

CAMBRIDGE INTERNATIONAL EXAMINATIONS
International General Certificate of Secondary Education

MARK SCHEME FOR the June 2002 question papers

0450 BUSINESS STUDIES

0450/1	Paper 1, maximum raw mark 100
0450/2	Paper 2, maximum raw mark 80
0450/4	Paper 4, maximum raw mark 100

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

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

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

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JUNE 2002

INTERNATIONAL GCSE

MARK SCHEME

MAXIMUM MARK : 100

SYLLABUS/COMPONENT : 0450/1

BUSINESS STUDIES



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- 1 (a)(i) 1 mark for correct interpretation of bar chart Answer = 10%
- (ii). 1 mark for % figure plus 1 mark for absolute figure. 55% of 25m = 13.75m
- (b). 3 – 2 marks for clear statement giving reasons that might explain structural change
1 mark for simple understanding. Content may include – stage of economic development; reflection of relative advantages of resources within country; competition world wide.
- (c) (i) Clear explanation = 2 marks
Limited explanation = 1 mark
Content – situation where a company dominates a market in terms of market share or influence.
- (ii). 4 – 3 marks for identification and outline explanation of the potential gains
2 – 1 marks for limited identification or little attempt to explain
Content – possible production economies of scale; increased market share; larger profit margins; higher profits; greater security of sales etc. Other rewardable points.
- (iii). 4 - 3 marks for identification and explanation of potential grounds for consumers to object.
2 - 1 marks for limited identification or little attempt to explain.
Content – less choice; higher prices; perhaps less new product innovation; danger of consumer exploitation.
- (d) 4 – 3 marks for identification of number of main features.
2 – 1 marks for identification of few features.
Content – private ownership and control of business activities; profit motive dominant; prices determined by demand and supply; competition; freedom of choice.
2. (a)(i). Acceptable example 1 mark. Could be either a fixed asset or current asset specified.
- (ii). Clear explanation 2 marks
Limited understanding 1 mark
Content – monetary value of what a business owes to a financial institution or other creditors.
- (iii) Clear explanation showing understanding 3 - 2 marks
Limited explanation 1 mark
Content – usually used to help with cash flow; resources used before payment made; beneficial to “hang on” to cash for as long as possible.
- (iv). 2 marks for clear understanding.
1 mark for some understanding.
Content – shareholders are the owners of the company and hence these represent money or resources invested by the owners (usually in the form of shares or reserves)

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(b). (i) 4 – 3 marks for explanation of options.

2 – 1 marks for identification of options.

Content – two basic options (i) distribute to the shareholders in the form of dividends (ii) retain within the business to help finance future activity.

(ii). 4 – 3 marks for answer that places profit in context and makes evaluative comments regarding excessive or otherwise

2 – 1 marks for answer that shows some understanding of how the size of a company's profits might be assessed but which fails to go beyond .

Content – profit / capital measures rate of return; compare with other companies or perhaps last few years.

(c) (i). Clear statement 2 marks

Limited statement 1 mark

Content – loan is underwritten by an asset. Thus if not repaid the asset can be appropriated by lender.

(ii). Clear understanding of significance of security 2 marks

Simple understanding 1 mark

Content – reduces the financial risk to the lender.

3. (a) (i). 1 mark per acceptable method identified.

Content – cost plus ; market or competitor based. Others judged on merits.

(ii). Good understanding of the advantages 2 marks

Some understanding of the advantages 1 mark. Twice over

Content – cost plus ensures that a positive profit margin always exists; common sense and easy to use and understand. Market based is more sensitive to willingness of consumers to pay and to the importance of competition in determining sale

(b) 6 – 4 marks for explanation of the importance and significance of the factors identified in context.

3 – 1 marks for identification of relevant factors.

Content – promotion ; place ; product; packaging.

(c) (i) Assertive statement backed by logical reasoning 2 marks

Assertive statement supported by some justification but flawed in certain respects 1 mark.

Content – market research undertaken before product development and hence market orientated.

(ii). 6 – 4 marks Explanation and examples of economies of scale

3 – 1 marks. Identification of economies of scale.

Content – flow production methods; specialisation; bulk purchasing economies. Other gains might be identified and rewardable.

4.(a). (i). One mark per acceptable example.

Content – holidays; fringe benefits etc.

(ii). 4 – 3 marks Shows importance of information

2 – 1 marks Reference as to why but not to importance.

Content – potential applicants need to be aware of the conditions that surround the job. It may well influence their willingness to apply. Thus informing potential applications is crucial in getting numbers and hence the ability of the business to recruit and select the right people.

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(iii). Content – must be located where it will gain maximum exposure to potential applicants e.g. trade / professional publications; recruitment agencies etc.

1 mark for location of advert that seems acceptable. Further mark for justification.

(b). 2 marks for each explanation. 2 for clear focus on the central distinction. 1 for identification of some rewardable point.

Content – Dismissal implies the removal of an employee because of some breach of contract. Redundancy implies the loss of a job position and hence no requirement for the job holder.

(c). 4 – 3 marks Identification and development of a number of points showing justification.

2 – 1 marks Identification of points but no development

Content – profits rise and hence ability to pay; increased labour productivity and hence deserve more; wages fallen behind other groups of workers or inflation. Thus relative decline in living standards and possible impact on recruitment in future.

(d). 4 - 3 marks for well developed argument.

2 – 1 marks for identification of points but no logical development of ideas.

Content – higher wages can result in higher unit costs and this might result in lower profit margins and falling profits. However if they are the result of increased efficiency there will be no pressure on unit costs. Furthermore final prices might rise and this could offset any pressure on margins. Thus there is no necessity for profits to fall

5. (a).(i) 1 mark per point identified

Content – Business operating manufacturing and selling in more than one country.

(ii). 1 mark for each point identified.

Content – globalisation process; benefits of size; global brands; power and influence.

(b). Up to 4 marks for identification of costs and benefits (two each).

8 - 5 marks for explanation of points identified.

Content Must refer to recognised externalities – employment regeneration of an area etc. costs of pollution – noise, congestion environmental etc.

(c) 1 mark per situation identified(max. 3). Each point developed to show how consumer gains gets further mark (max 3)

Content – protection against poor quality goods; miss selling; excessive prices etc. Examples need not be too specific to gain credit.