

Mark Scheme (Results)

June 2008

GCE

GCE Business Studies (6124/01)

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.

Unit 6124/01 - Analysis and Decision-Making Mark scheme

Question Number	Indicative content
1(a)	<p>Valid points could include:</p> <ul style="list-style-type: none"> • As an established business it can look back at what happened at same time in previous years • the internet side of the business would benefit from some accurate sales forecasting as it is newly established • Jake could use extrapolation to project future trends of record/musical instrument sales • two different markets, shop and on-line sales, so forecasting should reflect this • other factors need to be considered eg changes in economic environment eg interest rates, economic growth etc, results of market research, competition and pricing policies from other record/musical instrument shops. <p><i>A level 4 candidate will discuss both sides of the argument and reach a valid conclusion.</i></p> <p><i>eg Golden Oldies is a well established business and therefore has plenty of data to base sales forecasts on. However, the newly established on-line market and new product range will have little financial evidence on which to base its forecast. Therefore Jake needs to remember that what happened in previous years is no guarantee of future performance, but sales forecasting is likely to be a useful technique to apply.</i></p> <p><i>A level 3 candidate will consider</i></p> <p><i>eg that sales forecasts predict ahead assuming no other changes and this cannot be guaranteed as markets are subject to all sorts of external factors eg competitor activity or changes in musical taste which could have a major impact on Jake's figures.</i></p> <p style="text-align: right;">Total 20 marks</p>

Level	Mark	Descriptor
Level 4	13-20	Candidate assesses how important sales forecasting might be to Jake and provides a valid conclusion.
Level 3	7-12	Candidate analyses how important sales forecasting might be to Jake, but may provide a one-sided argument.
Level 2	4-6	Candidate applies knowledge to show how important sales forecasting might be to Jake.
Level 1	1-3	Candidate shows some knowledge of sales forecasting.
	0	No rewardable material

Quality of Written Communication:

Quality of written communication will be assessed in question 1a by means of the following criteria:

Level 4 - well structured, flowing answer

Candidate expresses complex ideas extremely clearly and fluently. Answers are very well structured. Arguments are consistently relevant and well developed. There are few, if any, errors in spelling, punctuation and grammar.

4 marks

Level 3 - structure with developed points

Candidate expresses moderately complex ideas and answers are well structured. Arguments are generally relevant and developed. There are few, if any, errors in grammar, punctuation and spelling.

3 marks

Level 2 - some structure

Candidate expresses straightforward ideas clearly, but not always fluently. Answers are not well structured and arguments maybe weakly presented. There may be some error in grammar, punctuation and spelling.

2 marks

Level 1 - can understand

Candidate expresses simple ideas clearly, but may be confused or imprecise in the expression of ideas. There may be noticeable errors in spelling, grammar and punctuation.

0-1 Mark

Total 4 marks

Question Number	Indicative content																								
1(b)(i)	<p>Valid data could include:</p> <table border="1"> <thead> <tr> <th>Period</th> <th>Budgeted Revenue</th> <th>Actual Revenue</th> <th>Variance</th> </tr> <tr> <td></td> <th>£</th> <th>£</th> <td></td> </tr> </thead> <tbody> <tr> <td>Jan-April</td> <td>50 000</td> <td>42 150</td> <td>(7 850) <i>Adverse</i></td> </tr> <tr> <td>May-Aug</td> <td>60 000</td> <td>54 500</td> <td>(5 500) <i>Adverse</i></td> </tr> <tr> <td>Sept-Dec</td> <td>75 000</td> <td>78 350</td> <td>3 350 <i>Favourable</i></td> </tr> <tr> <td>Total</td> <td>185 000</td> <td>175 000</td> <td>(10 000) <i>Adverse</i></td> </tr> </tbody> </table> <p style="text-align: right;">Total 8 marks</p>	Period	Budgeted Revenue	Actual Revenue	Variance		£	£		Jan-April	50 000	42 150	(7 850) <i>Adverse</i>	May-Aug	60 000	54 500	(5 500) <i>Adverse</i>	Sept-Dec	75 000	78 350	3 350 <i>Favourable</i>	Total	185 000	175 000	(10 000) <i>Adverse</i>
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Level	Mark	Descriptor
Level 2	5-8	Candidate calculates variances and indicates whether adverse or favourable.
Level 1	1-4	Candidate shows some knowledge of variances, ie makes some form of comparison between budgeted and actual data
	0	No rewardable material

*Accept + or - or () to show variance as favourable or adverse

Question Number	Indicative content
1(b)(ii)	<p>Valid points could include:</p> <ul style="list-style-type: none"> • new product therefore difficult to budget • seasonal effect, September to December possibly favourable because nearer to Christmas people are buying musical instruments as presents • adverse may be due to poor promotion/advertising of the musical instruments in January to April • change in pricing of instruments caused a change in revenue because it affects its competitiveness • budgeted figures of musical instruments are based on assumptions concerning sales by age and gender and actual sales based on this may be totally different. <p><i>A level 3 candidate will consider</i></p> <p><i>eg the fact that budgets are based on assumptions and/or past sales. Jake has little previous experience of the musical instrument market and his assumptions are likely to be inaccurate causing the variance</i></p> <p style="text-align: right;">Total 12 marks</p>

Level	Mark	Descriptor
Level 3	7-12	Candidate analyses possible reasons for the variances calculated.
Level 2	4-6	Candidate applies knowledge of variances, possibly referring to the calculations.
Level 1	1-3	Candidate shows some knowledge of variances.
	0	No rewardable material

Question Number	Indicative content
2(a)	<p>Valid points could include:</p> <p>Cost Centre</p> <ul style="list-style-type: none"> • sound basis for a costing system, eg with internet sales, sheet music, instruments, finding a point where costs occur and charging to that item, easy with direct costs, not so easy with indirect costs • can carry out comparison between the costs the internet site incurs and the benefit it generates <p>Profit Centre</p> <ul style="list-style-type: none"> • it will be easier for Jake to monitor the performance of specific on-line sales compared to shop sales • loss making areas of his business ie possibly sheet music can be identified and action taken <p><i>A level 4 candidate having weighed up both aspects may conclude that eg because Golden Oldies is only a small business it is possibly not essential for Jake to use cost and profit centres as he has a good overview of his business. However, if the on-line sales continue to increase and the business needs to expand the musical items it offers on-line etc then if he had this system in place it would be easier in future to monitor the business's performance.</i></p> <p><i>A level 3 candidate will consider eg developing the internet side of his business will be costly and the web site may not bring in revenue immediately. It is therefore important for Jake to see that the money he is investing in this area is compensated for by sales generated on his web site.</i></p> <p style="text-align: right;">Total 16 marks</p>

Level	Mark	Descriptor
Level 4	9-16	Candidate evaluates whether adopting cost and profit centres is appropriate for Jake and provides a valid conclusion.
Level 3	5-8	Candidate analyses whether adopting cost and profit centres is appropriate for Jake, but may provide a one-sided argument.
Level 2	3-4	Candidate applies knowledge of whether adopting cost and profit centres to is appropriate for Jake
Level 1	1-2	Candidate shows some knowledge of cost and/or profit centres.
	0	No rewardable material

Question Number	Indicative content
2(b)	<p>Valid points could include</p> <ul style="list-style-type: none"> • Discussion on any of the following areas eg equality issues, minimum wage, full-time or part-time web designer • Jake will need to be aware of legislation in place eg Race Relations Act, Disability Discrimination Act when appointing a web designer • a contract of employment will have to be drawn up for the web designer • a safe working environment considering Health and Safety issues with particular reference to requirements for people working with IT equipment • there are specific requirements for the manner in which the recruitment procedure is carried out ensuring all applicants for the post of web designer receive similar treatment <p><i>A level 4 candidate will consider both the positive and negative aspects of Employment law to Golden Oldies and conclude that</i></p> <p><i>eg Jake must ensure that, within his advertisement for a web designer, he does not discriminate against any applicant for the job on the basis of age, gender etc. At interview everyone is asked the same questions and treated in the same way. Failure to follow the procedures could mean that an unsuccessful applicant could take action against Golden Oldies claiming some form of discrimination.</i></p> <p><i>A level 3 candidate will consider</i></p> <p><i>Jake would need to provide a safe working environment in terms of IT for the new web designer ensuring that he/she is allowed sufficient breaks away from the work station.</i></p> <p style="text-align: right;">Total 16 marks</p>

Level	Mark	Descriptor
Level 4	9-16	Candidate assesses the extent to which employment law will affect the employment process for Golden Oldies and provides a valid conclusion
Level 3	5-8	Candidate analyses the extent to which employment law will affect the employment process for Golden Oldies, but may provide a one-sided argument
Level 2	3-4	Candidate applies knowledge of the extent to which employment law will affect the employment process for Golden Oldies
Level 1	1-2	Candidate shows some knowledge of employment law
	0	No rewardable material

Question Number	Indicative content
2(c)	<p>Valid points could include:</p> <ul style="list-style-type: none"> • The chart shows the stages that Jake will go through before moving into larger shop premises • difficult to determine the timing of each event, eg fitting out the shop, therefore it is questionable how accurate the chart information is. May link in with CPA. • the chart clearly shows the current status of the planned move and important dates can be highlighted on it; this could include deadlines eg week 10 where stock is being moved in whilst the shop is still being fitted out • progress can be recorded by shading in blocks, so that Jake can see that he is likely to open the new shop on time • however, a Gantt chart does not show dependencies of tasks. if one task eg the shop fitting is falling behind it is going to affect the remainder of the schedule • does not show any information about other resources in the planning process eg refurbishment, financing of the move, health & safety checks on the premises <p><i>A level 3 candidate will consider</i></p> <p><i>eg that although a Gantt chart will allow Jake to plan his move, there is no way of knowing whether his timings are accurate or how vital some of them are. Arranging the lease, fitting the shop and training staff appear vital, the others more flexible.</i></p> <p style="text-align: right;">Total 8 marks</p>

Level	Mark	Descriptor
Level 3	5-8	Candidate analyses whether a Gantt chart is appropriate for Jake in planning his move to larger shop premises.
Level 2	3-4	Candidate applies knowledge of whether a Gantt chart is appropriate for Jake in planning his move to larger shop premises
Level 1	1-2	Candidate shows some knowledge of Gantt charts.
	0	No rewardable material

Quality Of Written Communication 4 marks
Total for paper 84 marks