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Mark Scheme (Results)

Summer 2015

Pearson Edexcel International GCSE in Business (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.

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Section A:

Question Number	Answer	Mark
1(a) (i) **AO1= 1**	B	**(1)**

Question Number	Answer	Mark
1 (ii) **AO1= 1**	C	(1)

Question Number	Answer	Mark
1 (iii) **AO1= 1**	A	(1)

Question Number	Answer	Mark
1 (iv) **AO1= 1**	C	(1)

Question Number	Answer	Mark
1 (v) **AO1= 1**	D	(1)

Question Number	Answer	Mark
1(b) **AO1= 2**	Valid points include: • Advertise vacancies • Prepares job descriptions/person specifications • Interviews/selects staff • Negotiates with trade unions on pay and working conditions • Warn and discipline staff if necessary • Training	**(2)**

Question Number	Answer	Mark
1(c) (i) **AO1= 2**	Profits kept back (AO1) as a reserve for future use of the business (AO1)	**(2)**

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Question Number	Answer	Mark
1(c) (ii) **AO2 = 2** **AO4 = 2**	Valid points could include: • Once the money has been used within the business it is not available (AO2) and if the business gets into difficulty there is no money to help them out (AO4). • Shareholders may not be paid as much dividends (AO2) and they could sell their shares which could affect the business (AO4).	**(4)**

Question Number	Answer	Mark
1(d) **AO1 = 4**	2 = A 3 = C 4 = D 5 = B	**(4)**

Question Number	Answer	Mark
1(e) **AO1 = 1** **AO2 = 2**	Valid points could include: • Cheaper to run only one factory as opposed to two (AO1) reduction in the cost of rent (AO2) reduction in the costs of staff travelling between the two sites (AO2). • Less travelling (AO1) staff may not have to travel between two branches (AO2) to hold meetings or to check on production thus wasting time (AO2). • Less theft and damage to goods (AO1) goods would not have to move from one factory to another (AO2) this would save money on transport and purchase of vehicles to transport (AO2).	**(3)**

Question Number	Answer	Mark
2(a) (i) **AO2= 3**	Valid points could include: • It encourages potential investors to invest (AO2) knowing that they will only loose the amount invested if the business fails (AO2) and that their personal possessions will not be affected (AO2).	**(3)**

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Question Number	Answer	Mark
2 (a) (ii) **AO1 = 3**	Valid points could include: • More capital can be raised • Control cannot be lost to outsiders • Business continues if a shareholder dies • Has more status e.g. than a sole trader • Banks are more likely to lend money to a Ltd business rather than a sole trader • Existing shareholders only can invite new shareholders • It is a legal entity • Additional holidays can be taken	**(3)**

Question Number	Answer	Mark
2 (b) **AO2 = 2** **AO3 = 2**	Valid points could include: e.g. change of control, accounts available to the public, shareholder, stakeholder conflicts • To set up as a plc can be expensive for the business (AO2) as they need to employ the services of many professionals (AO2) and this could lead the business into large amounts of debt (A03) which means they might have to borrow even more money or issue more shares (AO3)	**(4)**

Question Number	Answer	Mark
2 (c) (i) **AO2 = 1**	November	**(1)**

Question Number	Answer	Mark
2 (c) (ii) **AO2 = 2**	Valid points could include: • More people buying goods for presents at certain times of year (Christmas) (AO2) • People having new items and therefore want a new cover (AO2)	**(2)**

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Question Number	Answer	Mark
2 (d) **AO3 = 4**	Valid points could include: • To check on the quantity sold each month to see if there is an increase or decrease in sales (AO3) if there is a decrease then they can look at the reasons why (AO3) and try and see if they can rectify the situation. They may decide that the item is not selling well (AO3) and it is time that the item is taken off the sales (AO3). • If the sales are going well the business may decide to expand the range (AO3) or increase the production of the item (AO3) to meet the demands of the customers (AO3) and this could increase staffing (AO3).	**(4)**

Question Number	Answer	Mark
2 (e) **AO1 = 3**	Cost-plus pricing involves working out the total cost of producing a product (AO1) then adding a set mark up percentage (AO1) ensuring a profit on each item sold (AO1).	**(3)**

Question Number	Answer	Mark
3 (a) **AO2 = 2** **AO3 = 4**	Valid points could include: • Calculation of current ratio for 2013 (3:4, 1.5:2, 0.75:1 or 0.75) (AO2) and 2014 (5:4, 1:0.8, 1.25:1 or 1.25) (AO2) N.B. The above ratios may be implied in a text only answer. If they award both AO2 marks. • Liquidity is better in 2014 than in 2013 (AO3). The ratio for 2013 shows that there is a problem that there is insufficient assets to pay off debts (AO3). However in 2014 there is a slight improvement (AO3) but still not very secure with just £1 for each £0.80 of debt.	**(6)**

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Question Number	Answer	Mark
3 (b) **AO2 = 1** **AO4 = 3**	Valid points could include: • The director only having 3 people means that he only has a small number to be responsible for (AO2), so that communication between him and them is much better (AO4) and therefore this should reduce the amount of errors/misunderstanding (AO4). The director knows exactly what is going on in the business and the strengths and weaknesses of each of their employees (AO4).	**(4)**

Question Number	Answer	Mark
3 (c) **AO2 = 4**	Valid points could include: • If the departments do not keep in touch with each other then they do not know what they have to do (AO2). A large order could be missed because the sales department did not inform the production department when the items were required (AO2). If there are any special requirements that the sales department have agreed and they have not passed it down to the production department there could be a problem with the items produced (AO2). Deadlines and orders could be misinterpreted which could cause confusion between the departments (AO2).	**(4)**

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Question Number	Answer	Mark
3 (d) **AO3 = 2** **AO4 = 4**	Valid points could include (Choice A) • If the price is maintained at €15.60 then *Covers-up Ltd* will be making a loss on each product sold (AO3), but the lower price could establish them in the market (AO3) and encourage people to buy it as they enter the EU (AO4) as people are attracted to a bargain (AO4). Once established *Covers-up Ltd* could then increase the price slowly (AO4) and recoup the losses that they made whilst charging a lower price (AO4). (Choice B) • If *Covers-up Ltd* increases the price of the cover then they risk losing a number of sales (AO3). This might mean that they are unable to enter the EU market successfully (AO3) because the price might be too high for people to buy (AO4). However what sales are made do make a profit (AO4) and this might be better than making a loss on the covers (AO4). *Covers-up Ltd* would have to investigate whether the market could accommodate the price or would they have to change the product (AO4).	**(6)**

Question Number	Answer	Mark
4 (a) **AO1 = 2**	Valid points could include: This means that a business holds minimal stock (AO1). Suppliers have to deliver resources straight to the production line at regular intervals (AO1). This could be several times a day (AO1). Arrives just when its needed and no earlier	**(2)**

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Question Number	Answer	Mark
4 (b) **AO2 = 2** **AO3 = 2** **AO4 = 4**	Valid points could include: • Using batch production is more flexible than job production for the business (AO2). They can change production at short notice to meet the demand for different covers (AO3). This is more cost effective than job production having specialised staff producing one off items (AO4). This business has to provide a variety of products in quantity (AO4). • In batch production staff constantly work on different items (AO2) they will perform the same process on each item therefore improving speed and accuracy (AO3) this could become boring leading to mistakes (AO4). Job production is more satisfying for the worker (AO4). (1 x4) x 2	**(8)**

Question Number	Answer	Mark
4 (c) **AO3 = 2** **AO4 = 2**	Valid points could include: • labour costs are less in poorer undeveloped countries which helps keep the costs down (AO3). There may be a greater supply of unskilled labour (AO3), this means that if the sales are high then profits can be improved (AO4). Raw materials may be cheaper in India than other countries which could also reduce costs (AO4). • There may be less rigorous legislation in Indian than in the UK (AO3) with regard to working conditions (AO3). Workers are more willing to work longer hours in poor conditions (AO4) due to lack of employment opportunities (AO4). 2 X 2 1 X 4	**(4)**

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Question Number	Answer	Mark
4 (d) **AO2 = 2** **AO3 = 4**	Valid points could include: • As TQM ensures quality at every stage of the production of the covers (AO2). TQM needs total commitment from all employees (AO3). If one employee does not check their work carefully this can affect the overall production of the cases (AO2) and the other employees (AO3). TQM aims to prevent mistakes which cost the business money as any errors waste materials (AO3). Errors are expensive to *Covers-up Ltd* and they have a reputation for high quality so reducing errors or having none is their aim (AO3).	**(6)**

Question Number	Answer	Mark
5 (a) (i) **AO1 = 1**	When average cost per unit falls as output increases (AO1)	**(1)**

Question Number	Answer	Mark
5 (a) (ii) **AO2 = 1** **AO3 = 3**	Valid points include: • They are able to pay for a specialist manager e.g. marketing manager (AO2) who has the knowledge of that area (AO3) and can therefore advise the business as to how to save money (AO3) and also how the marketing department could operate in a manner that would be more efficient for the business thus lowering costs (AO3).	**(4)**

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Question Number	Answer	Mark
5 (b) **AO2 = 2** **AO3 = 2** **AO4 = 1**	Valid points could include: • Promotion is important to any business because if it is not carried out then customers would not know about the new covers (AO2). There are various types of promotion such as adverts in computer magazines that the business can use to let people know about the products they are selling (AO2). Promotion brings to the notice of potential customers the products available (AO3) which they would otherwise not have been aware of (AO3). Without promotion of any kind then it is highly unlikely that the business will sell any of its goods (AO4).	**(5)**

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Question Number	Answer	Mark
5 (c) **AO2 = 2** **AO3 = 4** **AO4 = 4**	Valid points include: (financial incentives)-e.g. share ownership, bonus, commission, promotion, employee discounts. • Share ownership will make employees work harder for the business (AO2), as they feel that they are being rewarded for their efforts (AO3). Having a share in the business gives them a feeling of pride and satisfaction (AO4) and the more the business makes the higher the share price will increase and the value of the share for the employee (AO4). Employees are more likely to remain with the business as they feel the sense of belonging and value (AO3). Whereas non financial doesn't always benefit the employee (AO2) they may not want to use the other incentives such as gym membership (AO3). It may not be convenient to where they live (AO3) or fit in with their lifestyle and is therefore of no value to them (AO4). It could cause problems within the work place with those who use the facilities and those who don't (AO4). (non-financial incentives)- e.g. job rotation, team work, medical insurance, sports facilities, business car • Job rotation enables employees to gain experience of different jobs within the business (AO3), this will give them variety in the workplace (AO2). This helps employee retention within the business (AO4) which benefits the business as there is a lower turnover of staff (AO4). The skills gained may enable the employees to gain promotion (AO3). However some employees may prefer financial incentives, as they receive benefits straight away such as being given a bonus (AO3), because they may prefer money in their pay packet (AO2). Motivation increases as they see an immediate gain (AO4). Some people are only motivated by financial gain (AO4), and are not interested in furthering their career or skills and knowledge (AO3). 5 marks maximum for why method is selected 5 marks maximum for why other method is rejected 2 marks maximum for balance comments against selection (ie for disadvantages associated with method selected) Any combination to a maximum of 10 marks	**(10)**

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