

Mark Scheme (Results)

Summer 2010

IGCSE

IGCSE BUSINESS (4330) Paper 03

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Question Number	Answer	Mark
1(a)	<p>Against each product below, indicate with a cross the most likely method of production.</p> <p><i>(AO1 - Demonstrate = 5)</i></p>	(5)

Product	Batch Production	Flow Production	Job Production
Made-to-measure suit			✓
Mass-produced car		✓	
Bread	✓		
Pair of socks	✓		
Bridge			✓

Question Number	Answer	Mark
1(b)	<p>Why would a UK newspaper not accept this advertisement?</p> <p><i>(AO2 - Apply = 5)</i></p> <p>eg The advertisement is illegal - as it breaks a number of Acts of Parliament - that relate to discrimination - these acts include discrimination on the grounds of sex, race and age. If the paper published this advertisement it could find itself in court - and could be fined a large sum of money</p>	(5)

Question Number	Answer	Mark
1(c)	<p>Analyse the benefits that the use of e-commerce will bring to such businesses.</p> <p>(AO3 - Analyse = 5)</p> <p>eg the business will be able to sell anywhere in the world - at any time of the day (24/7) - this will give the business a wider market - and may even increase its market share - a means of direct advertising - it enables the business to interact much more with its customers - and gives customers the opportunity to personalise some products - by selecting from a range of possible options</p> <p>e-commerce is an example of direct retail - and gives a very short chain of distribution - reduction in costs</p> <p>payments for products, usually by debit or credit cards, can be made through secure software provided on the web site - payment is generally made at the time of the order - thus improving cash flow</p>	(5)

Question Number	Answer	Mark
1(d)	<p>(Suggest why taking out a bank loan is the best decision in this case.</p> <p><i>(AO4 - Evaluate = 5)</i></p> <p>eg this is a small business and is unlikely to be able to fund the new machine from its own internal sources of finance</p> <p>a bank loan is something that can often be arranged quickly - and in this case this is likely because of the good relationship the business has with the bank</p> <p>the bank loan will have to be repaid but the monthly payments of capital - and interest - will be regular and likely fixed - and a known monthly out-going - and as such it can be budgeted for - more time to pay back</p> <p>the business will easily be able to plan this expenditure over the five years of the loan</p> <p>NB there can be no marks for information from the question such as '5 years' and '£50,000'</p>	(5)

Question Number	Answer	Mark
2(a)(i)	<p>Define the term primary research.</p> <p><i>(AO1 - Demonstrate = 3)</i></p> <p>eg The collection - of original data - involving direct contact - with potential or existing customers</p>	(3)

Question Number	Answer	Mark
2(a)(ii)	<p>State <u>TWO</u> methods of secondary research.</p> <p><i>(AO1 - Demonstrate = 2)</i></p> <p>eg specialist journals newspaper articles research reports government reports/statistics company record observation focus groups</p>	(2)

Question Number	Answer	Mark
2(b)(i)	<p>Calculate the current ratio, which is given by the formula, current assets to current liabilities.</p> <p><i>(AO2 - Apply = 2)</i></p> <p>(Current Liabilities correct at) - 240/240,000 (correct ratio) - 1.5:1 or any variation eg 36:24 to 3:2</p> <p>NB there must be at least one level of simplification in the ratio</p>	(2)

Question Number	Answer	Mark
2(b)(ii)	<p>Using your calculation, explain the liquidity of this business.</p> <p><i>(AO2 - Apply = 3)</i></p> <p>eg From the calculation of the current ratio it can be seen that for every £2 of debt - the business has £3 of cash - to pay those debts. This means that the business has good liquidity - and can repay its short term debts with ease</p> <p>Allow OFR explanations</p>	(3)

Question Number	Answer	Mark
2(c)	<p>Discuss why the training for new employees is on-the-job.</p> <p><i>(AO3 - Analyse = 5)</i></p> <p>eg these people come with an IT degree that will cover some of the things they have to do - however, the specialist nature of the work - means that not everything will be covered - but, within the company there will be existing employees - who will to have the necessary knowledge, understanding and skills</p> <p>the company will audit the training needs of new employees - and will then match that need to the known competency of other employees - who will then provide the training required for this company it is unlikely that they could find the specialist training they require from other providers - and even if they could it might compromise its commercial security</p> <p>the company is small (15 employees) - cost may be an issue - employer will require flexibility from employees - for some this will require additional training - so all employees have competency in as many areas of operation as possible</p>	(5)

Question Number	Answer	Mark
2(d)	<p>Evaluate why survival is a common business objective.</p> <p><i>(AO4 - Evaluate = 5)</i></p> <p>eg the key/vital/most important of all objectives - different businesses will have different objectives but all businesses must survive - if they do not survive then the owners cannot make their products or provide services - and there will be no revenue and therefore no profit</p> <p>the importance of survival as an objective will change - particularly when there are changes in the economy such as a depression or a recession</p> <p>other factors that make survival a common objective is the presence of competitors - and changes in their product, services and prices</p>	(5)

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