

May 2003

CAREER AWARD STANDARD LEVEL

MARK SCHEME

MAXIMUM MARK: 100

SYLLABUS/COMPONENT: 5161/01

BUSINESS

Paper 1 (Business Organisation and Environment)



Page 2	Mark Scheme	Syllabus	Paper
	CAREER AWARD STANDARD LEVEL – MAY 2003	5161	1

Level 1 - partial knowledge of objectives, weak or insufficient points 1-2 marks

Level 2 - knowledge and awareness, pertinent points 3-5 marks

- (b) Raj Tours is a private limited company. Prithvi has suggested the company converts to a public limited company [Plc] but Sunil is not keen to change.

Identify and explain **one advantage** and **one disadvantage** to Raj Tours of becoming a Plc. [5]

Brief demonstration of Plc knowledge:

Advantage:

- prospect of raising more capital for the company
- may attract directors with useful experience (tourism, could be other)
- shares are freely transferable
- continue to enjoy limited liability

Disadvantage

- prospect of losing control of the business
- shareholders may have different goals to those of Sunil and Prithvi
- vulnerable to take-over bid
- company would cease to be personal

Level 1 - partial knowledge of Plc, weak or insufficient points 1-2 marks

Level 2 - knowledge and awareness, pertinent points 3-5 marks

- (c) Raj Tours began with \$250,000 of share capital. Some of this capital became working capital and some was used to purchase fixed assets.

Explain what working capital is and what it is used for. [5]

General definition to point out that: it is the finance or resources used for running the business on a day-to-day basis; in other words it is the money available to run the business; used for buying supplies, general running costs, may fund customer credit (e.g. where sales are made via agents then it will be some time before the payments are transferred to Raj Tours); working capital can become fixed assets.

Level 1 - partial knowledge of working capital, generally weak 1-2 marks

Level 2 - knowledge and awareness, clear understanding 3-5 marks

- 3 (a) Sunil and Prithvi like to be in complete control of the business. Raj Tours is a very centralised operation.

Select and discuss **two** points in **favour** AND **two** against centralisation in a business like Raj Tours. [10]

A total of four points need to be made; the candidate might want to acknowledge the size of Raj Tours; general discussion but some

Page 3	Mark Scheme	Syllabus	Paper
	CAREER AWARD STANDARD LEVEL – MAY 2003	5161	1

relationship to Raj Tours would enhance response; general point to acknowledge is that the business is very much the brainchild of Sunil and Prithvi.

Two points in favour:

- Sunil and Prithvi can maintain consistent policies
- Ensures speed of decision making
- Encourages personal leadership and the personal touch
- Maintains focus
- Keeps owners' control and direction

Two points against:

- discourages initiative
- discourages participation
- does not provide opportunity for staff to exploit their potential contribution to the business
- may limit job satisfaction

Full marks can only be awarded if all four points are offered and appropriately considered:

Level 1 - limited knowledge and awareness, very weak response	1-2 marks
Level 2 - demonstrates some understanding but limited approach	3-5 marks
Level 3 - good response, firm knowledge of centralisation; analytical	6-8 marks
Level 4 - exemplary knowledge and application, likely to be evaluative	9-10 marks

- (b) Sunil argues that since he knows what everybody does in the firm, an organisation chart is of little use to him.

List **three** reasons for having an organisation chart. [5]

Only a list is required but to get 5 marks the points must be appropriate. The chart indicates:

- the distribution of work
- chain of command
- accountability
- where people fit into the organisation
- different functions and departments
- span of control

Level 1 - partial knowledge of the organisation chart, weak	1-2 marks
Level 2 - knowledge and awareness, good to strong response	3-5 marks

- (c) Prithvi is the Chief Executive Officer of Raj Tours. Explain briefly what Prithvi's role is in Raj Tours. [5]

Several points to be made; understanding must be clear; looking for statement that indicates understanding:

Page 4	Mark Scheme	Syllabus	Paper
	CAREER AWARD STANDARD LEVEL – MAY 2003	5161	1

Prithvi is in overall charge of the business; represents Raj Tours (PR function); leading decision maker; major Shareholder; directs the business; sets the agenda; sets targets; organises resources; defines direction; day-to-day management decisions; in short, the boss!

Level 1 - partial awareness and knowledge of CEO, weak generally	1-2 marks
Level 2 - knowledge and awareness, good to strong response	3-5 marks

4 (a) Raj Tours employs over 300 staff.

Select and explain **three** expectations that the staff might reasonably have of their employers. [10]

A general response is required but better marks awarded if there is some reference to Raj Tours; three descriptions required; all three to be offered for full marks:

- safe working conditions, particularly when escorting clients
- training, e.g. the technology, customer service, ticketing
- fair treatment, e.g. respect
- fair pay, e.g. competitive, recognises effort and contribution
- good working conditions, e.g. environment, holidays

Level 1 - limited knowledge and awareness, weak	1-2 marks
Level 2 - demonstrates some understanding but limited approach	3-5 marks
Level 3 - good response, clear knowledge of staff expectations	6-8 marks
Level 4 - excellent knowledge of staff expectations, likely evaluative	9-10 marks

(b) Most of the tour guides are self-employed.

Explain what being self-employed means and suggest what advantage it might offer a tour guide. [5]

Sufficient points to indicate understanding, e.g. chosen from: self-employed means being one's own boss; could mean working as a freelance professional or being a sole trader; tour guides work unsocial hours and would expect better fee than working as an employee; advantages exist re tax deductible expenses; gratuities need not be shared; can bargain/negotiate fees; client contact may lead to other employment opportunities.

Level 1 - partial knowledge and understanding, weak response	1-2 marks
Level 2 - knowledge of self-employment, good to strong response	3-5 marks

5 (a) An influence on Raj Tours is the profit motive.

Briefly explain the profit motive and say why it is important to business.

Page 5	Mark Scheme	Syllabus	Paper
	CAREER AWARD STANDARD LEVEL – MAY 2003	5161	1

Sufficient points made to demonstrate understanding:
it is the force or drive or motivation behind a person or organisation in setting up business; it is the payment for or benefit arising from taking risk, using initiative, being enterprising; justification for the effort, ideas, reading the market.

Level 1 - partial awareness and knowledge of profit, weak response 1-2 marks

Level 2 - knowledge and awareness of profit, good to strong response 3-5 marks

(b) Prithvi believes in business ethics and fair trading.

Explain what **fair trading** means. [5]

General approach required here to demonstrate an understanding of fair trading; it can deal with monopolies and mergers on the one hand and a code of conduct on the other; a statement is required using perhaps two or three of the following points:

- control of monopolies
- opposed to price-fixing
- opposed to unfair competition
- involves consumer protection
- fair deal to clients
- honest trading, e.g. my word is my bond
- no hidden costs on the holidays

Level 1 - partial awareness and understanding of fair trading, weak 1-2 marks

Level 2 - knowledge and awareness of fair trading, good to strong 3-5 marks

(c) All businesses are affected to some degree by those external influences that determine the business climate.

Describe how Raj Tours might be affected by:

(i) the distribution of income

(ii) the business cycle. [10]

A rehearsal of PEST knowledge required here; a Level 3 or Level 4 answer needs to offer application to Raj Tours; detailed economic and political knowledge is not required but there must be awareness.

(i) **Distribution of income:**

Spread of income earned by different groups; income levels indicate purchasing power and surplus income; net incomes affected by tax laws; incomes also affected by nature of employment and savings; Raj Tours focuses on wealthy people because the tours are expensive and select; lower disposable incomes or low rates of interest on savings might seriously affect the client base; the company relies on there being a sufficient number of people to buy their tours.

Page 6	Mark Scheme	Syllabus	Paper
	CAREER AWARD STANDARD LEVEL – MAY 2003	5161	1

(ii) **Business Cycle:**

The upturns and downturns in demand and output in the economy; the cycle is reckoned to be a five year pattern - not to be confused with 'boom and bust' which has a longer cycle; the upturn increases business, investor and consumer confidence; the downturn reflects nervousness with the market, unwillingness to spend or invest; Raj Tours could be affected in various ways, e.g. interest rates on loans or overdraft, uncertain clients not willing to buy, airlines and hotels passing on increases in costs.

Level 1 - limited knowledge and awareness, weak understanding	1-2 marks
Level 2 - demonstrates some grasp of issues but limited consideration	3-5 marks
Level 3 - good response, likely analytical, firm understanding of PEST	6-8 marks
Level 4 - excellent, likely evaluative, clear understanding of the issues	9-10 marks

6 (a) Sunil and Prithvi are concerned about their marketing mix.

Explain the meaning of **marketing mix** with reference to Raj Tours. [10]

This calls for a rehearsal of the 4 Ps; each element should be appropriately explained and supported:

Price: high prices which reflect exclusive products and services; reflect quality, style, experience; strategy to target niche market;

Product: well organised holidays; guaranteed exciting experience of India; quality tours;

Promotion: refers to advertising and sales promotion; case study does not mention them but it can be inferred that 'classy' brochures and high quality advertising are produced;

Place: refers to distribution channels; use of specialist travel agents in Europe and USA.

Level 1 - partial knowledge and understanding of 4 Ps, weak	1-2 marks
Level 2 - demonstrates some understanding but application weak	3-5 marks
Level 3 - good response, likely analytical, firm understanding of 4 Ps	6-8 marks
Level 4 - excellent, likely evaluative, clear application of the mix	9-10 marks

(b) The whole business of Raj Tours rests exclusively on achieving customer satisfaction.

Explain what achieving customer satisfaction means in relation to Raj Tours. [5]

The clients pay a lot of money and expect excellent service in return; importance of satisfaction must be stressed; points might include some of the following:

- developing customer loyalty
- possible repeat business
- projecting appropriate image of Raj Tours
- recognition that the customer *is* the business

Page 7	Mark Scheme	Syllabus	Paper
	CAREER AWARD STANDARD LEVEL – MAY 2003	5161	1

- company must live up to expectations (re: 'treated like Maharajahs')
- maintenance of the quality of product and service

Level 1 - partial awareness and knowledge, weak response 1-2 marks

Level 2 - evidence of knowledge and awareness, good to strong 3-5 marks

May 2003

CAREER AWARD STANDARD LEVEL

MARK SCHEME

MAXIMUM MARK: 100

SYLLABUS/COMPONENT: 5162/01

BUSINESS

Paper 1 (Effective Business Communication)



Page 1	Mark Scheme	Syllabus	Paper
	CAREER AWARD STANDARD LEVEL – MAY 2003	5162	1

MARKING SCHEME

The following are not model answers, but are nevertheless to be regarded as persuasive. Candidates may offer other relevant and appropriate material and arguments.

1 You have just joined the Bangkok Post as a junior administrative assistant. You have been asked to give your opinion about the way the editorial team is working within the BPSW.

(a) Explain why it is important that internal communications are effective.

[8 marks]

Answer to include:

Internal communications

- Necessary for a business to operate successfully at all levels
- Need to consider the individuals within the organisation and consider appropriate methods, i.e. Directors, shop floor, admin. staff, etc.
- Need to consider the immediacy of the communication
- Need to consider the importance of the communication, i.e. disciplinary interview, notice about canteen opening times
- Need to consider the level of feedback required, i.e. one-way or two-way communications
- Need to consider methods of recording the communication i.e. copies to, etc.
- Need to consider timings and costs involved
- Need to consider use of electronic methods

[1 mark per point or 2 marks per expanded point up to 8 marks]

(b) Suggest the best method of communication for the following situations. Give a reason to support each answer.

(i) A potential large advertiser emails an enquiry about the advertisement costs for a 6 month contract with the BPSW.

Accept: formal telephone call or visit followed up by business letter.
Reasons: need to be formal in approach, but letter may not be able to fully communicate the complexity of the range. Need to build relationship.

[4 marks for method and reason]

(ii) The Editor of the BPSW needs to find out why one member of staff has had an unusually high amount of personal calls during the last month.

Accept: one to one interview or informal chat.
Reasons: need to explore potentially sensitive issues.

[4 marks for each method and reason]

Page 2	Mark Scheme	Syllabus	Paper
	CAREER AWARD STANDARD LEVEL – MAY 2003	5162	1

- (iii) **You need to obtain more information about the employees suggestion scheme.**

Accept: informal discussion with colleagues, telephone or email personnel dept.

Reasons: method must be easy and quick to find out information - mainly informal.

[4 marks for each method and reason]

- 2 You have been asked to Write to the local schools to explain the details of the BPSW student competition.**

- (a) **Write a letter to schools explaining the competition and try to persuade them to enter teams of students. (You may create any information to help).**

[10 marks]

The letter should conform to the, following format:

- | | | |
|---|---|-----------|
| • Logo or letter heading of the company | } | |
| • Date | } | [1 mark] |
| • Reference number | } | |
| • Appropriate salutation - Dear Mr/Mrs | } | [1 mark] |
| • Letter Heading - Student Competition | } | |
| • The body/content of letter | } | |
| • Explaining how to enter students + benefits | } | [5 marks] |
| • Appropriate closure | } | |
| • Signature and position | } | [1 mark] |
| • Response mechanism | } | [2 marks] |

The content and tone of the letter should be persuasive and illustrate that the competition is potentially educational. The benefits of students entering should be highlighted. The letter should also summarise by explaining what the next stage will be once the students have entered.

- (b) **Explain what you would do if you had not had many replies to your letter.**

[4 marks]

Accept: telephone call or send follow up letter or email.

Reasons: need gentle reminders and don't want to pester but may need to prompt. Two way approach better as it can be more persuasive.

[2 marks for method + 2 marks for reason = 4 marks]

- (c) **Explain the three main elements of a report.**

[6 marks]

Answer to include three main elements:

- Introduction or Terms of Ref. - explaining what this is
- Development - sets out the findings and results
- Conclusions and recommendations - for next stage

[1 mark per point and 1 mark per explanation up to 6 marks]

Page 3	Mark Scheme	Syllabus	Paper
	CAREER AWARD STANDARD LEVEL – MAY 2003	5162	1

3 **The Chief Editor of BPSW has decided to introduce weekly team meetings for all staff within his team.**

(a) **Draw up the agenda for the first meeting, giving all information which will be required.**

[10 marks]

Agenda will need to include:

- | | | |
|--|---|-----------|
| • Heading (includes date, time and venue of meeting | } | [2 marks] |
| • Apologies for absence | } | |
| • Objectives of meeting | } | [2 marks] |
| • Up date of current issues such as customer complaint, current stock levels | } | [4 marks] |
| • Recruitment of new staff | } | |
| • Any other business | } | |
| • Date, time and venue of next meeting | } | [2 marks] |

(b) **Explain the roles of formal and informal communications within the organisation and how this may influence the effectiveness of the workforce.**

[10 marks]

Role of **formal communication**:

- Official specific information
- Could be letters, reports, memos, presentations
- Legal information can be disseminated, e.g. contract of law, safety regulation

Affect on workforce:

- Needs to be handled sensitively in a small company
- Can look to be impersonal if tone is wrong
- Should be used to give important information and praise
- Can be used to motivate if developed correctly

Role of **informal communication**:

- Verbal and NVC, grapevine, social communication
- Can be used to motivate
- Should not be relied upon for complex information
- Small companies often use informal communication at the cost of formal information
- Message can become obscured or changed

Affect on workforce:

- Workforce can feel less important
- Can affect the group culture
- Grapevine and social communication can undermine management

- | | |
|--|------------|
| Level 1 - acknowledges the different roles of communication but not affects on Workforce | 1-2 marks |
| Level 2 - considered communication and some of the affects | 3-5 marks |
| Level 3 - analyses communication and applies this to case workforce | 6-8 marks |
| Level 4 - full analysis of both communications which are fully applied | 9-10 marks |

Page 4	Mark Scheme	Syllabus	Paper
	CAREER AWARD STANDARD LEVEL – MAY 2003	5162	1

4 It has been decided that two new journalists are required to work on the BPSW.

(a) Define two purposes of a recruitment interview.

[4 marks]

Purposes could include:

- To identify key personal characteristics of interviewee
- To assess the interviewee's essential skills required for the job
- To promote the company to the interviewee
- To offer the interviewee an opportunity to find out more about the company
- To see if the interviewee would 'fit in' with the company
- To assess the interviewee's personal appearance and punctuality

[2 marks per point up to 4 marks]

(b) Write a set of guidelines to plan for the interviews for the two new journalists.

[10 marks]

Guidelines for planning interviews:

- Consider the aims and purpose of the interview
- Need to decide who should be present at the interview
- Need to consider type of questions - open, probing, scenario base, etc.
- The discussion should largely go backwards and forwards from the interviewer to the interviewee so that the interviewer maintains the position of controlling the proceedings
- The interviewer will also need to set the general tone of the interview which will reflect the relationship of the parties and nature of the discussion
- Need to choose an appropriate location and time and collect all necessary background data that will set the structure for the interview, i.e. personal specification, job specification, selection criteria
- Need to listen carefully for information expressed by the interviewee. Need to consider how this is to be recorded.
- Need to make notes on critical issues during the course of the interview and close with a summary of the main points raised, highlighting the next stage of the process, i.e. when the decision will be made
- After the interview, need to spend a few minutes making additional notes that may be useful for reference later, whilst the interview is fresh in the mind
- Need to consider the acceptance and rejection letters after the interview to appropriate people

Level 1 - demonstrates limited knowledge and understanding	1-2 marks
Level 2 - demonstrates a clearer understanding of planning stages	3-5 marks
Level 3 - analyses appropriate stages which are fully applied	6-8 marks
Level 4 - fully analysis all appropriate stages which are applied	9-10 marks

Page 5	Mark Scheme	Syllabus	Paper
	CAREER AWARD STANDARD LEVEL – MAY 2003	5162	1

(c) Explain the role of verbal and non-verbal communication during interviews.

[6 marks]

Role of verbal communication:
ensure correct tone, appropriate language, and appropriate pacing

Role on non-verbal communication:
interpretation of body language, eye contact, hand gestures, active listening

[1 mark per point for each up to 6 marks]

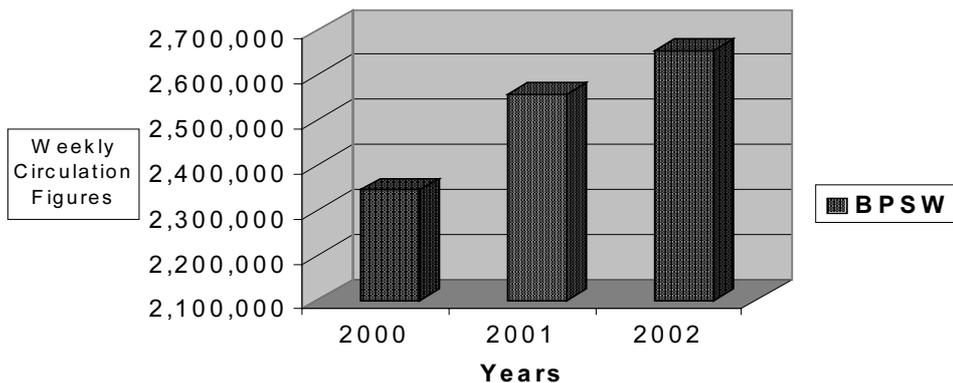
5 You have been asked to prepare a report on the increases in circulation.

(a) Using the data in Table 1 draw a bar chart for the BPSW only to be included within the report.

[10 marks]

Correct and accurate graph used
Correct values plotted
Correct shaded areas to illustrate key
Clarity of chart and correct labelling

[2 marks]
[2 marks]
[2 marks]
[4 marks]



Graph to illustrate circulation of the Bangkok Post Student Weekly

Page 6	Mark Scheme	Syllabus	Paper
	CAREER AWARD STANDARD LEVEL – MAY 2003	5162	1

(b) Explain the following types of visual aids which you could use to present the data:

(i) pie chart

(ii) line graph

[10 marks]

- explanation of pie charts - good to use for less complex data - but limited to the amount of in-depth information that can be conveyed using a pie or circle chart, e.g. some data such as trends is too complex to illustrate this way
- explanation of line graphs can be used to show trends, etc. but cannot readily or clearly be interpreted if too much information is plotted, e.g. too many lines on one graph is confusing

Level 1 - demonstrates limited knowledge and understanding	1-2 marks
Level 2 - demonstrates a clearer understanding of each graph	3-5 marks
Level 3 - analyses graph in depth	6-8 marks
Level 4 - fully analyses each type and explains how they could be applied	9-10 marks

May 2003

CAREER AWARD STANDARD LEVEL

MARK SCHEME

MAXIMUM MARK: 100

SYLLABUS/COMPONENT: 5163/01

BUSINESS

Paper 1 (Business Finance)



Page 1	Mark Scheme	Syllabus	Paper
	CAREER AWARD STANDARD LEVEL – MAY 2003	5163	1

Mark Scheme

The following are not model answers, but are nonetheless regarded as persuasive. A candidate may offer other relevant and appropriate responses.

- 1 (a) 'copyright'
 (b) 'multinational company'
 (c) 'obsolete'
 (d) 'depreciation'
 (e) 'licensing agreement'

(Total 5 x 3 = 15 marks)

- (a) For a vague definition - 1 mark
 For a clear definition with reference; to sole rights and the effects on revenue/profits - 2-3 marks
- (b) For a vague definition - 1 mark
 For a clear definition that refers to large scale production in several countries, employment of nationals, global brands, etc. - 2-3 marks
- (c) For a vague definition - 1 mark
 For a clear definition that refers to both product and process obsolescence - 2-3 marks
- (d) For a vague definition - 1 mark
 For a clear definition that refers to a provision for future replacement and adjustment of capital value - 2-3 marks
- (e) For a vague definition - 1 mark
 For a clear definition that refers to exclusive production/sales and is linked to sales revenue - 2-3 marks

- 2 (a) Identify **three** of the external (PEST) factors referred to in the case study. **(3 marks)**
 1 mark for each of the PEST factors identified to a max of 3 marks.
- (b) Explain how each of the chosen factors could affect the future profitability of the business. **(12 marks)**
- Level 1 - PEST factors explained but no effective reference to the future profitability of the firm 1-2 marks
 Level 2 - as Level 1 but candidate translates the effects of changes in the factors to revenue/costs implications for the firm 3-4 marks

Reserve top marks for candidates who make a judgement as to the likely effect on overall profits.

(Total 15 marks)

Page 2	Mark Scheme	Syllabus	Paper
	CAREER AWARD STANDARD LEVEL – MAY 2003	5163	1

3 (a) Compare and contrast a partnership with a limited company. (6 marks)

Level 1 - candidate identifies some features of partnership and limited company 1-2 marks

Level 2 - candidate identifies most features of partnership and limited company but makes little or no effort to compare 3-4 marks

Level 3 - as Level 2 but candidate begins to make an effective comparison of partnership and limited company. 5-6 marks

Reserve top mark for candidate that makes a reasoned evaluation of the 'best' form

(b) List **two** advantages of **either** a partnership **or** a limited company compared to a sole trader. (4 marks)

Up to 2 marks per advantage.

For award of two marks the advantage must be discussed with reference to sole trader.

(Total 10 marks)

4 (a) Using all of the available information produce a **graph** to show the break-even point associated with the proposal to purchase new machinery. (8 marks)

For numerical solution see Appendix 1.

Level 1 - some evidence of process required to produce the graph. Some calculations attempted but many errors 1-3 marks

Level 2 - as Level 1 but fewer errors and graph almost complete and correct 3-6 marks

Level 3 - as Level 2 but no significant errors and at top end all calculations correct and correctly plotted. Break-even point correctly identified 7-8 marks

For candidate who produces a graph that is in correct format but with incorrect totals allow a maximum of 3 marks.

(b) **Calculate** the margin of safety associated with the estimated level of output. (4 marks)

Level 1 - candidate demonstrates some evidence of process required but incorrect calculation 1-2 marks

Level 2 - candidate demonstrates clear knowledge of process and produces correct result 3-4 marks

For candidates who read value direct from graph - allow up to 2 marks if no process is shown.

Page 3	Mark Scheme	Syllabus	Paper
	CAREER AWARD STANDARD LEVEL – MAY 2003	5163	1

- 5** Using all available information, produce a revised balance sheet, in appropriate format, for Khan's Kasuals as at 30 April 2002. **(18 marks)**

For suggested solution, see Appendix 2.

- | | |
|--|-------------|
| Level 1 - candidate appears to understand the failings of original balance sheet. Some attempt to correct faults but format of balance sheet still incorrect | 1-4 marks |
| Level 2 - candidate has corrected some of the problems and the format of the balance sheet is better understood but still some errors | 5-8 marks |
| Level 3 - format understood but not complete. Some minor errors in totals for components | 9-14 marks |
| Level 4 - balance sheet format clearly understood and all original errors correct with new totals and cross referenced to information given | 15-18 marks |

- 6** Identify and explain, using your own examples, the significance of **four** 'standard accounting concepts' as mentioned in the case study. **(16 marks)**

4 marks available per concept identified and explained, e.g. historic cost, prudence, going concern, etc.

- | | |
|---|-----------|
| Level 1 - concept identified and a weak attempt to explain significance | 1-2 marks |
| Level 2 - concept clearly understood and candidate uses examples to illustrate significance | 3-4 marks |

- 7** Using all available information, calculate the percentage change in the level of gross profit that would result from adopting the licensing proposal. **(14 marks)**

For suggested solution, see Appendix 3.

- | | |
|--|-------------|
| Level 1 - candidate shows little understanding of processes involved and few calculations attempted | 1-4 marks |
| Level 2 - candidate demonstrates some knowledge of processes involved and attempts some calculations with some success | 5-8 marks |
| Level 3 - process clearly understood but minor errors in calculations and final result | 9-11 marks |
| Level 4 - as Level 3 but calculations are correctly referenced and overall results accurate | 12-14 marks |

Page 4	Mark Scheme	Syllabus	Paper
	CAREER AWARD STANDARD LEVEL – MAY 2003	5163	1

Appendix 1

Suggested solution

Maximum output = 80,000 units
 Sales revenue per unit = \$12.50
 Maximum sales revenue = \$1,000,000

Fixed cost = \$80,000 Variable cost = \$9.3 per unit
 Total variable cost @ maximum output = 80,000 x \$9.31 = \$744,800
 Total cost at maximum output = \$744,800 + \$80,000 = \$824,800

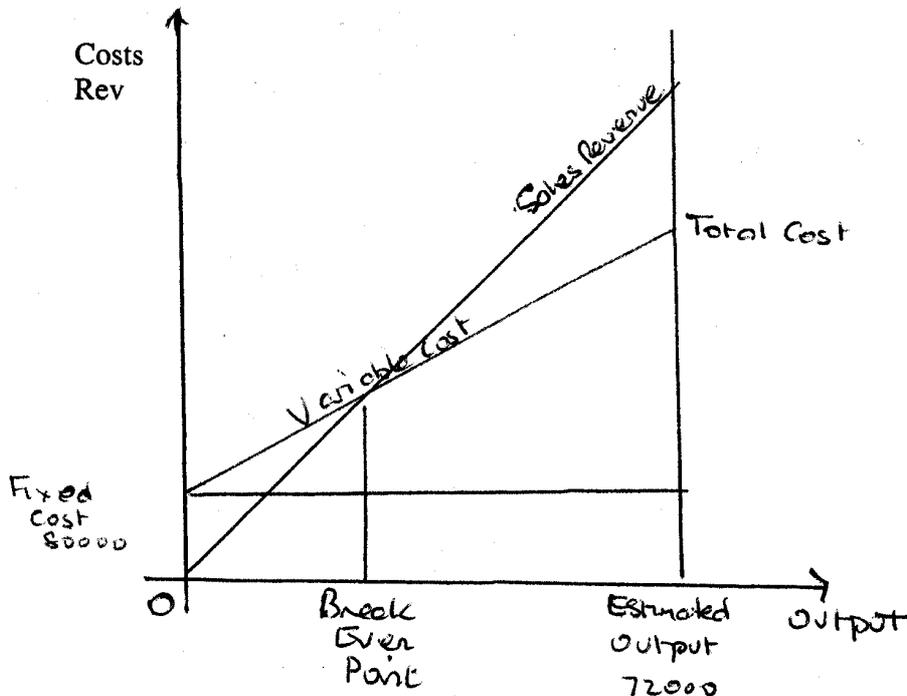
Estimated likely output = Forecast turnover ÷ Revenue per unit
 = \$900,000 ÷ \$12.50
 = 72,000 units

Break Even Point = Fixed cost ÷ Contribution
 = \$80,000 ÷ \$(12.50 - 9.31)
 = \$80,000 ÷ \$3.19
 = 25,078 units

Margin of safety = Expected Output – Break-Even Point
 = 72,000 - 25,078
 = 46,922 units

Expressed as % of Expected Output = 46,922 ÷ 72,000 x 100 = 65%

Sample layout (not to scale)



Appendix 2

Balance Sheet for Kahn's Kasuals as at 30 April 2002

ASSETS	\$	\$
Fixed		
Premises	90,000	
Vehicles	20,000	
Equipment	30,000	
		140,000
Current		
Stock	15,000	
Debtors	30,000	
Cash	6,000	
		<u>51,000</u>
		191,000
LIABILITIES		
Creditors	23,000	
Loan	11,000	
Overdraft	2,000	
		36,000
Mortgage		<u>35,000</u>
		71,000
Owners Capital		80,000
Retained Profits'		<u>40,000</u>
		<u>120,000*</u>
		191,000

* This figure shown in Item A

Page 6	Mark Scheme	Syllabus	Paper
	CAREER AWARD STANDARD LEVEL – MAY 2003	5163	1

Appendix 3

Current turnover = \$600,000

Current Gross Profit Margin = 20%

% Gross Profit Margin = $\frac{\text{Gross Profit}}{\text{Turnover}} \times 100$

20% = $\frac{\text{Gross Profit}}{600,000}$

Gross Profit = $600,000 \times 20\%$

Gross Profit = \$120,000

Estimated turnover = \$900,000

Estimated mark up on cost price = 20%

Sales = Cost price + Profit

Sales = Cost price + 20% of cost price

Sales = 120% cost price

Cost price = $\frac{\text{Sales}}{120} = \frac{900,000}{120} = 750,000$

Profit = Sales - Cost Price

Profit = $900,000 - 750,000 = 150,000$

Therefore Gross Profit has increased by \$30,000

% increase in Gross Profit = $\frac{30,000}{120,000} \times 100 = 25\%$

If candidate subtracts \$90,000 from the gross profit figure (\$130,000) – allow credit to bottom of Level 4 = 12 marks

May 2003

CAREER AWARD STANDARD LEVEL

MARK SCHEME
MAXIMUM MARK: 100
SYLLABUS/COMPONENT: 5164/01 BUSINESS Paper 1 (Marketing)



Page 1	Mark Scheme	Syllabus	Paper
	CAREER AWARD STANDARD LEVEL – MAY 2003	5164	1

Marking Scheme

Across the whole Paper, examiners should accept any examples given which are suitably justified.

Generally: *(marks shown relate to a task of 10 marks)*

Level 1	answers will leave the examiner to 'fill the gaps'. The answer will show little evidence of understanding of theory, simply listing terms and failing to explain them in a marketing context.	(1-3 marks)
Level 2	answers will be adequate answers that attempt to bring together theory and practice. Evidence of understanding is limited and the use of the context restricted.	(4-5 marks)
Level 3	answers will combine theory and practice in an effective manner. It is not a Level 4 answer because it fails to apply the theory as effectively and/or is not as realistic/relevant as it might be.	(6-8 marks)
Level 4	answers will be rare, and will be exceptional, bringing together theory and practice in a professional manner. The answer will demonstrate an understanding of theory used effectively in the context, of marketing and the circumstances described.	(9-10 marks)

1	Suki is curious about a conversation she had with her bank manager who spoke to her about the advantages that a marketing approach might offer her business. This seems to be a formal approach to business that she had not previously considered.
	Explain five benefits that Suki might gain from adopting a marketing approach, linking your answer to the information in the case study.
	(5 x 4 = 20 marks)

Marks

Answers to this question will vary, but should be appropriate and use the information given in the case material:

- Helps to identify, satisfy and anticipate customer needs
- Helps build relationships with customers
- Helps respond to changes in the market
- Helps to build business - market share, profit, etc.
- Helps identify and enter new markets
- Helps focus attention on best 'mix' for customers - product, price, place, promotion

(4 marks for each of any five of the above, linked to the context of the case study. 2 marks should be awarded for the benefit identified, and a further 2 marks for a link between it and the case material - Total 20 marks)

Page 2	Mark Scheme	Syllabus	Paper
	CAREER AWARD STANDARD LEVEL – MAY 2003	5164	1

- 2 Suki has identified two areas in which she would like more information. She has recognised the need to rationalise her current product lines, and is also unsure as to whether to expand her range of children's toys.
- (a) Advise Suki on **two** different methods of research which could be used to identify the needs of the market for children under 12 years old, before deciding whether to expand her stock in this area. [10]
- (b) List **five** types of information that Suki may already have available to her in making decisions about rationalising her existing product stocks. [10]
- (Total 20 marks)**

Marks

- (a) Answers may focus on any two of the following:
- Survey - face to face
 - Unstructured interview
 - Focus group
 - Observation of children with an assortment of toys
 - Secondary research - published reports

(5 marks for each, suitably linked to context of case - Total 10 marks)

For level 4 marks, candidates will recognise the difficulties in carrying out primary research with this age group - need for parental consent, risk of parental influence, etc. as well as the need to research the 'buyer' in the group - i.e. the parent, or relative. For other levels, please refer to the general comments under 'Levels' at the start of this scheme.

- (b) Answers may vary, and any appropriate responses should be marked.
- Sales records - by number sold of each product
 - Sales records - by value sold of each product
 - Published reports on craft market
 - Customer enquiry records
 - Customer complaints
 - Stock records - length of time between stocking and selling

(2 marks for each item identified x 5 - Total 10 marks)

(Total 20 marks)

- 3 Suki has accepted your recommendation to carry out marketing research into the children's toy market. Explain the **five** stage planning process for the collection of information, linking your answer to Suki's specific requirements.
- (5 x 4 = 20 marks)**

Page 3	Mark Scheme	Syllabus	Paper
	CAREER AWARD STANDARD LEVEL – MAY 2003	5164	1

Marks

Objectives - these identify the reasons for the research, e.g. to establish customer attitudes to hand-made wooden toys for the under 12 age group.

Select sources of information - decide whether primary or secondary data to be used. Consideration needs to be given to costs and accuracy, e.g. secondary data would be cheaper, and may be accessed at a local library. This may be appropriate for Suki, who, as a small business has limited resources. Primary data is collected for a specific purpose, and so be more valid, but costs significantly more.

Collect data - read reports, or choose sample size and survey method.

Analyse data - make sense of the data as it applies to your business. Suki would need to make notes of issues relevant to her purpose.

Conclusions - draw conclusions from analysis and use them to decide on marketing activity. In Suki's case, which products to stock, and how best to promote them to the under 12 age group.

(2 marks for each stage correctly identified and described, further 2 marks for link to case study x 5 stages = 20 marks)

- 4 Marketing is very new to Suki. Explain the following terms to her, giving an example of each that is relevant to her business:
- | | | |
|-----|---|-----|
| (a) | Marketing plan | [4] |
| (b) | Political factors (in the external environment) | [2] |
| (c) | Economic factors (in the external environment) | [2] |
| (d) | Societal factors (in the external environment) | [2] |
| (e) | Technological factors (in the external environment) | [2] |
| (f) | SWOT analysis | [4] |
| (g) | Marketing objectives | [4] |

(Total 20 marks)

- | | | |
|------------|--|-----|
| (a) | Marketing plan | [4] |
| | <ul style="list-style-type: none"> - A document that helps focus the business on the customer - Shows marketing objectives - Determines a plan for their achievement - Details measures of effectiveness and achievement | |
| (b) | Political factors (in the external environment) | [2] |
| | <ul style="list-style-type: none"> - political and legal factors in a firm's environment that affect the marketing plan. For Suki may be legislation about safety of children's toys, levels of political stability (which might affect tourist activity) | |
| (c) | Economic factors (in the external environment) | [2] |
| | <ul style="list-style-type: none"> - factors about the local and national economy that might impact on the marketing plan. For Suki, may be levels of taxation, or employment (which might affect tourist activity) | |

Page 4	Mark Scheme	Syllabus	Paper
	CAREER AWARD STANDARD LEVEL – MAY 2003	5164	1

- (d) Societal factors (in the external environment) [2]
- factors such as demographics, etc. in the external environment that might affect the marketing plan. For Suki, this might be population trends locally - there would be less need to stock toys for under 12s if the birth rate in the last 10 years had dropped significantly
- (e) Technological factors (in the external environment) [2]
- technical factors in the external environment that might affect the marketing plan. For Suki, it might be that new technology means that wooden toys can be made more cheaply than at the Craft Centre. She would need to position her goods very differently to be able to sell them at a profit
- (f) SWOT analysis [4]
- an analysis of internal strengths and weaknesses
- for Suki, these include established business, relationship with Craft Centre, space available for Gallery but lack of experience of marketing, selling Craft goods may be a risk/uncertainty, some long term unsold stock
- opportunities and threats from external analysis.
- for Suki, these might include the opportunity to get a growing population of under 12s, or the threat of cheaply produced children's toys
- (g) Marketing objectives [4]
- set out the aims and goals of the marketing plan. Should be SMART (specific, measurable, achievable, relevant, timebound). Help measure success. For Suki an example might be 'to achieve \$500 of sales of Craft Centre products by the end of 2003.'

(Total 20 marks)

5 Describe an appropriate marketing mix for the planned Craft Gallery within Suki's shop. Use the following headings to explain each, element:

- (a) Product [5]
(b) Price [5]
(c) Promotion [5]
(d) Place [5]

(Total 20 marks)

Page 5	Mark Scheme	Syllabus	Paper
	CAREER AWARD STANDARD LEVEL – MAY 2003	5164	1

Marks

- (a) Product
- will depend on what analysis of performance of existing products reveals
 - will depend on outcome of research undertaken into proposed new products
 - it is anticipated that a combination, of the following products will be stocked:
 - jewellery
 - candles
 - pottery
 - wooden toys
 - sculptures
 - gift wrap and gift cards
 - important to continue to analyse performance of each to stay profitable

(1 mark for each point identified - further mark only to be awarded to candidates justifying all 4 points from case - Total 5 marks)

- (b) Price
- identifying best pricing strategies
 - looking at each product line differently
 - considering reduction in prices for non-selling items to shift stock

(1 mark for each point identified - further 2 marks to be awarded to candidates justifying all 3 points from case - Total 5 marks)

- (c) Promotion
- advertising - continuing with local advertising, perhaps considering alternative media
 - public relations - to publicise the arrangement with the Craft Centre and the opening of the gallery
 - sales promotions - special offers to encourage visitors to new Gallery
 - direct marketing - to previous customers to tell them about the Gallery
 - internet - publicity through a new website

(1 mark for each of the 5 tools identified and linked to the case material - Total 5 marks)

- (d) Place
- already have established premises
 - may consider selling through website
 - may consider catalogue/mail order

(1 mark for each point identified - further 2 marks to be awarded to candidates justifying all 3 points from case - Total 5 marks)

(Total 20 marks)

May 2003

CAREER AWARD STANDARD LEVEL

MARK SCHEME

MAXIMUM MARK: 100

SYLLABUS/COMPONENT: 5165/01

BUSINESS

Paper 1 (Human Resource Management)



Page 1	Mark Scheme	Syllabus	Paper
	CAREER AWARD STANDARD LEVEL – MAY 2003	5165	1

MARK SCHEME

1	Describe how the Human Resources department in The Manufacturing Co. can help to:	
(a)	provide an appropriate mix of skills to achieve its business objectives	[5]
	HR planning - assessment, forecasting, recruitment, training.	
	Level 1 - answer - brief statement or list	0-2 marks
	Level 2 - answer - detailed description of at least two ways	3-5 marks
(b)	control staffing costs	[5]
	budgets covering:- number of employees, working hours, pay levels.	
	Level 1 - answer - brief statement or list	0-2 marks
	Level 2 - answer - detailed description of at least two ways	3-5 marks
<hr/>		
2	Discuss the impact of new technology on the Human Resource Management of The Manufacturing Co.	[10]
	creation of the need for new skills - training; implications of career development; need for lifelong learning.	
	Level 1 - answer - brief description or list of effects	0-3 marks
	Level 2 - discussion of the possible changes caused by the new technology	4-6 marks
	Level 3 - answer - as for level 2 answer but with its impact on HR discussed	7-10 marks
<hr/>		
3 (a)	Describe the following types of employment contracts that The Manufacturing Co. may use.	
(i)	full-time	[2]
	Level 1 - answer - vague description	1 mark
	Level 2 - answer - full and accurate description	2 marks
(ii)	part-time	[2]
	Level 1 - answer - vague description	1 mark
	Level 2 - answer - full and accurate description	2 marks
(b)	Explain the benefits of using the two contracts	[6]
	- assured labour supply; efficient use of labour; constant source of skills; less need for recruitment and selection and any other reasonable benefit listed.	
	Level 1 - answer - some benefits of one or both contract	0-3 marks
	Level 2 - answer - full benefits of BOTH type of contract	4-6 marks

Page 2	Mark Scheme	Syllabus	Paper
	CAREER AWARD STANDARD LEVEL – MAY 2003	5165	1

4 (a) Explain the difference between recruitment and selection. [10]

- Recruitment - the process of finding the right person; job descriptions; person specifications, etc.
- Selection - CV's, letters of application; references; aptitude tests, etc.

Level 1 - answer - brief statement on one or both 0-3 marks
 Level 2 - answer - explanation of both with an attempt to explain the difference 4-6 marks
 Level 3 - answer - full and accurate explanation of the differences 7-10 marks

(b) The Manufacturing Co. have decided to use practical tests as part of their selection process to see whether each applicant has the necessary skills. Discuss the benefits of this method of selection. [10]

- benefits to include: assured skill level, decreased need for training, selection of the most highly skilled candidate, etc.

Level 1 - answer - brief statement one or more benefits, possibly with errors 0-3 marks
 Level 2 - answer - full and accurate discussion of at least one benefit 4-6 marks
 Level 3 - answer - full and accurate discussion of at least two benefits 7-10 marks

5 The Manufacturing Co. are setting up appropriate measures for negotiating and resolving collective conflicts (line 26). Explain three other methods the company might use to resolve conflict in the workplace. [3 x 5 = 15]

- discipline and grievance procedures; TQM; continuous improvement; consultation systems; workers councils, worker directors, etc.

For EACH method explained:

Level 1 - answer - brief statement or partially incorrect explanation 0-2 marks
 Level 2 - answer - accurate and full explanation 3-5 marks

6 Identify and explain two different ways in which The Manufacturing Co. might organise staff working patterns. [2 x 5 = 10]

- day work; shift systems; flexitime; working at home.

For EACH method explained:

Level 1 - answer - brief statement or partially incorrect explanation 0-2 marks
 Level 2 - answer - accurate and full explanation 3-5 marks

Page 3	Mark Scheme	Syllabus	Paper
	CAREER AWARD STANDARD LEVEL – MAY 2003	5165	1

- 7 **The Manufacturing Co. currently monitor staff performance through appraisals (line 19). Explain two other methods of monitoring staff performance.** **[2 x 5 = 10]**
- standards; targets; key accountabilities; key competencies.
- For EACH method explained:**
- Level 1 - answer - brief statement or partially incorrect explanation 0-2 marks
- Level 2 - answer - accurate and full explanation 3-5 marks
-

- 8 **Explain three different methods of payment The Manufacturing Co could use to improve motivation.** **[3 x 5 = 15]**
- salaries; wages; fixed rates; piece-work; payment by results; annualised hours; bonuses; profit-sharing; share option schemes; pensions.
- For EACH method explained:**
- Level 1 - answer - brief statement or partially incorrect explanation 0-2 marks
- Level 2 - answer - accurate and full explanation 3-5 marks
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