

JUNE 2002

INTERNATIONAL GCSE

MARK SCHEME

MAXIMUM MARK : 80

SYLLABUS/COMPONENT : 0450/2

BUSINESS STUDIES

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1. For each part the following applies
 - 1 mark simple understanding.
 - 2 marks higher level of understanding as demonstrated by development
 - 3 marks high level of understanding as shown by accuracy of terminology or by effective application.

Content

 - (a). Market segment refers to a sub group [or part]of a total market made up of customers who share similar characteristics. In this case the segmentation was done on the basis of age.
 - (b). Cash flow forecasts. A prediction of all expected receipts and expenses of a business over a future time period which shows the expected cash balance at the end of each month. In this case of value in determining the need and size of any overdraft facility.
 - (c). Liquidity. The term refers to the ease with which assets can be converted back into cash. The concept is usually used to assess the cash position of a business. This is of course vital for the survival of any business. Reference to cash / money 1 mark. Ability to meet short term debts 2 marks.
 - (d). Gross profit. Usually calculated by subtracting cost of sales from sales turnover. Some measure of the ability of a business to generate a surplus on its trading activities.
2. (a) 4 – 3 marks. Identification of a range of relevant market research information.
 2 – 1 marks. Identification of a limited range of information.
 Content. Research into matters such as – size of potential market; needs and wants of customers; competition and their services; future growth potential etc.
 - (b). 4 – 3 marks. Clear attempt made to justify information requested by showing its value to the bank manager in determining the loan request.
 2 – 1 marks. Limited attempt to justify. Answer probably characterised by failure to show usefulness to the bank manager although some attempt made to show general value of the information.
 Content. Manager needs to assess the business risk. Thus needs evidence of potential of the idea. Evidence regarding size of market and possible gap gives some indication of the thoroughness of the approach and also the basis of the data contained in the business plan.
 - (c). 4 – 3 marks Identification and explanation of at least two methods
 2 – 1 marks. Identification of methods .
 Content. Probably market research was primary. Questionnaires and / or interviews with sample of market segment being aimed at. Secondary data regarding market size and competition also possible. Answers will probably focus on sample; selection; questionnaires and methods of interviewing.
3. (a). 2 marks for each correct calculation
 1 mark for method if arithmetic error.

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(i). \$1000 divided by 400 = \$2.5

(ii). \$500 divided by 8 = \$62.5

(iii). \$1000 - \$640 = \$360 times 50 = \$18000. If done for 1 week then 1 mark.

(b) Mark allocation as follows –

(i) Total Revenue line	1 mark
Fixed costs	2 marks
Variable costs	1 mark
Total costs	1 mark
Scale on y axis	1 mark
\$ on y axis	1 mark
All lines plotted accurately	1 mark

(ii) 2 marks for correct answer

1 mark for an attempt to estimate from chart

(iii) 3 / 4 marks for understanding of the value of the concept

1 / 2 marks for simple appreciation

Content. Estimating break even number of customers would help in assessing the viability of the venture. How likely is this minimum number to be at least achieved? Gives a minimum target to aim for. Also allows margin of safety and business risk to be assessed.

4. 12 – 9 marks. Identification, explanation and justification of promotional methods in context. Overview of promotion needed to be in L3.

8 – 5 marks. Identification and explanation of promotional methods

4 – 1 marks. Identification of promotional methods.

Content – new business needs to create awareness and interest. Aim to draw attention and gain customers. Promotional methods such as advertising (where and why) special offers; mail shots; posters; point of sales displays (window display) promote business image (styling and hair creation sounds fashionable) loyalty schemes (discounts)

5. (a). 4 – 3 marks for appreciation of importance of motivation. Some context reference needed.

2 – 1 marks for identification of what motivation means.

Content. Motivation refers to the attitude of the staff towards their work. If positive then it reflects in the way they carry out their tasks. This is particularly important in a service activity where the staff come into direct contact with the customers and hence have a major impact on the quality of the service received by the customer.

(b) 10 – 7 marks. Appropriate methods explained in context

6 – 4 marks. Methods identified and explained

3 – 1 marks. Methods identified.

Content. Reference to range of financial and non financial incentives. At present all staff to be paid the same (good or bad?) Tips and or bonuses might need to be considered. Employment package (fringe benefits) Conditions at work. Style of management. Training / promotion prospects. Explanation must focus on impact on motivation. At least 3 separate methods needed for L3

6. 10 – 9 marks for at least 3 measures discussed in context

8 – 4 marks. limited range of ideas or context lacking

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3 - 1 marks for statement of simple ideas.

Content. Good management control; regular update on costs and cash flow expenditure; monitor customer numbers; look at market trends and competition; customer feed back; ensure high standards in the shop; do not try to grow to fast. This is quite a challenging question.