



2013 Business Management

Intermediate 2

Finalised Marking Instructions

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Part One: General Marking Principles for Business Management Intermediate 2

This information is provided to help you understand the general principles you must apply when marking candidate responses to questions in this Paper. These principles must be read in conjunction with the specific Marking Instructions for each question.

- (a)** Marks for each candidate response must always be assigned in line with these general marking principles and the specific Marking Instructions for the relevant question. If a specific candidate response does not seem to be covered by either the principles or detailed Marking Instructions, and you are uncertain how to assess it, you must seek guidance from your Team Leader/Principal Assessor.
- (b)** Marking should always be positive ie, marks should be awarded for what is correct and not deducted for errors or omissions.

GENERAL MARKING ADVICE: Business Management Intermediate 2

The marking schemes are written to assist in determining the “minimal acceptable answer” rather than listing every possible correct and incorrect answer. The following notes are offered to support Markers in making judgements on candidates’ evidence, and apply to marking both end of unit assessments and course assessments.

Part Two: Marking Instructions for each Question

Section 1 Solutions

Question		Expected Answer/s	Max Mark	Additional Guidance
1	a	<p>A G Barr plc managed to survive and grow despite facing difficult economic times.</p> <p>Name and describe 3 other external factors that could affect an organisation.</p> <p>Political/Government</p> <ul style="list-style-type: none"> • Government legislation • Government taxation • Interest rates <p>Social</p> <ul style="list-style-type: none"> • Society's beliefs and attitudes • Demographics of a country <p>Technological</p> <ul style="list-style-type: none"> • Advances in technology that may lead to faster production/communication etc. <p>Environmental</p> <ul style="list-style-type: none"> • Effects of environmental issues eg changing weather patterns, less carbon emissions <p>Competitive</p> <ul style="list-style-type: none"> • The habits of competitors eg lowering prices 	6	<p>Accept a described example for the description</p> <p>1 mark of ID of factor – 3 max 1 mark per description – 3 max</p> <p>Accept identifications other than PESTEC</p> <p>eg Weather rather than environmental</p> <p>Environmental – weather or Weather - snow</p> <p>Do not accept description of an affect</p> <p>Do not accept any other Economic factors</p> <p>Stakeholders acceptable but no ID marks - watch description is of an external factor and not affect</p>
2	a	<p>In Option 3, A G Barr plc could close down other sites in order to restructure.</p> <p>Identify this type of restructuring.</p> <p>Downsizing</p>	1	

Question		Expected Answer/s	Max Mark	Additional Guidance
2	b	<p>Describe benefits of this type of restructuring to an organisation.</p> <ul style="list-style-type: none"> • Saves money on wages/management salaries • Saves money on fewer premises/other expenses • Staff have more responsibilities and are more empowered • Focusing on core activity makes an organisation more efficient 	3	<p>1 mark per described advantage</p> <p>Consequentiality if used delayering label in (a)</p> <p>Accept benefits of downsizing regardless of (a)</p> <p>Accept “cut costs” BUT if specific cost given eg wages lose this mark</p>
2	c	<p>Other than restructuring, identify 2 tactical decisions made by A G Barr plc.</p> <ul style="list-style-type: none"> • Extending their range of products • Upgrading their Cumbernauld factory • New advertising campaign • Renaming Diet IRN-BRU to IRN-BRU Sugar Free • Launching a new look Strathmore Water • New brand message for Strathmore Water • Online competition to complement the new advertising campaign • Launching “Phenomenal BRU-Jet” competition • Building a wind turbine to cut costs 	2	<p>Accept any suitable tactical decision even if not in stimulus material</p> <p>1 mark per decision</p>

Question	Expected Answer/s	Max Mark	Additional Guidance
3	<p>A G Barr plc uses flow production to make their IRN-BRU.</p> <p>Describe advantages and disadvantages of this type of production.</p> <p>Advantages</p> <ul style="list-style-type: none"> • Products are produced to a standard specification – identical • Producing in large volumes • Can benefit from bulk buying discounts • Automated process so less human errors • Labour costs are reduced • Machinery can work 24/7 • Consistent quality and accuracy <p>Disadvantages</p> <ul style="list-style-type: none"> • Large capital costs to set up • Cannot meet the requirements of individual consumers • Worker motivation is low due to repetitive work • Breakdowns are costly • Maintenance is costly 	4	<p>1 mark per described advantage/ disadvantage</p> <p>“Produced quickly” needs qualified</p> <p>3 max per area</p>

Question	Expected Answer/s	Max Mark	Additional Guidance
4	<p>A G Barr plc spent a lot of time and money maintaining a good brand.</p> <p>Explain the benefits of having a brand to an organisation.</p> <ul style="list-style-type: none"> • Brand is easily recognised as the logo/ design used helps identify it • Brand loyalty can develop when customers feel that that brand is the best available for that particular good or service • Can charge higher prices for a branded good as customers are willing to pay more for that particular brand over what they see as inferior brands • Easier to launch new products because once a customer is loyal to a brand, new products under that brand will be looked at in the same way • Can save money on marketing/ advertising because each new product under the brand name will not need to be marketed separately – just a general marketing campaign for the brand • Customers may see a brand as a symbol of quality which leads to higher sales • May be a ‘snob value’ in using certain brands when people want to be seen with the “best” of goods/keeping up with others • Goods may be in fashion and everyone wants to be seen with it 	4	1 mark per explained point

Question	Expected Answer/s	Max Mark	Additional Guidance
5	<p>A G Barr plc uses a mixture of skilled and unskilled workers at its factory.</p> <p>Compare skilled and unskilled workers.</p> <ul style="list-style-type: none"> • Skilled workers have formal qualifications whereas unskilled workers have no formal qualifications • Skilled workers have more work related skills whereas unskilled workers have few work related skills • Skilled workers will have lots of training related to the job whereas unskilled will have basic training in the job • Skilled workers are often referred to as professionals or white collar workers whereas unskilled workers are often referred to as manual or blue collar workers • Skilled workers would be higher paid • Skilled workers carry out a variety of different tasks whereas unskilled workers normally carry out manual or repetitive tasks • Accept a compared example (eg A doctor would be classed as a skilled worker whereas a checkout operator would be classed as an unskilled worker) 	2	<p>1 mark per compared point</p> <p>Comparison could be implied eg skilled workers are paid higher wages</p>

Question	Expected Answer/s	Max Mark	Additional Guidance
6	<p>A G Barr plc expected its sales revenue to increase by 3.5%.</p> <p>Describe how the following stakeholders would use Barr's financial information:</p> <ul style="list-style-type: none"> • Shareholders/Owners • Creditors • Citizens <p>Shareholders/Owners</p> <ul style="list-style-type: none"> • To see how much dividend they will receive • To determine the profitability of A G Barr • To see the price of their shares and if they are rising or falling • To see if business more successful/doing well <p>Creditors</p> <ul style="list-style-type: none"> • To see if they will be paid for the goods • To see if they may get repeat orders <p>Citizens</p> <ul style="list-style-type: none"> • Interested to see if the organisation is likely to close down • Interested to see if the organisation can pay its workers' wages • To see if they are looking to take on any new workers • To see if they will continue to provide goods and services 	3	<p>1 mark per described use</p> <p>Citizens can be employees, customers, potential investor or the local community</p>

[END OF SECTION ONE]

Section 2 Solutions

Question		Expected Answer/s	Max Mark	Additional Guidance
1	a	<p>Outline the stages of a decision making model.</p> <ul style="list-style-type: none"> • Identify the problem • Identify the objectives • Identify the constraints • Gather information • Analyse the information gathered • Devise possible solutions • Select the best solution • Communicate the decision • Plan and implement the decision • Evaluate the effectiveness of the decision 	5	<p>1 mark per stage</p> <p>No marks for single word ID eg problem</p> <p>Accept stages in any order</p> <p>Possible to gain marks from SWOT if linked to decision making process</p>
1	b i	<p>Describe the benefits of carrying out market research.</p> <ul style="list-style-type: none"> • Allows an organisation to anticipate changes in consumer taste • Can keep organisation ahead of competition • Can ensure product meets the needs of consumers • Can help identify a gap in the market • Can provide information about the best place to sell the product • Can give information about the price consumers are willing to pay • Can help identify the best way to promote a product • Can help organisations find out why certain products do/don't sell • Reduces risk of failure when launching a new product • Products/Business promoted at the same time 	4	<p>1 mark per benefit</p> <p>Don't accept specific benefits to desk and field research</p>
1	b ii	<p>Suggest 3 field research techniques.</p> <ul style="list-style-type: none"> • Interviews • Postal surveys • Telephone surveys • Hall tests • Online surveys • Observation • Focus groups • Consumer audits 	3	<p>1 mark per suggestion</p> <p>Award 1 general mark for survey/questionnaire</p> <p>General mark will be lost if other ids are specific eg online survey</p>

Question		Expected Answer/s	Max Mark	Additional Guidance
1	c	<p>Compare the objectives of a private sector organisation with those of a public sector organisation.</p> <ul style="list-style-type: none"> • A private sector organisation wants to maximise profits whereas a public sector organisation wants to work within a budget • A private sector organisation wants to grow whereas a public sector organisation wants to provide a service to its community • A private sector organisation wants to survive whereas a public sector organisation wants to be efficient • Both private and public sector organisations have an objective to be socially responsible 	3	<p>1 mark per compared objective – both parts required to gain the mark</p> <p>If 2 separate lists match up linked objectives</p>

Question		Expected Answer/s	Max Mark	Additional Guidance
1	d	<p>Identify and describe 2 types of training that could be given to existing staff.</p> <p>On the job</p> <ul style="list-style-type: none"> • Training whilst at work/During working hours • Usually carried out by an experienced member of staff • Output is still being produced • Workers trained to the specific requirements of the organisation <p>Off the job</p> <ul style="list-style-type: none"> • Training away from the workplace eg college • Workers can concentrate on training • Trained by experts <p>Induction</p> <ul style="list-style-type: none"> • Must be linked to existing staff being trained for a new job within the same organisation for description points <p>Demonstration</p> <ul style="list-style-type: none"> • The trainee watches a task being completed then completes it themselves • Helps a trainee focus on a critical aspect of their job <p>Job rotation</p> <ul style="list-style-type: none"> • The trainee moves around different jobs or departments learning different tasks in each • Makes the trainee more flexible to be able to work in different areas • Gives trainee a better understanding of the whole organisation rather than just focusing on a specific part 	6	<p>1 mark per ID of type – max 2 1 mark per description point – 3 max per type</p> <p>Accept any other suitable method of training delivery eg sitting next to Nellie, coaching, mentoring, shadowing, apprenticeship, virtual learning</p> <p>Do not accept content of training eg Health and Safety Training</p> <p>Hours is not a distinguishing feature of off the job training – no mark</p>

Question		Expected Answer/s	Max Mark	Additional Guidance
1	e	<p>Describe the benefits of presenting information in:</p> <p>(i) written format; (ii) oral format.</p> <p>Written</p> <ul style="list-style-type: none"> As a hard copy is kept/kept as a record Information can be referred back to Time can be taken to analyse Copies can be made <p>Oral</p> <ul style="list-style-type: none"> You can get an instant response You can see body language It is easier to get clarification Many can get involved at the same time 	4	<p>1 mark per described point – 3 max per area</p> <p>Do not accept “quick” on its own</p>
2	a	<p>Define the following terms:</p> <ul style="list-style-type: none"> Span of control Chain of command Formal structure Informal structure. <p>Span of control</p> <ul style="list-style-type: none"> The number of subordinates that a superior is in charge of <p>Chain of command</p> <ul style="list-style-type: none"> The way instructions/information is passed through the organisation Who has authority over whom <p>Formal structure</p> <ul style="list-style-type: none"> A structure where there is a clear path for instructions and communication <p>Informal structure</p> <ul style="list-style-type: none"> A relaxed structure with informal communication between staff A grapevine 	4	1 mark per definition

Question		Expected Answer/s	Max Mark	Additional Guidance
2	b	<p>Identify and describe 4 stages in the product life cycle.</p> <ul style="list-style-type: none"> • Development – product is planned, developed and tested before being introduced onto the market • Introduction – product is launched onto the market • Growth – sales of the product are rising as consumers become more aware of it • Maturity – product is well known in the market and growth is slowing down <ul style="list-style-type: none"> • competition increases and the price of the product falls • Saturation – competition is very fierce and prices fall significantly • Decline – sales and profits fall as new and more advanced products enter the market 	8	<p>1 mark per stage – max 4</p> <p>1 mark per description – max 4</p> <p>Label and description must match</p> <p>Accept end</p> <p>Accept injection of new life as a stage. Plus valid description/extension strategy for description mark</p>

Question		Expected Answer/s	Max Mark	Additional Guidance
2	c	<p>Explain the costs and benefits of training to an organisation.</p> <p>Costs</p> <ul style="list-style-type: none"> • Financial costs of training can be high to put workers on the courses which reduces the profits of the organisation • Workers will be away from the workplace or taking time out at work to be trained which means that work time is lost <ul style="list-style-type: none"> • then productivity or output may reduce • After being trained staff may leave meaning the organisation will not reap the benefits of the training • After being trained staff may demand higher wages which increases the cost to the organisation <p>Benefits</p> <ul style="list-style-type: none"> • Staff motivation increases as they feel more valued • Staff become more competent at their jobs as they have been trained in the procedures • Staff become more productive as the training has made them more efficient at their work • Changes are easier to introduce because staff are aware of what the changes will involve • Organisation's image improves as they are seen as an employer who invests in their workers 	4	<p>1 mark per explained cost/benefit</p> <p>max 3 per area</p>

Question		Expected Answer/s	Max Mark	Additional Guidance
2	d	<p>Distinguish between capital-intensive and labour-intensive methods of production.</p> <ul style="list-style-type: none"> • Capital-intensive organisations rely heavily on machinery in production whereas labour-intensive rely heavily on their workforce • A standard product can be produced more easily with capital-intensive however, individual, one-off products are easily created with labour-intensive • Capital-intensive production can use low skilled labour whereas labour-intensive requires use of craftsmanship/a skilled labour force • Capital-intensive production can take advantage of economies of scale due to quantity being produced whereas labour-intensive is limited to small scale production and cannot benefit from economies of scale • Capital-intensive production can be operated 24/7 whereas labour-intensive production will require groups of workers for shifts or down-time to rest workers • Capital-intensive producers use flow production whereas labour-intensive would use job • Capital-intensive production is much faster than labour intensive-production • Labour-intensive production is often associated with quality whereas capital-intensive production may be seen as poorer quality • Skilled workers in labour-intensive production will command higher wages whereas workers in capital-intensive production may be paid less 	3	1 mark per distinguished point – both sides must be given to gain the mark

Question			Expected Answer/s	Max Mark	Additional Guidance
2	e	i	<p>Identify different types of ICT that could be used in the finance department of an organisation.</p> <ul style="list-style-type: none"> • Email • Internet • Word processor • Spreadsheet • Database • Network • Mobile phone 	3	<p>1 mark per ID</p> <p>Accept any other relevant ICT</p> <p>Do not accept telephone</p>
2	e	ii	<p>Describe a possible use, in the finance department, for each type of ICT identified in (e)(i) above.</p> <p>Email</p> <ul style="list-style-type: none"> • To contact Head Office to give weekly financial figures eg sales revenue <p>Internet</p> <ul style="list-style-type: none"> • To research information on new taxation rates <p>Word processor</p> <ul style="list-style-type: none"> • To create letters to send to customers to tell them their accounts are overdue <p>Spreadsheet</p> <ul style="list-style-type: none"> • To calculate the monthly wages • To calculate the annual profit and loss <p>Database</p> <ul style="list-style-type: none"> • To keep staff records on personal allowance, tax codes etc <p>Network</p> <ul style="list-style-type: none"> • To allow all finance department staff to access the same files regardless of their location in the organisation eg cash budgets <p>Mobile Phone</p> <ul style="list-style-type: none"> • To check current value of stocks and shares held by the organisation 	3	<p>1 mark per described use – must relate to Finance to gain mark</p> <p>Description must clearly be matched to the ICT in ei to gain the mark</p> <p>Do not accept “to keep financial records/information” without further development</p>

Question		Expected Answer/s	Max Mark	Additional Guidance
3	a	<p>Organisations use the following stock levels:</p> <ul style="list-style-type: none"> • Maximum • Minimum • Re-order <p>i Describe the above stock levels.</p> <p>Maximum Stock Level</p> <ul style="list-style-type: none"> • The highest amount of stock that the organisation should hold • The maximum amount of stock that should be held <p>Minimum Stock Level</p> <ul style="list-style-type: none"> • The lowest amount of stock that the organisation should hold • The minimum amount of stock that should be held <p>Re-order Level</p> <ul style="list-style-type: none"> • The level at which stock should be re-ordered 	3	1 mark per described level
3	a	<p>ii Draw and label a stock control diagram to show these levels.</p>	5	<p>1 mark for shape</p> <p>1 mark for correctly labelled axes</p> <p>1 mark for maximum level</p> <p>1 mark for minimum level</p> <p>1 mark for reorder level</p>

Question		Expected Answer/s	Max Mark	Additional Guidance
3	b	<p>Describe one advantage and one disadvantage of the following sources of finance to an organisation:</p> <ul style="list-style-type: none"> • Bank loan • Grant • Issuing Shares <p>Bank Loan</p> <ul style="list-style-type: none"> + Can be paid back in instalments - Interest will be charged <p>Grant</p> <ul style="list-style-type: none"> + Does not need to be repaid - Must adhere to the conditions set <p>Issuing Shares</p> <ul style="list-style-type: none"> + Can generate large sums + dividend only payable if profits are made - Cost of issuing shares can be very high - Spreading control of the organisation 	6	<p>1 mark per described advantage – max 3</p> <p>1 mark per described disadvantage – max 3</p> <p>Watch for repetition – must give different advantages / disadvantages</p>

Question		Expected Answer/s	Max Mark	Additional Guidance
3	c	<p>Identify and describe 4 methods of sales promotion that an organisation may use.</p> <ul style="list-style-type: none"> • BOGOFs – consumer buys one product and gets another free • Bonus Packs – eg 50% extra free <ul style="list-style-type: none"> • offer more of the product for the same price as the original • Competitions – consumer buys a product then gets the chance to win something by entering a competition eg on cereal boxes, magazines etc • Demonstrations – in supermarkets staff give out taster samples of new products • Coupons or vouchers – printed in newspapers or on the reverse of till receipts to give customers money off future purchases • Free Samples – given to consumers when buying another product eg free perfume samples when buying from a cosmetics counter; free toy in a box of cereal • Credit Facilities – given to customers to allow them to buy goods now but pay later • TV Advertising – showing an advert between breaks in TV programmes • Product Placement – can be awarded separately • Celebrity Endorsement – can be awarded separately • Sponsorship – can be awarded separately • Loyalty Cards 	8	<p>Accept one advertising method ONLY – word “advertising” is not enough must include the method for the identification for mark</p> <p>1 mark per method identified – max 4</p> <p>1 mark per description – max 4</p> <p>Watch for repetition</p> <p>ID must match description</p> <p>Accept “offers” as a generic ID but when they mention specific ones, lose this mark</p>

Question		Expected Answer/s	Max Mark	Additional Guidance
3	d	<p>Describe the following ratios:</p> <ul style="list-style-type: none"> • Gross Profit Percentage • Working Capital Ratio • Return on Capital Employed <p>Gross Profit Percentage</p> <ul style="list-style-type: none"> • Gross Profit/Sales x 100 • Shows the percentage profit made from buying and selling stock • Shows the percentage profit made before expenses are paid • Shows the percentage profit made on each sale <p>Working Capital Ratio</p> <ul style="list-style-type: none"> • Current Assets: Current Liabilities • Shows the ability to pay off short term debts • Ideal ratio is 2:1 <p>Return on Capital Employed</p> <ul style="list-style-type: none"> • Net Profit/Capital at Start x 100 • Shows the amount of profit an organisation has made in proportion to the amount of capital invested • Shows how well an organisation is using its resources 	3	1 mark per description point
4	a	<p>Describe the selection process an organisation may use to select the right person for a job after sending out application forms.</p> <ul style="list-style-type: none"> • Application Forms are compared against the person specification • References are checked • Tests can be used to provide additional information eg Attainment • Short list of candidates is drawn up • Taking candidates to assessment centres to assess skills • Interviews take place whereby candidates are asked questions • Best candidate is offered job • Unsuccessful candidates are informed that they did not get the job 	5	1 mark per stage in process – max 1 per stage

Question			Expected Answer/s	Max Mark	Additional Guidance
4	b	i	<p>Explain one advantage and one disadvantage of secondary information.</p> <p>Advantages</p> <ul style="list-style-type: none"> Information is inexpensive to acquire therefore saving the organisation money Information is easy to access as it can be done from the office through a computer A wide variety of information can be available in a short period of time therefore saving the organisation many hours of primary research <p>Disadvantages</p> <ul style="list-style-type: none"> Information may not be relevant as it has been gathered for another purpose It may be difficult to check for bias as you may not be able to go back to the original source Information may be out of date and things have changed since 	2	1 mark per explained point
4	b	ii	<p>Give two examples of secondary information.</p> <ul style="list-style-type: none"> Newspaper articles Magazine articles Information from another company website/Internet Government statistics Textbooks Trade journal articles Previous business records 	2	1 mark per example
4	c	i	<p>Define the term mission statement.</p> <ul style="list-style-type: none"> A written summary of the organisation's objectives Used to let staff, customers and suppliers know about an organisation's long term objectives Used to demonstrate the values/principles/beliefs of an organisation 	1	

Question			Expected Answer/s	Max Mark	Additional Guidance
4	c	ii	<p>Distinguish between strategic and operational decisions and give an example of each.</p> <ul style="list-style-type: none"> • Strategic decisions are long term whereas operational are short term • Strategic decisions are made by senior management whereas operational are made by all staff regardless of level • Strategic decisions set out the overall purpose/aims of an organisation whereas operational are routine/day-to-day decisions <p>Examples</p> <ul style="list-style-type: none"> • Strategic – to merge with a rival company; to maximise profits • Operational – adjust a rota to cover for absent staff; call a repair engineer when a machine breaks down 	4	<p>1 mark per distinguished point – 2 max</p> <p>1 mark per example – 2 max</p>

Question		Expected Answer/s	Max Mark	Additional Guidance
4	d	<p>Identify and describe 4 methods of ensuring quality in the production process.</p> <p>Quality control</p> <ul style="list-style-type: none"> • Quality is checked at the beginning and/or end of the production process only • Unacceptable products are either scrapped or put back for reworking <p>Quality assurance</p> <ul style="list-style-type: none"> • Quality is checked at every stage of the production process <p>Quality circles</p> <ul style="list-style-type: none"> • Groups of workers meet at regular intervals to discuss quality and how to improve it • Suggestions taken to management for approval <p>Benchmarking</p> <ul style="list-style-type: none"> • Identifying the best performers in an industry and trying to match them <p>Quality inputs</p> <ul style="list-style-type: none"> • Ensuring that raw materials are the best that they can be to ensure a quality output • Ensuring that machinery and equipment is up-to-date and fully serviced so that it works to its best at all times <p>Trained staff</p> <ul style="list-style-type: none"> • Ensuring staff are able to operate all machinery efficiently • Ensuring staff know any operational procedures <p>Quality management</p> <ul style="list-style-type: none"> • All staff are involved in ensuring they reach the standard of quality required • Doing things right first time – no tolerance for errors <p>Quality standards</p> <ul style="list-style-type: none"> • A symbol or logo that indicates that a product/service has met an agreed quality standard • Gives an organisation a competitive edge 	8	<p>1 mark for identifying method – max 4</p> <p>1 mark for description point – max 4</p> <p>Label must match description to gain description mark</p>

Question		Expected Answer/s	Max Mark	Additional Guidance
4	e	<p>Outline possible solutions to cash flow problems that may have been identified in an organisation.</p> <ul style="list-style-type: none"> • Offering discounts and promotions (to encourage sales) – max 1 for methods of increasing sales • Sell off fixed assets • Encourage customers to pay bills swiftly • Reduce wage bill • Reduce expenses eg electricity (max 1) • Arrange longer credit periods with suppliers • Seek out other sources of finance – overdraft/loan • Ask the owner to take less drawings • Find a cheaper supplier for raw materials • Spread payments of purchase of fixed assets 	3	<p>1 mark per solution</p> <p>Do not accept – Fire employees</p>
5	a	<p>Describe and give an example of the following 3 sectors of activity:</p> <ul style="list-style-type: none"> • primary sector • secondary sector • tertiary sector <p>Primary sector</p> <ul style="list-style-type: none"> • Growing or taking resources from the earth <p>Eg – farming, fishing, quarrying, mining</p> <p>Secondary sector</p> <ul style="list-style-type: none"> • Turning the raw materials into finished goods • Manufacturing the goods <p>Eg – shipbuilding, construction, food manufacture</p> <p>Tertiary sector</p> <ul style="list-style-type: none"> • Providing intangible items • Providing a service <p>Eg – shops, banks, hotels, window cleaner, beautician</p>	6	<p>1 mark for description – max 3</p> <p>1 mark for example – max 3</p>

Question		Expected Answer/s	Max Mark	Additional Guidance
5	b	<p>Describe the purpose of 2 of the following accounting statements:</p> <ul style="list-style-type: none"> • Profit and Loss Account • Cash Budget • Balance Sheet <p>Profit and Loss Account</p> <ul style="list-style-type: none"> • To show the amount of profit made after all expenses have been paid • To calculate the Net Profit <p>Cash Budget</p> <ul style="list-style-type: none"> • A forecast of the receipts and payment of cash over a period of time • To plan future spending • To check for possible cash flow problems <p>Balance Sheet</p> <ul style="list-style-type: none"> • To show the value of assets <u>and</u> liabilities held by an organisation • To show the worth of a business at a particular point in time 	2	1 mark per purpose
5	c	<p>Explain the advantages and disadvantages to an organisation of using e-commerce.</p> <p>Advantages</p> <ul style="list-style-type: none"> • Customers can purchase online from their own homes so sales can be made 24/7 • Allows worldwide sales therefore access to a global market • Reduces costs due to not requiring expensive premises or large amounts of staff • Can make use of customer details for market research purposes <ul style="list-style-type: none"> • be able to target specific products to specific customers <p>Disadvantages</p> <ul style="list-style-type: none"> • Customer cannot actually feel/touch the goods so quality may be questioned • Lots of competition from other online retailers so need to keep prices competitive • Customers may be wary about paying for goods online so security measure will need to be put in place to give them piece of mind 	4	<p>1 mark per explained advantage/ disadvantage – max 3 per area</p> <p>Max 2 for cost savings from having less premises</p>

Question		Expected Answer/s	Max Mark	Additional Guidance
5	d	<p>Describe advantages and disadvantages to an organisation of grouping by function.</p> <p>Advantages</p> <ul style="list-style-type: none"> • Staff with similar expertise are kept together • Organisations have a clear structure • Communication within the department is good • Decision making is improved <p>Disadvantages</p> <ul style="list-style-type: none"> • The number of departments within an organisation may become extensive • Organisation may become unresponsive to change • Communication between departments may be difficult • Rivalry between departments may be destructive 	4	<p>1 mark per described advantage/ disadvantage</p> <p>Max 3 per area</p> <p>Duplication of resources accepted under either advantage / disadvantage but if under both it would need to be qualified</p>
5	e	<p>Describe factors that could be considered when setting the price of a good or service.</p> <ul style="list-style-type: none"> • Cost of production • Competitors' prices • Level of profit organisation wishes to make • Level of promotion/advertising carried out • Market the product is aimed at • Place where the product is sold • Break-even point 	3	1 mark per described point
5	f	<p>Identify 3 pieces of legislation used to protect employees.</p> <ul style="list-style-type: none"> • Health and Safety at Work Act (HASAWA) • Equality Act • National Minimum Wage Regulations • Maximum Working Time Regulations • Health and Safety (First Aid) Regulations • RIDDOR • Data Protection Act • Health and Safety (Display Screen) Regulations • Fire Scotland Act • Computer Misuse Act • Freedom of Information 	3	<p>1 mark per act</p> <p>Accept any appropriate act</p> <p>No date required</p> <p>Max 1 for any identification of discrimination acts</p>

Question			Expected Answer/s	Max Mark	Additional Guidance
5	f	ii	<p>Describe the legislation identified in (f)(i).</p> <p>Health and Safety at Work Act</p> <ul style="list-style-type: none"> States employer and employee responsibilities with regard to health and safety <p>Equality Act</p> <ul style="list-style-type: none"> Collectively protects the rights against discrimination previously covered by individual acts Covers age, disability, gender reassignment, race, religion or belief, sex, sexual orientation, marriage and civil partnership and pregnancy and maternity <p>National Minimum Wage Regulations</p> <ul style="list-style-type: none"> Employees must be paid at least the minimum wage rate Rate is split into 3 levels depending on age <p>Maximum Working Hours Regulations</p> <ul style="list-style-type: none"> Employees cannot be forced to work more than an average of 48 hours per working week <p>Health and Safety (First Aid) Regulations</p> <ul style="list-style-type: none"> Provision of adequate and appropriate first-aid equipment and facilities must be in place Someone must be appointed to be in charge of first aid provision, not necessarily a first aider <p>RIDDOR</p> <ul style="list-style-type: none"> Work-related deaths, injuries, cases of disease, or near misses involving employees wherever they are working must be reported to the Health and Safety Executive 	3	<p>1 mark for description – max 3</p> <p>Max 3 on any one piece of legislation identified in (f) (i)</p> <p>No ID in (f) (i) – max 1 per description of any valid legislation</p> <p>Accept consequentiality – invalid legislation in (f) (i) but correct description of them in (f) (ii) then marks can still be awarded in (f) (ii)</p> <p>Max 1 for any description of discrimination acts</p>

Question			Expected Answer/s	Max Mark	Additional Guidance
5	f	ii	<p>(cont)</p> <p>Data Protection Act</p> <ul style="list-style-type: none"> • People who hold personal information about others must register this with the Data Protection register • Information must be held for a specific purpose • (accept any of the principles of Data Protection) <p>Health and Safety (Display Screen) Regulations</p> <p>Fire Scotland Act</p> <p>Computer Misuse Act</p>		

[END OF MARKING INSTRUCTIONS]