



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS  
General Certificate of Education  
Advanced Subsidiary Level and Advanced Level

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**BUSINESS STUDIES**

**9707/02**

Paper 2 Data Response

**For Examination from 2011**

SPECIMEN MARK SCHEME

**1 hour 30 minutes**

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**MAXIMUM MARK: 60**

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This document consists of **6** printed pages.



## 1 (a) Explain the following terms:

## (i) private limited company

[3]

Content: A legal structure for a business that is incorporated and has limited liability. Shares are owned privately and are not traded on the stock exchange.

Level 2: Good understanding  
Level 1: Partial understanding

[3–2 marks]  
[1 mark]

## (ii) multinational

[3]

Content: Usually a large corporation that operates in several countries. Can be very influential.

Level 2: Good understanding  
Level 1: Partial understanding

[3–2 marks]  
[1 mark]

## (b) (i) Calculate the percentage change in sales of components between 2005 and 2006. [2]

Sales of components in 2006 = \$90k  
Sales of components in 2005 = \$50k  
Increase = \$40k  
Therefore percentage increase =  $\frac{\$40k}{\$50k} \times 100 = 80\%$

## (ii) How does your answer to (b) (i) and other information in Table 1 support Tariq's idea of focusing more on the sale of components? [6]

Issues that may be considered:  
Figures generally show positives:

- Increased rents on shops making retailing more costly, less profitable
- Declining sales of computers suggests new markets
- Rapid growth in sales of parts suggests a suitable market
- Increase in unsold computers
- ARA

Knowledge and application	Analysis and evaluation
Shows understanding of the data in context [4–3 marks]	
Show knowledge/understanding of the data [2–1 marks]	Analyses the data [2–1 marks]

- (c) **Discuss the marketing and other factors that Tariq should consider before deciding whether to sell components on the Internet.** [10]

How expensive will it be to set up?  
 How many staff will he need?  
 Will they need training?  
 What additional technology will be needed?  
 How easy will it be to attract customers?  
 How will he deliver to customers?  
 How much marketing will be needed and what sort?  
 Security?  
 Disintermediation  
 ARA

**Context** will be shown by using the factors identified in the case.

**Analysis** will be shown by discussing the factors.

**Evaluation** is likely to arise from consideration of the critical factors.

<b>Knowledge and Application</b>	<b>Analysis and Evaluation</b>
Level 2: Shows understanding of issues involved in setting up on-line trading in context [4–3 marks]	Level 2 Evaluation of the factors in context [6–3 marks]
Level 1: Shows knowledge/understanding of issues involved in online trading [2–1 marks]	Level 1 Analysis of the issues [2–1 marks]

- (d) Using the information in Table 2, explain one method of stock control that TN could use to improve its management of stock. [6]

**Answer only requires one method of stock control but does require use of Table 2**

More closely match stocks to demand, life and reliability of suppliers

For example, computers have high stocks relative to life, and sales are falling. Use of stock graphs would enable significant reduction. Presumably most expensive item therefore release working capital.

Memory stocks are higher than useful life, so some will become obsolete. Very short life, reliable suppliers so JIT?

Disks have low stocks with steady sales, may be case for looking at buffer stock.

ARA

Knowledge and Application	Analysis and Evaluation
Level 2: Shows understanding of a method of stock control in context of the business [4–3 marks]	
Level 1: Shows knowledge/understanding of a method of stock control [2–1 marks]	Level 1 Analysis of the data in relation to a method of stock control [2–1 marks]

## 2 Paperclips

### (a) Explain the following terms:

#### (i) Stakeholders

[3]

Content: Groups who have an interest in the performance of a business, typically including employees, shareholders, customers, suppliers, the state, the community.

Level 2: Good understanding

[2–3 marks]

Level 1: Partial understanding

[1 mark]

#### (ii) Market Research

[3]

Content: Gathering data about market size and trends, competitors, consumer buying habits or likely sales levels. Can be from primary or secondary sources.

Level 2: Good understanding

[2–3 marks]

Level 1: Partial understanding

[1 mark]

### (b) (i) If sales in month 4 are \$800, calculate the closing balance in Table 1 for that month. [2]

Closing balance = opening balance + sales – costs =  
 $\$200 + 800 - \$300 - \$100 = \$600$

Correct answer

[2 marks]

Attempt, or figures identified

[1 mark]

### (ii) State two reasons why the directors of PC might have difficulty raising the \$200 cash shortfall needed for month 2. [2]

New business

Only students

No security

Investing in students' business

Risk

Students don't have much money to invest

Etc. ARA

<b>Knowledge and Application</b>
1 mark for each reason

**(iii) Explain the difference between cash and profit. [4]**

Profit is calculated using accruals (when things are bought and sold rather than when they are paid for).

Cash is calculated on the basis of money flowing in and out of the business.

Because stock is purchased on credit the two are different.

<b>Knowledge and Application</b>
Level 2: Shows understanding of difference between cash/profit [3–4 marks]
Level 1: Shows understanding of issues involved in cash/profit [1–2 marks]

**(c) Recommend and justify a marketing mix for PC. [10]**

Going to be difficult to compete on price with supermarket

Promotion will, therefore be important

Business is raising money for charity - good promotional point

Student business, should be supported by teachers, other students

On site, so much more convenient

ARA

<b>Knowledge and Application</b>	<b>Analysis and Evaluation</b>
Level 2: Shows understanding of factors/mix in context of the business [3–6 marks]	Level 2: Evaluation of factors (advice) in context [3–4 marks]
Level 1: Shows understanding of marketing mix/factors [1–2 marks]	Level 1: Analysis of the factors [1–2 marks]

**(d) Briefly analyse the likely aims of PC as a social enterprise. [6]**

Content:

Half of profits to go to charity

Provide good quality products and service to colleagues

Practical business education of students

Raise awareness of social enterprise among student population

Triple bottom line – e.g. people/planet/profit

<b>Knowledge and Application</b>	<b>Analysis and Evaluation</b>
Level 2: Shows understanding of social enterprise aims in context of the business [3–4 marks]	
Level 1: Shows understanding of social enterprise aims [1–2 marks]	Level 1: Analysis of the aims [1–2 marks]