

**Published Mark Schemes for
GCE AS Business Studies**

January 2009

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**NORTHERN IRELAND GENERAL CERTIFICATE OF SECONDARY EDUCATION (GCSE)
AND NORTHERN IRELAND GENERAL CERTIFICATE OF EDUCATION (GCE)**

MARK SCHEMES (2009)

Foreword

Introduction

Mark Schemes are published to assist teachers and students in their preparation for examinations. Through the mark schemes teachers and students will be able to see what examiners are looking for in response to questions and exactly where the marks have been awarded. The publishing of the mark schemes may help to show that examiners are not concerned about finding out what a student does not know but rather with rewarding students for what they do know.

The Purpose of Mark Schemes

Examination papers are set and revised by teams of examiners and revisers appointed by the Council. The teams of examiners and revisers include experienced teachers who are familiar with the level and standards expected of 16- and 18-year-old students in schools and colleges. The job of the examiners is to set the questions and the mark schemes; and the job of the revisers is to review the questions and mark schemes commenting on a large range of issues about which they must be satisfied before the question papers and mark schemes are finalised.

The questions and the mark schemes are developed in association with each other so that the issues of differentiation and positive achievement can be addressed right from the start. Mark schemes therefore are regarded as a part of an integral process which begins with the setting of questions and ends with the marking of the examination.

The main purpose of the mark scheme is to provide a uniform basis for the marking process so that all the markers are following exactly the same instructions and making the same judgements in so far as this is possible. Before marking begins a standardising meeting is held where all the markers are briefed using the mark scheme and samples of the students' work in the form of scripts. Consideration is also given at this stage to any comments on the operational papers received from teachers and their organisations. During this meeting, and up to and including the end of the marking, there is provision for amendments to be made to the mark scheme. What is published represents this final form of the mark scheme.

It is important to recognise that in some cases there may well be other correct responses which are equally acceptable to those published: the mark scheme can only cover those responses which emerged in the examination. There may also be instances where certain judgements may have to be left to the experience of the examiner, for example, where there is no absolute correct response – all teachers will be familiar with making such judgements.

The Council hopes that the mark schemes will be viewed and used in a constructive way as a further support to the teaching and learning processes.

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New
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ADVANCED SUBSIDIARY (AS)
General Certificate of Education
January 2009

Business Studies

Assessment Unit AS 1

The Competitive Business
[AT111]

THURSDAY 8 JANUARY, MORNING

MARK SCHEME

- 1 (a) The promotion element of the marketing mix refers to the ways in which an organisation attempts to draw consumers' attention to a product. Promotion may be above-the-line or below-the-line. e.g. Adidas paid to have its brand on the uniforms of all the officials and volunteers associated with the Olympic Games in Beijing. [4]

	AO1 Knowledge and Understanding 2 marks	AO2 Application 2 marks
Level 2	[2] Candidate demonstrates good understanding of promotion.	[2] Candidate applies knowledge effectively.
Level 1	[1] Candidate demonstrates some understanding of promotion.	[1] Candidate attempts to apply knowledge.
Level 0	[0] Candidate demonstrates no understanding of promotion.	[0] Candidate does not attempt to apply knowledge.

- (b) Advantages to Chinese consumers of having both Nike and Adidas operate in their sportswear market might include:

- Competition drives down prices.
- Quality of products is higher as companies compete.
- A greater range of products might be produced.
- There might be more new product innovation.
- Jobs created in sportswear market.

[4]

	AO1 Knowledge and Understanding 2 marks	AO2 Application 2 marks
Level 2	[2] Candidate demonstrates good understanding of the advantages to consumers.	[2] Candidate applies knowledge effectively.
Level 1	[1] Candidate demonstrates some understanding of the advantages to consumers.	[1] Candidate attempts to apply knowledge.
Level 0	[0] Candidate demonstrates no understanding of the advantages to consumers.	[0] Candidate does not attempt to apply knowledge.

(c) There are a number of factors that Nike and Adidas may have considered when deciding how much to spend on promotional activities associated with the Olympic Games. These might include:

- To take advantage of opportunities presented by celebrity endorsement.
- The current cash flow position of the company.
- The amount spent by the other company/other competitors.
- The importance that the company places upon the promotion element of the marketing mix/marketing objectives.
- The potential size of the Chinese market/return expected from promotion.
- The importance of making the trademark known in a new market.
- Type of promotion chosen determines expenditure needed.

[8]

	AO1 Knowledge and Understanding 2 marks	AO2 Application 2 marks	AO3 Analysis 4 marks
Level 2	[2] Candidate demonstrates good understanding of the relevant factors. Candidate makes good use of specialist vocabulary when it is appropriate.	[2] Candidate applies knowledge effectively.	[3]–[4] Good analysis of relevant factors.
Level 1	[1] Candidate demonstrates some understanding of the relevant factors. Candidate makes good use of specialist vocabulary when it is appropriate.	[1] Candidate attempts to apply knowledge.	[2]–[3] Limited analysis of relevant factors.
Level 0	[0] Candidate demonstrates no understanding of the relevant factors.	[0] Candidate does not attempt to apply knowledge.	[0] No analysis of relevant factors.

(d) There are likely to be benefits to Adidas as a result of encountering competition in its market. These might include:

- Element of competition keeps Adidas efficient and strong.
- Dominant companies may carve up the market.
- Adidas and Nike may choose to co-exist without real competition.
- Adidas may gain a large market share if competing against many small competitors.

The drawbacks to Adidas of encountering competition in its market might include:

- Move needed to promote products.
- Higher Research and Development costs to bring out new products.
- May result in lower sales/profits.
- May have to keep prices low to compete.
- May have to spend heavily to enter Chinese market.

As part of their discussion, candidates should consider both positive and negative aspects and come to a final judgement.

Some candidates may approach this question by focusing more on specific ways by which Adidas might react to the competition it encounters. For example, by reducing prices in order to compete. Such an approach is valid and should be given credit. [12]

	AO1 Knowledge and Understanding 3 marks	AO2 Application 2 marks	AO3 Analysis 3 marks
Level 3			[3] Very good analysis of arguments.
Level 2	[2]–[3] Candidate demonstrates good understanding of the advantages and disadvantages. Candidate makes good use of specialist vocabulary when it is appropriate.	[2] Candidate applies knowledge effectively.	[2] Good analysis of arguments.
Level 1	[1] Candidate demonstrates some understanding of the advantages and disadvantages. Candidate makes good use of specialist vocabulary when it is appropriate.	[1] Candidate attempts to apply knowledge.	[1] Limited analysis of arguments.
Level 0	[0] Candidate demonstrates no understanding of the advantages and disadvantages.	[0] Candidate does not attempt to apply knowledge.	[0] No analysis of arguments.

	AO4 Evaluation 4 marks
Level 3	<p>[4] Candidate gives a full evaluation of the arguments presented and comes to a final judgement.</p> <p>Candidate demonstrates good spelling, punctuation and grammar. The meaning of the text is clear. The candidate has consistently used a form and style of writing appropriate to the purpose of the question.</p> <p>Answer is organised in a clear and coherent manner.</p>
Level 2	<p>[2]–[3] Candidate gives a satisfactory evaluation of the arguments presented and comes to a final judgement.</p> <p>Candidate demonstrates satisfactory spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a satisfactory level of writing, form and style appropriate to the purpose of the question.</p> <p>Answer is organised in a satisfactory manner.</p>
Level 1	<p>[1] Candidate attempts some evaluation of the arguments presented.</p> <p>The candidate makes limited use of spelling, punctuation and grammar. The meaning of the text is not always clear. The candidate demonstrates a limited form and style appropriate to the purpose of the question.</p> <p>The organisation of the answer is limited.</p>
Level 0	<p>[0] Candidate makes no attempt to evaluate the arguments presented.</p>

(e) Candidates should consider **two** ways of achieving competitive advantage in a market such as China. For example, by cost advantage or differentiation advantage.

The advantages to Nike of using cost advantage might include:

- Can gain from economies of scale in the Chinese market.
- Likely to be popular with Chinese consumers on low wages.
- Smaller companies can be eliminated easily.

The disadvantages to Nike of using cost advantage might include:

- Reduces overheads by automation so products are standardised.
- Prices may need to be reduced, lowering profits.
- Cost leadership can be lost to competitors if not careful.

The advantages to Nike of using differentiation advantage might include:

- Provides the opportunity to charge a higher selling price.
- Useful in a new market such as China where consumers are unaware of products imported.
- Already has a strong brand image.

The disadvantages to Nike of using differentiation advantage might include:

- Extra costs in achieving differentiation may outweigh higher prices charged.
- Need to continually spend money on promotion.

Other methods of achieving competitive advantage might include:

- Use of technology.
- Unique selling point.
- Brand image.
- Economies of scale.
- Economies of experience.

As part of their discussion, candidates should consider both positive and negative aspects of the methods and come to a final judgement.

[12]

	AO1 Knowledge and Understanding 3 marks	AO2 Application 2 marks	AO3 Analysis 3 marks
Level 3			[3] Very good analysis of arguments.
Level 2	[2]–[3] Candidate demonstrates good understanding of the advantages and disadvantages. Candidate makes good use of specialist vocabulary when it is appropriate.	[2] Candidate applies knowledge effectively.	[2] Good analysis of arguments.
Level 1	[1] Candidate demonstrates some understanding of the advantages and disadvantages. Candidate makes good use of specialist vocabulary when it is appropriate.	[1] Candidate attempts to apply knowledge.	[1] Limited analysis of arguments.
Level 0	[0] Candidate demonstrates no understanding of the advantages and disadvantages.	[0] Candidate does not attempt to apply knowledge.	[0] No analysis of arguments.

	AO4 Evaluation 4 marks
Level 3	<p>[4] Candidate gives a full evaluation of the arguments presented and comes to a final judgement.</p> <p>Candidate demonstrates good spelling, punctuation and grammar. The meaning of the text is clear. The candidate has consistently used a form and style of writing appropriate to the purpose of the question.</p> <p>Answer is organised in a clear and coherent manner.</p>
Level 2	<p>[2]–[3] Candidate gives a satisfactory evaluation of the arguments presented and comes to a final judgement.</p> <p>Candidate demonstrates satisfactory spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a satisfactory level of writing, form and style appropriate to the purpose of the question.</p> <p>Answer is organised in a satisfactory manner.</p>
Level 1	<p>[1] Candidate attempts some evaluation of the arguments presented.</p> <p>The candidate makes limited use of spelling, punctuation and grammar. The meaning of the text is not always clear. The candidate demonstrates a limited form and style appropriate to the purpose of the question.</p> <p>The organisation of the answer is limited.</p>
Level 0	<p>[0] Candidate makes no attempt to evaluate the arguments presented.</p>

Question 1 40

- 2 (a) A market segment is a grouping of customers within the overall market for a product that can be reached with a unique marketing mix. For example, the ultra-luxury car market is a segment within the overall car market, that requires all cars to be manufactured to the highest quality for super-rich customers.

	AO1 Knowledge and Understanding 2 marks	AO2 Application 2 marks
Level 2	[2] Candidate demonstrates good understanding of a market segment.	[2] Candidate applies knowledge effectively.
Level 1	[1] Candidate demonstrates some understanding of a market segment.	[1] Candidate attempts to apply knowledge.
Level 0	[0] Candidate demonstrates no understanding of a market segment.	[0] Candidate does not attempt to apply knowledge.

[4]

(b) Primary market research methods that Rolls-Royce might have used include:

- Questionnaires – These enable Rolls-Royce to gather quantitative and qualitative data about a wide range of issues relating to its products. They may be filled out in a number of ways – postal, internet, telephone, surveys.
- Focus groups – Groups of consumers are encouraged to discuss their feelings/ views on their cars. Rolls-Royce can discover new qualitative information and come up with new ideas about how to develop its cars. However, this method can be very expensive.

Other methods might include:

- Interviews.
- Consumer panels.
- Test markets.
- Observations.
- Store loyalty cards.

[4]

	AO1 Knowledge and Understanding 2 marks	AO2 Application 2 marks
Level 2	[2] Candidate demonstrates good understanding of the primary market research methods.	[2] Candidate applies knowledge effectively.
Level 1	[1] Candidate demonstrates some understanding of the primary market research methods.	[1] Candidate attempts to apply knowledge.
Level 0	[0] Candidate demonstrates no understanding of the primary market research methods.	[0] Candidate does not attempt to apply knowledge.

(c) There are a number of factors that Rolls-Royce may have considered when deciding upon a price for the new model. These might include:

- The cost of manufacturing the car.
- The break-even level of output.
- The price that competitors are selling their cars at.
- The amount that market research indicates customers are prepared to pay/demand.
- The pricing strategy being followed.
- The image that the company wants to create.
- The state of the economy.

[8]

	AO1 Knowledge and Understanding 2 marks	AO2 Application 2 marks	AO3 Analysis 4 marks
Level 2	<p>[2] Candidate demonstrates good understanding of the relevant factors.</p> <p>Candidate makes good use of specialist vocabulary when it is appropriate.</p>	<p>[2] Candidate applies knowledge effectively.</p>	<p>[3]–[4] Good analysis of relevant factors.</p>
Level 1	<p>[1] Candidate demonstrates some understanding of the relevant factors.</p> <p>Candidate makes good use of specialist vocabulary when it is appropriate.</p>	<p>[1] Candidate attempts to apply knowledge.</p>	<p>[1]–[2] Limited analysis of relevant factors.</p>
Level 0	<p>[0] Candidate demonstrates no understanding of the relevant factors.</p>	<p>[0] Candidate does not attempt to apply knowledge.</p>	<p>[0] No analysis of relevant factors.</p>

(d) The advantages to a company such as Rolls-Royce of having an effective quality policy include:

- Contributes to brand image in the ultra-luxury segment and so increases sales.
- Enables a higher price to be charged for the cars.
- Reduces cost associated with reworking.
- Avoids costly customer complaints.
- Motivates employees to work harder.
- Increased consumer confidence in product.

The disadvantages to a company such as Rolls-Royce of having an effective quality policy include:

- Time consuming within the production process.
- Costs associated with monitoring quality process.
- Puts pressure on workers so can be demotivating.
- Need to use resources to meet quality award standards.

[12]

As part of their discussion, candidates should come to a final judgement about the importance to a company such as Rolls-Royce of having an effective quality policy.

	AO1 Knowledge and Understanding 3 marks	AO2 Application 2 marks	AO3 Analysis 3 marks
Level 3			[3] Very good analysis of arguments.
Level 2	[2]–[3] Candidate demonstrates good understanding of the market research methods. Candidate makes good use of specialist vocabulary when it is appropriate.	[2] Candidate applies knowledge effectively.	[2] Good analysis of arguments.
Level 1	[1] Candidate demonstrates some understanding of the market research methods. Candidate makes good use of specialist vocabulary when it is appropriate.	[1] Candidate attempts to apply knowledge.	[1] Limited analysis of arguments.
Level 0	[0] Candidate demonstrates no understanding of the market research methods.	[0] Candidate does not apply knowledge.	[0] No analysis of arguments.

	AO4 Evaluation 4 marks
Level 3	<p>[4] Candidate gives a full evaluation of the arguments presented and comes to a final judgement.</p> <p>Candidate demonstrates good spelling, punctuation and grammar. The meaning of the text is clear. The candidate has consistently used a form and style of writing appropriate to the purpose of the question.</p> <p>Answer is organised in a clear and coherent manner.</p>
Level 2	<p>[2]–[3] Candidate gives a satisfactory evaluation of the arguments presented and comes to a final judgement.</p> <p>Candidate demonstrates satisfactory spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a satisfactory level of writing, form and style appropriate to the purpose of the question.</p> <p>Answer is organised in a satisfactory manner.</p>
Level 1	<p>[1] Candidate attempts some evaluation of the arguments presented.</p> <p>The candidate makes limited use of spelling, punctuation and grammar. The meaning of the text is not always clear. The candidate demonstrates a limited form and style appropriate to the purpose of the question.</p> <p>The organisation of the answer is limited.</p>
Level 0	<p>[0] Candidate makes no attempt to evaluate the arguments presented.</p>

(e) The advantages to Rolls-Royce of concentrating on the ultra-luxury segment of the car market include:

- Wealthy customers prepared to pay premium price.
- Highly inelastic demand for luxury cars.
- Recession proof product.
- Strong brand name gives competitive advantage in market.
- Can get to know and meet precise needs of customers.

The disadvantages to Rolls-Royce of concentrating on the ultra-luxury segment of the car market include:

- High profits attract competitors.
- Becomes too reliant on a limited product range.
- May not benefit so much from the economies of scale achieved by entering the mass market.
- Research and Development cost higher as customers expect more.

As part of their discussion, candidates should consider both positive and negative aspects and come to a final judgement.

[12]

	AO1 Knowledge and Understanding 3 marks	AO2 Application 2 marks	AO3 Analyses 3 marks
Level 3			[3] Very good analysis of arguments.
Level 2	[2]–[3] Candidate demonstrates good understanding of the advantages and disadvantages. Candidate makes good use of specialist vocabulary when it is appropriate.	[2] Candidate applies knowledge effectively.	[2] Good analysis of arguments.
Level 1	[1] Candidate demonstrates some understanding of the advantages and disadvantages. Candidate makes good use of specialist vocabulary when it is appropriate.	[1] Candidate attempts to apply knowledge.	[1] Limited analysis of arguments.
Level 0	[0] Candidate demonstrates no understanding of the advantages and disadvantages.	[0] Candidate does not attempt to apply knowledge.	[0] No analysis of arguments.

	AO4 Evaluation 4 marks
Level 3	<p>[4] Candidate gives a full evaluation of the arguments presented and comes to a final judgement.</p> <p>Candidate demonstrates good spelling, punctuation and grammar. The meaning of the text is clear. The candidate has consistently used a form and style of writing appropriate to the purpose of the question.</p> <p>Answer is organised in a clear and coherent manner.</p>
Level 2	<p>[2]–[3] Candidate gives a satisfactory evaluation of the arguments presented and comes to a final judgement.</p> <p>Candidate demonstrates satisfactory spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a satisfactory level of writing, form and style appropriate to the purpose of the question.</p> <p>Answer is organised in a satisfactory manner.</p>
Level 1	<p>[1] Candidate attempts some evaluation of the arguments presented.</p> <p>The candidate makes limited use of spelling, punctuation and grammar. The meaning of the text is not always clear. The candidate demonstrates a limited form and style appropriate to the purpose of the question.</p> <p>The organisation of the answer is limited.</p>
Level 0	<p>[0] Candidate makes no attempt to evaluate the arguments presented.</p>

Question 2 40

Total 80

New
Specification



Rewarding Learning

**ADVANCED SUBSIDIARY (AS)
General Certificate of Education
January 2009**

Business Studies

Assessment Unit AS 2

Managing Business Resources

[AT121]

TUESDAY 13 JANUARY, AFTERNOON

MARK SCHEME

Model Answers

Northbrook Technology of Northern Ireland Ltd

- 1 (a) Explain what is meant by the term communication channels. Illustrate your answer using an example from the case study.

[4]

Communication can take place using a variety of communication channels. A communication channel is a way or method in which communication takes place in an organisation.

Two communication channels identified in the stimulus are the intranet site and the email system.

	AO1 Knowledge and Understanding 2 Marks	AO2 Application 2 Marks
Level 2	[2] Candidate demonstrates good understanding of the term communication channels.	[2] Candidate makes good application of the terms.
Level 1	[1] Candidate demonstrates some understanding of the term communication channels.	[1] Candidate attempts to make some application of the terms.
Level 0	[0] Candidate demonstrates no understanding of the term communication channels.	[0] No attempt at application.

- (b) Explain two advantages to Northbrook Technology Ltd of using external recruitment.

[4]

- External recruitment greatly increases the number of potential applicants that Northbrook Technology Ltd may get for a job. This means that a higher calibre of applicant may be recruited.
- A new employee may be more willing to try to change the way of working within Northbrook Technology Ltd as they have no previous links or allegiances to the existing staff.
- External employees should have wider experience if they have come from other organisations. This will allow them to introduce new methods of working and new ideas to Northbrook Technology Ltd.

	AO1 Knowledge and Understanding 2 Marks	Application 2 Marks
Level 2	[2] Candidate demonstrates good understanding of two advantages to Northbrook Technology Ltd of using external recruitment.	makes good application of the terms.
Level 1	[1] Candidate demonstrates some understanding of two advantages to Northbrook Technology Ltd of using external recruitment.	[1] Candidate attempts to make some application of the terms.
Level 0	[0] Candidate demonstrates no understanding of two advantages to Northbrook Technology Ltd of using external recruitment.	[0] No attempt at application.

(c) Analyse the barriers to effective communication that Northbrook Technology Ltd may experience. [8]

- Sometimes a message can contain too much jargon or technical information. This can confuse the receiver if they are not clear as to what this information means.
- It is essential that the sender does not make too many assumptions about the ability of the receiver to understand the message being sent.
- Communication can be ineffective if the receiver makes too many assumptions about the message and reads into things that are not there.
- A message can become unclear if there is too much information included in it.
- If a receiver is not prepared to listen to the message, this can cause a breakdown in the communication process.
- If a message has to travel through a long line of different people, this can lead to the message becoming lost or distorted.
- The wrong choice of communication channel can result in ineffective communications.
- Sometimes the wrong information is sent to the wrong person.

	AO1 Knowledge and Understanding 2 Marks	AO2 Application 2 Marks	AO3 Analysis 4 Marks
Level 2	[2] Candidate demonstrates good understanding of the problems and the barriers to effective communication that Northbrook Technology Ltd may experience. Candidate makes good use of specialist vocabulary when it is appropriate.	[2] Candidate makes good application of the terms.	[3]–[4] Good analysis.
Level 1	[1] Candidate demonstrates some understanding of the barriers to effective communication that Northbrook Technology Ltd may experience. Candidate makes good use of specialist vocabulary when it is appropriate.	[1] Candidate attempts to make some application of the terms.	[1]–[2] Limited analysis.
Level 0	[0] Candidate demonstrates no understanding of the barriers to effective communication that Northbrook Technology Ltd may experience.	[0] No attempt at application.	[0] No analysis.

(d) Discuss the use of job enrichment as a method of motivating staff within the company. [12]

- Job enrichment gives employees greater responsibility by allowing them to have more autonomy and more participation in the decision making process.
- Job enrichment gives employees a challenge and makes them feel that they are a part of the organisation.
- Job enrichment also allows employees to make decisions about methods and sequence of work and increases their individual responsibility.
- Despite these advantages, job enrichment has been criticised as a way of cutting the workforce as it requires workers to carry out extra tasks.
- In addition, not all workers want to have more responsibility and might in fact find this demotivating.

	AO1 Knowledge and Understanding 3 Marks	AO2 Application 3 Marks	AO3 Analysis 2 Marks
Level 3	<p>[3] Candidate demonstrates excellent understanding of job enrichment as a method of motivating staff within the company.</p> <p>Candidate makes good use of specialist vocabulary when it is appropriate.</p>	<p>[3] Candidate makes excellent application of the terms.</p>	<p>[3] Very good analysis of Northbrook Technology Ltd's decision to use job enrichment as a method of motivating staff within the company.</p>
Level 2	<p>[3] Candidate demonstrates good understanding of job enrichment as a method of motivating staff within the company.</p> <p>Candidate makes good use of specialist vocabulary when it is appropriate.</p>	<p>[2] Candidate makes good application of the terms.</p>	<p>[2] Good analysis of Northbrook Technology Ltd's decision to use job enrichment as a method of motivating staff within the company.</p>
Level 1	<p>[1] Candidate demonstrates some understanding of job enrichment as a method of motivating staff within the company.</p> <p>Candidate makes good use of specialist vocabulary when it is appropriate.</p>	<p>[1] Candidate attempts to make some application of the terms.</p>	<p>[1] Limited analysis of Northbrook Technology Ltd's decision to use job enrichment as a method of motivating staff within the company.</p>
Level 0	<p>[0] Candidate demonstrates no understanding of job enrichment as a method of motivating staff within the company.</p>	<p>[0] No attempt at application.</p>	<p>[0] No analysis.</p>

	AO4 Evaluation 4 Marks
Level 3	<p>[4] Candidate gives a full evaluation of the arguments presented and forms a final judgement.</p> <p>Candidate demonstrates good spelling, punctuation and grammar. The meaning of the text is clear. The candidate has consistently used a form and style of writing appropriate to the purpose of the question.</p> <p>Answer is organised in a clear and coherent manner.</p>
Level 2	<p>[2]–[3] Candidate gives a satisfactory evaluation of the arguments presented and forms a final judgement.</p> <p>Candidate demonstrates satisfactory spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a satisfactory level of writing, form and style appropriate to the purpose of the question.</p> <p>Answer is organised in a satisfactory manner.</p>
Level 1	<p>[1] Candidate attempts some evaluation of the arguments presented.</p> <p>The candidate makes limited use of spelling, punctuation and grammar. The meaning of the text is not always clear. The candidate demonstrates a limited form and style appropriate to the purpose of the question.</p> <p>The organisation of the answer is limited.</p>
Level 0	<p>[0] Candidate gives no evaluation of the arguments presented and forms no final judgement.</p>

(e) Evaluate Northbrook Technology Ltd's decision to use off-the-job training.

[12]

Off-the-job training occurs when an employee attends a course. This can take place in many different ways such as taking external vocational courses at a local further education college. Distance learning or e-learning has become a common way for employees to receive off-the-job training.

There are also advantages and disadvantages associated with off-the-job training.

Advantages of off-the-job training

- Employees should be properly trained as the courses are run by experienced instructors
- The trainee can learn at his/her own pace
- The costs of training are easy to calculate
- In some situations the employee can receive a formal qualification

Disadvantages of off-the-job training

- Off-the-job training is more expensive than on-the-job training
- The learning is not taking place in the environment where the employee will be utilising the skills and knowledge
- The equipment used off-the-job may not be the same as the employee is used to

	AO1 Knowledge and Understanding 3 Marks	AO2 Application 2 Marks	AO3 Analysis 3 Marks
Level 3	<p>[3] Candidate demonstrates excellent understanding of Northbrook Technology Ltd's decision to use off-the-job training.</p> <p>Candidate makes good use of specialist vocabulary when it is appropriate.</p>	<p>[2] Candidate makes excellent application of the terms.</p>	<p>[3] Excellent analysis of Northbrook Technology Ltd's decision to use off-the-job training.</p>
Level 2	<p>[2] Candidate demonstrates good understanding of Northbrook Technology Ltd's decision to use off-the-job training.</p> <p>Candidate makes good use of specialist vocabulary when it is appropriate.</p>	<p>[2] Candidate makes good application of the terms.</p>	<p>[2] Good analysis of Northbrook Technology Ltd's decision to use off-the-job training.</p>
Level 1	<p>[1] Candidate demonstrates some understanding of Northbrook Technology Ltd's decision to use off-the-job training.</p> <p>Candidate makes good use of specialist vocabulary when it is appropriate.</p>	<p>[1] Candidate attempts to make some application of the terms.</p>	<p>[1] Limited analysis of Northbrook Technology Ltd's decision to use off-the-job training.</p>
Level 0	<p>[0] Candidate demonstrates no understanding of Northbrook Technology Ltd's decision to use off-the-job training.</p>	<p>[0] No attempt at application.</p>	<p>[0] No analysis</p>

	AO4 Evaluation 4 Marks
Level 3	<p>[4] Candidate gives a full evaluation of the arguments presented and forms a final judgement.</p> <p>Candidate demonstrates good spelling, punctuation and grammar. The meaning of the text is clear. The candidate has consistently used a form and style of writing appropriate to the purpose of the question.</p>
Level 2	<p>[2]–[3] Candidate gives a satisfactory evaluation of the arguments presented and forms a final judgement.</p> <p>Candidate demonstrates satisfactory spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a satisfactory level of writing, form and style appropriate to the purpose of the question.</p>
Level 1	<p>[1] Candidate attempts some evaluation of the arguments presented.</p> <p>The candidate makes limited use of spelling, punctuation and grammar. The meaning of the text is not always clear. The candidate demonstrates a limited form and style appropriate to the purpose of the question.</p>
Level 0	<p>[0] Candidate gives no evaluation of the arguments presented and forms no final judgement.</p>

Question 1 40

Crispy Potatoes Limited

- 2 (a) Explain what is meant by the terms Fixed Costs and Variable Costs using examples from the case study. [4]

Fixed Costs – costs that remain the same irrespective of output levels. Examples from the case study include salaries and rates.

Variable Costs – costs that change as output levels change. Examples from the case study include wages and raw materials.

	AO1 Knowledge and Understanding 2 Marks	AO2 Application 2 Marks
Level 2	[2] Candidate demonstrates good understanding of what is meant by the terms Fixed Costs and Variable Costs.	[2] Candidate makes good application of the terms.
Level 1	[1] Candidate demonstrates some understanding of what is meant by the terms Fixed Costs and Variable Costs.	[1] Candidate attempts to make some application of the terms.
Level 0	[0] Candidate demonstrates no understanding of what is meant by the terms Fixed Costs and Variable Costs.	[0] No attempt at application.

- (b) Calculate the number of packets of frozen chips that Crispy Potatoes Ltd must produce and sell per annum, at the proposed new plant, in order to break-even. [4]

$$\text{BEP} = \frac{\text{Fixed Costs}}{\text{Contribution}}$$

$$\frac{700\,000}{1.5 - 0.8}$$

$$\frac{700\,000}{0.7}$$

1 000 000 packets

	AO1 Knowledge and Understanding 2 Marks	AO2 Application 2 Marks
Level 2	[2] Candidate demonstrates good understanding of the break even point.	[2] Candidate makes good application of break even.
Level 1	[1] Candidate demonstrates some understanding of the break even point.	[1] Candidate attempts to make some application of break even.
Level 0	[0] Candidate demonstrates no understanding of the break even point.	[0] No attempt at application.

(c) Analyse possible methods that Crispy Potatoes Ltd might use to improve its cash flow situation. [8]

There are many solutions to managing cash deficits some of which include the following:

- Leasing instead of buying equipment.
- Delaying the purchase of equipment.
- Shortening the average debtor collection period.
- Reducing Stock Levels.
- Asking suppliers to extend credit periods.

	AO1 Knowledge and Understanding 2 Marks	AO2 Application 2 Marks	AO3 Analysis 4 Marks
Level 2	[2] Candidate demonstrates good understanding of possible methods that Crispy Potatoes Ltd might use to improve its cash flow situation. Candidate makes good use of specialist vocabulary when it is appropriate.	[2] Candidate makes good application of the terms.	[3]–[4] Good analysis is made of possible methods that Crispy Potatoes Ltd might use to improve its cash flow situation.
Level 1	[1] Candidate demonstrates some understanding of possible methods that Crispy Potatoes Ltd might use to improve its cash flow situation. Candidate makes good use of specialist vocabulary when it is appropriate.	[1] Candidate attempts to make some application of the terms.	[1]–[2] Limited analysis is made of possible methods that Crispy Potatoes Ltd might use to improve its cash flow situation.
Level 0	[0] Candidate demonstrates no understanding of possible methods that Crispy Potatoes Ltd might use to improve its cash flow situation.	[0] No attempt at application.	[0] No attempt at analysis is made.

(d) Discuss the advantages and disadvantages of budgeting for Crispy Potatoes Ltd. [12]

- Budgeting is dependent upon the quality of the information provided. Poor quality information results in budgets that are meaningless.
- Subsequent budgets can become very inflexible.
- Budgets can be demotivating if the users have not been involved in the budgeting process.

There can be a danger of management becoming over dependent on budgets at the expense of managing.

	AO1 Knowledge and Understanding 3 Marks	AO2 Application 3 Marks	AO3 Analysis 2 Marks
Level 3	<p>[3] Candidate demonstrates excellent understanding of the advantages and disadvantages of budgeting for Crispy Potatoes Ltd.</p> <p>Candidate makes good use of specialist vocabulary when it is appropriate.</p>	<p>[3] Candidate makes excellent application of the terms.</p>	<p>[3] Very good analysis is made of the advantages and disadvantages of budgeting for Crispy Potatoes Ltd.</p>
Level 2	<p>[2] Candidate demonstrates good understanding of the advantages and disadvantages of budgeting for Crispy Potatoes Ltd.</p> <p>Candidate makes good use of specialist vocabulary when it is appropriate.</p>	<p>[2] Candidate makes good application of the terms.</p>	<p>[2] Good analysis is made of the advantages and disadvantages of budgeting for Crispy Potatoes Ltd.</p>
Level 1	<p>[1] Candidate demonstrates some understanding of the advantages and disadvantages of budgeting for Crispy Potatoes Ltd.</p> <p>Candidate makes good use of specialist vocabulary when it is appropriate.</p>	<p>[1] Candidate attempts to make some application of the terms.</p>	<p>[1] Limited analysis is made of the advantages and disadvantages of budgeting for Crispy Potatoes Ltd.</p>
Level 0	<p>[0] Candidate demonstrates no understanding of the advantages and disadvantages of budgeting for Crispy Potatoes Ltd.</p>	<p>[0] No attempt at application.</p>	<p>[0] No analysis is made of the advantages and disadvantages of budgeting for Crispy Potatoes Ltd.</p>

A04 Evaluation 4 marks	
Level 3	<p>[4] Candidate gives a full evaluation of the arguments presented and forms a final judgement.</p> <p>Candidate demonstrates good spelling, punctuation and grammar. The meaning of the text is clear. The candidate has consistently used a form and style appropriate to the purpose of the question.</p>
Level 2	<p>[2]–[3] Candidate gives a satisfactory evaluation of the arguments presented and forms a final judgement.</p> <p>Candidate demonstrates satisfactory spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a satisfactory level of writing, form and style appropriate to the purpose of the question.</p>
Level 1	<p>[1] Candidate attempts some evaluation of the arguments presented.</p> <p>The candidate makes limited use of spelling, punctuation and grammar. The meaning of the text is not always clear. The candidate demonstrates a limited form and style appropriate to the purpose of the question.</p>
Level 0	<p>[0] Candidate gives no evaluation of the arguments presented and forms no final judgement.</p>

(e) Evaluate break-even analysis as a decision-making tool for Crispy Potatoes Ltd.

[12]

The break-even point is the point at which a firm neither makes a profit nor a loss. This analysis is important for an as it will indicate how many units of a product or service that are needed for the firm to break even.

Advantages

- Break-even can be calculated quickly and easily
- Break-even is easy for non accountants to understand
- The impacts of changes in variables can be quickly estimated
- Graphical representations can be shown
- Decisions about future investments can be made before capital is spent.

Disadvantages

- Decisions are based on break-even point, not on potential profit levels
- The time aspect of money is not considered
- Economies of scale are not considered
- The graphs show a linear relationship with output levels.

	AO1 Knowledge and Understanding 3 Marks	AO2 Application 2 Marks	AO3 Analysis 3 Marks
Level 3	<p>[3] Candidate demonstrates excellent understanding of break-even analysis as a decision-making tool.</p> <p>Candidate makes good use of specialist vocabulary when it is appropriate.</p>	<p>[3] Candidate makes excellent application of the terms.</p>	<p>[3] Excellent analysis of break-even analysis as a decision-making tool.</p>
Level 2	<p>[2] Candidate demonstrates good understanding of break-even analysis as a decision-making tool.</p> <p>Candidate makes good use of specialist vocabulary when it is appropriate.</p>	<p>[2] Candidate makes good application of the terms.</p>	<p>[2] Good analysis of break-even analysis as a decision-making tool.</p>
Level 1	<p>[1] Candidate demonstrates some understanding of break-even analysis as a decision-making tool.</p> <p>Candidate makes good use of specialist vocabulary when it is appropriate.</p>	<p>[1] Candidate attempts to make some application of the terms.</p>	<p>[1] Limited analysis of break-even analysis as a decision-making tool.</p>
Level 0	<p>[0] Candidate demonstrates no understanding of break-even analysis as a decision-making tool.</p>	<p>[0] No attempt at application.</p>	<p>[0] No analysis</p>

A04 Evaluation 4 marks	
Level 3	<p>[4] Candidate gives a full evaluation of the arguments presented and forms a final judgement.</p> <p>Candidate demonstrates good spelling, punctuation and grammar. The meaning of the text is clear. The candidate has consistently used a form and style appropriate to the purpose of the question.</p>
Level 2	<p>[2]–[3] Candidate gives a satisfactory evaluation of the arguments presented and forms a final judgement.</p> <p>Candidate demonstrates satisfactory spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a satisfactory level of writing, form and style appropriate to the purpose of the question.</p>
Level 1	<p>[1] Candidate attempts some evaluation of the arguments presented.</p> <p>The candidate makes limited use of spelling, punctuation and grammar. The meaning of the text is not always clear. The candidate demonstrates a limited form and style appropriate to the purpose of the question.</p>
Level 0	<p>[0] Candidate gives no evaluation of the arguments presented and forms no final judgement.</p>

Question 2 40

Total 80

