

# Mark Scheme (Results)

June 2011

International GCSE

Business Studies (4BS0)  
Paper 01

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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.

## Section A

Question Number	Answer	Mark
<b>1(a)(i)</b>	D	1

Question Number	Answer	Mark
<b>1(a)(ii)</b>	A	1

Question Number	Answer	Mark
<b>1(a)(iii)</b>	A	1

Question Number	Answer	Mark
<b>1(a)(iv)</b>	B	1

Question Number	Answer	Mark
<b>1(a)(v)</b>	D	1

Question Number	Answer	Mark
<b>1(b)</b>	<p>Vacancy arises</p> <p style="text-align: center;"><b>B</b> – Draw up a job description</p> <p style="text-align: center;">↓</p> <p style="text-align: center;"><b>D</b> – Produce a job (person) specification</p> <p style="text-align: center;">↓</p> <p style="text-align: center;"><b>E</b> – Advertise the job</p> <p style="text-align: center;">↓</p> <p style="text-align: center;"><b>C</b> – Look through the application forms to shortlist candidates</p> <p style="text-align: center;">↓</p> <p style="text-align: center;"><b>A</b> – Carry out an interview</p> <p style="text-align: center;">↓</p> <p style="text-align: center;">Successful applicant appointed</p>	5

Question Number	Answer	Mark
<b>1(c)(i)</b>	<p>e.g. of Job (Buyer)</p> <ul style="list-style-type: none"> <li>places orders <b>(1)</b> – to <i>FF Ltds</i> suppliers <b>(1)</b> - for cloth to be imported <b>(1)</b></li> <li>checks invoices against purchase orders <b>(1)</b> – to check they are correct <b>(1)</b> - before payment made <b>(1)</b></li> <li>gets information from overseas businesses about their products <b>(1)</b> – chooses the most suitable product to purchase for the business <b>(1)</b> – negotiates price <b>(1)</b></li> </ul> <p>1 mark for job or action/activity + 2 marks for development or relevance to <i>FF Ltd</i></p>	3

Question Number	Answer	Mark
<b>1(c)(ii)</b>	<p>e.g. of Job (Production Manager)</p> <ul style="list-style-type: none"> <li>production planning/production control <b>(1)</b> – so <i>FF Ltd</i> can meet the demand for its curtains <b>(1)</b> – orders sent out on time/meet deadlines <b>(1)</b></li> <li>quality control <b>(1)</b> – make sure the curtains are of a high quality <b>(1)</b> - to reduce complaints <b>(1)</b></li> <li>links with other departments <b>(1)</b> – to ensure stock availability <b>(1)</b> – so orders are met <b>(1)</b></li> </ul> <p>1 mark for action/activity + 2 marks for development or relevance to <i>FF Ltd</i></p>	3

Question Number	Answer	Mark
<b>1(d)(i)</b>	<ul style="list-style-type: none"> <li>the continuous improvement of products and processes <b>(1)</b> – everyone involved in the process (1) by focusing on quality at each stage of production <b>(1)</b></li> </ul> <p>1 mark for basic statement of what is meant + 1 mark for development</p>	2

Question Number	Answer	Mark
<b>1(d)(ii)</b>	<p>E.g.</p> <ul style="list-style-type: none"> <li>• loss of custom <b>(1)</b> – shops choose to purchase competitors cloth <b>(1)</b> loss of income/profit <b>(1)</b> - liquidity problems</li> <li>• legal problems <b>(1)</b> – customers may sue FF Ltd if the cloth is not of high quality <b>(1)</b></li> </ul> <p>1 mark for stating a problem + 1 mark for effect of problem on FF Ltd</p>	2

Question Number	Answer	Mark
<b>2(a)</b>	<p>E.g.</p> <ul style="list-style-type: none"> <li>• buys in bulk <b>(1)</b> – sells in small quantities <b>(1)</b></li> <li>• middleman <b>(1)</b> between manufacturer and retailer – <b>(1)</b></li> </ul> <p>1 mark for basic statement of what is meant + 1 mark for development</p>	2

Question Number	Answer	Mark
<b>2(b)</b>	<p>E.g.</p> <ul style="list-style-type: none"> <li>• to buy in small quantities <b>(1)</b> – as shops may not have storage space <b>(1)</b></li> <li>• gives credit <b>(1)</b> – so improves cash flow <b>(1)</b></li> <li>• delivers free <b>(1)</b> – reduces costs of transport <b>(1)</b></li> </ul> <p>1 mark for stating a reason + 1 mark for development x 2</p>	4

Question Number	Answer	Mark
<b>2(c)(i)</b>	<p>E.g.</p> <ul style="list-style-type: none"> <li>• to ensure customer satisfaction<b>(1)</b> – so that the business keeps its reputation <b>(1)</b></li> <li>• to make sure the curtains meet customer expectations <b>(1)</b> – so that sales remain high <b>(1)</b></li> </ul> <p>1 mark for stating a point + 1 mark for effect of point on FF Ltd</p>	2

Question Number	Answer	Mark
<b>2(c)(ii)</b>	A and E  1 mark for each correctly identified aim (maximum 2 marks)	2

Question Number	Answer	Mark
<b>2(d)</b>	A – Stars/Rising stars B – Question mark/Problem child C – Cash cows D – Dogs	4

Question Number	Answer	Mark
<b>2(e)</b>	<p>E.g.</p> <p>(Product 1)</p> <ul style="list-style-type: none"> <li>• (the product has a high market share) so should mean that sales remain high <b>(1)</b> – high profits <b>(1)</b> - are made because revenue will be greater than costs <b>(1)</b></li> <li>• high sales mean high output <b>(1)</b> – gain from economies of scale <b>(1)</b> - lower unit costs <b>(1)</b></li> <li>• (high market growth) may lead to lower unit costs <b>(1)</b> – larger gap between price and costs <b>(1)</b></li> <li>• (High Quality)- Sell more products (1) – Improved reputation (1) – Attracting more customers</li> </ul> <p>(Product 2)</p> <ul style="list-style-type: none"> <li>• (high market growth) means a potential increase in sales <b>(1)</b> – increased revenue from sales <b>(1)</b> - leads to higher profit <b>(1)</b></li> <li>• low quality cloth would be cheaper to buy <b>(1)</b> – lower unit costs <b>(1)</b></li> </ul> <p>1 mark for a basic reason + 2 marks for supporting example or development (1+2) x 2</p>	6

Question Number	Answer	Mark
<b>3(a)(i)</b>	600 000	1

Question Number	Answer	Mark
<b>3(a)(ii)</b>	<p>Examples might include:</p> <ul style="list-style-type: none"> <li>• rent</li> <li>• salaries/wages</li> <li>• electricity/gas/utilities</li> <li>• advertising</li> <li>• business rates/property tax</li> <li>• depreciation</li> </ul> <p>1 mark for each appropriate example</p>	2

Question Number	Answer	Mark
<b>3(b)(i) &amp; (ii)</b>	<p>E.g.</p> <ul style="list-style-type: none"> <li>• shareholders <b>(1)</b> – return on investment <b>(1)</b></li> <li>• suppliers <b>(1)</b> – to be sure payments made for stock <b>(1)</b></li> <li>• bank <b>(1)</b> – to be sure can repay loan/overdraft <b>(1)</b></li> <li>• employees <b>(1)</b> – to see if a pay rise is possible/job security <b>(1)</b></li> <li>• managers <b>(1)</b> – to see how well they have managed the business <b>(1)</b></li> <li>• community <b>(1)</b> – to assess the effect on the area where the business is located <b>(1)</b></li> <li>• trade union <b>(1)</b> – negotiation</li> <li>• government <b>(1)</b> – corporation tax, vat</li> </ul> <p>1 mark for stating stakeholder + 1 mark for why they would want to see the accounts (1+1) x 2</p>	4



Question Number	Answer	Mark
<b>3(c)</b>	<p>Valid points could include:</p> <ul style="list-style-type: none"> <li>▪ The net profit margin for 2010 is 20% (<i>can be implied</i>) <b>(1)</b> – this is quite a high net profit ratio <b>(1)</b> higher than the previous years net profit and so yes they would be pleased <b>(1)</b></li> <li>▪ The gross profit margin for 2010 is 60% (<i>can be implied</i>) <b>(1)</b> – this is lower than the previous years gross profit and so no they would not be pleased <b>(1)</b> – it may indicate that the cost of the materials are higher or the prices have been reduced <b>(1)</b></li> </ul> <p>OFR</p> <p>(NB Full marks can be awarded even if no calculations included)</p> <p style="text-align: right;">2 + 2</p>	4

Question Number	Answer	Mark
<b>3(d)(i)</b>	<p>Valid points could include:</p> <ul style="list-style-type: none"> <li>• products made to individual customer requirements <b>(1)</b> – curtains are exactly what the customer wants <b>(1)</b> – increased customer satisfaction leads to increased sales and profits <b>(1)</b></li> <li>• reputation for high quality cloth <b>(1)</b> – product is aimed at high income groups <b>(1)</b> – high prices can be charged <b>(1)</b></li> <li>• skilled machinists make each curtain <b>(1)</b> – more interested in the job and therefore more motivated <b>(1)</b> – increased productivity/less labour turnover <b>(1)</b></li> </ul> <p>Up to 2 marks for stating the benefit and up to 3 marks for why it is a benefit to <i>FF Ltd</i></p>	5

Question Number	Answer	Mark
<b>3(d)(ii)</b>	<p>E.g.</p> <p>(Batch production)</p> <ul style="list-style-type: none"> <li>• increased output <b>(1)</b> – lower cost per curtain <b>(1)</b></li> <li>• Produced at a faster rate <b>(1)</b> – order are completed more quickly/customers satisfied <b>(1)</b></li> <li>• Less skilled workers required <b>(1)</b> – lower wages means lower costs <b>(1)</b></li> </ul> <p>(Flow production)</p> <ul style="list-style-type: none"> <li>• Produces a large output <b>(1)</b> – lower cost per curtain</li> <li>• Could use machinery <b>(1)</b> – reduce the number of workers which would reduce wage costs <b>(1)</b></li> <li>• Produces a uniform product <b>(1)</b> – improved quality control <b>(1)</b></li> </ul> <p>1 mark for stating a benefit + 1 mark for effect of the benefit on FF Ltd x 2</p>	4

## Section B

Question Number	Answer	Mark
<b>4(a)(i)</b>	<p>e.g.</p> <ul style="list-style-type: none"><li>• raise more capital <b>(1)</b> – as can sell shares to the public on the stock exchange (1) - no interest paid on capital used to expand FF Ltd <b>(1)</b></li><li>• more well known company <b>(1)</b> – as shares are quoted on the stock exchange <b>(1)</b> – may lead to increased sales as increased reputation of the cloth sold <b>(1)</b></li></ul> <p>1 mark for benefit 1 mark for reason/development 1 mark for relevance to FF Ltd</p>	3

Question Number	Answer	Mark
<b>4(a)(ii)</b>	<p>e.g.</p> <ul style="list-style-type: none"><li>• may be taken over <b>(1)</b> – shares can be bought by anyone including rival companies <b>(1)</b> – may lead to loss of control for the family who own FF Ltd <b>(1)</b></li><li>• cannot keep financial information private <b>(1)</b> – accounts have to be published <b>(1)</b> – information may be of use to competitors when assessing whether to start selling high quality cloth</li></ul> <p>1 mark for identifying problem 1 mark for development 1 mark for analysing the relevance to shareholders</p>	3

Question Number	Answer	Mark
<b>4(a)(iii)</b>	<p>Valid points include:</p> <ul style="list-style-type: none"> <li>• bank loan <b>(1)</b> – raises a large amount of money/repayments made at regular intervals<b>(1)</b> – but interest is paid <b>(1)</b></li> <li>• overdraft <b>(1)</b> – finance used to purchase cloth which is short term borrowing <b>(1)</b> – repay when the cloth has been sold and payment has been received so interest payment is lower than for a loan <b>(1)</b></li> <li>• trade credit <b>(1)</b> – finance used to purchase cloth which is short term borrowing <b>(1)</b> – repay when the cloth has been sold and payment has been received <b>(1)</b></li> <li>• retained profit <b>(1)</b> – no interest has to be paid/business is doing well so these funds are readily available <b>(1)</b> – but shareholders might not be happy as dividends would be lower <b>(1)</b></li> <li>• government grant <b>(1)</b> – the business does not have to pay the money back <b>(1)</b> – government might put restriction on what the grant can be used for <b>(1)</b></li> </ul> <p>1 mark for stating each method and up to 2 marks for analysis of method</p>	6

Question Number		Mark
<b>4(b)</b>	<p>Valid points could include:</p> <p>e.g.</p> <ul style="list-style-type: none"> <li>• (nearer to customers) - so transport costs will be lower <b>(1)</b> – but further from the port so this will be more expensive <b>(1)</b> - easier access to customers (1)</li> <li>• (government grants) - are available so this will help to fund the expansion <b>(1)</b> – have to move to the new location which may not be suitable <b>(1)</b> - grants outweigh disadvantages <b>(1)</b></li> <li>• (unemployed workers) in the area so it will be easier to recruit employees <b>(1)</b> – but the workers do not have the correct skills <b>(1)</b> and it will be expensive to train the new workers <b>(1)</b></li> </ul> <p>Up to 3 marks for how FF Ltd might be advantaged/disadvantaged  Up to 3 marks for showing the benefit of relocating in this context  Up to 3 marks for limitation of relocating in this context  Any combination to a maximum of 8 marks</p>	8

Question Number	Answer	Mark
<b>5(a)</b>	<p>Valid points could include:</p> <p>e.g. internal recruitment</p> <p>definition is when a vacancy is filled by someone who is an existing employee of the business <b>(1)</b> – already known to the business <b>(1)</b> – less of a risk than someone who is not known to them and their reliability is not known <b>(1)</b> – no new ideas will be introduced to the business as they have only worked for FF Ltd and will only be familiar with their working practices <b>(1)</b></p> <p>eg external recruitment</p> <p>definition is when a vacancy is filled by someone who is not an existing employee and will be new to the business <b>(1)</b> – new ideas may be introduced to the business <b>(1)</b> – may lead to increased sales of cloth as they may be knowledgeable about the industry as a whole <b>(1)</b> – but may be a risk as their reliability is not known to the business <b>(1)</b></p> <p>1 mark for definition of internal/external recruitment (this may be implied)  1 mark for relevance to FF Ltd  3 x 1 mark for analysis of why the method is chosen and/or why the other method is rejected</p>	5

Question Number	Answer	Mark
<b>5(b)(i)</b>	E.g. <ul style="list-style-type: none"> <li>Watching a more experienced worker doing the job learning skills under supervision/training in the workplace</li> </ul>	1

Question Number	Answer	Mark
<b>5(b)(ii)</b>	Valid points could include:  e.g. (on-the-job) <ul style="list-style-type: none"> <li>suitable because it is carried out by existing employee so it is cheaper <b>(1)</b> – but may lead to bad habits being passed on <b>(1)</b></li> </ul> (off-the-job) <ul style="list-style-type: none"> <li>suitable because the training is by well qualified trainers away from the job <b>(1)</b> – higher standard of training given as more experienced <b>(1)</b> – but may not meet the needs of FF Ltd as they do not control the training <b>(1)</b></li> </ul> 2 x 1 mark for discussing suitability/unsuitability of on-the-job training 2 x 1 mark for discussing the suitability/unsuitability of off-the-job training	4

Question Number	Answer	Mark
<b>5(c)</b>	Valid points could include:  e.g. (piece rate) <ul style="list-style-type: none"> <li>payment for each curtain made encourages increased output <b>(1)</b> – however the curtains might be of low quality <b>(1)</b> - because the worker rushes their work <b>(1)</b> – fall in reputation of <i>FF Ltd</i> as a producer of high quality curtains <b>(1)</b> – loss of sales <b>(1)</b></li> </ul> (monthly bonus) <ul style="list-style-type: none"> <li>employees work hard to have a chance of winning the cash bonus <b>(1)</b> – increased output <b>(1)</b> – if an employee doesn't win the bonus it may de-motivate them <b>(1)</b> – unhealthy competition <b>(1)</b> – low morale <b>(1)</b></li> </ul>	

	<p>5 marks maximum for why method is selected 5 marks maximum for why other method is rejected 2 marks maximum for balancing comments against selection (i.e. for disadvantages associated with method selected)</p> <p>Any combination to a maximum of 10 marks</p>	10
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