CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/21**

Paper 2 Business Concepts 2 **May/June 2024**

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 May/June 2024 series for most Cambridge IGCSE, Cambridge International A and AS Level and Cambridge Pre-U 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 descriptions 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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Subject Specific Marking Principles for point-based marking

1 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:

- 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.
- DO credit alternative answers/examples which are not in the mark scheme if they are correct.
- DO credit answers where candidates give more than one correct answer where extended writing is required rather than short/list-type answers.
- DO NOT credit answers simply for using a key term unless that is all that is required. (Check for evidence it is clearly understood and used correctly.)
- DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities. For questions that require *n* reasons, e.g. State two reasons…, mark only the first two answers given, not any two that are correct out of a longer list.
- DO NOT give further credit for what is effectively repetition of a correct point already credited or to 'mirror' statements. For example, a response that includes: 'A business owner would benefit from limited liability as it would protect their personal possessions.' and 'If a business owner did not have limited liability they could lose everything.', cannot both be rewarded in answer to one question.
- DO NOT require spellings to be correct, it is <u>not</u> part of the test. However, spellings of business terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused, e.g. offshore/outsource or effective/efficient.

1 Presentation of mark scheme:

- Questions are in bold text.
- Possible responses are in normal text in a bulleted list.
- Marks are rewarded based on the table provided for each question.
- Possible responses are listed under the appropriate Assessment Objective.
- Slashes (/) separate alternative ways of making the same point.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark.

2 Annotation:

- Every response must have a minimum of one annotation.
- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers.
- For questions where only AO1 and AO2 are rewarded, there is a direct relationship between ticks and marks.
- For levels of response marking, the first time level 1 is achieved, L1 is annotated on the response. If/when level 2 is achieved, L2 should be used, etc.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who mark 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 of 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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Annotations for RM Assessor

To award	Annotation	Comment	Use on Paper 2
Correct		For objective points that are right or wrong.	**Q1(a)(i)** and **Q2(a)(i)** (identify) **Q1(b)(i)** and **Q2(b)(i)** (calculate)
Incorrect		For objective points that are wrong.	**Q1(a)(i)** and **Q2(a)(i)** (identify) **Q1(b)(i)** and **Q2(b)(i)** (calculate) Also, incorrect elements of ANY question.
Unclear		When there is a misunderstanding in a response.	Any
Too Vague		When the candidate has attempted something, but the mark/skill has not been awarded.	Any
Highlight	Highlighter Or Underline	To highlight a point or section of an answer that justifies the mark/annotation.	Any
Benefit of doubt		When the candidate has attempted something, and the mark/skill has been awarded.	Any
On page comment	On page comment	Rarely used in live marking. Very useful for practice scripts. To communicate with the supervisor.	Any
Not using text		When the context has not been used.	**Q1(b)(ii), Q1(c), Q1(d), Q2(b)(ii), Q2(c), Q2(d).**
Seen		To show a page/section has been seen/read.	Any
Not answering question		When the response is not focussed on answering the question.	Any

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To award	Annotation	Comment	Use on Paper 2
Repetition	REP	The repetition of a previous point in a response Or Candidate is copying the case study/data.	Any
Own figure rule	OFR	The own figure rule applies – acts as a mark/tick.	**Q1(b)(i)** and **Q2(b)(i)**
Knowledge (AO1) L1	K	When AO1 has been awarded. Number of Ks should match the mark awarded.	**Q1(a)(ii). Q1(b)(ii), Q1(c), Q1(d), Q2(a)(ii), Q2(b)(ii), Q2(c), Q2(d)**
Knowledge (AO1) L2			
Application (AO2) L1	APP	When AO2 has been awarded. Number of APPs should match the mark awarded.	**Q1(a)(ii). Q1(b)(ii), Q1(c), Q1(d), Q2(a)(ii), Q2(b)(ii), Q2(c), Q2(d)**
Application (AO2) L2			
Analysis (AO3) L1	AN	When AO3 at Level 1 has been awarded.	**Q1(c), Q1(d), Q2(c), Q2(d)**
Analysis (AO3) L2	DEV	When AO3 at Level 2 has been awarded.	**Q1(c), Q1(d), Q2(c), Q2(d)**
Evaluation (AO4) L1	EVAL	When AO4 at Level 1 has been awarded.	**Q1(d)** and **Q2(d)**
Evaluation (AO4) L2	E	When AO4 at Level 2 has been awarded.	**Q1(d)** and **Q2(d)**
Evaluation (AO4) L3	EE	When AO4 at Level 3 has been awarded.	**Q1(d)** and **Q2(d)**

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Question	Answer	Marks
1(a)(i)	**Identify one traditional function of a manager.** Indicative content Responses may include: • Planning/setting objectives • Organising – coordinating activities • Directing – supervising and motivating employees, commanding, leading the business/team • Controlling – measuring performance against targets Do not reward tautological answers e.g. manage employees/resources Do not reward vague answers, e.g. making decisions Accept all valid responses.	**1**

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

Explain the term 'working capital'.

<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

Responses may include:
AO1 Knowledge and understanding
- Finance used in day-to-day / trading operations / to enable the business to produce its goods or services / to operate
- Current assets – current liabilities

AO2 Application
Explanation of working capital
- APP can be awarded for a second AO1 point
- To pay for the running costs – bills/expenses such as staff wages
- Finance trade credit periods offered to customers
- Reference to short-term (less than 12 months)
- Sufficient working capital is needed to ensure that the business has enough liquid assets/avoid liquidity problems

Application to a context applied to SW to explain the term working capital
- Examples of <u>current assets</u>, e.g. stock, inventory, debtors; **or** examples of <u>current liabilities</u>, e.g. bank overdraft, short-term loans, creditors
- Examples of expenses/costs, e.g. staff wages

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

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(ii)</td><td>
Application can be made to SW or any other scenario/context/business/person.
Allow application to working capital.

Accept all valid responses.

Guidance in awarding marks
<table>
<tr><td>Knowledge & understanding</td><td>Knowledge of working capital</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Explanation of working capital</td><td>1 mark</td></tr>
<tr><td>Context</td><td>Applied to a business context/ business environment</td><td>1 mark</td></tr>
</table>
</td><td></td></tr>
<tr><td>1(b)(i)</td><td>
Refer to Fig. 1.1. Calculate the total number of whiteboards sold between January and July.

Indicative content

1 mark for the formula for the total number of units sold (words or figures)
1 mark for calculating the maximum stock level <u>and</u> the minimum stock level
1 mark for calculating the total number of whiteboards sold (OFR)

• Total number sold = maximum stock level – minimum stock level per month

• Maximum stock level = 800 + 600 + 700 + 500
2600 units

• Minimum stock level = 100 + 200 + 0 + 400
700 units

Answer = 1900 units (3)
</td><td>3</td></tr>
</table>

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Question	Answer	Marks
1(b)(i)		

Marks		
3 marks	Correct answer **1900 (units)** allow 1900	**Working and units do not matter**. **Must be three** ✓ to denote the three marks.
2 marks	**Both** of the following: • Correct calculation of the maximum stock level AND • Correct calculation of the minimum stock level **OR** • Identifying the number of whiteboards sold in each time period **OR** An incorrect answer with one mistake allowing OFR for final stage.	To award two marks, there must be • Two ✓ and a ✗ **OR** • One ✓, one ✗ and one OFR
1 mark	**One** of the following: • Correct formula for number of units sold (figures or words) **OR** • Correct calculation of the maximum stock level **OR** • Correct calculation of the minimum stock level	To award one mark, there must be: • One ✓ and two ✗
0 marks	No creditable content.	To award zero marks, there must be • One ✗

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

Explain one cost for SW of holding inventory.

<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
- Knowledge of an appropriate cost of holding a high level of inventory: opportunity cost, storage costs, risk of wastage and obsolescence
- Costs involved with storing the inventory before it is sold

AO2 Application
Explanation of a cost of holding inventory
- A specific cost of holding a high level of inventory, e.g. increased insurance costs to insure the inventory, security, insuring the inventory, rent of warehouse, salaries/wages of warehouse employees
- Other uses for the space used to store the inventory, e.g. additional production, retail space

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

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>Context applied to SW of a cost of holding inventory
• Having 500 units in stock means less working capital to spend on marketing at trade shows
• Potential to have 800 units of stock if sales are poor means potential additional cost of storage space
• Technology changes so the whiteboards are obsolete before they are sold
• Quoting data from Fig. 1.1 (SW inventory control chart 2023)
• Developing mass production facility that will increase output

Application must be made to SW and cannot be generic

Accept all valid responses.

Guidance in awarding marks
<table>
<tr><td>Knowledge & understanding</td><td>Knowledge of a cost of holding inventory</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Explanation of a cost of holding inventory</td><td>1 mark</td></tr>
<tr><td>Context</td><td>Applied to a business context/business environment</td><td>1 mark</td></tr>
</table>
</td><td></td></tr>
</table>

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

Analyse two barriers to entrepreneurship that Samira may have faced when starting up SW.

<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>

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

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Question	Answer	Marks
1(c)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of barriers to entrepreneurship (max 2 marks – annotate first barrier on left and second barrier on right) including: • Lack of business opportunity/lack of differentiation • Knowledge of the market • Ability to obtain sufficient capital/finance • Cost of good locations • Lack of connections/network/guidance and advice • Competition • Lack of a customer base/marketing • Entrepreneur's skills and qualities/inexperience of running a business **AO2 Application** Context applied to a barrier to entrepreneurship (max 2 marks), including: • Samira had a small amount of savings • First to market • Link to own website, trade shows and small independent retailers • Link to specific competition, such as other office stationary suppliers • Link to a lack of working capital due to high production costs • Lack of a customer base / poor marketing as only 400 sales in May.	

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Question	Answer	Marks
1(c)	**AO3 Analysis** *Limited analysis – candidate shows one link in the chain of analysis.* *Developed analysis candidate shows two or more links in the chain of analysis or a two-sided analysis.* Impacts may include: • Poor marketing/knowledge of marketing; low working capital and/or low turnover – may limit the marketing opportunities which in turn may affect the ability to attract new custom and increase purchasing opportunities of scale • Lack of technical knowledge in developing the website may make the buying process difficult which may in turn reduce the number of purchasers • The cost of premium stands at trade shows may reduce working capital as high initial investment costs may mean she has a poor location which may reduce footfall and sales • A small customer base of 400 sales in May could lead to small profits which could in turn mean that banks are reluctant to invest if she asks for a bank loan. • A 2-week lead time means SW could run out of inventory, especially if she has many trade shows scheduled which could decrease the amount of sales and therefore profit. Accept all valid responses.	

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

Evaluate whether Samira should accept Lara's offer to invest venture capital.

<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)	**Indicative content** Responses may include: **AO1 Knowledge and understanding** Knowledge of the features of accepting the venture capital offer (max 2 marks), including: • Venture capitalist will invest equity finance in the business/own a share of the business • Long-term source of finance • Venture capitalist can offer guidance/advice • The impact of venture capital on a business ability to grow • The relationship between sources of finance and business decisions/growth • The need to choose the correct source of finance for the short and long term business aims/growth potential • The impact of funding decisions on stakeholders and their reactions **AO2 Application** Context applied to features of accepting the venture capital offer (max 2 marks), including: • Little working capital • Two-week lead time for a minimum order of 500 units. • Own website, trade shows and independent retailers • She has been trading for seven months. • She has good cashflow but little working capital as production costs are high. • $100 000 VC investment into a mass production facility • A 40% share of the business	

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Question	Answer	Marks
1(d)	**AO3 Analysis** *Limited analysis* A – *candidate shows one link in the chain of analysis.* *Developed analysis* AA – *candidate shows two or more links in the chain of analysis.* Advantages of venture capital to SW may include: • SW will have an experienced partner to find solutions to potential problems which may be cheaper than hiring external business consultants, lowering variable costs and increasing efficiency • SW will have a fixed asset that will be able to accommodate the OS order if the product is successful, which may lower the unit cost and increase future profits Disadvantages of venture capital to SW may include: • Reduce net profits in the short term and reduces ownership stake, lead to a reduction in dividend/financial returns • The mass production facility will need to be built, which will take time; May lose first mover advantage • Contribution of the venture capitalists to decision making **AO4 Evaluation** *Limited evaluation* EVAL – *unsupported judgement and/or a weak attempt at evaluative comment* *Developed evaluation* E – *supported judgement and/or reasonable evaluative comment* *Developed evaluation in context* EE – *supported judgement in context and/or reasonable evaluative comment in context.* • A judgement about whether Samira should accept Lara's offer to invest • What the judgement might depend upon; the timeframe that SW must satisfy their order, Samira's appetite for financial risk, the likelihood of the product being successful in the long term, • Weighing up the arguments for organic growth vs. investment Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>Exemplars for awarding evaluation
<table>
<tr><th>L1 (limited supporting evidence)</th><th>L2 E (developed supporting evidence)</th><th>L3 EE (developed supporting evidence with context)</th></tr>
<tr><td>Samira should accept Lara’s offer</td><td>Samira should accept Lara’s offer because it means she will have more capital</td><td>Samira should accept Lara’s offer because it means she will have more capital to build the local mass production facility</td></tr>
<tr><td>No investing venture capital is a bad idea</td><td>No investing venture capital is a bad idea because Samira will no longer have sole responsibility for decisions</td><td>No investing venture capital is a bad idea because Samira will no longer have sole responsibility for decisions such as whether to continue to sell the whiteboards on her website</td></tr>
<tr><td>In the short-term accepting the venture capital will be unwise.</td><td>In the short-term accepting the venture capital will be unwise as Samira will give up part of the ownership of the business.</td><td>In the short-term accepting the venture capital will be unwise as Samira will give up 40% of the ownership of the business.</td></tr>
</table></td><td></td></tr>
</table>

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Question	Answer	Marks
2(a)(i)	**Identify one objective of a private sector business** **Indicative content** Knowledge of a private sector business including: • Profit maximisation or satisficing • Growth • Increased market share/market leader • Survival • CSR • Maximising revenue • Customer satisfaction • New product development/innovation • Diversify into new markets • Increasing shareholder value Do not reward features of private sector businesses that are not related to the objectives Accept all valid responses.	**1**

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

Explain the term demand.

<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 Responses may include:

AO1 Knowledge and understanding
- A consumer's desire to buy
- Willingness to pay a specific price
- Popularity of a product amongst customers
- The quantity/number of customers looking to buy goods and services at a specific price
- Demand varies with price – the relationship varies depending on the type of good, e.g. normal or inferior
- Demand is at a specific point in time

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

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

AO2 Application

Explanation of demand
- APP can be awarded for a second AO1 point
- Factors affecting demand
- High brand awareness and customer loyalty which increases/maintains demand
- Affected by costs and inputs e.g. reducing the quality of ingredients/raising the selling price/reducing the marketing budget reduces demand
- Consumer incomes
- Price of substitute goods and complementary goods
- Population size and structure
- Fashion and taste
- Quality of the product
- Advertising and promotion changes

Application to a business context
- Demand for the drinks has changed since <u>altering ingredients</u>
- People buy more drinks when the weather is warmer
- FD's products taste similar to competitors after the change in ingredients
- Cost of raw materials increased

Application can be made to FD or any other scenario/context/business/person.
Allow application to demand.

Accept all valid responses.

Guidance in awarding marks

<table>
<tr><td>Knowledge & understanding</td><td>Knowledge of demand</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Explanation of demand</td><td>1 mark</td></tr>
<tr><td>Context</td><td>Applied to a business context / business environment</td><td>1 mark</td></tr>
</table>

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

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Question	Answer	Marks
2(b)(i)	**Refer to Table 2.1. Calculate FD's margin of safety in 2023** **Indicative content** **1 mark for the formula for margin of safety (words or figures) OR calculating the break-even quantity or current sales** **1 mark for calculating the break-even quantity and current sales** **1 mark for calculating the margin of safety (OFR)** • Formula = current sales - breakeven point (1) • Calculation of breakeven point • Fixed costs: $15m • Contribution per unit: selling price per unit ($4) – variable cost per unit $1m • = $3m • BE level of output: 5m units • Current sales 100m × 0.6 (60% of maximum capacity) = 60m units • Margin of safety = 60m units – 5m units (1 OFR for 60m units and 5m units) Answer = **55m (units) (3)** Accept all valid responses.	**3**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(i)</td><td>
<table>
<tr><td>Marks</td><td></td><td></td></tr>
<tr><td>3 marks</td><td>Correct answer
55m (units) allow 55</td><td>Working and units do not matter.

Must be three ✓ to denote the three marks.</td></tr>
<tr><td>2 marks</td><td>Both of the following:
• Correct calculation of the break-even quantity
AND
• Correct calculation of current sales
OR
An incorrect answer with one mistake allowing OFR for final stage.</td><td>To award two marks, there must be
• Two ✓ and a ✗
OR
• One ✓ , one ✗ and one OFR</td></tr>
<tr><td>1 mark</td><td>One of the following:
• Correct formula for margin of safety (word or figures)
OR
• Correct calculation of the break-even quantity or current sales</td><td>To award one mark, there must be:
• One ✓ and two ✗</td></tr>
<tr><td>0 marks</td><td>No creditable content.</td><td>To award zero marks, there must be
• One ✗</td></tr>
</table>
</td><td></td></tr>
</table>

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

Explain one intangible attribute of FD's products

<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

Responses may include:

AO1 Knowledge and understanding
- Types of intangible attribute, e.g. brand name, customer loyalty, quality, satisfies thirst, taste, reliability, image

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

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>
AO2 Application
Explanation of the identified intangible attribute
• Brand name; because it can’t be touched
• Brand name; which contributes to the reputation of the business
• Quality; how the customer perceives the drink

Context applied to FD of an intangible attribute
• ‘A premium drink for premium customers’ reputation/helps become market leader
• Marketing budget reduced/erodes brand awareness
• ‘High customer loyalty’ ensures market leader status

Application must be made to FD and not generic.

Accept all valid responses.

Guidance in awarding marks
<table>
<tr><td>Knowledge & understanding</td><td>Knowledge of an intangible attribute</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Explanation of an intangible attribute</td><td>1 mark</td></tr>
<tr><td>Context</td><td>Applied to a business context/ business environment</td><td>1 mark</td></tr>
</table>
</td><td></td></tr>
</table>

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

Analyse two possible impacts on FD of a fall in productivity.

<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>

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

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Question	Answer	Marks
2(c)	**Indicative content** Responses may include: **AO1 Knowledge and understanding** Knowledge of productivity (max of 1 mark if no impact of a fall in productivity) Knowledge of impacts of a fall in productivity (max 2 marks – annotate first impact on left and second impact on right) including: • Knowledge of productivity – the effectiveness of productive effort • Producing fewer products • Productivity is the ratio of outputs to inputs during production, e.g. labour productivity • Resources are not being utilised to their maximum potential/producing less with the same resources • Measurements of productivity – average output/costs, time or resources incurred in a time period • Producing output at the highest ratio of output to input (more out of less) • Knowledge of possible impacts of a drop in efficiency • Profitability • Average costs of production • Wastage of resources **AO2 Application** Context applied to an impact of a fall in productivity (max 2 marks), including: • Loss of 'market leader' title • Great brand name high brand awareness and customer loyalty lost • Cost of raw materials have increased • Quality of ingredients reduced instead of increasing selling price per unit • Reduced marketing budget • Lack of distinctiveness • Falling demand • Data from table 2.1 • Drop in employee morale and loss of key employees	

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Question	Answer	Marks
2(c)	**AO3 Analysis** *Limited analysis – candidate shows one link in the chain of analysis.* *Developed analysis candidate shows two or more links in the chain of analysis or a two-sided analysis.* • Reduced productivity will increase the average cost of making each unit of output • Lowers output per time period of fizzy drinks, which may lead to an increase in the unit cost which can further reduce the profit margin per unit which may lead to an increase in the selling price • FD may run out of inventory if supply is not equal to demand, which may lead to an increased lead time for the customer order which may further increase consumer dissatisfaction and help the competitor strengthen their market dominance • May lead to KPI's not being achieved which may impact on the financial reward for the employees which may persuade remaining employees to find alternative employment • Unexperienced employees may be pressured to increase productivity, however without the prior manufacturing experience may make further mistakes which may negatively impact on the taste and therefore the already dropping brand name and demand which can affect cashflow and reputation • Employee morale may fall further due to the fall in productivity 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 usefulness to FD of market research methods to inform future marketing decisions.

<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
2(d)	**Indicative content** Responses may include: **AO1 Knowledge and understanding** Knowledge of the features of marketing research methods to inform future marketing decisions (max 2 marks), including: • Market research is the process of collecting, recording and analysing data about customers, competitors and the market • Market research can be primary and/or secondary • Market research data can be quantitative and/or qualitative • Purposes of market research – understand the market, reduce risk, understand customers, predict trends • Primary market research methods or examples • Secondary market research methods or examples **AO2 Application** Context applied to features of market research methods to inform future marketing decisions (max 2 marks), including: • International brand of carbonated drinks • Research focused on customer preferences • Slogan was 'A premium drink for premium customers'. • 7 national and 12 international brands • FD lost the title of market leader to TR • Reduced its marketing budget. • Evidence of high customer loyalty • Change in ingredients led to FD's products tasting similar to their competitors • Feedback highlighting a 'flavourless drink' and demand fell rapidly • Brand name and customer loyalty was lost	

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Question	Answer	Marks
2(d)	**AO3 Analysis** *Limited analysis* A – *candidate shows one link in the chain of analysis.* *Developed analysis* AA – *candidate shows two or more links in the chain of analysis.* • Primary research data; understand customer needs – so can increase sales • Can help decide whether new business ideas are suitable/relevant; reduces long term costs of a failed product/brand • Identify products customers find appealing; reduces marketing budgets • Make packaging and branding decisions; attract customer interest • May not provide much unknown data; data may already exist so not increase sales • Is there marketing budget suitable; may not have enough finance **AO4 Evaluation** *Limited evaluation* EVAL *– unsupported judgement and/or a weak attempt at evaluative comment* *Developed evaluation* E *– supported judgement and/or reasonable evaluative comment* *Developed evaluation in context* EE *– supported judgement in context and/or reasonable evaluative comment in context.* • A judgement about the likely usefulness to FD of market research methods to inform future marketing decisions. • Elements that the judgement could depend upon, available finance, brand reputation, competitor branding, taste, trust. • Weighing up of the impacts on external factors to the proposed of market research methods to inform future marketing decisions.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>Accept all valid responses.

Exemplars for awarding evaluation
<table>
<tr><th>L1 (limited supporting evidence)</th><th>L2 E (developed supporting evidence)</th><th>L3 EE (developed supporting evidence with context)</th></tr>
<tr><td>Market research methods are useful to FD.</td><td>Market research methods are useful to FD because it can help the business make decisions to better meet customer needs.</td><td>Market research methods are useful to FD because it can help the business make decisions to better meet customer needs and therefore regain its position as market leader.</td></tr>
<tr><td>FD should not use market research methods to support future marketing decisions.</td><td>FD should not use market research methods to support future marketing decisions in case the data is misleading.</td><td>FD should not use market research methods to support future marketing decisions, such as reducing the quality of ingredients in its drinks, in case the data is misleading.</td></tr>
<tr><td>In the short-term market research methods are a good way to inform future marketing decisions.</td><td>In the short-term market research methods are a good way to inform future marketing decisions, but in the long-term changes in the external environment may reduce the value of the market research data.</td><td>In the short-term market research methods are a good way to inform future marketing decisions, but in the long-term changes in the external environment may reduce the value of the market research data, especially as the market is competitive with 7 national and 12 international brands.</td></tr>
</table></td><td></td></tr>
</table>

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