

November 2002

INTERNATIONAL GCSE

MARK SCHEME
MAXIMUM MARK : 100
SYLLABUS/COMPONENT : 0450/04
BUSINESS STUDIES



Q1 (a) 1 mark for each difference stated.
 Eg. - Number of shares
 - Name Ltd & plc
 - Ltd cannot sell shares to the public
 - Publish accounts **Total = 2 marks**

(b) 1 mark for each reason with an additional mark for expansion
 Eg. - new purpose built factory (efficient layout to new site)
 - nearer to new market (cheaper transport costs)
 - no room on existing site (restricted space to introduce new equipment)
 - skilled labour available in Europe (to use new equipment so no training required)
 (3 x 2 marks) **Total = 6 marks**

(c) Level 1 – state advantage of capital-intensive methods of Production 1 mark
 Eg. - more efficient
 - lower costs
 - less labour
 Level 2 – Explain why it is an advantage 2-4 marks
 Eg. It is more efficient because more of the product can be produced at a faster rate (2 marks)
 (2 x 4 marks) **Total = 8 marks**

(d) 1 mark for each suitable source of finance
 (i) machinery – e.g. lease, bank loan, rent,
 (ii) factory building – e.g. mortgage, bank loan, sell shares
 (iii) stocks of raw materials – e.g. overdraft, trade credit
 (3 x 1 mark) **Total = 3 marks**

(e) Level 1 – simple statements giving reasons why they should either use the same finance or different sources. Up to 3 marks
 Level 2 – developed argument giving reasons why they should use the same or different sources.
 4 – 6 marks **Total = 6 marks**

Q2 (a) Chart -Title - 1 Mark
 Axes labeled - 2 Marks
 Accurately drawn - 2 Marks
 (deduct 1 mark for each error - \$'000 missing is an error)

Total = 5 Marks

(b) (i) Current ratio – 15000:6000
 2.5:1 2 marks correct answer.
 Correct formula but incorrect answer - 1 mark

2 marks for explaining what the ratio shows e.g. liquidity of the business, if they can pay their short-term debts.

(2 + 2) **Total = 4 marks**

(ii) Level 1 – simple statements up to 3 marks
 Eg. - To see the value of the company's assets
 - To see what the company owes
 - To see what loans it already has.

Level 2 – explained the statements 4-6 marks
 Eg. – If the company already has several loans then the Bank Manager might be reluctant to lend them any more money as they might find it difficult to pay it back. (4)

Total = 6 marks

(c) (i) 1 mark for each source - newspapers
 - government reports
 - market research agency reports
 - industry magazines
 - company sales reports **Total = 2 marks**

(ii) 1 mark for each source - questionnaires
 - interviews
 - consumer panels
 - experiment

Total = 2 marks

(iii) Up to 6 marks for explaining, in detail, how a stated method of primary research might be carried out.

(1 x 6marks) **Total = 6 marks**

Q3 Report

6 marks for report format - Title

- Terms of Reference/To: From:
- Date
- Introduction
- Method/Procedure
- Results/Findings
- Conclusion
- Recommendations

4 marks

for the introduction outlining the problem.
 - what methods of production should the company use?
 - the business is expanding and it needs to decide how it will finance this

24 marks

for discussing the advantages and disadvantages of financing
 (i) the factory building
 (ii) the machinery
 (iii) the stocks of raw materials
 (8 marks for each OR these may be transferred for a good answer to a particular source of finance)

6 marks

for the conclusion
 1 - 3 marks for simple answer.
 4 - 6 marks for weighing up the pro's and con's of the alternative courses of action.

10 marks

for the recommendations
 1 - 3 marks if simple response "He should change into a public limited company"
 4 - 7 marks if they have developed their answer into a clear strategy of which forms of finance to use.
 8-10 marks for a full well explained answer justified using Business Studies Terminology. It must be clear why this type of finance would be the most suitable for D & V Limited.
 Do not reward a list of strategies - up to 3 marks maximum if no explanation is given.

Total = 50 Marks