

# Mark Scheme Summer 2008

IGCSE

IGCSE Business (4330)

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## General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

Question Number	Answer	Mark												
<b>1(a)</b>	<table border="1"> <tr> <td><b>Co-operative</b></td> <td><b>F</b></td> </tr> <tr> <td>Sole Trader</td> <td>B</td> </tr> <tr> <td>Partnership</td> <td>E</td> </tr> <tr> <td>Private Limited Company (Ltd)</td> <td>D</td> </tr> <tr> <td>Public Limited Company (plc)</td> <td>A</td> </tr> <tr> <td>Franchise</td> <td>C</td> </tr> </table>	<b>Co-operative</b>	<b>F</b>	Sole Trader	B	Partnership	E	Private Limited Company (Ltd)	D	Public Limited Company (plc)	A	Franchise	C	<b>5 marks</b>
<b>Co-operative</b>	<b>F</b>													
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Question Number	Answer	Mark				
<b>1(b)(i)</b>	<table> <tr> <td>Current ratio</td> <td>1.25</td> </tr> <tr> <td>Acid test ratio</td> <td>0.75</td> </tr> </table>	Current ratio	1.25	Acid test ratio	0.75	<b>2 marks</b>
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Question Number	Answer	Mark
<b>1(b)(ii)</b>	<p>Eg  <b>(CR)</b> - at 1.25 could just pay off short term debts - could pay off liabilities one-and-a quarter times over - 1.5/2.0 would be safer - less than 1 would create a cash flow problem - assumes that all current assets can be sold quickly - not always true, ie sale of stock - could pay off current liabilities one-and-a-quarter times</p> <p><b>(ATR)</b> - a ratio of 1 means could just pay off short term debts - 0.75 means this cannot be done - only has 75p of liquid assets to cover every £1 of current liability - managers would have to increase working capital.</p> <p><b>NB maximum of two marks if only one ratio considered.</b></p>	<b>3 marks</b>

Question Number	Answer	Mark				
<b>1(c)</b>	<table> <tr> <td>Negative cash flow identified</td> <td><b>1</b></td> </tr> <tr> <td>Approach bank - before June - discuss figures - negotiate a suitable source of finance - overdraft</td> <td><b>4</b></td> </tr> </table>	Negative cash flow identified	<b>1</b>	Approach bank - before June - discuss figures - negotiate a suitable source of finance - overdraft	<b>4</b>	<b>5 marks</b>
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Question Number	Answer	Mark
<b>1(d)</b>	eg  <b>(production)</b> - must produce screens that can be sold - marketing can advise from sales data - marketing will have feedback from customers (guarantee forms, customer satisfaction data) - Q/A issues raised from complaints and feedback to production  <b>(marketing)</b> - research TV markets and customer requirements to inform R&D - R&D develop new products - liaise with production when new product ready for mass production to plan marketing campaign in time for product launch	<b>5 marks</b>
		<b>Total 20 marks</b>

Question Number	Answer	Mark
<b>2(a)(i)</b>	Eg <ul style="list-style-type: none"> <li>• company reports</li> <li>• newspaper articles</li> <li>• internet</li> <li>• databases</li> <li>• Government statistics</li> </ul>	<b>3 marks</b>

Question Number	Answer	Mark
<b>2(a)(ii)</b>	<b>(market orientation)</b> - customer needs drive product development as do competitor pressures <b>(market share)</b> - percentage of market (by volume or value) held by one company or brand	<b>2 marks</b>

Question Number	Answer	Mark
<b>2(b)</b>	eg <b>(managerial)</b> - specialists and experts can be employed - less may be needed - saving in costs - fall in management cost per unit  <b>(trading)</b> - bulk buying - lower unit costs - importance and buying power of large company - also impacts on advertising, packaging and delivery costs  <b>NB maximum of 3 marks if one economy attempted</b>	<b>5 marks</b>

Question Number	Answer	Mark
<b>2I</b>	eg  Both stop me wasting my time/time of the employer  <b>(job description)</b> - sets out type/nature of the work so I can see if I have what is required - I can see details of the work and whether it suits me - any special features I must have will be indicated - it will let me know if I have to work with specialist equipment/software  <b>(job specification)</b> - I can check my experience against what is required - I can check if I have the qualifications needed -do I have the physical and/or mental abilities stated  <b>NB max of 3 marks for single response4</b>	<b>4 marks</b>

Question Number	Answer	Mark
<b>2(d)</b>	Eg  how near to other Morrison supermarkets, is there sufficient demand - distance from one to another - closeness might work - how many competitors (other supermarkets) and are they busy - is market saturated - how many potential customers in the area, what is their purchasing power - can another supermarket survive - is there a labour force available	<b>5 marks</b>
		<b>Total 20 marks</b>
		<b>Total for paper 40 marks</b>



Question Number	Answer <b>FOUNDATION QUESTION 1</b>	Mark
<b>1(a)</b>	(i) C (ii) B (iii) A (iv) C (v) A	<b>5 marks</b>

Question Number	Answer <b>FOUNDATION QUESTION 1</b>	Mark																				
<b>1(b)</b>	<table border="1"> <thead> <tr> <th></th> <th><u>Primary</u></th> <th><u>Secondary</u></th> <th><u>Tertiary</u></th> </tr> </thead> <tbody> <tr> <td><i>RGE plc</i></td> <td></td> <td></td> <td>✓</td> </tr> <tr> <td><i>Stone Mei Ltd</i></td> <td>✓</td> <td></td> <td></td> </tr> <tr> <td><i>Dropping Ltd</i></td> <td></td> <td>✓</td> <td></td> </tr> <tr> <td><i>Rypov Bank plc</i></td> <td></td> <td></td> <td>✓</td> </tr> </tbody> </table>		<u>Primary</u>	<u>Secondary</u>	<u>Tertiary</u>	<i>RGE plc</i>			✓	<i>Stone Mei Ltd</i>	✓			<i>Dropping Ltd</i>		✓		<i>Rypov Bank plc</i>			✓	<b>4 marks</b>
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Question Number	Answer <b>FOUNDATION QUESTION 1</b>	Mark
<b>1(c)</b>	<b>Valid points could include:</b> eg capital intensive uses mainly machinery/equipment - labour intensive relies on employees/employee skills	<b>2 marks</b>

Question Number	Answer <b>FOUNDATION QUESTION 1</b>	Mark
<b>1(d)</b>	eg greater efficiency - increased output increased production/more efficient production/less wastage - because of skill/because of expertise	<b>2 marks</b>

Question Number	Answer <b>FOUNDATION QUESTION 1</b>	Mark
<b>1(e)(i)</b>	<b>Assets</b>  <b>Valid points could include:</b> eg items owned - such as stocks, furniture and buildings	<b>2 marks</b>

Question Number	Answer <b>FOUNDATION QUESTION 1</b>	Mark
<b>1(e)(ii)</b>	<b>Share capital</b>  <b>Valid points could include:</b> eg money invested - by shareholders/by owners	<b>2 marks</b>

Question Number	Answer <b>FOUNDATION QUESTION 1</b>	Mark
<b>1(e)(iii)</b>	<b>Liabilities</b>  <b>Valid points could include:</b> eg items owed - such as creditors and bank overdraft	<b>2 marks</b>

Question Number	Answer <b>FOUNDATION QUESTION 1</b>	Mark
<b>1(f)</b>	<b>Valid points could include:</b> eg expenses deducted from gross profit <i>BC</i> has to pay £5m expenses out of its gross profit	<b>1 mark</b>
		<b>Total 20 marks</b>

Question Number	Answer <b>FOUNDATION QUESTION 2</b>	Mark
<b>2(a)(i)</b>	<b>Valid points could include:</b> eg identifying customer needs - by obtaining information using primary/secondary techniques - to examine the potential market	<b>2 marks</b>

Question Number	Answer <b>FOUNDATION QUESTION 2</b>	Mark
<b>2(a)(ii)</b>	<b>Valid points could include:</b> eg questionnaire survey government statistics desk/secondary field/primary	<b>1 mark</b>

Question Number	Answer <b>FOUNDATION QUESTION 2</b>	Mark
<b>2(b)(i)</b>	eg (A) Total revenue/Total sales/Total income/Total output (B) Total costs (C) Fixed costs	<b>3 marks</b>

Question Number	Answer <b>FOUNDATION QUESTION 2</b>	Mark
<b>2(b)(ii)</b>	<b>Valid points could include:</b> eg include a heading provide more information on the left-hand/vertical axis place the values at the end of the lines show/name/label/describe the breakeven point show/name/label/describe the margin of safety	<b>2 marks</b>

Question Number	Answer <b>FOUNDATION QUESTION 2</b>	Mark
<b>2(c)</b>	<b>Valid points could include:</b> eg finance is only needed for a short period (for three months) - an overdraft is designed for this a cheap method of borrowing - only have to pay interest for the amount overdrawn a flexible method of borrowing - <i>BC</i> can increase if necessary	<b>4 marks</b>

Question Number	Answer <b>FOUNDATION QUESTION 2</b>	Mark
<b>2(d)(i)</b>	<b>Valid points could include:</b> eg (1) local paper / (3) local radio because it concentrates on the local market - and there is greater coverage/frequent appearance of the adverts	<b>2 marks</b>

Question Number	Answer <b>FOUNDATION QUESTION 2</b>	Mark
<b>2(d)(ii)</b>	<b>Valid points could include:</b> eg (2) national television / (4) national paper because it is national rather than local - <i>BC</i> needs to concentrate on the local market/local people are the most likely to be interested in the new flats (3) local radio because it is the only non visual medium - <i>BC</i> cannot show pictures/details of the flats	<b>2 marks</b>

Question Number	Answer <b>FOUNDATION QUESTION 2</b>	Mark
<b>2(e)</b>	<b>Valid points could include:</b> eg details of <i>BC</i> /details of the new flats - gives information necessary for people to make a decision visual appeal/ a free holiday competition - attempts to persuade people to buy/appeals to people's desires	<b>4 marks</b>
		<b>Total 20 marks</b>

Question Number	Answer	Mark
	<b>FOUNDATION QUESTION 3 - HIGHER QUESTION 1</b>	
<b>(a)(i)</b>	<p><b>Valid points could include:</b></p> <p>eg to introduce the new employee to the business - and the business to the new employee to get the new person to contribute as quickly as possible - by making her or him feel comfortable in the new environment</p>	<b>2 marks</b>

Question Number	Answer	Mark
	<b>FOUNDATION QUESTION 3 - HIGHER QUESTION 1</b>	
<b>(a)(ii)</b>	<p><b>Valid points could include:</b></p> <p>eg meeting with Finance Office staff initial training on accounting software overview/history of <i>BC</i> tour of the Finance Office/tour of the other offices</p> <p>(maximum 1 mark for generic statements)</p>	<b>3 marks</b>

Question Number	Answer	Mark
	<b>FOUNDATION QUESTION 3 - HIGHER QUESTION 1</b>	
<b>(b)</b>	<p><b>Valid points could include:</b></p> <p>eg negative aspects of hygiene factors displease <i>BC</i> employees - examples include salary, working conditions, supervision - hygiene factors by themselves will not motivate - but it is necessary to meet hygiene factors in order to prevent employee dissatisfaction at <i>BC</i> motivators are what managers at <i>BC</i> must focus on if they want employees to be motivated at work - examples include achievement, recognition of achievement, responsibility - but <i>BC</i> managers must first provide a basic level of acceptable hygiene factors</p> <p>(maximum 3 marks if only hygiene factors or motivators are discussed) (candidates do not receive marks for a list of knowledge points about Herzberg)</p>	<b>5 marks</b>

Question Number	Answer <b>FOUNDATION QUESTION 3 - HIGHER QUESTION 1</b>	Mark
<b>(c)(i)</b>	<p><b>Valid points could include:</b></p> <p>eg inputs compared against outputs - to assess efficiency a method of checking labour/resource performance - by measuring inputs against outputs</p> <p>(answers must focus on productivity and not on production)</p>	<b>2 marks</b>

Question Number	Answer <b>FOUNDATION QUESTION 3 - HIGHER QUESTION 1</b>	Mark
<b>(c)(ii)</b>	<p><b>Valid points could include:</b></p> <p>eg increase investment in new equipment - so building work is speeded up/so there is less waste of building materials improve the ability of employees/train employees - so they can build better houses/flats improve employee motivation - so they work more efficiently when building houses</p> <p>(reference to <i>BC</i>/building context needed for the second mark)</p>	<b>2 marks</b>

Question Number	Answer <b>FOUNDATION QUESTION 3 - HIGHER QUESTION 1</b>	Mark
<b>(d)</b>	<p><b>Valid points could include:</b></p> <p>eg <i>BC</i> is in a competitive market - needs to guarantee quality so it stays in business/makes a profit/competes successfully - TQM helps achieve this guarantee <i>BC</i> employees treat everyone as customers - which should improve product quality offered by <i>BC</i> - improved quality culture throughout - so customers become more satisfied - customers are more likely to use <i>BC</i> again Need for training - which will increase <i>BC</i>'s costs Employees in <i>BC</i> may not accept the new culture - which will affect how they treat customers</p> <p>(maximum 4 marks for a one-sided answer)</p>	<b>6 marks</b>

**Total 20 marks**

Question Number	Answer <b>HIGHER QUESTION 2</b>	Mark
<b>(2)(a)(i)</b>	eg 200 000	<b>1 mark</b>

Question Number	Answer <b>HIGHER QUESTION 2</b>	Mark
<b>(2)(a)(ii)</b>	eg 30 000  (accept between 29 000 and 31 000 inclusive)	<b>1 mark</b>

Question Number	Answer <b>HIGHER QUESTION 2</b>	Mark
<b>(2)(a)(iii)</b>	eg 80 000	<b>1 mark</b>

Question Number	Answer <b>HIGHER QUESTION 2</b>	Mark
<b>(2)(a)(iv)</b>	eg 4	<b>1 mark</b>

Question Number	Answer <b>HIGHER QUESTION 2</b>	Mark
<b>(2)(a)(v)</b>	eg 200 000 profit	<b>1 mark</b>

Question Number	Answer <b>HIGHER QUESTION 2</b>	Mark
<b>(2)(b)</b>	<p><b>Valid points could include:</b></p> <p>eg helps <i>BC</i> managers to forecast - by requiring information on likely future costs/revenues to be prepared - but no guarantee that the forecast will be accurate</p> <p>helps to model - figures on (eg) cost of building can be changed and the effects seen - which improves decision-making</p> <p>problem that costs/revenues change/are only forecasts - so the breakeven point for (eg) a block of flats may be inaccurate</p> <p>difficult to apply where more than one product is being made - and <i>BC</i> is likely to make a range of buildings</p> <p>(conclusion) it can therefore be used to examine 'what if' situations and so help <i>BC</i> in its decision-making - but with reservations as to the accuracy of the information</p> <p>(3 marks if no reference to context of building businesses) (1 mark for context) (1 mark for conclusion)</p>	<b>5 marks</b>

Question Number	Answer <b>HIGHER QUESTION 2</b>	Mark
<b>(2)(c)</b>	<p><b>Valid points could include:</b></p> <p>eg P&amp;L is needed to see how much profit is made/to see <i>BC's</i> financial performance - B/S is needed to see what is owned and owed/to see <i>BC's</i> financial position</p> <p>Legal requirement - <i>BC</i> is a limited company so must produce final accounts</p> <p>P&amp;L helps <i>BC's</i> directors make decisions on profitability - B/S helps them make decisions on liquidity</p>	<b>4 marks</b>



Question Number	Answer <b>HIGHER QUESTION 2</b>	Mark
<b>(2)(d)(i)</b>	<b>Valid points could include:</b> eg use of people in production - rather than equipment	<b>2 marks</b>

Question Number	Answer <b>HIGHER QUESTION 2</b>	Mark
<b>(2)(d)ii)</b>	<b>Valid points could include:</b>  eg (benefit) skilled workers are more efficient - so <i>BC</i> gains from greater output skilled workers deliver a better quality job - this improves the chance of selling property/improves <i>BC's</i> reputation  eg (drawback) wages are likely to be higher - which increases <i>BC's</i> costs if one group withdraws its labour - <i>BC</i> loses production/cannot replace the skills easily	<b>4 marks</b>
		<b>Total 20 marks</b>

Question Number	Answer <b>HIGHER QUESTION 3</b>	Mark
<b>(3)(a)(i)</b>	<b>Valid points could include:</b> eg primary involves original work/is unique to the business - secondary is from other sources/is not unique to the business	<b>2 marks</b>

Question Number	Answer <b>HIGHER QUESTION 3</b>	Mark
<b>(3)(a)(ii)</b>	<b>Valid points could include:</b> eg persuasive seeks to tempt people to buy/it is more associated with impulse buying - informative gives facts and figures about the product	<b>2 marks</b>

Question Number	Answer <b>HIGHER QUESTION 3</b>	Mark
<b>(3)(b)</b>	<b>Valid points could include:</b> eg (local paper) (AO3) focuses on the local market so it is suitable because likely purchasers could live in the locality  (AO3) inexpensive/can show pictures/can give facts/can show map where the property is - (AO4) but people might not see the advert/less wide coverage than radio - loss of potential sales  (local radio) (AO3) focuses on the local market so it is suitable - because likely purchasers could live in the locality  (AO3) other nearby towns also covered so wider coverage/ people may be willing to move a short distance  (AO3) inexpensive/can describe/can give facts/can explain where the property is so it is suitable for these reasons - (AO4) but people might not listen to the radio/it is not permanent so information may be forgotten	<b>7 marks</b>

Question Number	Answer <b>HIGHER QUESTION 3</b>	Mark
<b>(3)(c)</b>	<p><b>Valid points could include:</b></p> <p>eg  (start building homes outside the UK)  (AO3) this is likely to increase <i>BC</i>'s market share/diversify into different markets -  AO4) which will make it stronger</p> <p>(increase net profit by 2%)  (AO3) this is likely to improve <i>BC</i>'s profitability/liquidity -  (AO4) which will make it financially sounder</p> <p>(train staff to use computers)  (AO3) this is likely to improve employee efficiency -  (AO4) which will improve <i>BC</i>'s reputation - cut its costs - make it more competitive</p> <p>(accept valid negative arguments regarding survival: eg training staff increases costs . . .)</p> <p>(maximum 4 marks for any one objective)  (1 mark for reference to the overall effect)</p>	<p><b>9 marks</b></p>
		<b>Total 20 marks</b>



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