CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/23**

Paper 2 Business Concepts 2 **October/November 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 October/November 2024 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

This document consists of **37** printed pages.

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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.

2 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.

4 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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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 focused 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 <u>one</u> potential risk to a business** **Indicative content** Responses may include: • lack or loss of customers/demand/reputation/image • financial – poor cashflow management/unexpected costs/low profits • competition – new competitors/new more superior competing products/new substitutes • IT failure/cyber-attack/supply chain disruption/pandemic/economic factors • operational/compliance/legal/strategic risks • changing external factors, e.g. poor economic climate • inexperienced managers • bankruptcy/insolvency/business failure 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 *national business* (line 2).

<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 national business K, may include:
- in one country
- within a country
- only one country
- only domestic

AO2 Application
Explanation of a national business APP may include:
- the business only sells products (in one country) / sell
- the business only operates (within a country) / trading
- customers from (only one country)
- (only domestic) target market / not worldwide or global

</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>Context applied to national business APP, including:
• any example of a national business, e.g. retailer with branches in one country
• an example of a benefit or cost of being a national business

Application can be made to BB/CC or any other scenario/context/business/person

Do not reward vague answers, e.g. business that operates nationwide

Accept all valid responses.

Guidance in awarding marks

<table>
<tr><td>Knowledge & understanding</td><td>Knowledge of a national business</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Explanation of a national business</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
1(b)(i)	**Refer to Table 1.1. Calculate the total cost for the 25-year period of using hire purchase if Brenda chooses to use flow production.** **Indicative content** **1 mark for the formula for calculating the hire purchase cost (words or figures)** **1 mark for calculating the hire purchase cost per year / number of months over the 25-year period** **1 mark for calculating the hire purchase cost over the 25-year period** • Hire purchase cost = (cost per month × 12 months) × 25 years • Hire purchase cost over a 25-year period = \$600 × 12 months = \$7200 = \$7200 × 25 years = \$180 000 Answer = \$180 000 **(3)**	**3**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(i)</td><td>
<table>
<tr><td>Marks</td><td></td><td></td></tr>
<tr><td>3 marks</td><td>Correct answer
$180 000 allow 180 000</td><td>Working and units do not matter.

Must be three ✓ to denote the three marks.</td></tr>
<tr><td>2 marks</td><td>One of the following:
• Correct formula for the hire purchase cost over a <u>25-year period</u> (figures or words)
AND ONE OF
• Correct calculation of the hire purchase cost per <u>year</u> ($7200)
OR
• Correct calculation of the number of months over the 25-year period (12 × 25 = 300 months)

• Incorrect answer with one mistake allowing OFR for the final stage, e.g. 180</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 the hire purchase cost over a <u>25-year period</u> (figures or words)
OR
• Correct calculation of the hire purchase cost per <u>year</u> ($7200)
OR
• Correct calculation of the number of months over the 25-year period (12 × 25 = 300 months)</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>1(b)(ii)</td><td>

Explain <u>one</u> advantage for BB of using hire purchase as a source of finance.

<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
- fixed monthly repayments
- own the product after the final payment is made (unlike leasing)
- can budget as know the fixed monthly repayment
- business does not have to make a large initial cash payment
- long timescale to finance the asset

AO2 Application
- APP can be awarded for a further development of the AO1 point

Use of context/data related to HP as a source of finance for BB:

<table>
<tr><td>Machinery ($)</td><td>$100 000 capital cost – mass production</td><td>$500 per month over a 20-year period</td></tr>
<tr><td></td><td>$150 000 capital cost – batch production</td><td>$600 per month on a 25-year period</td></tr>
</table>

</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>

used all savings
featured in a government promotion
dynamic business environment
new business

Application for the second APP mark must be made to BB and cannot be generic
No reward for reference to interest payments leading to BB paying more than the purchase cost of the asset as it is a disadvantage.
Accept all valid responses.
Guidance in awarding marks
<table>
<tr><td>Knowledge & understanding</td><td>Knowledge of an advantage of the use of hire purchase</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Explanation of an advantage of the use of hire purchase</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 <u>two</u> limitations for BB of creating a business plan.

<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 limitations to BB of creating a business plan K (max 2 marks – annotate first limitation on left and second limitation on right) including: • requires skill to produce a business plan • require experience to produce a business plan • waste/use of resources to create business plan, e.g. time, financial • opportunity cost of producing a business plan • could create a false sense of certainty • based on estimates/predictions • may lead entrepreneurs to be inflexible/reduce creativity – new opportunities may arise that are not in the plan, and could be overlooked/rejected • cannot account for changes in the external environment Do not reward vague answers, e.g. poorly written or inaccurate data. **AO2 Application** Context applied to a limitation of BB creating a business plan APP (max 2 marks), including: • BB is a newly established enterprise • Brenda is inexperienced • no sales data • social enterprise • dynamic business environment • many businesses have recently failed • recycle low-cost waste to help the poorest in society • any financial data from Table 1.1 • CC is keen to invest to improve its own corporate social image	

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Question	Answer	Marks
1(c)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *candidate shows two or more links in the chain of analysis or a two-sided analysis.* Limitations may include: • requires skill, experience and understanding to produce a business plan which Brenda does not have may make errors with the market research/predictions – may lead to CC not investing in the project • waste/use of resources to create business plan, e.g. time, financial; which could be used on other tasks in the business – leading to reduced profits/revenue • could create a false sense of certainty; leading to poor decisions – business failure • based on estimates/predictions which may be inaccurate; leads to a shortfall in funds – banks may not be willing to increase investment • inflexibility; BB may miss out on new opportunities – limit growth potential/profitability 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 BB should use flow production to produce bricks.
<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** **AO1 Knowledge and understanding** Knowledge of the features of flow production K (max 2 marks), including: • continuous production/24–7 • mass production • higher productivity • suited to identical/standardised products (no changes/undifferentiated)/lack of flexibility • automation • high purchase cost • use of machinery/technology • machines need to be maintained • large quantities of output **AO2 Application** Context applied to features of flow production APP (max 2 marks), including: • BB is a newly established enterprise • no sales data • social enterprise • dynamic business environment • many businesses have recently failed • recycle low-cost waste • any financial data from Table 1.1 • CC is keen to invest to improve its own corporate social image • BB's target market are the poorest in society/citizens on low incomes • mass production produces one standard brick/batch production creates a variety of sizes of bricks according to customer preferences • one size of brick used in 80% of house construction	

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Question	Answer	Marks
1(d)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *– candidate shows two or more links in the chain of analysis.* • higher productivity; increased efficiency – increase profitability • mass production; higher market share – increased revenue and profits for future growth • the standard brick is used in 80% of house construction – potential for a large share of the market – market leadership • higher productivity; economies of scale/reduced unit cost of production – can lower prices for customers • higher purchase cost; larger source of finance needed to purchase outright – increased cost of borrowing/less funds available for future expansion • higher purchase cost per month; higher monthly expenses – increased cash outflow • cannot change the design of the brick; reduced customer satisfaction – reduced market share as customers move to competitors with more choice **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 over whether BB should use flow production to produce bricks • what the judgement might depend upon; the amount of investment and level of risk CC is prepared to accept for a new social enterprise, the likely requirements of the target market, the ability and skill of the end users and the lifespan of the machinery. • weighing up of the arguments for flow production on the success of the social enterprise 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 EVAL (limited supporting evidence)</th><th>L2 E (developed supporting evidence)</th><th>L3 EE (developed supporting evidence with context)</th></tr>
<tr><td>BB should use flow production.</td><td>BB should use flow production because a higher number of bricks can be produced per hour.</td><td>BB should use flow production because 100 bricks can be produced per hour which is 60 more per hour than batch production.</td></tr>
<tr><td>No, batch production is better than flow production.</td><td>No, batch production is better than flow production because a variety of brick sizes can be made leading to greater customer satisfaction.</td><td>No, batch production is better than flow production because a variety of brick sizes can be made leading to greater customer satisfaction. 20% of house construction do not use the standard brick size so these customers’ needs would otherwise be unmet.</td></tr>
<tr><td>Flow production should be used by BB.</td><td>Flow production should be used by BB as the higher productivity will enable the business to generate more revenue.</td><td>Flow production should be used by BB as the higher productivity will enable the business to generate more revenue, which can be used to cover the $600 hire purchase cost per month.</td></tr>
</table></td><td></td></tr>
</table>

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Question	Answer	Marks
2(a)(i)	**Identify <u>one</u> feature of a franchise.** **Indicative content** Knowledge of one feature of a franchise including: • the legal right/contract for another business to use the: name; logo; marketing methods • need to follow franchisor's requirements • franchise fee • share of profits (royalty fee) to franchisor • trades under an established brand name • franchisee has access to training/support • franchisee cannot make decisions without franchisor's approval 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 *market share* (line 6).

<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:

- formula (2 marks)
  market share = $\frac{\text{sales of the business/product}}{\text{total market sales}} \times 100$

AO1 Knowledge and understanding
- the sales of a specific business/product

AO2 Application
- comparison to the sales in the total market

Application to a business context:
- way of comparing the size of a business against its competitors
- shows the amount of ‘power/influence’ that the business has in the market/market dominance

</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>

- an increased market share gives the business more power, e.g. price setter
- the business with the highest market share is the market leader
- selling 25 franchise licenses helped VB increase its market share in country X
- VB added vegan pizza to its menu to gain a higher market share of the fast-food market
- example of a market leader to illustrate market share, e.g. Tesco is the market leader of the UK supermarket industry so has the highest market share

Application can be made to VB or any other scenario/context/business/person.
Allow application to market share.

Accept all valid responses.

Guidance in awarding marks

<table>
<tr><td>Knowledge & understanding</td><td>Knowledge of market share</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Explanation of market share</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 VB's breakeven level of output per month per restaurant.** **Indicative content** **1 mark for the formula for breakeven (words or figures) OR correct calculation for the contribution per unit** **1 mark for formula for breakeven (words or figures) AND calculating the contribution per unit** **1 mark for calculating the breakeven level of output per month per restaurant (OFR)** • formula: fixed costs / contribution per unit (1) • calculation of fixed costs and contribution per unit (1) – fixed costs: $1000 – contribution per unit: selling price per unit ($6) – variable cost per unit ($2) $4 • calculation of the breakeven level of output per month per restaurant – $1000/$4 – BE level of output: 250 per month (1 OFR) • answer = 250 **(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
250 (units) allow 250</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 formula for the breakeven output (words or figures)
AND
Correct calculation of the contribution per pizza
OR
An incorrect answer for the breakeven output 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 the breakeven output (words or figures)
OR
Correct calculation of the contribution per pizza</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 <u>one</u> reason for VB to have accurate cost information.

<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
- to calculate profit or loss
- to make pricing and business decisions
- to predict cashflow
- to measure performance
- to set budgets
- to allocate resources

AO2 Application
Explanation of a reason for VB to have accurate cost information
- APP can be awarded for development of the AO1 point, e.g.
  - to calculate profit or loss; requires a business to know its costs/revenues
  - to make pricing and business decisions; so that costs are covered
  - to predict cashflow; by considering accurate outflows
  - to measure performance; by analysing how costs change over time
  - to set budgets; in line with predicted expenditure
  - to allocate resources; so that the business knows what it is paying out for

</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>Context applied to VB of a reason for accurate cost information:
• each pizza is sold for $6 with a contribution of $4
• fixed costs per month of $1000
• breakeven output is 250 pizzas per month
• any data from Table 2.1
• objective changed from developing brand awareness to increasing market share
• franchise
• Patel’s Pizza is a competing business
• VB ran a six-month national television marketing campaign to promote the new vegan pizza

Application for the second APP mark must be made to VB and not generic.

Accept all valid responses.

Guidance in awarding marks
<table>
<tr><td>Knowledge and understanding</td><td>Knowledge of a reason for accurate cost information</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Explanation of a reason for accurate cost information</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 <u>two</u> benefits for VB of on-the-job training.

<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** **AO1 Knowledge and understanding** Knowledge of on-the-job training (max of 1 mark if no benefit of on-the-job training) Knowledge of benefits of on-the-job training K (max 2 marks – annotate first benefit on left and second benefit on right) including: • provided by managers or experienced colleagues – so trainers use first-hand experience to train • methods include demonstration/instruction/coaching/job rotation • low cost/off-the-job training is not needed • learn while doing the actual job • employee will produce output whilst training • training in a live/real situation • training tailored to working at VB • the employee will get to know colleagues • the employee will learn about the organisational culture **AO2 Application** Context applied to a benefit for on-the-job training APP (max 2 marks), including: • breakeven output is 250 pizzas per month • any data from Table 2.1 • objective changed from developing brand awareness to increasing market share • franchise • vegan pizza has been sold by VB for two years • each restaurant sells on average 500 pizzas and 4500 burgers per month • Patel's Pizza is a competing business • VB ran a six-month national television marketing campaign to promote the new vegan pizza	

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Question	Answer	Marks
2(c)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *candidate shows two or more links in the chain of analysis or a two-sided analysis.* • on-the-job training is cheaper than off-the-job training; low risk – increase profits • utilise trainers from within the business; motivates the employees chosen to do the training – increased productivity/reduced labour turnover • increases productivity; employees trained while working – increases revenue/profits • tailored to the needs of VB; trains on the specific machinery used/menu served – less induction training needed • trainee will get to know colleagues whilst training; better team working – better customer service/customer satisfaction 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 whether VB should continue to market vegan pizza.
<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** **AO1 Knowledge and understanding** Knowledge of marketing K (max 2 marks), including: • the marketing mix (four Ps) – getting the right product at the right price to the right place and making customers aware of it using the right promotional methods • market research • the nature of marketing **AO2 Application** Context applied to features of marketing APP (max 2 marks), including: • established vegan burger chain – USP for high quality, good value vegan burger meals • featured on a documentary for successful entrepreneurs in country X • breakeven output is 250 pizzas per month • any data from Table 2.1 • objective changed from developing brand awareness to increasing market share • franchise • primary market research two years ago found pizza was a popular fast food • vegan pizza has been sold by VB for two years • each restaurant sells on average 500 pizzas and 4500 burgers per month • profit for vegan pizza is $1000 per month ($500 per month × 4 = $2000 – $1000 fixed cost) • Patel's Pizza is a competing business • VB ran a six-month national television marketing campaign to promote the new vegan pizza **AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *– candidate shows two or more links in the chain of analysis.* Possible impacts of continuing to market vegan pizza, including: • pizza is a popular fast food – VB has a USP for high quality, good value vegan meals – may gain a higher market share – increase revenues	

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Question	Answer	Marks
2(d)	• VB restaurants sell 500 pizzas per month – loyal customers – removing the vegan pizza from the menu may upset loyal customers – could reduce overall sales revenue • Patel's Pizza may capitalise on the vegan trend – pizza is their USP – VB may lose market share – reduce overall profits • changing to hot desserts means that the pizza ovens need to be repurposed – expensive to change – reducing profits • demand for hot desserts is unknown whereas two years ago primary market research stated that pizza was a popular fast food – little demand for hot desserts – reduced sales revenue Possible impacts of not continuing to market vegan pizza, including: • VB vegan pizzas need more marketing to be successful – increased cost – reduced profitability (if revenue does not increase by a sufficient amount to offset the increased cost) • 90% of VB's sales are burgers – pizza only accounts for 10% of sales – pizza reduces brand identity – reduced market share • hot desserts complement the main burger meal – increased demand for burgers as customers can enjoy a complete meal – increased market share • market share/investment into marketing campaign for pizza is lost – reduces offering – could lead to a negative impact on entrepreneurial success – impact on personal reputation • new marketing campaign may be needed to support the launch of the hot desserts – may be added to the franchise fee – could lead to loss of franchises – reduction in the number of outlets **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 over whether VB should continue to market vegan pizza. • a judgement over the most likely/important impacts of continuing/not continuing to market vegan pizza • what the judgement might depend upon, including the importance of current trends, levels of customer loyalty, impact on USP and reputation, impact of competition, appetite of franchisees for more training costs/increased marketing, impact of potential loss of reputation 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>Exemplars for awarding evaluation
<table>
<tr><th>L1 EVAL (limited supporting evidence)</th><th>L2 E (developed supporting evidence)</th><th>L3 EE (developed supporting evidence with context)</th></tr>
<tr><td>VB should continue to market vegan pizza.</td><td>VB should continue to market vegan pizza because it has spent money purchasing pizza making equipment in each of its restaurants which would be wasted if it withdrew from the market.</td><td>VB should continue to market vegan pizza because it has spent money purchasing pizza making equipment in each of its restaurants which would be wasted if it withdrew from the market. The business currently sells 500 pizzas per month which is likely to grow as it takes more than two years to become an established pizza seller.</td></tr>
<tr><td>VB should not continue to market vegan pizza.</td><td>VB should not continue to market vegan pizza and sell hot desserts which complement the main burger meal and therefore attract new customers seeking a complete meal to VB.</td><td>VB should not continue to market vegan pizza and sell hot desserts which complement the main burger meal and therefore attract new customers seeking a complete meal to VB. Patel’s Pizzas is more popular and VB cannot compete with this business.</td></tr>
<tr><td>Whether VB continues to market vegan pizza depends upon its level of experience.</td><td>Whether VB continues to market vegan pizza depends upon its level of experience. VB is experienced in vegan food.</td><td>Whether VB continues to market vegan pizza depends upon its level of experience. VB is experienced in vegan food. The capital expenditure for pizza making equipment was low so the business will not lose a lot of money by withdrawing from the pizza market.</td></tr>
</table></td><td></td></tr>
</table>

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