New Specification

cea
Rewarding Learning

**General Certificate of Secondary Education
2011**

Business Studies

Unit 2: Business Development

[GBS21]

MONDAY 6 JUNE, MORNING

MARK
SCHEME

GCSE BUSINESS STUDIES – 2011

UNIT 2 (REVISED SPECIFICATION) MARKS SCHEME

1   **(a)**   Explanation of one purpose of a Job Description:
- defines the main duties and responsibilities of a job
- acts as a reference document in the event of disputes
- to provide/check details in the job advertisement. [2]

Two details on a Job Description from the following:
- title of the job
- location of the job
- list of the main duties of the job and details of equipment/premises for which the job holder is responsible
- person to whom the job holder reports
- names of any persons who report to the job holder
- dates of issue and update of the job description
- pay
- hours of work. [2]

([2] + [2])   [4]

(b)   One reason for using Application Letter from the following:
- shows the level of the applicant's written communication skills
- gives an impression of the candidate's presentation of work
- helps with short listing. [2]

One reason for Interview from the following:
- shows the level of the applicant's oral communication skills
- shows the personality and appearance of the applicant
- gives an impression of the candidate's attitude
- allows for two-way communication
- allows checking of information in the application letter. [2]

([2] + [2])   [4]

(c)   Identification of most suitable financial method of motivation for salesperson:
- commission. [1]

Description of Commission:
- is an extra financial reward which is calculated as a percentage of the sales which the salesperson makes. [2]

Advantage of Commission:
- is useful as an incentive for the salespersons to increase their sales
- it provides additional income for the salespersons
- it increases the level of sales for the business. [3]

([1] + [2] + [3])   [6]

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(d) Three explained reasons for appraisal from the following:
- provides feedback to employees on performance
- identifies strengths and weaknesses of employees
- identifies opportunities for training/development
- identifies employees for promotion
- may be used to determine employees' salaries
- sets targets for employees
- acts as a motivator for employees.

$(3 \times [2])$ [6]

Level 1 ([1]–[2])
Candidate demonstrates little knowledge and understanding of appraisal. Either two reasons for appraisal are identified or one reason is fully explained. Candidate displays little accuracy in the use of spelling, punctuation and grammar.

Level 2 ([3]–[4])
Candidate demonstrates adequate knowledge and understanding of appraisal. Either three reasons for appraisal are identified or two reason are fully explained. Candidate displays satisfactory accuracy in the use of spelling, punctuation and grammar.

Level 3 ([5]–[6])
Candidate demonstrates good knowledge and understanding of appraisal. Three reasons for appraisal are explained. Candidate displays excellent accuracy in the use of spelling, punctuation and grammar.

(e) Two benefits of training for the company from the following:
- new employees will be properly inducted into the company
- employees will be equipped to cope with technological advancements
- employees will have updated skills
- multi-skilled employees can undertake different jobs in the company
- training decreases the possibility of accidents at work
- well trained employees are better motivated
- employees will be more efficient and effective
- this increased efficiency should lead to increased profitability of the company
- company would be able to keep ahead of its competition. $(2 \times [2])$

Two drawbacks of training for the company from the following:
- training programmes are expensive for the company
- employees have to be given time off work for training
- fully trained employees may leave for employment with competitors
- highly trained employees may demand higher pay. $(2 \times [2])$

$([4] + [4])$ [8]

Level 1 ([1]–[2])
Candidate demonstrates little knowledge and understanding of training. Either one or two benefits or drawbacks are identified or a single benefit or drawback is described. Candidate displays limited accuracy in the use of spelling, punctuation and grammar.

Level 2 ([3]–[6])
Candidate demonstrates adequate knowledge and understanding of training. Up to two benefits and two drawbacks are identified with some description. Candidate displays satisfactory accuracy in the use of spelling, punctuation and grammar.

Level 3 ([7]–[8])
Candidate demonstrates good knowledge and understanding of training. Two benefits and two drawbacks are identified and fully described. Candidate displays excellent accuracy in the use of spelling, punctuation and grammar.

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2 (a) Explanation of two signs of success from the following:
- increased sales
- increased profits
- increased share of the market
- healthy cash flow
- expansion of the sawmills
- upgrading the equipment/premises
- employing more workers
- improved corporate image.

$(2 \times [2])$ [4]

(b) Identification of any of the following types of growth:
- external growth
- integration
- merger
- takeover. [1]

Description of external growth from the following:
- is growth which takes place outside the business
- involves bringing together a number of organisations to form a single business
- may be achieved through mergers, integrations, takeovers or franchising. $(2 \times [2]$ or $1 \times [4])$

$([1] + [4])$ [5]

(c) Analysis of three implications for the company of the expansion from the following:
Positive points:
- increased profits
- economies of scale
- increased publicity
- increased jobs
- improved image
- eliminate competition
- shared resources
- easier to obtain finance
- increased share of market.

Negative points:
- possibility of poorer communication because the business becomes larger (also with customers)
- possibility of lack of motivation because workers and management do not know each other
- increased difficulties of co-ordination between the various branches of the organisation
- increased costs.

$(2 \times [3])$ [6]

Level 1 ([1]–[2])
Candidate demonstrates little knowledge and understanding of the implications of a takeover. Analysis of either one positive point or one negative point is attempted. Candidate displays limited accuracy in the use of spelling, punctuation and grammar.

Level 2 ([3]–[4])
Candidate demonstrates adequate knowledge and understanding of the implications of a takeover. Good analysis of two points, one positive and one negative, is given. Candidate displays satisfactory accuracy in the use of spelling, punctuation and grammar.

Level 3 ([5]–[6])
Candidate demonstrates good knowledge and understanding of the implications of a takeover. Detailed analysis of three implications is given but must include consideration of both positive and negative points. Candidate displays excellent accuracy in the use of spelling, punctuation and grammar.

(d) Evaluation of benefits of international trade for World of Wood from the following:
- increased market
- higher levels of production
- increased profits
- economies of scale
- enhanced reputation
- spreads risks
- can source cheaper raw materials from abroad
- greater variety of raw materials.

Evaluation of drawbacks of international trade for World of Wood from the following:
- increased competition in a wider market
- higher levels of production may require additional capital investment and additional employees so costs may be increased
- distribution difficulties and extra costs
- more detailed documentation
- must be equipped to cope with foreign languages
- must be equipped to cope with religious/cultural differences
- currency differences.

$(4 \times [2])$ [8]

Level 1 ([1]–[2])
Candidate demonstrates little knowledge and understanding of the benefits and drawbacks of international trade. Evaluation of either one benefit or one drawback is attempted. Candidate displays limited accuracy in the use of spelling, punctuation and grammar.

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Level 2 ([3]–[6])
Candidate demonstrates adequate knowledge and understanding of the benefits and drawbacks of international trade. Good analysis of either two benefits and one drawback or one benefit and two drawbacks is given. Candidate displays satisfactory accuracy in the use of spelling, punctuation and grammar.

Level 3 ([7]–[8])
Candidate demonstrates good knowledge and understanding of the benefits and drawbacks of international trade. Detailed analysis of at least two benefits and two drawbacks is given. Candidate displays excellent accuracy in the use of spelling, punctuation and grammar.

(e) How e-commerce supports the company in international business from the following:
- it allows business to be conducted at any time of the day or night
- it widens the company's market as its website can be accessed all over the world so sales would improve
- marketing, advertising, wages and warehousing costs are reduced
- immediate payment is made to the company for sales, thereby eliminating credit transactions
- communication with customers is direct
- through e-commerce the company becomes better known
- it enables the company to source its raw materials all over the world
- offers translation.

$(2 \times [4]$ or $4 \times [2])$ [8]

Level 1 ([1]–[2])
Candidate demonstrates little knowledge and understanding of how e-commerce supports the company in international trade. Only one means of support is examined. Candidate displays limited accuracy in the use of spelling, punctuation and grammar.

Level 2 ([3]–[6])
Candidate demonstrates adequate knowledge and understanding of how e-commerce supports the company in international trade. Two to three means of support are examined. Candidate displays satisfactory accuracy in the use of spelling, punctuation and grammar.

Level 3 ([7]–[8])
Candidate demonstrates good knowledge and understanding of how e-commerce supports the company in international trade. Very detailed examination of two means of support is given or four means of support are examined in slightly less detail. Candidate displays excellent accuracy in the use of spelling, punctuation and grammar.

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3 **(a)** Sales for July = £4200 [1]
Total Payments for August = £7000 [1]
Opening Balance for September = £2500 or £2600 [1]
Total Receipts for September = £7100 or £7200 [1]
Closing Balance for September = (£5200) or (£5100) [1]

(b) One valid comment on the closing balance:
- balance is a minus figure which shows that the shop's payments have exceeded its receipts for the month of September. [2]

Advice on suitable course of action:
- try to improve sales
- try to reduce expenses
- delay payment for shop fittings
- arrange a bank loan or overdraft. [2]

([2] + [2]) [4]

(c) Two fixed and two variable costs from the following:

Fixed Costs	Variable Costs
Rent	Postage
Rates	Advertising
	Telephone
	Wages
	Raw Materials/purchases

[4]

(d) Three reasons for the importance of cash flow from the following:
- even cash flow ensures that the business would always have ready money available
- essential bills such as wages can be paid on time
- suppliers would have confidence in dealing with the Pastry Shop
- if the business did not have a steady cash flow it would be forced to borrow money which would incur interest charges
- if the business had good cash flow it could take advantage of offers of supplies
- without good cash flow the business would not survive.

(3 × [2]) [6]

Level 1 ([1]–[2])
Candidate demonstrates little knowledge and understanding of cash flow and examines only one reason for the importance of good cash flow. Candidate displays limited accuracy in the use of spelling, punctuation and grammar.

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Level 2 ([3]–[4])
Candidate demonstrates adequate knowledge and understanding of cash flow and examines two reasons for the importance of good cash flow. Candidate displays satisfactory accuracy in the use of spelling, punctuation and grammar.

Level 3 ([5]–[6])
Candidate demonstrates good knowledge and understanding of cash flow and examines three reasons for the importance of good cash flow. Candidate displays excellent accuracy in the use of spelling, punctuation and grammar.

(e) Calculation of Mr Patel's Return on Capital Employed.

$$\text{Return on Capital Employed} = \frac{\text{Net Profit}}{\text{Capital Employed}} \times 100$$

$$\text{Return on Capital Employed} = \frac{15000}{120000} \times 100 \qquad [1]$$

Return on Capital Employed = 12.5%   [1]

[2]

(f) Calculation of Mr Patel's Working Capital Ratio.

$$\text{Working Capital Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

$$\text{Working Capital Ratio} = \frac{100000}{60000} \qquad [1]$$

Working Capital Ratio = 1.6:1   [1]

[2]

(g) Analysis of information on Mr Patel's business's performance in 2010:
At least two pieces of information required on each calculation:

Return on Capital Employed
- return on capital employed informs Mr Patel of the profit which he has made on his investment in the business
- this result tells Mr Patel that the business is making 12.5% profit on the money which he invested in the business
- when compared with the rate of interest which the investment would have earned in the bank or in shares, this is a good result.

$(2 \times [2]$ or $1 \times [4])$

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Working Capital Ratio
- working capital ratio shows the relationship between current assets and current liabilities and measures the firm's ability to pay its current debts
- this result tells Mr Patel that his working capital ratio is 1.6:1 which is acceptable as a ratio of 1.5 to 2 is now recommended.
    $(2 \times [2])$

$([4] + [4])$ [8]

Level 1 ([1]–[2])
Minimum demonstration of knowledge and understanding of performance ratios. Candidate either gives a full analysis of one point about one ratio or a brief analysis of one aspect of each ratio. Candidate displays limited accuracy in the use of spelling, punctuation and grammar.

Level 2 ([4]–[6])
Adequate demonstration of knowledge and understanding of performance ratios. Candidate satisfactorily analyses up to a total of three aspects of the ratios. Candidate displays satisfactory accuracy in the use of spelling, punctuation and grammar.

Level 3 ([7]–[8])
Clear demonstration of good knowledge and understanding of performance ratios. Candidate accurately analyses two points of each ratio. Candidate displays excellent accuracy in the use of spelling, punctuation and grammar.

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Total   **90**

6497.01   **10**