

Cambridge  
International  
AS & A Level**Cambridge Assessment International Education**  
Cambridge International Advanced Subsidiary and Advanced Level

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**BUSINESS****9609/21**

Paper 2 Data Response

**October/November 2019**

MARK SCHEME

Maximum Mark: 60

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**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 2019 series for most Cambridge IGCSE™, Cambridge International A and AS Level components and some Cambridge O Level components.

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This document consists of **20** printed pages.

**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.

| Question                                                                             | Answer                                          | Marks |
|--------------------------------------------------------------------------------------|-------------------------------------------------|-------|
| 1(a)(i)                                                                              | <b>Define the term ‘fixed costs’ (line 22).</b> | 2     |
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| <b>Knowledge</b>                                                                     |                                                 |       |
| <b>Marks</b>                                                                         |                                                 |       |
| A correct definition                                                                 |                                                 |       |
| 2                                                                                    |                                                 |       |
| A partial, vague or unfocused definition                                             |                                                 |       |
| 1                                                                                    |                                                 |       |
| No creditable content                                                                |                                                 |       |
| 0                                                                                    |                                                 |       |
| <b>Content</b>                                                                       |                                                 |       |
| Money paid by a business where the amount does not change (1) as output changes (1). |                                                 |       |
| Award one mark for each element of a correct definition:                             |                                                 |       |
| does not change/stays the same                                                       |                                                 |       |
| as output changes/varies                                                             |                                                 |       |
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| Question                                                                                                                         | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Marks                                     |           |      |   |                                                                                                    |   |   |                                                                     |   |   |                                                      |   |          |      |           |                                                                                                                    |   |                          |                                                                                                                                  |   |                          |                                                             |   |                             |                                                       |   |                             |                                     |   |                                  |                                   |   |                                           |                        |   |                        |   |
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| 1(a)(ii)                                                                                                                         | <p><b>Explain the term ‘channels of distribution’ (line 3).</b></p> <p>Award one mark for each point of explanation:</p> <table border="1"> <thead> <tr> <th></th><th>Rationale</th><th>Mark</th></tr> </thead> <tbody> <tr> <td>C</td><td>Example or some other way of showing good understanding, i.e. examples of intermediaries, channels</td><td>1</td></tr> <tr> <td>B</td><td>Stages/intermediaries/different ways of selling/chain of businesses</td><td>1</td></tr> <tr> <td>A</td><td>From producer to consumer/sell products to consumers</td><td>1</td></tr> </tbody> </table> <p><b>Content</b><br/>A chain of stages which a product or service goes through on the way from the producer to the consumer.<br/>Can be direct, using the internet, or through intermediaries such as a warehouse, agent or retailer.</p> <p><b>ARA</b></p> <table border="1"> <thead> <tr> <th>Exemplar</th><th>Mark</th><th>Rationale</th></tr> </thead> <tbody> <tr> <td>Different ways of selling (B mark) products to consumers (A mark) e.g. supplier to wholesaler to consumer (C mark)</td><td>3</td><td>Point from each category</td></tr> <tr> <td>A chain of intermediaries (B) a good passes through until it reaches the final buyer (A) e.g. wholesalers, retailers, direct (C)</td><td>3</td><td>Point from each category</td></tr> <tr> <td>Chain of businesses (B) that sell products to consumers (A)</td><td>2</td><td>Only two categories covered</td></tr> <tr> <td>The ways in which (B) producers sell to consumers (A)</td><td>2</td><td>Only two categories covered</td></tr> <tr> <td>Stages a product passes through (B)</td><td>1</td><td>A bit vague but BOD for ‘stages’</td></tr> <tr> <td>Selling products to consumers (A)</td><td>1</td><td>Again a bit vague but fits the A category</td></tr> <tr> <td>The production process</td><td>0</td><td>No understanding shown</td></tr> </tbody> </table> |                                           | Rationale | Mark | C | Example or some other way of showing good understanding, i.e. examples of intermediaries, channels | 1 | B | Stages/intermediaries/different ways of selling/chain of businesses | 1 | A | From producer to consumer/sell products to consumers | 1 | Exemplar | Mark | Rationale | Different ways of selling (B mark) products to consumers (A mark) e.g. supplier to wholesaler to consumer (C mark) | 3 | Point from each category | A chain of intermediaries (B) a good passes through until it reaches the final buyer (A) e.g. wholesalers, retailers, direct (C) | 3 | Point from each category | Chain of businesses (B) that sell products to consumers (A) | 2 | Only two categories covered | The ways in which (B) producers sell to consumers (A) | 2 | Only two categories covered | Stages a product passes through (B) | 1 | A bit vague but BOD for ‘stages’ | Selling products to consumers (A) | 1 | Again a bit vague but fits the A category | The production process | 0 | No understanding shown | 3 |
|                                                                                                                                  | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Mark                                      |           |      |   |                                                                                                    |   |   |                                                                     |   |   |                                                      |   |          |      |           |                                                                                                                    |   |                          |                                                                                                                                  |   |                          |                                                             |   |                             |                                                       |   |                             |                                     |   |                                  |                                   |   |                                           |                        |   |                        |   |
| C                                                                                                                                | Example or some other way of showing good understanding, i.e. examples of intermediaries, channels                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 1                                         |           |      |   |                                                                                                    |   |   |                                                                     |   |   |                                                      |   |          |      |           |                                                                                                                    |   |                          |                                                                                                                                  |   |                          |                                                             |   |                             |                                                       |   |                             |                                     |   |                                  |                                   |   |                                           |                        |   |                        |   |
| B                                                                                                                                | Stages/intermediaries/different ways of selling/chain of businesses                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 1                                         |           |      |   |                                                                                                    |   |   |                                                                     |   |   |                                                      |   |          |      |           |                                                                                                                    |   |                          |                                                                                                                                  |   |                          |                                                             |   |                             |                                                       |   |                             |                                     |   |                                  |                                   |   |                                           |                        |   |                        |   |
| A                                                                                                                                | From producer to consumer/sell products to consumers                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 1                                         |           |      |   |                                                                                                    |   |   |                                                                     |   |   |                                                      |   |          |      |           |                                                                                                                    |   |                          |                                                                                                                                  |   |                          |                                                             |   |                             |                                                       |   |                             |                                     |   |                                  |                                   |   |                                           |                        |   |                        |   |
| Exemplar                                                                                                                         | Mark                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Rationale                                 |           |      |   |                                                                                                    |   |   |                                                                     |   |   |                                                      |   |          |      |           |                                                                                                                    |   |                          |                                                                                                                                  |   |                          |                                                             |   |                             |                                                       |   |                             |                                     |   |                                  |                                   |   |                                           |                        |   |                        |   |
| Different ways of selling (B mark) products to consumers (A mark) e.g. supplier to wholesaler to consumer (C mark)               | 3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Point from each category                  |           |      |   |                                                                                                    |   |   |                                                                     |   |   |                                                      |   |          |      |           |                                                                                                                    |   |                          |                                                                                                                                  |   |                          |                                                             |   |                             |                                                       |   |                             |                                     |   |                                  |                                   |   |                                           |                        |   |                        |   |
| A chain of intermediaries (B) a good passes through until it reaches the final buyer (A) e.g. wholesalers, retailers, direct (C) | 3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Point from each category                  |           |      |   |                                                                                                    |   |   |                                                                     |   |   |                                                      |   |          |      |           |                                                                                                                    |   |                          |                                                                                                                                  |   |                          |                                                             |   |                             |                                                       |   |                             |                                     |   |                                  |                                   |   |                                           |                        |   |                        |   |
| Chain of businesses (B) that sell products to consumers (A)                                                                      | 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Only two categories covered               |           |      |   |                                                                                                    |   |   |                                                                     |   |   |                                                      |   |          |      |           |                                                                                                                    |   |                          |                                                                                                                                  |   |                          |                                                             |   |                             |                                                       |   |                             |                                     |   |                                  |                                   |   |                                           |                        |   |                        |   |
| The ways in which (B) producers sell to consumers (A)                                                                            | 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Only two categories covered               |           |      |   |                                                                                                    |   |   |                                                                     |   |   |                                                      |   |          |      |           |                                                                                                                    |   |                          |                                                                                                                                  |   |                          |                                                             |   |                             |                                                       |   |                             |                                     |   |                                  |                                   |   |                                           |                        |   |                        |   |
| Stages a product passes through (B)                                                                                              | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | A bit vague but BOD for ‘stages’          |           |      |   |                                                                                                    |   |   |                                                                     |   |   |                                                      |   |          |      |           |                                                                                                                    |   |                          |                                                                                                                                  |   |                          |                                                             |   |                             |                                                       |   |                             |                                     |   |                                  |                                   |   |                                           |                        |   |                        |   |
| Selling products to consumers (A)                                                                                                | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Again a bit vague but fits the A category |           |      |   |                                                                                                    |   |   |                                                                     |   |   |                                                      |   |          |      |           |                                                                                                                    |   |                          |                                                                                                                                  |   |                          |                                                             |   |                             |                                                       |   |                             |                                     |   |                                  |                                   |   |                                           |                        |   |                        |   |
| The production process                                                                                                           | 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | No understanding shown                    |           |      |   |                                                                                                    |   |   |                                                                     |   |   |                                                      |   |          |      |           |                                                                                                                    |   |                          |                                                                                                                                  |   |                          |                                                             |   |                             |                                                       |   |                             |                                     |   |                                  |                                   |   |                                           |                        |   |                        |   |

| Question                                                     | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Marks    |           |       |                                                |   |                                                                                                                      |   |                                                                                                                                             |   |                                                                     |   |                       |   |
|--------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-----------|-------|------------------------------------------------|---|----------------------------------------------------------------------------------------------------------------------|---|---------------------------------------------------------------------------------------------------------------------------------------------|---|---------------------------------------------------------------------|---|-----------------------|---|
| 1(b)(i)                                                      | <b>Calculate the profit CE will make from production line B if it sorts, packages and sells 150 000 eggs in a month.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>4</b> |           |       |                                                |   |                                                                                                                      |   |                                                                                                                                             |   |                                                                     |   |                       |   |
|                                                              | <table><tr><th>Rationale</th><th>Marks</th></tr><tr><td>Correct answer with or without correct working</td><td>4</td></tr><tr><td>Formulae or correct calculation of <b>two</b> from TVC or TFC or TR <b>OR</b> Correct calculation of TVC, TFC and TR</td><td>3</td></tr><tr><td>Formulae <b>and</b> correct calculation of <b>one</b> from TVC or TFC or TR <b>OR</b> Correct calculation of <b>two</b> from TVC, TFC or TR</td><td>2</td></tr><tr><td>Formulae or correct calculation of <b>one</b> from TVC or TFC or TR</td><td>1</td></tr><tr><td>No creditable content</td><td>0</td></tr></table> |          | Rationale | Marks | Correct answer with or without correct working | 4 | Formulae or correct calculation of <b>two</b> from TVC or TFC or TR <b>OR</b> Correct calculation of TVC, TFC and TR | 3 | Formulae <b>and</b> correct calculation of <b>one</b> from TVC or TFC or TR <b>OR</b> Correct calculation of <b>two</b> from TVC, TFC or TR | 2 | Formulae or correct calculation of <b>one</b> from TVC or TFC or TR | 1 | No creditable content | 0 |
|                                                              | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |          | Marks     |       |                                                |   |                                                                                                                      |   |                                                                                                                                             |   |                                                                     |   |                       |   |
|                                                              | Correct answer with or without correct working                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |          | 4         |       |                                                |   |                                                                                                                      |   |                                                                                                                                             |   |                                                                     |   |                       |   |
|                                                              | Formulae or correct calculation of <b>two</b> from TVC or TFC or TR <b>OR</b> Correct calculation of TVC, TFC and TR                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |          | 3         |       |                                                |   |                                                                                                                      |   |                                                                                                                                             |   |                                                                     |   |                       |   |
|                                                              | Formulae <b>and</b> correct calculation of <b>one</b> from TVC or TFC or TR <b>OR</b> Correct calculation of <b>two</b> from TVC, TFC or TR                                                                                                                                                                                                                                                                                                                                                                                                                                                               |          | 2         |       |                                                |   |                                                                                                                      |   |                                                                                                                                             |   |                                                                     |   |                       |   |
|                                                              | Formulae or correct calculation of <b>one</b> from TVC or TFC or TR                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |          | 1         |       |                                                |   |                                                                                                                      |   |                                                                                                                                             |   |                                                                     |   |                       |   |
|                                                              | No creditable content                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |          | 0         |       |                                                |   |                                                                                                                      |   |                                                                                                                                             |   |                                                                     |   |                       |   |
|                                                              | <b>NB Can award a mark for OFR where relevant</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |          |           |       |                                                |   |                                                                                                                      |   |                                                                                                                                             |   |                                                                     |   |                       |   |
|                                                              | Profit = (P · Q) – ((VC · Q) + FC)) <b>or</b> TR – TC <b>or</b> TR – (TVC + TFC)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |          |           |       |                                                |   |                                                                                                                      |   |                                                                                                                                             |   |                                                                     |   |                       |   |
| $\frac{150\,000}{6 \text{ per box}} = 25\,000 \text{ boxes}$ |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |          |           |       |                                                |   |                                                                                                                      |   |                                                                                                                                             |   |                                                                     |   |                       |   |
| 25 000 · \$0.45 = \$11 250 (TVC)                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |          |           |       |                                                |   |                                                                                                                      |   |                                                                                                                                             |   |                                                                     |   |                       |   |
| $\frac{\$10\,000}{2} = \$5000 \text{ (TFC)}$                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |          |           |       |                                                |   |                                                                                                                      |   |                                                                                                                                             |   |                                                                     |   |                       |   |
| \$0.90 · 25 000 = \$22 500 (TR)                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |          |           |       |                                                |   |                                                                                                                      |   |                                                                                                                                             |   |                                                                     |   |                       |   |
| \$22 500 – (\$11 250 + \$5000) = \$6250                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |          |           |       |                                                |   |                                                                                                                      |   |                                                                                                                                             |   |                                                                     |   |                       |   |
| <b>Correct answer is \$6250</b>                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |          |           |       |                                                |   |                                                                                                                      |   |                                                                                                                                             |   |                                                                     |   |                       |   |
| NB Formulae can be implied through use of relevant figures   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |          |           |       |                                                |   |                                                                                                                      |   |                                                                                                                                             |   |                                                                     |   |                       |   |

| Question | Answer                                                                                                |             |                                                                                                                                                                                     | Marks |
|----------|-------------------------------------------------------------------------------------------------------|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| 1(b)(i)  | Common incorrect answers                                                                              |             |                                                                                                                                                                                     |       |
|          | <b>Answer</b>                                                                                         | <b>Mark</b> | <b>Rationale</b>                                                                                                                                                                    |       |
|          | $22\,500 - (11\,250 + 10\,000) = 1250$ (OFR)                                                          | 3           | Correct calculation of TR and TVC but didn't divide FC/2 but under OFR rule mark for the final answer                                                                               |       |
|          | Profit = TR-TC (1)<br>$= (0.90 \cdot 150\,000) - ((0.45 \cdot 150\,000) + 5000 (1)) = 62\,500$ (OFR)  | 3           | Correct formula and calculation of TFC but didn't divide eggs/6 to arrive at boxes but under OFR rule mark for the final answer as this is the correct product of their calculation |       |
|          | $22\,500 - 16\,250$                                                                                   | 3           | Correct formula implied (1) Correct calculation of TR (1) and TC (1)                                                                                                                |       |
|          | Profit = TR – TC (1)<br>$= (0.90 \cdot 150\,000) - ((0.45 \cdot 150\,000) + 10\,000) = 57\,500$ (OFR) | 2           | Correct formula but didn't divide FC/2 and didn't divide eggs/6 to arrive at boxes but under OFR rule mark for the final answer as this is the correct product of their calculation |       |
|          | $28\,500 - 25\,300 = 3200$ (OFR)                                                                      | 2           | This is both production lines so 1 mark for correct (implied) formula and OFR for answer as this is the correct product of their calculation                                        |       |
|          | Profit = TR – TC                                                                                      | 1           | Correct formula                                                                                                                                                                     |       |
|          | TR = P · Q                                                                                            | 1           | Correct formula for TR                                                                                                                                                              |       |
|          | 62 500                                                                                                | 0           | No working to show how arrived at this answer                                                                                                                                       |       |
|          | <u>1250</u>                                                                                           | 0           | No working to show how arrived at this answer                                                                                                                                       |       |

| Question                                                                | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Marks |                           |       |         |                                                                      |   |       |                                                         |   |   |                       |   |                                          |                                                     |                                                                         |                                                                                                          |                                                                      |                                                                                               |                                                   |                                                                                                                          |              |                                                                                                                 |   |
|-------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|---------------------------|-------|---------|----------------------------------------------------------------------|---|-------|---------------------------------------------------------|---|---|-----------------------|---|------------------------------------------|-----------------------------------------------------|-------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|---------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|--------------|-----------------------------------------------------------------------------------------------------------------|---|
| 1(b)(ii)                                                                | <p><b>Explain <u>one</u> problem of CE's allocation of fixed costs.</b></p> <table><tr><th>Level</th><th>Knowledge and Application</th><th>Marks</th></tr><tr><td>2 (APP)</td><td>Explanation of a problem of allocating fixed costs for CE in context</td><td>2</td></tr><tr><td>1 (K)</td><td>Identification of a problem with allocating fixed costs</td><td>1</td></tr><tr><td>0</td><td>No creditable content</td><td>0</td></tr></table> <p><b>Content</b></p> <p>The two production lines have different revenues - \$0.04 per egg (A) compared to \$0.15 per egg (B) – should both lines pay the same. Production line B has a much larger gross profit margin (50% compared for B to 32.5% for A) – paying the same fixed costs may make production line A seem unprofitable. Production line A would seem to have less processing (no sorting, bigger quantities) so should it need to pay the same as line B? We do not know how many eggs are processed by each line so it is difficult to know if the allocation is appropriate. We do not know how employees are paid, could be salaries, so line B has more employees so higher costs</p> <p><b>ARA</b></p> <p>Example of how responses should be marked</p> <table><tr><th>Identification of a problem (K) (1 mark)</th><th>Explanation of a problem in context (APP) (2 marks)</th></tr><tr><td>The two lines do not have the same level of output so allocation unfair</td><td>May be unfair if the two lines have different outputs but we don't know how many eggs each line produces</td></tr><tr><td>One line might have higher fixed costs than the other, e.g. salaries</td><td>Employees may be paid a salary and line B has more employees so could have higher fixed costs</td></tr><tr><td>One line could have less processes than the other</td><td>Line A has less processing as they don't have to sort into sizes so unfair that they have the same fixed costs as line B</td></tr><tr><td>Not accurate</td><td>CE have not identified relevant fixed costs for each line, just divided total fixed costs between the two lines</td></tr></table> | Level | Knowledge and Application | Marks | 2 (APP) | Explanation of a problem of allocating fixed costs for CE in context | 2 | 1 (K) | Identification of a problem with allocating fixed costs | 1 | 0 | No creditable content | 0 | Identification of a problem (K) (1 mark) | Explanation of a problem in context (APP) (2 marks) | The two lines do not have the same level of output so allocation unfair | May be unfair if the two lines have different outputs but we don't know how many eggs each line produces | One line might have higher fixed costs than the other, e.g. salaries | Employees may be paid a salary and line B has more employees so could have higher fixed costs | One line could have less processes than the other | Line A has less processing as they don't have to sort into sizes so unfair that they have the same fixed costs as line B | Not accurate | CE have not identified relevant fixed costs for each line, just divided total fixed costs between the two lines | 2 |
| Level                                                                   | Knowledge and Application                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Marks |                           |       |         |                                                                      |   |       |                                                         |   |   |                       |   |                                          |                                                     |                                                                         |                                                                                                          |                                                                      |                                                                                               |                                                   |                                                                                                                          |              |                                                                                                                 |   |
| 2 (APP)                                                                 | Explanation of a problem of allocating fixed costs for CE in context                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 2     |                           |       |         |                                                                      |   |       |                                                         |   |   |                       |   |                                          |                                                     |                                                                         |                                                                                                          |                                                                      |                                                                                               |                                                   |                                                                                                                          |              |                                                                                                                 |   |
| 1 (K)                                                                   | Identification of a problem with allocating fixed costs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 1     |                           |       |         |                                                                      |   |       |                                                         |   |   |                       |   |                                          |                                                     |                                                                         |                                                                                                          |                                                                      |                                                                                               |                                                   |                                                                                                                          |              |                                                                                                                 |   |
| 0                                                                       | No creditable content                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 0     |                           |       |         |                                                                      |   |       |                                                         |   |   |                       |   |                                          |                                                     |                                                                         |                                                                                                          |                                                                      |                                                                                               |                                                   |                                                                                                                          |              |                                                                                                                 |   |
| Identification of a problem (K) (1 mark)                                | Explanation of a problem in context (APP) (2 marks)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |       |                           |       |         |                                                                      |   |       |                                                         |   |   |                       |   |                                          |                                                     |                                                                         |                                                                                                          |                                                                      |                                                                                               |                                                   |                                                                                                                          |              |                                                                                                                 |   |
| The two lines do not have the same level of output so allocation unfair | May be unfair if the two lines have different outputs but we don't know how many eggs each line produces                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |       |                           |       |         |                                                                      |   |       |                                                         |   |   |                       |   |                                          |                                                     |                                                                         |                                                                                                          |                                                                      |                                                                                               |                                                   |                                                                                                                          |              |                                                                                                                 |   |
| One line might have higher fixed costs than the other, e.g. salaries    | Employees may be paid a salary and line B has more employees so could have higher fixed costs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |       |                           |       |         |                                                                      |   |       |                                                         |   |   |                       |   |                                          |                                                     |                                                                         |                                                                                                          |                                                                      |                                                                                               |                                                   |                                                                                                                          |              |                                                                                                                 |   |
| One line could have less processes than the other                       | Line A has less processing as they don't have to sort into sizes so unfair that they have the same fixed costs as line B                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |       |                           |       |         |                                                                      |   |       |                                                         |   |   |                       |   |                                          |                                                     |                                                                         |                                                                                                          |                                                                      |                                                                                               |                                                   |                                                                                                                          |              |                                                                                                                 |   |
| Not accurate                                                            | CE have not identified relevant fixed costs for each line, just divided total fixed costs between the two lines                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |       |                           |       |         |                                                                      |   |       |                                                         |   |   |                       |   |                                          |                                                     |                                                                         |                                                                                                          |                                                                      |                                                                                               |                                                   |                                                                                                                          |              |                                                                                                                 |   |

| Question                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Answer                                                          |                                                                                          |       |                                                                                    |       | Marks |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|------------------------------------------------------------------------------------------|-------|------------------------------------------------------------------------------------|-------|-------|
| 1(c)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Analyse <u>two</u> ways in which CE adds value to its products. |                                                                                          |       |                                                                                    |       | 8     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Level                                                           | Knowledge and Application (4 marks)                                                      | Marks | Analysis (4 marks)                                                                 | Marks |       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 2b                                                              | Shows understanding of <b>two</b> ways in which CE adds value to its products in context | 4     | Good analysis of <b>two</b> ways in which CE adds value to its products in context | 4     |       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 2a                                                              | Shows understanding of <b>one</b> way in which CE adds value to its products in context  | 3     | Good analysis of <b>one</b> way in which CE adds value to its products in context  | 3     |       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 1b                                                              | Shows knowledge of <b>two</b> ways of adding value                                       | 2     | Limited analysis of <b>two</b> ways in which CE adds value to its products         | 2     |       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 1a                                                              | Shows knowledge of <b>one</b> way of adding value                                        | 1     | Limited analysis of <b>one</b> way in which CE adds value to its products          | 1     |       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 0                                                               | no creditable content                                                                    |       |                                                                                    | 0     |       |
| <b>Content</b><br>Packaging (boxes and trays) – a cost for the firm, but has a double benefit to consumer market – protects and advertises.<br>Sorting – consumers obviously see value in different sized eggs and therefore CE can probably have higher prices for large eggs and therefore gain more profit.<br>Money back guarantee – little cost for the firm but builds up trust for the brand.<br>Branding – food product so trust in the brand will be important.<br>Convenience – availability through retailers for the consumer market – more likely to purchase than coming to the farm.<br>Best before date – both in consumer and producer markets this will help to avoid wastage when purchased and again builds trust in the brand. |                                                                 |                                                                                          |       |                                                                                    |       |       |

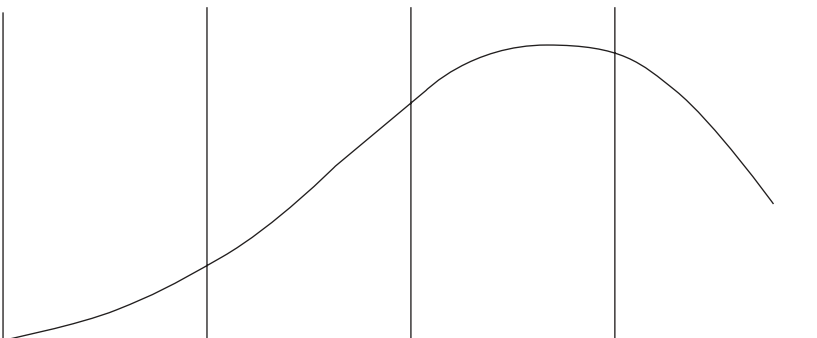
| Question | Answer                                           |                                                                                                    |                                                                                                                                                                                                                                                                                                    | Marks |
|----------|--------------------------------------------------|----------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| 1(c)     | <b>ARA</b>                                       |                                                                                                    |                                                                                                                                                                                                                                                                                                    |       |
|          | Example of a way (K)                             | Examples of application/context (APP)                                                              | Examples of possible analysis (AN + DEV)                                                                                                                                                                                                                                                           |       |
|          | Branding                                         | CE has built a brand with a reputation for high quality eggs                                       | customers are prepared to pay higher prices for a quality product (AN) which means that CE can charge a premium price for the eggs therefore increasing the added value resulting in higher profits (DEV)                                                                                          |       |
|          | Increase the price whilst keeping costs the same | The costs of production are the same for each box but CE could charge more for the larger eggs     | as customers are getting more egg in the larger sizes they won't mind paying a higher price (AN). This is also a way of segmenting their market into those who will only pay a lower price compared to those who will pay a higher price therefore maximizing CE's revenue from each segment (DEV) |       |
|          | Decrease costs whilst keeping price the same     | CE could use cheaper packaging for the eggs by e.g. using cheaper materials in the boxes and trays | This could damage their reputation for quality (AN) and customers may stop buying the eggs and buy those of CE's competitors instead, therefore reducing the revenue CE receives (DEV)                                                                                                             |       |

| Question | Answer                                                                                                                                                                                                                                                                                                                                                      |              |                                                                                                 |              | Marks     |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------------------------------------------------------------------------------------------------|--------------|-----------|
| 1(d)     | <b>Evaluate the likely impact on the stakeholders of CE of the planned expansion.</b>                                                                                                                                                                                                                                                                       |              |                                                                                                 |              | <b>11</b> |
|          | <b>Knowledge and Application (4 marks)</b>                                                                                                                                                                                                                                                                                                                  | <b>Marks</b> | <b>Analysis and Evaluation (7 marks)</b>                                                        | <b>Marks</b> |           |
|          |                                                                                                                                                                                                                                                                                                                                                             |              | Justified evaluation based on argument in context                                               | 7            |           |
|          |                                                                                                                                                                                                                                                                                                                                                             |              | Developed evaluation based on argument in context                                               | 6            |           |
|          |                                                                                                                                                                                                                                                                                                                                                             |              | An evaluative statement based on argument in context                                            | 5            |           |
|          | Shows understanding of more than one stakeholder in context                                                                                                                                                                                                                                                                                                 | 4            | Argument based on an impact of the planned expansion on <b>two</b> (or more) stakeholders of CE | 4            |           |
|          | Shows understanding of one stakeholder in context                                                                                                                                                                                                                                                                                                           | 3            | Argument based on an impact of the planned expansion on <b>one</b> stakeholder of CE            | 3            |           |
|          | Shows knowledge of more than one stakeholder                                                                                                                                                                                                                                                                                                                | 2            | Limited analysis of an impact of expansion on <b>two</b> (or more) stakeholders                 | 2            |           |
|          | Shows knowledge of one stakeholder                                                                                                                                                                                                                                                                                                                          | 1            | Limited analysis of an impact of expansion on <b>one</b> stakeholder                            | 1            |           |
|          | <b>Content</b><br>Lian (owner) – Lian may need to fund the investment but the reward of more sales should outweigh this cost. May depend on the market growth of the retail market.<br>Employees – Expansion is likely to make the current employees feel more secure – some may get promoted to supervise the new production line or training new workers. |              |                                                                                                 |              |           |

| Question | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Marks                                 |                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                        |     |      |       |                |                                       |                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                        |  |
|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|------|-------|----------------|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| 1(d)     | <p>Consumers – More retail eggs may make CE’s products more accessible, which is good for the customers. The extra investment may be recouped with higher prices, alternatively in the long run, economies of scale may lead to lower average costs/prices</p> <p>Local residents – more noise, pollution – might reduce house prices.</p> <p>More trucks picking up eggs?</p> <p>Business customers – Will the allocated fixed costs increase on Production Line A, increasing costs/prices on the eggs – alternatively there could be savings from economies of scale passed on to business customers.</p> <p>Shareholders – Might be asked to invest more to fund the expansion or the costs of the expansion could increase costs and reduce dividends.</p> <p>Competitors – CE’s expansion will mean that they can supply more to the market which could reduce the demand for competitors’ eggs.</p> <p><b>ARA</b></p> <p>An example of how an answer could develop and how it should be annotated.</p> <table><tr><th>K</th><th>APP</th><th>AN</th><th>DEV</th><th>EVAL</th></tr><tr><td>Owner</td><td>Lian the owner</td><td>Needs a loan to finance the expansion</td><td>The new product line will require investment in more machinery and more employees. The employees will need to be trained. This might mean that Lian will need a bank loan, which will increase the costs and possibly reduce profit.</td><td>However, the profit from the new production line should outweigh the costs (EVAL) and allow greater distribution of the product thereby increasing market share and revenue (EVAL) so the owner will feel the greater impact from the expansion (EVAL)</td></tr></table> | K                                     | APP                                                                                                                                                                                                                                  | AN                                                                                                                                                                                                                                                     | DEV | EVAL | Owner | Lian the owner | Needs a loan to finance the expansion | The new product line will require investment in more machinery and more employees. The employees will need to be trained. This might mean that Lian will need a bank loan, which will increase the costs and possibly reduce profit. | However, the profit from the new production line should outweigh the costs (EVAL) and allow greater distribution of the product thereby increasing market share and revenue (EVAL) so the owner will feel the greater impact from the expansion (EVAL) |  |
| K        | APP                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | AN                                    | DEV                                                                                                                                                                                                                                  | EVAL                                                                                                                                                                                                                                                   |     |      |       |                |                                       |                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                        |  |
| Owner    | Lian the owner                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Needs a loan to finance the expansion | The new product line will require investment in more machinery and more employees. The employees will need to be trained. This might mean that Lian will need a bank loan, which will increase the costs and possibly reduce profit. | However, the profit from the new production line should outweigh the costs (EVAL) and allow greater distribution of the product thereby increasing market share and revenue (EVAL) so the owner will feel the greater impact from the expansion (EVAL) |     |      |       |                |                                       |                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                        |  |

| Question | Answer                                                                                      |                                                                                                               |                                                                  |                                                                                                                                                                              |                                                                                                                                                                                                                                      | Marks |
|----------|---------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| 1(d)     | <b>ARA</b><br><br>An example of how an answer could develop and how it should be annotated. |                                                                                                               |                                                                  |                                                                                                                                                                              |                                                                                                                                                                                                                                      |       |
|          | <b>K</b>                                                                                    | <b>APP</b>                                                                                                    | <b>AN</b>                                                        | <b>DEV</b>                                                                                                                                                                   | <b>EVAL</b>                                                                                                                                                                                                                          |       |
|          | Customer                                                                                    | CE have two types of customers – the industrial market and the consumer market and are to expand to retailers | Expanding to retailers will be more convenient for the customer. | Customers can get their eggs closer to home, which will cut down on travel time and cost as they no longer have to go to the farm but still can get high quality fresh eggs. | However the eggs may increase in price (EVAL) as the retailer will add a mark-up to the cost to them so customers may still travel to the farm to get the lower price (EVAL) therefore not as great an impact on the customer (EVAL) |       |

| Question                                                                                                              | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Marks                                                           |       |                      |   |                                          |   |                       |   |          |      |           |                                                 |   |              |                                                                                                                       |   |              |                                                                             |   |                  |                              |   |                  |                     |   |                                                                 |                      |   |                                             |   |
|-----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|-------|----------------------|---|------------------------------------------|---|-----------------------|---|----------|------|-----------|-------------------------------------------------|---|--------------|-----------------------------------------------------------------------------------------------------------------------|---|--------------|-----------------------------------------------------------------------------|---|------------------|------------------------------|---|------------------|---------------------|---|-----------------------------------------------------------------|----------------------|---|---------------------------------------------|---|
| 2(a)(i)                                                                                                               | <p><b>Define the term ‘overdraft’ (line 21).</b></p> <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> <p><b>Content</b><br/>A banking facility which allows a person/business to go below zero in their account. In essence, money has been lent to the person/business. The amount borrowed is controlled by the overdraft holder – they take what they need as they need it – usually a short-term source of finance</p> <p>Award one mark for each element of a correct definition:<br/>Short term source of finance<br/>Often high rates of interest<br/>Flexible (can be used when needed)<br/>Allows an account to go below zero<br/>Helps solve cash-flow problems<br/>Current liability</p> <table><tr><th>Exemplar</th><th>Mark</th><th>Rationale</th></tr><tr><td>A flexible (1) short term source of finance (1)</td><td>2</td><td>two elements</td></tr><tr><td>A business can take more money out of their bank account than they have in it (1) to help with cash flow problems (1)</td><td>2</td><td>two elements</td></tr><tr><td>A person can take more money out of their bank account than they have in it</td><td>1</td><td>Only one element</td></tr><tr><td>A flexible source of finance</td><td>1</td><td>Only one element</td></tr><tr><td>A source of finance</td><td>0</td><td>Does not distinguish an overdraft from other sources of finance</td></tr><tr><td>A loan from the bank</td><td>0</td><td>Again does not distinguish from a bank loan</td></tr></table> | Knowledge                                                       | Marks | A correct definition | 2 | A partial, vague or unfocused definition | 1 | No creditable content | 0 | Exemplar | Mark | Rationale | A flexible (1) short term source of finance (1) | 2 | two elements | A business can take more money out of their bank account than they have in it (1) to help with cash flow problems (1) | 2 | two elements | A person can take more money out of their bank account than they have in it | 1 | Only one element | A flexible source of finance | 1 | Only one element | A source of finance | 0 | Does not distinguish an overdraft from other sources of finance | A loan from the bank | 0 | Again does not distinguish from a bank loan | 2 |
| Knowledge                                                                                                             | Marks                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                 |       |                      |   |                                          |   |                       |   |          |      |           |                                                 |   |              |                                                                                                                       |   |              |                                                                             |   |                  |                              |   |                  |                     |   |                                                                 |                      |   |                                             |   |
| A correct definition                                                                                                  | 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                 |       |                      |   |                                          |   |                       |   |          |      |           |                                                 |   |              |                                                                                                                       |   |              |                                                                             |   |                  |                              |   |                  |                     |   |                                                                 |                      |   |                                             |   |
| A partial, vague or unfocused definition                                                                              | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                 |       |                      |   |                                          |   |                       |   |          |      |           |                                                 |   |              |                                                                                                                       |   |              |                                                                             |   |                  |                              |   |                  |                     |   |                                                                 |                      |   |                                             |   |
| No creditable content                                                                                                 | 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                 |       |                      |   |                                          |   |                       |   |          |      |           |                                                 |   |              |                                                                                                                       |   |              |                                                                             |   |                  |                              |   |                  |                     |   |                                                                 |                      |   |                                             |   |
| Exemplar                                                                                                              | Mark                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Rationale                                                       |       |                      |   |                                          |   |                       |   |          |      |           |                                                 |   |              |                                                                                                                       |   |              |                                                                             |   |                  |                              |   |                  |                     |   |                                                                 |                      |   |                                             |   |
| A flexible (1) short term source of finance (1)                                                                       | 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | two elements                                                    |       |                      |   |                                          |   |                       |   |          |      |           |                                                 |   |              |                                                                                                                       |   |              |                                                                             |   |                  |                              |   |                  |                     |   |                                                                 |                      |   |                                             |   |
| A business can take more money out of their bank account than they have in it (1) to help with cash flow problems (1) | 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | two elements                                                    |       |                      |   |                                          |   |                       |   |          |      |           |                                                 |   |              |                                                                                                                       |   |              |                                                                             |   |                  |                              |   |                  |                     |   |                                                                 |                      |   |                                             |   |
| A person can take more money out of their bank account than they have in it                                           | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Only one element                                                |       |                      |   |                                          |   |                       |   |          |      |           |                                                 |   |              |                                                                                                                       |   |              |                                                                             |   |                  |                              |   |                  |                     |   |                                                                 |                      |   |                                             |   |
| A flexible source of finance                                                                                          | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Only one element                                                |       |                      |   |                                          |   |                       |   |          |      |           |                                                 |   |              |                                                                                                                       |   |              |                                                                             |   |                  |                              |   |                  |                     |   |                                                                 |                      |   |                                             |   |
| A source of finance                                                                                                   | 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Does not distinguish an overdraft from other sources of finance |       |                      |   |                                          |   |                       |   |          |      |           |                                                 |   |              |                                                                                                                       |   |              |                                                                             |   |                  |                              |   |                  |                     |   |                                                                 |                      |   |                                             |   |
| A loan from the bank                                                                                                  | 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Again does not distinguish from a bank loan                     |       |                      |   |                                          |   |                       |   |          |      |           |                                                 |   |              |                                                                                                                       |   |              |                                                                             |   |                  |                              |   |                  |                     |   |                                                                 |                      |   |                                             |   |

| Question                                                                                                  | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Marks     |           |       |   |                                                                                                                                              |   |   |                                   |   |   |                                                               |   |        |      |           |                                                                                                           |   |           |                                                               |   |       |                                                                              |   |       |                                                     |   |       |                         |   |   |   |
|-----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------|-------|---|----------------------------------------------------------------------------------------------------------------------------------------------|---|---|-----------------------------------|---|---|---------------------------------------------------------------|---|--------|------|-----------|-----------------------------------------------------------------------------------------------------------|---|-----------|---------------------------------------------------------------|---|-------|------------------------------------------------------------------------------|---|-------|-----------------------------------------------------|---|-------|-------------------------|---|---|---|
| 2(a)(ii)                                                                                                  | <p><b>Explain the term ‘maturity in the product life cycle’ (lines 10–11).</b></p> <p>Award one mark for each point of explanation:</p> <table border="1"> <thead> <tr> <th></th><th>Rationale</th><th>Marks</th></tr> </thead> <tbody> <tr> <td>C</td><td>Example or some other way of showing good understanding, i.e. point to start extension strategy, sales start to decline after maturity stage</td><td>1</td></tr> <tr> <td>B</td><td>Lack of growth, slow or no growth</td><td>1</td></tr> <tr> <td>A</td><td>Sales at highest point/maximum sales/product life cycle peaks</td><td>1</td></tr> </tbody> </table> <p><b>Content</b><br/>The maturity phase of the plc is when sales are at their highest and growth has slowed or stopped. Sales may start to decline after this.<br/>The diagram below could get all 3 marks as it shows sales peaking in the maturity stage, sales growth slowing, then declining.</p> <p>Product life cycle</p>  <p>introduction      growth      maturity      decline</p> <p><b>ARA</b></p> <table border="1"> <thead> <tr> <th>Answer</th><th>Mark</th><th>Rationale</th></tr> </thead> <tbody> <tr> <td>Sales are at their highest (A) but growth starts to slowdown (B) and is followed by the decline stage (C)</td><td>3</td><td>A + B + C</td></tr> <tr> <td>Sales growth slows (B) and firms use extension strategies (C)</td><td>2</td><td>B + C</td></tr> <tr> <td>Stage of maximum sales (A) and then the product enters the decline stage (C)</td><td>2</td><td>A + C</td></tr> <tr> <td>Sales are at their highest (A) but stop growing (B)</td><td>2</td><td>A + B</td></tr> <tr> <td>Point of peak sales (A)</td><td>1</td><td>A</td></tr> </tbody> </table> |           | Rationale | Marks | C | Example or some other way of showing good understanding, i.e. point to start extension strategy, sales start to decline after maturity stage | 1 | B | Lack of growth, slow or no growth | 1 | A | Sales at highest point/maximum sales/product life cycle peaks | 1 | Answer | Mark | Rationale | Sales are at their highest (A) but growth starts to slowdown (B) and is followed by the decline stage (C) | 3 | A + B + C | Sales growth slows (B) and firms use extension strategies (C) | 2 | B + C | Stage of maximum sales (A) and then the product enters the decline stage (C) | 2 | A + C | Sales are at their highest (A) but stop growing (B) | 2 | A + B | Point of peak sales (A) | 1 | A | 3 |
|                                                                                                           | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Marks     |           |       |   |                                                                                                                                              |   |   |                                   |   |   |                                                               |   |        |      |           |                                                                                                           |   |           |                                                               |   |       |                                                                              |   |       |                                                     |   |       |                         |   |   |   |
| C                                                                                                         | Example or some other way of showing good understanding, i.e. point to start extension strategy, sales start to decline after maturity stage                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 1         |           |       |   |                                                                                                                                              |   |   |                                   |   |   |                                                               |   |        |      |           |                                                                                                           |   |           |                                                               |   |       |                                                                              |   |       |                                                     |   |       |                         |   |   |   |
| B                                                                                                         | Lack of growth, slow or no growth                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 1         |           |       |   |                                                                                                                                              |   |   |                                   |   |   |                                                               |   |        |      |           |                                                                                                           |   |           |                                                               |   |       |                                                                              |   |       |                                                     |   |       |                         |   |   |   |
| A                                                                                                         | Sales at highest point/maximum sales/product life cycle peaks                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 1         |           |       |   |                                                                                                                                              |   |   |                                   |   |   |                                                               |   |        |      |           |                                                                                                           |   |           |                                                               |   |       |                                                                              |   |       |                                                     |   |       |                         |   |   |   |
| Answer                                                                                                    | Mark                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Rationale |           |       |   |                                                                                                                                              |   |   |                                   |   |   |                                                               |   |        |      |           |                                                                                                           |   |           |                                                               |   |       |                                                                              |   |       |                                                     |   |       |                         |   |   |   |
| Sales are at their highest (A) but growth starts to slowdown (B) and is followed by the decline stage (C) | 3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | A + B + C |           |       |   |                                                                                                                                              |   |   |                                   |   |   |                                                               |   |        |      |           |                                                                                                           |   |           |                                                               |   |       |                                                                              |   |       |                                                     |   |       |                         |   |   |   |
| Sales growth slows (B) and firms use extension strategies (C)                                             | 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | B + C     |           |       |   |                                                                                                                                              |   |   |                                   |   |   |                                                               |   |        |      |           |                                                                                                           |   |           |                                                               |   |       |                                                                              |   |       |                                                     |   |       |                         |   |   |   |
| Stage of maximum sales (A) and then the product enters the decline stage (C)                              | 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | A + C     |           |       |   |                                                                                                                                              |   |   |                                   |   |   |                                                               |   |        |      |           |                                                                                                           |   |           |                                                               |   |       |                                                                              |   |       |                                                     |   |       |                         |   |   |   |
| Sales are at their highest (A) but stop growing (B)                                                       | 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | A + B     |           |       |   |                                                                                                                                              |   |   |                                   |   |   |                                                               |   |        |      |           |                                                                                                           |   |           |                                                               |   |       |                                                                              |   |       |                                                     |   |       |                         |   |   |   |
| Point of peak sales (A)                                                                                   | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | A         |           |       |   |                                                                                                                                              |   |   |                                   |   |   |                                                               |   |        |      |           |                                                                                                           |   |           |                                                               |   |       |                                                                              |   |       |                                                     |   |       |                         |   |   |   |

| Question                                         | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Marks                                                  |       |                                                |   |                                                  |   |                       |   |        |      |           |      |   |                                |        |   |                                       |    |   |                                         |                                |   |                                                        |         |   |         |        |   |                                                    |   |
|--------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|-------|------------------------------------------------|---|--------------------------------------------------|---|-----------------------|---|--------|------|-----------|------|---|--------------------------------|--------|---|---------------------------------------|----|---|-----------------------------------------|--------------------------------|---|--------------------------------------------------------|---------|---|---------|--------|---|----------------------------------------------------|---|
| 2(b)(i)                                          | <p><b>Refer to Table 2.1 and any other relevant information. Calculate the value of <u>X</u>.</b></p> <table><tr><th>Rationale</th><th>Marks</th></tr><tr><td>Correct answer with or without correct working</td><td>2</td></tr><tr><td>Formula or correct calculation of current assets</td><td>1</td></tr><tr><td>No creditable content</td><td>0</td></tr></table> <p><b>Content</b></p> <p>Working capital = CA – CL</p> <p><math>\\$18\,000 = (11\,000 + 20\,000) - (5000 + X)</math><br/>Or <math>(11 + 20) - (5 - X) = 8</math></p> <p><b>Answer = \$8000 (accept 8)</b></p> <p>Common incorrect answers</p> <table><tr><th>Answer</th><th>Mark</th><th>Rationale</th></tr><tr><td>8000</td><td>2</td><td>Correct answer even without \$</td></tr><tr><td>31 000</td><td>1</td><td>Correct calculation of current assets</td></tr><tr><td>31</td><td>1</td><td>Correct calculation of CA without ‘000’</td></tr><tr><td><math>31\,000 - X = 1800 = 13\,000</math></td><td>1</td><td>Wrong answer but correct calculation of current assets</td></tr><tr><td>CA – CL</td><td>1</td><td>Formula</td></tr><tr><td>13 000</td><td>0</td><td>No working so not clear how arrived at this answer</td></tr></table> | Rationale                                              | Marks | Correct answer with or without correct working | 2 | Formula or correct calculation of current assets | 1 | No creditable content | 0 | Answer | Mark | Rationale | 8000 | 2 | Correct answer even without \$ | 31 000 | 1 | Correct calculation of current assets | 31 | 1 | Correct calculation of CA without ‘000’ | $31\,000 - X = 1800 = 13\,000$ | 1 | Wrong answer but correct calculation of current assets | CA – CL | 1 | Formula | 13 000 | 0 | No working so not clear how arrived at this answer | 2 |
| Rationale                                        | Marks                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                        |       |                                                |   |                                                  |   |                       |   |        |      |           |      |   |                                |        |   |                                       |    |   |                                         |                                |   |                                                        |         |   |         |        |   |                                                    |   |
| Correct answer with or without correct working   | 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                        |       |                                                |   |                                                  |   |                       |   |        |      |           |      |   |                                |        |   |                                       |    |   |                                         |                                |   |                                                        |         |   |         |        |   |                                                    |   |
| Formula or correct calculation of current assets | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                        |       |                                                |   |                                                  |   |                       |   |        |      |           |      |   |                                |        |   |                                       |    |   |                                         |                                |   |                                                        |         |   |         |        |   |                                                    |   |
| No creditable content                            | 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                        |       |                                                |   |                                                  |   |                       |   |        |      |           |      |   |                                |        |   |                                       |    |   |                                         |                                |   |                                                        |         |   |         |        |   |                                                    |   |
| Answer                                           | Mark                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Rationale                                              |       |                                                |   |                                                  |   |                       |   |        |      |           |      |   |                                |        |   |                                       |    |   |                                         |                                |   |                                                        |         |   |         |        |   |                                                    |   |
| 8000                                             | 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Correct answer even without \$                         |       |                                                |   |                                                  |   |                       |   |        |      |           |      |   |                                |        |   |                                       |    |   |                                         |                                |   |                                                        |         |   |         |        |   |                                                    |   |
| 31 000                                           | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Correct calculation of current assets                  |       |                                                |   |                                                  |   |                       |   |        |      |           |      |   |                                |        |   |                                       |    |   |                                         |                                |   |                                                        |         |   |         |        |   |                                                    |   |
| 31                                               | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Correct calculation of CA without ‘000’                |       |                                                |   |                                                  |   |                       |   |        |      |           |      |   |                                |        |   |                                       |    |   |                                         |                                |   |                                                        |         |   |         |        |   |                                                    |   |
| $31\,000 - X = 1800 = 13\,000$                   | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Wrong answer but correct calculation of current assets |       |                                                |   |                                                  |   |                       |   |        |      |           |      |   |                                |        |   |                                       |    |   |                                         |                                |   |                                                        |         |   |         |        |   |                                                    |   |
| CA – CL                                          | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Formula                                                |       |                                                |   |                                                  |   |                       |   |        |      |           |      |   |                                |        |   |                                       |    |   |                                         |                                |   |                                                        |         |   |         |        |   |                                                    |   |
| 13 000                                           | 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | No working so not clear how arrived at this answer     |       |                                                |   |                                                  |   |                       |   |        |      |           |      |   |                                |        |   |                                       |    |   |                                         |                                |   |                                                        |         |   |         |        |   |                                                    |   |

| Question                         | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Marks                                                                                                                                                                              |                           |       |                |                                             |   |          |                                            |   |            |                                     |   |        |                                    |   |   |                       |   |                                  |                               |                                          |                                |                                                                                    |                                                                                                           |                         |                                                                                                                 |                                                                                                                                                                                    |   |
|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|-------|----------------|---------------------------------------------|---|----------|--------------------------------------------|---|------------|-------------------------------------|---|--------|------------------------------------|---|---|-----------------------|---|----------------------------------|-------------------------------|------------------------------------------|--------------------------------|------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|-------------------------|-----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|
| 2(b)(ii)                         | <p><b>Explain two possible disadvantages to FF of decreasing working capital.</b></p> <table> <tr> <th>Level</th><th>Knowledge and Application</th><th>Marks</th></tr> <tr> <td>2b (APP + APP)</td><td>Explanation of two disadvantages in context</td><td>4</td></tr> <tr> <td>2a (APP)</td><td>Explanation of one disadvantage in context</td><td>3</td></tr> <tr> <td>1b (K + K)</td><td>Identification of two disadvantages</td><td>2</td></tr> <tr> <td>1a (K)</td><td>Identification of one disadvantage</td><td>1</td></tr> <tr> <td>0</td><td>No creditable content</td><td>0</td></tr> </table> <p><b>Content</b></p> <p>Problems of paying short term debts<br/>         Could FF afford to buy inventory – must be purchased in advanced and has a limited shelf life<br/>         FF's overdraft may start to increase and become a 'long-term' debt which is never paid off<br/>         FF does not have any/many liquid assets – could get to the point where they may run out of cash and have to stop operations. For example unable to pay wages/salary – especially important because of the labour intensive nature of production<br/>         Can be used as a measure of efficiency – shareholders may want the directors to explain why it is falling<br/>         Decreasing the ability of FF to pay debts especially as customers are unlikely to pay for the flowers in advance and trade receivables may increase, again.</p> <p><b>ARA</b></p> <p>Example of how responses should be marked</p> <table> <tr> <th>Identification of a disadvantage</th><th>Explanation of a disadvantage</th><th>Explanation of a disadvantage in context</th></tr> <tr> <td>Unable to pay short term debts</td><td>If working capital falls then there may not be enough money to pay short term debt</td><td>such as suppliers of the flowers which have to be purchased in advance of a customer paying for the order</td></tr> <tr> <td>Unable to pay employees</td><td>Employees may be paid weekly or in cash. Less working capital could mean the company cannot pay their employees</td><td>CE's employees are paid a commission based on the selling price of the flowers. Lower working capital could mean that the company cannot pay the commissions owed to the employees</td></tr> </table> | Level                                                                                                                                                                              | Knowledge and Application | Marks | 2b (APP + APP) | Explanation of two disadvantages in context | 4 | 2a (APP) | Explanation of one disadvantage in context | 3 | 1b (K + K) | Identification of two disadvantages | 2 | 1a (K) | Identification of one disadvantage | 1 | 0 | No creditable content | 0 | Identification of a disadvantage | Explanation of a disadvantage | Explanation of a disadvantage in context | Unable to pay short term debts | If working capital falls then there may not be enough money to pay short term debt | such as suppliers of the flowers which have to be purchased in advance of a customer paying for the order | Unable to pay employees | Employees may be paid weekly or in cash. Less working capital could mean the company cannot pay their employees | CE's employees are paid a commission based on the selling price of the flowers. Lower working capital could mean that the company cannot pay the commissions owed to the employees | 4 |
| Level                            | Knowledge and Application                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Marks                                                                                                                                                                              |                           |       |                |                                             |   |          |                                            |   |            |                                     |   |        |                                    |   |   |                       |   |                                  |                               |                                          |                                |                                                                                    |                                                                                                           |                         |                                                                                                                 |                                                                                                                                                                                    |   |
| 2b (APP + APP)                   | Explanation of two disadvantages in context                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 4                                                                                                                                                                                  |                           |       |                |                                             |   |          |                                            |   |            |                                     |   |        |                                    |   |   |                       |   |                                  |                               |                                          |                                |                                                                                    |                                                                                                           |                         |                                                                                                                 |                                                                                                                                                                                    |   |
| 2a (APP)                         | Explanation of one disadvantage in context                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 3                                                                                                                                                                                  |                           |       |                |                                             |   |          |                                            |   |            |                                     |   |        |                                    |   |   |                       |   |                                  |                               |                                          |                                |                                                                                    |                                                                                                           |                         |                                                                                                                 |                                                                                                                                                                                    |   |
| 1b (K + K)                       | Identification of two disadvantages                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 2                                                                                                                                                                                  |                           |       |                |                                             |   |          |                                            |   |            |                                     |   |        |                                    |   |   |                       |   |                                  |                               |                                          |                                |                                                                                    |                                                                                                           |                         |                                                                                                                 |                                                                                                                                                                                    |   |
| 1a (K)                           | Identification of one disadvantage                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 1                                                                                                                                                                                  |                           |       |                |                                             |   |          |                                            |   |            |                                     |   |        |                                    |   |   |                       |   |                                  |                               |                                          |                                |                                                                                    |                                                                                                           |                         |                                                                                                                 |                                                                                                                                                                                    |   |
| 0                                | No creditable content                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 0                                                                                                                                                                                  |                           |       |                |                                             |   |          |                                            |   |            |                                     |   |        |                                    |   |   |                       |   |                                  |                               |                                          |                                |                                                                                    |                                                                                                           |                         |                                                                                                                 |                                                                                                                                                                                    |   |
| Identification of a disadvantage | Explanation of a disadvantage                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Explanation of a disadvantage in context                                                                                                                                           |                           |       |                |                                             |   |          |                                            |   |            |                                     |   |        |                                    |   |   |                       |   |                                  |                               |                                          |                                |                                                                                    |                                                                                                           |                         |                                                                                                                 |                                                                                                                                                                                    |   |
| Unable to pay short term debts   | If working capital falls then there may not be enough money to pay short term debt                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | such as suppliers of the flowers which have to be purchased in advance of a customer paying for the order                                                                          |                           |       |                |                                             |   |          |                                            |   |            |                                     |   |        |                                    |   |   |                       |   |                                  |                               |                                          |                                |                                                                                    |                                                                                                           |                         |                                                                                                                 |                                                                                                                                                                                    |   |
| Unable to pay employees          | Employees may be paid weekly or in cash. Less working capital could mean the company cannot pay their employees                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | CE's employees are paid a commission based on the selling price of the flowers. Lower working capital could mean that the company cannot pay the commissions owed to the employees |                           |       |                |                                             |   |          |                                            |   |            |                                     |   |        |                                    |   |   |                       |   |                                  |                               |                                          |                                |                                                                                    |                                                                                                           |                         |                                                                                                                 |                                                                                                                                                                                    |   |

| Question                                                                                                                                                                                                                                                                                                                                                                                      | Answer                                                                                                |                                                                         |       |                                                                                               | Marks |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|-------|-----------------------------------------------------------------------------------------------|-------|
| 2(c)                                                                                                                                                                                                                                                                                                                                                                                          | Analyse one advantage and one disadvantage to FF of using job production for its flower arrangements. |                                                                         |       |                                                                                               | 8     |
|                                                                                                                                                                                                                                                                                                                                                                                               | Level                                                                                                 | Knowledge and Application (4 marks)                                     | Marks | Analysis (4 marks)                                                                            | Marks |
|                                                                                                                                                                                                                                                                                                                                                                                               | 2b                                                                                                    | Shows understanding of <b>two</b> elements of job production in context | 4     | Good analysis of one disadvantage <b>and</b> one advantage of using job production in context | 4     |
|                                                                                                                                                                                                                                                                                                                                                                                               | 2a                                                                                                    | Shows understanding of <b>one</b> element of job production in context  | 3     | Good analysis of one disadvantage <b>or</b> one advantage of using job production in context  | 3     |
|                                                                                                                                                                                                                                                                                                                                                                                               | 1b                                                                                                    | Shows knowledge of <b>two</b> elements of job production                | 2     | Limited analysis of one disadvantage <b>and</b> one advantage of using job production         | 2     |
|                                                                                                                                                                                                                                                                                                                                                                                               | 1a                                                                                                    | Shows knowledge of <b>one</b> element of job production                 | 1     | Limited analysis of one disadvantage <b>or</b> one advantage of using job production          | 1     |
|                                                                                                                                                                                                                                                                                                                                                                                               | 0                                                                                                     | No creditable content                                                   |       |                                                                                               | 0     |
| <b>Content</b><br>Elements of job production:<br>Unique<br>Hand made<br>Made to order/bespoke<br>One at a time<br>Each is finished before the next is started<br>Often labour intensive<br>Requires skilled labour<br>Satisficing customer – Allows FF to charge higher prices and retain loyal customers<br>Premium prices – FF can charge a higher price for customised flower arrangements |                                                                                                       |                                                                         |       |                                                                                               |       |

| Question                  | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Marks                                                                                                                                                                                                        |                                       |                                          |                        |                                                           |                                                                                                                                                                                                              |                           |                                       |                                          |           |                                                                                                              |                                                                                                                                                                                     |  |
|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|------------------------------------------|------------------------|-----------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------------------------------------|------------------------------------------|-----------|--------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| 2(c)                      | <p><b>Must be advantage and disadvantage to FF</b></p> <p><b>Advantages</b><br/>                     USP– already in a competitive market so specialist flower arrangements could give FF a USP<br/>                     Increased brand reputation– FF producing specialist flower arrangements which are ready in 24 hours which will be attractive to customers</p> <p><b>Disadvantages</b><br/>                     Lower productivity - increased costs of production/slower speed of production compared to batch production<br/>                     Labour intensive – higher labour costs<br/>                     Cost – Already got decreasing working capital, no cash and an overdraft – job production is more expensive than batch<br/>                     Difficult future recruitment – higher level of skills needed because of the specialist nature of job production<br/>                     Training – job production is highly skilled and any new employees would require specialist training, increasing costs</p> <p><b>NB annotate advantages on the LHS and disadvantages on the RHS</b></p> <p><b>ARA</b></p> <p><b>Advantage</b></p> <table border="1"> <thead> <tr> <th>Example of an element (K)</th><th>Examples of application/context (APP)</th><th>Examples of possible analysis (AN + DEV)</th></tr> </thead> <tbody> <tr> <td>Made to customer order</td><td>Flowers are arranged according to customer internet order</td><td>Customer satisfaction (AN) if customers are satisfied with the product they will repeat order on other occasions which will increase customer loyalty, increase FF's revenue and lead to higher profit (DEV)</td></tr> </tbody> </table> <p><b>Disadvantage</b></p> <table border="1"> <thead> <tr> <th>Example of an element (K)</th><th>Examples of application/context (APP)</th><th>Examples of possible analysis (AN + DEV)</th></tr> </thead> <tbody> <tr> <td>Expensive</td><td>Job production means that each worker does a flower arrangement each time so the process is labour intensive</td><td>leading to higher labour costs (AN). This will reduce FF's profits or could mean that they have to charge a high price and could reduce FF's competitiveness and market share (DEV)</td></tr> </tbody> </table> | Example of an element (K)                                                                                                                                                                                    | Examples of application/context (APP) | Examples of possible analysis (AN + DEV) | Made to customer order | Flowers are arranged according to customer internet order | Customer satisfaction (AN) if customers are satisfied with the product they will repeat order on other occasions which will increase customer loyalty, increase FF's revenue and lead to higher profit (DEV) | Example of an element (K) | Examples of application/context (APP) | Examples of possible analysis (AN + DEV) | Expensive | Job production means that each worker does a flower arrangement each time so the process is labour intensive | leading to higher labour costs (AN). This will reduce FF's profits or could mean that they have to charge a high price and could reduce FF's competitiveness and market share (DEV) |  |
| Example of an element (K) | Examples of application/context (APP)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Examples of possible analysis (AN + DEV)                                                                                                                                                                     |                                       |                                          |                        |                                                           |                                                                                                                                                                                                              |                           |                                       |                                          |           |                                                                                                              |                                                                                                                                                                                     |  |
| Made to customer order    | Flowers are arranged according to customer internet order                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Customer satisfaction (AN) if customers are satisfied with the product they will repeat order on other occasions which will increase customer loyalty, increase FF's revenue and lead to higher profit (DEV) |                                       |                                          |                        |                                                           |                                                                                                                                                                                                              |                           |                                       |                                          |           |                                                                                                              |                                                                                                                                                                                     |  |
| Example of an element (K) | Examples of application/context (APP)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Examples of possible analysis (AN + DEV)                                                                                                                                                                     |                                       |                                          |                        |                                                           |                                                                                                                                                                                                              |                           |                                       |                                          |           |                                                                                                              |                                                                                                                                                                                     |  |
| Expensive                 | Job production means that each worker does a flower arrangement each time so the process is labour intensive                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | leading to higher labour costs (AN). This will reduce FF's profits or could mean that they have to charge a high price and could reduce FF's competitiveness and market share (DEV)                          |                                       |                                          |                        |                                                           |                                                                                                                                                                                                              |                           |                                       |                                          |           |                                                                                                              |                                                                                                                                                                                     |  |

| Question | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |              |                                                                                       |              | Marks |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|---------------------------------------------------------------------------------------|--------------|-------|
| 2(d)     | <b>Recommend non-financial motivators which FF could put in place to motivate the employees who make the low-price flower arrangements. Justify your recommendation.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |              |                                                                                       |              | 11    |
|          | <b>Knowledge and Application (4 marks)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>Marks</b> | <b>Analysis and Evaluation (7 marks)</b>                                              | <b>Marks</b> |       |
|          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |              | Justified recommendation(s) based on argument in context                              | 7            |       |
|          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |              | Developed recommendation(s) based on argument in context                              | 6            |       |
|          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |              | An evaluative recommendation/ statement based on argument in context                  | 5            |       |
|          | Shows understanding of <b>two</b> non-financial motivators in context                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 4            | Argument based on the use of <b>two</b> (or more) non-financial motivators in context | 4            |       |
|          | Shows understanding of <b>one</b> non-financial motivator in context                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 3            | Argument based on the use of <b>one</b> non-financial motivator in context            | 3            |       |
|          | Shows knowledge of <b>two</b> non-financial motivators                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 2            | Limited analysis of the use of <b>two</b> (or more) non-financial motivators          | 2            |       |
|          | Shows knowledge of <b>one</b> non-financial motivator                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 1            | Limited analysis of the use of <b>one</b> non-financial motivator                     | 2            |       |
|          | <b>Content</b><br>Training/development – as this is a lower skilled job, training is unlikely to be successful and may de-motivate if the skilled workers feel patronised by the new production process.<br>Induction – Not about new workers, so the current workforce is unlikely to be motivated by induction.<br>Opportunities for promotion – this may be a motivator is there are more supervision opportunities on the product production line<br>Status – Will the workers who remain on the job production line fee superior to the others. This could have two effects – to motivate the job production workers and demotivate the batch production workers<br>Job re-design – the workers could be involved in re-designing the new production process – this may motivate them and empower them |              |                                                                                       |              |       |

| Question      | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Marks                                       |                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                 |     |      |               |                                                                                                   |                                             |                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                 |   |     |    |     |      |              |                                                                                                |                        |                                                                                                                                                                                                                                                        |  |  |
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| 2(d)          | <p>Team working – The job production process was working alone, but there may be motivation from working as a group on batch production. Link to Herzberg, Maslow etc.</p> <p>Empowerment – workers may be given some control over their working practices.</p> <p>Participation – Could workers be given some input into the decision making at the firm?</p> <p>Fringe benefits/perks – Increased holidays, perks etc. may make up for reduced commission from the lower price flowers.</p> <p>Team away days – Allows team bonding which could help improve job satisfaction</p> <p>Job enrichment/job enlargement/job rotation – Increase skills/empowerment/interest</p> <p><b>ARA</b></p> <p>An example of how an answer could develop and how it should be annotated.</p> <table><tr><th>K</th><th>APP</th><th>AN</th><th>DEV</th><th>EVAL</th></tr><tr><td>Team away day</td><td>The low-price flower arrangements will be produce using batch production. This requires team work</td><td>So an away day could help with team bonding</td><td>This will increase loyalty to other members of the team. Employees will not want to let the team down so will work harder and less likely to take time off e.g. in sick days. Productivity will be higher and cost, therefore lower leading to higher profit.</td><td>Job rotation is more effective than a team away day (EVAL) because the employee can have better skills through higher training (EVAL) and won't disrupt the production or require time away from the job (EVAL)</td></tr></table> <p><b>ARA</b></p> <p>An example of how an answer could develop and how it should be annotated.</p> <table><tr><th>K</th><th>APP</th><th>AN</th><th>DEV</th><th>EVAL</th></tr><tr><td>Job rotation</td><td>There are 10 flower arrangements to be made so employees could rotate between each arrangement</td><td>Improving their skills</td><td>Higher level of skills will make employees feel better trained. If a worker is absent from one arrangement can easily be covered by other employees if demand is greater for that particular arrangement so less disruption to the production process.</td><td></td></tr></table> | K                                           | APP                                                                                                                                                                                                                                                           | AN                                                                                                                                                                                                              | DEV | EVAL | Team away day | The low-price flower arrangements will be produce using batch production. This requires team work | So an away day could help with team bonding | This will increase loyalty to other members of the team. Employees will not want to let the team down so will work harder and less likely to take time off e.g. in sick days. Productivity will be higher and cost, therefore lower leading to higher profit. | Job rotation is more effective than a team away day (EVAL) because the employee can have better skills through higher training (EVAL) and won't disrupt the production or require time away from the job (EVAL) | K | APP | AN | DEV | EVAL | Job rotation | There are 10 flower arrangements to be made so employees could rotate between each arrangement | Improving their skills | Higher level of skills will make employees feel better trained. If a worker is absent from one arrangement can easily be covered by other employees if demand is greater for that particular arrangement so less disruption to the production process. |  |  |
| K             | APP                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | AN                                          | DEV                                                                                                                                                                                                                                                           | EVAL                                                                                                                                                                                                            |     |      |               |                                                                                                   |                                             |                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                 |   |     |    |     |      |              |                                                                                                |                        |                                                                                                                                                                                                                                                        |  |  |
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