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BUSINESS **9609/22**

Paper 2 Data Response **October/November 2017**

MARK SCHEME

Maximum Mark: 60

Published

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1</td><td>Occasion Cards (OC)</td><td></td></tr>
<tr><td>1(a)(i)</td><td>Define the term ‘Computer Aided Design’.
<table>
<tr><th>Knowledge and Application</th><th>Marks</th></tr>
<tr><td>A correct definition</td><td>2</td></tr>
<tr><td>A partially correct definition</td><td>1</td></tr>
<tr><td>No creditable content</td><td>0</td></tr>
</table>
A correct definition should cover both of the following:
• Some idea of ‘computer aided’, i.e. – A process done by IT/software/computer-programmes/electronically/virtually/technology (allow automated) – do not allow ‘computer’ on its own as this is a tautology
• i.e. some idea of the ‘design’ element, i.e. – To create, analyse, draw, modify, optimise, 2D/3D models, customise, plan etc. – do not allow ‘design’ on its own as this is a tautology.
<table>
<tr><th>Exemplar</th><th>Marks</th><th>Rationale</th></tr>
<tr><td>To use IT to create models</td><td>2</td><td>Both elements simply defined</td></tr>
<tr><td>Where software is used to create designs</td><td>2</td><td>Both elements and ‘create designs’ is good enough</td></tr>
<tr><td>To design 2D drawings</td><td>1</td><td>2D gives an idea of ‘design’ even though the word design has also been used.</td></tr>
<tr><td>Where computers are used to make designs for the business to use</td><td>0</td><td>Neither elements defined</td></tr>
</table></td><td>2</td></tr>
</table>

Question	Answer	Marks
1(a)(ii)	**Briefly explain the term 'mass customisation'.** Award one mark for each point of explanation:	**3**

C	Example or some other way of showing good understanding, i.e. can involve the use of IT, low cost solution to making etc.	1 mark
B	Understanding of 'mass', i.e. understanding of the use of production lines/flow production/assembly line etc.	1 mark
A	Understanding of customisation, i.e. the use of techniques to create differentiated products, unique products, to customer orders etc.	1 mark

- Using production lines to make a variation in products. Using mass production techniques to produce differentiated products.
- Can add value to a product by adding differences and customisation.
- Make products unique to each customer but with low cost.

Note: the C mark is dependent on gaining both A and B marks first because otherwise a wrong understanding of mass customisation (e.g. mass production) could gain the majority of the marks.

Exemplar	Marks	Rationale
Using a production line (B) to make differentiated products (A) often using machinery (C)	3	All three elements
Where a business makes products which have are based on the individual customer requirements (A) but have been made on a production line (B). This keeps the cost low for the business (C).	3	All three elements
Where lots of different types of products (A) are made using flow production (B).	2	A and B mark
Making customised products for the customers which can be low cost.	1	A mark only – do not allow the C mark unless **both** A and B have been awarded (See Note:)
Making lots of products on a production line which keeps the costs of the business low and means that the business can produce lots of products to sell.	1	B mark only – obvious confusion with mass production (See Note:)

Question	Answer	Marks
1(b)(i)	**Refer to Table 1. Calculate the current ratio for 2016.**	**3**

Mark	Rationale
3 marks	Correct calculation of the current ratio (ignore any use of $, % etc.) with or without correct working
2 marks	Correct formula (can be implied by the use of figures) **and** correct identification of both figures (CA and CL)
1 mark	Correct formula **or** correct identification of both figures (CA and CL)
0 marks	No creditable content

Formula:

$$\frac{\text{Current assets}}{\text{Current liabilities}}$$

Identification of correct figures:

Current assets = $3m
Current liabilities = $4m

$$\frac{\$3m}{\$4m} = \underline{\textbf{0.75:1 or 0.75 or 3/4}}$$

Common answers

Answer	Marks	Rationale
$\frac{\$3m}{\$4m} \times 100 = 75\%$	3	Although the candidate has not got the correct answer it can clearly be seen by the working that they would have got the correct answer but have gone one stage too far.
75% (no working)	0	Without working there is no way to know where this figure came from
$\frac{\$4m}{\$3m} = 1.33$	2	Formula is wrong (inverted) but correct identification of figures and then a correct calculation based on their own figures (OFR)
1.33 (no working)	0	Without working there is no way to know where this figure came from
Current liabilities = 4 Current assets = 3	1	Correct identification of both figures
Current assets Current liabilities	1	1 mark for formula

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

Explain <u>one</u> way in which the information in Table 1 might be useful to a potential investor.

Level	Knowledge and Application	Marks
2b **APP + APP**	Explanation of the use of the accounting information in Table 1 to a potential investor	3
2a **APP**	Identification of the use of the accounting information in Table 1 to a potential investor	2
1 **K**	Identification of the use of accounting information – no context	1
0	No creditable content	0

Note: APP can be awarded (for 2 marks) without an explicit K first

Answers could include:
- Sales and profit margin have gone up – good investment
- Liquidity has gone down – increased risk
- Non-current liabilities have doubled – increased debt might suggest increased risk

Examples of identifications of a use (K)	**Examples of context (APP)**	**Possible explanations (APPAPP)**
To decide whether to invest or not To judge the success of the business To see if the business is likely to be able to repay an investment To see if the business is profitable	Sales and profit margin have gone up	More sales/profit may suggest that an investor will get their investment back quicker and make a profit from their investment
	Liquidity has gone down	OC may not be able to pay back debts which may mean that the company would not be able to repay the investment
	Non-current liabilities have doubled The current ratio has decreased	Increased debt may mean that any investment is going towards paying that debt off, not making more profit

</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 <u>one</u> advantage and <u>one</u> disadvantage to OC of using the internet to promote the business.
<table>
<tr><th>Level</th><th>Knowledge and Application (4 marks)</th><th>Marks</th><th>Analysis (4 marks)</th><th>Marks</th></tr>
<tr><td rowspan="2">2</td><td rowspan="2">Shows understanding of using the internet to promote the business in context</td><td rowspan="2">3–4</td><td>Good analysis of one advantage AND one disadvantage to OC of using the internet to promote the business in context</td><td>4</td></tr>
<tr><td>Good analysis of one advantage OR one disadvantage to OC of using the internet to promote the business in context</td><td>3</td></tr>
<tr><td rowspan="2">1</td><td>Shows knowledge of the use of the internet to promote a business</td><td>2</td><td>Limited analysis of one advantage AND one disadvantage of using the internet to promote a business</td><td>2</td></tr>
<tr><td>Shows knowledge of the use of the internet in business OR promotion</td><td>1</td><td>Limited analysis of one advantage OR one disadvantage of using the internet to promote a business</td><td>1</td></tr>
</table>
Limited analysis in context: Marks limited to 4 + 2 = 6
Annotate – advantages on the left and disadvantages on the right

Take a very open approach to ‘promotion’ to allow for use of the website (e.g. CAD system, creation of cards etc.).
Promotion is any activity that supports or encourages a business activity.
</td><td>8</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>
Answers could include:

Advantages
• Cheaper – social and viral marketing is a relatively cheap way of promotion a business and has led to good growth for OC
• OC has an internet based ordering system, so internet based promotion links in and may increase sales
• Customers may link/click from an advert straight to the website allowing quick/impulse purchases
Disadvantages
• OC may find it difficult to control social and viral promotion
• It may not be effective – very difficult to predict trends in fashion/products
Fast moving and constantly changing

Examples of advantages:
<table>
<tr><td>Examples of knowledge (K)</td><td>Examples of application/context (APP)</td><td>Examples of limited analysis (AN)</td><td>Examples of good analysis (ANAN)
Must be in context (i.e. APP awarded)</td></tr>
<tr><td>The internet can reach many people</td><td>Greater number of potential customers who may buy cards from OC for special occasions</td><td>This may lead to increased sales</td><td>Increased sales → more revenue → more profit</td></tr>
<tr><td>Cheaper to promote</td><td>OC is a family business with limited capital</td><td>Keeps costs down for OC</td><td>Lower costs → may increase capital for expansion</td></tr>
<tr><td rowspan="2">Can use internet links to send customers to their website</td><td>Using OC’s well established social media presence</td><td rowspan="2">Increases the number of potential customers</td><td rowspan="2">Increased sales → more revenue → more profit</td></tr>
<tr><td>Can link directly to the CAD software</td></tr>
<tr><td>Attracts a younger audience</td><td>Greetings cards can be targeted at a younger audience</td><td>Leading to less competition for OC</td><td>Less competition → higher prices → more profit margin→ increased profit</td></tr>
</table>
</td><td></td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>Examples of disadvantages:
<table>
<tr><td>Examples of knowledge (K)</td><td>Examples of application/context (APP)</td><td>Examples of limited analysis (AN)</td><td>Examples of good analysis (ANAN)
Must be in context (i.e. APP awarded)</td></tr>
<tr><td>The internet may not be targetted</td><td>Many wasted views of the promotion by people who have no interest in buying greetings cards</td><td>This may lead to increased costs for promotion which is wasted</td><td>Increased costs → lower profit margin → less profit</td></tr>
<tr><td rowspan="2">Open to hackers</td><td>OC only sells greeting cards through the internet</td><td>Disable OCs ability to make sales</td><td>Decreased sales → lower profit/increased chance of loss</td></tr>
<tr><td>OC does not have much capital as it is family owned</td><td>May not be able to afford the costs of good security</td><td>More chance of website being offline → decreased sales → lower profit/increased chance of loss</td></tr>
<tr><td rowspan="2">No control of internet marketing</td><td>OC relies on social media and viral marketing</td><td rowspan="2">Can create a bad reputation</td><td rowspan="2">Decreased sales → lower profit/increased chance of loss</td></tr>
<tr><td>Greeting card industry requires a good reputation</td></tr>
<tr><td>Fast moving/dynamic environment</td><td>As opposed to the greetings card market which is well established (i.e. Christmas, special occasions etc.)</td><td>May need to be updated regularly which may not be the case with traditional promotion</td><td>Increased costs → lower profit margin → less profit</td></tr>
</table></td><td></td></tr>
</table>

Question	Answer	Marks
1(d)	**Evaluate the owners' decision to change the legal structure of OC to a public limited company.**	**11**

Knowledge and Application (4 marks)	Marks	Analysis and Evaluation (7 marks)	Marks
		Justified evaluation based on argument(s) in context	7
		Developed evaluation based on argument(s) in context	6
		An evaluative statement based on argument(s) in context	5
Shows understanding of changing from a private limited company to a public limited company	3–4	Argument based on the impact(s) of changing the legal structure of OC to a public limited company	3–4
Shows knowledge of legal structures	1–2	Limited analysis of TWO (or more) impacts of changing legal structure	2
		Limited analysis of ONE impact of changing legal structure	1
No creditable content			

Note: APP marks can be gained from the change from Ltd to PLC without any mention of the business because this is the context given to the candidates

Answers could include:

Benefits

- OC could access more capital which may allow OC to expand further and use more traditional marketing methods
- OC has started to see increased non current liabilities – by increasing the equity this may be reversed
- Owners may become wealthy from selling their shares

Drawbacks

- OC might lose the family atmosphere, reducing the workers motivation
- OC will need to publish their financial information if they become a plc which may give competitors an advantage
- Owners may lose their control of OC
- Owners will need to share profits

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>
<table>
<tr><td>K</td><td>APP</td><td>AN</td><td>ANAN</td><td>EVAL</td></tr>
<tr><td rowspan="2">PLCs can sell shares on the stock market (K)</td><td>This opens up a new source of finance for OC (APP)</td><td>Which could be used to expand the business (AN)</td><td>Which may lead to more sales of greeting cards and profit for OC. (ANAN)</td><td rowspan="2">Overall becoming a PLC may be the fastest way for OC to reach its objective of expansion (EVAL – statement)

However how many shares the owners make available will depend upon how much they are willing to risk losing control of the business (EVAL – developed)

If the expansion can be financed and the owners keep more than 50% of the shares then there is little risk and it is likely to have been a good decision. (EVAL – justified)</td></tr>
<tr><td>However anyone could buy the shares because they are now available on the stock market (APP)</td><td>Which may lead to a loss of control for the current owners (AN)</td><td>Who may limit the amount of shares they want to sell on the stock market and mean that OC does not have much extra capital to fund the expansion (ANAN)</td></tr>
</table>
</td><td></td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2</td><td>Nearly New (NN)</td><td></td></tr>
<tr><td>2(a)(i)</td><td>Define the term ‘inventory’.

<table>
<tr><th>Knowledge and Application</th><th>Marks</th></tr>
<tr><td>A correct definition</td><td>2</td></tr>
<tr><td>A partially correct definition</td><td>1</td></tr>
<tr><td>No creditable content</td><td>0</td></tr>
</table>

A correct definition will cover two of the following bullets:

• Stock
• Raw materials, work in progress, finished products
• Used in, or the result of the production process/operations – to fulfil future demand, to sell
• Current asset

Note: Inventory is a syllabus term to mean the stock of a business – a definition of inventory in terms of all the assets owned by a business (i.e. to take an inventory) is not rewardable.</td><td>2</td></tr>
</table>

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

Briefly explain the term ‘sole trader’.

<table>
<tr><td>C
B</td><td>One mark for each of the following (up to a maximum of two marks):
• Unincorporated
• Unlimited liability
• No continuity
• No separate legal identity
• Income tax must be paid (not corporation tax)
• Owns all of the profit/responsible for all the losses/takes all the risk
• Shares cannot be sold
• Accounts do not need to be produced/published/made available</td><td>1–2 marks</td></tr>
<tr><td>A</td><td>One individual or one person (must be a clear idea of a single person)</td><td>1 mark</td></tr>
</table>

Note: the B and C marks are dependent on gaining the A mark

<table>
<tr><th>Exemplar</th><th>Marks</th><th>Rationale</th></tr>
<tr><td>Owned by one person who has unlimited liability and takes of the profit for themselves.</td><td>3</td><td>A, B and C</td></tr>
<tr><td>A single owner with no shareholders and accounts do not need to be published.</td><td>3</td><td>A, B and C</td></tr>
<tr><td>A sole trader has unlimited liability and no continuity. It is owned by one person.</td><td>3</td><td>It does not matter if the A mark comes after the B and C marks</td></tr>
<tr><td>Owned by one person with no shareholders</td><td>2</td><td>A and B</td></tr>
<tr><td>A sole trader does not have any shareholders</td><td>0</td><td>No A mark – this could just as easily apply to a partnership.</td></tr>
<tr><td>A business that has unlimited liability with no shareholders and no continuity.</td><td>0</td><td>No A mark – this could just as easily apply to a partnership.</td></tr>
<tr><td>The person responsible for finance, decision making etc…</td><td>0</td><td>No understanding of one owner – this could be a manager</td></tr>
</table>

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

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

Calculate the total profit that Nathan would make if he sold the whole batch of repaired laptop computers.

Mark	Rationale
3 marks	Correct calculation of the total profit (no $ required) with or without correct working
2 marks	Correct calculation of total costs or correct calculation of total revenue (with working)
1 mark	Correct formula **or** correct calculation of total variable costs (with working)
0 marks	No creditable content

Note: allow an answer of 1500 even if the candidate has identified it as a different figure in the answer (i.e. Total Cost = 1500 = 3 marks)

Formula:

Total revenue – total costs = profit

Calculations:

Total variable costs = 20 × £50 repair = **$1000**

Total costs = Purchase cost = $2000
20 × £50 repair = $1000
$3000

50% mark up = $1500
$4500

Profit = **$1500**

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

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(i)</td><td>Common answers
<table>
<tr><th>Answer</th><th>Marks</th><th>Rationale</th></tr>
<tr><td>1500 (no working)</td><td>3</td><td>Allow the answer with or without working and $ or incorrect working</td></tr>
<tr><td>$2000 + $1000 = $3000</td><td>2</td><td>Working to support that this is the total cost figure</td></tr>
<tr><td>3000 (no working)</td><td>0</td><td>A wrong answer with no working to know where the answer has come from</td></tr>
<tr><td>20 × $50 = $1000</td><td>1</td><td>Working to support the calculation of variable costs</td></tr>
<tr><td>$2000</td><td>0</td><td>A wrong answer with no working to know where the answer has come from</td></tr>
<tr><td>50% of $2000 = $1000
20 × $50 = $1000

So profit = $0</td><td>2</td><td>One error – mark up was calculated on FC not TC
OFR</td></tr>
<tr><td><u>$2000</u>
20 = $100 (FC per computer)

$100 + $50 (VC) = $150 (total cost per computer)

50% of $150 = $75 (mark up per computer)
$150 + $75 = $225 (price per computer)

$225 × 20 = $4500 (total selling revenue)</td><td>2</td><td>A route to find total revenue but no profit figure – any valid route to find TR correctly without a correct calculation of profit should be awarded 2 marks as long as there is working.</td></tr>
<tr><td>$4500 (no working)</td><td>0</td><td>A wrong answer with no working to know where the answer has come from</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 <u>one</u> advantage to Nathan of using a cost based pricing strategy.

Level	Knowledge and Application	Marks
2 (APPAPP)	Explanation of an <u>advantage</u> of using cost based pricing **in context**	3
2 (APP)	Identification of an <u>advantage</u> of using cost based pricing **in context**	2
1 (K)	Identification of an <u>advantage</u> of using cost based pricing	1
0	No creditable content	0

Answers could include:

Examples of identifications of an advantage (K)	**Examples of context (APP)**	**Possible explanations (APPAPP)**
Quick and simple	Nathan is a computer engineer and may not be experienced in running a business.	Therefore this will save Nathan time.
	Nathan needs to focus on repairing computers not complicated pricing methods.	So Nathan can focus on gaining sales for the business.
Always leads to a profit Always covers the full cost of each computer	Each computer has a total cost of $150.	So any price higher than this will result in a profit for Nathan.
Predictable profit margin	Nathan chose a 50% mark-up.	So the mark-up should always equal the profit margin. So Nathan can target a certain margin that he will find acceptable.

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

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

Analyse <u>two</u> methods Nathan could use to improve NN's cash flow.

<table>
<tr><th>Level</th><th>Knowledge and application</th><th></th><th>Analysis</th><th></th></tr>
<tr><td rowspan="2">2</td><td>Shows understanding of TWO methods of improving cash flow in context</td><td>4</td><td>Good analysis of TWO methods of improving cash flow in context</td><td>4</td></tr>
<tr><td>Shows understanding of ONE method of improving cash flow in context</td><td>3</td><td>Good analysis of ONE method of improving cash flow in context</td><td>3</td></tr>
<tr><td rowspan="2">1</td><td>Shows knowledge of TWO methods of improving cash flow</td><td>2</td><td>Limited analysis of TWO methods of improving cash flow</td><td>2</td></tr>
<tr><td>Shows knowledge of cash flow or ONE method of improving cashflow</td><td>1</td><td>Limited analysis of ONE method of improving cash flow</td><td>1</td></tr>
<tr><td>0</td><td colspan="3">No creditable content</td><td></td></tr>
</table>

One factor analysed in context, max 3 + 3

Note: the focus of the analysis must be on improving cashflow

Answers could include:

- Could use a cashflow forecast to identify when Nathan needs extra cash
- Nathan could take a partner (this is contextual)
- Could arrange credit facilities with suppliers– would the large electrical retailers offer him any credit?
- If Nathan currently offers credit (unlikely) he could make sure his customers pay on delivery or in advance.
- Nathan could take out a short term source of finance for times when he needs extra cash to purchase inventory – cost of finance, likelihood of getting finance
- Take out a long term source of finance to give Nathan access to cash when he needs it – opportunity cost of using finance, cost of finance
- Keep a low amount of cash tied up in inventory – unlikely to be popular as customers want next day delivery and a range of computers

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

Question	Answer	Marks
2(c)		

Examples of methods	Examples of application/context	Examples of possible analysis
Arrange credit with suppliers	Nathan is purchasing from large electrical retailers who may be likely to give him credit. Nathan is an established customer of the large electrical businesses and therefore more likely to get credit. Nathan needs the time this credit would give him to repair the computers.	More time to pay → sell computers before paying for the stock → revenue before costs need to be paid → less chance of negative cashflow
Short term source of finance	Nathan is an established business and may get credit. Nathan is a sole trader and may struggle to get a short term source of finance A short term source of finance would allow Nathan to purchase the computers without needing a 'buffer' of cash available – he can add in the cost of finance to the price of the computers (i.e. costs plus).	Allow purchase without needing cash → Will not worsen Nathans cashflow position → Less chance of negative cashflow Increase costs of NN → Increase price of a computer → May reduce sales → may reduce profits

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

Recommend which one of the two potential employees Nathan should select. Justify your recommendation.

<table>
<tr><th>Knowledge and Application (4 marks)</th><th>Marks</th><th>Analysis and Evaluation (7 marks)</th><th>Marks</th></tr>
<tr><td></td><td></td><td>A justified recommendation for Nathan on which potential employee he should select based on the given arguments for selecting Katy and Sahdat</td><td>7</td></tr>
<tr><td></td><td></td><td>A developed recommendation for Nathan on which potential employee he should select based on the given arguments for selecting Katy and Sahdat</td><td>6</td></tr>
<tr><td></td><td></td><td>An evaluative statement/recommendation based on the given arguments for selecting Katy and Sahdat</td><td>5</td></tr>
<tr><td>Shows understanding of selection criteria for Katy and Sahdat</td><td>4</td><td>Argument(s) based on selecting Katy and Sahdat as potential employees for NN</td><td>4</td></tr>
<tr><td>Shows understanding of selection criteria for Katy or Sahdat</td><td>3</td><td>Argument(s) based on selecting Katy or Sahdat as potential employees for NN</td><td>3</td></tr>
<tr><td rowspan="2">Shows knowledge of selection</td><td rowspan="2">1–2</td><td>Limited analysis of Katy and Sahdat as potential employees</td><td>2</td></tr>
<tr><td>Limited analysis of Katy or Sahdat as potential employees</td><td>1</td></tr>
</table>

Note: APP, AN and ANAN about Katy should be placed in left hand margin and Sahdat in right hand margin

Katy
- Lower previous salary
- Some experience of dealing with electrical retailers (NNs suppliers)
- Degree – but is this necessary?
- Younger – but is this a benefit and should Nathan make a decision based on age (legal issues?)
- Relevant skills and organisation could be useful

Sahdat
- Higher previous salary – does this mean that he will expect more?
- More experience in relevant area
- No qualifications, but are they necessary?
- Older, but could this be a benefit?
- Will his skills of managing employees and communication be any use within NN where he will be the only employee and possibly not customer facing?

</td><td>11</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>An example of how an answer could develop and how it should be annotated.
<table>
<tr><th>K</th><th>APP</th><th>AN</th><th>ANAN (one sided)</th><th>EVAL</th></tr>
<tr><td rowspan="2">Selection is the ability to choose between potential employees for a position. (K)

A business can select employees through interviews, experience, skills etc. (K)</td><td>Katy has got some experience working for a large electrical retailer. (APP)</td><td>This may help Nathan to negotiate better prices and credit with his suppliers who are the large electrical retailers. (AN)</td><td>This is likely to reduce the costs for Nathan of doing business, improve his cashflow and increase his chances of making a profit. (ANAN – Katy)</td><td rowspan="2">I would recommend that Nathan chooses Sahdat because better productivity will help Nathan to sell computers quicker and this may help solve his major problem of cashflow. (EVAL – statement)

However it depends upon whether Nathan feels he can manage Sahdat. (EVAL – developed)

If he can’t then this productivity boost is unlikely to happen and Katy might be the better option as she may be easier to manage. (EVAL – justified)</td></tr>
<tr><td>However Sahdat has more experience than Katy in repairing computers but he has been his own boss for the last 10 years. (APP)</td><td>More experience may lead to quicker repairs. (AN)

However he may not be willing to take instructions from Nathan about what to do. (AN)</td><td>Quicker repairs could increase the productivity of NN and mean that he can sell more computers, quicker and gain more profit. (ANAN – Sahdat)

If Sahdat cannot take orders then Nathan may find him difficult to manage and this may lead to conflict and lower productivity for NN. (ANAN – Sahdat)</td></tr>
</table>
Note: only two ANANs are needed (one for Katy and one for Sahdat) to enable evaluation many candidates will attempt more analysis to give depth to their evaluation. Make sure you are only awarding analysis to the appropriate level – if a candidate has tried to cover lots of different points but only got to limited analysis (AN) each time, then this does not build an argument. Please look out for quality of analysis rather than quantity.</td><td></td></tr>
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