

Business Studies A

General Certificate of Secondary Education **1951/08**

Case Study - Paper 8

Mark Scheme for June 2010

OCR (Oxford Cambridge and RSA) is a leading UK awarding body, providing a wide range of qualifications to meet the needs of pupils of all ages and abilities. OCR qualifications include AS/A Levels, Diplomas, GCSEs, OCR Nationals, Functional Skills, Key Skills, Entry Level qualifications, NVQs and vocational qualifications in areas such as IT, business, languages, teaching/training, administration and secretarial skills.

It is also responsible for developing new specifications to meet national requirements and the needs of students and teachers. OCR is a not-for-profit organisation; any surplus made is invested back into the establishment to help towards the development of qualifications and support which keep pace with the changing needs of today's society.

This mark scheme is published as an aid to teachers and students, to indicate the requirements of the examination. It shows the basis on which marks were awarded by Examiners. It does not indicate the details of the discussions which took place at an Examiners' meeting before marking commenced.

All Examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes should be read in conjunction with the published question papers and the Report on the Examination.

OCR will not enter into any discussion or correspondence in connection with this mark scheme.

© OCR 2010

Any enquiries about publications should be addressed to:

OCR Publications
PO Box 5050
Annesley
NOTTINGHAM
NG15 0DL

Telephone: 0870 770 6622
Facsimile: 01223 552610
E-mail: publications@ocr.org.uk

Question			Syllabus Ref	Expected Answers	Marks	Additional Guidance
1	(a)	(i)	5.1.1	<p>Target: To apply knowledge and information about stakeholders in terms of their objectives at GTD plc.</p> <p>Advantages:</p> <ul style="list-style-type: none"> • Can sell shares on stock exchange • Can raise more money from different sources • Can achieve economies of scale • Accounts are public and investors may be more willing to invest. <p>Exemplar: GTD plc would be able to sell shares through the stock exchange(1) which is reliable and shareholders can buy and sell shares easily(1). This means that more people are willing to invest in GTD and more money can be raised.(1)</p> <p>Any one advantage stated one mark. One advantage explained two marks One advantage explained and an extension point three marks.</p>	[3]	<p>Accept limited liability Accept buying/selling shares and any development</p> <p>No reward for more than one advantage, but reward the higher mark answer if more than one advantage given</p> <p>Exemplar – they have limited liability (1)so they do not lose all possessions(1) if business goes into liquidation (1)</p>
1	(a)	(ii)		<p>Risks might include:</p> <ul style="list-style-type: none"> • Losing their investment through fluctuation in share prices • No dividend/reward • Anyone can buy shares • Loss of control • Hostile takeover • Lack of family atmosphere, familiarity of friends <p>Exemplar: Shareholders in GTD plc take the risk that the if the prices of shares in the company falls(1) they will not be able to sell the shares for as much as they bought them(1) and will make no capital gain on their investment.(1)</p> <p>one for stated risk + two for development in terms of GTD plc.</p>	[3]	

Question			Syllabus Ref	Expected Answers	Marks	Additional Guidance
1	(b)	(i)	5.1.2	<p>Target: To select and analyse information about finance and ownership at GTD plc.</p> <p>Evidence of both share prices (1)</p> <p>$\frac{210}{300} \times 100$ (1)</p> <p>Or</p> <p>$\frac{225}{300} \times 100$ (1)</p> <p>Answers between 70% and 75% (1)</p> <p>Answer only (3)</p>	[3]	<p>.</p> <p>Accept between 510p and 525p</p>
1	(b)	(ii)		<p>510 x 1000(1) = 510,000p(1) or £5100(1)</p> <p>or</p> <p>525 x 1000(1) = 525,000p(1) or £5250(1)</p>	[2]	<p>Accept anything between the two</p> <p>Max (1) if no p or £ sign</p>

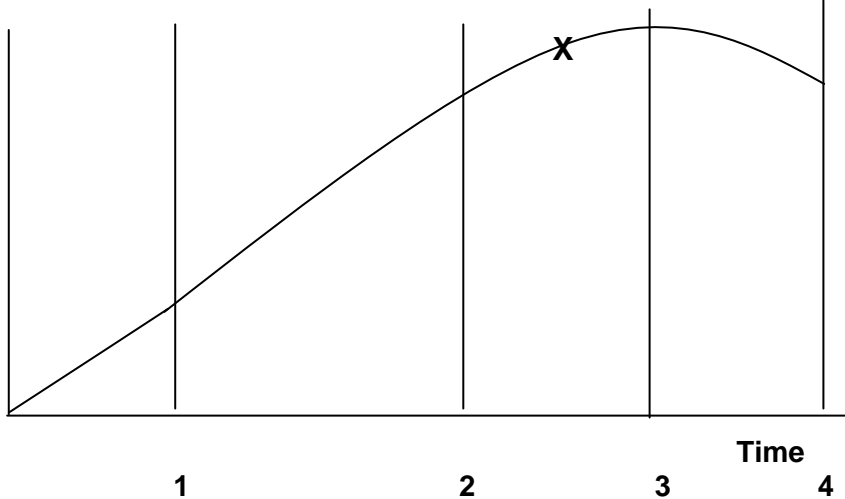
Question		Syllabus Ref	Expected Answers	Marks	Additional Guidance
1	(c)*	5.1.1	<p>Target: To analyse and evaluate knowledge of stakeholder groups in terms of the activities of GTD plc.</p> <p>Community: Candidates might refer to Resource Sheet 1.</p> <ul style="list-style-type: none"> • Reduction in value of houses • Destruction of the views • Noise pollution. • Benefits if near to factories • Employment. <p>Employees:</p> <ul style="list-style-type: none"> • New technology less jobs • Increased training • Effect of change of location. • Skin complaints <p>Customers:</p> <ul style="list-style-type: none"> • Quality might fall if production increases • Prices are set to rise • Reliability of supply might suffer. 		<p>Reward a reference to the length of time the group might be affected by the activities</p> <p>A simple judgemental statement e.g. 'the most affected' is not awarded unless there is a supported statement</p>

Question			Syllabus Ref	Expected Answers	Marks	Additional Guidance
				<p>Exemplar: The group which will suffer the most will be the employees. There may be redundancies if new technology is brought in and relocation takes place.(L1) The employees will feel insecure and this will affect their attitude and their work.(L1) Morale might be very low and the more skilled workers may leave and find work elsewhere. Although the community is affected in general by wind turbines it is not specific to GTD plc and only affects some people. Customers may be more affected than the community by the activities but only if quality falls or prices rise. This may take some time to happen.(L2) The effect on the employees is much more direct than on any other group and might result in long term effects on GTD plc.(L2)</p> <p>Level 2 (4-6marks) Candidates analyse at least two of the stakeholder groups and make judgement as to which will be the most affected by the activities of GTD plc. A balance of all three</p> <p>Level 1 (1-3 marks) Candidates analyse one stakeholder group with no comparison with others and no judgement made.</p> <p>Candidates will also be assessed for their Quality of Written Communication on this part of the question, according to the following requirements:</p> <p>Ideas are expressed clearly, fluently, legibly and in an appropriate way. There are few errors in spelling, punctuation and grammar. (2)</p> <p>Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer. (1)</p> <p>Candidate fails to reach the threshold standard in all respects. (0)</p>	[6+2]	<p>To achieve marks 4 to 6 there must be a comparison to support their view or reasoning</p> <p>Simple statements about all three groups but with no comparative element is a maximum of three marks</p>
				Total	[19]	

Question			Syllabus Ref	Expected Answers	Marks	Additional Guidance
2	(a)		5.1.5	<p>Target: To demonstrate, apply and analyse knowledge of ways in which the government supports and influences the business activities of GTD plc.</p> <p>Reasons:</p> <ul style="list-style-type: none"> • Environmental/support of sustainable energy sources • To help meet carbon emission targets • Regional/enterprise zones • To improve employment • To improve areas of structural unemployment • Good reliable company • To help with start up costs • Government popularity <p>The government might have given GTD Ltd a grant to set up their business because GTD plc are making wind turbines which are a form of sustainable energy(1). The government are committed to support this type of technology(1) which might solve some of the environmental problems in the future(1).</p> <p>One reason stated one mark One reason developed three marks More than one reason stated max two marks</p>	[3]	

Question			Syllabus Ref	Expected Answers	Marks	Additional Guidance
2	(b)		5.1.3	<p>Target: To analyse and evaluate reasons for financial decisions made by GTD plc.</p> <p>Advantages of renting:</p> <ul style="list-style-type: none"> • Less expensive/cheaper • No borrowing • Limited time • No resale • Less risk • Releases funds for future expansion • Better use of money alternative uses • Avoids responsibility of ownership <p>Exemplar: GTD Ltd might have decided to rent rather than buy the unit because they would not have to raise a lot of money for the purchase(1), they would make regular payments for the rent which might have been better at the start of the business(1). one mark for advantage two marks for justification and comparison.</p>	[2]	

Question			Syllabus Ref	Expected Answers	Marks	Additional Guidance
2	(c)		5.1.3	<p>Target: To analyse and evaluate different aspects of the marketing strategy operating at GTD plc.</p> <p>Reasons for importance:</p> <ul style="list-style-type: none"> • Customer loyalty • Repeat orders • Reputation/image/reliability • May improve payment. • Competitive advantage <p>Candidates should assess supply in the context of at least one part of the marketing mix/strategy.</p> <p>Exemplar: GTD plc produces a product which projects a good environmental image. This image is important to the promotion of the company in a highly competitive business(L1). However in order to maintain a high level of customer satisfaction it is essential that GTD plc are seen to be reliable in meeting their supply targets. This is particularly important since they only produce part of the whole unit and it would be bad for their image if they failed to supply the blade to complete the unit(L2). The reliability can also be reflected in the price which may be more competitive due to the company's image. Hence the reliability of supply affects all aspects of the marketing strategy.</p> <p>Level 2 (3-4 marks) Candidate analyses and evaluates importance of supply in the context of the marketing strategy of the business.</p> <p>Level 1 (1-2 marks) Candidate explains one or two reasons why supply reliability is important to GTD plc with little or no evaluation or judgement.</p>	[4]	No mention of actual marketing strategy MAX (3)

Question			Syllabus Ref	Expected Answers	Marks	Additional Guidance
2	(d)	(i)	5.1.3	<p>Target: To demonstrate knowledge of the product life cycle in the context of GTD plc and to analyse and evaluate that knowledge in terms of the performance of GTD plc.</p> <p>Sales</p>  <p style="text-align: center;">Fig 1</p> <p>one mark for correct position anywhere between points 2 and 3 (the peak of the curve)</p>	[1]	
2	(d)	(ii)		<p>Importance of Product Life Cycle for performance:</p> <p>Performance might be:</p> <ul style="list-style-type: none"> • Number of sales • Number of customers • Level of profit • Future orders. 		

Question			Syllabus Ref	Expected Answers	Marks	Additional Guidance
				<p>Product Life Cycle used to:</p> <ul style="list-style-type: none"> • Show whether there is still potential for growth • Shows where product is in its life in terms of sales volume • Shows where product is in terms of costs • Shows whether heavy advertising is needed to maintain market share • Shows whether pricing needs to be adjusted. <p>Limitations:</p> <ul style="list-style-type: none"> • Changes in legislation • Changes in economy • Competition. <p>Exemplar: The Product Life Cycle helps GTD plc to see at what stage the turbine blade is at in terms of its potential for sales(L1). In this case Wayne believes that the blade has reached saturation point which means that if sales are to be maintained some changes will have to take place. These changes may be to do with the blades themselves, their pricing or their promotion.(L1) Promotion may have to increase and GTD look elsewhere for markets, prices may have to be more competitive in order to increase sales or costs might be lowered by finding g new suppliers of raw materials (L2). All of these will affect the financial performance of the business. However the product life cycle cannot predict changes in the economy, need for energy or legislation and therefore is limited in its real affect on the performance of GTD plc.(L2)</p> <p>Level 2 (4-5 marks) Candidate evaluates Product Life Cycle in terms of the performance of the turbine blades. Give MAX (5) only if some idea of limitations of the technique.</p> <p>Level 1 (1-3 marks) Candidate analyses the Product Life Cycle of the turbine blades in terms of their performance.</p>	[5]	

Question			Syllabus Ref	Expected Answers	Marks	Additional Guidance
2	(e)		5.1.1	<p>Target: To apply and analyse global opportunities in terms of the objectives of GTD plc.</p> <p>Advantages:</p> <ul style="list-style-type: none"> • Increased sales/economies of scale • Larger market • Reasonably easy transportation • Free movement of goods • Enhanced reputation and brand awareness • Closer and lower transport costs <p>Exemplar: the market in the UK is saturated and the EU will offer a larger market(1) which might result in increased sales(1).</p> <p>Any two advantages explained x two marks</p>	[4]	<p>Answer can relate to general exporting of turbines is acceptable, not just specific to EU</p> <p>Beware repetition</p>
				Total	[19]	

Question			Syllabus Ref	Expected Answers	Marks	Additional Guidance
3	(a)		5.1.3	<p>Target: To demonstrate knowledge of market research methods and to analyse and evaluate that knowledge in terms of business decisions at GTD plc.</p> <p>Reasons:</p> <ul style="list-style-type: none"> • Second hand information may not be accurate or up to date • May not be specific to the area they wish to locate to • May be expensive to buy or get hold of • Distance, communication, language, culture may be an issue. <p>Exemplar: Karen used secondary information because it is quick and easy to get hold of especially from the internet. However finding out information about an area and country so far away might be difficult in terms of accuracy and cost.(L1) It is often better to visit a country like India and to see first hand the areas and the businesses that GTD might be dealing with. Secondary information can be a good starting point but it is important that Karen looks into primary sources as well.(L2)</p> <p>Level 2 (3-4 marks) Candidate analyses reasons against using secondary information and comes to a conclusion as to its reliability in the context of the decision.</p> <p>Level 1 (1-2 marks) Candidate analyses reasons against using secondary information in the context of this decision.</p>	[4]	No context MAX (3)

Question			Syllabus Ref	Expected Answers	Marks	Additional Guidance
3	(b)		5.1.2	<p>Target: To apply knowledge of business organisation and its affect on economies.</p> <p>Disadvantages:</p> <ul style="list-style-type: none"> • No supervision of production/loss of control • Potential supply chain issues • Quality may suffer • Exploitation of workforce • Distance • Communication difficulties/language • Distribution • Targets • Culture/work ethic difference • Cost of training/poor quality • Poor management/incompetence • Corruption <p>Exemplar: India is a long way away(1) and GTD might not be able to make sure that the jobs were being done to the correct standard(1) or this might costs them money(1) or their reputation.(1)</p> <p>one mark for disadvantage two marks if some kind of development</p>	[2]	No reward for more than one disadvantage, but reward the higher mark answer if more than one disadvantage given

Question		Syllabus Ref	Expected Answers	Marks	Additional Guidance
3	(c)	5.1.4	<p>Target: To analyse and evaluate the effects of change on the workforce at GTD plc.</p> <p>Effects on workforce of the change NOT effects on the company</p> <ul style="list-style-type: none"> • Depends on whether there is relocation • Redundancy due to relocation • Larger more impersonal working conditions • Changes in production techniques, therefore further training required • Upheaval and reaction to change. • Increased employment • More security. <p>Exemplar: Selling a complete unit will require a change in working conditions for the workforce and probably for change in production methods. These major changes might have the effect of lowering the morale of the workforce who will be worried by the changes. These changes might result in a loss of jobs if new technology is brought in. On the other hand the changes may result in a greater variety of work and the continued success of the business. The success of the proposed change is probably dependent on how well the change is managed.</p> <p>Level 2 (3-5 marks) Candidate analyses the effects of the change on the workforce and evaluates the likely positive and negative effects of the changes.</p> <p>Level 1 (1-2 marks) Candidate explains some of the ways in which changes may affect the workforce with limited analysis.</p>	[5]	

Question			Syllabus Ref	Expected Answers	Marks	Additional Guidance
3	(d)		5.1.2	<p>Target: To analyse and evaluate the different objectives of different roles at GTD plc.</p> <p>Bob's objectives:</p> <ul style="list-style-type: none"> • Concerned with finance for changes • Concerned with increased wages, fuel costs and cash flow • Concerned with pricing strategy. <p>Wayne's objectives:</p> <ul style="list-style-type: none"> • To make changes to production • To relocate • To increase number of products. <p>Exemplar: the main conflict between the two sets of objectives is that Bob is concerned with problems which need dealing with urgently such as wage and fuel increases(1) which will affect levels of profits but Wayne is more concerned with long term changes and spending large amounts of money to expand the business.(1)</p> <p>One mark for stating one/both objectives. Two marks if conflict explained/inferred</p>	[2]	The word 'conflict' does not automatically generate the second mark. There must be an explanation of the conflict
				Total	[13]	

Question			Syllabus Ref	Expected Answers	Marks	Additional Guidance
4	*(a)		5.1.4	<p>Target: To analyse human resource issues and evaluate their importance in terms of the motivation of the workforce at GTD plc.</p> <p>The question is directed at which would have the most effect on motivation of the whole workforce. Therefore an argument might be made for any of the problems.</p> <p>Skin complaints:</p> <ul style="list-style-type: none"> • The effect on long term health/safety • Absenteeism • Poor working conditions. • Future claims against the company. <p>Deadlines not met:</p> <ul style="list-style-type: none"> • Targets not met might hold up the production line • Paid higher than workforce so may be some frustration. <p>Petrol issues:</p> <ul style="list-style-type: none"> • Resentment about fringe benefits given to Directors • Bad for the company image • High cost for the business – higher wages instead. • Unfair <p>Exemplar: The workforce at GTD is highly skilled on the whole and therefore may be resentful about the fringe benefits given to the Directors especially as they seem to conflict directly with the environmental culture of the business.(L1) The workforce may feel that these benefits mean that money that is being spent on petrol could be used to increase their wages.(L2) This will be the most important factor in whether they are motivated or not. They might not be particularly worried about the deadlines as this does not affect them directly in terms of pay or security. However it may reflect on their efficiency.(L2)</p>		

Question			Syllabus Ref	Expected Answers	Marks	Additional Guidance
				<p>Level 2 (3-6 marks) Candidate analyses the effect of one issue on motivation max four marks. Candidate analyses and evaluates more than one issue with some judgement or comparison, up to six marks.</p> <p>Level 1 (1-2 marks) Candidate gives limited analysis/explanation of one or more issues with no comparison.</p> <p>Candidates will also be assessed for their Quality of Written Communication on this part of the question, according to the following requirements:</p> <p>Ideas are expressed clearly, fluently, legibly and in an appropriate way. There are few errors in spelling, punctuation and grammar. (2)</p> <p>Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer. (1)</p> <p>Candidate fails to reach the threshold standard in all respects. (0)</p>	[6+2]	
4	(b)		5.1.4	<p>Target: To apply and analyse knowledge of training methods in the context of GTD plc.</p> <p>Advantages of off the job training:</p> <ul style="list-style-type: none"> • Good for executives such as Ahmed as they can talk to other people in similar positions • No distractions from the workplace • Can't really learn about managing change 'on the job' • Off the job is better for more strategic training. • Expert tuition, better training • Better targets 		No reward for more than one advantage, but reward higher mark answer if more than one advantage is given

Question			Syllabus Ref	Expected Answers	Marks	Additional Guidance
				<p>Off the job training is good for people like Ahmed because their job is not skilled(1) and therefore the issues they have to deal with are better trained for outside the workplace.(1)</p> <p>one mark for advantage one marks for development</p>	[2]	
4	(c)	(i)	5.1.4	<p>Target: To demonstrate knowledge and understanding of different leadership styles used at GTD plc and analyse and evaluate their impact on the workforce.</p> <p>Democratic</p> <ul style="list-style-type: none"> • Discussion with workforce • Consult with workers over decision-making • Happier workforce <p>Autocratic</p> <ul style="list-style-type: none"> • Tell workers what to do • No discussion • Workers not motivated <p>Exemplar: Ahmed uses a democratic(1) leadership style which allows workers to participate in decision making (1). Karen and Wayne use an authoritarian/autocratic(1) style which tends to give orders rather than allow participation(1).</p>	[4]	<p>Max three marks if no mention of style names. If one style name then enable full marks Look out for alternative names e.g dictator style; consultative style; laissez-faire</p>

Question			Syllabus Ref	Expected Answers	Marks	Additional Guidance
4	(c)	(ii)		<p>Democratic</p> <ul style="list-style-type: none"> • Happier workforce • More likely to work harder so increase productivity • Discussion leads to longer decision-times therefore lower productivity <p>Autocratic</p> <ul style="list-style-type: none"> • Might lead to workers just doing the bare minimum • Leading to low productivity • But might have short-term benefits <p>Exemplar: Democratic leadership may lead to higher productivity because it generally means a happier workforce especially at GTD plc where many of the workers are highly skilled engineers.(L1) However it can cause decisions to take longer which may delay productivity.(L1) Authoritarian leadership tends to increase productivity especially in the short run but can result in conflict and low morale especially among highly skilled workers.(L2)</p> <p>Level 2 (3-4 marks) Candidate compares and analyses both styles of leadership in terms of productivity at GTD plc.</p> <p>Level 1 (1-2 marks) Candidate analyses one/two types of leadership with limited reference to productivity or to GTD plc.</p>	[4]	<p>No need to mention style names to gain full marks</p> <p>If wrong in first section then OFR applies</p> <p>Any reference to confusion because of differing styles then reward (0)</p>

Question			Syllabus Ref	Expected Answers	Marks	Additional Guidance
4	(d)	(i)	5.1.3	<p>Target: To show knowledge of main elements of accounts and to analyse and evaluate them to assess the performance of GTD plc.</p> <p>Accept: Debtors Bank Working Capital Net assets employed.</p>	[1]	
4	(d)	(ii)		<p>2010 Sales £6m 2011 Sales £8m</p> <p>Difference = £2m(1), allow 2 as answer</p> <p>$2/6 \times 100(1) = 33.3\%(1)$</p> <p>Accept 33%.</p> <p>Alternative method;-</p> <p>$\frac{8}{6} \times 100\% \quad (2)$</p> <p>Answer NOT 133%</p>	[3]	<p>Max (1) mark if the answer and the difference of 2 is mentioned</p> <p>Max two marks if no %</p>

Question			Syllabus Ref	Expected Answers	Marks	Additional Guidance																																													
4	(d)	(iii)		<p>Information which might be used:</p> <table><thead><tr><th></th><th>Actual Increase/decrease</th><th>%</th></tr></thead><tbody><tr><td>Sales</td><td>2m</td><td>33</td></tr><tr><td>Gross Profit</td><td>1.5m</td><td>33</td></tr><tr><td>Cost of sales</td><td>0.5m</td><td>33</td></tr><tr><td>Net Profit</td><td>1.22m</td><td>39</td></tr><tr><td>Retained Profit</td><td>1m</td><td>100%</td></tr><tr><td>Fixed Assets</td><td>2.5m</td><td>19%</td></tr><tr><td>Stock</td><td>0.1m</td><td></td></tr><tr><td>Debtors</td><td>0.4m</td><td></td></tr><tr><td>Bank</td><td>(0.5m)</td><td></td></tr><tr><td>Working Capital</td><td>NO CHANGE</td><td></td></tr></tbody></table> <table><thead><tr><th></th><th>2010</th><th>2011</th></tr></thead><tbody><tr><td>GP%</td><td>75%</td><td>75%</td></tr><tr><td>NP%</td><td>53%</td><td>55%</td></tr><tr><td>ROCE</td><td>45%</td><td>54%</td></tr></tbody></table> <p>Candidates should use some of the information above and also their answers in (i) and (ii). Use of issues raised in the cases should also be used such as:</p> <ul style="list-style-type: none">• share price• increased cost of machinery• increased costs of wages, fuel and power• gross profit• net profit.• ROCE• Liquidity ratios		Actual Increase/decrease	%	Sales	2m	33	Gross Profit	1.5m	33	Cost of sales	0.5m	33	Net Profit	1.22m	39	Retained Profit	1m	100%	Fixed Assets	2.5m	19%	Stock	0.1m		Debtors	0.4m		Bank	(0.5m)		Working Capital	NO CHANGE			2010	2011	GP%	75%	75%	NP%	53%	55%	ROCE	45%	54%		
	Actual Increase/decrease	%																																																	
Sales	2m	33																																																	
Gross Profit	1.5m	33																																																	
Cost of sales	0.5m	33																																																	
Net Profit	1.22m	39																																																	
Retained Profit	1m	100%																																																	
Fixed Assets	2.5m	19%																																																	
Stock	0.1m																																																		
Debtors	0.4m																																																		
Bank	(0.5m)																																																		
Working Capital	NO CHANGE																																																		
	2010	2011																																																	
GP%	75%	75%																																																	
NP%	53%	55%																																																	
ROCE	45%	54%																																																	

Question			Syllabus Ref	Expected Answers	Marks	Additional Guidance
				<p>Exemplar: The profit and Loss account shows that the business has made a substantial increase of £2m in sales over the year(L1). However the gross profit % has not increased and this may be due to the cost of stock or other direct costs increasing.(L2) Perhaps GTD plc should look into alternative suppliers or increase in purchases perhaps achieving economies of scale. Direct costs such as fuel, power and wages may also have increased which will further affect this %. However the net profit % has improved from 53 to 55%(L2). This is due mainly to an increase in sales since many of the overheads have increased and look like doing so in the future. Although Wayne thinks that the blades are reaching their saturation point, the indication is that there is still growth available in the market(L3).</p> <p>In terms of the balance sheet the major cause for concern remains the increase in debtors which has affected the level of working capital available. There is more money tied up in stock and this also needs to be addressed. In terms of performance sales look reasonable and are increasing, levels of costs need to be looked at and the problem of debtors needs to be addressed before it affects the cash flow in the business(L2). However the share price is rising and shareholders are receiving good payments(L3). GTD plc must make sure that this continues if they are to carry out some of the plans suggested. Therefore the Board of Directors should be reasonably happy with the overall performance of the business but there will be issues to be addressed in the future.(L3)</p> <p>Level 3 (6-7 marks) Candidate uses the information available in the whole case and makes calculations/judgements about the performance of the business.</p> <p>Level 2 (3-5 marks) Candidate makes some analytical statements/calculations in terms of the performance with little use of the case in terms of conclusions.</p>		

Question			Syllabus Ref	Expected Answers	Marks	Additional Guidance
				Level 1 (1-2 marks) Candidate makes simple statements about performance with limited application to the case and no analysis or judgement made.	[7]	
				Total	[29]	

Question			Syllabus Ref	Expected Answers	Marks	Additional Guidance
*5			5.1.3	<p>Target: To apply all knowledge and information available in order to analyse and evaluate different business decisions for GTD plc.</p> <p>Relocate in the UK</p> <p>Advantages</p> <ul style="list-style-type: none"> • Lower cost • Same language/culture • Less upheaval. <p>Disadvantages</p> <ul style="list-style-type: none"> • Limited market • Problems with workforce/redundancy/change. <p>Build a factory in India</p> <p>Advantages</p> <ul style="list-style-type: none"> • Globalisation • Larger market • Cheaper costs • Already developed • Govt support/infrastructure in place. <p>Disadvantages</p> <ul style="list-style-type: none"> • Distance • Quality control • Training • Culture/language. 		

Question			Syllabus Ref	Expected Answers	Marks	Additional Guidance
				<p>Improve technology and change production and product.</p> <p>Advantages</p> <ul style="list-style-type: none"> • Less change for workforce • Lower cost • Wider product range • Easier to market. <p>Disadvantages</p> <ul style="list-style-type: none"> • Restricted market • May need larger premises • Increased workforce • Training. <p>Do Nothing</p> <p>Advantages</p> <ul style="list-style-type: none"> • No real increase in capital cost • Happy workforce • Maintain present market • May be alright in the short term. <p>Disadvantages</p> <ul style="list-style-type: none"> • No expansion of market • No strategic plans • No moving forward/no sales opportunities. 		

Question			Syllabus Ref	Expected Answers	Marks	Additional Guidance
				<p>Exemplar: Any of the options offer opportunities for GTD plc. The possibility of major expansion into new markets offered by locating in India is tempting. The business would be able to capitalise on the infrastructure already in place and the country's interest and expertise in the area.(L1) However this option would present some difficult problems in terms of the cost of the expansion and the reliability of the operation abroad in terms of different working methods, culture , religion and language.(L2)</p> <p>However GTD plc might decide to relocate in Britain and to expand the product in the short term in order to reduce the cost and keep the workforce happy. However changing the production method and introducing new technology may require substantial investment and the financial situation shown in the accounts indicates that this might mean increased borrowing.(L3) The easiest option would be to do nothing in the short term and find out more information in terms of the costs of each option. However this might lead to conflict between the Directors who want the business to move forward. Therefore I recommend that more research is done into all the options in order to make a solid decision within the next year.(L3)</p> <p>Level 3 (6-8 marks) Candidate compares and analyses at least two options and makes a supported recommendation in terms of one option. Candidate uses information in the case study to make a case.</p> <p>Level 2 (3-5 marks) Candidate analyse one or more options in terms of GTD plc with limited support for the recommendation.</p> <p>Level 1 (1-2 marks) Candidate makes some simple statements about the advantages and disadvantages of each option with no analysis of the implications and no recommendation made.</p>	[8+2]	MAX (7) if no additional information requested

Question			Syllabus Ref	Expected Answers	Marks	Additional Guidance
				<p>Candidates will also be assessed for their Quality of Written Communication on this part of the question, according to the following requirements:</p> <p>Ideas are expressed clearly, fluently, legibly and in an appropriate way. There are few errors in spelling, punctuation and grammar. (2)</p> <p>Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer. (1)</p> <p>Candidate fails to reach the threshold standard in all respects. (0)</p>		
				Total	[10]	
				Total	[90]	

OCR (Oxford Cambridge and RSA Examinations)
1 Hills Road
Cambridge
CB1 2EU

OCR Customer Contact Centre

14 – 19 Qualifications (General)

Telephone: 01223 553998

Facsimile: 01223 552627

Email: general.qualifications@ocr.org.uk

www.ocr.org.uk

For staff training purposes and as part of our quality assurance programme your call may be recorded or monitored

Oxford Cambridge and RSA Examinations
is a Company Limited by Guarantee
Registered in England
Registered Office; 1 Hills Road, Cambridge, CB1 2EU
Registered Company Number: 3484466
OCR is an exempt Charity



OCR (Oxford Cambridge and RSA Examinations)
Head office
Telephone: 01223 552552
Facsimile: 01223 552553