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UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS

GCE Advanced Subsidiary Level and GCE Advanced Level

MARK SCHEME for the May/June 2012 question paper

for the guidance of teachers

9707 BUSINESS STUDIES

9707/23 Paper 2 (Data Response), maximum raw mark 60

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

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1 Turboprop (TP)

(a) Explain the following terms:

(i) Autocratic leadership (line 27) [3]

Content: Style of leadership that keeps all decision making at the centre of the organisation. Lower levels of hierarchies are given little authority, communication usually one-way.

Level 2: Good explanation (2–3 marks)
Level 1: Partial explanation/understanding (1 mark)

(ii) Perks (fringe benefits) (lines 27–28). [3]

Content: rewards which are in addition to pay e.g. free parking.

Level 2: Good explanation (2–3 marks)
Level 1: Partial explanation/understanding (1 mark)

(b) Analyse the impact on TP's liquidity if Ecogen is introduced. Use the information in Tables 1 and 2 and appropriate accounting ratios in your answer. [8]

CR = 100/75 = 1.33

ATR = 50/75 = 0.67

CR decreasing, becoming close to "norm". Mainly due to stock increase. Business may need more stocks when dealing with final consumers rather than industry. But would stocks be held more by retailers?

ATR either side of ideal, falling. Worrying because of overdraft. Is this temporary? Just a result of borrowing to finance the change? If so, not a worry.

Knowledge and Application	Analysis
Level 2: Shows understanding of ratios/liquidity in context of the business. (3–4 marks)	**Level 2**: Good analysis in context. (3–4 marks)
Level 1: Shows understanding of ratios/liquidity. (1–2 marks)	**Level 1**: Analysis of ratios. (1–2 marks)

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(c) Explain how CAD (Computer Aided Design) could be used by TP to design Ecogen. [6]

CAD enables ideas to be developed and changes made.

Diagrams enable products to be "looked at" without having to make them.

Can rotate designs to look at them from different angles.

Designs can then be used in CAM or to create drawings for manufacture.

Any Reasonable Answer (ARA).

Knowledge and Application	Analysis
Level 2: Shows understanding of a CAD in context of the business. (3–4 marks)	
Level 1: Shows understanding of CAD. (1–2 marks)	**Level 1**: Analysis of CAD. (1–2 marks)

(d) Discuss how TP's approach to promotion should change if the company decides to start marketing Ecogen. [10]

Content:

Was a business-to-business arrangement now business to final consumer.
Promotion will need to change to reach ordinary members of public.
Current promotional arrangements are exhibitions, staff contacts.

Promotion will need to be directed towards both final consumers and likely retailers if not sold directly to public, e.g. newspapers, billboards.

What will be purpose? Persuade? Inform?
What is likely budget?
ARA.

Evaluation likely to come from some sense of which changes are the most important.

Knowledge and Application	Analysis and Evaluation
Level 2: Shows understanding of promotion in context of the business. (3–4 marks)	**Level 2**: Evaluation of changes in context. (3–6 marks)
Level 1: Shows knowledge of promotion. (1–2 marks)	**Level 1**: Limited analysis of changes. (1–2 marks)

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2 Deucetown Sports Club (DSC)

(a) Explain the following terms:

(i) demand (line 5) [3]

The quantity of a good or service that consumers are willing and able to buy at a given price in a time period. Factors influencing would be useful in an answer.

Level 2: Good understanding (2–3 marks)
Level 1: Partial explanation/understanding (1 mark)

(ii) below the line promotion (lines 5–6). [3]

Content: Not paid for externally (in contrast with above-the-line) e.g. exhibitions, personal selling, offers. May be easier to target.

Level 2: Good understanding (2–3 marks)
Level 1: Partial explanation/understanding (1 mark)

(b) (i) Calculate the value of X in table 3. [2]

Y = –165 + 100 + 100 – 20 – 10 = 5

Level 2: Correct answer (2 marks)
Level 1: Attempt (1 mark)

(ii) Explain <u>two</u> ways of improving the cash flow shown in Table 3. [4]

Negotiate better payment terms to suppliers.
Persuade sponsors to provide sponsorship earlier.
Sell tickets in advance.
Get advance payments from TV. Allow overdrafts.

Knowledge and Application
Level 2: Explanation of ways of improving cash flow in the context of the business. (3–4 marks)
Level 1: Shows understanding of cash flow. (1–2 marks)

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(c) Analyse the possible effects of the planned tennis event on <u>two</u> of DSC's stakeholders [8]

Members: Will they like the disruption? Opportunity to meet famous people. Pride in their club?

Employees: Lots of hard work! Extra pay?

Owner: Self esteem, workload.

Community: Disruption? Business opportunities?

ARA.

Knowledge and Application	Analysis
Level 2: Shows understanding of stakeholders in the context of the business. (3–4 marks)	**Level 2**: Good analysis in context. (3–4 marks)
Level 1: Shows understanding of stakeholders. (1–2 marks)	**Level 1**: Analysis of effects. (1–2 marks)

(d) Discuss the importance of good leadership at DSC for the success of the planned event. [10]

Most involved are volunteers, so money not a motivator. Leadership then plays bigger role.

Lots of organisation involved so leadership qualities will be important for the success.

Project involves a range of stakeholders each requiring different needs etc.

ARA.

Knowledge and Application	Analysis and Evaluation
Level 2: Shows understanding of leadership in the context of the business. (3–4 marks)	**Level 2**: Evaluation of leadership in context. (3–6 marks)
Level 1: Shows understanding of leadership. (1–2 marks)	**Level 1**: Limited analysis of leadership. (1–2 marks)

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