

# **Business Studies A (Short Course)**

General Certificate of Secondary Education **1051/03**

Case Study - Paper 3

## **Mark Scheme for June 2010**

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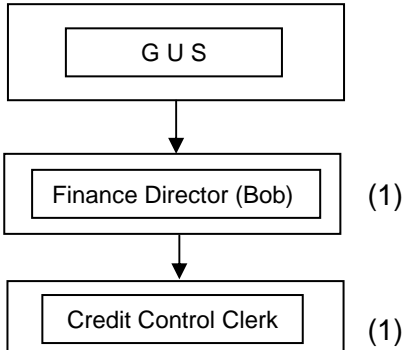
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Question			Syllabus Ref	Expected Answer	Marks	Rationale
1	(a)		5.1	<p><b>Target: To apply knowledge of business activity in the context of GTD plc.</b></p> <p>Reasons might include:</p> <p>Makes turbine blades (1) Turns raw materials into finished products (2) Exemplar: GTD plc manufactures(1) turbine blades from raw materials(1) .</p>	[2]	1 mark for reason + 1 mark for devpt.
1	(b)	(i)	5.2	<p><b>Target: To apply knowledge of business organisation in order to analyse the implications to GTD plc.</b></p> <p>Benefits:</p> <ul style="list-style-type: none"> <li>• No borrowing</li> <li>• No interest or repayments</li> <li>• No shareholders.</li> </ul> <p>Exemplar: Gus used his own money and a grant from the government because this meant that he did not have to borrow any money(1) such as a loan or a mortgage(1) on which they would have had to pay interest over a long time(1).</p> <p>Any three relevant points.</p>	[3]	

Question			Syllabus Ref	Expected Answer	Marks	Rationale
1	(b)	(ii)	5.1.1	<p>Advantages:</p> <ul style="list-style-type: none"> <li>• Can sell shares on stock exchange</li> <li>• Can raise more money from different sources</li> <li>• Can achieve economies of scale</li> <li>• Accounts are public and investors may be more willing to invest.</li> </ul> <p><b>Exemplar:</b> GTD plc would be able to sell shares through the stock exchange(1) which is reliable and shareholders can buy and sell shares easily(1). This means that more people are willing to invest in GTD and more money can be raised.(1)</p> <p>Any one advantage stated 1 mark. One advantage explained 2 marks. One advantage explained and an extension point 3 marks.</p>	[3]	<p>Accept limited liability. Accept buying or selling shares.</p> <p>No reward for more than one advantage but reward the higher mark answer if more than one advantage is given.</p> <p><b>Exemplar:</b> They have limited liability (1) so they don't lose all their possessions (1) if the company goes into liquidation (1).</p>
1	(c)		5.1	<p><b>Target: To evaluate the importance of stakeholder groups to GTD plc.</b></p> <p>Candidates must describe how important they think the groups are to the business OR they make a comparison between the two.</p> <p><b>Exemplar:</b> Customers are very important(1) as they buy the blades and provide the business with sales revenue.(1) The community is not as important(1) as customers because GTD do not sell directly to the public(1).</p>	[4]	
				<b>Total</b>	<b>[12]</b>	

Question			Syllabus Ref	Expected Answer	Marks	Rationale
2	(a)	(i)	5.1.2	<b>Target: To apply knowledge and select information about organisations structure and roles within GTD plc.</b>  Bob/Finance Director	[1]	
2	(a)	(ii)		3 people or the named positions	[1]	
	(a)	(iii)		 <pre> graph TD     A[G U S] --&gt; B[Finance Director (Bob)]     B --&gt; C[Credit Control Clerk]           </pre>	[2]	
2	(b)		5.1	<b>Target: To demonstrate knowledge and understanding of the need for GTD plc to take advantage of global opportunities.</b>  Reasons: <ul style="list-style-type: none"> <li>• New markets/diversification</li> <li>• Saturated UK market</li> <li>• Increased sales revenue/reduced risk</li> <li>• Global image.</li> </ul> <b>Exemplar:</b> GTD plc need to acquire new markets abroad because this will give them more customers(1) and more sales revenue(1).	[2]	

Question			Syllabus Ref	Expected Answer	Marks	Rationale
2	(c)		5.1	<p><b>Target: To demonstrate knowledge and understanding of the constraints on GTD plc if they take advantage of global opportunities.</b></p> <p>Disadvantages</p> <ul style="list-style-type: none"> <li>• Distance</li> <li>• Quality control</li> <li>• Training</li> <li>• Culture/language.</li> </ul> <p><b>Exemplar:</b> Opening a factory in India would mean that GTD plc would be reliant on employees far away to produce the blades to a high quality(1) and to meet deadlines(1). This might be difficult to manage from such a distance.(1)</p> <p>1 mark for disadvantage x 2. 1 mark for implication x 2.</p>	<b>[4]</b>	
2	(d)	(i)	5.3	<p><b>Target: To apply knowledge of market research methods and the impact of technology on that research.</b></p> <p>Reasons:</p> <ul style="list-style-type: none"> <li>• Costs/finance</li> <li>• Demand/potential customers</li> <li>• Locations</li> <li>• Employment figures</li> <li>• Transport/infrastructure in place</li> <li>• Government support.</li> </ul> <p>Any two reasons 1 mark each.</p>	<b>[2]</b>	These reasons must be relevant and taken from Resource Sheet 3.

Question			Syllabus Ref	Expected Answer	Marks	Rationale
2	(d)	(ii)		<p>Technology:</p> <ul style="list-style-type: none"> <li>Internet includes: <ul style="list-style-type: none"> <li>Government sites</li> <li>Statistics</li> <li>Newspaper articles</li> </ul> </li> <li>Email.</li> </ul> <p><b>Exemplar:</b> Karen would have used the internet to get the information found in Resource Sheet 3(1). The internet could be used to get information about India's present demand for wind energy(1) .</p> <p>1 mark for technology. 1 mark for type of information or reason for using the technology.</p>	[2]	
2	(e)		5.1.3	<p><b>Target: To analyse knowledge of costing and fixed assets to GTD plc.</b></p> <p><math>100 + 50 + 20 + 30 + 40 + 10 + 30(1) = £280,000(1)</math> No mark for 280. No mark deducted for no £ sign. OFR applies</p>	[2]	

Question			Syllabus Ref	Expected Answer	Marks	Rationale
2	(f)		5.1	<p><b>Target: To analyse and evaluate the different objectives of different roles at GTD plc.</b></p> <p>Bob's objectives:</p> <ul style="list-style-type: none"> <li>• Concerned with finance for changes</li> <li>• Concerned with increased wages, fuel costs and cash flow</li> <li>• Concerned with pricing strategy.</li> </ul> <p>Wayne's objectives:</p> <ul style="list-style-type: none"> <li>• To make changes to production</li> <li>• To relocate</li> <li>• To increase number of products.</li> </ul> <p><b>Exemplar:</b> the main difference between the two sets of objectives is that Bob is concerned with problems which need dealing with urgently such as wage and fuel increases(1) which will affect levels of profits but Wayne is more concerned with long term changes and spending large amounts of money to expand the business.(1)</p> <p>1 mark for stating objectives. 2 marks if conflict is explained or inferred.</p>	[2]	The word conflict does not automatically generate the second mark. There must be an explanation of the conflict
				<b>Total</b>	<b>[18]</b>	



Question			Syllabus Ref	Expected Answer	Marks	Rationale
3	(a)	(i)	5.3	<b>Target: To apply knowledge of pricing methods to the turbine blades.</b>  TRUE	[1]	
3	(a)	(ii)		FALSE	[1]	
3	(b)		5.3	<b>Target: To analyse and evaluate methods of production used by GTD plc.</b>  Reasons for batch: <ul style="list-style-type: none"> <li>• Semi standard product</li> <li>• May need to adjust machinery for size</li> <li>• Semi skilled workforce.</li> </ul> Reasons against flow: <ul style="list-style-type: none"> <li>• Limited number made</li> <li>• Product needs to be adjusted for size</li> <li>• Demand not consistent.</li> </ul> <b>Exemplar:</b> Turbine blades are not made in great quantities(1) and therefore batch production which makes a few of one size at a time in a limited space(1) is much better than flow production which would be difficult in terms of the demand and the space available to make the blades(1).  1 mark for reason for batch. 1 mark for reason against flow. 1 mark for comparison.	[3]	Can include 2 reasons for batch or two reasons against flow + 1 for comparison. Max 1 if no context. Accept one-sided argument.

Question			Syllabus Ref	Expected Answer	Marks	Rationale
3	(c)		5.4	<p><b>Target: To analyse and evaluate training in terms of production changes made at GTD plc.</b></p> <p>Types of training:</p> <ul style="list-style-type: none"> <li>• On the job – workforce, new machinery, processes, speed, number of products</li> <li>• Off the job – management, health and Safety. Organising workforce, meet targets.</li> </ul> <p><b>Exemplar:</b> GTD plc want to change to flow production and to increase technology to make more blades. These changes might mean that the work force need to learn new skills and that the supervisors might have to learn to manage a larger number of products being made(L1). Health and Safety issues will be different with new machinery. Therefore the costs of training may rise(L1). Off the job training will be needed for the managers and supervisors to learn how to organise and make sure the job is safe whereas On the job training may be more useful for the workforce who can learn on the job. This will cost less money.(L2)</p> <p><b>Level 2 (3-4 marks)</b> Candidate compares and analyses different types of training which might be used in order to meet the requirements of the change.</p> <p><b>Level 1 (1-2 marks)</b> Candidate makes some statements about training or reasons why with limited application to the case.</p>	[4]	

Question			Syllabus Ref	Expected Answer	Marks	Rationale
3	*(d)		5.1.4	<p><b>Target: To analyse human resource issues and evaluate their importance in terms of the motivation of the workforce at GTD plc.</b></p> <p>The question is directed at which would have the most effect on motivation of the whole workforce. Therefore an argument might be made for any of the problems.</p> <p>Skin complaints:</p> <ul style="list-style-type: none"> <li>• The effect on long term health/safety</li> <li>• Future claims against company</li> <li>• Absenteeism</li> <li>• Poor working conditions.</li> </ul> <p>Deadlines not met:</p> <ul style="list-style-type: none"> <li>• Targets not met might hold up the production line</li> <li>• Paid higher than workforce so may be some frustration.</li> </ul> <p>Petrol issues:</p> <ul style="list-style-type: none"> <li>• Resentment about fringe benefits given to Directors</li> <li>• Bad for the company image</li> <li>• High cost for the business – higher wages instead.</li> </ul> <p><b>Exemplar:</b> The workforce at GTD is highly skilled on the whole and therefore may be resentful about the fringe benefits given to the Directors especially as they seem to conflict directly with the environmental culture of the business.(L1) The workforce may feel that these benefits mean that money that is being spent on petrol could be used to increase their wages.(L2) This will be the most important factor in whether they are motivated or not. They might not be particularly worried about the deadlines as this does not affect them directly in terms of pay or security. However it may reflect on their efficiency.(L2)</p>		

Question			Syllabus Ref	Expected Answer	Marks	Rationale
				<p><b>Level 2 (3-6 marks)</b> Candidate analyses the effect of one issue on motivation max 4 marks. Candidate analyses and evaluates more than one issue with some judgement or comparison then up to 6 marks.</p> <p><b>Level 1 (1-2 marks)</b> Candidate gives limited analysis/explanation of one or more issues with no comparison.</p> <p>Candidates will also be assessed for their Quality of Written Communication on this part of the question, according to the following requirements:</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> <p>Candidate fails to reach the threshold standard in all respects. (0)</p>	[6+2]	
				<b>Total</b>	<b>[17]</b>	

Question			Syllabus Ref	Expected Answer	Marks	Rationale										
4	(a)		5.1.3	<p><b>Target: To analyse information from the Profit and Loss Account.</b></p> <p>2010 sales £6m 2011 sales £8m Difference = £2m(1)      allow 2 as answer</p> <p>2000/6000 x 100(1) = <b>33.3%(1)</b></p> <p>Accept 33%. Max 2 marks for no %.</p>	[3]	<p>Max 1 mark if the answer 8 - 6 and the difference of 2 is mentioned.</p> <p>Alternative method 8/6 x 100 (2 marks) Answer is not 133%</p>										
4	(b)		5.1.3	<p><b>Target: To demonstrate knowledge and understanding of the elements of the profit and loss Account of GTD plc.</b></p> <table border="1"><tr><td></td><td>Tick (✓)</td></tr><tr><td>Purchases</td><td>✓</td></tr><tr><td>Salaries</td><td></td></tr><tr><td>Equipment</td><td></td></tr><tr><td>Opening Stock</td><td>✓</td></tr></table> <p>1 mark for each correct tick. No marks if more than two boxes ticked.</p>		Tick (✓)	Purchases	✓	Salaries		Equipment		Opening Stock	✓	[2]	
	Tick (✓)															
Purchases	✓															
Salaries																
Equipment																
Opening Stock	✓															
4	(c)		5.1.2	<p><b>Target: To show and apply knowledge of internal and external finance in order to select appropriate sources for GTD plc.</b></p> <p><b>Internal:</b> Retained Profit Sale of Assets.</p> <p><b>External:</b> Loan Overdraft Government grants Shares.</p> <p>1 mark for each correct answer.</p>	[2]	Only answers allowed are those from the case study										

Question			Syllabus Ref	Expected Answer	Marks	Rationale
4	*(d)		5.3	<p><b>Target: To apply all knowledge and information available in order to analyse and evaluate different business decisions for GTD plc.</b></p> <p><b>Relocate in the UK</b></p> <p>Advantages</p> <ul style="list-style-type: none"> <li>• Lower cost</li> <li>• Same language/culture</li> <li>• Less upheaval.</li> </ul> <p>Disadvantages</p> <ul style="list-style-type: none"> <li>• Limited market</li> <li>• Problems with workforce/redundancy/change.</li> </ul> <p><b>Build a factory in India</b></p> <p>Advantages</p> <ul style="list-style-type: none"> <li>• Globalisation</li> <li>• Larger market</li> <li>• Cheaper costs</li> <li>• Already developed</li> <li>• Govt support/infrastructure in place.</li> </ul> <p>Disadvantages</p> <ul style="list-style-type: none"> <li>• Distance</li> <li>• Quality control</li> <li>• Training</li> <li>• Culture/language.</li> </ul>		

Question			Syllabus Ref	Expected Answer	Marks	Rationale
				<p><b>Exemplar:</b> Either of the options offer opportunities for GTD plc. The possibility of major expansion into new markets offered by locating in India is tempting. The business would be able to capitalise on the infrastructure already in place and the country's interest and expertise in the area.(L1) However this option would present some difficult problems in terms of the cost of the expansion and the reliability of the operation abroad in terms of different working methods, culture, religion and language.(L2) However GTD plc might decide to relocate in Britain and to expand the product in the short term in order to reduce the cost and keep the workforce happy. I would recommend this course of action with the idea of expanding abroad at a later date.(L2)</p> <p><b>Level 2 (3-4 marks)</b> Candidate compares and analyses both options and makes a supported recommendation in terms of one option.</p> <p><b>Level 1 (1-2 marks)</b> Candidate analyses one or both options in terms of GTD plc with no supported recommendation. Candidates will also be assessed for their Quality of Written Communication on this part of the question, according to the following requirements:</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> <p>Candidate fails to reach the threshold standard in all respects. (0)</p>		
					<b>[4+2]</b>	
				<b>Total</b>	<b>[13]</b>	

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