

# **Business Studies B**

General Certificate of Secondary Education 1952

## **Mark Schemes for the Units**

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**June 2008**

**1952/MS/R/08**

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This mark scheme is published as an aid to teachers and students, to indicate the requirements of the examination. It shows the basis on which marks were awarded by Examiners. It does not indicate the details of the discussions which took place at an Examiners' meeting before marking commenced.

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

Mark schemes should be read in conjunction with the published question papers and the Report on the Examination.

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Any enquiries about publications should be addressed to:

OCR Publications  
PO Box 5050  
Annesley  
NOTTINGHAM  
NG15 0DL

Telephone: 0870 770 6622  
Facsimile: 01223 552610  
E-mail: [publications@ocr.org.uk](mailto:publications@ocr.org.uk)

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#### MARK SCHEMES FOR THE UNITS

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

YOU WILL BE REQUIRED TO UNDERTAKE 10 PRACTICE AND 10 STANDARDISATION SCRIPTS BEFORE STARTING TO MARK LIVE SCRIPTS.

1. The schedule of dates for the marking of this paper is very important. It is vital that you meet these requirements. If you experience problems then you must contact your Team Leader (Supervisor) without delay.
2. An element of professional judgement is required in the marking of any written paper. Candidates often do not use the exact words which appear in the detailed sheets which follow. If the science 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 consult your Team Leader (Supervisor) by phone, the messaging system within SCORIS or e-mail.
3. Correct answers to calculations always gain full credit even if no working is shown. (The 'Show your working' is to help candidates, who may then gain partial credit even if their final answer is not correct.)
4. Some questions may have a 'Level of Response' mark scheme. Any details about these will be in the Additional Guidance.
5. If an answer has been crossed out and no alternative answer has been written then mark the answer crossed out.
6. In addition to the award of 0 marks, there is a NR (No Response) option on SCORIS.

Award 0 marks

- if there is any attempt that earns no credit (including copying out the question or some crossed out working)

Award NR (No Response)

- if there is nothing written at all in the answer space  
OR
- if there is any comment which does not in any way relate to the question being asked (e.g. 'can't do', 'don't know')  
OR
- if there is any sort of mark which is not an attempt at the question (e.g. a dash, a question mark)

7. Abbreviations, annotations and conventions used in the detailed Mark Scheme.
- / = alternative and acceptable answers for the same marking point
  - (1)** = separates marking points
  - not** = answers which are not worthy of credit
  - reject** = answers which are not worthy of credit
  - ignore** = statements which are irrelevant
  - allow** = answers that can be accepted
  - ( ) = words which are not essential to gain credit
  - = underlined words must be present in answer to score a mark
  - ecf = error carried forward
  - AW = alternative wording
  - ora = or reverse argument
8. Annotations: the following annotations are available on SCORIS.
- ✓ = correct response
  - ✗ = incorrect response
  - bod = benefit of the doubt
  - nbod = benefit of the doubt **not** given
  - OFR = own figure rule
  - ^ = information omitted
  - TV = too vague
  - NTQ = not the question [USE NGE]
  - R = reject
  - L1, 2, 3 = Levels of response
- Highlighting is also available to highlight any particular points on the script. Please use a colour which can be clearly seen – available from ‘Tools’.
9. The Comments box
- The comments box will be used by your PE to explain their marking of the practice scripts for your information. Please refer to these comments when checking your practice scripts. You should only type in the comments box yourself when you have an additional object of the type described in Appendix B of the Handbook for Assistant Examiners and Subject Markers. Please do not use the comments box for any other reason. Any questions or comments you have for your team leader should be communicated by phone, SCORIS messaging system or e-mail.
10. Please send a brief report on the performance of the candidates to your Team Leader (Supervisor) by the end of the marking period. The Assistant Examiner’s Report Form (AERF) can be found on the Cambridge Assessment Support Portal. This should contain notes on particular strengths displayed, as well as common errors or weaknesses. Constructive criticisms of the question paper/mark scheme are also appreciated. Please use the report form which will be emailed to you.

## 2321/01 Business Organisation – Foundation Tier

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
1 (a)	5.1.2	<p><b>Target: Knowledge and understanding of types of organisation.</b></p> <p>The partners may have different areas of expertise. Mark the first tick only.</p>	[1]	
(b)		<p><b>Target: Knowledge and application of criteria for success.</b></p>		
(i)	5.1.1	<p>Candidates may mention: profits; growth; survival; sales; market share; revenue/income; customers; reputation; profit &amp; loss/balance sheet; relationship with suppliers; etc Allow any valid suggestion. (2x1)</p>	[2]	<p>Do <b>not</b> allow: cash flow; charts. Do not accept both profit and loss and balance sheet Do not accept both revenue and income Can accept both profit and revenue/income.</p>
(ii)	5.1.1	<p>The answer will depend on the feature chosen. OFR applies The marks are for <b>application</b> to Andrew and Angela. Give 1 mark for a basic idea and 1 more mark for further application.</p>	[2]	NB it is a partnership <b>not</b> a charity.
(c)		<p><b>Target: knowledge and application of costs.</b></p>		
(i)	5.1.3	Fixed.	[1]	The only answer

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**Mark Scheme**

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(ii) 5.1.3

Candidates may suggest: move to cheaper premises; charge customers higher prices; find savings in other expenditure; increase number of customers.

Allow any valid suggestion.

Give 1 mark for a basic idea and 1 mark for some development. [2]

Do **not** allow 'take out a loan' etc.

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
(d)		<b>Target: Ability to show, apply, analyse and evaluate knowledge and understanding of stock control.</b>		
(i)	5.1.5	30 – 12 (1) = 18 (1). Give 2 marks for the correct answer. OFR applies.	[2]	
(ii)	5.1.5	Just in Case – keeping a level of stock to guard against running out. Just in time – where goods etc arrive just before they are needed. Both methods are acceptable.		Candidates may choose either method and gain full marks.  To gain full marks there is no need to do both i.e. a supported argument for one only is acceptable, but some comparison will probably feature in most answers.
		<b>Level 3 [5 marks]</b> At the top they will offer supported advice to the business in terms of animals/vets/medicines.		L2 & L3 answers must refer to Gouge Animal Services.
		<b>Level 2 [3-4 marks]</b> Candidates are able to apply/analyse their knowledge to the business i.e. animals/vets/medicines.		A good general discussion, i.e. explain both and then come down in favour of one, but <b>no</b> reference to the business is worth a max of 3.
		<b>Level 1 [1-2 marks]</b> Candidates are able to show knowledge i.e. definitions.	[5]	Allow an emergency as an indication of application to the business.
		<b>Total</b>	<b>[21]</b>	



Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
(e)	5.1.2/3/5	<p><b>Target: Ability to show, apply, analyse and evaluate knowledge and understanding of how businesses may grow.</b></p> <p>Candidates may mention: increase finance eg become a limited company; take on more partners; take over/merge with another vet; improve their marketing/promotion; relocate to a new venue; expand into the <b>local</b> area/region; diversification; etc. There are a number of approaches. Award any valid idea.</p> <p><b>Level 3 [4-6 marks]</b> Candidates are able to recommend a sensible way of expanding the business. This must be clearly applicable to Andrew and Angela's business to gain more than the minimum. At the top the recommendation will be well supported</p> <p><b>Level 2 [2-3 marks]</b> Candidates are able to offer application and analysis. This must be clearly applicable to Andrew and Angela's business to gain more than the minimum. Max 2 for answers which are not suitable, but are explained.</p> <p><b>Level 1 [1 mark]</b> Candidates offer some knowledge</p>	[6]	<p>This question refers to Gouge Animal Services, a partnership. Answers to get to L2 &amp; 3 must refer to the business and/or its structure.</p> <p>L3 tests A04 so there must be a recommendation based on discussion and to go above 4 marks this has to be a realistic one for Gouge Animal Services.</p> <p>The Level e.g. L2 must be shown in the body of the script.</p> <p>Example of non-suitable methods include: franchise; expand overseas; expand all over the country.</p> <p>Answers that assume that this is a business producing animal products, max 2.</p> <p>Do not allow public limited company.</p> <p>Do not allow sale of shares unless it is clear that Angela and Andrew are converting to a limited company.</p>

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
2 (a)	5.1.2	<p><b>Target: Knowledge and application of types of business organisation.</b>            A charity differs from other business organisations because it is a <i>non-profit [1]</i> making organisation. Any surplus it makes must be used to further its <i>objectives [1]</i></p> <p>Marks to be awarded as above. (1+1)</p>	[2]	The words to be inserted must be done so in the order shown in the example. Any other order is not acceptable. Candidates may get one answer wrong and one right to gain 1 mark.
(b)		<p><b>Target: Knowledge and application of training.</b></p>		
(i)	5.1.6	<p>Induction training is training that takes place when someone <b>takes up/starts a job</b> (1) and involves the employee – meeting their fellow workers/getting to know the ways of working/picking up the culture/getting an overall view of the business/learning about health and safety/etc (1).</p> <p>Give marks as above.</p>	[2]	Examples – max 1 mark
(ii)	5.1.6	<p>While there is overlap the marks here are for <b>application only.</b></p> <p>Give up to 2 marks if Lakes Arts is being referred to – this can include reference to schools or children.            Give 1 mark for a generic answer.</p>	[2]	Do <b>not</b> award ‘improve their painting skills’ or reference to arts training; etc.

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
(c)		<p><b>Target: ability to show, apply, analyse and evaluate knowledge and understanding of how businesses may grow.</b></p> <p>Advantages may include: will know exactly what is required; cheaper; will have the required skills; etc.</p> <p>Disadvantages may include: lacks specialist art training; may not know all the latest ideas; loss of time/money/opportunity cost; have to work more hours; etc.</p> <p>Allow any valid suggestions. Give 1 mark for the basic point plus 1 mark for development.</p>	<b>[4]</b>	<p>The answer must be from the perspective of advantage/disadvantage to Lakes Arts of Margaret delivering the training.</p>

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
(d)	5.1.6	<p>Candidates may mention: interviews; application forms; 'tests' both written and applied; CVs; etc.</p> <p><b>Level 3 [5-6 marks]</b> Candidates must offer a supported recommendation. They may refer to any sensible method/s. Answers at the top will offer a clear justification of the method/s.</p> <p><b>Level 2 [3-4 marks]</b> Candidates are able to offer some application and analysis. Answers that lack full coherence will be at the bottom of this level as will answers that describe the process i.e. give more than one stage in selection.</p> <p><b>Level 1 [1-2 marks]</b> Answers show some knowledge of methods.</p> <p>Candidates will be awarded marks for the quality of their written communication according to the following criteria.</p> <p>Ideas are expressed clearly, fluently, legibly and in an appropriate way. There are few errors in spelling, punctuation and grammar. 2</p> <p>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</p>	[6 + 2]	

2321/01

**Mark Scheme**

**June 2008**

Candidate fails to reach the threshold standard  
in all respects. 0

**Total**

**[18]**

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
3 (a)	5.1.2	<p><b>Target: Knowledge and understanding of types of organisation.</b>            Large amounts of finance are fairly easy to raise            Ownership and control are often separate</p> <p>Mark the first two ticks only.</p>	[2]	The only acceptable answers are the first and third ones.
(b)	5.1.4	<p><b>Target: Knowledge and application of markets and consumers.</b>            Candidates may mention: can sell large quantities/high sales; secure outlets; reduction in marketing/sales costs; increase profits; spread of risk; gain good reputation/gain new customers; etc.</p> <p>Give 1 mark for a basic point plus 1 mark for development. (2x2)</p>	[4]	<p>NB <b>advantages</b> only.            Mark as follows:            ‘Can sell large quantities [1] and thus get more profit [1].’</p> <p>‘Secure sales [1] as supermarkets like Tesco are growing in size [1].’</p> <p>Do not allow ‘cheap/less transport costs’.</p>
(c)	5.1.4	<p><b>Target: Ability to show, apply, analyse and evaluate knowledge and understanding of marketing techniques.</b>            Candidates may choose either option. Alternatively they could argue that neither would be any good and suggest an alternative. Clearly the answer will depend on the business chosen.</p>		<p>NB it says ‘<b>would benefit most</b>’ so in L3 candidates must address both ideas to get more than 4 marks. This does <b>not</b> apply to L1 &amp; 2</p> <p>Candidates are required to name a business. This must be a specific name and not generic e.g. ‘the supermarket’. Failure to do so will prevent the candidate from reaching the top of each level.</p>

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
		<p><b>Level 3 [4-6 marks]</b> Candidates are able to discuss which method would most benefit their chosen business. At the top there will be good support for their decision. Candidates who only consider one method will be at the bottom.</p>		
		<p><b>Level 2 [2-3 marks]</b> Candidates are able to offer application and analysis of one or both methods.</p>		
		<p><b>Level 1 [1 mark]</b> Candidates offer some knowledge.</p>	[6]	
		<b>Total</b>	<b>[12]</b>	

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
4 (a)	5.1.5	<p><b>Target: Knowledge and understanding of management of production.</b> Candidates may offer: production of one off goods/services or craft produced goods.</p>	[1]	
(b)	5.1.3	<p><b>Target: Knowledge and understanding of costs.</b> Complete the following sentence to define the break-even point.</p> <p>The break-even point is where the total <i>cost</i> of a business [1] equals its total <i>revenue</i> [1].</p>	[2]	<p>Candidates may state either:</p> <ul style="list-style-type: none"> <li>• Total cost equals total revenue</li> </ul> <p>or</p> <ul style="list-style-type: none"> <li>• Total revenue equals total cost.</li> </ul> <p>There is 1 mark for:</p> <ul style="list-style-type: none"> <li>• Total cost/expense/spent/outgoings</li> <li>• Total revenue/income</li> </ul>
(c)	5.1.1/3/5	<p><b>Target: Ability to show, apply, analyse and evaluate knowledge and understanding of production.</b> Increase price – this would work if demand was constant as fewer could be made &amp; sold, but a rise in price might lead to a large fall in demand. Reduce costs – would allow a profit to be made at a lower production level, but reducing costs might compromise quality and lead to less demand.</p> <p><b>Level 3 [5-6 marks]</b> Candidates at the top will consider both options, though not necessarily equally, and have a well supported recommendation.</p>		



Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
		<p><b>Level 2 [3-4 marks]</b> Candidates are able to analyse the options. At the top both will be considered.</p> <p><b>Level 1 [1-2 marks]</b> Candidates are able to offer knowledge and application concerning one or other of the options.</p>	[6]	
		<b>Total</b>	<b>[9]</b>	

## 2321/02 Business Organisation – Higher Tier

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
1 (a)	5.1.2	<p><b>Target: Knowledge and understanding of types of organisation.</b>            Advantages could include: greater capital; possible specialisation/greater expertise; etc.            Give 1 mark for the advantages and 1 mark for the explanation.</p>	[2]	<p>Allow any valid idea.            Award marks along the following lines:            ‘Partnerships allow each member to specialise in what they do best [1] thus increasing the efficiency of each partner [1]’.</p>
(b)	5.1.1	<p><b>Target: Knowledge and application of criteria for success.</b>            Candidates may mention: profits; growth; survival; sales; market share; revenue/income; customers; reputation; relationship with suppliers; profit &amp; loss/balance sheet; etc.            Allow any valid suggestion.</p> <p>Give up to 2 marks for methods            Give up to 3 marks for development.            Max 4 marks.</p>	[4]	<p>NB the key word is ‘<b>how</b>’, not why.</p>

- (c) 5.1.3 **Target: Knowledge and application of costs.**  
Candidates may mention: has to be met even if no output; push up total costs and reduce profits and/or force prices to rise; etc.
- Give 1 mark for a basic statement plus 2 marks for development. The final mark must be kept for a clear explanation.  
'A rise in fixed costs will push up total costs [1]  
leading to the business making less profit [1]  
which might drive it out of business [1].
- [3]

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
(d)	5.1.5	<p><b>Target: ability to show, apply, analyse and evaluate knowledge and understanding of stock control.</b></p> <p>(i) 30 - 12 (1) = 18 (1). Give 2 marks for the correct answer. OFR applies.</p>	[2]	If the candidate uses the wrong figures e.g. 30 -25 = 5 then give 1 mark for the 'correct' answer given the incorrect figures. 250-190 = 60 i.e. 'Total' figure – allow 1 mark for the whole sum.
	5.1.5	<p>(ii) Just in case – where goods are held in stock to prevent the business from running out.</p> <p>Candidates may mention: cannot forecast what medicines etc will be required; emergencies not open to Just in Time method; may need access at night/weekends; etc. Allow any valid point.</p> <p><b>Level 2 [3 - 4 marks]</b> Candidates are able to offer analysis and, at the top, some justification/comment. Do not expect any specific knowledge re vets, but the answer must be in terms of vets/animals/medicines.</p> <p><b>Level 1 [1 - 2 marks]</b> Candidates offer knowledge and application. This may include a definition with some link to the business. Answers may have elements of tautology.</p>		

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
(e)	5.1.2/3/5	<p><b>Target: ability to show, apply, analyse and evaluate knowledge and understanding of how businesses may grow.</b></p> <p>Candidates may mention: increase finance eg become a limited company; take on more partners; take over/merge with another vet; improve their marketing/promotion; relocate to a new venue; expand into the <b>local</b> area/region; diversification; etc.</p> <p>There are a number of approaches. Award any valid idea.</p> <p><b>Level 3 [4-6 marks]</b> Candidates are able to recommend a sensible way of expanding the business. This must be clearly applicable to Andrew and Angela's business to gain more than the minimum. At the top the recommendation will be well supported.</p> <p><b>Level 2 [2-3 marks]</b> Candidates are able to offer application and analysis. This must be clearly applicable to Andrew and Angela's business to gain more than the minimum. Max 2 for answers which are not suitable, but are explained.</p> <p><b>Level 1 [1 mark]</b> Candidates offer some knowledge.</p>	<b>[6]</b>	<p>This question refers to Gouge Animal Services, a <b>partnership</b>. Answers to get to L2 &amp; 3 must refer to the business and/or its structure.</p> <p>Example of non-suitable methods include: franchise; expand overseas; expand all over the country.</p> <p>Answers that assume that this is a business producing animal products, max 2.</p> <p>Do not allow public limited company.</p> <p>Do not allow sale of shares unless it is clear that Angela and Andrew are converting to a limited company.</p>
<b>Total</b>			<b>[21]</b>	

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
2 (a)	5.1.2	<p><b>Target: Knowledge and understanding of types of business organisation.</b></p> <p>Candidates may mention: non-profit making; concentrates on members' interests; provide a public benefit; etc. Allow any valid point.</p> <p>Give 1 mark for a basic point and 1 mark for some development which may be brief.</p>	[2]	<p>Candidates may approach this in two ways:</p> <ul style="list-style-type: none"> <li>• By explaining one of the characteristics, e.g. 'charities are non-profit making which means surplus funds must be used to further their aims'</li> <li>• By comparing charities with other businesses e.g. 'charities are non-profit making while many businesses try to maximise profits'</li> </ul>
(b)	5.1.6	<p><b>Target: Knowledge and application of training.</b></p> <p>(i) Induction training is training that takes place when someone <b>takes up/starts a job</b> (1) and involves the employee – meeting their fellow workers/getting to know the ways of working/picking up the culture/getting an overall view of the business/learning about health and safety/etc (1).</p> <p>Give marks as above.</p> <p>(ii) While there is overlap the marks here are for application only.</p> <p>Give up to 2 marks if Lakes Arts is being referred to – this can include reference to schools or children. Give 1 mark for a generic answer.</p>	[2]	<p>Candidates are unlikely to give their answer in these precise words so award the marks so long as it is clear that they understand induction training. There is 1 mark for a basic idea and 1 more mark for development.</p> <p>Training described i.e. generic is worth a max of 1 mark – to go beyond 1 mark there must be the idea of a 'new' job.</p> <p>Examples – max 1 mark</p> <p>There are no marks for repetition of the definition given in bi or of the ideas expressed in bi.</p> <p>Do <b>not</b> award 'improve their painting skills' or reference to arts training; etc.</p>
			[2]	

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
(c)	5.1.6	<p><b>Target: Ability to show, apply, analyse and evaluate knowledge and understanding of how businesses may grow.</b></p> <p>Advantages may include: will know exactly what is required; cheaper; will have the required skills; etc.</p> <p>Disadvantages may include: lacks specialist art training; may not know all the latest ideas; loss of time/money/opportunity cost; have to work more hours etc.</p> <p>Allow any valid suggestions. Give 1 mark for the basic point plus 1 mark for development.</p>	<b>[4]</b>	

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 **[6+2]**

<b>Total</b>	<b>[18]</b>
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Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
3 (a)	5.1.2	<p><b>Target: Knowledge and understanding of types of organisation.</b></p> <p>Candidates must refer to shares being freely tradable (1) and then either a further development of this eg re stock market/shareholders or another point, likely to be limited liability (1).</p>	[2]	Candidates are expected to address the first two parts of the concept i.e. 'public' and 'limited'. Allow 1 mark, however, if they state that it is not owned by the government, but in this case they must then explain 'public' for the second mark.
(b)	5.1.4	<p><b>Target: Knowledge and application of markets and retailers.</b></p> <p>Advantage: cuts out the wholesaler; more profit; better information flow; etc.</p> <p>Disadvantage: power of producer v retailer eg large supermarkets; need to hold stocks; lack of diversification; etc.</p> <p>Allow any valid point.</p> <p>Give 1 mark for a basic plus 1 mark for development. (2x2)</p>	[4]	<p>Answers must be in terms of 'selling directly to a retailer'.</p> <p>Do <b>not</b> allow: cheaper; less transport costs; make less profit; etc</p>

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
(c)	5.1.4	<p><b>Target: Ability to show, apply, analyse and evaluate knowledge and understanding of marketing techniques.</b></p> <p>The answer will depend on the business chosen. Candidates may mention: price cuts; improve quality; BOGOF etc; better marketing/advertising; etc.</p> <p>To achieve full marks candidates must name a business.</p> <p><b>Level 3 [4 – 6 marks]</b> Candidates are able to discuss which method would most benefit their chosen business. At the top there will be good support for their decision.</p> <p><b>Level 2 [2 - 3 marks]</b> Candidates are able to offer application and analysis of at least one method.</p> <p><b>Level 1 [1 mark]</b> Candidates offer some knowledge.</p>	[6]	
<b>Total</b>			<b>[12]</b>	

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
4 (a)	5.1.5	<b>Target: Knowledge and understanding of management of production.</b> Candidates may offer: production of one off goods/services or craft produced goods.	[1]	
(b)	5.1.3	<b>Target: Knowledge and understanding of costs.</b> NB there are only 2 marks so do not expect too much detail. A possible answer could be: 'James would find the break even quantity (1) and then ensure that the quantity sold was in excess of this' (2).  Accept any valid idea (1) and development (1).	[2]	

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
(c)	5.1.1/3/4/5/6	<p><b>Target: Ability to show, apply, analyse and evaluate knowledge and understanding of production.</b></p> <p>Increase production – would reach break-even quantity; with good marketing would ensure customers' demand was met; etc.</p> <p>Not increase – train workers first; good marketing should be carried out; maintenance of quality more important; etc.</p> <p><b>Level 3 [5 - 6 marks]</b> Candidates will offer a recommendation backed up by justification. At the top the arguments for both increasing and not increasing should be considered, though not equally or any other comparative idea.</p> <p><b>Level 2 [3 – 4 marks]</b> Candidates are able to offer analysis. At the top both increasing and not increasing will be considered, though not equally.</p> <p><b>Level 1 [1 - 2 marks]</b> Candidates are able to offer knowledge and application concerning the situation.</p>	[6]	
<b>Total</b>			<b>[9]</b>	

## 2323/01 Business in its Environment - Foundation Tier

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
1 (a)		<b>Target: the ability to distinguish between types of markets.</b>		<b>No other response possible for this question.</b>
(b)		Global market.	[1]	
		<b>Target: the ability to identify social costs and social benefits.</b>		
(i)		The social benefits created by BSL and identified in the newspaper are: <ul style="list-style-type: none"> <li>• improvements to the local road network to reduce traffic congestion</li> <li>• landscaping its new headquarters building</li> <li>• employment (as one of the biggest employers).</li> </ul>		<b>One mark for each correct identification.</b>
(ii)		The social costs created by BSL and identified in the newspaper are: <ul style="list-style-type: none"> <li>• the loss of 20 jobs</li> <li>• ruining an area of outstanding natural beauty</li> <li>• traffic congestion.</li> </ul>	[2]	<b>One mark for each correct identification.</b>
			[2]	

Question (c)	Syllabus Ref	Expected Answer	Mark	Additional Guidance
		<p><b>Target: the ability to identify and explain the responsibility of businesses to protect the environment.</b></p> <p>Examples could include:</p> <ul style="list-style-type: none"> <li>• methods taken to control any form of pollution, e.g. air, water, noise, etc.</li> <li>• waste management, e.g. cutting waste, landfill issues, etc.</li> <li>• other environmental issues, e.g. preventing the loss of greenbelt land, natural habitats etc.</li> </ul> <p><b>Exemplar:</b> XYZ Ltd has protected the environment by investing in more fuel efficient vehicles (1) that reduce vehicle emissions (1).</p>	<p>[4] 2 x 2 marks</p>	<p><b>One mark for each correct identification up to a maximum of two identifications plus an additional one mark for each of two explanations.</b></p> <p>Candidates need to state an appropriate method of protecting the environment for one mark.</p> <p>There must be an explanation of how the method selected has protected the environment for the second mark.</p> <p>Reward should be given to any appropriate environmental issues that affect a named business.</p> <p>Public sector and/or private sector organisations are acceptable. Also non-profit making organisations, such as charities.</p> <p>Be mindful of repetition.</p> <p>2 marks for explanation within the context of a named firm or organisation.</p> <p>1 mark for a rewardable comment within the context of a firm or organisation.</p> <p><b>NB Maximum of 1 mark if no firm or organisation is named.</b></p>

Question (d)	Syllabus Ref	Expected Answer <b>Target: the ability to demonstrate knowledge and understanding of ethical/unethical behaviour.</b>	Mark	Additional Guidance
(i)		<p>The decision as to what constitutes ethical or unethical behaviour depends upon what people consider to be right and wrong or acceptable and unacceptable.</p> <p>Testing products on animals might be considered as unethical as animals are affected by human decisions in order to make profits. Such testing could cause lasting damage, injury or death and so, to some, would be unacceptable.</p> <p><b>Exemplar:</b> Testing products might be considered to be unethical behaviour because animals get hurt (1), which is unacceptable to some people (1).</p>	<b>[2]</b>	<p><b>Up to 2 marks for explanation.</b></p> <p>1 mark for a rewardable comment.</p> <p>Vague response – maximum of one mark.</p> <p>Two clear explanatory points must be made for 2 marks.</p>

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance						
(d) (ii)		<p>The company's views are clearly laid out within the extract from the newspaper advertisement (see Fig 2).</p> <p>Issues of relevance to support the pressure groups' suggestion include:</p> <ul style="list-style-type: none"> <li>• the positive publicity/public relations that could be gained, i.e. socially responsible/ethical company</li> <li>• improved brand image for the future</li> <li>• new marketing opportunities</li> <li>• possibility of increased future sales</li> <li>• possibility of increased sales revenue</li> <li>• lower costs of production due to: <ul style="list-style-type: none"> <li>◇ reduced security costs</li> <li>◇ reduced R&amp;D/testing costs as there is now no need to keep expensive animal testing facilities</li> </ul> </li> </ul> <p><b>Exemplar:</b> Testing perfumes on animals might cause the animals harm (L1), which might upset some of BSL's customers (L2) and as a result they might stop purchasing the company's products and so causing sales revenue and volume to decrease (L3). However, it is essential that products are tested before being used by humans in case they have side effects that cause consumers to become unwell. The question is whether they should be tested on animals or by some other means (L4).</p>	<p><b>Level 4 (7-9 marks)</b> Discusses issues involved in order to put forward an overall recommendation or to make an overall judgement or judgements in context.</p> <p><b>Level 3 (5-6 marks)</b> Analyses issues by considering possible implications in context.</p> <p><b>Level 2 (3-4 marks)</b> Explains issues in context.</p> <p><b>Level 1 (1-2 marks)</b> Identifies any issue(s) or repeats any information from the stem of the question.</p> <p><b>NB One-sided argument maximum of 6 marks.</b></p> <p><b>Simple repetition of information from the stem of the question even in the candidate's own words is not Level 2.</b></p>							
			[9]+[2]	<table border="1"> <tbody> <tr> <td>Ideas are expressed clearly, fluently and in an appropriate way. There are few errors in spelling, punctuation and grammar.</td> <td style="text-align: center;"><b>2</b></td> </tr> <tr> <td>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.</td> <td style="text-align: center;"><b>1</b></td> </tr> <tr> <td>Candidate fails to reach the threshold standard in all respects.</td> <td style="text-align: center;"><b>0</b></td> </tr> </tbody> </table>	Ideas are expressed clearly, fluently and in an appropriate way. There are few errors in spelling, punctuation and grammar.	<b>2</b>	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.	<b>1</b>	Candidate fails to reach the threshold standard in all respects.	<b>0</b>
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Candidate fails to reach the threshold standard in all respects.	<b>0</b>									



Question (e)	Syllabus Ref	Expected Answer Target: the ability to calculate a price by selecting and using an exchange rate	Mark	Additional Guidance
		A bottle of Delight would cost $£50 \times €1.50$ (1) = $€75.00$ (1)	<b>[2]</b>	<b>2 marks for simply giving the correct answer of €75.00 with no workings.</b>  N.B. OFR  E.g. $£5 \times €1.50 = €7.50$ (1)  Or  $£38 \times €1.50 = €57.00$ (1)  However, an answer of €7.50 or €57.00 on its own with no workings would receive no marks.

Question (f)	Syllabus Ref	Expected Answer	Mark	Additional Guidance
		<p><b>Target: the ability to evaluate the influence of changes in exchange rates and other external factors on a specified business.</b></p> <p>Issues of relevance from the data provided include:</p> <ul style="list-style-type: none"> <li>• 45% of sales are to Germany</li> <li>• predicted exchange rate changes will be of benefit to BSL:               <ul style="list-style-type: none"> <li>◊ exports to Germany will be cheaper</li> <li>◊ competitive imports will be more expensive</li> </ul> </li> <li>▪ UK perfume market only expected to rise by 15% over next two years</li> <li>▪ highly competitive UK market for perfumes</li> <li>▪ are there any other factors that might be relevant?               <ul style="list-style-type: none"> <li>• the state of the German economy and perfume market</li> <li>• the long term value of the euro and the pound</li> <li>• the cost of this marketing scheme</li> <li>• the availability of finance</li> <li>• the reaction of German competitors</li> </ul> </li> </ul>		<p><b>Level 2 (4-6 marks)</b> Evaluates issues involved in order to put forward an overall recommendation or to make an overall judgement or judgements in context.</p> <p><b>Level 1 (1-3 marks)</b> Analyses issues by considering possible implications in context.</p> <p><b>NB One-sided argument maximum of 3 marks.</b></p> <p><b>Simple repetition of information from the stem of the question even in the candidate's own words is not Level 1.</b></p>
		<p><b>Exemplar:</b> If the value of the pound does fall then this will make it easier to increase sales in Germany (L1). However, while the value of the pound is expected to fall over the next two years this might not happen. As a result, BSL should focus on the growing UK market (L2).</p>	<b>[6]</b>	

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
2 (a)		<b>Target: the ability to match stakeholders and appropriate methods of legal protection.</b>		
	(i)	Consumers – Descriptions of products must not be misleading.  Workers – Men and women from ethnic minorities must not be discriminated against.  Employers – False statement should not be made in job applications.	[3]	<b>No other responses possible for this question.</b>

Question (a) (ii)	Syllabus Ref	Expected Answer <b>Target: the ability to evaluate the effect of changes in employee protection upon a specific business.</b>	Mark	Additional Guidance
		<p>Michael has identified that the costs of complying with the national minimum wage could be reduced by the following three methods:</p> <ul style="list-style-type: none"> <li>• reducing the number of workers</li> <li>• increasing output per worker</li> <li>• asking employees to work for lower pay</li> </ul> <p>Analysis within the answer might centre around issues such as:</p> <ul style="list-style-type: none"> <li>• will employees agree to take a pay cut?</li> <li>• is employees' pay above the minimum wage?</li> <li>• possible prosecution for breaking the law</li> <li>• the effects upon:               <ul style="list-style-type: none"> <li>◇ relations between Michael and employees</li> <li>◇ employee morale</li> <li>◇ employee retention</li> <li>◇ future employee recruitment</li> </ul> </li> <li>• possible trade union involvement</li> <li>• publicity/PR issues</li> <li>• redundancy costs</li> <li>• the costs of investing in labour-saving technology and the availability of finance.</li> </ul>	<p><b>[9]</b></p>	<p><b>Level 4 (7-9 marks)</b> Evaluates methods involved in order to put forward an overall recommendation or to make an overall judgement or judgements in context.</p> <p><b>Level 3 (5-6 marks)</b> Analyses methods by considering possible implications in context.</p> <p><b>Level 2 (3-4 marks)</b> Explains methods involved in context.</p> <p><b>Level 1 (1-2 marks)</b> Identifies any method(s) or repeats any information from the stem of the question.</p> <p><b>NB An answer including only one method maximum of 6 marks.</b></p> <p><b>Simple repetition of information from the stem of the question even in the candidate's own words is not level 2.</b></p>

method would be to increase the output per worker which would lower the cost of each item produced and help to increase the business's profitability (L4).

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
(b)		<b>Target: the ability to consider the effects of changes in the social environment on a specific business.</b>		
	(i)	Increase promotional offers on low fat products		<b>No other responses possible for this question.</b>
		Increase the range of organic products available	[2]	
(b)	(ii)	<p><b>Target: the ability to evaluate the influence of changes in the social environment upon business decisions</b> Advantages of the Primus mixers and oven include:</p> <ul style="list-style-type: none"> <li>• £10,000 cheaper to purchase</li> <li>• £1,500 cheaper to install</li> <li>• lower operating costs per hour</li> <li>• there are labour savings.</li> </ul> <p>Advantages of the Benson mixers and oven include:</p> <ul style="list-style-type: none"> <li>• produces 100 units more per hour</li> <li>• higher labour savings</li> <li>• average direct cost per unit produced is lower.</li> </ul> <p>Other issues that might affect the decision as to which machine might be purchased could include:</p> <ul style="list-style-type: none"> <li>• amount of space required and available in the bakery</li> <li>• staffing issues, such as training required</li> <li>• the availability of finance</li> <li>• sources of finance and their relative merits</li> <li>• the objectives of the business.</li> </ul>		<p>This is not an investment appraisal question and candidates should not be expected to answer it as such. Rather it is designed to allow students to discuss the relative merits of two items of production machinery based upon a limited amount of information.</p> <p><b>Level 4 (8-9 marks)</b> Evaluates issues involved in order to put forward an overall recommendation or to make an overall judgement or judgements in context.</p> <p><b>Level 3 (6-7 marks)</b> Analyses issues by considering possible implications in context, including possible analysis of the figures i.e. relevant calculations, e.g. is cheaper than..... (using data provided).</p> <p><b>Level 2 (4-5 marks)</b> Explains issues involved in context.</p> <p><b>Level 1 (1-3 marks)</b> Identifies any issue(s).</p> <p><b>NB One-sided argument maximum of 7 marks.</b></p>

**Exemplar:**

Michael wants to increase his output (L1) as this will allow him to keep up with consumer demand (L2). If he purchased the Primus it would be £10,000 cheaper (L3). However, the operating costs for the Primus are higher and so in the long run it might be more profitable to purchase the Benson (L4).

**Simple repetition of information from the stem of the question even in the candidate's own words is not level 2.**

[9]

You are required to indicate where the levels are hit within a candidate's answer by putting L1, L2, L3 and L4 after the relevant text. You need to ensure that the answers are clearly analytical or evaluative for L3 and L4.

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
(c)		<p><b>Target: the ability to demonstrate knowledge and understanding of the effects of changes in interest rates on business.</b></p> <p>Effects could include:</p> <ul style="list-style-type: none"> <li>• higher costs associated with any existing borrowings</li> <li>• delays in investment due to higher interest payments</li> <li>• higher income on any business savings</li> <li>• lower sales due to higher loan/mortgage repayments for customers.</li> </ul> <p><b>Exemplar:</b> Higher interest rates would increase Bunn's Bakery costs (1) as the interest payments on their loans would increase (1).</p>		<p><b>Up to 2 marks for explanation.</b></p> <p>1 mark for a rewardable comment.</p> <p>Vague response – maximum of one mark.</p> <p>Two clear explanatory points must be made for 2 marks.</p> <p>Be mindful of repetition.</p>
(d)		<p><b>Target: the ability to demonstrate knowledge of government economic objectives.</b></p> <p>To achieve a steady rate of economic growth</p> <p>To achieve a high level of employment</p> <p>To achieve a fairer distribution of income</p>	<p>[4]</p> <p>[3]</p>	<p><b>No other responses possible for this question.</b></p>



## 2323/02 Business in its Environment - Higher Tier

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
1 (a)		<p><b>Target: The ability to explain types of markets</b></p> <p>A global market brings together buyers and sellers of similar products (1) that are based in many different countries (1).</p> <p>Reference to:</p> <ul style="list-style-type: none"> <li>• Buying and/or selling and/or trading (1 mark)</li> <li>• Worldwide/around the world (1 mark)</li> </ul>		<p><b>Up to 2 marks for explanation.</b></p> <p>1 mark for a rewardable comment.</p> <p>Vague response – maximum of one mark.</p> <p>Two clear explanatory points must be made for 2 marks.</p>
(b)		<p><b>Target: The ability to identify social costs and social benefits</b></p>		
(i)		<p>The social benefits created by BSL and identified in the newspaper are:</p> <ul style="list-style-type: none"> <li>• improvements to the local road network to reduce traffic congestion</li> <li>• landscaping its new headquarters building</li> <li>• employment (as one of the biggest employers).</li> </ul>	[2]	<b>One mark for each correct identification.</b>
(ii)		<p>The social costs created by BSL and identified in the newspaper are:</p> <ul style="list-style-type: none"> <li>• the loss of 20 jobs</li> <li>• ruining an area of outstanding natural beauty</li> <li>• traffic congestion.</li> </ul>	[2]	<b>One mark for each correct identification.</b>

Question (c)	Syllabus Ref	Expected Answer Target: The ability to identify and explain the responsibility of businesses to protect the environment	Mark	Additional Guidance
		<p>Examples could include:</p> <ul style="list-style-type: none"> <li>• methods taken to control any form of pollution, e.g. air, water, noise, etc.</li> <li>• waste management, e.g. cutting waste, landfill issues, etc.</li> <li>• other environmental issues, e.g. preventing the loss of greenbelt land, natural habitats etc.</li> </ul> <p><b>Exemplar:</b> XYZ Ltd has protected the environment by investing in more fuel efficient vehicles (1) that reduce vehicle emissions (1).</p>	<b>[4]</b>	<p><b>One mark for each correct identification up to a maximum of two identifications plus an additional one mark for each of two explanations.</b></p> <p>Candidates need to state an appropriate method of protecting the environment for one mark.</p> <p>There must be an explanation of how the method selected has protected the environment for the second mark.</p> <p>Reward should be given to any appropriate environmental issues that affect a named business.</p> <p>Public sector and/or private sector organisations are acceptable. Also non-profit making organisations, such as charities.</p> <p>Be mindful of repetition.</p> <p>2 marks for explanation within the context of a named firm or organisation.</p> <p>1 mark for a rewardable comment within the context of a firm or organisation.</p> <p><b>NB Maximum of 1 mark if no firm or organisation is named.</b></p> <p><b>2 x 2 marks</b></p>

Question (d)	Syllabus Ref	Expected Answer	Mark	Additional Guidance						
		<p><b>Target: the ability to demonstrate knowledge and understanding of ethical/unethical behaviour.</b></p> <p>The company's views are clearly laid out within the extract from the newspaper advertisement (see Fig 2).</p> <p>Issues of relevance to support the pressure groups' suggestion include:</p> <ul style="list-style-type: none"> <li>• the positive publicity/public relations that could be gained, i.e. socially responsible/ethical company</li> <li>• improved brand image for the future</li> <li>• new marketing opportunities</li> <li>• possibility of increased future sales</li> <li>• possibility of increased sales revenue</li> <li>• lower costs of production due to: <ul style="list-style-type: none"> <li>◇ reduced security costs</li> <li>◇ reduced R&amp;D/testing costs as there is now no need to keep expensive animal testing facilities</li> </ul> </li> </ul> <p><b>Exemplar:</b> Testing perfumes on animals might cause the animals harm (L1), which might upset some of BSL's customers (L2) and as a result they might stop purchasing the company's products and so causing sales revenue and volume to decrease (L3). However, it is essential that products are tested before being used by humans in case they have side effects that cause consumers to become unwell. The question is whether they should be tested on animals or by some other means (L4).</p>	<b>[9]+[2]</b>	<p><b>Level 4 (7-9 marks)</b> Discusses issues involved in order to put forward an overall recommendation or to make an overall judgement or judgements in context.</p> <p><b>Level 3 (5-6 marks)</b> Analyses issues by considering possible implications in context.</p> <p><b>Level 2 (3-4 marks)</b> Explains issues in context.</p> <p><b>Level 1 (1-2 marks)</b> Identifies any issue(s) or repeats any information from the stem of the question.</p> <p><b>NB One-sided argument maximum of 6 marks.</b></p> <p><b>Simple repetition of information from the stem of the question even in the candidate's own words is not Level 2.</b></p>						
				<table border="1"> <tr> <td data-bbox="1290 1070 2004 1174">Ideas are expressed clearly, fluently and in an appropriate way. There are few errors in spelling, punctuation and grammar.</td> <td data-bbox="2004 1070 2078 1174" style="text-align: center;"><b>2</b></td> </tr> <tr> <td data-bbox="1290 1174 2004 1310">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.</td> <td data-bbox="2004 1174 2078 1310" style="text-align: center;"><b>1</b></td> </tr> <tr> <td data-bbox="1290 1310 2004 1378">Candidate fails to reach the threshold standard in all respects.</td> <td data-bbox="2004 1310 2078 1378" style="text-align: center;"><b>0</b></td> </tr> </table>	Ideas are expressed clearly, fluently and in an appropriate way. There are few errors in spelling, punctuation and grammar.	<b>2</b>	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.	<b>1</b>	Candidate fails to reach the threshold standard in all respects.	<b>0</b>
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Candidate fails to reach the threshold standard in all respects.	<b>0</b>									

Question (e)	Syllabus Ref	Expected Answer Target: the ability to calculate a price by selecting and using an exchange rate	Mark	Additional Guidance 3 marks for simply giving the correct answer of €1971.60 with no workings.
		A box of 24 bottles of Spirit would cost 24 $\times \pounds 53 = \pounds 1272$ (1) $\times \text{€}1.55$ (1) = €1971.60 (1)		N.B. OFR
		Or  1 bottle costs $\pounds 53 \times \text{€}1.55 = \text{€}82.15$ (1) $\times 24$ (1) = €1971.60 (1)	<b>[3]</b>	There are a variety of ways that the candidates might approach this calculation. The key thing is to follow the process and to reward any part of that process that is correct.

Question (f)	Syllabus Ref	Expected Answer Target: The ability to evaluate the influence of changes in exchange rates and other external factors on a specific business	Mark	Additional Guidance
		<p>Issues of relevance from the data provided include:</p> <p>Issues that do not support the plan:</p> <ul style="list-style-type: none"> <li>• rising land costs in Germany (unless they decide to buy the land sooner rather than later)</li> <li>• BSL's sales in Germany are expected to remain static over next three years</li> <li>• any of BSL's UK import costs will be reduced, e.g. raw materials, machinery, etc.</li> </ul> <p>Issues that do support the plan:</p> <ul style="list-style-type: none"> <li>• if BSL continue to produce in the UK predicted exchange rate changes will cause: <ul style="list-style-type: none"> <li>◇ BSL's exports to eurozone countries to become more expensive</li> <li>◇ Competitive imports from the eurozone to become cheaper</li> </ul> </li> <li>• rising land prices in Germany increase the value of the company's assets</li> <li>• there will be no effect upon demand for BSL's products produced in Germany from Eurozone countries as they will not be affected by the predicted change in the value of the euro (common currency)</li> <li>• rising UK employment costs</li> </ul>	<p><b>Level 2 (4-6 marks)</b> Evaluates issues involved in order to put forward an overall recommendation or to make an overall judgement or judgements in context.</p> <p><b>Level 1 (1-3 marks)</b> Analyses issues by considering possible implications in context.</p> <p><b>NB One-sided argument maximum of 3 marks.</b></p> <p><b>Simple repetition of information from the stem of the question even in the candidate's own words is not Level 1.</b></p> <p>You are required to indicate where the levels are hit within a candidate's answer by putting L1 and L2 after the relevant text. You need to ensure that the answers are clearly analytical or evaluative for L1 and L2.</p>	
Question	Syllabus Ref	Expected Answer	Mark	

- other factors that might be relevant:
  - ◇ costs of production in Germany
  - ◇ productivity of German factories (and workers)
  - ◇ opportunities to expand into eastern Europe (due to location)
  - ◇ the cost of building the plant
  - ◇ the long term value of the euro
  - ◇ the availability of finance
  - ◇ future profitability
  - ◇ price/quality aspects of BSL's products, e.g. brand loyalty in Germany
  - ◇ how large is BSL's German market and how much is it worth?

**Exemplar:**

By building a factory in Germany, BSL will be able to reduce the effects of changes in the value of the pound relative to the euro when it comes to selling in that market which could help BSL to plan more effectively for the future as exchange rate movements create uncertainty (L1). However, the expected rise in value of the pound over the next two years would mean that BSL may have to lower their prices and decrease their profit margin in Germany to retain sales. While any profits earned in Germany and sent back to the UK would be worth less than they were before the pound became stronger. Therefore, BSL might be advised not to build a new factory (L2).

**[6]**

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
2 (a) (i)		<p><b>Target: The ability to use an example to explain how the law protects consumers</b></p> <p>Consumers are protected in various ways, such as:</p> <ul style="list-style-type: none"> <li>• misleading descriptions</li> <li>• goods must be of satisfactory quality, as described and fit for purpose</li> <li>• products must be safe</li> <li>• unsolicited goods – payment cannot be demanded for goods not ordered</li> <li>• reduced prices must be genuine</li> <li>• interest rate charges must be the true cost of any credit</li> <li>• consumers enter contracts with sellers and have associated rights</li> </ul> <p><b>Exemplar:</b> Consumers are protected by laws so that if they buy a faulty product (1 mark for an example) they can return the product either to the seller or the manufacturer (1) and are entitled to their money back or a replacement product (1).</p>		<p><b>NB Students do not have to state specific consumer protection legislation, e.g. the Trades Description Act 1968.</b></p> <p>3 marks – Answer offers a clear explanation with an appropriate example.</p> <p>2 marks – Answer offers a clear explanation, but without an example <b>or</b> answer includes a rewardable comment with an appropriate example.</p> <p>1 mark – Answer offers a rewardable comment without an example or provides an example of consumer protection.</p> <p>Vague response – maximum of one mark.</p> <p>Two clear explanatory points must be made + an example for 3 marks.</p>
			<b>[3]</b>	

Question (ii)	Syllabus Ref	Expected Answer	Mark	Additional Guidance
		<p><b>Target: The ability to evaluate how a specific business might respond to the protection offered to its workers</b></p> <p>Bunn's Bakery could react by:</p> <ul style="list-style-type: none"> <li>• reducing the costs of complying with the national minimum wage by: <ul style="list-style-type: none"> <li>◇ reducing employees' wages</li> <li>◇ asking employees to work longer hours for the same weekly wage</li> <li>◇ reducing the number of employees</li> <li>◇ increasing employee productivity by: <ul style="list-style-type: none"> <li>▪ improving employee morale</li> <li>▪ investing in labour saving technology</li> </ul> </li> <li>◇ asking employees to work for less than the minimum wage</li> </ul> </li> <li>• raising its prices, i.e. passing on its rising costs to the consumers</li> <li>• closing down</li> </ul> <p>Analysis within the answer might centre around issues such as:</p> <ul style="list-style-type: none"> <li>• possible prosecution for breaking the law</li> <li>• employee morale</li> <li>• employee retention</li> <li>• future employee recruitment</li> <li>• communication between Michael and employees</li> <li>• possible trade union involvement</li> <li>• publicity/PR issues</li> <li>• availability of finance (for investment)</li> <li>• costs of reducing the number of employees, e.g. redundancy costs</li> </ul>		<p><b>Level 4 (7-9 marks)</b> Evaluates arguments involved in order to put forward an overall recommendation or to make a judgement or judgements in context.</p> <p><b>Level 3 (5-6 marks)</b> Analyses issues by considering possible implications in context.</p> <p><b>Level 2 (3-4 marks)</b> Explains issues in context.</p> <p><b>Level 1 (1-2 marks)</b> Identifies any issues (s).</p> <p><b>NB One-sided argument maximum of 6 marks.</b></p> <p><b>Simple repetition of information from the stem of the question even in the candidate's own words is not Level 2.</b></p>



Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
		<ul style="list-style-type: none"> <li>• the effects upon consumer demand and sales of raising prices</li> <li>• the nature of the market</li> </ul> <p><b>Exemplar:</b>            The national minimum wage is a legal requirement (L1) that Michael has to pay to his workers and so he has no choice over this (L2). By paying the minimum wage Michael is ensuring that he does not break the law and make himself subject to prosecution. He is also having to increase his employees' pay which act as an incentive for the workers to work harder as they would feel more motivated (L3). However, in the long term, Michael must ensure that either he generates increased sales revenue to cover the additional employment costs or he may need to look at ways to increase the productivity of his workers by increasing the output per worker. (L4).</p>	[9]	

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
(b) (i)		<p><b>Target: The ability to consider the effects of changes in the social environment on a specific business</b></p> <p>Possible options for the business include:</p> <ul style="list-style-type: none"> <li>• Increasing the prices of 'healthy' products</li> <li>• Increasing the range of 'healthy' products available</li> <li>• Increasing output of existing 'healthy' products available</li> <li>• Advertising sales of 'healthy' products</li> </ul> <p><b>Exemplar:</b> Bunn's Bakery could take advantage of this change in eating habits by raising the prices of its healthy eating options (1) in order to increase profit margins (1).</p>	<p><b>Up to 2 marks for explanation.</b></p> <p>1 mark for a rewardable comment.</p> <p>Vague response – maximum of one mark.</p> <p>Two clear explanatory points must be made for 2 marks.</p> <p><b>[2]</b></p>	

Question (b) (ii)	Syllabus Ref	Expected Answer	Mark	Additional Guidance
		<p><b>Target: the ability to evaluate the influence of changes in the social environment upon business decisions</b> Advantages of the Primus mixers and oven include:</p> <ul style="list-style-type: none"> <li>• £10,000 cheaper to purchase</li> <li>• £1,500 cheaper to install</li> <li>• lower operating costs per hour</li> <li>• there are labour savings.</li> </ul> <p>Advantages of the Benson mixers and oven include:</p> <ul style="list-style-type: none"> <li>• produces 100 units more per hour</li> <li>• higher labour savings</li> <li>• average direct cost per unit produced is lower.</li> </ul> <p>Other issues that might affect the decision as to which machine might be purchased could include:</p> <ul style="list-style-type: none"> <li>• amount of space required and available in the bakery</li> <li>• staffing issues, such as training required</li> <li>• the availability of finance</li> <li>• sources of finance and their relative merits</li> <li>• the objectives of the business.</li> </ul> <p><b>Exemplar:</b> Michael wants to increase his output (L1) as this will allow him to keep up with consumer demand (L2). If he purchased the Primus it would be £10,000 cheaper (L3). However, the operating costs for the Primus are higher and so in the long run it might be more profitable to purchase the Benson (L4).</p>	<p>[9]</p>	<p>This is not an investment appraisal question and candidates should not be expected to answer it as such. Rather it is designed to allow students to discuss the relative merits of two items of production machinery based upon a limited amount of information.</p> <p><b>NB The mark bands are different for each level within this question.</b></p> <p><b>Level 4 (8-9 marks)</b> Evaluates issues involved in order to put forward an overall recommendation or to make an overall judgement or judgements in context.</p> <p><b>Level 3 (6-7 marks)</b> Analyses issues by considering possible implications in context, including possible analysis of the figures i.e. relevant calculations, e.g. is cheaper than..... (using data provided).</p> <p><b>Level 2 (4-5 marks)</b> Explains issues involved in context.</p> <p><b>Level 1 (1-3 marks)</b> Identifies any issue(s).</p> <p><b>NB One-sided argument maximum of 7 marks.</b></p> <p><b>Simple repetition of information from the stem of the question even in the candidate's own words is not level 2.</b></p>

Question (c)	Syllabus Ref	Expected Answer Target: The ability to demonstrate knowledge and understanding of the effects of changes in interest rates on the customers of a specific business	Mark	Additional Guidance
		<p>Effects could include:</p> <ul style="list-style-type: none"> <li>• higher costs for the business (associated with any existing borrowings) leading to:               <ul style="list-style-type: none"> <li>◇ higher prices of products</li> <li>◇ attempts to cut costs elsewhere in the business, e.g. staffing leading to poorer service</li> </ul> </li> <li>• lower demand in the economy leading to the bakery cutting prices and increasing value for money for customers</li> <li>• delays in investment (due to higher interest payments) leading to inability to meet demand leading to customer dissatisfaction</li> <li>• business closure and less customer choice</li> </ul>	[4]	<p><b>Up to 2 marks for explanation.</b></p> <p>1 mark for a rewardable comment.</p> <p>Vague response – maximum of one mark.</p> <p>Two clear explanatory points must be made for 2 marks.</p> <p>Be mindful of repetition.</p> <p><b>NB If candidates interpret the question as referring to a rise in the rate of inflation then still award up to 2 x 2 marks for a response explaining a response by the bakery and its effect upon its customers.</b></p> <p><b>To be awarded two marks answers must relate to the effects upon customers either directly or indirectly.</b></p> <p><b>No marks for only explaining the effects of higher interest rates on consumers' spending decisions, e.g. having more or less to spend on goods.</b></p>
		<p><b>Exemplar:</b> Bunn's Bakery might respond to the higher interest rates by postponing a possible decision to invest (1) that means that customers continue to be unable to buy all of the products that they wish to buy (1).</p>		<b>2 x 2 marks</b>

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**(d) (i)**

**Target: The ability to demonstrate knowledge of government economic objectives**

**For one mark.**

**Answers must be economic objectives.**

Possible economic objectives include:

- to achieve a steady rate of economic growth
- to achieve a high level of employment
- to achieve a fair distribution of income
- to achieve a balance of payments equilibrium
- to achieve a higher standard of living.

**[1]**

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
(ii)		<p><b>Target: The ability to explain how the state attempts to control the economy</b> Possible examples include:</p> <ul style="list-style-type: none"> <li>• <b>To achieve a steady rate of economic growth</b> <ul style="list-style-type: none"> <li>○ low taxes and/or high levels of government spending</li> <li>○ regional assistance</li> <li>○ low interest rates</li> </ul> </li> <li>• <b>To achieve a high level of employment (or low level of unemployment)</b> <ul style="list-style-type: none"> <li>○ low taxes and/or high levels of government spending</li> <li>○ regional assistance</li> <li>○ low interest rates</li> <li>○ public sector job creation</li> </ul> </li> <li>• <b>To achieve a fair distribution of income</b> <ul style="list-style-type: none"> <li>○ progressive taxation</li> <li>○ tax credits</li> <li>○ national minimum wage</li> </ul> </li> <li>• <b>To achieve a balance of payments equilibrium</b> <ul style="list-style-type: none"> <li>○ protectionism – tariffs, quotas, etc</li> <li>○ exchange rate changes to affect prices of imports and exports</li> <li>○ exchange controls</li> </ul> </li> <li>• <b>To achieve a higher standard of living</b> <ul style="list-style-type: none"> <li>○ reduce taxation</li> <li>○ create employment</li> </ul> </li> </ul>		<p><b>Answers must show a clear understanding of appropriate means by which the government could attempt to achieve the objective stated in the answer to the previous question.</b></p> <p><b>Up to 2 marks for explanation.</b></p> <p>1 mark for a rewardable comment.</p> <p>Vague response – maximum of one mark.</p> <p>Two clear explanatory points must be made for 2 marks.</p>
		<p><b>Exemplar:</b> To achieve a high level of employment the</p>		

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government could cut income tax (1) which would allow customers to spend more and firms would employ more workers (1).

**[2]**

## 2324/01 Business Processes – Foundation Tier

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
1 (a)		<b>Target: Ability to demonstrate knowledge of business objectives and apply to case material.</b>		
	(i)	States valid objective for Kate: Expansion; Increase Profit/Sales. Expand product line.	[1]	Do not allow – make commemorative/other paperweights. However, allow – <b>sell</b> more of a particular paperweight.
	(ii)	States valid objective for Andy: Financial Security; Improve Quality/Reduce Complaints. Long term survival. Deal with rumours/worker issues.	[1]	Must be different from (i).
(b)		<b>Target: Ability to apply knowledge of how to achieve business objectives in the context of case material.</b>		Can be a written or spoken method of presentation.
		Identifies valid presentation method: eg convincing argument/good presentation; PowerPoint; use of figures etc. Graphs/Visual data/Sales figures.	[1]	
(c)		<b>Target: Ability to demonstrate knowledge of research methods.</b>		
	(i)	Identifies valid primary method eg questionnaire/survey, interview/ talking face-to-face/phoning and asking questions, observation	[2]	Field research not allowed on its own. Must be two different methods. Do not allow just telephone or email. Do not allow 2 marks if write questionnaire and survey. Do not allow 2 marks if write interview and talking face-to-face.
	(ii)	Identifies secondary method eg internet, library, records or type of data eg population statistics address lists, maps, past records, newspapers, competitors, internet/computer research. 1x2	[2]	Can name a particular document or study. Desk research not allowed on its own. Must be two different methods. Do not allow books on its own. Do not allow 2 marks if write internet and computer research. Allow last year's research, or competitor's research.



Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
1 (c) (iii)		<p><b>Target: Ability to demonstrate evaluation in the context of the case study material.</b></p> <p>Knowledge base: Primary Research will be more up to date and customised to her requirements but will be expensive, and problems of data collection overseas. Secondary will be cheaper and wider but public and general. Using both methods would cancel out weaknesses but could produce conflicting data and would take more time/money.</p> <p><b>Level 2 - (3-6 marks)</b> Provides an overall <b>justified judgement</b> based on a comparison of using both or either primary or secondary. For 5/6 marks must make a judgement about both methods (either why they would use it or wouldn't).</p> <p><b>Level 1 (1-2 marks)</b> <b>Analyses</b> features of primary/secondary research in the context of Lambeth Glass</p>	<p>[6+2 QWC]</p>	<p>Kate could use primary research as this would be more up to date and so her results would be more accurate (L1). She can customise the method of research so she finds out exactly what she wants but this would be expensive (L1). It may be difficult to collect primary data overseas (L1). If Kate used secondary research this would be cheaper but she would get more general answers (L1). Using both methods would be the best course of action as Kate can gain general information first through secondary research and then design her own research to find out more specific details (L2). This would take more time and money so Kate might be better just using one method (L2). Using both methods would cancel out weaknesses in the other method (L2).</p> <p>Candidate can argue for one method or both.</p> <p>No marks for description of methods/sources of research.</p> <p>QWC Ideas are expressed clearly, fluently, legibly and in an appropriate way. There are few errors in spelling, punctuation and grammar (2 marks) 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 mark) Candidate fails to reach the threshold standard In all respects (0 marks)</p>
<b>Total</b>		<b>[15]</b>		

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance															
2 (a) (i)		<p><b>Target: Ability to demonstrate knowledge of finance methods and to be able to analyse finance options in the context of the case study.</b></p> <table border="1"> <thead> <tr> <th>Source of finance</th> <th>suitable (✓)</th> <th>not suitable (✓)</th> </tr> </thead> <tbody> <tr> <td>Overdraft from the bank</td> <td></td> <td>✓</td> </tr> <tr> <td>Retained profits</td> <td>✓</td> <td></td> </tr> <tr> <td>Fundraise in the local area</td> <td></td> <td>✓</td> </tr> <tr> <td>Long Term Bank Loan</td> <td>✓</td> <td></td> </tr> </tbody> </table>	Source of finance	suitable (✓)	not suitable (✓)	Overdraft from the bank		✓	Retained profits	✓		Fundraise in the local area		✓	Long Term Bank Loan	✓		[4]	
Source of finance	suitable (✓)	not suitable (✓)																	
Overdraft from the bank		✓																	
Retained profits	✓																		
Fundraise in the local area		✓																	
Long Term Bank Loan	✓																		
(ii)		<p><b>Target: Ability to demonstrate evaluation in the context of the case study material.</b></p> <p>Knowledge Base: Turning into plc will raise money, would suit Kate's ambitions, however may lose control, family only own 60% at present.</p> <p><b>Level 2 - (3-5 marks)</b> Provides an overall justified judgement based on a comparison of turning into a plc or not</p> <p><b>Level 1 (1-2 marks)</b> Analyses features of plc/remaining ltd in the context of Lambeth Glass</p>	[5]	<p>If Lambeth Glass turned into a plc it would be able to raise more money (L1) but the family might lose control of the business (L1). I think they should turn into a plc as this would give Kate the money she needs (L2). I think this outweighs the disadvantage of losing control as Kate would still own 30% of the share (L2).</p> <p>Candidate can argue to remain ltd.</p>															

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
2 (b)		<p><b>Target: Ability to identify and analyse production data in the context of the case study.</b></p> <p>Knowledge Base: workforce productivity has gone up and down between 1997 and 2007. Unit costs went down for 9 years supply problem has decreased costs (but has caused quality problems) but recent checking has put up costs per paperweight: (1997=£2.50; 2002=£2.40; 2006=£2.20; 2007=£2.60)</p> <p><b>Level 3 - (5-6 marks)</b> Identifies changes in productivity by calculating productivities or by comparison of percentage changes. For 6 marks must analyse whether or not they should be pleased</p> <p><b>Level 2 - (3-4 marks)</b> Simple calculations must be included eg production up by.. with costs up by...</p> <p><b>Level 1 (1-2 marks)</b> Descriptive eg one/both have gone up</p>	[6]	<p>The number of paperweights produced has gone up (L1) and the costs of production have also gone up (L1).</p> <p>Production has gone up by 250 000 paperweights per year and the costs have increased by £700 000 per year. (L2).</p> <p>Costs per unit went up from £2.50 in 1997 to £2.60 in 2007 (L3) so the Board of Directors would not be pleased with this (L3+).</p> <p>The number of paperweights produced has gone up by 50% but the costs of production has gone up by 56% (L3) so therefore they shouldn't be pleased (L3+).</p> <p>Do not credit reference to rejects in fig.2.</p>
2 (c)		<p><b>Target: Ability to analyse the effect of poor quality in the context of the case study.</b></p> <p>Identifies valid reason eg loss of quality reputation, unhappy customers, no repeat customers, refunds, (1) x2 explains in the context of Lambeth glass Ltd/fig.2 (1) x2 They might have to change supplier, potentially increase costs / wasting resources, consider opportunity costs.</p>	[4 + 2 QWC]	<p>Loss of quality reputation (1) because the company built its success on providing quality souvenirs (1).</p> <p>No repeat customers (1) if customers are not happy with the quality then they won't come back (1).</p> <p>QWC Ideas are expressed clearly, fluently, legibly and in an</p>

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
2 (c) (ii)		<p>This question is not why has there been an increase in the number of paperweights rejected. Must be different reasons</p> <p>Don't credit description of graph. Ensure candidate is giving explanation as well as stating reason</p> <p><b>Target: Ability to demonstrate knowledge and understanding of quality improvement strategies.</b></p> <p>Identifies valid improvement strategies eg change suppliers, TQM, quality assurance, training, recruit better staff, specialist staff, Kaizen, Benchmarking, Checking raw materials, New/better machinery, Automation, Quality circles, Address packaging/transport problems in order to improve customer service. (1) x 2</p>	[2]	<p>appropriate way. There are few errors in spelling, punctuation and grammar (2 marks)</p> <p>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 mark)</p> <p>Candidate fails to reach the threshold standard In all respects (0 marks)</p> <p>NB answers need not be in context</p> <p>Beware of repetition.</p> <p>Do not allow:</p> <p>reduce production/make fewer products take more time/care or any reference to Quality control</p>
<b>Total</b>			<b>[23]</b>	

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
3 (a) (i)		<p><b>Target: Ability to demonstrate knowledge and understanding of external factors and their effect on plans.</b></p> <p>Knowledge Base: workers at Lambeth Glass earn wages that they spend in the local economy increasing the income for other local business such as shops, cafes, cinemas etc. However the area is popular tourist area so other employment/customers exist. Suppliers already not local etc...Local firms may benefit from rise in available skilled workers.</p> <p><b>Level 2 (3-4 marks)</b> Makes a judgement as to whether or not local business will be effected giving reasons.</p> <p><b>Level 1 (1-2 marks)</b> Describes how local businesses could (or could not) be effected.</p>	[4]	<p>The employees of Lambeth Glass spend their wages in local shops (L1) so if the factory closed there would be less money going to the local businesses (L2). The area is a tourist area (L1) so there would be other customers for the local businesses so they might not suffer a great deal(L2).</p>
(ii)		<p><b>Target: Ability to analyse and evaluate external factors in the context of case material</b></p> <p><b>Level 2 (3-4 marks)</b> Analyses <b>impact/knock-on</b> effects eg lower worker morale could lead to reduction on productivity/ quality. Possible impact on corporate image/sales. Trade Union's response. (could argue should be worried or need not be eg short term vs. long term effect)</p> <p><b>Level 1 (1-2 marks)</b> Identifies significance/importance of article for Andy eg Worker/Local community response.</p>	[4]	<p>If customer have seen the newspaper article they might not want to buy from Lambeth glass (L1) but most customers are not local so this would have little effect so Andy should not worry about this (L2).</p> <p>Local workers might not want to come and work for Lambeth Glass if they think their job might just be short term (L1) but as Lambeth Glass if the largest employer in the area workers may not have any choice about who to work for (L2) so recruitment would not be a problem for Andy (L2).</p> <p>Do not allow reference to his losing his shares/job etc.</p>

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Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
3 (b)		<p><b>Target: Ability to develop and analyse and evaluate a plan in the context of case material.</b> Each part of the plan should have 1 mark for knowledge and 1 for application to Lambeth Glass Ltd. Should be in context of 2012 Olympics/Commemorative paperweights.</p> <p>Marketing: Develop Marketing Mix options eg product details, price and promotion strategy</p> <p>Production: Identify possible suppliers; production methods; quality systems. Output – How many to produce and by which method. Costs of production</p> <p>Personnel/HR: Consider possible recruitment issues; training; management/leadership/motivation</p>		<p>Marketing – they must design the product (1) as they have a product licence they can use the official Olympics logo (1). Do not allow reference to market research.</p> <p>Production – they need to identify possible suppliers (1), they might not want to use the same ones from Eastern Europe as there have been problems with quality (1).</p> <p>Personnel / Human Resources – they need to recruit extra staff (1) but these might just be temporary as it is just for one event (1).</p>
(i)			[6]	
(ii)		<p>Knowledge Base: Without planning will not be able to take advantage of the opportunities; need to get products on sale well before the event so need to be ready. Other firms will have competing souvenir products etc. Allows preparation to be monitored and updated.</p> <p><b>Level 2 (3-4 marks)</b> Analyses why planning is needed if Lambeth Glass Ltd is to be successful. Must be in context For L2</p> <p><b>Level 1 (1-2 marks)</b> Describes benefits of planning.</p>		<p>NB no marks for feature of a plan or benefits of securing the Olympic contract.</p> <p>Lambeth Glass needs to plan so that they are successful (L1) and everyone knows what they are doing (L1). They need to get the paperweights on sale before the Olympics and if they didn't plan this might not happen (L2). There will be other businesses making souvenirs so they need to be ahead of the competition to be successful (L2).</p> <p>Does not have to be in context.</p>
			[4]	

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
3 (c)		<p><b>Target: To demonstrate and evaluate measures used to evaluate performance.</b></p> <p>Knowledge Base: Measures could include increases in profits, sales, improvements in productivity etc</p> <p><b>Level 2 (3-4 marks)</b> Analyses best measure from the point of view of Lambeth Glass Ltd.</p> <p><b>Level 1 (1-2 marks)</b> Identifies and analyses possible options.</p>	[4]	<p>Lambeth Glass look at increases in profits and sales to measure success (L1). They could also see if they improve productivity (L1). If they just looked at sales they might not be able to see if the business was making a good profit as they might have to sell stock at a reduced price to get rid of it (L2). Productivity will tell them how well the systems are working in the factory and how much each item has cost to produce. (L2). They need to look at a range of methods in order to see the overall picture (L2).</p> <p>Do not credit how best to succeed. Credit descriptions of methods of measuring success at L1</p>
		<b>Total</b>	<b>[22]</b>	

## 2324/02 Business Processes – Higher Tier

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
1 (a) (i)		<p><b>Target: Ability to demonstrate knowledge of business objectives and evaluate in context of case material.</b></p> <p>Knowledge base: Each has different objectives for the business. Kate: Expansion; Increase Profits/Sales; Andy: Financial Security; Improve Quality/Reduce Complaints. Reasons could be different roles (Marketing Director vs. managing Director) or difference in status (Kate: family, 30% shareholding; Andy: Not family, no shareholding described).</p> <p>Level 2: Evaluates reason for differences eg links to roles/status 3-4</p> <p>Level 1: Identifies/analyses valid business objectives in context 1-2</p>	[4]	Kate wants to expand the business and increase profits and sales (L1). Andy on the other hand wants financial security and to improve quality (L1). They may have different objectives because of the roles they have within the business or because of their status. Kate is family and has a 30% shareholding so wants to see more return for her investment (L2).
(ii)		<p><b>Target: Ability to apply and evaluate business objectives in the context of case material.</b></p> <p>Knowledge base: May use various methods to persuade board eg data, convincing argument, shareholding power, family tradition. However likely to be opposed by Andy in his role as MD.</p> <p>Level 2: Evaluates in the context of Lambeth Glass Ltd 3-4</p> <p>Level 1: Identifies valid method eg convincing argument; use of figures; PowerPoint presentation. 1-2</p>	[4]	Kate might produce data to support her proposed strategy (L1). She might also use her power as a shareholder (L1). She could get all the other shareholders on her side by talking about the returns they will earn (L2).



Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
(b)		<b>Target: Ability to demonstrate knowledge of information requirements and evaluate in the context of the case study material.</b>		
(i)		Identifies valid primary method eg questionnaire, interview, observation 1x2	[2]	Field research not allowed on its own. Must be two different methods.
(ii)		Identifies secondary method eg internet, library, records or type of data eg population statistics address lists, maps etc. 1x2	[2]	Can name a particular document or study. Desk research not allowed on its own. Must be two different methods.
(iii)		<b>Target: Ability to demonstrate evaluation in the context of the case study material.</b>  Knowledge base: Primary research will be more up to date and customised to her requirements but will be expensive, and problems of data collection overseas. Secondary will be cheaper and wider but public data collection overseas. Secondary will be cheaper and wider but public and general. Using both methods would cancel out weaknesses but could produce conflicting data and would take more time/money.		Kate could use primary research as this would be more up to date and so her results would be more accurate (L1). She can customise the method of research so she finds out exactly what she wants but this would be expensive (L1). It may be difficult to collect primary data overseas (L1). If Kate used secondary research this would be cheaper but she would get more general answers (L1). Using both methods would be the best course of action as Kate can gain general information first through secondary research and then design her own research to find out more specific details (L2). This would take more time and money so Kate might be better just using one method (L2). Using both methods would cancel out weaknesses in the other method (L2).  Candidate can argue for one method or both.  QWC Ideas are expressed clearly, fluently, legibly and in an appropriate way. There are few errors in spelling, punctuation and grammar

(2 marks)

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 mark)

Candidate fails to reach the threshold standard in all respects

(0 marks)

Level 2: Provides an overall justified judgement based on a comparison of using both or either primary or secondary 3-6

Level 1: Analyses features of primary/secondary research in the context of Lambeth Glass 1-2 **[6+2 QWC]**

**Total [20]**

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
2 (a)		<p><b>Target: Ability to demonstrate knowledge of finance methods and to be able to analyse finance options in the context of the case study.</b></p> <p>Knowledge Base: case refers to need to “significant investment” so suitable methods could be plc listing, long term bank loan, venture capitalist, grants, or combination of these. Context of family business where family together control 60% of the shares.</p> <p>Level 3: Compare methods available and provides an overall justified recommendation 5-6</p> <p>Level 2: Analyses Suitability in the Context of Lambeth Glass Ltd 3-4</p> <p>Level 1: Identified valid finance method(s) 1-2</p>	[6]	<p>The case states that there is a need for significant investment so they could use long term bank loan and turn into a plc (L1). If they used a bank loan they would have to put up collateral (L2) and would pay a lot in interest over the years (L2). If they turned into a plc the family could lose control of the business as together they only have 60% share but they would gain a lot of money (L2). I would recommend turning into a plc as they need a significant amount of money and a bank may not lend them enough (L3).</p>
(b)		<p><b>Target: Ability to identify and analyse production data in the context of the case study.</b></p> <p>Knowledge Base: workforce productivity has gone up and down between 1997 and 2007. Unit costs went down for 9 years supply problem has decreased costs (but has caused quality problems) but recent checking has put up costs per paperweight: (1997 = £2.50; 2002 = £2.40; 2006 -</p>		<p>The number of paperweights produced has gone up (L1) and the costs of production have also gone up (L1).</p> <p>Production has gone up by 250 000 paperweights per year and the costs have increased by £700 000 per year. (L2).</p>

2324/02

**Mark Scheme**

**June 2008**

£2.20; 2007 = £2.60).

Costs per unit went down from £2.50 in 1997 to £2.20 in 2006 but the quality was poor so although costs were down there were more rejected products so the Board would not be pleased with this. (L3). The costs increased to £2.60 in 2007 because more money was being spent on checking the quality. (L3).

Level 3: Identifies changes in productivity by providing valid reasons (5 max) and by calculating productivities. 5-6

Level 2: Simple calculations eg production up by... with costs up by... 3-4

Level 1: Descriptive eg one/both have gone up 1-2 **[6]**

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
(c)		<b>Target: Ability to analyse the effect of poor quality in the context of the case study.</b>		
(i)		Identifies valid reason eg loss of quality reputation, unhappy customers, no repeat customers, refunds. Explains in the context of Lambeth Glass Ltd/fig 2. x2	<b>[4+2] QWC</b>	<p>Loss of quality reputation (1) because the company built its success on providing quality souvenirs (1).</p> <p>No repeat customers (1) if customers are not happy with the quality then they won't come back (1).</p> <p>QWC Ideas are expressed clearly, fluently, legibly and in an appropriate way. There are few errors in spelling, punctuation and grammar (2 marks) 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 mark) Candidate fails to reach the threshold standard in all respects (0 marks)</p>

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
(ii)		<p><b>Target: Ability to demonstrate knowledge and understanding of quality improvements strategies.</b></p> <p>Level 2: Explains its suitability in the context of the case eg problems with suppliers, customer complaints.</p> <p>Level 1: Demonstrates knowledge and understanding of TQM.</p>	<p>3-4</p> <p>1-2</p>	<p>TQM does not just look at the quality of the finished product (L1) it also looks at the way the business treats its employees and customers and any problems with suppliers (L1). TQM would be suitable for Lambeth Glass because it should mean that there are no rejects coming from Eastern Europe so customers should not have any complaints (L2).</p>
<b>Total</b>			<b>[4]</b>	
			<b>[22]</b>	

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
3 (a)		<p><b>Target: Ability to demonstrate knowledge and understanding of external factors and to analyse and evaluate in the context of case material.</b></p> <p>Knowledge Base: workers at Lambeth Glass earn wages that they spend in the local economy increasing the income for other local business such as shops, cafes, cinemas etc. However the area is a popular tourist area so other employment/customers exist. Suppliers already not local etc...</p> <p>Level 3: Evaluates effects eg however little customer effect as customers not local/interested; employees cannot be choosy over jobs (biggest employer) and/or provides an overall justified judgement. 5-6</p> <p>Level 2: Analyses effect eg knock-on effects of article on employee recruitment/local customer reputation. 3-4</p> <p>Level 1: Identifies possible effects on the local economy. 1-2</p>	<b>[6]</b>	

Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
(b)		<p><b>Target: Ability to develop and analyse and evaluate a plan in the context of case material.</b></p> <p>Knowledge Base: plan should have an order: eg define goals/objectives; gather information (potential customers, competitors); plan for production eg production; workforce plan; finance needs sorting out; need monitoring and review mechanisms; timeline. The success of the plan will depend on eg its accuracy, flexibility re: external events.</p> <p>Level 4: Evaluates why the plan will be successful.</p> <p>Level 3: Analyses plan ie identifies a prioritised strategy. 5-6</p> <p>Level 2: Explains valid features of a plan in the context of the case. 3-4</p> <p>Level 1: Identifies/describes valid features of a plan. 1-2</p>	<b>[8]</b>	<p>Lambeth Glass first need to define their goals (L1) so that everyone knows what they are aiming for (L2). Then they need to gather information about their potential customers (L1) and competitors. The products can then be designed to meet the customer's needs (L3). Lambeth Glass needs to ensure that they have the finance they need before starting to make the paperweights (L3). At all times the plan must be monitored and changed if necessary (L4). The plan should be successful if it is accurate but also that they are prepared to change it if outside influences occur (L4).</p>



Question	Syllabus Ref	Expected Answer	Mark	Additional Guidance
(c)		<p><b>Target to demonstrate and evaluate measures used to evaluate performance from the point of view of Kate.</b></p> <p>Knowledge Base: measures could include increases in profits, sales, and improvements in productivity etc.</p> <p>Level 2: Evaluates options and provides a clear conclusion as to the best measure from the point of view of Kate. 3-4</p> <p>Level 1 Identifies and analyses possible options. 1-2</p>	<b>[4]</b>	<p>Lambeth Glass look at increases in profits and sales to measure success (L1). They could also see if they improve productivity (L1). If they just looked at sales they might not be able to see if the business was making a good profit as they might have to sell stock at a reduced price to get rid of it (L2). Productivity will tell them how well the systems are working in the factory and how much each item has cost to produce. (L2). They need to look at a range of methods in order to see the overall picture (L2).</p>
<b>Total</b>			<b>[18]</b>	

# Grade Thresholds

General Certificate of Secondary Education  
Business Studies B (Specification Code 1952)  
June 2008 Examination Series

## Unit Threshold Marks

Unit		Maximum Mark	a*	a	b	c	d	e	f	g	u
2321/1	Raw	60				33	27	21	15	9	0
	UMS	69				60	50	40	30	20	0
2321/2	Raw	60	44	38	32	27	22	19			0
	UMS	100	90	80	70	60	50	45			0
2322	Raw	60	50	45	40	35	27	20	13	6	0
	UMS	100	90	80	70	60	50	40	30	20	0
2323/1	Raw	60				38	32	26	21	16	0
	UMS	69				60	50	40	30	20	0
2323/2	Raw	60	51	45	39	34	26	22			0
	UMS	100	90	80	70	60	50	45			0
2324/1	Raw	60				36	29	22	16	10	0
	UMS	69				60	50	40	30	20	0
2324/2	Raw	60	52	46	40	35	24	18			0
	UMS	100	90	80	70	60	50	45			0

The total entry for the examination was:

2321/1 = 1185 candidates

2321/2 = 1925 candidates

2322 = 2135 candidates

2323/1 = 1217 candidates

2323/2 = 1891 candidates

2324/1 = 1193 candidates

2324/2 = 1913 candidates

The total entry for the examination was 3108

## Overall

	A*	A	B	C	D	E	F	G
Percentage in Grade	1.5	12.1	32.2	58.4	78.7	91.3	97.6	99.5

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