

Applied Business

Advanced GCE A2 H426/H626

Advanced Subsidiary GCE AS H026/H226

Mark Scheme for the Components

January 2008

H026/H226/MS/R/08J

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F242 Understanding the business environment

Q	Expected Answer	AO	Mark
1 (a)	<p>Other than Wayne and Cheryl identify <u>two</u> stakeholders in Wayne's Gardening Services (WGS).</p> <p><i>One mark for each correct identification, up to a maximum of two identifications.</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • charlie – employee (1); • bank (1); • actual or potential customers or named customers e.g property management agents or Mr Jones or Colonel Danvers (1); - BUT NOT SHAREHOLDERS • suppliers (1); • rival firms (1); • community (1); • the government (1); • pressure group (1); • creditor (1); • any other valid suggestion (1). 	AO1	2*1
(b)	<p>What is meant by a sole trader business?</p> <p><i>Up to two marks for a definition.</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • an unincorporated business (1) owned by one person (1); • a business owned (1) and run by one person (1); • any other valid suggestion (1). 	AO1	1+1
(c)	<p>State <u>three</u> problems associated with operating a business as a sole trader.</p> <p><i>One mark for each correct identification up to a maximum of three identifications.</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • limited financial resources (1); • unlimited liability (1); • personal responsibility for decisions made (1); • limitations of the individual (1); • no continuity of existences (1); • lack of economies of scale (1); • lack of specialisation in management (1); • involves long hours (1); • no cover during illness (1); • any other valid suggestion (1). 	AO1	3*1

(d)	<p>What is meant by a franchise?</p> <p><i>Up to two marks for a definition.</i></p> <p>Possible response may include:</p> <ul style="list-style-type: none"> • a contractual relation between two firms in which one purchases the right (1) to use the name, logo and business format (1) of another firm; • the purchase/acquisition (1) of the right to trade using a brand name (1) or format of an existing firm (1); • buying the right (1) to trade under an established name (1); • any other valid suggestion. 	AO2	1+1
(e)	<p>Evaluate the benefits and drawbacks to Wayne of buying a franchise as a method of setting up in business.</p> <p>Level 1: (1-3 marks) <i>Candidate identifies benefits and drawbacks of a franchise arrangement.</i></p> <p>Level 2: (4-6 marks) <i>Candidate explains the benefits and drawbacks of a franchise in the context of Wayne's business.</i></p> <p>Level 3: (7-9 marks) <i>Candidate analyses the benefits and drawbacks of a franchise in the context of Wayne's business.</i></p> <p>Level 4: (10-12 marks) <i>Candidate evaluates the benefits and drawbacks of a franchise in the context of Wayne's business.</i></p> <p>Possible responses may include: The franchise obtains the benefit of using a tried and trusted business format, a well known name and external support (L1). The franchise is based on a developed product and business model which eliminates the need for the new entrepreneur to develop a new product and business. As Wayne was new to running a business there were advantages to him from a franchise arrangement (L2). This is especially useful to a person new to running their own business. Business failure is common in the early years of running a business and the guidance received from the franchisor reduces the risk of failure (L3). A franchise is a desirable arrangement in the early years of running a business but might prove frustrating and limiting depending on the terms laid down in the franchise contract or if the franchise fees are high (L4). Any other valid suggestion.</p>	AO1 AO2 AO3 AO4	Levels

2 (a)	<p>Using the information complete the budget statement below.</p> <p><i>For three marks:</i></p> <table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">Item</th> <th style="text-align: left;">Budget cost (£)</th> </tr> </thead> <tbody> <tr> <td>Hire of equipment</td> <td>200 (1)</td> </tr> <tr> <td>Consumables (petrol)</td> <td>20</td> </tr> <tr> <td>Payment to Charlie</td> <td>120 (1)</td> </tr> <tr> <td>Total cost</td> <td>340 (1)</td> </tr> </tbody> </table> <p>OFR applies to total cost.</p>	Item	Budget cost (£)	Hire of equipment	200 (1)	Consumables (petrol)	20	Payment to Charlie	120 (1)	Total cost	340 (1)	AO2	3*1
Item	Budget cost (£)												
Hire of equipment	200 (1)												
Consumables (petrol)	20												
Payment to Charlie	120 (1)												
Total cost	340 (1)												
(b)	<p>Calculate Wayne's expected profit on the £500 that he charged Mr Jones for undertaking this work.</p> <p><i>For two marks:</i></p> <p>Note: £160 = 2 marks</p> <p>£500 – £340 (1) = £160 (1) OFR applies</p>	AO2	2										
(c)	<p>State <u>two</u> items that Wayne should have included in his calculation but which he omitted from his budget statement in part (a).</p> <p><i>One mark for each correct identification up to a maximum of two identifications.</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • overhead costs (1); • van (1); • telephone (1); • administration (1); • interest payment (1); • payment for his own labour (1); • insurance (1); • advertising (1); • materials (1); • VAT (but not tax or income tax) (1); • any other valid suggestion. 	AO1	2*1										
(d) (i)	<p>Calculate the:</p> <p>profit or loss made by Wayne on this job.</p> <p><i>For four marks:</i></p> <p>Actual cost £400 (1) + £255 (1) + £36 = £691 (1) making a loss of £191 (1).</p> <p>£191 with no reference to loss = 3 marks (£191) or loss or £191 = 4 marks OFR applies</p>	AO2	4 +2										

(ii)	<p>total profit variance.</p> <p><i>For two marks:</i></p> <p>Own figure rule applies to (ii).</p> <p>Profit variance = £191 (loss) plus £160 (expected profit which did not materialise) (1) = £351 (1)</p> <p>One mark for demonstrating understanding of concept. Full marks for correct figure of £351.</p>		
(e)	<p>Using the table below, identify for a small business such as WGS:</p> <ul style="list-style-type: none"> • three ways in which ICT could be used; • three advantages of using ICT; • three costs associated with the introduction and use of ICT. <p><i>One mark for each correct identification to a maximum of 9 marks.</i></p> <p>Uses of ICT</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • to control credit (1); • to schedule work (1); • for invoices (1); • to keep accounts (1); • to produce advertising flyers (1); • for budgeting including cash budgets (1) • communication via e-mail and the internet (1); • to store data on customers (1); • for market research (1); • for making payments i.e internet banking (1); • any other valid suggestion. <p>Advantages of ICT</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • increased speed of calculation (1); • increased accuracy of information or calculation (1); • improved presentation of documents (1); • increased effectiveness in communication (1); • answers what if questions (1); • increased efficiency (1); or competitiveness (1); • creates a more professional/modern image (1); • any other valid suggestion. <p>Costs associated with the introduction and use of ICT</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • cost of the hardware (1); • cost of software (1); • training costs (1); • licensing of software (1); • repair and maintenance costs (1); 	AO1	3*3

	<ul style="list-style-type: none"> • printing costs (1); • cost of upgrading the system or software (1); • running costs e.g electricity (1); • cost of internet connection (1); • employment costs (1); • insurance or warranty costs (1); • any other valid response. 		
3 (a)	<p>What is meant by the term ‘leasing’?</p> <p><i>Up to two marks for a definition.</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • the acquisition of an asset by means of renting (1) on a long term basis (1); • unlike purchasing or hire purchase there is no transfer of ownership to the user (1) and cost is spread in instalments (1); • any other valid suggestion. 	AO1	2
(b)	<p>Analyse alternative sources of finance which would enable Wayne to acquire the new van.</p> <p>Level 1: (1-3 marks) Candidate identifies source(s) on finance.</p> <p>Level 2: (4-6 marks) Candidate applies knowledge and understanding of source(s) of finance in the context of Wayne’s business.</p> <p>Level 3: (7-9 marks) Candidate analyses sources of finance in the context of Wayne’s business.</p> <p>Possible responses may include: Wayne could finance expansion by using one or a combination of retained profits, own savings, bank loan, hire purchase, leasing or by selling an equity stake in the business (L1). Wayne likes to run a business independently and so might be reluctant to sell an equity stake in the business (L2). A bank loan enables Wayne to retain independence and provided he is able to service the debt it is the most appropriate way to finance expansion. It spreads the payment, he acquires an asset and at the same time retains full control of his business (L3). Any other valid suggestion.</p>	AO1 AO2 AO3	Levels

(c) (i)	Complete the following cashflow statement/forecast.										AO2	6
For six marks:												
STATEMENT										FORECAST		
£	Apr 07	May 07	Jun 07	Jul 07	Aug 07	Sept 07	Oct 07	Nov 07	Dec 07	Jan 08	Feb 08	Mar 08
Cash Inflow	2023	2450 (1)	3118	3618	3250	2890	2260	1258	1018	1000	1200	2000
Cash Outflow												
Petrol	250	250	310	315	318	310	280	237	180	200	200	200
Wages	455	475	528	565	570	470	350	0	0	0	0	0
Loan Repayments	400	400	400	400	400	400	400	400	400	400	400	400
Other Outflow	255	280	293	350	421	470	300	250	270	250	250	250
Drawings	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
Total Outflow	2360	2405	2531 (1)	2630	2709	2650	2330	1887	1850	1850	1850	1850
Netflow	(337)	45	587	988	541	240	(70) (1)	(629)	(832)	(850)	(650) (1)	150
Closing Balance	250	295	882 (1)	1870	2411	2651	2581	1952 (1)	1120	270	(380)	(230)

(ii)*	<p>Evaluate possible solutions for the cashflow problems facing WGS.</p> <p>Level 1: (1-3 marks) Candidate identifies possible solution(s) to cash flow problems.</p> <p>Level 2: (4-6 marks) Candidate explains possible solutions in the context of Wayne's business.</p> <p>Level 3: (7-9 marks) Candidate analyses implications of possible solution(s) in the context of Wayne's business.</p> <p>Level 4: (10-12 marks) Candidates evaluates possible solution(s) in the context of Wayne's business.</p> <p>Note: QWC question</p> <p>Possible responses may include:</p> <p>The possible solutions to seasonality in cash flow are:</p> <ul style="list-style-type: none"> • change the nature of the business to generate more off season sales; • ensure that cash inflow is sufficient in the peak season to tide him over the off peak; • control cash outflow to ensure that it synchronises with inflow; • seek external finance in the form of an overdraft (L1). 	<p>AO1 AO2 AO3 AO4</p>	<p>Levels</p>
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	<p>A diversification strategy might take the form of the franchise business referred to in the appendix or development of a landscaping business (L2). The franchise involves a substantial increase in costs for Wayne. He might be able to increase his peak season cash inflow although his is constrained by time and demand. Control of cash outflow might be difficult given the nature of his business (L3). Diversification (including taking up a franchise) might appear the best solution in terms of solving any problems but there are both costs and risks involved (L4). Any other valid suggestion.</p>		
(d)	<p>Calculate the new closing balance at the end of March 2008.</p> <p><i>For two marks:</i></p> <p>$(£230) + (400) (1) = (630) (1)$ Demonstration of understanding gives 1 mark</p> <p>£630 with no reference to method = 0 marks</p> <p>(£630) with no reference to method = full marks</p>	AO2	2

4 (a)	<p>Identify and describe <u>two</u> ways in which a change in the <u>political</u> environment could affect Wayne's business.</p> <p><i>One mark for each correct identification up to a maximum of two identifications plus up to a further one mark for each of two descriptions</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • change in taxation (1) – impact on consumer demand or retained profits (1); • change in law or regulations relating to health and safety or employment rights or minimum wage (1); • increases costs for businesses (1); • government support for small firms (1) – impact on availability of finance (1); • any other valid suggestion. 	AO1 AO2	(1+1)*2
(ii)	<p>Identify and describe <u>two</u> ways in which a change in the <u>social</u> environment could affect Wayne's business.</p> <p><i>One mark for identifying each correct identification up to a maximum of two identifications plus up to a further one mark for each of two descriptions</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • demographic change (1) – impact on consumer demand (1); • changes in lifestyle (1) – impact on attitude to gardening and therefore the demand for Wayne's services (1); • change in pattern of housing – impact on consumer demand (1); • compensation culture (1) – increase risk of legal action (1); • any other valid suggestion. 	AO1 AO2	(1+1)*2
(b)	<p>What is meant by each of the following terms:</p> <ul style="list-style-type: none"> • inflation? • interest rate? • unemployment? <p><i>Up to two marks for each definition.</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • inflation – rise in prices (1) average rise of prices in general (1); • interest rate – the amount of money payable above the size of the loan (1) on a loan as a percentage of the amount borrowed (1); or the price of a loan (1) expresses as an % (1); • unemployment – the number not in work (1) and seeking a job (1); • any other valid suggestion 	AO1	3*2

(c)	<p>Evaluate the extent to which WGS is likely to be affected by changes in economic conditions.</p> <p>Level 1: (1-3 marks) Candidate identifies ways in which the economy impacts upon business.</p> <p>Level 2: (4-6 marks) Candidate explains the possible impact of the economy in the context of Wayne's business.</p> <p>Level 3: (7-9 marks) Candidate analyses the possible impact of the economy in the context of Wayne's business.</p> <p>Level 4: (10-12 marks) Candidate evaluates the possible impact of the economy in the context of Wayne's business.</p> <p>Possible responses may include: The economy affects individual businesses in a variety of ways – costs of product, availability of labour, cost of borrowing and the level of customer demand (L1). A recession or unemployment will reduce the demand for services – especially non-necessities such as gardening services (L2). Anything which reduces people's ability or willingness to spend on gardening services will have a negative impact on Wayne. Inflation will reduce real incomes or spending power and make it more difficult for people to pay for Wayne's services (L3). However, if most of Wayne's customers are retired any rise in unemployment will have little or no impact on customer demand for Wayne's services. Similarly a rise in interest rates will reduce the disposable income of mortgage payers but could increase the income of retired people, some of whom have large amounts of money in savings. These people might have more to spend on Wayne's services (L4). Any other valid suggestion.</p>	AO1 AO2 AO3 AO4	Levels
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F243 The impact of customer service

Q	Expected Answer	AO	Mark
(a)	<p>State four reasons why effective customer service is important.</p> <p><i>One mark for each correct identification up to a maximum of four identifications – must relate to benefits for the <u>firm</u>.</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • repeat business (1); • customer loyalty (1); • reputation (1); • give a business an edge over its competitors (1); • increase profit (1); • any other valid suggestion. 	A01	4*1
(b) (i)	<p>What is meant by the term 'advance booking' (line 19).</p> <p><i>Up to two marks.</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • advance booking is where a customer can buy a ticket for an event before it starts (1); • so they are guaranteed a seat (1); • someone can call the cinema and reserve a seat by credit card for example (1); • then pick the tickets up on the day (1); • any other valid suggestion. 	A01	1+1
(b) (ii)	<p>Identify and explain two reasons why the Cameo Cinema should have an advance booking system.</p> <p><i>One mark for each correct identification up to a maximum of two identifications plus up to a further two marks for each of two explanations.</i></p> <p>For full three marks must relate back to Cameo.</p> <p>Possible responses may include:</p> <p>The customers can be assured of a seat for a film they particularly want to see (1) which will stop them being disappointed (1) and going elsewhere to watch it, therefore, not giving their money to the Cameo (1).</p> <p>The Cameo will know by ticket sales which films are the most popular (1) so could extend their run (1) or open up another screen for the film to be shown on (1).</p> <p>Customers won't have to queue (1) and can walk straight in to the film (1) which should make them happy.</p> <p>Customers can book a particular seat (1) such as one with leg room or in an aisle (1) which should make their whole experience at the Cameo more comfortable (1).</p> <p>Any other valid suggestion.</p>	A01 A02	[1+2]*2

(c) *	<p>Discuss possible reasons why the Cameo Cinema should become more customer focused.</p> <p>QWC is addressed here.</p> <p>Level 1: [1-3 marks] <i>Candidate identifies possible reasons for a business focusing on customer service.</i></p> <p>Level 2: [4-6 marks] <i>Candidate describes possible reasons for the Cameo Cinema becoming more focused on customer service.</i></p> <p>Level 3: [7-9 marks] <i>Candidate analyses possible reasons for the Cameo Cinema becoming more focused on customer service.</i></p> <p>Level 4: [10-12 marks] <i>Candidate evaluates the possible reasons for the Cameo Cinema becoming more focused on customer service.</i></p> <p>Note: QWC question. Refer to instructions at the front of the mark scheme.</p> <p>Note: The question does not ask <u>how</u> the Cameo can improve its customer service, so suggestions will not be rewarded.</p> <p>Possible responses may include: It is important for firms to focus on customer service if they are to stay in business (L1). The multiplex has just opened up so the Cameo has competition (L2) and, so if it does not offer customers something special, then people will watch a film there instead (L3) and so the Cameo will lose money (L3). The Cameo also needs to encourage repeat visitors as currently sales are 'decreasing month on month' (L2) which means that it is not as attractive as it used to be (L3) and must be losing previously loyal customers (L3). If customers are kept happy and are given what they want, then they will keep coming back (L3) and so, ultimately, would generate more profit for the Cameo (L4); in the long term, if customer needs are ignored then the future of the Cameo is at stake (L4). Any other valid suggestion.</p>	A01 A02 A03 A04	Levels
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2 (a) (i)	<p>Identify the law which Dan broke at the 'pick and mix' counter (lines 61-62).</p> <p><i>One mark for correct identification.</i> The Weights and Measures Act (1).</p>	A01	1
(ii)	<p>In what way did Dan break this law?</p> <p><i>Up to one mark.</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • Dan guessed the weight of the sweets when the scales broke. It is illegal for businesses to sell short weights to customers (1); • any other valid suggestion. 	AO2	1
(b)	<p>Identify and describe three other acts or regulations that would protect customers of businesses such as the Cameo Cinema.</p> <p><i>One mark for each correct identification up to a maximum of three identifications plus up to a further one mark for each of three descriptions. If act/regulation not correct, description will not be rewarded.</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • Sale and Supply of Goods (1) – this act dictates that goods must be of 'satisfactory quality' and fit for their purpose (1); • Trades Descriptions Act (1) plus description; • Consumer Protection Act (1) plus description; • Consumer Credit Act (1) plus description; • Data Protection Act (1) plus description; • any other valid suggestion. 	A01	[1+1]*3
(c) (i)	<p>Identify and explain one implication for Dan if he continues to break the law.</p> <p><i>One mark for correct identification plus up to a further two marks for explanation.</i></p> <p>Possible responses must include: Dan may get told again by Toby (1) and if it is his final warning may be dismissed (1) and may not be given a good reference (1)/or find it hard to get another job in Penbridge (1).</p>	A01 A02	[1+2]
(ii)	<p>Identify and explain one implication for the Cameo Cinema if Dan continues to break the law.</p> <p><i>One mark for correct identification plus up to a further two marks for explanation.</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • the business could be taken to court (1) and given a fine (1) which they may not be able to pay as they are currently struggling financially (1); 		[1+2]

	<ul style="list-style-type: none"> • its reputation could be damaged (1) as no one wants to see a film and get 'ripped off' (1) and it could lose a lot of customers (1); • the firm could end up getting shut down (1) and everyone would lose their jobs (1) and that would be the end of the Cameo in Penbridge (1); • no one would want to work for the Cameo (1) as it does not do things correctly (1) and so Toby would find it hard to recruit staff (1); • any other valid suggestion. 		
(d)	<p>State and explain two ways in which the cleanliness of the facilities at the Cameo Cinema, such as the toilets, can be ensured.</p> <p><i>One mark for each correct identification up to a maximum of two identifications plus up to a further two marks for each of two explanations.</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • a rota could be drawn up (1) so that different members of cinema staff can check specific areas such as the toilets on a regular basis (1); • more cleaners could be employed (1) so that if one or more are off sick then the cleaning is still done (1) and it is just not left (1); • staff, other than cleaning staff, could be trained to clean (1) so it would not matter if the cleaners are off (1) as it could be done by anyone working at the cinema at that time (1); • management, such as Toby, could do spot checks around the cinema (1) to see if the facilities are up to scratch (1) and, if not, order someone to clean them immediately (1); • any other valid suggestion. 	A01 A02	[1+2]*2

<p>3 (a)</p>	<p>What is meant by the expression ‘more twenty-first century than twentieth’? (line 25).</p> <p><i>Up to two marks.</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • it means that something should be more modern (1) to be in line with today’s demands and expectations (1); • we are in the twenty first century now (1) so it needs to be brought up to date (1); • any other valid suggestion. 	A01	[2]
<p>(b)</p>	<p>Describe why a firm’s potential customers, such as those of the Cameo Cinema, might use its website.</p> <p>A list of what a customer could find out (eg opening times, location, phone numbers) – award 1 mark max.</p> <p><i>Up to three marks.</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • using the Internet a customer could view the website to find out further information about an organisation (1) such as events going on and prices (1); without having to leave their home (1); • using a computer a customer could order products and services (1) and get them delivered to their home (1); which is convenient (1); • any other valid suggestion. 	A01	[3]
<p>(c)</p>	<p>Analyse the implications for the Cameo Cinema of having its own website.</p> <p>Level 1: [1-3 marks] <i>Candidate identifies the implications of a firm having its own website.</i></p> <p>Level 2: [4-6 marks] <i>Candidate applies knowledge of implications for the Cameo in relation to the question.</i></p> <p>Level 3: [7-9 marks] <i>Candidate analyses the implications for the Cameo of having its own website for customers.</i></p> <p>Note: Max 7 marks for <u>either</u> positive or negative implications only.</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • a website can be a powerful asset to an organisation (L1); • it can help customers find out information (L1) but can be costly to set up and run (L1); • the customers of the cameo would be able to find out details of films, prices, etc instantly (L2) which means that they may come to Cameo more (L2) and the cinema would receive more business (L3); • it also means that the cameo could let customers know if films were cancelled before they turned up (L2) which is good customer service by it (L3); 	A01 A02 A03	Levels

	<ul style="list-style-type: none"> however, currently Cameo does not have anyone experienced in operating a website (L2) so it may have to employ someone to run it from them (L3) which would not be good, particularly as it doesn't have much money (L3); any other valid suggestion. 		
(d)	<p>Other than a premium rate phone line and a website, state and explain three ways in which the Cameo Cinema could pass information to its customers.</p> <p><i>One mark for each correct identification up to a maximum of three identifications, plus up to a further two marks for each of three explanations. Explanations must be in context.</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> it could have flyers in the foyer (1) so that when the customer buys a ticket or comes out of the screenings they would take one (1) and read the details (1); it could start a newsletter (1) to be posted to customers' homes (1) to inform them what's going on (1); it could show information on the screens as people are arriving in their seats (1) so while they are waiting for the film to start (1) they could be reading what's coming up in the future; it could take out a local radio advert (1) to run at prime time (1); it could put posters up around the town (1) giving information about what films are showing that week (1) and what the times, prices, etc are (1); any other form of advertising (relevant to a small firm); any other valid suggestion. 	A01 A02	[1+2]*3

(e)	<p>Discuss whether the Cameo Cinema operating a premium rate phone line is an example of good customer service.</p> <p>Level 1: [1-3 marks] Candidate identifies elements of a premium rate phone line in relation to any generic business.</p> <p>Level 2: [4-6 marks] Candidate identifies elements of a premium rate phone line in relation to the Cameo.</p> <p>Level 3: [7-9 marks] Candidate analyses whether the Cameo running a premium rate phone line is an example of good customer service.</p> <p>Level 4: [10-12 marks] Candidate discusses whether the Cameo running a premium rate phone line is an example of good customer service.</p> <p>Possible responses may include: A premium rate phone line can be used by a firm to give information to its customers (L1) and the Cameo could use it to let their customers know what films are going to be shown and any changes (L2) which means that customers can plan their trip to the cinema knowing exactly what to expect (L3) They should also be able to phone it any time (L1) so if the cinema isn't open they will still get the information (L2); the opening hours of the cinema may not be convenient for some people to phone in (L3). However, the customers would not be able to ask specific questions as it is only a recorded message (L3) and is extremely expensive to phone per minute (L2) which could cost the customer a lot of money (L3). Overall, although the phone line would be a good source of information for the customer, there are a lot cheaper ways in which to give them information (L4) and it is unlikely that many people would phone it anyway because of the price (L3) so, although it may have been a novelty when it was first launched (L4), in the long term the Cameo should really look to improve its customer service in other ways (L4); it is not really good customer service to make people pay for information (L4). Any other valid suggestion.</p>	A01 A02 A03 A04	Levels
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4 (a) (i)	<p>Explain how a suggestion box 'system' works.</p> <p><i>Up to three marks.</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • Customers could make comments about the firm on a piece of paper and put it in the box provided (1); • The management would then read them all (1) and take notice of what the customers say (1) and hopefully improve its facilities based on the comments (1); • any other valid suggestion. 	A01	3
(a) (ii)	<p>Evaluate how successful the suggestion box was in giving the Cameo Cinema helpful feedback.</p> <p>Level 1: [1-3 marks] <i>Candidate makes simple statements about suggestion boxes.</i></p> <p>Level 2: [4-6 marks] <i>Candidate makes simple statements about the suggestion box in the context of the case study.</i></p> <p>Level 3: [7-9 marks] <i>Candidate analyses the success of the suggestion box at Cameo in getting helpful feedback.</i></p> <p>Level 4: [10-12 marks] <i>Candidate evaluates how successful the suggestion box was in giving the Cameo helpful feedback.</i></p> <p>Note: Max 7 marks for positive <u>or</u> negative issues only.</p> <p>Possible responses may include: A suggestion box allows a firm to see how its customers feel about it (L1) and to put forward any changes (L1). The suggestion box at the Cameo had 11 responses in it (L2). Some responses were helpful as they brought up issues that Toby had not even thought of (L3) such as the prices possibly being too high (L3) as well as some valid suggestions on how to improve (L3). However, there were some that were not helpful at all, such as the one about closing down (L3). As people were not asked to leave their names and contact details, Toby was not able to get the customers to elaborate on their points more (L3) which would have provided Toby with a lot more detailed feedback (L3). Realistically, the suggestion box gave helpful feedback as a starting point (L4) but because people could write what they like, they maybe did not explain their points enough (L4) in order to be as helpful to Toby as they could have been (L4). Any other valid suggestion.</p>	A01 A02 A03 A04	Levels

(b)	<p>Identify and explain two other ways in which the Cameo Cinema could assess its customer service performance.</p> <p><i>One mark for each correct identification up to a maximum of two identifications, plus up to a further two marks for each of two explanations. Explanation must be in context.</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • the Cameo could measure the performance of its customer service by getting people to fill in a questionnaire (1) when they are at the cinema which they could then give back to a member of staff (1) which would give feedback on the cinema's performance (1); • the cinema could use general observation around the building (1) to see if people are enjoying themselves and not complaining (1). If they look unhappy or are moaning then the cinema is failing (1); • a focus group (1); • interviews (1); • any form of questionnaire (1); - not just questionnaire – must be specific) • any other valid suggestion. 	A01 A02	[1+2]*2
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F248 Strategic decision-making

Q	Expected Answer	AO	Mark
1 (a)	<p>Other than Spencer and Mike identify three stakeholders in Wid Fiyah.</p> <p><i>One mark for each correct identification up to a maximum of three identifications</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • customers (1); • employees (1); • local community (1); • suppliers (1); • government (1); • any other valid suggestion. <p>Do not accept 'directors'. Avoid repetition.</p>	AO2	3
(b)	<p>Explain two issues which might have caused conflict between stakeholders before the three options arose at the end of 2007.</p> <p><i>One mark for each correct identification of general conflict plus up to two marks for each explanation in context</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • production arguments between Spencer and Mike (1); • marketing issues (1); • delivery issues (1); • staffing issues between employees and management (1); • environmental health issues (1); • any other valid suggestion. <p>Employees might have a grievance with employers over working conditions (1). It might have been that Wid Fiyah did not really give any employee comforts such as a place to have a break (1). This might upset employees, although as part timers they might be more concerned with pay (1).</p>	AO1 AO2	1+1*2

2 (a)	<p>Using the break-even formula, calculate how many batches of Wid Fiyah would need to be produced per annum to break even.</p> <p><i>Up to four marks</i></p> <ul style="list-style-type: none"> • break even formula $FC/(Price-VC)$ (1); • $£200,000/£1.50-55p$ (1); • 210,527 pots (210,526.31) (1); • $210,527/500$ pots = 422 batches (421.06) (1). <p>Note: if only 422 batches – award full marks. 3 marks for 421 batches.</p>	AO1 AO2	4
(b)	<p>Spencer and Mike decide to produce and sell 650 batches. Calculate:</p> <p>(i) The margin of safety at this level of output.</p> <p><i>Up to two marks</i></p> <ul style="list-style-type: none"> • $MOS = output - break\ even\ point$ (1); • $650-422 = 228$ (1). <p>Note: 229 is OFR – award 2 marks. If only 228 – award full marks.</p> <p>(ii) The profit made at this level of output</p> <p><i>Up to three marks</i></p> <p>Using contribution: contribution x MOS (1 mark) $95p \times 228\ batches \times 500\ pots$ (1 mark) = £108,300 (1 mark)</p> <p>Note: if using 421.06 batches then answer = £108,746.50 (depends on decimal places used).</p> <p>Note: if correct answer given without workings – award full marks.</p> <p>Alternatively</p> <ul style="list-style-type: none"> • $profit = revenue - costs$ (1); • $(650\ batches \times 500\ pots \times £1.50) - (£200,000 + (55p \times 650\ batches \times 500\ pots))$ (1); • = £108,750 (1). 	AO1 2 AO2 3	5
(c)	<p>Describe two limitations of using break-even analysis as a decision-making tool.</p> <p><i>One mark for each correct identification up to a maximum of two identifications, plus a further one mark for each of two developments.</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • assumes that everything produced is sold (1); • assumes FCs remain fixed ... they do not (1); • assumes no economies of scale with VCs (1); • assumes price is constant (1); 	AO1	1+1*2

	<ul style="list-style-type: none"> any other valid suggestion. <p>An error is that fixed costs stay constant (1). At larger levels of output the firm will need to buy more equipment and so FCs will go up (1).</p>		
(d)	<p>Alison Court informed Spencer that she had definitely found a supermarket chain which was willing to buy 600 batches per annum, but a selling price of £1.50 was totally unrealistic. Spencer and Mike should only expect to sell at 70p per pot. Assuming that Spencer and Mike go ahead with Option One, recommend whether or not they should accept this order.</p> <p>Level 1: (1-2 marks) Candidate shows knowledge and understanding of break even with no context.</p> <p>Level 2: (3-4 marks) Candidate applies knowledge and understanding to the context/calculates contribution/ break even in this case.</p> <p>Level 3: (5-7 marks) Candidate analyses whether or not Spencer and Mike should accept this order.</p> <p>Level 4: (8-12 marks) Candidate recommends/evaluates whether or not Spencer and Mike should accept this order.</p> <p>Calculation (Level 2 only) 70p per pot Contribution = price - VC = 70p - 55p = 15p per pot (or £75 per batch)</p> <p>Possible responses may include: Contribution costing helps businesses identify special order decisions. Contribution is price minus variable cost (L1). The contribution of this order is 15p per pot or £75 per batch (L2). This is very little compared to the contribution at £1.50 selling price per pot. Wid Fiyah would not want to spend all of this time and effort for such a small amount of profit (L3). However, £75 is better than nothing and £1.50 was totally unrealistic anyway. The supermarket order guarantees income (and a contribution /profit of £45,000 (600 batches x £75)) and may mean repeat business (L4). Any other valid suggestion.</p>	AO1 AO2 AO3 AO4	Levels

<p>3 (a)</p> <p>(i) In its first year of operation. <i>For one mark</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • survival (1); • break even (1); • establish name/product in market (1); • any other valid suggestion. <p>(ii) After a number of years of successful operation. <i>For one mark</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • profit maximisation (1); • eliminate competition (1); • enter new market (1); • diversify (1); • expand (1); • any other valid suggestion. 	<p>Identify one strategic objective which a partnership might set:</p>	<p>AO1</p>	<p>2</p>
<p>(b)</p>	<p>Analyse how useful Porter’s Generic Strategies could be to Wid Fiyah in achieving a competitive advantage.</p> <p>Becoming lowest cost producer or product differentiation</p> <p>Level 1: (1-2 marks) Candidates identify how useful Porter’s Generic Strategies could be achieving a competitive advantage.</p> <p>Level 2: (3-4 marks) Candidates explain how useful Porter’s Generic Strategies could be to Wid Fiyah in achieving a competitive advantage.</p> <p>Level 3: (5-6 marks) Candidate analyse how useful Porter’s Generic Strategies could be to Wid Fiyah in achieving a competitive advantage.</p> <p>Possible responses may include: Product differentiation is one of Porter’s Generic Strategies. This means making products different from competitor’s products (L1). In the case of WF this means ensuring that WF is the only fresh product on the market or maybe the spiciest (L2). This would ensure that WF got a good reputation and repeat business given to it by the uniqueness of its product and the edge that gives them over its rivals (L3).</p> <p>NB Candidates can write about lowest cost producer as a way of gaining market share (and economies of scale, etc).</p>	<p>AO1 AO2 AO3</p>	<p>Levels</p>

<p>4 (a)</p>	<p>Using the table above complete the EST (earliest start time) and LFT (latest finish time) for each node on the network diagram. Nodes 1, 2 3 and 5 are already complete.</p> <p><i>One mark for each correct identification up to a maximum of 10 marks.</i></p> <table border="1"> <thead> <tr> <th>Node</th> <th>EST</th> <th>LFT</th> <th></th> </tr> </thead> <tbody> <tr> <td>1</td> <td>0</td> <td>0</td> <td><i>already completed</i></td> </tr> <tr> <td>2</td> <td>70</td> <td>70</td> <td><i>already completed</i></td> </tr> <tr> <td>3</td> <td>195</td> <td>195</td> <td><i>already completed</i></td> </tr> <tr> <td>4</td> <td>130</td> <td>190</td> <td></td> </tr> <tr> <td>5</td> <td>130</td> <td>190</td> <td><i>already completed</i></td> </tr> <tr> <td>6</td> <td>145</td> <td>205</td> <td></td> </tr> <tr> <td>7</td> <td>245</td> <td>245</td> <td></td> </tr> <tr> <td>8</td> <td>255</td> <td>255</td> <td></td> </tr> <tr> <td>9</td> <td>380</td> <td>380</td> <td></td> </tr> </tbody> </table> <p>No OFR</p>	Node	EST	LFT		1	0	0	<i>already completed</i>	2	70	70	<i>already completed</i>	3	195	195	<i>already completed</i>	4	130	190		5	130	190	<i>already completed</i>	6	145	205		7	245	245		8	255	255		9	380	380		AO1	10
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8	255	255																																									
9	380	380																																									
<p>(b)</p>	<p>Calculate the total float for activities:</p> <p><i>Up to two marks</i></p> <p>(i) B float = $255 - 20 - 0$ (1) = 235 (1)</p> <p><i>Up to two marks</i></p> <p>(ii) F float = $205 - 15 - 130$ (1) = 60 (1)</p> <p><i>Give 2 marks for correct answer (twice).</i> Allow OFR</p>	AO2	4																																								
<p>(c)</p>	<p>Using the information available, explain two ways in which Wid Fiyah could use the floats to improve efficiency.</p> <p><i>One mark for each correct identification up to a maximum of two identifications, plus up to a further two marks for each of two explanations.</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> Essentially reorganising staffing when it appears to be overmanned and there is a need for more staff elsewhere, such as <ul style="list-style-type: none"> labelling workers put onto the critical path spice adjusting workers put onto the critical path any other valid suggestion <p>eg Manning information could be used to put more resources on the critical path (1). For example, workers who are labelling could help on the preparation and speed it up (1). It is unlikely that six staff are needed to prepare labels (1).</p>	AO1 2 AO2 4	1+2*2																																								

5	<p>Alison uses a discount rate of 10% to judge the likely performance of her investments. Use the discount factors given in the table below to complete the net present value table of Option 1 in the table below. (4)</p> <table border="1" data-bbox="331 353 1145 566"> <thead> <tr> <th>Year</th> <th>Net cash flow</th> <th>Discount factor</th> <th>Present value</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>(250,000)</td> <td>1.00</td> <td>(250,000)</td> </tr> <tr> <td>1</td> <td>113,000</td> <td>0.91</td> <td>102,830 (1)</td> </tr> <tr> <td>2</td> <td>123,000</td> <td>0.83</td> <td>102,090 (1)</td> </tr> <tr> <td>3</td> <td>150,000</td> <td>0.75</td> <td>112,500 (1)</td> </tr> <tr> <td></td> <td></td> <td>Total</td> <td>67,420 (1) OFR</td> </tr> </tbody> </table> <p><i>Up to four marks</i></p>	Year	Net cash flow	Discount factor	Present value	0	(250,000)	1.00	(250,000)	1	113,000	0.91	102,830 (1)	2	123,000	0.83	102,090 (1)	3	150,000	0.75	112,500 (1)			Total	67,420 (1) OFR	AO1	4
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6 (a)	<p>What is meant by the term ‘labour productivity’?</p> <p><i>Up to two marks</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • this measures how much labour produces (1); • it is the output divided by the amount of labour time (1); • any other valid suggestion. 	AO1	2																								
(b)	<p>Spencer and Mike have been considering Option Two, merging with AVEML, from the point of view of change in relation to human resources. Discuss the issues which might arise with staffing should they decide to take this option.</p> <p>Level 1: (1-2 marks) Candidates demonstrate knowledge of staffing issues with no context.</p> <p>Level 2: (3-4 marks) Candidates apply knowledge and understanding of staffing issues to the context in this case.</p> <p>Level 3: (5-7 marks) Candidate analyses staffing issue(s) which might arise with staffing should they decide to take this option.</p> <p>Level 4: (8-12 marks) Candidate evaluates staffing issues which might arise with staffing should they decide to take this option.</p> <p>Possible responses may include: When firms move they might need to recruit new workers (L1). There is a good chance that WF will need to restructure its workforce in conjunction with AVEML because of the merger (L2). This could be bad news for its workers as the distance alone (60 miles) might be a problem, as well as the reorganisation of the two firms - there may be a need for redundancies (L3). However, it may be that WF can negotiate these HR issues on its own terms as it is the growing and successful firm (L4).</p>	AO1 AO2 AO3 AO4	Levels																								

	<p>Also issues related to:</p> <ul style="list-style-type: none"> • morale • replacement with technology • training • any other valid suggestion. 		
7*	<p>Using both quantitative and qualitative information, recommend and justify which of the three options Wid Fiyah should select.</p> <p>Note: QWC question</p> <p>Level 1: (1-4 marks) General comments about expansion or other issues - out of context</p> <p>Level 2: (5-9 marks) Explanation of issues related to options</p> <p>Level 3: (10-14 marks) Candidate uses qualitative/quantitative data to analyse which of the three options WF should select.</p> <p>Level 4: (15-20 marks) Candidate recommends and justifies which of the three options WF should select.</p> <p>Many different possibilities</p> <p>Possible responses may include: Growth is always going to bring in more sales and revenue (L1). WF looks set to get much high sales if it takes Option One (L2). The venture capitalist would not put money into just any business and it is clear that she is sure of success as she has contacts in supermarkets. This should guarantee future sales and massive profits (L3). However, the stake (40%) that WF would have to give up is huge and, in time, will not prove good value for money as it will be getting profit in excess of what it currently achieves - 40% of which will go to the VC. It should take an option where it has more control (L4).</p>	AO1 AO2 AO3 AO4	Levels

F256 Business law

Q	Expected Answer	AO	Mark
1 (a)	<p>When Steve originally set up the company, he had to prepare a Memorandum of Association and the Articles of Association. Explain <u>two</u> items that Steve would have included in:</p> <p>(i) a Memorandum of Association</p> <p><i>Up to two marks for each correct explanation.</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • name (1); • states plc (if this is the case) (1); • where registered (1); • objects clause (1); • liability of members is limited (1); • details of authorised share capital & division of shares (1); • signed declaration (1); • any other valid suggestion. <p><i>One mark for a statement of a point plus one mark for reference to what SS Ltd might write OR further explanation</i></p> <p>Eg A statement of the name (1), in this case, Simply SS Ltd (1)</p> <p>(ii) the Articles of Association</p> <p>Possible answers may include:</p> <ul style="list-style-type: none"> • issue and transfer of shares (1); • the voting rights of different share types (1); • how/when AGMs called (1); • payment of dividends (1); • appointment and powers of directors (1); • any other valid suggestion. <p><i>One mark for each correct identification up to a maximum of two identifications, plus a further one mark for each of two explanations.</i></p> <p><i>One mark for a statement of a point plus one mark for reference to what SS Ltd might write OR further explanation</i></p> <p>Eg The voting rights of share types (1). Here SS Ltd has probably only got ordinary shares held by Steve and his sisters (1).</p>	A01 4 AO2 4	[2+2]*2

(b)	<p>One of the main reasons that Steve set up <i>Sustainable Steve's Ltd</i> (SS Ltd) as a company was that he would have limited liability. Explain what limited liability means for a company such as SS Ltd.</p> <p><i>Up to three marks to be awarded as follows: one mark for a brief reference to the issue, one mark for a more detailed explanation, plus one further mark for a reference to SS Ltd.</i></p> <p><i>One mark for brief reference to issue, one mark for detailed explanation, plus one further mark for reference to SS Ltd.</i></p> <p>Shareholders are liable to meet the debts of the business only to the extent that they have invested in the business. (1) Hence, if the shares are fully paid up then no further claim can be made on the shareholder. (1) SS Ltd is a limited company and so any claim made against the business will not cost Steve personally. (1) Context required for 3rd mark.</p>	AO1 2 AO2 1	[3]
(c)	<p>Steve had considered setting up his business with charitable status, rather than registering as a company. State one reason why he might have taken this option.</p> <p><i>Up to one mark.</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • tax reasons (1); • other reasons are possible, such as a 'selling point' (1); • any other valid suggestion. 	AO1	[1]
(d)	<p>Evaluate Steve's idea that SS Ltd should become a public limited company.</p> <p>Should be looked at in the context of the issues relating to a forestry firm. The main issues are to do with control, cost and finance. To include some of the points below.</p> <p>Min membership = 1 in Ltd, 2 in plc Min authorised capital - none in Ltd, £50,000 in plc Public v private share issue - ownership issue, dividend payments, increased share capital Accounts - plc has very strict format - public, Ltds, (small) can submit simplified/modified accounts Company secretary - plc must be qualified, Ltd not qualified Size - plc large, Ltd usually smaller Plus procedure of going public - special resolution, change to Memo/Articles, submit declaration, re-registration</p> <p>Level 1 (1-3 marks) Candidate demonstrates knowledge of private and public limited companies.</p>	AO1 3 AO2 3 AO3 4 AO4 5	(Levels)

	<p>Level 2 (4-6 marks) Candidate applies knowledge of private and public limited companies to SS Ltd.</p> <p>Level 3 (7-10 marks) Candidate analyses factors such as advantage(s) and disadvantage(s) of the proposal that SS Ltd should become a public limited company.</p> <p>Level 4 (11-15 marks) Candidate evaluates whether or not SS Ltd should become a public limited company.</p> <p>Eg Public limited companies have to sell shares on the stock market (L1). SS Ltd would need to go through the process of doing this very soon to meet the contract (L2). This would present problems in that Steve could lose a great deal of control (L3), but he is clearly ambitious and the huge amount of extra finance this brought in would outweigh this consideration (L4).</p>		
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2 (a)	<p>SS Ltd has to abide by UK Legislation. Explain three stages in the creation of an Act of Parliament.</p> <p><i>One mark for each correct explanation</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • green paper (1); • white paper (1); • drafting bill (1); • house of commons (1); • first reading (1); • second reading (1); • committee stage (1); • report stage (1); • third reading (1); • House of Lords (1) – same process a House of Commons Royal Assent (1) • any other valid suggestion. <p>Eg Royal assent (1). This is the final level of ‘approval’ (1)</p>	AO1	[2]*3
(b)	<p>Explain three elements which should have been present to make the contract between SS Ltd and FL legally valid.</p> <p><i>Up to two marks for each explanation.</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • offer - a statement without misrepresentation • acceptance - unconditional consent to all terms • consideration - or some element of mutual exchange • intention - by both parties to be legally bound • capacity - ability/authority to make a contract • legality <p>Allow 1 mark for ‘signing contract’</p> <p>Eg Intention (1). Both parties should have entered into the contract wishing to be legally bound (1). It appeared that Ferty Liser did not really want to be bound to a contract (1).</p>	AO1 3 AO2 3	[2]*3

(c)	<p>Explain three ways in which contracts, such as one between SS Ltd and any of its suppliers, could be terminated.</p> <p><i>Up to three marks for each correct explanation.</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • discharge by performance - both parties completed what they had agreed to • mutual agreement • event that frustrates performance - eg change in law • breach of contract - other than leaving mid term • illegal contract • any other valid suggestion - particularly for breach of contract. <p>Eg The contract could be ended by a mutual agreement (1). Both SS Ltd and a supplier must agree entirely with this decision (1). This is so that one party, such as SS Ltd, can end the contract because it is not selling enough timber and does not need the saplings (1).</p>	AO1 3 AO2 6	[3]*3
(d)	<p>Steve was concerned about the secrecy surrounding the new variety of timber. Explain how Intellectual Property Rights legislation might help SS Ltd.</p> <p><i>Up to three marks for correct explanation.</i></p> <p>Possible responses may include:</p> <p>Advantages:</p> <ul style="list-style-type: none"> • CDP Act stops people copying his new tree 'invention' • can sell the copyright of his new tree • not Trade Markers <p>Eg Register the 'tree' as covered by Part III of CDPA 1988. This means that he could sell the 'idea' (1). The owner (SS Ltd) has exclusive rights to exploit the 'design' (1) and can gain a large sum of money either by selling it or by licensing it (1).</p>	AO1 1 AO2 2	[3]

3 (a)	<p>Explain two ways in which Steve’s attitude to recruiting staff could contravene against anti-discrimination law.</p> <p><i>Up to two marks for each correct explanation.</i></p> <p><i>One mark for identifying the area of discrimination and further mark for relating it to Steve’s attitude.</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • sex discrimination (1); • disability (1); • age (1); • any other valid suggestion. <p>Eg Sex discrimination (1) because Steve says he wants men (1).</p>	A01 2 AO2 2	[2]*2
(b)	<p>State three principles of the Health and Safety at Work Act (1974).</p> <p><i>One mark for each correct identification up to a maximum of three identifications.</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • the provision and maintenance of plant and systems of work (1); • safe use, handling, storage and transportation of items (1); • provide information, instruction, training and supervision necessary to ensure H & S of workers (1); • maintenance of place of work (1); • maintenance of working environment (1); • Health & Safety Executive inspection (1); • any other valid suggestion. 	AO1 3	[3]

(c)	<p>Using evidence in Incident One, evaluate SS Ltd's current position with regard to health and safety law.</p> <p>Many issues here - any of the following can be discussed and speculated on:</p> <ul style="list-style-type: none"> • no safety documentation for staff (or anyone?) • no safe storage of petrol • no training - only gave the chainsaw instructions • no safe (or any) system of work • no proper signage <p>Level 1 (1-3 marks) Candidate demonstrates knowledge of possible issue(s) with no reference to the case study.</p> <p>Level 2 (4-6 marks) Candidate applies knowledge of law to possible issue(s).</p> <p>Level 3 (7-10 marks) Candidate analyses factor(s) within the case relating to health and safety law</p> <p>Level 4 (11-15 marks) Candidate evaluates the current position of SS Ltd in relation to health and safety law.</p> <p>Eg Appropriate training should be given by employers (L1). This was not the case here (L2). Steve simply got the staff to read the chainsaw instructions, although he could claim that this in itself was training (L3). However, given the nature of the job (dangerous), it would seem obvious that new and inexperienced employees should be given extensive training. Steve is clearly in breach of HSWA (L4).</p>	<p>AO1 3 AO2 3 AO3 4 AO4 5</p>	(Levels)
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<p>(d)</p>	<p>Explain how the law relating to Occupier's Liability would make SS Ltd liable for the injury in Incident Two.</p> <p>Occupiers Liability (1957 Act) refers to the 'controller of the premises' 'liability for 'visitors'. Liability stretches to open spaces. Visitor is only safe for the purposes of that visit. Duty of reasonable care.</p> <p>Level 1 (1-2 marks) Candidate demonstrates knowledge of the law relating to Occupier's Liability.</p> <p>Level 2 (3-4 marks) Candidate applies knowledge of Occupier's Liability to the case study.</p> <p>Eg This law refers to liability of 'occupiers' for the safety of 'visitors' (L1). WW Ltd as legitimately on the 'premises' so the law applies (L2) and the road through the forest counts as 'premises' (L2).</p>	<p>AO1 2 AO2 2</p>	<p>Levels</p>
<p>(e) *</p>	<p>Steve dismissed Ben. Evaluate the extent to which this dismissal could be considered 'fair'.</p> <p>Note: QWC question. Refer to instructions at the front of the mark scheme.</p> <p><i>Looking for arguments for and against fair dismissal. The candidate is the 'judge', sifting the evidence.</i></p> <p>Issues:</p> <ul style="list-style-type: none"> • lateness - three times, but issue of the fact he produces more than anyone else - not strictly the point! • disobeyed a 'reasonable' order (stay 5 metres away) • not acting in good faith (selling timber, but can't be proven) • not taken reasonable care (tree on truck), but not trained and no system of work • not wrong full dismissal. <p>Level 1 (1-3 marks) Candidate demonstrates knowledge of possible issue(s) with no reference to the case study.</p> <p>Level 2 (4-6 marks) Candidate applies knowledge of law to possible issues.</p> <p>Level 3 (7-10 marks) Candidate analyses issue(s) within the case.</p> <p>Level 4 (11-15 marks) Candidate evaluates the extent to which the dismissal of Ben could be considered 'fair'.</p>	<p>AO1 3 AO2 3 AO3 4 AO4 5</p>	<p>(Levels)</p>

	<p>Eg Taking reasonable care is an employee's statutory duty (L1). Ben clearly did not by felling the tree onto a truck (L2). There could be a number of reasons why this may have happened, but the evidence is pretty conclusive (L3). Ben may argue, however, that Steve had not trained him to fell trees properly and that having no clear system of work made an accident like this inevitable (L4).</p>		
4	<p>Describe four steps involved in liquidating a company, such as SS Ltd</p> <p><i>Up to two marks for each correct description.</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • directors dismissed (1); • liquidator appointed - takes over directors' power (1); • employees' contracts terminated (unless liquidator decides to re-employ them) (1); • liquidator realises firm's assets (1); • pay creditors in order of preference (1); • no attempt to save the firm (1); • any other valid suggestion. <p>Can refer to voluntary liquidation (special resolution must be passed, liquidator appointed (they choose), only possible if directors can declare solvency</p> <p>Eg a special resolution must be passed (1). This is where Steve and other shareholders make a special agreement to liquidate the company (1).</p>	AO1 4 AO2 4	[2]*4

F257 Managing risk in the workplace

Q	Response	AO	Mark
1 (a)	<p>Define the term 'risk management'.</p> <p><i>Up to two marks for a definition</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> distinct management function which needs to be integrated into business practices, to minimise the exposure to possible negative consequences (1) of a particular course of action, eg diversification (1) any other valid suggestion. 	AO1-2	[2] (1 + 1)
(b)	<p>Identify <u>three</u> laws or regulations which impact on risk in the workplace.</p> <p><i>One mark for each of three correct laws or regulations identified</i></p> <p>Three from:</p> <ul style="list-style-type: none"> Health and Safety at Work Act 1974 (1); Workplace (Health and Safety and Welfare) Regulations 1992 (1); Health and Safety (Display Screen Equipment) Regulations 1992 (1); Manual Handling Operations Regulations 1992 (1); Provision and Use of Workplace Equipment Regulations 1992 (1); Management of Health and Safety at Work Regulations 1999 (1). any other valid suggestion. 	AO1-3	[3] (1*3)
(c)	<p>Explain <u>two</u> ways in which on the job training could be provided for a newly recruited employee in the saw mill.</p> <p>One mark for each correct identification up to a maximum of two identifications, plus up to a further two marks for each of two explanations.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> an employee could work with an experienced employee (1). For example, Hamish could show the new recruit how to operate the saw (1) which is a two person operation needing someone to feed the wood into the blade and one to pull the sawn wood through (1) mentoring observation. any other valid suggestion 	AO1 - 2 AO2 - 4	[6] (1+2)*2

(d)	<p>Explain <u>two</u> responsibilities of the Health and Safety Executive.</p> <p><i>One mark for each correct identification up to a maximum of two identification, plus up to a further two marks for each of two explanations.</i></p> <p>Two from:</p> <ul style="list-style-type: none">• it is the responsibility of the HSE to ensure that risks in the workplace are properly controlled (1). This includes offering guidelines to employers on the provision of safety equipment (1). In relation to the case, Ewan's accident may have been prevented if proper safety equipment had been provided (1)• training• safe working practices• any other valid suggestion.	AO1 - 6	[6] (1+2)*2
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Question No	Response	AO	Mark
2 (a)	<p>The table below shows a partially completed risk assessment for the weekly tour around the saw mill. Complete the unshaded boxes.</p> <p><i>One mark for reasonably identifying the likelihood of risk. One mark for correctly identifying an appropriate person under risk. One further mark for identifying the Extent of the risk (two times).</i></p> <p>Two from:</p> <ul style="list-style-type: none"> • Fire - Likelihood of risk: Low (1), worker (1), Extent of risk: High (1) • Low ceiling beams - Likelihood of risk: High/Mid (1), visitor (1), Extent of risk: Low/Mid (1) • any other valid suggestion. 	AO2 - 6	[6] 1*6

Question No	Response	AO	Mark
(b)*	<p>In addition to the risks to tour groups, Angus has concerns in relation to:</p> <ul style="list-style-type: none"> • protective guards on machinery • maintenance during machine operation • protective clothing • prolonged exposure to air bourn particles eg saw dust and wood chips. <p>Recommend and justify possible measures which RCC could take to minimise risk in the saw mill.</p> <p>This is the QWC question. Refer to instructions at the front of the mark scheme.</p> <p>Use of response criteria</p> <p>Level 1 (1-3 marks) Candidate identifies steps which may be taken to the protection of the workforce.</p> <p>Level 2 (4-5 marks) Candidate applies knowledge of protection of the workforce to RCL.</p> <p>Level 3 (7-10 marks) Candidate analyses the possible measures(s) which RCL could take in order to reduce risk in the saw mill.</p> <p>Level 4 (11-15 marks) Candidate recommends and justifies the possible measures which RCL could take in order to reduce the risk in the saw mill.</p> <p>Possible answers may include:</p> <ul style="list-style-type: none"> • on the job training relating to health and safety themes • off the job training targeted at health and safety • induction training targeted at health and safety • provision of protective equipment, such as protective clothing and safety glasses • provision of on-site medical personnel • any other valid suggestion. <p>Possible responses may include: Employees must be provided with adequate protective equipment, such as protective clothing and safety glasses (L1). Saw operatives, such as Hamish, will be exposed to saw dust and air born particles during their working day and, therefore, will require safety glasses to avoid irritation from saw dust (L2). Failure use this equipment may lead to Hamish's eyes becoming irritated and this may lead to increased absenteeism due to medical conditions relating to eye infections (L3). This may lower productivity which would be particularly problematic as one of the experienced saw operatives has already taken time off due to work related injuries. This may lead to a poor reputation in the area and to</p>	<p>AO1 - 3 AO2 - 3 AO3 - 4 AO4 - 5</p>	<p>[15] Levels</p>

	Rough Cut Ltd being unable to attract contracts or staff from the local area. As trade already seems slow, this may lead to business closure (L4). Any other valid suggestion.		
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Question No	Response	AO	Mark
3 (a)	<p>Explain <u>two</u> possible strategic risks which Rough Cut Ltd needs to consider when diversifying its business.</p> <p><i>One mark for each correct identification up to a maximum of two identifications plus up to a further two marks for each of two explanations.</i></p> <p>Two from:</p> <ul style="list-style-type: none"> • expansion will lead to additional costs such as investment in capital goods (1). As the business seems to be struggling financially this may negatively affect the liquidity position of the business (1) placing it under risk of business failure (1) • impact upon staff (1) • impact upon health and safety (1) • impact upon the existing business (1) • any other valid suggestion. 	<p>AO1 - 2 AO2 - 4</p>	<p>[6] (1+2)*2</p>

Question No	Response	AO	Mark
3 (b)	<p>Assess the extent to which the adoption of contingency planning might help Angus avoid future problems in both setting up and running Timberland.</p> <p>Use of response criteria.</p> <p>Level 1 (1-3 marks) Candidate defines the term contingency planning OR identifies relevant issue(s) relating to contingency planning.</p> <p>Level 2 (4-6 marks) Candidate applies knowledge and understanding to suggest the appropriateness of contingency planning.</p> <p>Level 3 (7-10 marks) Candidate analyses how the adoption of contingency planning might help Angus avoid future problems in setting up/running Timberland.</p> <p>Level 4 (11-15 marks) Candidate assesses/evaluates the extent to which the adoption of contingency planning might help Angus avoid future problems in setting up/running Timberland.</p> <p>Looking for arguments supporting problems and benefits of the proposed expansion into leisure. Once established, issues need to form part of an overall judgement.</p> <p>Benefits:</p> <ul style="list-style-type: none"> • problems/risks are actively sought • fall back position is established • likely problem(s)/risk(s) can be identified and dealt with. <p>Problems:</p> <ul style="list-style-type: none"> • unforeseen events can still occur • additional costs in time and resources • identified problem(s)/risk(s) may be outside the business' control • any other valid suggestion. <p>Possible responses may include: Contingency planning offers a fallback alternative in the event of changes to market conditions affecting the achievement of the strategic plan (L1). Contingency planning will offer benefits to TimberLand as the formal planning process will aid in identifying potential problems likely to occur in the new venture (L2). As risks are actively sought these areas can be highlighted, increasing awareness (L3). However, although there are clear benefits from the prediction of foreseeable events, unexpected circumstances may still not be dealt with by a contingency planning process (L4).</p> <p>Any other valid suggestion.</p>	<p>AO1 - 3 AO2 - 3 AO3 - 4 AO4 - 5</p>	<p>[15] Levels</p>

Question No	Response	AO	Mark
4	<p>Explain <u>two</u> ways in which off the job training could be provided for a newly recruited employee in the saw mill.</p> <p>One mark for each correct identification up to a maximum of two identifications, plus up to a further two marks for each of two explanations.</p> <p>Two from:</p> <ul style="list-style-type: none"> • Lectures away from the workplace (1) workers may receive training in required skills such as customer care (1). This would give them the opportunity to learn without the day-to-day distractions of work. • Self study • Open learning • Visits to other theme parks • any other valid suggestion. 	<p>AO1 - 2 AO2 - 4</p>	<p>[6] (1+1)*3</p>

Question No	Response	AO	Mark
5 (a)	<p>Explain <u>three</u> ways in which Angus could protect and/or cater for the needs of his highland games workforce.</p> <p>One mark for each correct identification up to a maximum of three identifications, plus up to one further mark for each of three explanations.</p> <p>Three from:</p> <ul style="list-style-type: none"> • Provision of on-site medical personnel may be required (1). If staff are undertaking dangerous activities, such as ‘throwing the hammer’, injury’s may occur. On-site medical staff could minimise the effects of any injuries by offering immediate assistance for injuries, such as muscle strain from such exertion (1). • provision of canteen, toilet and washing facilities • accident books • provision of breaks in work timetables • any other valid suggestion. 	AO1 - 2 AO2 – 4	[6] (1+2)*2
5 (b)	<p>What is meant by the term ‘work-to-rule’?</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • a form of industrial action in which the employees only carries out the activities outlined within their contract of employment (2). • work to rule is where workers will not carry out additional tasks (1) • any other valid suggestion. 	AO1 – 2	[2]
5 (c)	<p>Explain <u>two</u> ways in which a work-to-rule might affect the smooth running of Rough Cut Ltd.</p> <p><i>One mark for each correct identification up to a maximum of two identifications, plus up to a further two marks for each of two explanations.</i></p> <p>Two from:</p> <ul style="list-style-type: none"> • staffing levels decline • quality of service is reduced • productivity is reduced • any other valid suggestion. <p>Possible responses may include:</p> <ul style="list-style-type: none"> • staff may only carry out work in their contract (1). This work is likely to relate to Rough Cut Ltd contracts, but may restrict the range of work carried out for Rough Cut Ltd. (1). This may negatively affect production causing dissatisfaction for customers (1). • any other valid suggestion. <p>One mark for brief outline, two further marks for level of detail.</p>	AO1 - 2 AO2 - 4	[6] (1+2)*2

Question No	Response	AO	Mark
5 (d)	<p>Apart from working-to-rule, outline <u>three</u> other forms of industrial action which the saw mill workers may choose to take.</p> <p><i>One mark for each correct identification up to a maximum of three identifications, plus a further one mark for each of three developments.</i></p> <p>Three from:</p> <ul style="list-style-type: none"> • strike action may take place (1). This may include picketing of TimberLand by the saw mill workers (1). • go-slows • overtime ban • sit-in/work-in • any other valid suggestion. 	AO1 - 6	[6] (1+1)*3
5 (e)	<p>Evaluate ways in which Angus could have managed the diversification process more effectively to achieve greater benefits for Rough Cut Ltd.</p> <p>Use of response criteria.</p> <p>Level 1 (1-3 marks) Candidate defines diversification or identifies factors relating to diversification.</p> <p>Level 2 (4-6 marks) Candidate applies concepts of diversification to RCL</p> <p>Level 3 (7-10 marks) Candidate analyses ways in which Angus could have managed the diversification process more effectively to achieve greater benefits for RCL.</p> <p>Level 4 (11-15 marks) Candidate evaluates ways in which Angus could have managed the diversification process more effectively to achieve greater benefits for RCL.</p> <p>Possible answers may include: Diversification is a process in which a business expands its activities into another part of the market or a new market (L1). In this case the expansion of Rough Cut Ltd into the service industry has led to a souring of industrial relations (L2). Angus could have managed the process more effectively by recruiting workers whose job role was designed around the activities of TimberLand, rather than expanding roles of existing staff, therefore, avoiding industrial action (L3). As TimberLand is a customer facing business, it is vital that workers dealing with the public are both willing and able to do so in order to enhance the reputation of Timberland at this early stage (L4).</p>	AO1 - 3 AO2 - 3 AO3 - 4 AO4 - 5	[15] Levels

Grade Thresholds

Applied GCE (Applied Business) (H026/H226/H426/H626)
January 2008 Examination Series

Coursework Unit Threshold Marks

Unit		Maximum Mark	A	B	C	D	E	U
F240	Raw	50	42	37	32	27	22	0
	UMS	100	80	70	60	50	40	0
F241	Raw	50	42	37	32	27	22	0
	UMS	100	80	70	60	50	40	0
F244	Raw	50	42	37	32	27	22	0
	UMS	100	80	70	60	50	40	0
F245	Raw	50	42	37	32	27	22	0
	UMS	100	80	70	60	50	40	0
F246	Raw	50	42	37	32	27	22	0
	UMS	100	80	70	60	50	40	0
F247	Raw	50	42	37	32	27	22	0
	UMS	100	80	70	60	50	40	0
F249	Raw	50	42	37	32	27	22	0
	UMS	100	80	70	60	50	40	0
F250	Raw	50	42	37	32	27	22	0
	UMS	100	80	70	60	50	40	0
F251	Raw	50	42	37	32	27	22	0
	UMS	100	80	70	60	50	40	0
F252	Raw	50	42	37	32	27	22	0
	UMS	100	80	70	60	50	40	0
F253	Raw	50	42	37	32	27	22	0
	UMS	100	80	70	60	50	40	0
F254	Raw	50	42	37	32	27	22	0
	UMS	100	80	70	60	50	40	0
F255	Raw	50	42	37	32	27	22	0
	UMS	100	80	70	60	50	40	0

Examined Unit Threshold Marks

Unit		Maximum Mark	A	B	C	D	E	U
F242	Raw	100	83	75	67	59	51	0
	UMS	100	80	70	60	50	40	0
F243	Raw	100	82	74	66	59	52	0
	UMS	100	80	70	60	50	40	0
F248	Raw	100	79	71	63	55	48	0
	UMS	100	80	70	60	50	40	0
F256	Raw	100	84	76	68	60	53	0
	UMS	100	80	70	60	50	40	0
F257	Raw	100	75	67	60	53	46	0
	UMS	100	80	70	60	50	40	0

Specification Aggregation Results

Uniform marks correspond to overall grades as follows.

Advanced Subsidiary GCE (H026):

Overall Grade	A	B	C	D	E
UMS (max 300)	240	210	180	150	120

Advanced Subsidiary GCE (Double Award) (H226):

Overall Grade	AA	AB	BB	BC	CC	CD	DD	DE	EE
UMS (max 600)	480	450	420	390	360	330	300	270	240

Advanced GCE (H426):

Overall Grade	A	B	C	D	E
UMS (max 600)	480	420	360	300	240

Advanced GCE (Double Award) (H626):

Overall Grade	AA	AB	BB	BC	CC	CD	DD	DE	EE
UMS (max 1200)	960	900	840	780	720	660	600	540	480

Cumulative Percentage in Grade

Advanced Subsidiary GCE (H026):

118 candidates were entered for aggregation this series

A	B	C	D	E
2.54	24.58	52.54	81.36	97.46

Advanced Subsidiary GCE (Double Award) (H226):

49 candidates were entered for aggregation this series

AA	AB	BB	BC	CC	CD	DD	DE	EE
0.00	4.08	16.33	24.49	36.74	57.14	73.47	85.71	91.84

Advanced GCE (H426):

8 candidates were entered for aggregation this series

A	B	C	D	E
0.00	12.50	62.50	87.50	87.50

Advanced GCE (Double Award) (H626):

4 candidates were entered for aggregation this series

AA	AB	BB	BC	CC	CD	DD	DE	EE
0.00	0.00	0.00	0.00	25.00	25.00	25.00	25.00	25.00

For a description of how UMS marks are calculated see:

http://www.ocr.org.uk/learners/ums_results.html

Statistics are correct at the time of publication.

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