

GCE

Business Studies

Unit **F296**: Business Production

Advanced GCE

Mark Scheme for June 2014

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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.

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Annotations

Abbreviations, annotations and conventions that are used in this Mark Scheme vary from paper to paper. The following annotations are available for this paper.

Annotation	Meaning
	Blank Page – this annotation must be used on all blank pages within an answer booklet (structured or unstructured) and on each page of an additional object where there is no candidate response.
	Unclear
	Benefit of doubt
	Cross
	Level 1
	Level 2
	Level 3
	Level 4
	Not answered question
	No use of text
	Own figure rule
	Repetition
	Noted but no credit given
	Too vague
	Tick

Subject-specific Marking Instructions**Crossed out responses**

Where a candidate has crossed out a response and provided a clear alternative then the crossed out response is not marked. Where no alternative response has been provided, examiners should give candidates the benefit of the doubt and mark the crossed out response where legible.

Contradictory responses

When a candidate provides contradictory responses, then no mark should be rewarded, even if one of the answers is correct.

Short answer questions (usually worth only **one mark per response**- Q1a, c, & d)

Where candidates are required to provide a set number of short answer responses then only the set number of responses should be marked. The response space should be marked from top to bottom until the required number of responses have been considered. The remaining responses should not then be marked. Examiners will have to apply judgement as to whether a 'second response' on a line is a development of the 'first response', rather than a separate, discrete response. *(The underlying assumption is that the candidate is attempting to hedge their bets and therefore getting undue benefit rather than engaging with the question and giving the most relevant/correct responses.)*

Question		Answer	Mark	Guidance	
				Content	Levels of response
1		<p>Most likely diseconomies are:</p> <p>Poor motivation as too many staff are employed and the paintball centre becomes impersonal with too much scope to 'not work'.</p> <p>Communication would become increasingly difficult as PPL grew, thus problems would occur – potentially very dangerous.</p> <p>It will become increasingly difficult to co-ordinate management in the way in which Mandy would want.</p> <p>Do not accept 'over-demand/capacity answers</p>	6	<p>Analyse one question Essential that it is a DISECONOMY and only ONE. Watch for candidates who merge two or three diseconomies together. Reward just one.</p> <p>Analysis must focus on the problems of growing over recent years – the context relating to staff, logistics and overcrowding.</p> <p>Some reference to the theoretical concepts (as many as can be thought of) from the specification, plus relevant detailed context which candidates may include in their answer that would lead to L3 being accessed.</p>	<p>Level 3: 6-5 marks Candidate demonstrates analytical skills when considering one diseconomy at PPL.</p> <p>Level 2: 4-3 marks Candidate demonstrates understanding of diseconomies of scale. No context required.</p> <p>Level 1: 2-1 marks Candidate demonstrates only theoretical knowledge of diseconomies of scale.</p> <p>Default marks L3 – 6 L2 – 4 L1 – 2</p>

Question		Answer	Mark	Guidance	
				Content	Levels of response
2		<p>There are many problems with capacity utilisation at Bristol PPL, not the least of which is Head Office's target of 90%, which all have different solutions. The paintball centre, being able to accommodate 200 at a stretch will be almost permanently under capacity – it is the nature of the product.</p> <p>Possible solutions to capacity utilisation at PPL:</p> <p>Essentially Bristol PPL needs to 'smooth out' the demand for paintball so that there are fewer peaks and troughs – or at least they are predictable. It is not necessarily an issue to be under-capacity if it has been planned for (eg staff are not employed, etc).</p> <p>Marketing (pricing, promotion, product) related activities to stimulate demand at 'off-peak' times. This comes at a cost and would need Head Office approval (presumably). Would it work? Depends on what is done. Particularly Mandy getting control of pricing so that it can be varied to suit Bristol's needs.</p> <p>Better prediction of demand – maybe through a better booking system which charged, eg, a deposit to ensure people turned up.</p> <p>Better resource planning so that human and other resources are not under-utilised.</p> <p>Taking decision making from Head Office to enable a more flexible approach.</p> <p>Should she even bother? Maybe there will always be a CU problem and she should not attempt to solve it – just do what she can?</p>	13	<p>It is essential that it is not the PROBLEMS but the SOLUTIONS which are addressed.</p> <p>Any suggestions made by candidates must be appropriate and <u>clearly based on the contextual evidence</u>. Unsupported comments should not be rewarded above Level 2.</p> <p>Do not accept expanding the capacity through purchase of land.</p>	<p>Level 4: 13-9 marks Candidate demonstrates evaluative skills when considering capacity utilisation solutions at PPL.</p> <p>Level 3: 8-6 marks Candidate demonstrates analytical skills when considering capacity utilisation solutions at PPL.</p> <p>Level 2: 5-3 marks Candidate demonstrates understanding of solving capacity utilisation problems. No context required.</p> <p>Level 1: 2-1 marks Candidate demonstrates only theoretical knowledge of capacity utilisation.</p> <p><u>Default marks</u></p> <p>L4 – 11 L3 – 7 L2 – 4 L1 – 2</p>

Question		Answer	Mark	Guidance	
				Content	Levels of response
3		<p>Key health and safety issues are likely to be:</p> <p>Maintenance of paintballing equipment – masks, markers, etc.</p> <p>Is the environment safe? Presumably not given the nature of the activity.</p> <p>Has appropriate training been given?</p> <p>Are employees actually following the rules?</p> <p>Is a written H&S policy on display?</p> <p>EU perspective – are the employees within the Working Time Directive/? (long after-hours spells of maintenance)</p> <p>Are there any heavy weights lifted?</p>	6	<p>Must be analysis of TWO ways.</p> <p>It is very easy to answer this question out of context – the H&S rules are straight forward and the concept of ‘danger’ can be applied to any business scenario. To score L3 it is essential to use the paintball context in terms of its inherent and SPECIFIC problems, eg faulty masks.</p> <p>The answer should be specific EFFECTS – ie ‘outcomes’ which are clearly linked to a contextual problem – eg mask failure could lead to an accident that is potentially serious and would impact on reputation etc.</p> <p>2 issues analysed = 6 marks 1 issue analysed = 5 marks 2 issues understood = 4 marks 1 issue understood = 3 marks 2 issues stated = 2 marks 1 issue stated = 1 mark</p>	<p>Level 3: 6-5 marks Candidate demonstrates analytical skills when considering the effects of H & S legislation at PPL.</p> <p>Level 2: 4-3 marks Candidate demonstrates understanding of the effects of H & S legislation. No context required.</p> <p>Level 1: 2-1 marks Candidate demonstrates only theoretical knowledge of H & S legislation.</p> <p><u>Default marks</u></p> <p>L3 – 6 L2 – 4 L1 – 2</p>

Question		Answer	Mark	Guidance	
				Content	Levels of response
4					
(a)		<p>Break even = $FC / (rev - VC)$ $£1,750 / (£35 - £15)$ (1)</p> <p>= 87.5 (rounded up to 88 people) (1)</p>	2	Up to two marks. Must be rounded up to 88 for 2 marks	
(b)		<p>$£800 + £1,750 / (£35 - £15)$ (1)</p> <p>= 127.5 (rounded up to 128 people) (1)</p>	2	Up to two marks. Must be rounded up to 128 for 2 marks	
5		<p>Issues:</p> <p>HO takes all decisions</p> <p>Costing 'one-off' events needs contribution costing as FCs are probably already covered. This means that price could be varied and customers maximised. This has potential for repeat purchase, special offers and all of the inherent flexibility Mandy needs for marketing purposes.</p> <p>More flexibility would allow a better approach to financing investments such as the new fort. Why does it have to pay for itself purely out of revenue from Bristol?</p> <p>Treating each day as a 'profit centre' is absurd, given the nature of this service – no flexibility to 'transfer' FCs from one day to the next.</p> <p>If HO refuses price changes then Bristol, with local knowledge, will miss out on many opportunities – eg cutting prices to stimulate demand when it is price elastic.</p>	13	<p>The emphasis is on COULD.</p> <p>There are many issue here to look at, largely based around the problem that most of the costing is done by Head Office. A simple answer is 'it depends on Head Office'!</p> <p>There is scope to discuss a variety of costing methods and apply them to PPL. Key is discussing HOW exactly they would work at Bristol PPL and WHY. What would be the advantages and disadvantages? Also, there needs to be some consideration of the aims</p>	<p>Level 4: 13-9 marks Candidate demonstrates evaluative skills when considering the extent to which costing methods are needed to ensure that Mandy does not ignore business objectives.</p> <p>Level 3: 8-6 marks Candidate demonstrates analytical skills when considering the extent to which costing methods are needed to ensure that Mandy does not ignore business objectives.</p> <p>Level 2: 5-3 marks Candidate demonstrates understanding of costing methods. No context required.</p>

Question		Answer	Mark	Guidance	
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		<p>Full costing approach is absurd if HO is the biggest centre. Why is Bristol shouldering one third of HO's overheads? Re-apportionment (many ways this could be done) would be better from Mandy's point of view.</p> <p>Marginal costing approach is similar to the contribution issue above.</p> <p>Opportunity cost approach – valuing the next best alternative (or what is sacrificed), is appropriate in a number of decisions. DO NOT accept a 'prices' answer.</p>		<p>of PPL and how the organisation operates. In essence, Bristol has no flexibility and is therefore losing potential customers. It is also massively hindered by the HO cost centre approach to days and the apportionment of fixed costs..</p>	<p>Level 1: 2-1 marks Candidate demonstrates only theoretical knowledge of costing methods.</p> <p>Default marks L4 – 11 L3 – 7 L2 – 4 L1 – 2</p>
6*		<p>The key issues are:</p> <p>Production – capacity problem – can Bristol PPL actually accommodate more, particularly if there are two separate types of customer. New kit needs to be bought to accommodate children, new procedures in terms of when they arrive all the way through to playing the game itself. Changes to food/drink. Changes to the way in which PPL is set up, so that it is more 'child/school friendly'. Accommodate coaches in car park etc?</p> <p>HR – need for more staff. Also training and a different approach to dealing with children. More flexible staff? Need to change the hours, pay, conditions?</p> <p>Finance – is further investment in facilities needed? More child friendly/related features. Needs adapting to what schools want. Also, pricing and costing may have cash flow/profit implications (could relate to the whole Head Office costing issue).</p>	18	<p>On a superficial level, Mandy need not bother as London will probably say 'no'. This is important as if she DID get approval one suspects she would be under pressure for it to be profitable quickly – is this likely?</p> <p>The emphasis of the question is on 'buy' TW – it does not necessarily have to relocate its activities (paintball – and others?) to Bristol PPL site. There are many marketing, finance and HR issues as well as the sheer change in scale of operation that buying TW would bring.</p>	<p>Level 4: 18-13 marks Candidate demonstrates evaluative skills when considering whether PPL should buy TW. Complex ideas have been expressed clearly and fluently using a style of writing appropriate to the complex subject matter. Sentences and paragraphs, consistently relevant, have been well structured, using appropriate technical terminology. There may be few, if any, errors of spelling, punctuation and grammar.</p> <p>Level 3: 12-7 marks Candidate demonstrates analytical skills when</p>

Question			Answer	Mark	Guidance	
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			<p>Marketing – huge implications of changing the product and the target market. Will need to think about promotion, price, product changes as well as the structure of PPL’s week. Adapting paintball to schools is very important and a good answer could involve how PPL would go about the process, eg spend time looking at Teamwork as this is a market they know little about.</p>		<p>To score in Level 4 it is essential that candidates contrast the issues, for instance the additional HR implications of now dealing with young children (eg different staffing ratios) might be relatively easy to deal with if PPL has a pool of part timer staff. In contrast the necessary ‘kit’ and logistical changes to accommodate children at the same time as adults may prove more problematic. These are issues to speculate over and weigh up.</p> <p>The element of risk (and Ansoff’s matrix) is crucial to the decision and is one of the avenues candidates could explore – that is HOW Mandy would go about the purchase.</p> <p>An answer which only includes or does not include production should only be awarded the lowest mark in the appropriate level.</p>	<p>considering whether PPL should buy TW.</p> <p>Relatively straight forward ideas have been expressed with some clarity and fluency. Arguments are generally relevant, though may stray from the point of the question. There will be some errors of spelling, punctuation and grammar, but these are unlikely to be intrusive or obscure meaning.</p> <p>Level 2: 6-3 marks Candidate demonstrates understanding of issues when taking over a firm. No context required.</p> <p>Some simple ideas have been expressed in an appropriate context. There are likely to be some errors of spelling, punctuation and grammar of which some may be noticeable and intrusive.</p> <p>Level 1: 2-1 marks Candidate offers relevant knowledge only</p> <p>Some simple ideas have been</p>

Question			Answer	Mark	Guidance	
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					<p>A one-sided argument cannot achieve a Level 4 mark.</p> <p>Poor QWC cannot prevent a candidate from accessing any level, but within any individual level QWC can affect, by up to 2 marks, the final mark given.</p>	<p>expressed. There will be some errors of spelling, punctuation and grammar which will be noticeable and intrusive. Writing may also lack legibility.</p> <p><u>Default marks</u></p> <p>L4 – 16 L3 – 10 L2 – 5 L1 – 2</p>

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