

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS General Certificate of Education Advanced Subsidiary Level and Advanced Level

BUSINESS STUDIES

Paper 2 Data Response SPECIMEN MARK SCHEME 9707/02 For Examination from 2011

1 hour 30 minutes

MAXIMUM MARK: 60

This document consists of 6 printed pages.



1 (a) Explain the following terms:

(i) private limited company

www.papacambridge.com Content: A legal structure for a business that is incorporated and has limited liability Shares are owned privately and are not traded on the stock exchange.

Level 2: Good understanding [3–2 marks] Level 1: Partial understanding [1 mark]

(ii) multinational

[3]

Content: Usually a large corporation that operates in several countries. Can be very influential.

Level 2: Good understanding [3–2 marks] Level 1: Partial understanding [1 mark]

(b) (i) Calculate the percentage change in sales of components between 2005 and 2006. [2]

Sales of components in 2006 = \$90k Sales of components in 2005 = \$50k Increase =\$40k Therefore percentage increase =\$40kl\$50k × 100 =80%

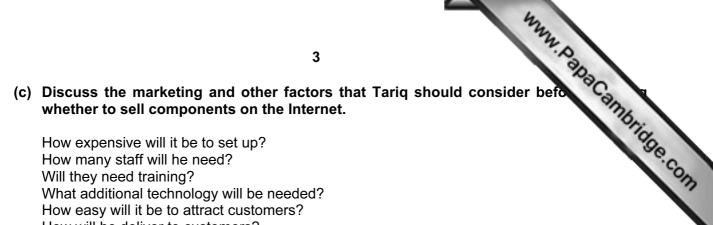
(ii) How does your answer to (b) (i) and other information in Table 1 support Tarig's idea of focusing more on the sale of components? [6]

Issues that may be considered: Figures generally show positives:

- Increased rents on shops making retailing more costly, less profitable
- Declining sales of computers suggests new markets •
- Rapid growth in sales of parts suggests a suitable market
- Increase in unsold computers
- ARA

| Knowledge and application | Analysis and evaluation |
|--|----------------------------------|
| Shows understanding of the data in context [4–3 marks] | |
| Show knowledge/understanding of the data [2–1 marks] | Analyses the data [2–1 marks] |

2



How expensive will it be to set up? How many staff will he need? Will they need training? What additional technology will be needed? How easy will it be to attract customers? How will he deliver to customers? How much marketing will be needed and what sort? Security? Disintermediation ARA

Context will be shown by using the factors identified in the case.

Analysis will be shown by discussing the factors.

| Knowledge and Application | Analysis and Evaluation |
|--|--|
| Level 2: Shows understanding of issues involved in setting up on-line trading in context | Level 2 Evaluation of the factors in context |
| [4–3 marks] | [6–3 marks] |
| Level 1: Shows knowledge/understanding of issues involved in online trading | Level 1 Analysis of the issues |
| [2–1 marks] | [2–1 marks] |

Evaluation is likely to arise from consideration of the critical factors.

(d) Using the information in Table 2, explain one method of stock control the use to improve its management of stock.

Answer only requires one method of stock control but does require use of Table 2

www.PapaCambridge.com More closely match stocks to demand, life and reliability of suppliers For example, computers have high stocks relative to life, and sales are falling. Use of stock graphs would enable significant reduction. Presumably most expensive item therefore release working capital.

Memory stocks are higher than useful life, so some will become obsolete. Very short life, reliable suppliers so JIT?

Disks have low stocks with steady sales, may be case for looking at buffer stock. ARA

| Knowledge and Application | Analysis and Evaluation |
|--|---|
| Level 2: Shows understanding of a method of stock control in context of the business [4–3 marks] | |
| Level 1: Shows knowledge/understanding of a method of stock control | Level 1 Analysis of the data in relation to a method of stock control |
| [2–1 marks] | [2–1 marks] |

2 Paperclips

(a) Explain the following terms:

(i) Stakeholders

www.papacambridge.com Content: Groups who have an interest in the performance of a business, typically including employees, shareholders, customers, suppliers, the state, the community.

5

Level 2: Good understanding Level 1: Partial understanding [2–3 marks] [1 mark]

(ii) Market Research

[3]

Content: Gathering data about market size and trends, competitors, consumer buying habits or likely sales levels. Can be from primary or secondary sources.

Level 2: Good understanding [2–3 marks] Level 1: Partial understanding [1 mark]

(b) (i) If sales in month 4 are \$800, calculate the closing balance in Table 1 for that month. [2]

Closing balance = opening balance + sales - costs = \$200 + 800 - \$300 - \$100 = \$600

[2 marks] Correct answer Attempt, or figures identified [1 mark]

(ii) State two reasons why the directors of PC might have difficulty raising the \$200 cash shortfall needed for month 2. [2]

New business Only students No security Investing in students' business Risk Students don't have much money to invest Etc. ARA

Knowledge and Application

1 mark for each reason

(iii) Explain the difference between cash and profit.

www.papaCambridge.com Profit is calculated using accruals (when things are bought and sold rather that they are paid for).

> cash/profit [3–4 marks]

Cash is calculated on the basis of money flowing in and out of the business. Because stock is purchased on credit the two are different.

| Knowledge and Application | | |
|--|--|--|
| Level 2: Shows understanding of difference between | | |
| | | |

Level 1: Shows understanding of issues involved in cash/profit [1-2 marks]

(c) Recommend and justify a marketing mix for PC.

Going to be difficult to compete on price with supermarket Promotion will, therefore be important Business is raising money for charity - good promotional point Student business, should be supported by teachers, other students On site, so much more convenient ARA

| Knowledge and Application | Analysis and Evaluation |
|--|--|
| Level 2: Shows understanding of factors/mix in context of the business | Level 2: Evaluation of factors (advice) in context |
| [3–6 marks] | [3–4 marks] |
| Level 1: Shows understanding of marketing mix/factors | Level 1: Analysis of the factors |
| [1–2 marks] | [1–2 marks] |

(d) Briefly analyse the likely aims of PC as a social enterprise.

[6]

Content: Half of profits to go to charity Provide good quality products and service to colleagues Practical business education of students Raise awareness of social enterprise among student population Triple bottom line - e.g. people/planet/profit

| Knowledge and Application | Analysis and Evaluation |
|---|-------------------------------|
| Level 2: Shows understanding of social enterprise aims in context of the business [3–4 marks] | |
| Level 1: Shows understanding of social enterprise aims | Level 1: Analysis of the aims |
| [1–2 marks] | [1–2 marks] |

[10]