

Business Studies A (Short Course)

General Certificate of Secondary Education **1051/01**

Paper 1

Mark Scheme for June 2010

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Mark schemes should be read in conjunction with the published question papers and the Report on the Examination.

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Question			Syllabus Ref	Expected Answer	Mark	Rationale
1	(a)			Target: To show and apply knowledge of the main features of public limited companies and the control and distribution of profits for a public limited company.		
1	(a)	(i)	6.2 a	public limited company 1 mark for each correct word.	[3]	
	(a)	(ii)	6.2 a	Advantages might include: <ul style="list-style-type: none"> • Dividends • Increased share value • Profit made from selling shares • Some say at AGM. 	[2]	Exemplar: Owning shares in Plateau plc means that you can earn money from them (1) either in terms of profit from the sale (1) or from dividends which are paid each year from the profit (1). 1 mark for advantage 1 mark for explanation DO NOT accept two advantages.
1	(b)			Target: To show knowledge of stakeholder groups and to analyse that knowledge in terms of the stakeholders of Plateau plc.		
1	(b)	(i)	6.1	Correct answer: Increase market share, growth, profit and increased share value 1 mark for each correct answer.	[4]	Accept first four boxes ticked. If all boxes ticked no marks.
1	(b)	(ii)	6.1	DO NOT accept managers 1 mark for relevant stakeholder eg suppliers (1) 1 mark for reason + 1 mark for context/application	[3]	but any stakeholder could be accepted if (iii) is an adequate explanation. Exemplar: The hotels/customers will be affected the most because they will be buying a lot of the tableware which may break or not be oven proof. (1) This means that they will have wasted their money. (1) OR The owners of the business may be affected as the customers will not come back to Plateau plc for repeat purchases (1) and sales and profits will fall. (1)

Question			Syllabus Ref	Expected Answer		Mark	Rationale
1	(b)	(iii)	6.1	suppliers of the raw materials or the community. 1 mark for simple reason + 1 mark for further implication. Max 2 marks for 2 nd part of the question.		[3]	but any stakeholder could be accepted if (v) is an adequate explanation. Exemplar: The suppliers will not be affected by the decision because they are only interested in supplying as many raw materials as possible (1) they are not interested in the sales of the finished product (1). OR The community will not be particularly affected as Plateau plc does not sell their products to the general public (1) only to businesses like hotels (1).
1	(c)		6.2	Order stock		[4]	1 mark for each correct tick or first four ticked. If all boxes ticked no marks.
				Set company objectives	✓		
				Recruit part time staff			
				Attend Board meetings	✓		
				Hold Annual General Meeting	✓		
				Day to day decisions			
				Approve final accounts	✓		
				Organise waste collection			

Question			Syllabus Ref	Expected Answer	Mark	Rationale
2	(a)			Target: To apply knowledge of sole traders and unlimited liability in the context of Plateau plc.		
2	(a)	(i)	6.2	Advantages: <ul style="list-style-type: none"> • can decide when they want to work • can decide how much work they want to do • can keep all the profit • have a regular customer. 	[2]	Exemplar: The designers are sole traders so they are able to make their own decisions (1) about how much work they want to do (1) and when they want to do it. (1) 1 mark for advantage + 1 mark for explanation.
	(a)	(ii)	6.2	Business does not have a legal identity separate from its owners. Any reasonable explanation showing understanding.	[2]	Unlimited Liability is when the owners of a business are liable for all the debts of the business (1) including risking most of their own possessions (1).
2	(a)	(iii)	6.1	Disadvantages to Plateau plc: Sole traders, unlimited liability - risky No control over designers (general) Quality problems No control over creation of designs Communication Distance/access – need to look at designs. One mark for a statement + 2 for development points.	[3]	Exemplar: The biggest disadvantage to Plateau plc is that they have little control over what the designers are doing (1) especially in terms of meeting deadlines (1) or quality (1).
2	(b)			Target: To apply, analyse and evaluate knowledge of the problems involved with importing goods in the context of the European Union.	[6]	

Question			Syllabus Ref	Expected Answer	Mark	Rationale
2	(b)		6.1 b	<p>Could choose any of the factors but language and quality are unlikely to be the most important. Reward is given for reasoning applied to Plateau plc.</p> <p>Level 2 (3-6 marks) Any judgement made about one or more factors supported by reasoning. Maximum marks if there is a supported comparison regarding other factors. Maximum 3 marks if no context/application</p> <p>Level 1 (1-2 marks) Simple selection of one or more factors with some idea of implications. MAX 1 mark for 2 selected.</p>		<p>Exemplar: The most important factors for Plateau to consider when importing raw materials from France and Spain are the exchange rate and the reliability of the deliveries (L2 if supported by analysis). In France and Spain they use the euro (L1) and so Plateau plc will have to change pounds into euros (L1) which mean that it may cost them more money than if they bought in pounds. (L2). The exchange rate changes all the time and this might make it difficult for Plateau plc to predict how much money it will make (L2). Plateau plc must also know when they will get the raw materials or they will not be able to produce anything (L1) and therefore not be able to deliver to the hotels. These are more important than quality as they are not interested in quality (full marks).</p>
2	(c)		6.3 b	Target: To show knowledge of production methods and to apply, analyse and evaluate that knowledge in the context of Plateau plc.		
2	(c)	(i)		<p>Large amount of machinery/robotics</p> <p>Standardised product</p> <p>Division of labour</p> <p>Large number of products</p> <p>Continuous/no stoppages/assembly lines.</p>	[2]	<p>Exemplar: One feature of flow production is that all the products are the same. (1) This means that a large number of the same product can be made (1) with no stoppages (1). 1 mark for feature + 1 mark for explanation.</p>
2	(c)	(ii)	6.3 b	<p>Economies of scale might include:</p> <p>Purchasing</p> <p>Managerial</p> <p>Financial</p> <p>Marketing</p> <p>Technical</p> <p>Risk Bearing</p> <p>1 mark for type of economy + 2 marks for development.</p>	[3]	<p>Exemplar: Plateau plc can achieve purchasing economies of scale (1) because the more they buy the more discount they will get (1) through bulk purchases (1) and this will reduce the cost of each plate or saucer that they make. (1)</p>

Question			Syllabus Ref	Expected Answer	Mark	Rationale
2	(c)	(iii)	6.3 b	<p>Reasons for Batch: Different types of product Basically the same materials Small adjustments to machinery Each batch can be finished before the next batch Changes in design can take place Number made can match demand.</p> <p>Reasons for Flow: Machinery in Place Labour force in place, no new skills required No change or new investment More products can be made Economies of scale.</p> <p>Level 2 (3-6 marks) Maximum 3 marks if no comparison of methods. Up to six marks for judgement and analysis of two methods in context.</p> <p>Level 1 (1-2 marks) Application of one method in context with limited analysis. Simple knowledge of a method only one mark.</p>	[6]	<p>Either method of production could be argued. However batch is naturally the best choice for these products but a student could make a good case for flow as well</p> <p>Exemplar: Plateau plc should move to batch production as this means that the business can make more designs (L1) to meet the demand of the hotels (L2). Tableware uses the same materials and therefore it is only a matter of changing the design itself and adjusting the machinery slightly to make the tableware (L2). It would also be better if they want to expand the business and the different designs might help attract more customers.(L2) Flow production means that they make the same product all the time and there may not be a continuous demand all the time and products will be left in storage. It is better to be able to change the products to meet demand. (L2)</p>

Question			Syllabus Ref	Expected Answer	Mark	Rationale
2	(d)			Target: To apply knowledge of payment systems to the workers at Plateau plc.		
				Gross Pay Basic Pay 210 (2) Overtime Pay 45 (2) Total Gross Pay 255 (2) Net Pay 185 (2) Deductions £ Income Tax 45 70 National Insurance 25 Total Deductions 70		
2	(d)	(i)	6.4 a	35 X 6 (1) = 210 (1).	[8]	
				9 X 5 (1) = 45 (1).		
			6.4 a	210 + 45 (1) = 255 (1).		
			6.4 a	255 – 70 (1) = 185 (1) OFR applies only applies for NET PAY.		
2	(d)	(ii)	6.4 a	Extra time spent above required working week Inconvenience Motivational Extra Productivity To encourage staff to work extra hours, they	[2]	Exemplar: workers are paid a higher rate of pay for overtime because it means that the production lines can produce more products (1) and the workers are better motivated to work longer hours (1). They are also paid for their inconvenience. (1)

				wouldn't work otherwise Fulfil orders/meet deadlines		
				Total	[34]	

Question			Syllabus Ref	Expected Answer	Mark	Rationale
3	(a)			Target: To show knowledge of marketing mix, to apply and analyse that knowledge in the context of Plateau plc.		
3	(a)	(i)	6.3 a	<p>Reasons:</p> <p><i>Fewer customers therefore:</i> Better relationships No 'middle man' Better communication <i>Less cost:</i> Transport Advertising Wages etc No middleman.</p> <p>Any reason 1 mark + 2 marks for development.</p>	[3]	Exemplar: Plateau plc keep prices low for hotels because they have fewer customers (1) and this means that costs for advertising (1), communication (1) and wages (1) are lower because there aren't so many businesses to deal with. (1)
3	(a)	(ii)	6.3 a	1 mark for explaining informative advertising + 1 mark for making a comparison with persuasive OR an example.	[2]	Informative advertising is advertising which gives customers more information about a product such as how it can be used (1), what it is made of, how long it will last rather than trying to persuade them to buy through their emotions. (1)
3	(a)	(iii)	6.3	<p>Could make an argument for any of the options. It is the analysis and evaluation of the option which is rewardable.</p> <p>The argument will depend upon the priorities of the hotel. Candidates may identify that quality and design would be most important to a 3, 4 or 5 star hotel, whereas small price/discounts may be more important to cheaper hotels that are looking to lower costs.</p>	[6]	<p>Example: If it is expensive hotels which are buying the tableware then they would want good designs and good quality (L1) because this would match their image and mean that customers might return to their restaurant (L2). However if the hotels were in the cheaper range they would prefer to have reasonable prices in order to lower their costs and make more profit. (L2)</p> <p>Evaluation can be rewarded by: Comparison of hotels requirements Comparison of factors Importance of factors with good reasoning and implications.</p>

Question			Syllabus Ref	Expected Answer	Mark	Rationale
				<p>Level 2 (3-6 marks) Candidate analyses and evaluates at least one aspect of marketing in the context of the business. Candidate only needs to reject one other option.</p> <p>Level 1 (1-2 marks) Candidate selects one or more aspects of marketing and analyses the implications to the hotels.</p>		Level 2, candidates only need to reject one option.
3	(b)			Target: To apply knowledge of the classification of costs in the context of a business.		
3	(b)	(i)	6.3 b	Rent of premises Insurance Salaries.	[1]	
3	(b)	(ii)	6.3 b	Cost of stock Cost of delivery Transport Wages Internet/telephone Postage.	[1]	
3	(c)			Target: To show and apply knowledge of sources of finance in the context of the business.		

Question			Syllabus Ref	Expected Answer	Mark	Rationale
3	(c)	(i)	6.2 b	<p>Disadvantages of a long term loan: (may refer to either or both options.)</p> <p>Time taken to pay it off Interest to be paid Increase any debt they already have. May not be able to raise enough money.</p> <p>No application to Plateau plc maximum 1 mark.</p>	[3]	<p>Exemplar: A disadvantage of a long term loan is that it will take a long time to pay off (1) and interest will have to be paid on it (1). It might not be practical for retail outlets as it is such a large amount. (1)</p> <p>1 mark for disadvantage 2 marks for development.</p>
3	(c)	(ii)	6.2 b	Shares are the obvious answer for a plc but could accept debentures or leasing of retail outlets.	[1]	Accept shares, debentures and leasing.
3	(d)			Target: To analyse and evaluate knowledge of the impact of the objectives of a business upon the marketing of a business in the competitive UK market.		
3	(d)	(i)	6.1 b	<p>Factors:</p> <ul style="list-style-type: none"> • Location • Ease of set-up • Objectives of the business • Effect on the workforce • Expected demand • Market Research • Expected sales/profit levels. 	[2]	

Question			Syllabus Ref	Expected Answer	Mark	Rationale
3	(d)	*(ii)	6.1 b	<p>Any judgement in context will achieve Level 2</p> <p>Reasons for mail order: No retail outlets to find or pay for No middlemen to pay Quicker communication and payment Use of website/attracts a wider market.</p> <p>Reasons for retail: Customers can see the goods/designs No delivery problems Close to market Better communication with the market Personal service.</p> <p>Level 2 (3-6 marks) Candidate compares the two options in terms of at least one criterion and makes a judgement based on this comparison. MAX 4 marks if no decision supported by analysis.</p> <p>Level 1 (1-2 marks) Candidate makes simple statements about advantages and disadvantages of each with little or no comparison and no judgement.</p> <p>Candidates will also be assessed for their Quality of Written Communication on this part of the question, according to the following requirements: Ideas are expressed clearly, fluently, legibly and in an appropriate way. There are few errors in spelling, punctuation and grammar. (2).</p>	<p>[6]</p> <p>[2]</p>	<p>Exemplar: The success of either option would depend on the likelihood of an increase in sales. (L1) Plateau plc is used to selling large quantities of tableware to the hotels. They would have to make and keep a much wider range of stock (L2) if they sold by mail order and they may have to provide delivery facilities. Often customers wish to see products such as tableware (L1) and it would be better for them to showcase their products in a shop. However mail order is a lot less expensive as they could use their existing website and would not have to invest in retail outlets which may cost money either to purchase or to rent. (L2) I think that in the short run it would be better to use mail order. (L2)</p>

Question			Syllabus Ref	Expected Answer	Mark	Rationale
				<p>Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer. (1)</p> <p>Candidate fails to reach the threshold standard in all respects. (0)</p>		
				Total	[27]	

Question			Syllabus Ref	Expected Answer	Mark	Rationale
4	(a)		6.4 b	Target: To show and apply knowledge of methods of recruitment at Plateau plc. Advantages of external recruitment: New ideas New skills Wider range of applicants. Any two points 1 mark each x 2.	[4]	Exemplar: External recruitment means that there are more applicants to choose from (1) and this means that they are likely to get a much better employee. (1) 1 mark for each advantage + 1 mark for development x 2.
4	(b)		6.2 a	Target: To show knowledge of relationships between people in an organisation. Passing down of authority/jobs.	[2]	Delegation is when a manager passes down jobs and tasks/authority (1) to people or subordinates lower in the organisation structure (1).
4	(c)		6.4 b	Target: To show knowledge of documentation involved in the recruitment process. TRUE.	[1]	
4	(d)		6.4 c	Target: To show and apply knowledge of the purpose of induction training and to analyse and evaluate that knowledge in the context of Plateau plc. Reasons for induction training Level 2 (3-4 marks) Candidate applies induction in context and evaluates its importance in relation to either the business or Plc. Level 1 (1-2 marks) Candidate shows some understanding of reasons for induction with limited application to the business.	[4]	Exemplar: Induction training is important for the new market research assistant because it means that they can become familiar with the business (L1), the building and the people they will work with (L1). It is important for the market research assistant to know about the products, which the business sells and the customers so that they can research the market effectively (L2).

Question			Syllabus Ref	Expected Answer	Mark	Rationale
4	(e)		6.3 c	<p>Target: to demonstrate knowledge of the accounts of a business.</p> <p>Net profit will fall.</p>	[1]	Accept first tick only.
4	(f)		6.3 c	<p>Target: To demonstrate knowledge of the main elements of the balance sheet.</p>		
				<div> <div></div> <div>(£000)</div> <div> <div>(£000)</div> <div> <div>Fixed Assets</div> <div>3000</div> </div> <div> <div>Current Assets</div> <div>60</div> </div> <div> <div>Current Liabilities</div> <div>30</div> </div> <div>Working Capital</div> </div> <div> <div>Net assets</div> <div>3030</div> <div>Shareholders funds</div> <div>2500</div> <div>Retained Profit</div> <div>330</div> <div>Long Term Liabilities</div> <div>200</div> <div>Capital Employed</div> </div> </div>		

				<p>Current Assets – Current liabilities</p> <p>60-30 (1) = £30,000 (1) OR 30 as would be shown in the table</p> <p>2 marks for correct answer 1 mark for correct formula.</p>	[4]	<p>Marks given if correct answer. 30 in the table is correct but 30 on the paper is incorrect.</p>
				<p>2500+330+200 (1)= £3,030,000 OR 3030 (1)</p> <p>2 marks for correct answer.</p>		<p>3030 if entered in table is correct but not if written on the paper.</p> <p>No marks deducted for £ sign.</p>

Question			Syllabus Ref	Expected Answer	Mark	Rationale
4	(g)			<p>Target: To demonstrate and apply knowledge of accounts in order to analyse and evaluate their usefulness in decision making.</p> <p>Either answer can be correct.</p> <p>Profit and Loss Shows costs Shows potential revenue Shows changes in gross and net profit.</p> <p>Balance Sheet Shows changes in value of the business Shows increases in assets Shows increases in liabilities such as loans. Shows reserves of capital.</p> <p>Level 2 (3-4 marks) Some good reasoning for judgement about which account is more useful to the business. Full marks for comparison of both.</p> <p>Level 1 (1-2 marks) General analysis not in context with no comparison or judgement made.</p>	[4]	The profit and loss account would be more useful because it shows the costs of the business (L1) and both of the options will increase the costs of the business (L2). In both options costs will increase and profit is likely to fall. However if sales increase then profit may rise. (L2). The Balance Sheet will not be of so much use because it does not show costs or how profit will change. (L2)
				Total	[20]	

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