Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/22**

Paper 2 Business Concepts 2 **February/March 2023**

MARK SCHEME

Maximum Mark: 60

Published

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.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the February/March 2023 series for most Cambridge IGCSE™, Cambridge International A and AS Level components and some Cambridge O Level components.

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Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptors for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently, e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

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GENERIC MARKING PRINCIPLE 5: Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).
GENERIC MARKING PRINCIPLE 6: Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

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Social Science-Specific Marking Principles
(for point-based marking)

1 Components using point-based marking:

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

a DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
b DO credit alternative answers/examples which are not written in the mark scheme if they are correct
c DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons …).
d DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
e DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
f DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
g DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

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3 Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

4 Annotation:

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

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Guidance on using levels-based marking

Marking of work should be positive, rewarding achievement where possible, but clearly differentiating across the whole range of marks, where appropriate.

The examiner should look at the work and then make a judgement about which level statement is the best fit. In practice, work does not always match one level statement precisely so a judgement may need to be made between two or more level statements.

Once a best-fit level statement has been identified, use the following guidance to decide on a specific mark:

- If the candidate's work **convincingly** meets the level statement, award the highest mark.
- If the candidate's work **adequately** meets the level statement, award the most appropriate mark in the middle of the range.
- If the candidate's work **just** meets the level statement, award the lowest mark.
- L1, L2 etc. must be clearly annotated on the response at the point where the level is achieved.

Assessment objectives

AO1 Knowledge and understanding
Demonstrate knowledge and understanding of business concepts, terms and theories.

AO2 Application
Apply knowledge and understanding of business concepts, terms and theories to problems and issues in a variety of familiar and unfamiliar business situations and contexts.

AO3 Analysis
Analyse business problems, issues and situations by:
- using appropriate methods and techniques to make sense of qualitative and quantitative business information
- searching for causes, impact and consequences
- distinguishing between factual evidence and opinion or value judgement
- drawing valid inferences and making valid generalisations.

AO4 Evaluation
Evaluate evidence in order to make reasoned judgements, present substantiated conclusions and, where appropriate, make recommendations for action and implementation.

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PREPARATION FOR MARKING

1 Make sure that you have completed the relevant training and have access to the *RM Assessor Guide*.
2 Make sure that you have read and understand the question paper, which you can download from https://support.rm.com/ca
3 Log in to RM Assessor then mark and submit the required number of practice and standardisation scripts. You will need to mark the standardisation scripts to the required accuracy in order to be approved for marking live scripts. You may be asked to re-mark them, or to mark a second sample, if you do not meet the required accuracy on your first attempt.

MARKING PROCESS

1 Mark strictly to the FINAL mark scheme, applying the criteria consistently and the general marking principles outlined on the previous page.
2 If you are in doubt about applying the mark scheme, consult your Team Leader.
3 Mark at a steady rate through the marking period. Do not rush, and do not leave too much until the end. If you anticipate a problem in meeting the deadline, contact your Team Leader immediately and the Examiners' Helpdesk.
4 Examiners will prepare a brief report on the performance of candidates to send to their Team Leader via email by the end of the marking period. The Examiner should note strengths seen in answers and common errors or weaknesses. Constructive comments on the question paper, mark scheme or procedures are also appreciated.

MARKING SPECIFICS

Crossed out work

1 All a candidate's answers, *crossed out* or not, *optional* or not, must be marked.
2 The only response not to be marked is one that has been crossed out and replaced by another response for that exact same question.
3 Consequently, if a candidate has crossed out their response to an optional question and gone on to answer a different optional question then both attempts must be marked. The higher mark will be awarded by the system according to the rubric.

0 (zero) marks or NR (no response)

1 Award **NR** if there is nothing at all written in answer to that question (often the case for optional questions).
2 Award **NR** if there is a comment which is not an attempt at the question (e.g. 'can't do it' or 'don't know' etc.)
3 Award **NR** if there is a symbol which is not an attempt at the question, such as a dash or question mark.
4 Award **0** (zero) if there is any attempt at the question which does not score marks. This includes copying the question onto an Answer Booklet.

Annotation

1 Every question must have at least one annotation e.g. <NAQ> if it is an NR and <X> or <seen> if 0 marks are awarded.
2 Every page of a script must have at least one annotation e.g. <BP> for a blank page.

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Question	Answer	Marks
1(a)(i)	**Identify <u>one</u> content theory of motivation.** **Indicative content.** Responses may include: • Taylor / scientific management • Mayo / human needs / Hawthorne effect • Maslow / hierarchy of needs • Herzberg / 2 factors • McClelland / 3 needs Accept all valid responses.	**1**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(ii)</td><td>

Explain the term *supply chain management*.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content

AO1 Knowledge and understanding K
The coordination (allow management) of the flow/movement of goods and services / raw materials.

AO2 Application
Limited application APP *applies knowledge of supply chain management from one aspect of the supply chain (i.e. suppliers to a business, within a business or from the business to customers).*
Developed application APP + APP *applies knowledge of supply chain management in two or more aspects of a business.*

Exemplars for application:
- Between suppliers and the business APP – and the business to customers APP.
- Between different parts of the business – and to the customer.
- Raw materials within the business – and distribution channels.
- Involves the complete chain of inventory from suppliers – or to customers.
- Involves inventories, such as raw materials – and finished goods.

Accept all valid responses.

</td><td>3</td></tr>
</table>

Question	Answer	Marks
1(b)(i)	**An employee works for 8 hours and picks 5 boxes of apples, 2 boxes of bananas and 4 trays of strawberries.** **Refer to Table 1.1 and other information. Calculate the difference between the employee's pay using piece rate and time-based payment.** **Indicative content.** Piece rate: Apples – 5 boxes × \$2 = \$10 Bananas – 2 boxes × \$1.50 = \$3 Strawberries – 4 trays × \$3 = \$12 Total pay = \$25 (1) Time based: 8 hours × \$4.50 = \$36 (1) Difference: \$36 – \$25 = \$11 (1 OFR applies) Answer = (**\$)11 (3)**	**3**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>

Explain <u>one</u> advantage to FF of introducing time-based payment.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Responses may include:

AO1 Knowledge and understanding

Advantages of time-based payment method K may include:

- improves flexibility K
- improves quality
- easier to forecast cash flow / costs
- produce more output
- motivates employees.

AO2 Application

Limited application APP*, applies knowledge to FF once.*
Developed application APP + APP *applies knowledge to FF twice.*

- Higher payment to fruit <u>pickers</u> APP
- Answer to **Q1(b)(i)** (OFR) APP
- FF already has poor motivation among its fruit pickers
- Fruit pickers on piece rate may choose poor quality e.g., unripe/over-ripe fruit to fill boxes/trays
- Different fruit may be more financially beneficial to fruit pickers on piece rate
- $4.50 is only one flat payment.

Accept all valid responses.

</td><td>3</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>

Analyse two non-financial motivators that FF could use to motivate its fruit pickers.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Annotate the first non-financial motivator (K APP AN DEV) in the left margin.
Annotate the second non-financial motivator (K APP AN DEV) in the right margin.

</td><td>8</td></tr>
</table>

Question	Answer	Marks
1(c)	Responses may include: **AO1 Knowledge and understanding** Knowledge of non-financial motivators (max 2 K s), including: • Induction training K • On the job / off the job training • opportunities for promotion • development • status • job re-design • team working • empowerment • participation / different leadership / management style • job enrichment. *Do not allow any financial motivators, including: time based, salary, piece rates, commission, bonuses, profit sharing, performance-related pay, fringe benefits, paid holiday, gifts etc.* **AO2 Application** *Max one APP for application in the first non-financial motivator and max one APP for application in the second non-financial motivator.* Application of knowledge of a non-financial motivator to FF (max 2 APP s), including • Fruit picking is labour intensive work APP. • 80 fruit pickers currently employed who are paid using piece rate, but would like time based • Change to time-based would increase FF's costs significantly, 44% increase (based on OFR **Q1(b)(i)**). • Poor induction. • No encouragement of multi-skilling. • Autocratic management style.	

Question	Answer	Marks
1(c)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *candidate shows two or more links in the chain of analysis or a two-sided analysis.* Analysis may include: • (Training) can improve the induction of employees and lead to greater efficiency AN – greater sales, profit DEV. • (Development) could be used to encourage employees to move between different jobs which increases employee flexibility – increased efficiency / sales / profit. • (Job re-design) may reduce the costs for FF – increased profitability. A two-sided analysis may also provide development: • (Team working) may allow different employees to work together which may improve efficiency AN – however may increase costs / cause distraction among employees DEV. • (Empowerment) may improve the quality of decisions made – however FF's fruit pickers may not make good decisions that benefit the business. • (Participation) may lead to improved efficiency – however could slow down decision-making process. • (Job enrichment) may make the employees want to and produce more – however there may not be any opportunities for enrichment. Accept all valid responses.	

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>Evaluate the likely impact on FF’s stakeholders of improving the sustainability of operations.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table></td><td>12</td></tr>
</table>

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Question	Answer	Marks
1(d)	Responses may include: **AO1 Knowledge and understanding** *Limited knowledge* K *will be demonstrated through knowledge of sustainability or knowledge of a stakeholder.* *Developed knowledge* K+K *will be demonstrated from the knowledge of sustainability and knowledge of a stakeholder.* *For example:* Knowledge of sustainability (max 1 K), including: • the importance of sustainability, or a green business, is when a business has minimal negative impact or a positive effect on the global or local environment, community, society, or economy. • The impact of sustainability in terms of cost, publicity, new markets etc. Knowledge of business stakeholders (max 1 K), including: • individuals or groups with an interest in the activities of a business • internal stakeholders e.g. owners/shareholders, employees, managers / external stakeholders e.g. customers, local community, suppliers • the roles, rights and responsibilities of stakeholders. **AO2 Application** *Limited application* APP *applies knowledge of FF once.* *Developed application* APP+APP *applies knowledge of FF twice.* • FF provides products to the industrial market (not consumer market) APP. • Move from single use plastic in packaging to recycled materials APP. • Current system is labour intensive – new machinery would be capital intensive. • Less chemicals used in growing. • New Supply Chain Management required. • Relevant stakeholders of FF; fruit pickers, shareholders (FF is a private limited company), industrial customers (likely to be grocery shops, supermarkets, restaurants etc.), suppliers (seeds, packaging), directors, environmentalists, local community (farm – large agricultural area), final customers (of fruit purchased in shops). **AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *– candidate shows two or more links in the chain of analysis.*	

Question	Answer	Marks
1(d)	Impacts may include: • Increase in costs e.g. purchase of machinery, cost of recycled materials – (Shareholders) reduced profit in the short run AN, however, may increase profitability in the long run DEV. – (Directors) opportunity cost of new capital / increased decisions to be made – reduced employees to supervise. – (Customers) increased price – may attract a new market of final customers (who favour sustainable products). • More environmentally sustainable: – (Customers) may choose to stock more of FF's products – to attract environmentally conscious final customers. – (Environmental groups) may be happier with FF – may become customers of FF's customers. – (Fruit pickers) may prefer to work for an environmentally sustainable business – may increase motivation. – (Suppliers) may not be able to provide new materials so may lose sales – decreased profit. – (Suppliers) FF may use new suppliers who gain FF as a customer – increased revenue. • New supply chain management: – (Suppliers) may have to change what is sold to FF – increasing suppliers' costs. – (Environmental groups) may be happier with FF – and get more satisfaction from FF's products. – (Local community) may be happier from less chemicals being used – increase value of homes / more pleasant living conditions. – (Shareholders) may increase costs – however, may also increases sales to new customers. • Change to capital intensive packaging process: – (Shareholders) increased production costs – however, may increase profitability with new target market. – (Employees) may no longer be required and may face redundancy – reduced income. **AO4 Evaluation** *Limited evaluation L1 EVAL - unsupported judgement and/or a weak attempt at evaluative comment* *Developed evaluation L2 EVAL – supported judgement and/or reasonable evaluative comment* *Developed evaluation in context L3 EVAL - supported judgement in context and/or reasonable evaluative comment in context.* • *A judgement about the likely impacts of measures to improve the sustainability of operations on the stakeholders of FF.* • *A judgement over which stakeholder(s) may be most impacted by the measures to improve sustainability.* • *A judgement over the measures which are most likely to impact the stakeholders.* • *Elements that the judgement could depend upon, including, the number of workers in the packaging section, the cost of the machinery to produce the recycled packaging, the availability of new suppliers, the level of impact on FF's costs/profitability, the objectives of different stakeholder groups, the objectives of FF.* • *Weighing up of the impacts on stakeholders of the proposed measures to improve the sustainability of FF.* Accept all valid responses.	

Question	Answer	Marks
2(a)(i)	**Identify <u>one</u> factor of production.** **Indicative content** Responses may include: The four factors of production: • land • labour • capital • enterprise/entrepreneurship. *Do not accept examples of the factors of production.*	**1**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>

Explain the term *sole trader*.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Responses may include:

AO1 Knowledge and understanding K
- One individual or one person (must be a clear idea of a single person) owning a business K.

AO2 Application
Limited application APP*, applies knowledge of a sole trader through one aspect of the ownership.*
Developed application APP + APP *applies knowledge of a sole trader through two or more aspects of the ownership.*

One mark for each of the following (up to a maximum of two marks):
- unlimited liability APP
- shared legal identity with business APP
- no continuity
- no requirement to produce or make available accounts
- unincorporated / no shares / no shareholders
- likely to be a small business
- the owner keeps all the profits or bears the losses

</td><td>3</td></tr>
</table>

Question	Answer	Marks
2(a)(ii)	• has all the risk • the owner has full control / makes all decisions themselves • example of a sole trader. Accept all valid responses.	
2(b)(i)	**Refer to Table 2.1 and any other information. Calculate the total price of Jo's order.** **Indicative content** **1 mark for formula or correct calculation of total costs ($450)** **1 mark for calculation of mark-up (+50% OFR)** **1 mark for calculation of price (adding TC to mark up OFR)** • Formula: price = total costs (TVC + FC) + mark-up (1) • Calculation of total cost (1) – 250 × $1.20 = $300 + $150 = $450 (1) • Calculation of price (1 OFR) – $450 × 1.5 = $675 Answer = (**$)675 (3)**	**3**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>

Explain <u>one</u> advantage for Tomas of using cost-based pricing.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Responses may include:

AO1 Knowledge and understanding
Knowledge of an advantage of using cost-based pricing K, including:
- easy to calculate K
- flexibility/ can change price for different customers /products K
- all costs are covered
- always provides a profit (margin per unit) / does not make a loss

AO2 Application
Limited application APP*, applies knowledge to Tomas/WG once.*
Developed application APP + APP *applies knowledge to Tomas/WG twice.*
Application of knowledge to FF may include:
- answer to **Q2(b)(i)** (OFR) APP
- Will give Tomas a 33.33% profit margin APP
- Tomas' variable costs ($1.20)

</td><td>3</td></tr>
</table>

Question	Answer	Marks
2(b)(ii)	• Tomas' allocated fixed costs ($150) • 3D printer accessories, such as computer, graphite, carbon fibre etc. • level of mark-up (50%) • Will provide Tomas with a $375 contribution to FC • Will provide Tomas with a $225 profit on Jo's order Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>

Analyse <u>one</u> advantage and <u>one</u> disadvantage for Tomas of giving Jo the order for free.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Annotate the advantage (K APP AN DEV) in the left margin.
Annotate the disadvantage (K APP AN DEV) in the right margin.

Responses may include:

</td><td>8</td></tr>
</table>

Question	Answer	Marks
2(c)	**AO1 Knowledge and understanding** Knowledge of an advantage (max one K) might include: • open up new markets K • promote the business • Increased publicity • increased (future) sales. Knowledge of a disadvantage (max one K) might include: • lost revenue K • missed opportunity • Not cover costs • reduced profitability. **AO2 Application** APP *Limited application,* APP *applies knowledge to Tomas/WG once.* *Developed application* APP + APP *applies knowledge to Tomas/WG twice.* *Max one* APP *for application in the advantage and max one* APP *for application in the disadvantage* • Price with mark-up should be $675 (OFR from **Q2(b)(i)**) APP. • Total variable costs for the order of $300 APP. • Allocated fixed costs on this order of $150. • Total (full) cost will be $450. • Jo would like the products for free • Jo is a social media influencer 0.2m followers wedding streamed on internet • WG is at 90% capacity which may mean that he can produce Jo's order	

Question	Answer	Marks
2(c)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *– candidate shows two or more links in the chain of analysis.* Advantages, including: • (Open up new markets) may open WG up to a new market of people who might use WG in the future AN – increased sales, profit DEV. • (Promote the business) marketing benefits may allow Tomas to increase sales and make the purchase of the new machine more likely – although may be busy, the promotion may lead to future orders which will be needed to afford the machine. • (Increased future sales) promotion through this is likely to be lower cost than above the line methods of promotion to a similar number of people – increased profitability. Disadvantages, including: • (Lost revenue) order would make a loss AN – which may affect Tomas' income or lead to WG making a loss for the year DEV. • (Missed opportunity) Since Jo has suggested promotion for WG, the price she paid may be advertised – leading to Tomas being unable to charge full-price to future orders. • (Reduced profitability) taking the order will affect Tomas' profitability and may jeopardise his ability to gain external finance – may not be able to purchase the new machine. Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>

Evaluate the most important factor that may influence Tomas' choice of sources of finance for the new 3D printing machine.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

</td><td>12</td></tr>
</table>

Question	Answer	Marks
2(d)	Responses may include: **AO1 Knowledge and understanding** *Limited knowledge* K *will be demonstrated through knowledge of a factor <u>or</u> knowledge of source(s) of finance.* *Developed knowledge* K + K *will be demonstrated through knowledge of a factor <u>and</u> knowledge of source(s) of finance.* Factors influencing sources of finance, including: • cost K • flexibility • need to retain control/ownership • the use to which it is put / type of business • level of existing debt • Availability of funds/finance – may not have any retained profit / may be a country with no banking infrastructure. • Size of the business – a large business may have more collateral. • Reputation (credit rating) – of the business/owner Knowledge of sources of finance • Internal and external sources of finance K • Identification of any source of finance (owners' investment, retained earnings, sale of unwanted assets, sale and • leaseback of non-current assets, working capital, share capital, debentures, new partners, venture capital, bank overdrafts, leasing, hire purchase, bank loans, mortgages, debt factoring, trade credit, micro-finance, crowd funding and government grants) **AO2 Application** *Limited application* APP *applies knowledge to Tomas/WG once.* *Developed application* APP + APP *applies knowledge to Tomas/WG twice.* • $60 000 for new machine APP • WG/Tomas is a sole trader APP • Previous business went into administration • WG is profitable • 33.33% profit margin	

Question	Answer	Marks
2(d)	• 50% mark up • but not enough retained earnings to fund whole $60 000 • No current debts • Positive cash flow • Niche market • 3D printer, owned by Tomas **AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *– candidate shows two or more links in the chain of analysis.* • (Cost) small businesses are likely to need an external source of finance AN – however there will be a cost (interest, payments etc.) which might make WG unprofitable DEV. • (Flexibility) may allow a wider choice of source – however without repeat business there is little stability of income. • (Need to retain control) by taking a partner or selling shares the owner is likely to lose full control – however may not be able to attract an investor. • (The use to which it is put) gains a fixed asset with value – may make a securable source of finance more likely to be given (at a lower cost). • (Level of existing debt) will increase debt to be paid back – could makes some sources unobtainable or more expensive. • (Type of business) new businesses are likely to have high repayments – reducing the profitability. • (Ownership) selling part of the business may bring in enough capital – however the percentage required by the investor might be very high. **AO4 Evaluation** *Limited evaluation* L1 EVAL *– unsupported judgement and/or a weak attempt at evaluative comment* *Developed evaluation* L2 EVAL *– supported judgement and/or reasonable evaluative comment* *Developed evaluation in context* L3 EVAL *- supported judgement in context and/or reasonable evaluative comment in context* • A judgement over the most important/influential factor when Tomas is choosing the sources of finance for the new 3D printing machine.	

Question	Answer	Marks
2(d)	• Elements that the judgement could depend upon, including: level of current and forecast demand, will there be enough demand to cover the cost of repayments, potential partners/investors, will Tomas be able to work with these personalities, Tomas' willingness to give up control of WG, the extent to which external sources of finance are open to Tomas with his background, the willingness of the supplier to offer terms of credit, etc. • Weighing up of the factors and their relative influence on Tomas' decision of sources of finance. Accept all valid responses.	

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