



GCE MARKING SCHEME

SUMMER 2017

**BUSINESS STUDIES – BS4 (LEGACY)
1084/01**

INTRODUCTION

This marking scheme was used by WJEC for the 2017 examination. It was finalised after detailed discussion at the examiners' conference by all the examiners involved in the assessment. The conference was held shortly after the paper was taken so that reference could be made to the full range of candidates' responses, with photocopied scripts forming the basis of discussion. The aim of the conference was to ensure that the marking scheme was interpreted and applied in the same way by all examiners.

It is hoped that this information will be of assistance to centres but it is recognised at the same time that, without the benefit of participation in the examiners' conference, teachers may have different views on certain matters of detail or interpretation.

WJEC regrets that it cannot enter into any discussion or correspondence about this marking scheme.

Positive Marking

It should be remembered that candidates are writing under examination conditions and credit should be given for what the candidate writes rather than adopting the approach of penalising him/her for any omissions. It should be possible for a very good candidate to achieve full marks and a very poor one to achieve zero marks. Marks should not be deducted for the less than perfect answer if it satisfies the criteria of the mark scheme, nor should marks be added as a consolation where they are not merited.

Levels of Response

Questions are awarded marks on the basis of the levels of response. The purpose of this is to award the so-called higher level skills, particularly of analysis and evaluation. In practice, the good Business Studies candidate is likely to demonstrate a good grasp of the information presented to him/her, he/she will be able to weigh this up in the light of his/her theoretical understanding of the subject and will be able to suggest appropriate strategies to deal with the situation. Candidates who have a deficiency in their theoretical understanding, or who are unable to analyse properly a situation, are unlikely to be able to synthesise or evaluate in a meaningful way.

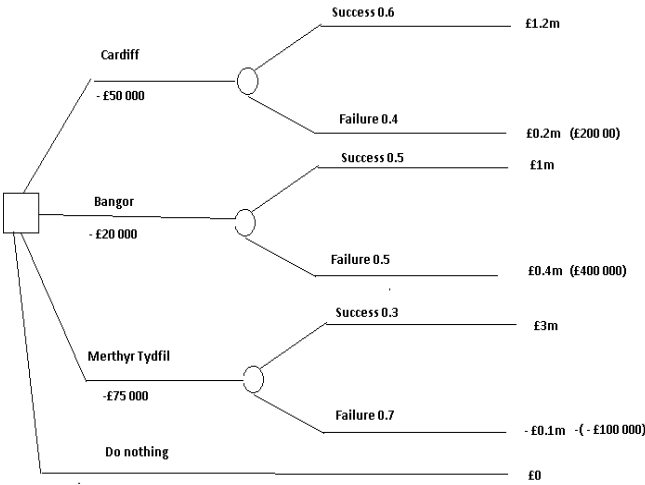
In addition, candidates will be assessed on their Quality of Written Communication in the essay question in Section B.

GCE BUSINESS STUDIES - BS4

SUMMER 2017 MARK SCHEME

Q	Answer	Mark allocation	Assessment objective
1 (a)	<p>Calculate the annual depreciation per machine, using the straight-line method. Award 1 mark for method</p> <p>Award 1 mark for correct answer</p> <p>$\text{£}31,200/6 = \text{£}5,200 - 400 = \text{£}4,800 / 8 = \text{£}600$</p> <p>Note: Award 2 marks if just £600 Award 1 mark for 600</p>	2	AO1 1 AO2 1
(b)	<p>Explain why ZZ Turvey Ltd depreciates the value of its fixed assets.</p> <p>Award 2 marks for knowledge Award 2 marks for application</p> <p>After several years the machines would not be worth as much as when they were first purchased. Bits might break and need replacing and parts of the machines would become worn out. If these fixed assets were not depreciated their value would be overstated in the accounts and as a result the balance sheet would not give a true value of the business.</p> <p>If the value of an asset was given in the balance sheet at its purchase price and then, when it was disposed of, it disappeared from the accounts, there could be a sudden fall in the value of the business. In this case, if the eight machines were not written off until year 8, the fixed asset value of the company would suddenly fall by £28,000 compared with the previous year.</p>	4	AO1 2 AO2 2

Q	Answer	Mark allocation	Assessment objective
2	<p data-bbox="292 241 1114 309">Explain the likely nature and purpose of Sunny Solar Ltd's marketing plan.</p> <p data-bbox="292 376 1114 443">Level 1 The candidate shows some knowledge of marketing plans.</p> <p data-bbox="292 461 1114 562">Level 2 The candidate shows reasonable knowledge of the nature and purpose of marketing plans and attempts to apply it to Sunny Solar Ltd.</p> <p data-bbox="292 580 1114 680">Level 3 The candidate shows sound knowledge of marketing plans and applies it meaningfully to Sunny Solar Ltd.</p> <p data-bbox="292 725 767 759">Answers might include the following:</p> <ul data-bbox="292 763 1114 1541" style="list-style-type: none"> <li data-bbox="292 763 1114 898">• A definition of a marketing plan, e.g., a detailed analysis of a business's current marketing effort, an account of where it would like to be in the future and the way it intends to go about getting there. <li data-bbox="292 902 1114 1099">• A marketing plan involves three stages, firstly, an audit to see where the business is at, at the moment. Secondly, a consideration of the business's objectives, so that it can decide where it wants to go and thirdly, development of suitable marketing strategies in order to make sure that the objectives are achieved. <li data-bbox="292 1104 1114 1301">• The first stage may involve SWOT and PEST analysis. The second stage will involve the 4 Ps of marketing as well as looking at the implications for the other main business functions: people, finance and production/operations. It will also need to consider the external PEST factors over which it will have little influence. <li data-bbox="292 1305 1114 1541">• The purpose of marketing planning is to make sure that the business makes a regular check on its marketing activities so that it is ready for any challenges that it may face in the future, and to make sure that it has the resources to carry out its objectives. It may also help to motivate employees who will have a clearer idea as to what the company stands for and where it is heading. 	6	AO1 3 AO2 3

Q	Answer	Mark allocation	Assessment objective
3(a)	<p data-bbox="292 241 1090 309">Using this information construct a decision-tree diagram and calculate the net return on each option.</p>  <p data-bbox="292 887 711 920">4 marks for the correct diagram</p> <p data-bbox="292 954 1086 1021">(2 for knowledge i.e., the correct structure + 2 for application, i.e., the correct figures)</p> <p data-bbox="387 1055 1007 1189"> Option 1 $0.6 \times \text{£}1.2\text{m} = \text{£}720,000$ $0.4 \times \text{£}200,000 = \text{£}80,000$ $\text{£}720,000 + \text{£}80,000 = \text{£}800,000$ $\text{£}800,000 - \text{£}50,000 = \text{£}750,000$ </p> <p data-bbox="387 1223 1023 1357"> Option 2 $0.5 \times \text{£}1\text{m} = \text{£}500,000$ $0.5 \times \text{£}400,000 = \text{£}200,000$ $\text{£}500,000 + \text{£}200,000 = \text{£}700,000$ $\text{£}700,000 - \text{£}20,000 = \text{£}680,000$ </p> <p data-bbox="387 1391 999 1525"> Option 3 $0.3 \times \text{£}3\text{m} = \text{£}900,000$ $0.7 \times -\text{£}100,000 = -\text{£}70,000$ $\text{£}900,000 - \text{£}70,000 = \text{£}830,000$ $\text{£}830,000 - \text{£}75,000 = \text{£}755,000$ </p> <p data-bbox="292 1559 759 1592">4 marks for the correct calculations</p> <p data-bbox="292 1626 1094 1693">(i.e., 1 mark for each correct line in all three options, allowing for OFR).</p>	8	AO1 2 AO2 2 AO3 4

Q	Answer	Mark allocation	Assessment objective																				
(b)	<p>Advise Mr Nasif as to which one of these options he should choose.</p> <p>These figures suggest that Mr Nasif should go for option 3 because it shows the greatest return. However, he should remember that the probabilities are only estimates and that things may change. For example, the cost of opening the restaurant in Merthyr may well be higher than the estimate, which appears to be rather low. Also the difference in the return of options 1 and 3 is very small (£5000) and other factors may be more important.</p>	2	AO4 2																				
4 (a)	<p>Calculate the variances, indicating in each case whether they were favourable (F) or adverse (A).</p> <table border="1" data-bbox="316 728 1050 936"> <thead> <tr> <th></th> <th>Budgeted £000s</th> <th>Actual £000s</th> <th>Variance £000s</th> </tr> </thead> <tbody> <tr> <td>Sales revenue</td> <td>540</td> <td>560</td> <td>20 F</td> </tr> <tr> <td>Purchases</td> <td>260</td> <td>290</td> <td>30 A</td> </tr> <tr> <td>Wages</td> <td>120</td> <td>126</td> <td>6A</td> </tr> <tr> <td>Overheads</td> <td>80</td> <td>90</td> <td>10A</td> </tr> </tbody> </table> <p>Award 1 mark for each correct answer (N.B. must state F or A).</p>		Budgeted £000s	Actual £000s	Variance £000s	Sales revenue	540	560	20 F	Purchases	260	290	30 A	Wages	120	126	6A	Overheads	80	90	10A	4	AO1 2 AO2 2
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Q	Answer	Mark allocation	Assessment objective
(b)	<p>Discuss the usefulness of budget variance analysis to a business such as Tinseltown Toys.</p> <p>Level 1 The candidate shows some knowledge of the benefits of budget variance analysis.</p> <p>Level 2 The candidate shows reasonable knowledge of the benefits of budget variance analysis and attempts to apply them to Tinseltown Toys Ltd.</p> <p>Level 3 The candidate shows sound knowledge of the benefits of budget variance analysis and applies them meaningfully to Tinseltown Toys Ltd.</p> <p>Answers might include the following:</p> <ul style="list-style-type: none"> • Budget variance analysis will help Fiona to monitor the performance of the business. Overall she is likely to be worried that the net outcome is an unfavourable profit variance of £26,000. • She will be able to see what is going right and what is going wrong. In this case she will be pleased that sales revenue is favourable and will want to know how this has happened so that the company can continue to perform well. For instance, it may be that an advertising campaign has been more successful than anticipated. • Similarly, she will want to know why the purchases total is higher than the budgeted figure. For example, has there been an unexpected shortage of some input which meant that the company had to pay more for it? • By analysing budget variances Fiona may be able to produce more accurate budgets in the future, which should enable the business to plan better. • The variances can be used to motivate staff to maintain or improve their performance, e.g., by paying bonuses when favourable variances are achieved. • The analysis may not be useful if the real reasons for the variances cannot be identified. • The analysis may be of little use, even if the causes of the variances are identified if there is nothing that the business can do about it, since it is something that has already happened. For example, if the price of electricity goes up the business has no option, in the short run, but to pay the increased price. In the longer term it might look at ways of saving electricity, e.g., by replacing light bulbs with low energy bulbs. 	<p>6</p> <p>1-2</p> <p>3-4</p> <p>5-6</p>	<p>AO3 3 AO4 3</p>

Q	Answer	Mark allocation	Assessment objective
5	<p>Discuss the likely impact of the industrial action on the various stakeholders affected by this dispute.</p> <p>Level 1 The candidate makes some attempt to analyse/evaluate the impact of industrial action from the point of view of some of the stakeholders in this dispute.</p> <p>Level 2 The candidate makes a reasonable attempt to analyse/evaluate the advantages and disadvantages of industrial action from the point of view of many of the stakeholders in this dispute.</p> <p>Level 3 The candidate makes a detailed and well-balanced analysis and evaluation of the advantages and disadvantages of industrial action from the point of view of most of the stakeholders in this dispute.</p> <p>Answers might include the following:</p> <ul style="list-style-type: none"> • Identification of the main stakeholders: the managers of First Great Western (FGW), the leaders and members of the Rail, Maritime and Transport union (RMT), the travelling public, the government, other transport providers. • The impact on each of the stakeholder groups: • The managers – they will be unable to run normal services and will have to try and activate contingency plans in order to keep as many services running as possible. As they are unlikely to be able to offer a full service they may find that many of their customers are dissatisfied and blame them for the dispute. • The union leaders – their prestige will depend on a successful conclusion to the dispute. If they win some or all of their members demands, they will be held in high esteem but if they fail they may be faced with a backlash. • The union members – will lose money as long as the dispute goes on, but in the long run they will gain if their demands are met in part or in full. • The travelling public – will face disruption which they will find frustrating. Many people will be late for work or will not be able to get to work at all and, as a result, may find themselves losing pay. • The government - will not be happy, as some voters will look on them as being ineffective. • Other transport providers: some, like bus companies, might benefit but others, such as taxi drivers that pick their customers up from stations might suffer unless they can compensate this by increasing their other work. <p>Any other valid point.</p>	<p>8</p> <p>1-2</p> <p>3-5</p> <p>6-8</p>	<p>AO3 5 AO4 3</p>

SECTION B

The following levels should be applied to each question.

LEVEL	MARK BAND	DESCRIPTOR
1	1-5	<p>Candidate makes few, if any, relevant points with no real application. There may be an attempt to draw conclusions, but understanding of connections between different areas of subject content is limited or not demonstrated.</p> <p>Information is poorly organised. There is limited use of specialist terminology/vocabulary and frequent errors in spelling, punctuation and grammar.</p>
2	6-10	<p>Candidate makes some valid points using relevant business principles, concepts and theories. There may be some application with valid conclusions drawn. Some ability to make connections between different parts of the subject content is demonstrated.</p> <p>Information is well organised and ideas are expressed in a logical manner. There is good use of specialist terms/vocabulary with some errors in spelling, punctuation and grammar, but these are not intrusive</p>
3	11-15	<p>Candidate shows good knowledge and understanding of relevant business principles, concepts and theories. There is good application and analysis with sound logical conclusions drawn. The ability to make connections between different parts of the subject content is demonstrated on several occasions.</p> <p>Information is very well organised and argument is expressed clearly and coherently. There is good use of specialist terms/vocabulary and spelling, punctuation and grammar are generally accurate.</p>
4	16-20	<p>Candidate demonstrates excellent knowledge, understanding, analysis, and evaluation using business principles, concepts and theories. The ability to synthesise and make connections between different parts of the subject content is fully demonstrated throughout the answer.</p> <p>Information is very well organised and the form and style of communication is highly appropriate. There is very good use of specialist terms/vocabulary with few, if any, errors in spelling, punctuation and grammar.</p>

Q	Answer	Mark allocation	Assessment objective
6	<p>“The best way to motivate workers is to pay them more money”. Discuss.</p> <p>Answers might include the following:</p> <ul style="list-style-type: none"> • An outline of the monetary methods of motivation including: <ul style="list-style-type: none"> – Bonuses, performance-related pay, profit-sharing and fringe benefits. • An outline of non-monetary methods of motivation including: <ul style="list-style-type: none"> – Recognition and praise, job enrichment, job enlargement, team-working and empowerment. – A discussion of the pros and cons of these and other methods of motivation including the views of various theorists – Taylor, Mayo, Maslow and Herzberg. – The use of examples, e.g., charity workers who gain satisfaction from non-monetary motivation versus workers on piece rates. <p>Conclusion: some workers in particular jobs are likely to be motivated predominantly by money and will respond to financial incentives. This tends to be true of workers in “blue collar” jobs, although teamwork (Mayo) can also play an important part in motivating these types of workers. On the other hand employees in white collar jobs will expect other incentives. This may be related to the upper end of Maslow’s pyramid or to Herzberg’s motivators. They will want recognition and good relationships with their managers, as well as some degree of control over the type of work that they do.</p> <ul style="list-style-type: none"> • Any other valid response should be credited. 	20	AO1 2 AO2 2 AO3 6 AO4 10

Q	Answer	Mark allocation	Assessment objective
7	<p>Assess the view that increased expenditure on technology will, more often than not, result in greater profits for a business.</p> <p>Answers might include the following:</p> <ul style="list-style-type: none"> • A description of different types of technology, including: <ul style="list-style-type: none"> – Robotics, information technology and the internet of things. • Arguments in favour of increased expenditure on technology, including: <ul style="list-style-type: none"> – A reduction in unit costs (economies of scale), increased speed of production, improved quality; improvements in the collection and interpretation of data. • Arguments against increased expenditure on technology, including: <ul style="list-style-type: none"> – The costs involved, the need to train staff, the possibility that it will not work or go out of date before it has paid for itself. • Relevant examples should be credited. <p>Conclusion: properly used new technology can greatly benefit a business, helping it to produce products more cheaply and responding more quickly to the requirements of its customers. However, there are plenty of examples of badly implemented IT schemes, particularly in the public sector, that have cost a great deal of money, taken a long time to introduce and have ultimately failed. There also has to be a market for the products produced. The coal industry in South Wales had the latest technology introduced into the mines only months before the mines were shut due to a fall in the price of coal. Technology tends to be expensive so the returns on investment in it are not always guaranteed.</p> <p>Any other valid point.</p>	20	AO1 2 AO2 2 AO3 6 AO4 10

Q	Answer	Mark allocation	Assessment objective
8	<p>Examine the view that British businesses will be better off outside the European Union.</p> <p>Answers might include the following:</p> <p>Arguments in favour of British businesses being outside the EU, including:</p> <p>Businesses would not be subject to so much regulation/red tape; businesses could be protected against unfair competition; some businesses could get government subsidies which are not allowed under EU regulations (e.g. the steel industry); bilateral trade deals could be negotiated with countries outside the EU (e.g., India and China) that might benefit UK businesses</p> <p>Arguments against British businesses being outside the EU, including:</p> <p>They would not get the full benefit of the single market; some businesses (e.g., farms) would not get the subsidies that they are currently receiving; there might be a smaller supply of skilled and unskilled workers which would mean that UK businesses would have to pay higher wages/salaries and may experience shortages of skilled employees.</p> <p>Conclusion: as much as anything it depends on the type of business. Some businesses, who export most of their products or services to other EU countries, are clearly at a disadvantage outside of the EU. Some businesses, whose market is mostly domestic, such as retailers, might not care greatly whether or not the UK is in or out of the EU. Some industries, such as farming, fishing and steel, may feel that they are better protected outside the EU. Also, it is argued that if the UK is outside the EU it is not in a position to negotiate about rules and regulations that effect UK businesses that trade with other EU countries and that therefore it is better to be a member.</p> <p>On the other hand, the opponents of UK membership of the EU argue that EU businesses would be just as keen to trade with the UK inside or outside of the EU and therefore it would be possible to negotiate favourable trade agreements outside of the EU.</p> <p>The impact on UK businesses will also be affected by the exchange rate. A falling pound will benefit exporters but disadvantage importers.</p> <p>Any other valid point/example should be credited.</p>	20	AO1 2 AO2 2 AO3 6 AO4 10