of 3 marks.
- Sales go up (L2)

**Level 1 (1 mark)**

Candidate identifies changes in the percentage share of the market for Bowton WaterAid.

- The share of the market fall by 2%/from 10% to 8%.

**Max: 4 marks****(b) Target: Ability to evaluate the appropriateness of different marketing strategies.**

One mark for each appropriate point. Maximum of 4 marks for the discussion of any one aspect of marketing (any one of the 4Ps).

- Reduce the price (1) of the water – schools/children/staff etc may be tempted to buy more to provide to their workers (1).  
She could use psychological prices (1) eg £4.99 per bottle/so that the schools thought it was cheaper (1).  
She could use promotional pricing (1) for example reducing the price for 3 weeks (1).  
She could use penetration pricing (1) to attract *new* schools/customers (1).  
She can use competitive pricing (1) so her water is cheaper than that which is sold by other water companies (1).  
She can offer bulk-buying discounts (1) so that schools are tempted to increase the amount that they buy (1).
- Promote the water / advertise the water (1) developing the awareness /any one example of a message (stressing the health values of water) (1) using posters / PSE lessons / plasma screens/leaflets/talk in assembly/local newspaper (1) because these are cheap/will be read by a lot of people (1).  
Give special offers/discounts (1) to the schools such as buy one get one free (1).
- Develop the product (1)– for example by selling different flavoured water (1), introducing machines selling individual bottles of water (1) develop packaging (1) and one point for an illustration eg make it brightly coloured (1).
- Make the water available in more places (1) by providing more dispensers to be placed around the school (1) eg put one in the gym because pupils will want a drink after doing a PE lesson/eg put one in the staff room so that it is easy for the teachers to get (1).

**Max: 8 marks**

**(c) Target: Ability to evaluate the appropriateness of different methods of market research.***Description marks (D) – Max 2 marks*

Candidates describe the methods of research.

- Danielle could use desk research. She could look up information already gathered eg on the internet.
- Danielle could use field research. Field research produces primary/first hand data. This could involve sending questionnaires to the people who visit leisure centres or interviewing the customers of the leisure centre.

*Information marks (Indicated by I) - Max 2 marks*

Candidate indicates the information that will be provided:

- What price to charge (1), where to advertise, what products to sell, where to sell.  
Information about the target market eg what age use the leisure centre.

*Evaluation marks (indicated by E) - Max 4 marks*

The candidate makes judgements about the research methods.

- Field research would be very time consuming which would mean she would struggle to sell / deliver water as required. It is costly. It may be hampered a small sample size, there is a danger of biased information. It gives up to date information, specific to the potential market.
- Desk research would give her the information required at less cost in terms of time and money. This would help her to find out information about what products to sell in leisure centres, what prices other firms charge. It is less specific to her product and situation and may be out of date.

**Max: 6 marks**

**(d) (i) Target: Ability to apply numerical skills.**

Two marks for the correct answer, one mark for an appropriate method where a wrong answer is given.

Eg:  $\underline{\pounds 2} \times 10 = 20\text{p}$

100

**Max: 2 marks**

**(ii) Target: Ability to apply knowledge of business objectives.**

One mark for each appropriate point. The candidate needs to identify different objectives or the different purposes of the same objective.

- Jack to make profit to help the people in Africa (1) whilst for Danielle this may help to make as much profit as she can for herself (1).
- Danielle may concentrate on survival since she is fairly new in business (1) whilst Jack may be looking for growth (1) by increasing the number of franchises (1) because his survival is already secure (1).
- Jack may want to grow sales to increase donations to Africa (1), Danielle to make a bigger market share (1)
- Danielle may focus on providing a good service (1) because if people are satisfied with the service (1) they will return for more business.

**Max: 1 + 3, 2 + 2 or 1 x 4 = 4 marks**

**Q5 Total = 24 marks**



**Mark Scheme 1951/03**  
**June 2007**

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  - con = contradiction (Cases where candidates contradict themselves in the same response)
  - r = repetition
  - ( ) = brackets around text indicate that what is written is irrelevant and has been ignored



- 1 (a) **Target: To demonstrate knowledge of sole traders and apply this knowledge to stated company: to apply knowledge of location factors to stated business: to apply knowledge of social costs to stated business.**

(i) Many possible answers

Stated advantages

keep all profit, make all decisions

Stated disadvantages

lack of funds for investment, unlimited liability

**Stated and explained 2 x 2**

Example

Advantage

Alessia owns the business on her own (1) therefore she will keep all the profits (1).

Disadvantage

Because there is just her (1) there will be a limit to the amount of money put into the business (1).

**[4]**

(ii) Many possible answers

Size of market, cost of premises (including rent), wealth of area, competition, labour costs and cheapness (students), supplies, likely potential customers ...

**Stated and explained 2 x 2**

Example

'Wealth of the area (1) because if there is a high number of people unemployed not many people will go to the restaurant therefore less profits (1)'

'Competition (1) as if there are many restaurants nearby they may have less

**demand/sales /profits (1)'. [4]**

(iii) Many possible answers.

Social costs

Pollution – packaging eg boxes, food

Noise – eg music, shouting

Social benefits

Jobs

Allow 'larger variety of food' and 'better pizzas'/'more aesthetically pleasing' food

**[2]**

**(b) Target: To apply knowledge of costs thus allowing analysis of given data and judgement.**

Lines of possible answers

- Costs of making pizzas increased sharply thus profits will go down
- No major change, as not everyone has a pizza in these types of restaurants and the increase is only 10 pence
- No major change, as they are likely to raise the prices of other things they sell
- The increase in costs may simply be down to general inflationary pressures thus in real terms not that much worse off.

Level 2 (3 marks)	Judgement -reference to negative effect on business
Level 1 (1-2 marks)	Analysis and application. Linkage to Alessia or Fiorentinas; linkage to data. Can be implicit or explicit

Level 2 example

'Alessia should be concerned as Fiorentinas is likely to be worse off as the costs of making pizzas increased sharply 100%, on 2001, thus profits will go down unless they raise the prices of other things they sell which may lower demand'.

Note: some candidates may suggest that 'incomes have gone up' 'the increase in price is that that much as it is over 7 years'. These responses are to be awarded.

**[3]**

**(c) Target: Analyse given data and demonstrate knowledge of reasons for the increasing service sector.**

Many possible answers

- More disposable income
- More leisure time

Allow increase in technology if logically linked ie, growth of 'online banks'

**Do not allow** any references 'worker demand ie, not liking working conditions in primary / secondary sector thus working in service sector'

Examples

- People have more leisure time (1) therefore they demand services such as leisure to occupy themselves (1).
- People are living longer (1) therefore they demand services such as home helps (1).

**Stated and explained 2 x 2**

**[4]**

(d) Target: To evaluate statements regarding external influences on business.

Event	Likely to cause the change in Fiorentinas sales	Unlikely to cause the change in Fiorentinas sales
Increased number of other businesses selling pasta and pizzas		•
Increased popularity of Italian food	•	
Increased number of people going to restaurants	•	

[3]

(e) Target: To demonstrate and apply knowledge at the terms chain of command and span of control; to apply knowledge of NMW thus allowing analysis of data provided, thus allowing a judgement to be made for stated business.

(i) Chain of command

Those at the top of the company send instructions to other employees lower down (1) eg, from the restaurant manager to the waiters (1).

Allow reference to “in charge of” “hierarchy”.

Span of control

The number of people a manager is responsible for (1) eg the Head Chef is in charge of three other chefs (1)

[4]

(ii)

Level 2 (4-5 marks)	Evaluation Analysis Calculation required for each group
Level 1 (1-3 marks)	Knowledge, application. Statements related to Fiorentinas plc.

To obtain full marks candidates must calculate each change correctly and make the appropriate judgement

Level 2

“The ages 22 and above will benefit the most because their minimum wage rate has increased by 50p whereas 18-21 year olds only raised by 35 and 16-17 year olds only raised by 30p”

**CANDIDATES DO NOT HAVE TO REFER TO REAL TERM % TO OBTAIN L2**

[4]

**Total marks [28]**

2 (a) **Target: To demonstrate knowledge of public limited companies; to apply knowledge of diversification to stated business.**

(i)	Feature	✓Box
	Shares can be bought and sold on the stock market	•
	The company has the letters Ltd after its name	
	A deed of partnership is drawn up between the owners	

[1]

(ii) Many possible answers

By selling two products the company may sell more (1) thus more profit (1).

If the demand for prams fall they can still make money (1) by selling the car seats (1).

[2]

(b) **Target: To apply knowledge of leasing and to analyse related data thus allowing an appropriate judgement to be made.**

Student can opt for either leasing or buying the machines.

Level 3 example

A major advantage of leasing is that Littlechild plc does not have to find the monies to fund the outright payment of the machines which likely means it does not have to borrow money for this purpose thus it saves on interest payments. However, I realise over the whole life of the machine I am likely to pay back similar or more with nothing to show for it at the end of the lease than if I had purchased the machines. However, upon leasing the machines Littlechild plc, will be able to obtain free maintenance from the machine manufacturer when they break down. Normally when you purchase something this is likely not to be the case. Therefore overall I would choose to lease the machines.

Level 3 (5-6 marks)	Judgement (must be correct) based on comparative analysis of all four factors.		
Level (3-4 marks)	Analysis of at least one factor.		
Level 1 (1-2 marks)	Knowledge and Application. Basic statements related to Littlechild plc. Listing points from table.		
Candidates will also be assessed for the quality of their written communication, according to the following criteria:			
• Ideas expressed clearly, fluently, legibly and in an appropriate way. There are few errors in spelling, punctuation and grammar.		2	2
• Straightforward ideas are expressed clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer		1	
• Candidate fails to reach the threshold standard in all respects		0	

[6+2]

- (c) **Target: To demonstrate and apply knowledge of accounting information thus allowing analysis and evaluation.**

Possible lines of argument:

- Sales lower than BB plc.
- Net profit lower than BB plc.
- Net profit to sales ratio lower.

Ratio	Littlechild plc	Baby Baby plc
Net profit to sales	8.57% allow rounding up to 8.6% or 9%	10%

Level 2 (3-4 marks)	Analysis of data and judgement. Ratio calculated (must be in %) and used appropriately..
Level 1 (1-2 marks)	Knowledge, application. Basic statement eg lower sales than BB plc thus BB plc would be happier.

Level 2 examples

- 1) Student used data then says ' data implies BB plc performing better – sales and net profit higher as is the net profit to sales ratio which shows BB plc returning 1.5% more on its sales than Littlechild plc.
- 2) Student used data then says 'I think BBplc would be more please because they are obtaining a higher return than Lplc'.

NOTE

Award 3 marks to candidates who calculate one or both ratios correctly but offer no reasoning.

The ratios need to be in % in order to obtain L2. If million or left as a number on its own max 2 ASSUMING the comment is correct.

Correctly calculating ratios and making an appropriate comment, award full 4 marks.

[4]

- (d) **Target: To demonstrate and apply knowledge of external problems to stated businesses; to apply knowledge of business strategies thus allowing selection of one to assist stated businesses' future situation.**

(i) Many possible answers

Likely future drop in their UK demand (1) as data shows a drop of births (implicit or explicit) by 150,000 (1). This may lead to a drop in sales/profits (1).

[3]

(ii) Many possible answers

Level 3 Examples

*I suggest **diversity** because if the demand for baby products is falling there will not have enough money coming into the business. Therefore, if it makes different products, this should produce a different source of income. Lowering workforce will help reduce over supply but will not help generate new income.*

*The forecasts suggest demand may fall thus I suggest cut workforce as you may not need as many and this saves money. The trouble with diversify is that R and D costs a lot of money and you may be diversifying into an area you do not know and this area may not be successful.*

Why candidates rejected the other strategy is needed for level 3.

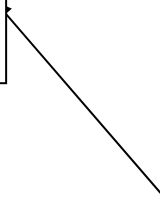
Level 3 (4-5 marks)	Evaluation – judgement between the 2 strategies. Clear explanation of why the other strategy not chosen
Level 2 (2-3 marks)	Analysis of point made and application (link to business).
Level 1 (1 mark)	Knowledge.

[5]

(e) **Target: To demonstrate and apply knowledge of labour flexibility thus allowing analysis and judgement to be made.**

(i)

An employee who may work for 36 hours per week but works for the business for a short period.



Temporary employee

[1]

(ii)

Many possible answers

The MD should certainly recruit temporary workers as once the demand falls after Christmas there will be no need to keep them thus saving on wage costs whereas if you recruit FT you have to keep paying them after Christmas. Whilst it is true some temporary workers **might not work as hard** as FT workers the temporary workers are only employed for a couple of months.

Level 2 (3-4 marks)	Analysis and judgement. There must be reference to both factors.
Level 1 (1-2 marks)	Application. Basic statement eg temporary workers will cost Littlechild plc less than permanent workers.

Note: Sales start in December / January hence customers may demand more from the shop and thus Littlechild the manufacturer.

[4]

(f) **Target: To demonstrate and apply knowledge of economic factors to stated businesses; to analyse and evaluate economic data thus enabling a judgement to be made.**

Level 2 (3-4 marks)	Analysis and judgement. Reference to both forecasts. <b>Reference to % increase or the calculated difference (ie 5K greater than 2K) maximum Level 1.</b>
Level 1 (1-2 marks)	Knowledge and application. Basic statement eg outcome 1 because of higher costs for Littlechild.

Level 2 examples

*'Both forecasts show that Littlechild plc will experience an increase in total costs. However, forecast 1 shows a 25% increase, as compared to 10% increase, which can reduce profits a lot.'*

*Allow linkage 'to increased demand as wages gone up by £5000 and £2000. But forecast one more impact as the difference is bigger' and this can obtain full (4) marks.*

Level 1 example

Higher wages may increase demand.

NOTE Candidate can obtain full 4 marks if linking the increase in wage to demand assuming logic present. **[4]**

**Total marks 32**





**Mark Scheme 1951/04**  
**June 2007**

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(i) Many possible answers

Stated advantages

keep all profit, make all decisions

Stated disadvantages

lack of funds for investment, unlimited liability

**Stated and explained 2 x 2**

Example

Advantage

Alessia owns the business on her own (1) therefore she will keep all the profits (1).

Disadvantage

Because there is just her (1) there will be a limit to the amount of money put into the business (1).

**[4]**

(ii) Many possible answers

Size of market, cost of premises (including rent), wealth of area, competition, labour costs and cheapness (students), supplies, likely potential customers ...

Example

- 'Wealth of the area (1) because if there is a high number of people unemployed not many people will go to the restaurant therefore less profits (1)'
- 'Competition (1) as if there are many restaurants nearby they may have less **demand/sales /profits** (1)'.

**Stated and explained 2 x 2 [4]**

(iii) Many possible answers

Pollution – packaging eg boxes, food ...

Noise – eg music, shouting ...

Example

'Restaurants sell alcohol which can mean people getting loud (1) which disturbs local residents (1)'.

**Stated and explained 2 marks [2]**

- (b) **Target: To analyse given data and demonstrate knowledge of reasons for the increasing service sector.**

Many possible answers

- More disposable income
- More leisure time
- Increase in population

**Allow increase in technology if logically linked ie, growth of 'online banks'**

**Do not allow** any references 'worker demand ie, not liking working conditions in primary / secondary sector thus working in service sector'

Examples

- People have more leisure time (1) therefore they demand services such as leisure to occupy themselves (1).
- People are living longer (1) therefore they demand services such as home helps (1).

**Stated and explained 2 x 2 [4]**

- (c) **Target: To demonstrate knowledge and understanding of the advantages of public limited companies; to analyse data to explain the possible relationship between retail sales and share prices.**

- (i) Many possible answers

Able to sell shares on the Stock Market (1) hence able to raise more funds (1) for investment (1).

May benefit from marketing / buying / financial (1) economies as business is perceived to be bigger / less risk (1) thus can use the 'saved' money for something else (1).

Allow for 2 marks "She will have limited liability (1) so will not need to use her property to pay debt (1) therefore reducing risk (1).

[3]

- (ii)

Level 2 (3-4 marks)	Clear analysis linking to questions.
Level 1 (1-2 marks)	Knowledge and application (linkage to business).

Level 2 example

Both sets of data show a decline which implies as sales go down share price goes down. Reasoning 'if sales are low profits likely to be low thus dividends low therefore few will buy shares in the Fiorentinas plc.

[4]

- (d) **Target: To analyse data provided thus enabling the application of NMW knowledge thus allowing a judgement to be made for stated business.**

**Data shows**

22 and above	gain the most in terms % increase and absolute figure increase (50 pence)
18-21	gain but only by 35 pence. In real terms will be worse off than all 3 groups
16-17	gain 30 and in real terms will be worse off compared to '22 and above'.

**Many possible lines of argument**

- Difficult to say as we do not know the **ages of the workforce** therefore we can not work out the increase in costs.
- If Fiorentinas plc has a lot of above 22's then total costs may be **significantly** affected as they have been given the sharpest rise
- Minimal impact because those affected are the **lowest earners**
- Not know enough information eg the **actual sales / profits**
- May have increased prices to cover the increase in wages
- We do not know how **many hours each** work
- Increased wage costs which increases overheads which may lead to a decrease in the level of profits / lead to a loss
- Less working capital thus possibility of liquidation
- As wage costs increase they may have to 'let workers go'
- As workers now earn more feel more 'part of company' they may improve their work thus quality of service improves
- May reduce dividends thus shareholders may withdraw from the company.

**Many possible actions**

Increase prices, Reduce workforce, Do nothing, Change suppliers

**Level 2 example**

*Very difficult to judge how much of an effect. Whilst two of the three groups have gained, these workers are the lowest earners in the business. In addition, how many hours have they worked? If it is a lot, the impact may be high and Fiorentinas plc may have to increase its prices. Also, if Fiorentinas plc has a lot of above 22's then total costs may be significantly affected as they have been given the sharpest rise. Although if sales are really high, a 10% increase in the bottom end of wages will be insignificant and it may do nothing.*

**Level 1 examples**

*'22 and above ages gain the most as their increase is 50 pence'.*

*'Costs go up thus costs more to run the business'.*

Level 2 (3-5 marks)	Analysis of data and Evaluation. Appropriate action given.
Level 1 (1-2 marks)	Knowledge, application. Statements related to Fiorentinas plc.

**Trigger for Level 2 may be referenced to 300 waiters/waitresses or not enough information to make a decision.**

**[5]**

**Total marks [26]**

## 2 (a) Target: To demonstrate knowledge of the term oligopoly.

Many possible answers

The market only has a few large companies thus **competition is limited** (1), therefore profits are likely to be high (1).

[2]

## (b) Target: To apply knowledge of leasing and to analyse related data thus allowing an appropriate judgement to be made.

Student can opt for either leasing or buying the machines.

Level 3 example

A major advantage of leasing is that Littlechild plc does not have to find the monies to fund the outright payment of the machines which likely means it does not have to borrow money for this purpose thus it saves on interest payments. However, I realise over the whole life of the machine I am likely to pay back similar or more with nothing to show for it at the end of the lease than if I had purchased the machines. However, upon leasing the machines Littlechild plc, will be able to obtain free maintenance from the machine manufacturer when they break down. Normally when you purchase something this is likely not to be the case. Therefore overall I would choose to lease the machines.

Level 3 (5-6 marks)	Judgement based on comparative analysis.		
Level 2 (3-4 marks)	Analysis of at least <b>one</b> factor.		
Level 1 (1-2 marks)	Knowledge and Application. Basic statements related to Littlechild plc. Listing points from table.		
Candidates will also be assessed for the quality of their written communication, according to the following criteria:			
• Ideas expressed clearly, fluently, legibly and in an appropriate way. There are few errors in spelling, punctuation and grammar.		2	2
• Straightforward ideas are expressed clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer		1	
• Candidate fails to reach the threshold standard in all respects		0	

[6+2]



- (c) **Target: To demonstrate and apply knowledge of accounting information thus allowing analysis and evaluation.**

Many lines of argument

- Sales and net profit lower than BB plc
- Less current assets
- Higher liabilities
- Information gained from calculating of ratios

Ratio	Littlechild plc	Baby Baby plc
Net profit sales	8.57% allow 8.6 or 9%	10%
Current ratio	0.5:1 (allow 0.5)	2:1 (allow 2)
ROCE candidates must demonstrate understanding of what this means (ie comparison with savings rate)	37.5%	33%
Long term liabilities as a % of capital employed	62.5%	16%

Level 4 (7-8 marks)	Evaluation Judgement with appropriate backing Contains at least <b>2</b> ratios analyses and <b>compares</b> business using 2 ratios
Level 3 (5-6 marks)	Analysis of data At least <b>one</b> ratio completed for BOTH companies and correctly analysed
Level 2 (3-4 marks)	Application Statements related to stated companies
Level 1 (1-2 marks)	Knowledge

Level 4 example

Whilst ROCE shows a lower return on capital employed (level 3) all other data implies BB plc performing better – sales and net profit higher as is the net profit to sales ratio – and has a more secure situation – Littlechild plc may have difficulty in repaying its short term liabilities, and it has borrowed a high % of its capital employed therefore may be open to interest changes which may affect its future survival.

Level 3 example

Both companies have a positive net profit to sales ratio with BB plc having a higher figure of 10% compared to Littlechild plc's 8.5%. therefore the money entering the business possible using for investment is higher for BBplc

**Note for the safe level for C Ratio – allow 2:1 and 1.5:1**

[8]

(d) **Target: To demonstrate and apply knowledge of external problems to stated businesses; to apply knowledge of business strategies thus allowing selection of one to assist stated business's future situation.**

(i) Many possible answers

Likely future drop in the UK demand/sales (1) as data shows a drop of births (implicit or explicit) by 150,000 (1). This may lead to a drop in profits (1). [3]

(ii) **many possible answers**

Level 3 Examples

- *'I suggest **diversify** because if the demand for baby products is falling there will not have enough money coming into the business. Therefore, if it makes different products, this should produce a different source of income. Lowering workforce will help reduce over supply but will not help generate new income.'*
- *'The forecasts suggest demand may fall thus I suggest cut workforce as you may not need as many and this saves money. The trouble with diversify is that R and D costs a lot of money and you may be diversifying into an area you do not know and this area may not be successful.'*

Why candidates rejected the other strategy is needed for level 3.

Level 3 (4-5 marks)	Evaluation – judgement between the 2 strategies. Clear explanation of why the other strategy <b>not chosen</b>
Level 2 (2-3 marks)	Analysis of point made and application (link to business).
Level 1 (1 mark)	Knowledge.

[5]

(e) **Target: To demonstrate and apply knowledge of economic factors to stated businesses; to analyse and evaluate economic data thus enabling a judgement to be made.**

Many lines of argument

- Sharp appreciation in the £ against the euro thus major negative impact on export demand and domestic demand
- 10% increase in wage levels will impact on total costs and thus possibly prices and thus possibly demand albeit increased wages may increase demand
- Tax increases may reduce disposable income (although interest rates may be low) thus reduction in Littlechild plc demand.

Level 4 (7-8 marks)	Evaluation – judgement with appropriate backing. Each factor discussed.
Level 3 (5-6 marks)	<b>Analysis of at least 2 factors</b>
Level 2 (3-4 marks)	Application. Statements related to stated companies.
Level 1 (1-2 marks)	Knowledge.

Level 4 example

Sharp appreciation in the £ against the euro thus major negative impact on export demand and domestic demand as foreign buyers will find Littlechild's products more expensive and UK customers may buy EURO land products as they are now cheaper. A 10% increase in wage levels will impact on total costs which may mean possibly increasing prices and thus demand possibly suffering. However, a 10% increase over 3 years is not high and is likely to be covered by cost of living rises. Also, the wage is the 'average' not necessarily Littlechild's employees. Indeed as wages increase this may increase demand. Tax increases may reduce disposable income (although interest rates may be low) thus reduction in Littlechild plc demand. OVERALL, because Littlechild plc exports to EU and the increase in the £ is forecasted to be sharp, this will be the most influential factor on the business.

Level 3 example

Sharp appreciation in the £ against the euro thus major negative impact on export demand and domestic demand as foreign buyers will find Littlechild's products more expensive and UK customers may buy EURO land products as they are now cheaper.

**Judgement can be any of the 3 factors**

**Overall logical balance and comparison with reference to the prams and car seats . [8]**

**Total marks 34**



**Mark Scheme 1951/05**  
**June 2007**

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### 1 Before the Standardisation Meeting

**Before the Standardisation Meeting you must mark a selection of at least 10 scripts.** The selection should be drawn from several Centres. The preliminary marking should be carried out **in pencil** in strict accordance with the mark scheme. In order to help identify any marking issues which might subsequently be encountered in carrying out your duties, **the marked scripts must be brought to the meeting.** (*Section 5c, page 6*)

### 2 After the Standardisation Meeting

- a) Scripts must be marked in **red**, including those initially marked in pencil for the Standardisation Meeting.
- b) All scripts must be marked in accordance with the version of the mark scheme agreed at the Standardisation Meeting.
- c) **Annotation of scripts**

The purpose of annotation is to enable examiners to indicate clearly where a mark is earned or why it has not been awarded. Annotation can, therefore, help examiners, checkers, and those remarking scripts to understand how the script has been marked.

#### **Annotation consists of:**

- the use of ticks and crosses against responses to show where marks have been earned or not earned;
- the use of specific words or phrases as agreed at standardisation and as contained in the final mark scheme either to confirm why a mark has been earned or indicate why a mark has not been earned (eg indicate an omission);
- the use of standard abbreviations eg for follow through, special case etc

Scripts may be returned to Centres. Therefore, any comments should be kept to a minimum and should always be specifically related to the award of a mark or marks and be taken (if appropriate) from statements in the mark scheme. General comments on a candidate's work must be avoided.

Where annotations are put onto the candidates' script evidence, it should normally be recorded in the body of the answer or in the margin immediately adjacent to the point where the decision is made to award or not award the mark.

**d) Recording of marking: the scripts**

- i) Marked scripts must give a clear indication of how marks have been awarded, as instructed in the mark scheme.
- ii) All numerical marks for responses to part questions should be recorded unringed in the right-hand margin. The total for each question (or, in specified cases, for each page) should be shown as a single ringed mark in the right-hand margin at the end of each question.
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- iv) Every page of a script on which the candidate has made a response should show evidence that the work has been seen.
- v) Every blank page should be crossed through to indicate that it has been seen. (*Section 8a – d, page 8*)

**e) Handling of unexpected answers**

The Standardisation Meeting will include a discussion of marking issues, including:

- a full consideration of the mark scheme in the context of achieving a clear and common understanding of the range of acceptable responses and the marks appropriate to them, and comparable marking standards for optional questions;
- the handling of unexpected, yet acceptable answers. (*Section 6a, bullet point 5, page 6*)

There will be times when you may not be clear how the mark scheme should be applied to a particular response. In these circumstances, a telephone call to the Team Leader should produce a speedy resolution to the problem. (*Appendix 5, para 17, page 26*)

**General advice to Assistant Examiners on the procedures to be used**

- 1 The schedule of dates for the marking of this paper is of paramount importance. It is vital that you meet these requirements. If you experience problems then you must contact your Team Leader without delay.
- 2 Please ensure that you use the final version of the Mark Scheme which will be available at the end of the Examiner's Standardisation meeting. You are advised to destroy all draft versions.
- 3 An element of professional judgement is required in the marking of any written paper, and candidates may not use the exact words which appear in the detailed sheets which follow. If the Business Studies is correct and also answers the question then the mark(s) should normally be credited. If you are in doubt about the validity of any answer then contact your Team Leader for guidance.
- 4 Mark in red. A tick (✓) should be used, at the appropriate point, for each answer judged worthy of credit.
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- 7 In cases where candidates give multiple answers, mark the first answer(s) up to the total number required. In specific cases where this simple rule cannot be applied, the exact procedure to be used will be given in detail at the Examiners' Standardisation meeting.
- 8 Some questions may have a 'Level of Response' mark scheme. Details of these are given in Appendices attached to this Mark Scheme.
- 9 Abbreviations, annotations and conventions used in the detailed Mark Scheme:
  - / = alternative and acceptable answers for the same marking point
  - NOT = answers which are not worthy of credit
  - \_\_\_ = (underlining) key words which **must** be used to gain credit
  - ecf = error carried forward
- 10 Abbreviations to be used when marking
  - ^ = omission mark
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  - ecf = error carried forward
  - v = working towards credit, but now awarded the mark, too vague
  - con = contradiction (Cases where candidates contradict themselves in the same response)
  - r = repetition
  - ( ) = brackets around text indicate that what is written is irrelevant and has been ignored



1 (a) **Target: Apply knowledge of e-commerce to explain possible difficulties for stated business.**

Many possible answers

- Training of workers (1) in order to **operate** different equipment (1) thus cost implications (1).
- Cost implications (1) of installing relevant equipment (1).
- Developing secure site (1) thus cost implication (1)
- Customers may not have internet

'Transport/shipping difficulties' are an export problem generally – **do not allow**.

Allow 'Workers require knowledge of the technology'.

Statement            1 mark  
 Explanation        1 mark  
 2 x 2 marks

[4]

(b) **Target: To demonstrate knowledge of internal and external communication.**

Example of communication	Internal	External
The Finance Director discussing a financial matter with the Managing Director	•	
The Marketing Director telling customers about special offers on prams		•
The employees discussing ideas with the Production Director	•	

[3]

(c) **Target: To evaluate investment and sales data thus allowing analysis and application; to analyse S&D diagram; to evaluate market share trend.**

- (i) Both sets of data imply positive correlation between Investment and Sales.

**Note; the problem on Y axis regarding data – students should not be penalised.**

Level 3 (5-6 marks)	Evaluation. Both sets of data to be referred to for Level 3. Judgement with appropriate reasoning linked to improving or developing existing products..
Level 2 (3-4 marks)	Analysis of data. Data reference can be implicit or explicit.
Level 1 (1-2 marks)	Application. Basic comments linked to stated company.

Level 3 example

It appears that as Cutie plc has reduced investment on R&D, its total sales have reduced. This seems to be supported by the data shown for Littlebaby plc where increased investment in R&D has contributed to a rise in total sales. Therefore, I do not feel they should have cut back on R&D as developing new prams or improving existing ones helps you to stay competitive.

<p><i>Candidates will also be assessed for the quality of their written communication, according to the following criteria:</i></p> <p><i>Ideas expressed clearly, fluently, legibly and in an appropriate way. There are few errors in spelling, punctuation and grammar.</i></p> <p><i>Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer.</i></p> <p><i>Candidate fails to reach the threshold standard in all respects.</i></p>	2	
	1	
	0	2

[6 + 2]

(ii) D to D1 [1]

(iii)

Event	<u>Likely</u> to have caused the change in Cutie plc market share	<u>Unlikely</u> to have caused the change in Cutie plc market share
Increased number of other businesses selling prams	•	
Increased popularity of the Cutie plc brand name		•
Increased number of births		•

[3]

(d) **Target: To demonstrate knowledge of the term marketing strategy; demonstrate ability to apply knowledge and analyse data thus allowing evaluation of data.**

(i) Bringing together research findings then organising each of the 4Ps into a single strategy for the business. [1]

(ii) Analysis of data:

- All factors are important but worth noting price is not the highest
- Safety is the most important factor
- Sample size is very small thus how reliable is the data?

Future strategies:

- Appears prams is brand name/style sensitive thus monies need to be directed to enhancing its brand name
- Safety major factor thus monies directed towards improving this factor
- Possibly not price sensitive which gives room for increases in price
- 2006 sample size is very small thus how reliable is the data thus more research required.

Level 3 (5-6 marks)	Evaluation Strategy suggested and full justification seen
Level 2 (3-4 marks)	Analysis The candidate makes <b>accurate</b> use of the data, recognising the importance of the data – prioritising factors.
Level 1 (1-2 marks)	Application Candidate makes suitable comments regarding each 'reason growth/decrease', without recognising the possible importance of the changes shown. Future strategies made suggested lack clear justification.

Level 3 example

It is important to continue to develop the safety aspects of its prams as this maintains competitiveness and is clearly the most important factor to consumers. Interestingly price is much lower in importance than 'safety' which **implies room for increases in price thus covering costs of improving safety**. It is also clear that style and walking around with a brand name is important thus money should be directed here although safety is still clearly the most important. The above strategies have been suggested **based on a very small sample which questions the reliability of the data** therefore more research is required.

No reference to data zero marks

'Sample size' , noted and logically used, is a trigger for L3 but necessary for Level 3.

**[6]**

(e) **Target: Apply knowledge of the need for businesses to be honest in their trading.**

Many possible answers

If Cutie plc is not honest then consumers may become dissatisfied (1) and will not purchase/repurchase (1) thus profits may in the long run go down (1).

If the media find out that Cutie plc is not honest they may give the company poor coverage (1) which may harm sales (1) and lead to lower profits (1).

Allow 1 mark for 'sales go down'.

Not allowing 'fining' or 'banning'.

Example of 3 marks answer

*'This would effect Cutie plc in a drastically negative way as people would lose their trust in other Cutie plc advertisements and the company would lose out on a tremendous amount of sales, customers and profit.'*

**[3]**

(f) **Target: To demonstrate and apply knowledge and understanding of the terms encryption and ID security thus making a judgement for stated company.**

Many lines of argument

- So consumers have the confidence (1) to buy online thus sales may increase (1).
- So consumers know that their credit card details cannot be seen by people (1) who will use the details to commit fraud/buy goods (1) which they may be liable to pay for (1).

'Reason: So that more customers will feel safe.

Explanation: This is because when more customers are safe they continue to purchase more items and the more people know that the site is safe the more people would use it.'

**[2]**

**Total marks [31]**

2 (a) **Target: To apply knowledge of the possible ways businesses communicate with its customers; demonstrate knowledge of possible barriers to communication.**

(i) Many possible answers.

Internet, TV, radio, leaflets, e-mail, women’s magazines, telephone, letter, face to face, in person, catalogues, post.

Example

‘By putting an advert on local TV (1) potential customers may see the wedding dress/business and may lead to R&W selling a wedding dress (1).

Statement 1 mark

Explanation 1 mark

Allow either marketing communication or simply methods of communication (verbal and written).

**2 x 2 marks**

**[4]**

- (ii) Attitude of sender      The sender may ‘talk down’ to the receiver so that he/she does like what they hear (1). The receiver may not trust or respect the sender and so does not take notice of what is said.
- Language used              Technical language may cause confusion (1). Allow ‘different languages which mean people **might not understand** what is being said (1)’. ‘Bad language’ (1).
- Method used                Using e-mail – some customers may not have a computer (1). **Method must be given**

Note The communication barrier can relate to either internal or external communication. The student answer may be positive or directly linked to barrier.

**[3]**

(b) **Target: To apply knowledge of socio economic groupings thus allowing evaluation; to apply knowledge of possible advantages of niche and mass marketing.**

(i)

Level 2 (4-5 marks)	Evaluation. Judgement must be backed with appropriate reasoning. Both groups referred to with at least one characterised from <b>each</b> group.
Level 1 (1-3 marks)	Analysis. Application.

Many possible answers.

Examples level 2

*'Clearly it should aim its wedding dresses at group 1 because they have the highest salary and can afford highly priced products such as wedding dresses. Whilst there is a smaller number in group 1 than group 2, hardly any of group 2 will be able to afford the dress as they are on minimum wage therefore sales likely to be less'.*

*'I think group 2 because the amount of people in this group is very much higher than group 1 therefore there is a much bigger potential market. Even though the dresses are highly priced, people only get married once. Therefore, even though group 2 have not got much money, they still go on holiday once a year thus for a once in a lifetime event they are likely to borrow or have savings'.* **[5]**

**(ii)** Many possible answers.

High priced means small group of customers thus business can concentrate on these consumers to give them what they want (1) thus improving quality of product/service (1) thus leading to increased sales (1).

High prices mean higher revenue / profit per wedding dress sold (1) thus higher profit (1).

*Example of a 2 mark*

*'Shows the quality of the dresses and can make the profit of the dresses high which means more money for the business.'* **[2]**

**(iii)** Many possible answers.

More people will be able to afford (1) them thus they might make more sales/profit (1).

*'He can make more money because he would be selling more and will have more customers. It would benefit everyone. More dresses means more sales which increases profit.'* **[2]**

**(c) Target: Apply knowledge of the Sales and Supply of Goods Act thus allowing evaluation.**

Level 2 (3 marks)	Evaluation Judgement backed with appropriate reasoning
Level 1 (1-2 marks)	Application and analysis

Level 2 example

Customer 1

'Customer 1 as the wedding dress is not 'satisfactory quality' as the straps fell off then under the SSG Act she would be able to return it' award 3 marks.

Customer 2

'Customer 2 because it may have been faulty' award 2 marks.

Note For customer 2 to be awarded, reference to faulty must be present in the answer.

Candidate will obtain one mark for stating customer 1 whereas those which state customer 2 will not obtain this mark unless they link to the 'faulty element' thus they would then obtain 2 marks.

**[3]**

- (d) **Target: To apply understanding of consumer borrowing thus allowing analysis and evaluation.**

Level 2 (3-4 marks)	Analysis and evaluation.
Level 1 (1-2 marks)	Knowledge and application. Linkage of borrowing to stated business – this may be implicit/explicit.

Level 2 example

There has been a decrease in the amount of borrowing, (although we do not know by how much,) which means buying expensive items such as wedding dresses may mean demand drops thus profitability as these items tend to be bought on credit. However if you are getting married you want everything to be right therefore people may still tend to borrow especially noting R&W customers who appear to have a high amount of money. Therefore, I do not think the figures shown will have a big effect on R&W.

Candidates can argue either yes or no for full 4 marks. Logical reasoning must be present.

Level 2 example

*'If people are less willing to borrow money for dresses then Ryan and White will lose customers to people who sell cheaper dresses. As a result of this Ryan and White will eventually have to lower their prices so more people can afford them. So I think the headline will affect Ryan and White's sales. Sales will decrease because people can't afford to buy the dresses.'* [4]

- (e) **Target: To apply understanding of sampling thus enabling analysis and evaluation of data to make appropriate judgement.**

Data

- Sharp decrease in the forecasted buying through shops (-11%) although still a very high 82% of products sold through shops.
- Sharp increase in the amount of buying over the Internet (+11%).

Level 3 (5-6 marks)	Evaluation using the data fully in relation to R&W with full justification. A reasoned proposal is made in light of the evidence evaluated.
Level 2 (3-4 marks)	Analysis.
Level 1 (1-2 marks)	Application. Basic comments linked to stated company.

Level 3 example

There is a clear decrease in the forecasted buying through shops (-11%) although still a very high 82% of products sold through shops. There is forecasted to be a sharp increase in the amount of buying over the Internet (+11%). Therefore, it looks as if R&W should sell its products through both shops and the Internet. **However, with its product, wedding dresses,** I would say, are normally bought and sold through shops as women want to try their clothes especially wedding dresses. Nevertheless, the figures do suggest that the option of selling through shops should be there for its customers.

The answer can either be through shops/over internet/or both.  
No mark for judgement unless backed.

Note: Data on graph refers to UK as a whole **not** 'wedding dress' sales.

[6]  
Total marks 29





**Mark Scheme 1951/06**  
**June 2007**

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- the handling of unexpected, yet acceptable answers. (*Section 6a, bullet point 5, page 6*)

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- 9 Abbreviations, annotations and conventions used in the detailed Mark Scheme:

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NOT = answers which are not worthy of credit

     = (underlining) key words which **must** be used to gain credit

ecf = error carried forward

**10 Abbreviations to be used when marking**

^ = omission mark

bod = benefit of the doubt

ecf = error carried forward

v = working towards credit, but now awarded the mark, too vague

con = contradiction (Cases where candidates contradict themselves in the same response)

r = repetition

( ) = brackets around text indicate that what is written is irrelevant and has been ignored

- 1 (a) **Target: Apply knowledge of e-commerce to explain possible difficulties for stated business.**

Many possible answers

- Training of workers (1) in order to **operate** different equipment (1) thus cost implications (1).
- Cost implications (1) of installing relevant equipment (1).
- Developing secure site (1) thus cost implication (1)
- Customers may not have internet

'Transport/shipping difficulties' are an export problem generally – **do not allow**.

Allow 'Workers require knowledge of the technology'.

Statement 1 mark  
Explanation 1 mark

**2 x 2 marks**

**[4]**

- (b) **Target: To demonstrate knowledge of internal and external communication.**

<b>Example of communication</b>	<b>Internal</b>	<b>External</b>
The Finance Director discussing a financial matter with the Managing Director	•	
The Marketing Director telling customers about special offers on prams		•
The employees discussing ideas with the Production Director	•	

**[3]**

- (c) **Target: To evaluate investment and sales data thus allowing analysis and application; to analyse S&D diagram; to evaluate market share trend.**

(ii) Both sets of data imply positive correlation between Investment and Sales.

**Note: the problem on Y axis regarding data – students should not be penalised.**

Level 3 (5-6 marks)	Evaluation. Both sets of data to be referred to for Level 3. Judgement with appropriate reasoning linked to improving or developing existing products..
Level 2 (3-4 marks)	Analysis of data. Data reference can be implicit or explicit.
Level 1 (1-2 marks)	Application. Basic comments linked to stated company.

Level 3 example

It appears that as Cutie plc has reduced investment on R&D, its total sales have reduced. This seems to be supported by the data shown for Littlebaby plc where increased investment in R&D has contributed to a rise in total sales. Therefore, I do not feel they should have cut back on R&D as **developing new prams or improving existing ones helps you to stay competitive.**

Candidates will also be assessed for the quality of their written communication, according to the following criteria:		
<ul style="list-style-type: none"> <li>Ideas expressed clearly, fluently, legibly and in an appropriate way. There are few errors in spelling, punctuation and grammar.</li> </ul>	2	
<ul style="list-style-type: none"> <li>Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer.</li> </ul>	1	
<ul style="list-style-type: none"> <li>Candidate fails to reach the threshold standard in all respects.</li> </ul>	0	2

[6+2]

**(d) Target: To demonstrate ability to apply knowledge and analyse data thus allowing evaluation of data.**

Analysis of data

- Style is now much more important rising from 5% to 15%.
- Safety remains the most important factor but surprisingly falling in importance.
- Having a brand name is three times more important than it was and this factor is now just as important price.
- Price has decreased sharply in importance.
- Sample size is very small thus how reliable is the data.**

Future strategies

- Appears important factor for buying prams is 'brand name' / 'style' sensitive thus monies need to be directed to enhancing its brand name / style thus marketing an obvious issue.
- Safety still major factor, product, thus monies directed towards improving this factor.
- Possibly less price elastic – this gives room for increases in price thus covering costs of building up the brand name.
- 2006 sample size is very small thus how reliable is the data thus more research required.

Level 4 (7-8 marks)	Evaluation. Candidate evaluates data and offers at <b>least one</b> appropriate future strategy. This is/they are fully explained in the <b>context of the business</b> .
Level 3 (5-6 marks)	Analysis of data. The candidate makes <b>accurate</b> use of the data, recognising the importance of % changes shown and linking to reasoned strategies.
Level 2 (3-4 marks)	Application Statements related to stated companies and in context.
Level 1 (1-2 marks)	Knowledge Candidate makes suitable comments regarding each 'reason growth / decrease' without recognising the possible importance of the changes shown. Future strategies made suggested lack clear justification.

Example at level 4

The biggest increase is the importance of being a strong name – 5% to 20% and when combining to the ‘style’ factor sharply increasing it is clear that efforts should be directed into developing areas such as good advertising strategy. However, it is important to continue to develop the safety aspects of its prams as this maintains competitiveness. Interestingly price has reduced in importance which implies room for increases in price thus covering costs of building up the brand name. All the above strategies have been suggested based on a survey which is a very small sample which questions the reliability of the data therefore an additional strategy may be to carry out more research.

[8]

**(e) Target: Demonstrate knowledge and understanding of supply and demand curves thus allowing evaluation**

Event	<u>Likely</u> to cause a shift in the demand curve from D to D1	<u>Unlikely</u> to cause a shift in the demand curve from D to D1
A decrease in consumer’s income		•
An increase in competitors’ prices	•	
An increase in competitors’ advertising		•

[3]

**(f) Target: Demonstrate K / U of the need to control advertising and relate to stated business.**

Many possible answers

If Cutie plc is not honest the consumers may become dissatisfied (1) and will not purchase / repurchase (1) thus sales / profits may go down (1).

If the media find out that Cutie plc is not honest they may give the company poor coverage (1) which may harm sales (1).

Allow one mark for ‘sales go down’.

ASA can only recommend therefore do not allow fine/banning etc.

[2]

(g) **Target: To demonstrate and apply knowledge and understanding of the terms encryption and ID security thus making a judgement for stated company.**

- (i) Internet theft sharply increasing therefore consumers get scared that they may have money taken from their accounts (1) thus they lose confidence to buy online (1) thus sales decrease in Cutie plc's profits (1).

Allow 3 marks for:

*'Cutie plc will lose customers because consumers might be too scared to use the e-commerce in where they use their credit card. Cutie plc will then have less sales which will mean less profit.'*

*'Cutie plc may decide to stop marketing their goods online, because of the identity threat issue. This will decrease the supply of their goods, and also the demand for their goods may decrease as a result.'*

*'A possible effect could be that customers would be more reluctant to buy from Cutie plc online as there is a higher concern for their identity theft and security. This would therefore mean that Cutie plc would have less sales from e-commerce.'*

[3]

- (ii) Many possible answers.

- Spend more money on securing its website, eg updating its encryption / ID security (1).
- stop selling over the Internet (1).

**Allow** *'They could increase the personal information you have to fill in on their website.'*

**Allow** *'Shut internet operation'*.

[1]

**Total 32**



- 2 (a) **Target: To apply knowledge of the possible ways businesses communicate with its customers; demonstrate knowledge of possible barriers to communication.**

- (i) Many possible answers.

Internet, TV, radio, leaflets, e-mail, women's magazines, telephone, letter, face to face, in person, catalogues, post.

Example

'By putting an advert on local TV (1) potential customers may see the wedding dress/business and may lead to R&W selling a wedding dress (1).

Statement 1 mark

Explanation 1 mark

Second mark must be relevant to business selling wedding dresses.

Allow either marketing communication or simply methods of communication (verbal and written).

**2 x 2 marks**

**[4]**

- (ii) Attitude of sender The sender may 'talk down' to the receiver so that he/she does like what they hear (1). The receiver may not trust or respect the sender and so does not take notice of what is said.
- Language used Technical language may cause confusion (1). Allow 'different languages which mean people **might not understand** what is being said (1)'. 'Bad language' (1).
- Method used Using e-mail – some customers may not have a computer (1). **Method must be given**

Note The communication barrier can relate to either internal or external communication. The student answer may be positive or directly linked to barrier.

**[3]**

- (b) **Target: To demonstrate knowledge of the term niche market; apply knowledge of elasticity thus allowing an explanation of why businesses are able to sell at high prices.**

- (i) Where products are aimed at **small groups** of people because the products made are very **specialised**.

Do not allow 'gap in the market'

**[1]**

(ii) Many possible answers

- ‘Having high prices implies R & W’s target market has a lot of money (1) therefore is less sensitive to high prices (1), eg the customers are price inelastic – that is high prices do not lead to a sharp reduction in demand (1)’.
- ‘There are not many high quality wedding dress makers (1) so not many alternative shops to go to thus customers of R & W have not much choice (1) therefore customers have to pay high prices thus the products tend to be price inelastic’.
- ‘When you are getting married you want everything to be right (1) therefore you will not mind paying high prices (1) therefore the products of R & W are said to be price inelastic’ (1).

**No reference to elasticity max 2 marks**

**[3]**

(c) **Target: To apply knowledge and understanding of profitability and ethics thus allowing evaluation.**

Many possible lines of argument

**Profitability** quality of wedding dresses, transport (delays of dresses to shops, Not additional cost), wages, reliability.  
**Ethics** child labour, UK workers losing their jobs, allow ‘quality cheaper without reducing prices and telling the consumer’.

Level 2 (4-5 marks)	Analysis and evaluation. Both factors must be referred to.
Level 1 (1-3 marks)	Knowledge and application.

Level 2 examples

*Buying cheaper supplies from India will save R & W money therefore may increase profitability. However although if the cheaper supplies affects the quality of the wedding dresses, profitability may actually go down especially as the target market is high income earners. In addition, the supplies from India may have been made using child labour and this may cause the business bad publicity which again may harm profitability. Therefore overall I strongly suggest R & W do not change suppliers.*

*Buying materials from India would be profitable for Ryan and White as the prices would be much lower. However, India is known for their sweat shops and child labour, and so some customers may be reluctant to buy products that support child labour and sweat shops. Therefore I recommend Ryan and White don’t buy materials from India as it is unethical and could give them a bad reputation.*

Level 1 example

*By purchasing materials needed from India Ryan and White will save a lot of money, therefore reducing their costs and increasing profitability. However, the materials would differ from their competitors and by demanding these materials it may seem unethical if exploitation is involved. Also, the costs for transporting the materials may be very high, so overall I think Ryan and White should not purchase their materials from India.*

**[5]**

- (d) **Target: To apply understanding of consumer borrowing and consumer saving thus allowing analysis and evaluation.**

Data

- sharp decrease in the amount of borrowing (£7bn)
- sharp increase in the amount of saving (£6bn)

Level 3 (5-6 marks)	Judgement backed by appropriate reasoning – evidence of evaluation. Both reference to borrowing and savings, and linked to the business
Level 2 (3-4 marks)	Analysis of data.
Level 1 (1-2 marks)	Application. Linkage to stated business – this may be implicit / explicit.

Allow 'people save for a wedding therefore demand for Ryan and White's goods may increase.

Level 3 examples

*'There has been a sharp decrease in the amount of borrowing (£7bn) which means buying **expensive** items such as wedding dresses may mean demand drops thus profitability as these items tend to be bought on credit. There has also been a sharp increase in the amount of saving (£6bn) which also implies more potential customers are saving and not buying which again may harm profits. However, if you are getting married you want everything to be right, therefore you do not tend to save especially noting R & W customers who appear to have a high amount of money. Therefore I do not think the figures shown will have a big effect on R & W'.*

*'Figure 6 shows us that people are borrowing less and less on credit cards, store cards, loans and overdrafts. This is bad for Ryan and White because weddings are expensive and couples often borrow money to pay for them. If consumers are borrowing less they may spend less on weddings, if they are arranging them. On the other hand savings are increasing and therefore Ryan and White's customers may spend more as they have more disposable income. This could be spent on the wedding thus increasing their profitability'.*

- (e) **Target: To apply understanding of sampling thus enabling analysis and evaluation of data to make appropriate judgement.**

Data

- Sharp decrease in the forecasted buying through shops (-11%) although still a very high 82% of products sold through shops.
- Sharp increase in the amount of buying over the Internet (+11%).

Level 3 (5-6 marks)	Evaluation using the data fully in relation to R&W with full justification. A reasoned proposal is made in light of the evidence evaluated.
Level 2 (3-4 marks)	Analysis.
Level 1 (1-2 marks)	Application. Basic comments linked to stated company.

Level 3 example

There is a clear decrease in the forecasted buying through shops (-11%) although still a very high 82% of products sold through shops. There is forecasted to be a sharp increase in the amount of buying over the Internet (+11%). Therefore, it looks as if R&W should sell its products through both shops and the Internet. **However, with its product, wedding dresses**, I would say, are normally bought and sold through shops as women want to try their clothes especially wedding dresses. Nevertheless, the figures do suggest that the option of selling through shops should be there for its customers.

The answer can either be through shops/over internet/or both.

No mark for judgement unless backed.

Note: Data on graph refers to UK as a whole **not** for 'wedding dress' sales.

[6]

**Total marks [28]**

**Mark Scheme 1951/07**  
**June 2007**

## INSTRUCTIONS ON MARKING SCRIPTS

*All page references relate to the Instructions to Examiner booklet (revised June 2006)*

For many question papers there will also be subject or paper specific instructions which supplement these general instructions. The paper specific instructions follow these generic ones.

### 1 Before the Standardisation Meeting

**Before the Standardisation Meeting you must mark a selection of at least 10 scripts.** The selection should be drawn from several Centres. The preliminary marking should be carried out **in pencil** in strict accordance with the mark scheme. In order to help identify any marking issues which might subsequently be encountered in carrying out your duties, **the marked scripts must be brought to the meeting.** (*Section 5c, page 4*)

### 2 After the standardisation meeting

- a) Scripts must be marked in **red**, including those initially marked in pencil for the Standardisation Meeting.
- b) All scripts must be marked in accordance with the version of the mark scheme agreed at the Standardisation Meeting.
- c) **Annotation of scripts**

The purpose of annotation is to enable examiners to indicate clearly where a mark is earned or why it has not been awarded. Annotation can, therefore, help examiners, checkers, and those remarking scripts to understand how the script has been marked.

#### **Annotation consists of:**

- the use of ticks and crosses against responses to show where marks have been earned or not earned;
- the use of specific words or phrases as agreed at standardisation and as contained in the final mark scheme either to confirm why a mark has been earned or indicate why a mark has not been earned (eg indicate an omission);
- the use of standard abbreviations eg for follow through, special case etc.

Scripts may be returned to Centres. Therefore, any comments should be kept to a minimum and should always be specifically related to the award of a mark or marks and be taken (if appropriate) from statements in the mark scheme. General comments on a candidate's work must be avoided.

Where annotations are put onto the candidates' script evidence, it should normally be recorded in the body of the answer or in the margin immediately adjacent to the point where the decision is made to award or not award the mark.

**d) Recording of marking: the scripts**

- i) Marked scripts must give a clear indication of how marks have been awarded, as instructed in the mark scheme.
- ii) All numerical marks for responses to part questions should be recorded unringed in the right-hand margin. The total for each question (or, in specified cases, for each page) should be shown as a single ringed mark in the right-hand margin at the end of each question.
- iii) The ringed totals should be transferred to the front page of the script, where they should be totalled.
- iv) Every page of a script on which the candidate has made a response should show evidence that the work has been seen.
- v) Every blank page should be crossed through to indicate that it has been seen. (*Section 8a – d, page 6*)

**e) Handling of unexpected answers**

The standardisation meeting will include a discussion of marking issues, including:

- a full consideration of the mark scheme in the context of achieving a clear and common understanding of the range of acceptable responses and the marks appropriate to them, and comparable marking standards for optional questions;
- the handling of unexpected, yet acceptable answers. (*Section 6a, bullet point 5, page 4*)

There will be times when you may not be clear how the mark scheme should be applied to a particular response. In these circumstances, a telephone call to the Team Leader should produce a speedy resolution to the problem. (*Appendix 5, para 17, page 25*)

**General advice to Assistant Examiners on the procedures to be used**

- 1 The schedule of dates for the marking of this paper is of paramount importance. It is vital that you meet these requirements. If you experience problems then you must contact your Team Leader without delay.
- 2 Please ensure that you use the final version of the Mark Scheme which will be available at the end of the Examiner's Standardisation meeting. You are advised to destroy all draft versions.
- 3 An element of professional judgement is required in the marking of any written paper, and candidates may not use the exact words which appear in the detailed sheets which follow. If the Business Studies is correct and also answers the question then the mark(s) should normally be credited. If you are in doubt about the validity of any answer then contact your Team Leader for guidance.
- 4 Mark in red. A tick (✓) should be used, at the appropriate point, for each answer judged worthy of credit.
- 5 Strike through all blank spaces and/or pages in order to give a clear indication that the whole of the script has been considered.
- 6 The mark total for each question should normally be ringed at the bottom right hand side.
- 7 In cases where candidates give multiple answers, mark the first answer(s) up to the total number required. In specific cases where this simple rule cannot be applied, the exact procedure to be used will be given in detail at the Examiners' Standardisation meeting.
- 8 Some questions may have a 'Level of Response' mark scheme.
- 9 Abbreviations, annotations and conventions used in the detailed Mark Scheme:
  - / = alternative and acceptable answers for the same marking point
  - NOT = answers which are not worthy of credit
  - = (underlining) key words which **must** be used to gain credit
  - ecf = error carried forward
- 10 Abbreviations to be used when marking
  - ^ = omission mark
  - bod = benefit of the doubt
  - ecf = error carried forward
  - v = working towards credit, but now awarded the mark, too vague
  - con = contradiction (cases where candidates contradict themselves in the same response)
  - r = repetition
  - ( ) = brackets around text indicate that what is written is irrelevant and has been ignored



**NB: No marks for the assessment of knowledge are awarded for this question paper.**

- 1 (a) **To apply knowledge and understanding and to analyse that knowledge in relation to the classification of occupations and Diva plc.**

Any three points x 1 mark each such as:

- Diva plc is a manufacturing company/ so it is a secondary business
- Diva plc is also selling to shoe shops/department stores
- And operating a mail order/Internet business/ so it is a tertiary business
- It is also about to open a factory shop and this is in the tertiary sector

Mention of primary industry = 0 marks.

Any other relevant point.

**[3]**

- (b) **To apply knowledge and understanding and of business organisation to Diva plc.**

For each correct answer award 1 mark -

- (i) No
- (ii) Yes
- (iii) Yes

If candidate answers no/yes = 0 marks

**[3]**

- (c) **To analyse department functions.**

For each correct answer award 1 mark -

- (i) To arrange training sessions for staff/to recruit new staff
- (ii) To pay invoices and record payments/to prepare staff wage packets
- (iii) To produce new styles of footwear
- (iv) To answer customer complaints/to advertise new products
- (v) To store manufactured shoes safely

NB: Accept first answer given if more than one answer is given.

**[5]**

- (d) **To analyse and evaluate batch production in relation to Diva plc.**

**Level 2 (3-4 marks)**

Has evaluated batch production in relation to Diva plc in context by showing whether or not batch production is appropriate for Diva with some reasoning. (May comment on why other methods of production are not suitable.)

**Level 1 (1-2 marks)**

Has analysed batch production by giving the advantages and/or disadvantages of batch production.

(eg Diva plc can make one type of shoes and then switch to another (L1) so the company can follow trends in demand (L2), make what shops order (L2). Diva plc does not need to keep stock because it produces only what shops order from the company. (L2)

**Points to consider**

Diva plc uses batch production to make small numbers of shoes or boots according to demand. Some shoes are made in batches when orders are placed. This causes delays in deliveries to shops. The batches are likely to be larger for those styles which are made for several years. It would not be worthwhile to mass produce shoes because they would be made in very large quantities and many would be wasted as fashions change. Diva plc would not use job production because they are not catering for individual customers.

**[4]****(e) To analyse ways in which Diva plc adds value to materials.**

Any three ways x 1 marks each such as:

- Cutting leather to shape
- Stitching soles to the uppers
- Adding decoration to shoes
- Inserting zips/other fasteners
- Inserting linings to shoes/boots
- Packaging the products/ putting in boxes
- Advertising the products/ promoting/ marketing (1 only)
- Branding product
- Wide selection of colours
- Dyeing/colouring
- Variety of sizes
- Workmanship used in making shoes

Any other relevant way.

Using treated leather = 0 marks

Creating finished products/ putting shoes together = 0 marks

Reference to costs = 0 marks

Selling for more = 0 marks

Variety of styles = 0 marks

**[3]****(f) To analyse the costs of making and selling a pair of shoes.**

£5 + £5 + £2 + £4 (1 mark) = £16 (1 mark)      OFR applies

If the correct answer is given without working award full marks.

**[2]****Total mark [20]**

- 2 (a) **To apply knowledge and understanding and to analyse and evaluate that knowledge in relation to the local community.**

**Level 3 (5-6 marks)**

Has evaluated **how** important it is for Diva plc to have good relations with the local community ie It is **very** important because ..... Or it is **quite** important because ....

**Level 2 (3-4 marks)**

Has analysed the importance of good relations with the local community without showing how important good relations are.

**Level 1 (1-2 marks)**

Has given some examples of relations with the local community in context.

NB a statement saying good relations are important = 0 marks

Diva plc should have good relations with the local community because it employs people from the area and wishes to obtain efficient work from them.

Some of its customers may come from the area but the company is not dependent on the local area for its customer base so from that point of view it is not so important.

The directors of Diva plc are considering changes to the company which will involve local people – possibly moving manufacturing – loss of jobs and the effects on the local economy. This will not be popular but the local area may be sympathetic if the company is well thought of in the local area so good relations with the local community will be very important. If the company chooses one of the sites for its factory shop, it will have to seek planning permission and will need the support of local people for this.

[6]

Candidates will also be assessed for their quality of written communication for this part of the question, according to the following criteria:

Ideas are expressed clearly, fluently, legibly and in the appropriate way. There are few errors in spelling, punctuation and grammar.	2
Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer.	1
Candidate fails to reach the threshold standard in all respects.	0

- (b) **To apply knowledge and understanding, analyse and evaluate communication in relation to changes at Diva plc.**

- (i) Choice – individual meeting/letters to staff (1 mark)

Explained reason in context x 2 marks -

meetings – direct/can develop into a discussion/immediate feedback/misunderstandings can be corrected/can range over many topics/confidentiality.

letters in wage packets – everyone who needs to receive the information will see it/can be reread/provides a written record/can be carefully prepared/complex information can be explained

Any other relevant reason.

NB: Wrong choice with reasonable reasoning = 2 max.

[3]

- (ii) Choice – staff noticeboard/individual meeting (1 mark)

Explained reason in context x 2 marks -

staff noticeboard – may be ignored/may be too many notices there already/needs to be eye-catching to attract attention/ impersonal/ no confidentiality/ one way communication.

meetings – may take a long time/no written record/some people may dominate the conversation/some people may not be listening/chance remark may cause misunderstanding.

Any other relevant reason.

NB: Wrong choice with reasonable reasoning = 2 marks max. [3]

- (c) **To apply knowledge and understanding, analyse and evaluate that knowledge in relation to the needs of people at work.**

- (i) Any two points x 1 mark each such as -

- travel issues
- poor pay
- fear of change
- unsuitable hours of work
- boring work
- home commitments
- fear of IT
- poor working conditions/ Health and Safety issues
- no job rotation
- poor management of workforce
- intimidation/ bullying.

Motivation = 0

Unhappiness = 0

Illness = 0

Holidays = 0

Demoralised = 0

Any other relevant reason.

[2]

**(ii) Level 2 (3-4 marks)**

Has shown which solution is best with reasoning to support the recommendation. (Allow negative responses)

**Level 1 (1-2 marks)**

Has commented on one solution, with/without superficial reasoning.

**Points to consider**

Monitoring absence – may set an example to others/may mean that troublemakers leave.

Flexible working hours – will suit people with home commitments eg working mothers/will help people to travel out of peak hours/help people with appointments to keep eg dentist.

Prize draw – people may attend more because of the incentive to be there/many people like opportunities to win prizes especially if they do not have to pay to enter.

Candidates may mention disadvantages of the other solutions in their answers.

Monitoring absence – workers may feel that someone is checking up on them/may lead to unfair dismissal cases.

Flexible hours – may not be suitable in a factory situation where one person's work may be dependent on others being there.

Prize draw – may be too expensive as the prizes will have to be worthwhile for the scheme to work.

NB No mark for choice.

**[4]**

**Total mark [20]**

3 (a) To analyse and evaluate data in connection with sales revenue of Diva plc.

- (i) £30m – £24m (1 mark) = £6m (1 mark)

If the correct answer is given without working, award full marks.  
Allow in percentage terms ie 25%

[2]

- (ii) **Level 2 (3-4 marks)**

Has evaluated the trend giving a reasoned opinion in context.  
Eg the trend will continue because more and more people will have computers, websites will become better and better and people's fear of fraud will be overcome by greater safeguards.

**Level 1 (1-2 marks)**

Has analysed the trend with an unsupported opinion or without an opinion.  
Eg the Internet is popular because..... (no context)

**Points to consider**

The trend has been for Internet sales to increase, so there is no reason why this trend should not continue. More and more people have computers and are connected to the Internet. More people are encouraged to purchase on-line because of the convenience. They may also obtain reduced prices compared with shops.

The trend may not continue if Diva plc does not provide a reliable service. Their website must be attractive, their purchasing procedure easy to follow and their delivery must be quick and reliable.

[4]

(b) To analyse and evaluate the statement about international trade in relation to Diva plc.

**Level 2 (2-3 marks)**

Has evaluated the statement eg the managers are right to be concerned because the case says that the UK footwear market is very competitive with large-scale imports from different parts of the world. Unless Diva plc improve their exports and looks for other sales opportunities the company is likely to have difficulties certainly in the long-term.

**Level 1 (1 mark)**

Has made general statement that Diva plc may lose sales.

**Points to consider**

The footwear market in the UK is very competitive with imports from many parts of the world. If Diva plc is to survive, it has to purchase where supplies are cheap eg abroad and sell in many different markets. At the moment exports represent only 5% of sales so there is potential for international sales. This statement has been recognised by the Board in the investigation undertaken by the MD about moving manufacturing abroad. Competitors abroad maybe doing so well that they could make takeover bid for Diva plc.

The case study shows that Diva plc is selling mostly in the UK market and is surviving at the moment. Exporting is not important. The statement is, therefore, not true for Diva plc in the short term.

Any other relevant point.

[3]

**(c) To apply knowledge and understanding and to analyse that knowledge in relation to a promotion used by Diva plc.**

Any two points explained x 2 marks such as –

- May have been insufficient prizes in the platinum and/or gold categories
- Platinum award very limited – city break in Brunham
- Gold award not very appealing – how many people would want to visit the factory, also no accommodation offered for those living at some distance
- Silver award is reasonable but the number of days is not specified
- Bronze award of very little value with pressure on replying within a short time
- Does not say how you know you are a winner
- No email address given/no telephone number given/ name and address of company (1 mark only)
- Perceived as junk mail so thrown away
- Targetted at wrong audience
- Design is dull, not in colour.

Any other relevant point.

**[4]**

**(d) To analyse and evaluate a suitable advertising medium to appeal to a particular market segment of Diva plc.**

**Level 2 (3-4 marks)**

Has recommended an advertising medium suitable for the market segment and has given reason to support the recommendation. (May have suggested why others are not suitable.)

**Level 1 (1-2 marks)**

Has given advantages for an advertising medium.

**Points to consider**

Women's magazines – read by women, full of adverts for clothing and footwear, usually in colour, widely read, can be referred to, reasonable cost.

Internet website – international coverage (increase export trade), can show details and pictures of the boots, enables the customer to purchase on-line, cheap advertising – only the cost of setting up the website.

Posters – colour, can be of various sizes, easily seen by potential customers, cheap, can be up-dated easily, wide audience eg commuters and working women.

**[4]**

Candidates will also be assessed for their quality of written communication for this part of the question, according to the following criteria:

Ideas are expressed clearly, fluently, legibly and in the appropriate way. There are few errors in spelling, punctuation and grammar.	2
Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer.	1
Candidate fails to reach the threshold standard in all respects.	0

**Total mark [19]**

- 4 (a) **To apply knowledge and understanding, analyse and evaluate that knowledge in relation to a Cash Flow Forecast on the success of a factory shop.**
- (i) December [1]
- (ii) December [1]
- (iii) Goods for sale [1]
- (iv) £12000 [1]
- (v) **Level 2 (3-4 marks)**  
Has evaluated whether or not the factory shop should be opened and has used evidence either from the case or from the CFF to support the recommendation.

**Level 1 (1-2 marks)**

Has indicated whether or not the factory shop will be financially successful or not successful with little or no evidence either generally or from the CFF (to gain two marks there must be an explained point not just statements).

**Points to consider**

Sales revenue gradually increases until September with good business in August and September because of the summer period.

There are good sales during December, the Christmas period and these are maintained in January – the sales.

Overall sales maintain an upward trend. This, however, is a very small amount in relation to the overall sales of the company. The factory shop may, however, enable the company to sell lines for which there might be no other way of selling.

To sell lines which have been discontinued or new designs which have been discarded. It also provides an outlet for selling seconds and products with minor faults.

The total costs for the goods for sale is usually below 50% of what they are sold for – a good mark up.

The figures for wages indicate that a small number of staff is forecasted to be used in the early months with extra staff being hired as sales increase.

Costs are quite high in relation to sales.

The figures indicate a slow growth from a negative balance in the first two months when sales revenue was low. The balance gradually increases although there are problems in November.

Overall the factory shop is likely to be a financial success. It is unlikely to make large profits but it does provide a form of diversification which may help the long term prospects of the company. Factory shops are popular with consumers who like to use their cars and to obtain cheaper goods.

If, however, additional costs not included in the CFF are taken into account, such as rent or interest payments, the outlook is not so healthy.

**[4]**

Candidates will also be assessed for their quality of written communication for this part of the question, according to the following criteria:

Ideas are expressed clearly, fluently, legibly and in the appropriate way. There are few errors in spelling, punctuation and grammar.	2
Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer.	1
Candidate fails to reach the threshold standard in all respects.	0



**(b) To analyse and evaluate knowledge in relation to the location of the factory shop.****(i)** Any three points x 1 mark each such as:

- rent/buy/ownership – Site A is owned, Site B is for rent, Site C is for sale.
- distance from the factory
- parking available
- access from major roads
- distance from areas of population eg Brunham
- availability and setting up costs
- facilities offered on each site
- cost
- transport
- competition
- crime rate/ vandalism
- reputation of area
- population
- infrastructure
- availability of labour

Any other relevant factor.

**[3]****(ii)** Choice – 0 marks as any of the sites could be suitable.

Reasoning x 3 marks relating to the choice made such as –

Site A – owned by Diva plc so readily available. No costs of renting or purchasing. Easy to obtain supplies as on the factory site. May be a suitable site long term if manufacturing is moved abroad – the factory could be developed and there may be sufficient room for parking and storage. The company might be able to open some sort of a factory shop quite quickly and be able to judge quite quickly how successful it was likely to be – not too many losses if it failed.

Site B – part of an outlets village so much of the publicity would be done by the owner of the village. The village is close to the motorway on a major road into Brunham. Visitors to other outlets might be tempted to visit Diva plc's shop and so there would be increased business. There is ample parking and the unit is available with a display area and storage. This site is furthest away from the factory supplies but the distance is not great and the opening of the new bypass will assist travel. Might be suitable short term until a decision about the manufacturing is taken. Would enable the success or failure of a factory shop to be judged without too much loss if it failed. Can be seen from motorway.

Site C – provides a small warehouse which would easily convert. Diva plc would need to purchase the site. The site is close to the factory and so easily supplied. It is on a main road between Brunham and another large town, Melton. Might be a long term solution if manufacturing continued at Brunham. Would add to the assets of the company.

(Allow negative reasoning of choice or negative reasoning about why alternatives not chosen.)

**[3]****Total mark [16]**

- 5 (a) **To apply knowledge and understanding and analyse the three proposals to help Diva plc be successful in the next five years.**

Any one advantage explained x 2 marks and any one disadvantage explained x 2 marks such as:

Option 1 – opening retail shops

Advantages - good publicity for the brand name, may bring additional sales, revenue and profit, enable Diva plc to obtain retail prices rather than sell at discounted prices to other retailers.

Disadvantages – high costs of setting up the shops, rents, staff, location in competition with the company's major customers who may stop trading with the company, may have no experience of operating a shop.

**[4]**

Option 2 – amalgamating with another company

Advantages – may prevent the danger of a take-over bid, may be able to pool resources and expertise and so cut costs, may reduce the competition if amalgamates with one of Diva plc's competitors, may provide an overseas base if it is a foreign company, may provide good opportunities for expansion.

Disadvantages – the company may lose its identity, there will be rationalisation, with possible redundancy. The factory may close. Loss of control for family members eg Joanna Diva. Some family shareholders may decide to sell their shareholding.  
Danger of takeover bid = 0 marks.

**[4]**

Option 3 – moving manufacturing to another European country

Advantages – may reduce costs as labour costs in the UK are high compared with some European countries. May free the site for other enterprises eg factory shop and expanding mail order/Internet business. May mean that Diva plc can offer a cheaper range of footwear.

Disadvantages – unemployment/redundancy among the factory workers many of whom have worked for Diva plc for many years. Costs of redundancy payments. May have difficulty finding a suitable factory abroad. May be difficult to control what happens in that factory – relocation of managers to that factory. May be logistical problems – obtaining supplies of footwear, communication.  
Language problems, transport difficulties.

**[4]**

**(b) To evaluate the options to help Diva plc be successful in the next five years.**

Any points to substantiate the choice (0 marks) to up to three marks.  
These points may be repeated from (a).

Opening retail shops may take some time but some of the shops should, if successful, be showing a return within a short time.  
Amalgamating or merging would show results but they may not be what the Board of Directors is looking for. Might help to combat the competition. Manufacturing in another country would save costs. It may help to find new sources of materials from cheaper suppliers. It may help to open up new markets in Europe that can be supplied from the factory.

**[3]**  
**Total mark [15]**



**Mark Scheme 1951/08**  
**June 2007**

## INSTRUCTIONS ON MARKING SCRIPTS

*All page references relate to the Instructions to Examiner booklet (revised June 2006)*

For many question papers there will also be subject or paper specific instructions which supplement these general instructions. The paper specific instructions follow these generic ones.

### 1 Before the Standardisation Meeting

**Before the Standardisation Meeting you must mark a selection of at least 10 scripts.** The selection should be drawn from several Centres. The preliminary marking should be carried out **in pencil** in strict accordance with the mark scheme. In order to help identify any marking issues which might subsequently be encountered in carrying out your duties, **the marked scripts must be brought to the meeting.** (*Section 5c, page 6*)

### 2 After the Standardisation Meeting

- a) Scripts must be marked in **red**, including those initially marked in pencil for the Standardisation Meeting.
- b) All scripts must be marked in accordance with the version of the mark scheme agreed at the Standardisation Meeting.
- c) **Annotation of scripts**

The purpose of annotation is to enable examiners to indicate clearly where a mark is earned or why it has not been awarded. Annotation can, therefore, help examiners, checkers, and those remarking scripts to understand how the script has been marked.

#### **Annotation consists of:**

- the use of ticks and crosses against responses to show where marks have been earned or not earned;
- the use of specific words or phrases as agreed at standardisation and as contained in the final mark scheme either to confirm why a mark has been earned or indicate why a mark has not been earned (eg indicate an omission);
- the use of standard abbreviations eg for follow through, special case etc.

Scripts may be returned to Centres. Therefore, any comments should be kept to a minimum and should always be specifically related to the award of a mark or marks and be taken (if appropriate) from statements in the mark scheme. General comments on a candidate's work must be avoided.

Where annotations are put onto the candidates' script evidence, it should normally be recorded in the body of the answer or in the margin immediately adjacent to the point where the decision is made to award or not award the mark.

**d) Recording of marking: the scripts**

- i) Marked scripts must give a clear indication of how marks have been awarded, as instructed in the mark scheme.
- ii) All numerical marks for responses to part questions should be recorded unringed in the right-hand margin. The total for each question (or, in specified cases, for each page) should be shown as a single ringed mark in the right-hand margin at the end of each question.
- iii) The ringed totals should be transferred to the front page of the script, where they should be totalled.
- iv) Every page of a script on which the candidate has made a response should show evidence that the work has been seen.
- v) Every blank page should be crossed through to indicate that it has been seen. (*Section 8a – d, page 8*)

**e) Handling of unexpected answers**

The Standardisation Meeting will include a discussion of marking issues, including:

- a full consideration of the mark scheme in the context of achieving a clear and common understanding of the range of acceptable responses and the marks appropriate to them, and comparable marking standards for optional questions;
- the handling of unexpected, yet acceptable answers. (*Section 6a, bullet point 5, page 6*)

There will be times when you may not be clear how the mark scheme should be applied to a particular response. In these circumstances, a telephone call to the Team Leader should produce a speedy resolution to the problem. (*Appendix 5, para 17, page 26*)

**General advice to Assistant Examiners on the procedures to be used**

- 1 The schedule of dates for the marking of this paper is of paramount importance. It is vital that you meet these requirements. If you experience problems than you must contact your Team Leader without delay.
- 2 Please ensure that you use the final version of the Mark Scheme which will be available at the end of the Examiner's Standardisation meeting. You are advised to destroy all draft versions.
- 3 An element of professional judgement is required in the marking of any written paper, and candidates may not use the exact words which appear in the detailed sheets which follow. If the Business Studies is correct and also answers the question then the mark(s) should normally be credited. If you are in doubt about the validity of any answer then contact your Team Leader for guidance.
- 4 Mark in red. A tick (✓) should be used, at the appropriate point, for each answer judged worthy of credit.
- 5 Strike through all blank spaces and/or pages in order to give a clear indication that the whole of the script has been considered.
- 6 The mark total for each question should normally be ringed at the bottom right hand side.
- 7 In cases where candidates give multiple answers, mark the first answer(s) up to the total number required. In specific cases where this simple rule cannot be applied, the exact procedure to be used will be given in detail at the Examiners' Standardisation meeting.
- 8 Some questions may have a 'Level of Response' mark scheme.
- 9 Abbreviations, annotations and conventions used in the detailed Mark Scheme:
  - / = alternative and acceptable answers for the same marking point
  - NOT = answers which are not worthy of credit
  - = (underlining) key words which **must** be used to gain credit
  - ecf = error carried forward
- 10 Abbreviations to be used when marking
  - ^ = omission mark
  - bod = benefit of the doubt
  - ecf = error carried forward
  - v = working towards credit, but now awarded the mark, too vague
  - con = contradiction (cases where candidates contradict themselves in the same response)
  - r = repetition
  - ( ) = brackets around text indicate that what is written is irrelevant and has been ignored



**NB: No marks for the assessment of knowledge are awarded for this question paper.**

- 1 (a) **To apply knowledge and understanding and to analyse that knowledge in relation to the classification of occupations and Diva plc.**

Any three points x 1 mark each such as:

- Diva plc is a manufacturing company/ so it is a secondary business
- Diva plc is also selling to shoe shops/department stores
- And operating a mail order/Internet business/ so it is a tertiary business
- It is also about to open a factory shop and this is in the tertiary sector
- Mention of primary industry = 0 marks.

Any other relevant point.

**[3]**

- (b) **To apply knowledge and understanding and to analyse that knowledge in relation to public limited companies.**

Any two problems explained x 2 marks each such as:

- Maintaining the share price – at the moment it is fluctuating.
- Keeping shareholders happy – fluctuating share price which may make them sell.
- Being susceptible to take-over bid – if they are under-performing so looking at changes to maintain Diva plc's profitability.
- Maintaining profitability in a very competitive market so that shareholders' dividends can be paid.
- Information is public – advantage to competitors.

Any other relevant point.

**[4]**

- (c) **To analyse and evaluate batch production in relation to Diva plc.**

**Level 2 (3-4 marks)**

Has evaluated batch production in relation to Diva plc in context by showing whether or not batch production is appropriate for Diva with some reasoning. (May comment on why other methods of production are not suitable.)

**Level 1 (1-2 marks)**

Has analysed batch production by giving the advantages and/or disadvantages of batch production.

(eg Diva plc can make one type of shoes and then switch to another (L1) so the company can follow trends in demand (L2), make what shops order (L2). Diva plc does not need to keep stock because it produces only what shops order from the company. (L2)

**Points to consider**

Divia plc uses batch production to make small numbers of shoes or boots according to demand. Some shoes are made in batches when orders are placed. This causes delays in deliveries to shops. The batches are likely to be larger for those styles which are made for several years. It would not be worthwhile to mass produce shoes because they would be made in very large quantities and many would be wasted as fashions change. Diva plc would not use job production because it is not catering for individual customers.

**[4]**

**(d) To analyse ways in which Diva plc adds value to materials.**

Any three ways x 1 marks each such as:

- Cutting leather to shape
- Stitching soles to the uppers
- Adding decoration to shoes
- Inserting zips/other fasteners
- Inserting linings to shoes/boots
- Packaging the products/ putting in boxes
- Advertising the products/ promoting/ marketing (1 only)
- Branding product
- Wide selection of colours
- Dyeing/colouring
- Variety of sizes
- Workmanship used in making shoes

Any other relevant way.

Using treated leather = 0 marks

Creating finished products/ putting shoes together = 0 marks

Reference to costs = 0 marks

Selling for more = 0 marks

Variety of styles = 0 marks [3]

**(e) To analyse and evaluate knowledge of purchasing and using and managing resources for production.****Level 2 (4-6 marks)**

Has evaluated Terry Blake's purchasing policy and/or has considered some of the possible changes to his policy and has given an opinion with reasoning.

**Level 1 (1-3 marks)**

Has analysed Terry Blake's purchasing policy and/or one or more of the possible changes to his policy. May or may not have given an opinion.

NB: May have considered only the changes proposed.

**Points to consider**

Terry Blake's present policy of value for money may mean that he does not buy the cheapest. He will have to buy the cheapest if the company is to cut costs. This will mean there will be conflict with the company's reputation for quality and, as a result, sales may suffer in the future. It is possible he has been using overseas suppliers but with additional costs of transport and possible difficulties over deliveries on time, these overseas suppliers may not be any cheaper.

The company uses man-made materials. It would make good marketing sense to use re-cyclable materials for some products as long as quality does not suffer and this is well advertised (may appeal to another market segment). It is hoped that he already takes advantage of economies of scale by bulk buying wherever possible to obtain the greatest discounts. He will have to weigh up the dangers of wastage of materials against savings in costs.

Over use of packaging is an emotive issue. If the company found cheaper ways of packaging the shoes and boots which gave protection to the products, made storage easier and enabled the products to be dispatched to customers safely, this would not only save costs but appeal to those customers who believe there is too much packaging.

[6]

**Total marks [20]**

- 2 (a) **To apply knowledge and understanding and to analyse and evaluate that knowledge in relation to the local community.**

**Level 3 (5-6 marks)**

Has evaluated **how** important it is for Diva plc to have good relations with the local community ie It is **very** important because ... Or it is **quite** important because ....

**Level 2 (3-4 marks)**

Has analysed the importance of good relations with the local community without showing how important good relations are.

**Level 1 (1-2 marks)**

Has given some examples of relations with the local community in context.

NB a statement saying good relations are important = 0 marks.

**Points to consider**

Diva plc should have good relations with the local community because it employs people from the area and wishes to obtain efficient work from them.

Some of its customers may come from the area but the company is not dependent on the local area for its customer base so from that point of view it is not so important.

The directors of Diva plc are considering changes to the company which will involve local people – possibly moving manufacturing – loss of jobs and the effects on the local economy. This will not be popular but the local area may be sympathetic if the company is well thought of in the local area, so good relations with the local community will be very important.

If the company chooses one of the sites for its factory shop, it will have to seek planning permission and will need the support of local people for this.

Any other relevant point.

**[6]**

Candidates will also be assessed for their quality of written communication for this part of the question, according to the following criteria:

Ideas are expressed clearly, fluently, legibly and in the appropriate way. There are few errors in spelling, punctuation and grammar.	2
Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer.	1
Candidate fails to reach the threshold standard in all respects.	0

**(b) To apply knowledge and understanding and analyse that knowledge in relation to trade unions and Diva plc.**

Any points x up to 3 marks such as –

- By informing the workforce as to what their rights might be
- By listening to the workforce's concerns and meeting with the management of Diva plc to attempt to improve the situation
- By drawing a list of suggestions to help the workforce eg requesting training programmes and trying to obtain these from the management
- By organising industrial action eg work to rule, go slow for the workforce.
- By offering skilled negotiators and strength in numbers.
- Support for legal action/industrial tribunal.

Any other relevant reason.

**[3]**

**(c) To apply knowledge and understanding, analyse and evaluate that knowledge in relation to the needs of people at work.**

**(i)** Any two points x 1 mark each such as:

- travel issues
- poor pay
- fear of change
- unsuitable hours of work
- boring work
- home commitments
- fear of IT
- poor working conditions/ Health and Safety issues
- no job rotation
- poor management of workforce
- intimidation/ bullying.

Motivation = 0

Unhappiness = 0

Illness = 0

Holidays = 0

Demoralised = 0

Any other relevant reason.

**[2]**

**(ii) Level 2 (3-4 marks)**

Has shown which solution is best with reasoning to support the recommendation. (Allow negative response.)

**Level 1 (1-2 marks)**

Has commented on one solution with/without superficial reasoning.

**Points to consider**

Monitoring absence – may set an example to others/may mean that troublemakers leave.

Flexible working hours – will suit people with home commitments eg working mothers/will help people to travel out of peak hours/help people with appointments to keep eg dentist.

Prize draw – people may attend more because of the incentive to be there/many people like opportunities to win prizes especially if they do not have to pay to enter.

Candidates may mention disadvantages of the other solutions in their answers.

Monitoring absence – workers may feel that someone is checking up on them/may lead to unfair dismissal cases.

Flexible working hours – may not be suitable in a factory situation where one person's work may be dependent on others being there.

Prize draw – may be too expensive as the prizes will have to be worthwhile for the scheme to work.

NB No mark for stating choice.

**[4]****Total mark [17]**

3 (a) To analyse and evaluate data in connection with sales revenue of Diva plc.

- (i) £30m – £24m = £6m (1 mark)  
 $\frac{£6m}{£24m} \times 100 = 25\%$  (1 mark) OFR applies

If the correct answer is given without working, award full marks. [2]

- (ii)  $0.05 \times £30m (1) = £1.5m (1)$  OFR applies

If the correct answer is given without working, award full marks. [2]

(iii) **Level 2 (3-4 marks)**

Has evaluated the trend giving a reasoned opinion in context.

Eg the trend will continue because more and more people will have computers, websites will become better and better and people's fear of fraud will be overcome by greater safeguards.

**Level 1 (1-2 marks)**

Has analysed the trend with an unsupported opinion or without an opinion.

Eg the Internet is popular because... (no context)

**Points to consider**

The trend has been for on-line sales to increase, so there is no reason why this trend should not continue. More and more people have computers and are connected to the Internet. More people are encouraged to purchase on-line because of the convenience. They may also obtain reduced prices compared with shops.

The trend may not continue if Diva plc does not provide a reliable service.

Their website must be attractive, their purchasing procedure easy to follow and their delivery time must be quick and reliable.

[4]

(b) To analyse and evaluate the statement about international trade in relation to Diva plc.

**Level 2 (2-3 marks)**

Has evaluated the statement eg the managers are right to be concerned because the case says that the UK footwear market is very competitive with large-scale imports from different parts of the world. Unless Diva plc improves its exports and looks for other sales opportunities the company is likely to have difficulties certainly in the long-term.

**Level 1 (1 mark)**

Has made a general statement that Diva plc may lose sales.

**Points to consider**

The footwear market in the UK is very competitive with imports from many parts of the world. If Diva plc is to survive, it has to purchase where supplies are cheap eg abroad and sell in many different markets. At the moment exports represent only 5% of sales so there is potential for international sales. This statement has been recognised by the Board in the investigation undertaken by the MD about moving manufacturing abroad. Competitors abroad maybe doing so well that they could make takeover bid for Diva plc.

The case study shows that Diva plc is selling mostly in the UK market and is surviving at the moment. Exporting is not important. The statement is, therefore, not true for Diva plc in the short term. [3]

(c) **To apply knowledge and understanding and to analyse that knowledge in relation to a promotion used by Diva plc.**

Any two points explained x 2 marks such as –

- May have been insufficient prizes in the platinum and/or gold categories
- Platinum award very limited – city break in Brunham
- Gold award not very appealing – how many people would want to visit the factory, also no accommodation offered for those living at some distance
- Silver award is reasonable but the number of days is not specified
- Bronze award of very little value with pressure on replying within a short time
- Does not say how you know you are a winner
- No email address given/no telephone number given/ name and address of company (1 only)
- Perceived as junk mail so thrown away
- Targetted at wrong audience
- Design is dull, no colour.

Any other relevant point.

**[4]**

- (d) **To analyse and evaluate a suitable marketing strategy to increase sales to a particular market segment.**

**Level 3 (5-6 marks)**

Has evaluated a marketing strategy suitable for the named market segment (a planned strategy) and has shown how the two aspects of the marketing mix would be applied to this market segment. (If only one is evaluated – 5 mark max).

**Level 2 (3-4 marks)**

Has analysed aspects of a marketing strategy for the market segment and has shown how at least one aspect of the marketing mix would be applied to this market.

**Level 1 (1-2 marks)**

Has offered some analysis of how the market segment might be marketed with little mention of the one/two aspects of the marketing mix and little context.

**Points to consider**

Product – emphasis on quality, use of leather and other materials, care with styling, wide range of colours, fittings and sizes, made to last, may be conservative in styling, products must be comfortable eg cushion soles, thick inner soles.

Promotion – full colour brochure published monthly showing the styles available, displays in shop windows, website with full details of all the styles available including pictures, offers.

Market research can contribute to answer. Price/place = 0 marks.

**[6]**

Candidates will also be assessed for their quality of written communication for this part of the question, according to the following criteria:

Ideas are expressed clearly, fluently, legibly and in the appropriate way. There are few errors in spelling, punctuation and grammar.	2
Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer.	1
Candidate fails to reach the threshold standard in all respects.	0

**Total mark [23]**



- 4 (a) **To apply knowledge and understanding, analyse and evaluate that knowledge of the location of the factory shop.**

**Level 3 (7-10 marks)**

Has analysed the advantages and disadvantages of the three sites in relation to each other and has recommended the most suitable site with reasons based on the analysis.

**Level 2 (4-6 marks)**

Has explained the advantages/disadvantages of one or two of the sites with an unsupported recommendation.

OR has explained the advantages/disadvantages of the three sites with/without a recommendation.

OR has explained the advantages/disadvantages of one or more site with an unsupported recommendation (max 4 marks).

**Level 1 (1-3 marks)**

Has stated some advantages/disadvantages of one or more of the sites with/without an unsupported recommendation.

**Points to consider**

Site A – owned by Diva plc so readily available. No costs of renting or purchasing. Parking is limited and most people are likely to visit by car. May disrupt the warehouse where sales are increasing. Easy to obtain supplies as on the factory site. May be a suitable site long term if manufacturing is moved abroad – the factory could be developed and there may be sufficient room for parking and storage. Jobs available would not compensate for the loss of the factory. Choosing this option would upset Clare Mitchell but we do not know how much she might be upset. The company might be able to open some sort of a factory shop quite quickly and be able to judge quite quickly how successful it was likely to be – not too many losses if it failed.

Site B – part of an outlet village so much of the publicity would be done by the owner of the village. The village is close to the motorway on a major road into Brunham. Visitors to other outlets might be tempted to visit Diva plc's shop and so there would be increased business. There is ample parking and the unit is there with a display area and storage. This site is furthest away from the factory supplies but the distance is not great and the opening of the new bypass will assist travel. The rent of the unit is an additional expense and would mean, judging by the CFF, that there would be a negative balance for several months rather than just one month as forecast. Diva plc might have to sign a lease which they would have to honour even if the shop was unsuccessful. Might be suitable short term until a decision about the manufacturing is taken. Would enable the success or failure of a factory shop to be judged without too much loss if it failed.

Site C – provides a small warehouse which would easily convert. Diva plc would need to purchase the site and may need to borrow to fund the purchase. We do not know what other borrowing the company may have. The site is close to the factory and so easily supplied. It is on a main road between Brunham and another large town, Melton. If this were bought, there would be a delay in setting up the factory shop. Planning permission may have to be sought and conversion would take some time. Might be a long term solution if manufacturing continued at Brunham. Would add to the assets of the company.

**[10]**

Candidates will also be assessed for their quality of written communication for this part of the question, according to the following criteria:

Ideas are expressed clearly, fluently, legibly and in the appropriate way. There are few errors in spelling, punctuation and grammar.	2
Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer.	1
Candidate fails to reach the threshold standard in all respects.	0

**(b) To analyse and evaluate knowledge in relation to a Cash Flow Forecast on the success of the factory shop.**

**Level 2 (4-6 marks)**

Has evaluated aspects of the Cash Flow Forecast (with or without the notes) and has shown, by the analysis, whether or not the opening of a factory shop will be a financial success. May have used numerate techniques (but not essential).

**Level 1 (1-3 marks)**

Has analysed some aspects of the Cash Flow Forecast and the notes.

NB: Comment on profit/loss should be ignored.

**Points to consider**

The capital for setting up is £80 000 for each site.

Sales revenue gradually increases until September with good business in August and September because of the summer period.

There are good sales during December, the Christmas period and these are maintained in January – the sales.

Overall sales maintain an upward trend. This, however, is a very small amount in relation to the overall sales of the company. The factory shop may, however, enable the company to sell lines for which there might be no other way of selling, to sell lines which have been discontinued or new designs which have been discarded. It also provides an outlet for selling seconds and products with minor faults.

The total prices charged for the goods for sale is usually below 50% of what they are sold for – a good mark up.

The figures for wages indicate that a small number of staff is forecasted to be used in the early months with extra staff being hired as sales increase.

Advertising costs are quite high in relation to sales especially in the early months – 1/6 of sales in May and 1/8 in June. Advertising increases just before possible peak periods. There is a need to inform the buying public that the shop exists and to remind them at regular intervals as well as to undertake promotions.

The total Other Expenses fluctuates month by month. This is likely because expenses such as telephone and electricity occur only quarterly.

The figures indicate a slow growth from a negative balance in the first two months when sales revenue was low. The balance gradually increases although there are problems in November.

Overall the factory shop is likely to be financial success. It is unlikely to make large profits but it does provide a form of diversification which may help the long term prospects of the company. Factory shops are popular with consumers who like to use their cars and to obtain cheaper goods.

If, however, additional costs not included in the CFF are taken into account, such as rent or interest payments, the outlook is not so healthy. [6]

**Total mark [18]**

**5 To apply knowledge and understanding, analyse and evaluate the three proposals and any others to maintain the profitability of Diva plc.**

**Level 4 (10-12 marks)**

Has evaluated all three options, presented a coherent argument and a convincing recommendation with suitable reasons based on this analysis. May also have suggested other possibilities which may form part of the recommendation.

**Level 3 (7-9 marks)**

Has analysed two or more options and made a recommendation with some reasons based on this analysis.

OR has provided strong analysis of two or more options without any clear recommendation.

**Level 2 (4-6 marks)**

Has given some of the arguments for and against one or more of the options with/without a recommendation and with superficial reasoning or no reasons.

**Level 1 (1-3 marks)**

Has made superficial comment on one or more of the options with little or no context or has made an unsupported recommendation.

**Points to consider**

Option 1 – opening retail shops

Arguments for - good publicity for the brand name, may bring additional sales, revenue and profit, enables Diva plc to obtain retail prices rather than sell at discounted prices to other retailers.

Arguments against - high costs of setting up the shops, rents, staff, location in competition with the company's major customers who may stop trading with the company, may have no experience of operating a shop.

Option 2 – amalgamating with another company

Arguments for - may prevent the danger of a take-over bid, may be able to pool resources and expertise and so cut costs, may reduce the competition if amalgamates with one of Diva plc's competitors, may provide an overseas base if it is a foreign company, may provide good opportunities for expansion.

Arguments against – the company may lose its identity, there will be rationalisation, with possible redundancy. The factory may close. Loss of control for family members eg Joanna Diva. Some family shareholders may decide to sell their shareholding.

Option 3 – moving manufacturing to another European country

Arguments for – may reduce costs as labour costs in the UK are high compared with some European countries. May free the site for other enterprises eg factory shop and expanding mail order/Internet business. May mean that Diva plc can offer a cheaper range of footwear and so remain competitive. May help to open up new markets in Europe that can be supplied from the factory.

- Arguments against – unemployment/redundancy among the factory workers many of whom have worked for Diva plc for many years. Costs of redundancy payments. May have difficulty finding a suitable factory abroad. May be difficult to control what happens in that factory – relocation of managers to that factory. May be logistical problems – obtaining supplies of footwear, communication.
- Other possibilities – Moving to a larger site possibly in Brunham to accommodate an enlarged warehouse, the factory shop and the factory moving to another part of the UK where Government grants are offered updating the brand name and revamping the packaging looking at styles to sell to younger age groups diversifying into other products eg handbags, belts which complement their existing products.

NB: Assume customers buying overseas rather than importing into UK to sell. [12]

**Total mark [12]**

**General Certificate of Secondary Education  
Business Studies A (Short Course) (1051)  
June 2007 Assessment Session**

**Component Threshold Marks**

Component	Max Mark	A	B	C	D	E	F	G
1	100			61	49	38	27	16
2	100	74	64	54	36			
3	60			33	28	24	20	16
4	60	43	39	35	24			
5	60	45	40	35	27	20	13	6

**Specification Options**

**Foundation Tier**

**Option FA (Foundation Tier with Coursework, 01, 05)**

	Max Mark	A*	A	B	C	D	E	F	G
Overall Threshold Marks	200				121	97	74	51	28
Percentage in Grade					25.9	32.1	17.9	9.5	9.9
Cumulative Percentage in Grade					25.9	58.0	75.9	85.4	95.3

The total entry for the option was 297.

**Option FB (Foundation Tier with Case Study, 01, 03)**

	Max Mark	A*	A	B	C	D	E	F	G
Overall Threshold Marks	200				119	98	77	57	37
Percentage in Grade					18.7	17.5	20.6	20.5	13.1
Cumulative Percentage in Grade					18.7	35.5	56.1	76.6	89.7

The total entry for the option was 118.

**Higher Tier**

**Option HA (Higher Tier with Coursework, 02, 05)**

	Max Mark	A*	A	B	C	D	E	F	G
Overall Threshold Marks	200	166	147	128	110	77	60		
Percentage in Grade		9.4	29.2	34.5	14.9	11.4	0.6		
Cumulative Percentage in Grade		9.4	38.6	73.1	88.0	99.4	100		

The total entry for the option was 343.

**Option HB (Higher Tier with Case Study, 02, 04)**

	<b>Max Mark</b>	<b>A*</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
Overall Threshold Marks	200	165	146	127	108	74	57		
Percentage in Grade		2.3	8.6	17.8	27.1	34.9	5.4		
Cumulative Percentage in Grade		2.3	10.9	28.7	55.8	90.7	96.1		

The total entry for the option was 133.

**Overall**

	<b>A*</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
Percentage in Grade	4.1	13.0	16.6	20.8	22.3	9.4	5.6	4.8
Cumulative Percentage in Grade	4.1	17.1	33.7	54.5	76.8	86.2	91.8	96.6

The total entry for the examination was 891.

**General Certificate of Secondary Education  
Business Studies A (1951)  
June 2007 Assessment Session**

Component Threshold Marks

Component	Max Mark	A	B	C	D	E	F	G
1	120			72	59	47	35	23
2	120	74	59	45	26			
3	60			34	28	23	18	13
4	60	36	29	23	17			
5	60			37	31	26	21	16
6	60	45	38	32	22			
7	90			58	51	44	37	30
8	90	61	54	47	37			
9	60	45	40	35	27	20	13	6

**Specification Options**

**FA – Foundation Tier Business and Change with Coursework (Components 01, 03, 09)**

	Max Mark	A*	A	B	C	D	E	F	G
Overall Threshold Marks	240				138	114	90	66	41
Percentage in Grade					21.6	35.3	26.1	12.2	3.5
Cumulative Percentage in Grade					21.6	56.9	83.0	95.2	98.7

The total entry for the option was 1961.

**FB – Foundation Tier Business Communication and Marketing with Coursework (Components 01, 05, 09)**

	Max Mark	A*	A	B	C	D	E	F	G
Overall Threshold Marks	240				139	115	92	69	46
Percentage in Grade					19.4	32.3	27.7	13.8	5.1
Cumulative Percentage in Grade					19.4	51.7	79.4	93.2	98.3

The total entry for the option was 1548.

**FC – Foundation Tier Business and Change with Case Study (Components 01, 03, 07)**

	Max Mark	A*	A	B	C	D	E	F	G
Overall Threshold Marks	240				142	120	99	78	57
Percentage in Grade					25.3	31.8	23.9	11.5	5.3
Cumulative Percentage in Grade					25.3	57.1	81.0	92.5	97.8

The total entry for the option was 944.

**FD – Foundation Tier Business Communication and Marketing with Case Study  
(Components 01, 05, 07)**

	<b>Max Mark</b>	<b>A*</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
Overall Threshold Marks	240				145	123	102	81	60
Percentage in Grade					20.4	31.9	26.6	13.3	5.4
Cumulative Percentage in Grade					20.4	52.3	78.9	92.2	97.6

The total entry for the option was 1142.

**HA – Higher Tier Business and Change with Coursework (Components 02, 04, 09)**

	<b>Max Mark</b>	<b>A*</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
Overall Threshold Marks	240	174	150	126	103	70	53		
Percentage in Grade		6.5	18.5	29.2	28.8	15.3	1.5		
Cumulative Percentage in Grade		6.5	25.0	54.2	83.0	98.3	99.8		

The total entry for the option was 3534.

**HB – Higher Tier Business Communication and Marketing with Coursework (02, 06, 09)**

	<b>Max Mark</b>	<b>A*</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
Overall Threshold Marks	240	178	156	134	112	75	56		
Percentage in Grade		5.1	14.4	28.8	29.4	20.4	1.6		
Cumulative Percentage in Grade		5.1	19.5	48.3	77.7	98.1	99.7		

The total entry for the option was 2256.

**HC – Higher Tier Business and Change with Case Study (02, 04, 08)**

	<b>Max Mark</b>	<b>A*</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
Overall Threshold Marks	240	170	146	122	99	68	52		
Percentage in Grade		7.7	19.4	32.4	28.4	11.0	1.1		
Cumulative Percentage in Grade		7.7	27.1	59.5	87.9	98.9	100		

The total entry for the option was 1801.

**HD – Higher Tier Business Communication and Marketing with Case Study (02, 06, 08)**

	<b>Max Mark</b>	<b>A*</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
Overall Threshold Marks	240	182	157	132	108	73	55		
Percentage in Grade		5.5	19.5	32.6	26.1	14.3	0.9		
Cumulative Percentage in Grade		5.5	25.0	57.6	83.7	98.8	99.7		

The total entry for the option was 1383.



**Overall**

	<b>A*</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
Percentage in Grade	3.9	11.1	18.8	25.8	22.3	10.8	4.8	1.7
Cumulative Percentage in Grade	3.9	15.0	33.8	59.6	81.9	92.7	97.5	99.2

The total entry for the examination was 14,569.



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