

CAMBRIDGE
INTERNATIONAL EXAMINATIONS

November 2002

INTERNATIONAL GCSE

MARK SCHEME
MAXIMUM MARK : 100
SYLLABUS/COMPONENT : 0450/04
BUSINESS STUDIES

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Q1 (a) 1 mark for each difference stated.
Eg. - Number of shares
- Name Ltd & plc
- Ltd cannot sell shares to the public
- Publish accounts **Total = 2 marks**

(b) 1 mark for each reason with an additional mark for expansion
Eg. - new purpose built factory (efficient layout to new site)
- nearer to new market (cheaper transport costs)
- no room on existing site (restricted space to introduce new equipment)
- skilled labour available in Europe (to use new equipment so no training required)

(3 x 2 marks) **Total = 6 marks**

(c) Level 1 – state advantage of capital-intensive methods of Production 1 mark
Eg. - more efficient
- lower costs
- less labour

Level 2 – Explain why it is an advantage 2-4 marks
Eg. It is more efficient because more of the product can be produced at a faster rate (2 marks)

(2 x 4 marks) **Total = 8 marks**

(d) 1 mark for each suitable source of finance
(i) machinery – e.g. lease, bank loan, rent,
(ii) factory building – e.g. mortgage, bank loan, sell shares
(iii) stocks of raw materials – e.g. overdraft, trade credit

(3 x 1 mark) **Total = 3 marks**

(e) Level 1 – simple statements giving reasons why they should either use the same finance or different sources. Up to 3 marks

Level 2 – developed argument giving reasons why they should use the same or different sources.

4 – 6 marks **Total = 6 marks**

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- Q2 (a) Chart - Title - 1 Mark
 Axes labeled - 2 Marks
 Accurately drawn - 2 Marks
 (deduct 1 mark for each error - \$'000 missing is an error)
- Total = 5 Marks**
- (b) (i) Current ratio – 15000:6000
 2.5:1 2 marks correct answer.
 Correct formula but incorrect answer - 1 mark
- 2 marks for explaining what the ratio shows e.g. liquidity of the business, if they can pay their short-term debts.
- (2 + 2) **Total = 4 marks**
- (ii) Level 1 – simple statements up to 3 marks
 Eg. - To see the value of the company's assets
 - To see what the company owes
 - To see what loans it already has.
 Level 2 – explained the statements 4-6 marks
 Eg. – If the company already has several loans then the Bank Manager might be reluctant to lend them any more money as they might find it difficult to pay it back. (4)
- Total = 6 marks**
- (c) (i) 1 mark for each source - newspapers
 - government reports
 - market research agency reports
 - industry magazines
 - company sales reports **Total = 2 marks**
- (ii) 1 mark for each source - questionnaires
 - interviews
 - consumer panels
 - experiment **Total = 2 marks**
- (iii) Up to 6 marks for explaining, in detail, how a stated method of primary research might be carried out.
- (1 x 6marks) **Total = 6 marks**

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Q3 Report

6 marks for report format - Title

- Terms of Reference/To: From:
- Date
- Introduction
- Method/Procedure
- Results/Findings
- Conclusion
- Recommendations

4 marks

for the introduction outlining the problem.

- what methods of production should the company use?
- the business is expanding and it needs to decide how it will finance this

24 marks

for discussing the advantages and disadvantages of financing

- (i) the factory building
- (ii) the machinery
- (iii) the stocks of raw materials

(8 marks for each OR these may be transferred for a good answer to a particular source of finance)

6 marks

for the conclusion

1 - 3 marks for simple answer.

4 - 6 marks for weighing up the pro's and con's of the alternative courses of action.

10 marks

for the recommendations

1 - 3 marks if simple response "He should change into a public limited company"

4 - 7 marks if they have developed their answer into a clear strategy of which forms of finance to use.

8-10 marks for a full well explained answer justified using Business Studies Terminology. It must be clear why this type of finance would be the most suitable for D & V Limited.

Do not reward a list of strategies - up to 3 marks maximum if no explanation is given.

Total = 50 Marks