

Mark Scheme November 2008

IGCSE

IGCSE Business (4330/1F)

4330 1F Markscheme

Question Number	Answer	Mark
1(a)	(i) A (ii) D (iii) C (iv) B (v) C	(5)

Question Number	Answer	Mark
1(b)	Valid points could include: eg <ul style="list-style-type: none"> • plc can sell shares to the public - ltd can only sell them privately • plc must publish its financial statements - ltd must produce but need not publish • plc's share prices are determined on a stock exchange - ltd's share prices are not quoted 	(4)

Question Number	Answer	Mark
1(c)(i)	Valid points could include: eg <ul style="list-style-type: none"> • advertising - <i>Nice Lolly Ltd's</i> products • sales promotion - of a new range of ice creams • market research - into the ice lolly market • distribution - arranging with supermarkets • suggesting prices - for the products sold by <i>Nice Lolly Ltd</i> 	(2)

Question Number	Answer	Mark
1(c)(ii)	Valid points could include: eg <ul style="list-style-type: none"> • quality - control/assurance/TQM • production control - of ice cream • stock control - of raw materials • production planning - of ice lolly production runs • research and development - of new ice cream flavours 	(2)

Question Number	Answer	Mark
1(d)(i)	<p>Valid points could include:</p> <p>eg</p> <ul style="list-style-type: none"> • lower cost per unit - as output increases • although costs continue to rise - they rise at a slower rate • cost savings - due to large-scale production 	(2)

Question Number	Answer	Mark
1(d)(ii)	<p>Valid points could include:</p> <p>eg</p> <ul style="list-style-type: none"> • can negotiate lower advertising rates for its ice cream • can afford to spread the cost of advertising new ice lollies on television over a large output • can afford to spread the cost pf a sales force that visits shops over a large output 	(2)

Question Number	Answer	Mark
1(e)	<p>Valid points could include:</p> <p>eg</p> <ul style="list-style-type: none"> • employee availability • infrastructure/access • distance from existing factory • availability of finance/government grants • sales/demand • cost of buildings/rent 	(3)

(Total 20 marks)

Question Number	Answer	Mark
2(a)	<p>Valid points could include:</p> <p>eg (email) immediate - hard copy is available - can be stored/kept as a record - but may not be understood - not accessed if the computer is not being used</p> <p>(telephone) also immediate - two way communication - points can be explained/queried - but hard copy is not available/difficult to keep a record of conversations</p>	(6)

Question Number	Answer	Mark
2(b)(i)	<p>Valid points could include:</p> <p>eg</p> <ul style="list-style-type: none"> • place information on a notice board at <i>Nice Lolly Ltd's</i> old factory • send an email/circular to all staff • announce the jobs at a staff meeting 	(2)

Question Number	Answer	Mark
2(b)(ii)	<p>Valid points could include:</p> <p>eg</p> <ul style="list-style-type: none"> • place adverts in the local paper • advertise on the local radio • contact the local JobCentre 	(2)

Question Number	Answer	Mark
2(c)	<p>Valid points could include:</p> <p>eg</p> <ul style="list-style-type: none"> • evidence that <i>Nice Lolly Ltd</i> does not face competition at present - so it can set a high price/the price can be high until competitors start selling similar products • evidence that it is a luxury ice cream - so customers will be prepared to pay a high price for it • a high price suggests a high profit margin - this will increase <i>Nice Lolly Ltd's</i> profitability 	(4)

Question Number	Answer	Mark
2(d)	<p>Valid points could include:</p> <p>eg (Free samples) suitable because customers already buy <i>Nice Lolly Ltd</i> products - and they can taste the new ice cream - it might encourage them to 'impulse buy' in the shop - but it is expensive giving the product away for free/producing special sample packs</p> <p>eg (Competitions) easier to organise than giving free samples - the cost is known in advance/it is likely to be cheaper to produce leaflets than to make special packs - the competition might encourage people to buy the ice cream who would not otherwise buy it -</p> <p>but people might enter the competition without trying the ice cream/people who are not customers of <i>Nice Lolly Ltd</i> might win the competition - there is the cost of posting - because it is on a leaflet, people may ignore it/easier to ignore than a free sample</p> <p>(maximum 4 marks for a one-sided answer)</p>	(6)
(Total 20 marks)		

Question Number	Answer	Mark
3(a)	Gross profit 160 000 Net profit 120 000	(2)

Question Number	Answer	Mark
3(b)	<p>Valid points could include:</p> <p>eg</p> <ul style="list-style-type: none"> profitability - net profit is shown as a percentage of sales/turnover it tells Ivan how much net profit he makes - as a percentage of sales/turnover Ivan can see how many pence net profit he makes - out of every £1 sales/turnover 	(2)

Question Number	Answer	Mark
3(c)(i)	<p>62.5% / 62½%</p> <p>(1 mark for correct working but incorrect result) (1 mark for "62.5" or "62½")</p>	(2)

Question Number	Answer	Mark
3(c)(ii)	<p>20%</p> <p>(1 mark for correct working but incorrect result) (1 mark for "20")</p>	(2)

Question Number	Answer	Mark
3(d)	<p>Valid points could include:</p> <p>eg</p> <p>Although <i>Ice Aye's</i> gross profit margin is lower by 5% - its net profit margin is 5% higher than <i>Ices R Us</i> - which means it made 5p in the £ more net profit - therefore (justified conclusion) <i>Ice Aye</i> had the better performance in 2007</p> <p><i>Ices R Us</i> because it has a higher gross profit margin - by 5% (2 marks maximum)</p> <p>(no marks for just copying figures without judgement)</p>	(4)

Question Number	Answer	Mark
3(e)	<p>Valid points could include:</p> <p>eg</p> <ul style="list-style-type: none"> • batch production involves making a set number of a product - production equipment is changed when a batch is completed • flow production is continuous production without stopping - each stage is linked to the next/components are fed into the main production line 	(4)

Question Number	Answer	Mark
3(f)	<p>Valid points could include:</p> <p>eg</p> <p>because they are single orders - likely to require special ingredients/designs - and skilled employees - no economies of scale are possible</p>	(4)
		Total 20 marks
TOTAL FOR PAPER: 60 MARKS		