Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/22**

Paper 2 Data Response **October/November 2022**

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.

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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.

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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Science-Specific Marking Principles

1	Examiners should consider the context and scientific use of any keywords when awarding marks. Although keywords may be present, marks should not be awarded if the keywords are used incorrectly.
2	The examiner should not choose between contradictory statements given in the same question part, and credit should not be awarded for any correct statement that is contradicted within the same question part. Wrong science that is irrelevant to the question should be ignored.
3	Although spellings do not have to be correct, spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. ethane / ethene, glucagon / glycogen, refraction / reflection).
4	The error carried forward (ecf) principle should be applied, where appropriate. If an incorrect answer is subsequently used in a scientifically correct way, the candidate should be awarded these subsequent marking points. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.
5	'List rule' guidance For questions that require ***n*** responses (e.g. State **two** reasons …): • The response should be read as continuous prose, even when numbered answer spaces are provided. • Any response marked *ignore* in the mark scheme should not count towards ***n***. • Incorrect responses should not be awarded credit but will still count towards ***n***. • Read the entire response to check for any responses that contradict those that would otherwise be credited. Credit should **not** be awarded for any responses that are contradicted within the rest of the response. Where two responses contradict one another, this should be treated as a single incorrect response. • Non-contradictory responses after the first ***n*** responses may be ignored even if they include incorrect science.
6	Calculation specific guidance Correct answers to calculations should be given full credit even if there is no working or incorrect working, **unless** the question states 'show your working'. For questions in which the number of significant figures required is not stated, credit should be awarded for correct answers when rounded by the examiner to the number of significant figures given in the mark scheme. This may not apply to measured values. For answers given in standard form (e.g. $a \times 10^n$) in which the convention of restricting the value of the coefficient (a) to a value between 1 and 10 is not followed, credit may still be awarded if the answer can be converted to the answer given in the mark scheme. Unless a separate mark is given for a unit, a missing or incorrect unit will normally mean that the final calculation mark is not awarded. Exceptions to this general principle will be noted in the mark scheme.

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7 Guidance for chemical equations

Multiples / fractions of coefficients used in chemical equations are acceptable unless stated otherwise in the mark scheme.

State symbols given in an equation should be ignored unless asked for in the question or stated otherwise in the mark scheme.

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(i)</td><td>
Define the term ‘customers’ (line 6).
<table>
<tr><th>Knowledge</th><th>Marks</th></tr>
<tr><td>A correct definition</td><td>2</td></tr>
<tr><td>A partial, vague or unfocused definition</td><td>1</td></tr>
<tr><td>No creditable content</td><td>0</td></tr>
</table>
A correct definition should include the following elements:

an individual or business that purchases/buys products or services (goods)
from a business/firm/company/organisation/enterprise/market etc.

<table>
<tr><th>Exemplar</th><th>Rationale</th><th>Marks</th></tr>
<tr><td>Someone who buys a product from a business.</td><td>Both elements</td><td>2</td></tr>
<tr><td>A purchaser of goods from a business.</td><td>Both elements</td><td>2</td></tr>
<tr><td>A person who buys a product</td><td>One element</td><td>1</td></tr>
<tr><td>Someone a business sells to</td><td>One element</td><td>1</td></tr>
<tr><td>Someone who uses a product</td><td>Confusion with consumer</td><td>0</td></tr>
</table>
</td><td>2</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>

Explain the term 'public limited company' (line 1).

Award one mark for each point of explanation:

<table>
<tr><th></th><th>Knowledge</th><th>Marks</th></tr>
<tr><td>C</td><td>Example or some other way of showing good understanding, this could be another element from A, as long as B has been awarded.</td><td>1</td></tr>
<tr><td>B</td><td>Understanding of the specific nature of a public limited company, e.g. shares may be sold to the general public/through stock exchange, accounts must be published (not just made available).</td><td>1</td></tr>
<tr><td>A</td><td>Understanding of a limited company, e.g. limited liability, continuity and a separate legal identity, has shareholders/ they sell shares.</td><td>1</td></tr>
</table>

Note: A and B marks must be gained before C mark can be awarded.

Content
A public limited company has shareholders who can purchase shares through a stock exchange. It also has limited liability, continuity and a separate legal identify. It differs from a private limited company by being able to sell shares to the general public (through a stock exchange) and in having to publish (not just make available) its accounts.

<table>
<tr><th>Exemplar</th><th>Rationale</th><th>Marks</th></tr>
<tr><td>A PLC has limited liability (A) and can sell shares through the stock exchange (B). An example of a PLC is McDonalds (C).</td><td>All three elements</td><td>3</td></tr>
<tr><td>It is owned by shareholders (A) and anyone can buy shares (B).</td><td>A and B only</td><td>2</td></tr>
<tr><td>A PLC can sell shares (A) and has a separate legal identity. If an owner dies the business continues. It must produce accounts each year and has unlimited liability.</td><td>A only – do not award the C mark unless B has been awarded.</td><td>1</td></tr>
<tr><td>A PLC has unlimited liability, and the owners must draw up a deed.</td><td>Confusion with a partnership</td><td>0</td></tr>
</table>

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

Question	Answer	Marks
1(b)(i)	**Refer to Table 1.1. Calculate FF's profit margin for the app in 2020.**	**3**

Rationale	Marks
Correct answer with or without correct working or %	3
Correct calculation of profit	2
Formula or correct calculation of TR	1
No creditable content	0

Content

$$\frac{\text{Total revenue } - \text{ total costs}}{\text{Total revenue}} \times 100$$

1.4 + 1.8 = 3.2 (TR)

3.2 – 2 = 1.2 (profit)

$$\frac{1.2}{3.2} \times 100 = 37.5\%$$

Answer = 37.5% allow 38% (3)

OFR

Common incorrect answers

Answer	Mark	Rationale
37.5	3	% sign not required.
1.6 + 1.4 = 3 (TR) 3 – 2 = 1 (profit) 1 3 x 100 = 33.3%	2	Answer given for 2021 data. With working, this can be worth 2 marks for the two stages.
33.3%	0	Without working this can not be awarded marks.
1.4 + 1.8 = 3.2 3.2 2 = 1.6	1	One mark for TR – rest is incorrect
0.375 (with working)	2	Candidate did not create a percentage
0.375 (no working)	0	An incorrect answer with no working

<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 FF could use profit margin data.
<table>
<tr><th>Level</th><th>Knowledge and Application</th><th>Marks</th></tr>
<tr><td>2b
(APP)</td><td>Explanation of one way a business can use profit margin data in context</td><td>3</td></tr>
<tr><td>2a
(K+K)</td><td>Explanation of one way a business can use profit margin data</td><td>2</td></tr>
<tr><td>1
(K)</td><td>Identification of way a business can use profit margin data</td><td>1</td></tr>
<tr><td>0</td><td>No creditable content</td><td>0</td></tr>
</table>
OFR from answer to Q1(b)(i)

Content

Knowledge of a use of profit margin data may include:
• As a way of monitoring business success - to make business decisions
• Identifying areas for the business to work on - to improve the costs of the business
• To attract investors – to show that it is still a good profit margin for investors.
• To find external sources of finance – banks for example would want to know how profitable the business is.

Application may come from the following points:
• Use of Table 1.1 (including 33.3% profit margin in 2021)
• FF is a public limited company
• Owns a popular social media and fitness app.
• App was launched five years ago.
• Over three million users.
• App is constantly developing features for users.
• Revenue from advertising and sales/monthly fees.
</td><td>3</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>ARA
<table>
<tr><th>Exemplar</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>To compare the profit margin for investors (K) to see that the margin has decreased by 4.2% (APP).</td><td>3</td><td>Knowledge and application to the data.</td></tr>
<tr><td>To attract investors (K) so that they know if the business is likely to give them a return (K).</td><td>2</td><td>Two pieces of knowledge, no context.</td></tr>
<tr><td>To compare previous years (K).</td><td>1</td><td>One piece of knowledge.</td></tr>
</table></td><td></td></tr>
<tr><td>1(c)</td><td>Analyse <u>two</u> ways in which FF can increase the value added to its app using the operations process.
<table>
<tr><th>Level</th><th>Knowledge and Application (4 marks)</th><th>Marks</th><th></th><th>Analysis (4 marks)</th><th>Marks</th><th></th></tr>
<tr><td>2b</td><td>Shows understanding of two ways operations can add value in context</td><td>4</td><td>APP + APP</td><td>Developed analysis of two ways operations can add value in context</td><td>4</td><td>DEV + DEV</td></tr>
<tr><td>2a</td><td>Shows understanding of one way operations can add value in context</td><td>3</td><td>APP</td><td>Developed analysis of one-way operations can add value in context</td><td>3</td><td>DEV</td></tr>
<tr><td>1b</td><td>Shows knowledge of two ways operations can add value</td><td>2</td><td>K + K</td><td>Limited analysis of two ways operations can add value in context</td><td>2</td><td>AN + AN</td></tr>
<tr><td>1a</td><td>Shows knowledge of one way operations can add value</td><td>1</td><td>K</td><td>Limited analysis of one-way operations can add value</td><td>1</td><td>AN</td></tr>
<tr><td>0</td><td colspan="6">No creditable content</td></tr>
</table></td><td>8</td></tr>
</table>

Question	Answer	Marks
1(c)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of way(s) of adding value using the operations process may include: • Ways in which value can be added – i.e. extra features, etc. • Improve product • Process innovation • Add a feature/product/service • USP Allow anything that changes the app or service itself as this can be part of operations for a service/app. **AO2 Application** • Increasing the features of the app – More social media features, such as chat, selling/sharing best exercise practice, creating groups, etc. – More exercise features, such as group exercising, online classes, features for trainers to sell their services, etc. • Increasing the quality of the app – Reacting to any customer survey comments about the quality of the app – Reducing any connection issues with the app • Reducing the costs of producing the app – Costs may include, software development, wage costs, capital costs, research and development costs, market research costs (survey), marketing costs **AO3 Analysis** Must be an impact on the business cost(s) or price to add value. Do not allow increasing revenue/customers, etc. – there must be a change in the distance/proportion between cost and price. • An increase in price, from $10 to $12, would increase the revenue of FF (AN) – as long as the costs were kept the same (DEV). • Improving the features of the app would allow FF to charge a higher price (AN) – as long as the price increase was more than the extra costs of developing the app (DEV). • Eliminate the free access to the app, forcing the users to pay $10 (AN) – as long as some of the users do not cancel their subscription (DEV). • Labour costs could be lower if FF make some of their app designers redundant (AN) – as long as FF maintain their price (DEV). Note: developed analysis must show understanding of adding value, not just increasing revenue / decreasing costs. **ARA**	

Question	Answer	Marks
1(d)	**Evaluate the limitations of FF's sampling process.**	**11**

Knowledge and Application (4 marks)	Marks	Annotation	Analysis and Evaluation (7 marks)	Marks	Annotation
			Justified evaluation based on arguments in context	7	EVAL + EVAL + EVAL
			Developed evaluation based on arguments in context	6	EVAL + EVAL
			An evaluative statement based on arguments in context	5	EVAL
Shows understanding of two limitations of sampling in context	4	APP + APP	Arguments based on two limitations of sampling in context	4	DEV + DEV
Shows understanding of one limitation of sampling in context	3	APP	Argument based on one limitation of sampling in context	3	DEV
Knowledge of two limitations of sampling	2	K + K	Limited analysis of two limitations of sampling	2	AN + AN
Shows knowledge of one limitation of sampling	1	K	Limited analysis of one limitation of sampling	1	AN
No creditable content				0	

Note: there must be a limitation of sampling, not just market research, to award K and APP

Question	Answer	Marks
1(d)	Knowledge of limitations of sampling may include: • Chances of bias • May be unrepresentative • May have a high cost • May take time • May lead to incorrect data. Application may include: • Stratified based on age (example) • Current users only • Incentive to complete the survey • Only 30% actually completed survey • Survey was sent to only 1.67% of users • Only completed by 0.5% of total users • Allow use of Table 1.1 (including OFR from Q1bi) Analysis may include: • May not help FF to design features which will attract new users because they have only asked current users • Small sample size (AN) – is this representative of the entire customer base (DEV)? • Poor take-up of the survey – does this make the survey representative, and will the data actually give FF useful information? • Incentive may encourage positive answers which tell FF what they want to hear to encourage more 'free' months • Low take-up of the survey leading to increased costs (AN) – which may reduce the profitability of FF (DEV) • Might be more useful to hear from unhappy customers who are not using the app, as opposed to those who do use the app. Evaluation may include: • A judgement limitations of FF's sampling methods • Evaluation of the relative impact of different limitations • Elements that the evaluation/judgement might depend upon – other research that might have been done, competitors actions/research, whether the sample is still representative after those who did not choose to answer, future revenue (falling at the moment if this continues may not be useful), end results of the research. **ARA**	

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>Examples of how an answer could develop and how it should be annotated.
<table>
<tr><td>K</td><td>APP</td><td>AN</td><td>DEV</td><td>EVAL</td></tr>
<tr><td>It may be biased</td><td>because FF is giving a month’s free access.</td><td>This might lead to respondents only giving positive replies to get more free access to the app.</td><td>Which leads to FF introducing expensive new features which do not attract new customers.</td><td>The biggest limitation is the bias, because FF may make poor decisions about developing the app.
This is likely to have a bigger effect on the costs than the free months access.
However this depends on how biased the data actually is.</td></tr>
<tr><td>It has a high cost</td><td>To send 50 000 users a survey and the free month’s access.</td><td>This may lead to FF spending more to find out if users like the features</td><td>than they gain in extra revenue.</td><td></td></tr>
</table></td><td></td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(i)</td><td>
Define the term ‘inventory’ (line 7).
<table>
<tr><th>Knowledge</th><th>Marks</th></tr>
<tr><td>A correct definition</td><td>2</td></tr>
<tr><td>A partial, vague or unfocused definition</td><td>1</td></tr>
<tr><td>No creditable content</td><td>0</td></tr>
</table>
A correct definition should include the following elements:

Stock/raw materials/work in progress/finished goods/current asset
An idea of the function, e.g. to be able to produce, to be able to meet customer demand etc.

<table>
<tr><th>Exemplar</th><th>Rationale</th><th>Marks</th></tr>
<tr><td>The raw materials needed to produce a product.</td><td>Both elements</td><td>2</td></tr>
<tr><td>The store of finished products used to sell to customers</td><td>Both elements</td><td>2</td></tr>
<tr><td>Inventory is another word for stock</td><td>One element</td><td>1</td></tr>
<tr><td>Inventory is stock and can be made up of raw materials, work in progress or finished products</td><td>One element repeated</td><td>1</td></tr>
<tr><td>Inventory is used to grow the business</td><td>No elements and copied from data</td><td>0</td></tr>
</table>
</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>

Explain the term ‘entrepreneur’ (line 1).

Award one mark for each point of explanation:

<table>
<tr><th>Rationale</th><th>Marks</th></tr>
<tr><td>Three characteristics of an entrepreneur</td><td>1</td></tr>
<tr><td>Two characteristics of an entrepreneur</td><td>1</td></tr>
<tr><td>One characteristic of an entrepreneur</td><td>1</td></tr>
</table>

Content

Allow any reasonable characteristic of an entrepreneur, for example:

- risk taking
- innovative
- multi-skilled
- leader
- resilience/able to bounce back
- sets up a business
- passion
- self-confidence
- ambition
- hardworking
- persuasive
- aiming for profit (do not allow ‘get rich – too vague)
- makes decisions
- one of the factors of production (entrepreneurship)
- organises the factors of production
- organises/raises/provides finance
- an example of an entrepreneur (do not allow Ava)

Only reward each characteristic once.

ARA

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

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>
<table>
<tr><th>Answer</th><th>Rationale</th><th>Marks</th></tr>
<tr><td>An entrepreneur is a risk-taker (1) who tries to make a profit (1) by organising the factors of production (1).</td><td>Three characteristics</td><td>3</td></tr>
<tr><td>Someone who makes decisions (1) about factors of production (1) to make a profit (1).</td><td>Three characteristics</td><td>3</td></tr>
<tr><td>An entrepreneur works hard (1) and has confidence (1).</td><td>Two characteristics</td><td>2</td></tr>
<tr><td>Someone who organises the land that a business needs (1). They also organise the number of workers a business needs and they also organise the capital that a business may need.</td><td>Only one mark for ‘organising’ the factors of production – do not keep rewarding the same characteristics</td><td>1</td></tr>
<tr><td>Entrepreneurship is one of the factors of production.</td><td>NAQ</td><td>0</td></tr>
</table>
</td><td></td></tr>
<tr><td>2(b)(i)</td><td>Refer to Table 2.1. Calculate the change in CC’s working capital between 2021 and 2022.
<table>
<tr><th>Rationale</th><th>Marks</th></tr>
<tr><td>Correct answer with or without correct working or $.</td><td>3</td></tr>
<tr><td>Correct calculation of both working capital figures (2021 and 2022).</td><td>2</td></tr>
<tr><td>Formula or correct calculation of one working capital figure (2021 or 2022).</td><td>1</td></tr>
<tr><td>No creditable content.</td><td>0</td></tr>
</table>
Note: OFR only applies for a mathematical error – candidate must have attempted to calculate working capital to award OFR</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>
Content

Current assets – current liabilities

2021: 50 – 45 = 5 (1)
2022: 60 – 40 = 20 (1)

Increase of $15 000 (1)

Answer = $15 000 (3) allow 15. Also allow 300% as a correct answer.

Common incorrect answers

<table>
<tr><th>Answer</th><th>Rationale</th><th>Marks</th></tr>
<tr><td>300% (no working)</td><td>Correct answer based on the %</td><td>3</td></tr>
<tr><td>15 (no working)</td><td>Correct answer</td><td>3</td></tr>
<tr><td>20
5 (no working)</td><td>Do not allow ‘random’ use of these numbers – there must be working to show they were calculated.</td><td>0</td></tr>
</table>
</td><td></td></tr>
</table>

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

Explain the distinction between revenue expenditure and capital expenditure for CC.

<table>
<tr><th>Level</th><th>Knowledge and Application</th><th>Marks</th></tr>
<tr><td>2
(APP)</td><td>Explanation of revenue expenditure and capital expenditure in context</td><td>3</td></tr>
<tr><td>1b
(K+K)</td><td>Knowledge of capital and revenue expenditure.</td><td>2</td></tr>
<tr><td>1a
(K)</td><td>Knowledge of capital or revenue expenditure.</td><td>1</td></tr>
<tr><td>0</td><td>No creditable content</td><td>0</td></tr>
</table>

Note: context is only required once to award APP but must be based on K of both capital and revenue expenditure.

Content
Capital expenditure is **spending on** non-current assets like property, plant and equipment.

Revenue expenditure is **spending on** short-term expenses used in the current period or typically within one year.

Contextual examples include:

Capital expenditure:
- Large sewing machine
- Non-current assets value of $8000

Revenue expenditure:
- Brightly coloured materials
- Rent on new shop
- Wages for the new employee

ARA

Example of how a response may develop and should be marked:

<table>
<tr><th>Identification of a distinction
(K –1 mark)</th><th>Explanation
(K+K – 2 marks)</th><th>Possible context
(APP – 3 marks)</th></tr>
<tr><td>Revenue expenditure is for short-term expenses.</td><td>Capital expenditure is for long-term non-current assets.</td><td>So, the rent on the shop is revenue expenditure and the large sewing machine is capital expenditure.</td></tr>
</table>

</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>one</u> possible advantage and <u>one</u> possible disadvantage to CC of using crowdfunding to finance growth.
<table>
<tr><th>Level</th><th>Knowledge and Application (4 marks)</th><th>Marks</th><th></th><th>Analysis (4 marks)</th><th>Marks</th><th></th></tr>
<tr><td>2b</td><td>Shows understanding of one advantage and one disadvantage of crowd funding in context</td><td>4</td><td>APP + APP</td><td>Good analysis of one advantage and one disadvantage of crowd funding to finance growth in context</td><td>4</td><td>DEV + DEV</td></tr>
<tr><td>2a</td><td>Shows understanding of one advantage or one disadvantage of crowd funding in context</td><td>3</td><td>APP</td><td>Good analysis of one advantage or one disadvantage of crowd funding to finance growth in context</td><td>3</td><td>DEV</td></tr>
<tr><td>1b</td><td>Shows knowledge of one advantage and one disadvantage of crowd funding</td><td>2</td><td>K + K</td><td>Limited analysis of one advantage and one disadvantage of crowd funding to finance growth</td><td>2</td><td>AN + AN</td></tr>
<tr><td>1a</td><td>Shows knowledge of one advantage or one disadvantage of crowd funding</td><td>1</td><td>K</td><td>Limited analysis of one advantage or one disadvantage of crowd funding to finance growth</td><td>1</td><td>AN</td></tr>
<tr><td>0</td><td colspan="6">No creditable content</td></tr>
</table>
Note: advantage/disadvantage must be for CC, not investors, customers, etc.
</td><td>8</td></tr>
</table>

Question	Answer	Marks
2(c)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of advantage may include: • A speedy/easy way to raise finance. • No upfront fees for the business. • May not need to be repaid. • May be a way of advertising the business. • Feedback from potential customers. • It is a good way to test market the product/business idea. • Ideas that may not appeal to conventional investors can often get financed more easily. Investors often become loyal customers. Knowledge of disadvantages may include: • It can include more complex issues when gaining finance. • Not all crowdfunding projects reach their goal. • Marketing/operational costs of setting up on a crowdfunding platform. • If the funding target is not reached, money is usually returned to investors. • Risk to reputation of a failed project. • The idea may be copied • The cost of giving rewards/discounts may make it unprofitable. • Difficulties of having a large number of potential investors. **AO2 Application** • Ava owns 100% of the shares of CC. • Ava is planning to use the crowdfunding to purchase inventory to grow. • Sales of children's costumes (outfits). • Costumes are sold through e-commerce. • Costumes based on popular TV and movie characters (allow relevant examples). • Costumes are made from brightly coloured materials which CC buys in bulk. • CC owns a large sewing machine. • CC has completed two full years of trading (in third year). • Use of Table 2.1. • CC used to be operated from Ava's house, now in a rented shop in a shopping centre. • CC is recruiting a salesperson. • CC is private limited company (so limited in finance options)	

Question	Answer	Marks
2(c)	**AO3 Analysis** Analysis of the advantages may include: • Marketing benefits – potential customers may see CC's crowdfunding campaign and choose to purchase her outfits. • A way of gaining finance without interest – lower cost OR a way of reducing the interest payable. • Can be a quick way of gaining finance – the quicker CC opens a shop the more sales. • Crowdfunding can provide CC with feedback on the business and products. • May provide more finance than CC requires now, giving more opportunities for growth in the future. • Investors are likely to become customers (and vice versa), may increase CC's customer base. Analysis of the disadvantages may include: • Ava may lose equity in CC, may reduce her motivation and she might (eventually) lose control of the business. • Ava may have to give a dividend to the new owners, which may reduce any future profits available for reinvestment and growth in the future. • Ava may have to pay a penalty if the funding is not repaid or lose ownership of an asset (assuming loan crowd funding). • If the target amount is not reached, CC will not gain any money and have wasted time and effort on this. • Risk of competitors seeing what Ava's plans are for CC. • Time and money required to set up the crowdfunding project – takes Ava away from design and sales. **ARA**	

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>
Refer to Table 2.2 and other information. Recommend which person Ava should employ. Justify your recommendation.
<table>
<tr><th>Knowledge and Application (4 marks)</th><th>Marks</th><th>Annotation</th><th>Analysis and Evaluation (7 marks)</th><th>Marks</th><th>Annotation</th></tr>
<tr><td></td><td></td><td></td><td>Justified evaluation based on arguments in context</td><td>7</td><td>EVAL + EVAL + EVAL</td></tr>
<tr><td></td><td></td><td></td><td>Developed evaluation based on arguments in context</td><td>6</td><td>EVAL + EVAL</td></tr>
<tr><td></td><td></td><td></td><td>An evaluative statement based on arguments in context</td><td>5</td><td>EVAL</td></tr>
<tr><td>Shows understanding of two factors affecting employee selection in context</td><td>4</td><td>APP + APP</td><td>Arguments based on two factor affecting employee selection in context</td><td>4</td><td>DEV + DEV</td></tr>
<tr><td>Shows understanding of one factor affecting employee in context</td><td>3</td><td>APP</td><td>Argument based on one factor affecting employee selection in context</td><td>3</td><td>DEV</td></tr>
<tr><td>Knowledge of two factors affecting employee selection</td><td>2</td><td>K + K</td><td>Limited analysis of two factors affecting employee selection</td><td>2</td><td>AN + AN</td></tr>
<tr><td>Shows knowledge of one factor affecting employee selection</td><td>1</td><td>K</td><td>Limited analysis of one factor affecting employee selection</td><td>1</td><td>AN</td></tr>
<tr><td colspan="4">No creditable content</td><td colspan="2">0</td></tr>
</table>
</td><td>11</td></tr>
</table>

Question	Answer	Marks
2(d)	Knowledge may include: • Selection • Selection criteria Application may include: • Details in Table 2.2 • Sells 'dress up' outfits for children • Based on popular TV and film characters • Shop in a shopping centre • Salesperson job. Analysis may include: Liu • Younger (18) – – may be closer to age of consumers (children dress up). • Some experience but less than Ahura – only part time probably while doing A-Levels. Food retail, still retail, but not in this industry. • A-Levels, especially in Business which may be useful. However how useful are academic qualifications to working in a shop. • Good customer service skills – useful for shop work. • Likes working with people but this is a role working on own – may not be suitable. • Likely to be short-term as she wants to go to university and own her own business. May train and then she leaves. Ahura • Older (47) – may be closer to age of customers (parents). • Far more experience and specifically in a clothing shop. Acting experience may also help in 'dress up' clothing sales. However, unemployment may have reduced his skills – but also may work for lower wages. • University degree, but likely to be irrelevant. • Highly motivated which is likely to be important when selling in the shop. Only person in shop so likely to need admin skills and works well on his own. All necessary in this position. • Lacks career ambitions but does this suggest no drive. Likely to stay in job, but if it does not work out, might be difficult to get dismiss. Evaluation may include: • A recommendation over which person Ava should employ, Liu or Ahura. • A judgement/evaluation over the suitability of each candidate. • Evaluation of the relative benefits/costs of each. • Elements that the evaluation/judgement might depend upon – length of job, wage of job, Ava's personal feelings, geographical location, etc. **ARA**	

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>Examples of how an answer could develop and how it should be annotated.
<table>
<tr><td>K</td><td>APP</td><td>AN</td><td>DEV</td><td>EVAL</td></tr>
<tr><td>Based on experience</td><td>Liu has less experience than Ahura since she only worked for two years in a shop.</td><td>This means that Ahura is less likely to need training in how to work in a clothes/ costume shop</td><td>which means Ava can more quickly start making new costumes.</td><td rowspan="2">Overall, Liu would make the better employee as she is likely to be more independent.

Ahura may also struggle because she has been unemployed for five years and may have forgotten how a shop should be run.

However, this depends on when Liu decides to go to university as she may only choose to work for Ava for a very short time.</td></tr>
<tr><td>However, based on their qualifications</td><td>Liu has a more relevant degree in Business and DT.</td><td>This could mean she needs less training than Ahura, especially in the financial aspects of the shop.</td><td>Meaning Ava can concentrate on what she is best at and increase the revenue potential of the shop.</td></tr>
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