



# Cambridge International AS & A Level

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**BUSINESS****9609/22**

Paper 2 Data Response

**March 2020**

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 March 2020 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 **15** 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 ‘job production’ (line 1)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>2</b> |           |           |                      |                                           |                                          |          |                                                                   |                       |          |                      |                                                  |          |                                  |                                         |          |  |
|                                                                   | <table><tr><th>Knowledge</th><th>Marks</th></tr><tr><td>A correct definition</td><td><b>2</b></td></tr><tr><td>A partial, vague or unfocused definition</td><td><b>1</b></td></tr><tr><td>No credible content</td><td><b>0</b></td></tr></table>                                                                                                                                                                                                                                                                                                         |          | Knowledge | Marks     | A correct definition | <b>2</b>                                  | A partial, vague or unfocused definition | <b>1</b> | No credible content                                               | <b>0</b>              |          |                      |                                                  |          |                                  |                                         |          |  |
|                                                                   | Knowledge                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |          | Marks     |           |                      |                                           |                                          |          |                                                                   |                       |          |                      |                                                  |          |                                  |                                         |          |  |
|                                                                   | A correct definition                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |          | <b>2</b>  |           |                      |                                           |                                          |          |                                                                   |                       |          |                      |                                                  |          |                                  |                                         |          |  |
|                                                                   | A partial, vague or unfocused definition                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |          | <b>1</b>  |           |                      |                                           |                                          |          |                                                                   |                       |          |                      |                                                  |          |                                  |                                         |          |  |
|                                                                   | No credible content                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |          | <b>0</b>  |           |                      |                                           |                                          |          |                                                                   |                       |          |                      |                                                  |          |                                  |                                         |          |  |
|                                                                   | A correct definition should cover the following:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |          |           |           |                      |                                           |                                          |          |                                                                   |                       |          |                      |                                                  |          |                                  |                                         |          |  |
|                                                                   | <ul style="list-style-type: none"><li>• one by one/made individually/one at a time</li><li>• for a specific customer/order/not repeated/high standard/custom work/skilled labour</li></ul>                                                                                                                                                                                                                                                                                                                                                               |          |           |           |                      |                                           |                                          |          |                                                                   |                       |          |                      |                                                  |          |                                  |                                         |          |  |
|                                                                   | <table><tr><th>Exemplar</th><th>Rationale</th><th>Marks</th></tr><tr><td>A one off product for a specific customer</td><td>Both elements covered</td><td><b>2</b></td></tr><tr><td>An individual product designed to a specific customer requirement</td><td>Both elements covered</td><td><b>2</b></td></tr><tr><td>A customised product</td><td>An understanding of customisation (no expansion)</td><td><b>1</b></td></tr><tr><td>An individually designed product</td><td>Only one element of the flow identified</td><td><b>1</b></td></tr></table> |          | Exemplar  | Rationale | Marks                | A one off product for a specific customer | Both elements covered                    | <b>2</b> | An individual product designed to a specific customer requirement | Both elements covered | <b>2</b> | A customised product | An understanding of customisation (no expansion) | <b>1</b> | An individually designed product | Only one element of the flow identified | <b>1</b> |  |
|                                                                   | Exemplar                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |          | Rationale | Marks     |                      |                                           |                                          |          |                                                                   |                       |          |                      |                                                  |          |                                  |                                         |          |  |
| A one off product for a specific customer                         | Both elements covered                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>2</b> |           |           |                      |                                           |                                          |          |                                                                   |                       |          |                      |                                                  |          |                                  |                                         |          |  |
| An individual product designed to a specific customer requirement | Both elements covered                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>2</b> |           |           |                      |                                           |                                          |          |                                                                   |                       |          |                      |                                                  |          |                                  |                                         |          |  |
| A customised product                                              | An understanding of customisation (no expansion)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>1</b> |           |           |                      |                                           |                                          |          |                                                                   |                       |          |                      |                                                  |          |                                  |                                         |          |  |
| An individually designed product                                  | Only one element of the flow identified                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>1</b> |           |           |                      |                                           |                                          |          |                                                                   |                       |          |                      |                                                  |          |                                  |                                         |          |  |
|                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |          |           |           |                      |                                           |                                          |          |                                                                   |                       |          |                      |                                                  |          |                                  |                                         |          |  |
|                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |          |           |           |                      |                                           |                                          |          |                                                                   |                       |          |                      |                                                  |          |                                  |                                         |          |  |
|                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |          |           |           |                      |                                           |                                          |          |                                                                   |                       |          |                      |                                                  |          |                                  |                                         |          |  |
|                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |          |           |           |                      |                                           |                                          |          |                                                                   |                       |          |                      |                                                  |          |                                  |                                         |          |  |
|                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |          |           |           |                      |                                           |                                          |          |                                                                   |                       |          |                      |                                                  |          |                                  |                                         |          |  |

| Question                                                                                    | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Marks |             |       |   |                                                                                                             |   |   |                                    |   |   |                                             |   |          |           |       |                                                                                             |                    |   |                                                                                           |                    |   |                                                                |         |   |                               |         |   |               |   |   |                            |     |   |   |
|---------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-------------|-------|---|-------------------------------------------------------------------------------------------------------------|---|---|------------------------------------|---|---|---------------------------------------------|---|----------|-----------|-------|---------------------------------------------------------------------------------------------|--------------------|---|-------------------------------------------------------------------------------------------|--------------------|---|----------------------------------------------------------------|---------|---|-------------------------------|---------|---|---------------|---|---|----------------------------|-----|---|---|
| 1(a)(ii)                                                                                    | <p><b>Explain the term ‘opportunity cost’ (line 4)</b></p> <p>Award one mark for each point of explanation</p> <table> <tr> <th>Point</th><th>Explanation</th><th>Marks</th></tr> <tr> <td>C</td><td>Example or some other way of showing good understanding – e.g. Affordability, time issues, choice, scarcity</td><td>1</td></tr> <tr> <td>B</td><td>Understanding of foregone/not used</td><td>1</td></tr> <tr> <td>A</td><td>Understanding of the concept of ‘next best’</td><td>1</td></tr> </table> <p><b>Note:</b> C mark can only be awarded if A and B marks have already been awarded</p> <table> <tr> <th>Exemplar</th><th>Rationale</th><th>Marks</th></tr> <tr> <td>Opportunity cost is the value of the next best option foregone, due to time or cost issues.</td><td>All three elements</td><td>3</td></tr> <tr> <td>The value of the second best option that is not chosen as it is not as good as the first.</td><td>All three elements</td><td>3</td></tr> <tr> <td>Opportunity cost is the value of the next best option foregone</td><td>A and B</td><td>2</td></tr> <tr> <td>The next best option foregone</td><td>A and B</td><td>2</td></tr> <tr> <td>A lost option</td><td>B</td><td>1</td></tr> <tr> <td>Using the best option only</td><td>NAQ</td><td>0</td></tr> </table> | Point | Explanation | Marks | C | Example or some other way of showing good understanding – e.g. Affordability, time issues, choice, scarcity | 1 | B | Understanding of foregone/not used | 1 | A | Understanding of the concept of ‘next best’ | 1 | Exemplar | Rationale | Marks | Opportunity cost is the value of the next best option foregone, due to time or cost issues. | All three elements | 3 | The value of the second best option that is not chosen as it is not as good as the first. | All three elements | 3 | Opportunity cost is the value of the next best option foregone | A and B | 2 | The next best option foregone | A and B | 2 | A lost option | B | 1 | Using the best option only | NAQ | 0 | 3 |
| Point                                                                                       | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Marks |             |       |   |                                                                                                             |   |   |                                    |   |   |                                             |   |          |           |       |                                                                                             |                    |   |                                                                                           |                    |   |                                                                |         |   |                               |         |   |               |   |   |                            |     |   |   |
| C                                                                                           | Example or some other way of showing good understanding – e.g. Affordability, time issues, choice, scarcity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 1     |             |       |   |                                                                                                             |   |   |                                    |   |   |                                             |   |          |           |       |                                                                                             |                    |   |                                                                                           |                    |   |                                                                |         |   |                               |         |   |               |   |   |                            |     |   |   |
| B                                                                                           | Understanding of foregone/not used                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 1     |             |       |   |                                                                                                             |   |   |                                    |   |   |                                             |   |          |           |       |                                                                                             |                    |   |                                                                                           |                    |   |                                                                |         |   |                               |         |   |               |   |   |                            |     |   |   |
| A                                                                                           | Understanding of the concept of ‘next best’                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 1     |             |       |   |                                                                                                             |   |   |                                    |   |   |                                             |   |          |           |       |                                                                                             |                    |   |                                                                                           |                    |   |                                                                |         |   |                               |         |   |               |   |   |                            |     |   |   |
| Exemplar                                                                                    | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Marks |             |       |   |                                                                                                             |   |   |                                    |   |   |                                             |   |          |           |       |                                                                                             |                    |   |                                                                                           |                    |   |                                                                |         |   |                               |         |   |               |   |   |                            |     |   |   |
| Opportunity cost is the value of the next best option foregone, due to time or cost issues. | All three elements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 3     |             |       |   |                                                                                                             |   |   |                                    |   |   |                                             |   |          |           |       |                                                                                             |                    |   |                                                                                           |                    |   |                                                                |         |   |                               |         |   |               |   |   |                            |     |   |   |
| The value of the second best option that is not chosen as it is not as good as the first.   | All three elements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 3     |             |       |   |                                                                                                             |   |   |                                    |   |   |                                             |   |          |           |       |                                                                                             |                    |   |                                                                                           |                    |   |                                                                |         |   |                               |         |   |               |   |   |                            |     |   |   |
| Opportunity cost is the value of the next best option foregone                              | A and B                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 2     |             |       |   |                                                                                                             |   |   |                                    |   |   |                                             |   |          |           |       |                                                                                             |                    |   |                                                                                           |                    |   |                                                                |         |   |                               |         |   |               |   |   |                            |     |   |   |
| The next best option foregone                                                               | A and B                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 2     |             |       |   |                                                                                                             |   |   |                                    |   |   |                                             |   |          |           |       |                                                                                             |                    |   |                                                                                           |                    |   |                                                                |         |   |                               |         |   |               |   |   |                            |     |   |   |
| A lost option                                                                               | B                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 1     |             |       |   |                                                                                                             |   |   |                                    |   |   |                                             |   |          |           |       |                                                                                             |                    |   |                                                                                           |                    |   |                                                                |         |   |                               |         |   |               |   |   |                            |     |   |   |
| Using the best option only                                                                  | NAQ                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 0     |             |       |   |                                                                                                             |   |   |                                    |   |   |                                             |   |          |           |       |                                                                                             |                    |   |                                                                                           |                    |   |                                                                |         |   |                               |         |   |               |   |   |                            |     |   |   |

| Question                                                                                                                                                                      | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Marks     |       |                                               |          |                               |          |                                                                                                                                                                               |          |                                                                                              |          |                     |          |  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-------|-----------------------------------------------|----------|-------------------------------|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------------------------------------------------------------------------------------------|----------|---------------------|----------|--|
| 1(b)(i)                                                                                                                                                                       | <p><b>Refer to Table 1. Calculate the forecast profit margin for option 1.</b></p> <table><tr><th>Rationale</th><th>Marks</th></tr><tr><td>Correct answer (with or without formula or %)</td><td><b>4</b></td></tr><tr><td>Attempt using correct figures</td><td><b>3</b></td></tr><tr><td>Correct formula <b>and</b> calculation of cost <b>or</b> revenue<br/><b>OR</b><br/>Correct calculation of cost <b>and</b> revenue<br/><b>OR</b><br/>Correct calculation of profit</td><td><b>2</b></td></tr><tr><td>Correct formula or correct calculation of one figure (cost or revenue – total or individual)</td><td><b>1</b></td></tr><tr><td>No credible content</td><td><b>0</b></td></tr></table> <p><math display="block">\frac{\text{Profit}}{\text{Sales revenue}} \times 100</math></p> <p>Cost of one bench = 50 + 25 + 25 = \$100</p> <p>Revenue of one bench = \$100 × 1.5 = \$150</p> <p>Profit = \$150 – \$100 = \$50</p> <p>Profit margin = <math>\frac{\\$50}{\\$150} = 0.33 \times 100 = 33\%</math></p> | Rationale | Marks | Correct answer (with or without formula or %) | <b>4</b> | Attempt using correct figures | <b>3</b> | Correct formula <b>and</b> calculation of cost <b>or</b> revenue<br><b>OR</b><br>Correct calculation of cost <b>and</b> revenue<br><b>OR</b><br>Correct calculation of profit | <b>2</b> | Correct formula or correct calculation of one figure (cost or revenue – total or individual) | <b>1</b> | No credible content | <b>0</b> |  |
| Rationale                                                                                                                                                                     | Marks                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |           |       |                                               |          |                               |          |                                                                                                                                                                               |          |                                                                                              |          |                     |          |  |
| Correct answer (with or without formula or %)                                                                                                                                 | <b>4</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |           |       |                                               |          |                               |          |                                                                                                                                                                               |          |                                                                                              |          |                     |          |  |
| Attempt using correct figures                                                                                                                                                 | <b>3</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |           |       |                                               |          |                               |          |                                                                                                                                                                               |          |                                                                                              |          |                     |          |  |
| Correct formula <b>and</b> calculation of cost <b>or</b> revenue<br><b>OR</b><br>Correct calculation of cost <b>and</b> revenue<br><b>OR</b><br>Correct calculation of profit | <b>2</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |           |       |                                               |          |                               |          |                                                                                                                                                                               |          |                                                                                              |          |                     |          |  |
| Correct formula or correct calculation of one figure (cost or revenue – total or individual)                                                                                  | <b>1</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |           |       |                                               |          |                               |          |                                                                                                                                                                               |          |                                                                                              |          |                     |          |  |
| No credible content                                                                                                                                                           | <b>0</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |           |       |                                               |          |                               |          |                                                                                                                                                                               |          |                                                                                              |          |                     |          |  |

| Question                                              | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Marks                                                                               |      |           |                 |          |                                        |                  |          |                                                                 |                                                       |          |                                                                                     |                         |          |                                                                                |                        |          |                                                                          |       |          |                                    |       |          |                                          |       |          |                                      |       |          |                                              |  |
|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|------|-----------|-----------------|----------|----------------------------------------|------------------|----------|-----------------------------------------------------------------|-------------------------------------------------------|----------|-------------------------------------------------------------------------------------|-------------------------|----------|--------------------------------------------------------------------------------|------------------------|----------|--------------------------------------------------------------------------|-------|----------|------------------------------------|-------|----------|------------------------------------------|-------|----------|--------------------------------------|-------|----------|----------------------------------------------|--|
| 1(b)(i)                                               | <p><b>or</b></p> <p>Profit = <math>(\\$150 - \\$100) \times 5 = \\$250</math><br/> Sales revenue = <math>5 \times 150 = \\$750</math><br/> <math>\frac{\\$250}{\\$750} = 0.33 \times 100 = 33\%</math></p> <table border="1"> <thead> <tr> <th>Response</th><th>Mark</th><th>Rationale</th></tr> </thead> <tbody> <tr> <td>33 (no working)</td><td><b>4</b></td><td>Correct answer, no working or % needed</td></tr> <tr> <td>50% (no working)</td><td><b>0</b></td><td>Incorrect answer – no working to back up where figure came from</td></tr> <tr> <td><math>\\$150 - \\$100 = \\$50</math><br/><math>\frac{\\$50}{\\$100} = 50\%</math></td><td><b>3</b></td><td>Wrong base figure used – attempt using correct figures (<b>must have working</b>)</td></tr> <tr> <td><math>\\$750 - \\$500 = \\$250</math></td><td><b>2</b></td><td>Correct calculation of total profit for one bench (<b>must have working</b>)</td></tr> <tr> <td><math>\\$150 - \\$100 = \\$50</math></td><td><b>2</b></td><td>Correct calculation of profit for one bench (<b>must have working</b>)</td></tr> <tr> <td>\$500</td><td><b>1</b></td><td>Correct calculation of total costs</td></tr> <tr> <td>\$100</td><td><b>1</b></td><td>Correct calculation of cost of one bench</td></tr> <tr> <td>\$750</td><td><b>1</b></td><td>Correct calculation of total revenue</td></tr> <tr> <td>\$150</td><td><b>1</b></td><td>Correct calculation of revenue for one bench</td></tr> </tbody> </table> <p><b>OFR applies</b></p> | Response                                                                            | Mark | Rationale | 33 (no working) | <b>4</b> | Correct answer, no working or % needed | 50% (no working) | <b>0</b> | Incorrect answer – no working to back up where figure came from | $\$150 - \$100 = \$50$<br>$\frac{\$50}{\$100} = 50\%$ | <b>3</b> | Wrong base figure used – attempt using correct figures ( <b>must have working</b> ) | $\$750 - \$500 = \$250$ | <b>2</b> | Correct calculation of total profit for one bench ( <b>must have working</b> ) | $\$150 - \$100 = \$50$ | <b>2</b> | Correct calculation of profit for one bench ( <b>must have working</b> ) | \$500 | <b>1</b> | Correct calculation of total costs | \$100 | <b>1</b> | Correct calculation of cost of one bench | \$750 | <b>1</b> | Correct calculation of total revenue | \$150 | <b>1</b> | Correct calculation of revenue for one bench |  |
| Response                                              | Mark                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Rationale                                                                           |      |           |                 |          |                                        |                  |          |                                                                 |                                                       |          |                                                                                     |                         |          |                                                                                |                        |          |                                                                          |       |          |                                    |       |          |                                          |       |          |                                      |       |          |                                              |  |
| 33 (no working)                                       | <b>4</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Correct answer, no working or % needed                                              |      |           |                 |          |                                        |                  |          |                                                                 |                                                       |          |                                                                                     |                         |          |                                                                                |                        |          |                                                                          |       |          |                                    |       |          |                                          |       |          |                                      |       |          |                                              |  |
| 50% (no working)                                      | <b>0</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Incorrect answer – no working to back up where figure came from                     |      |           |                 |          |                                        |                  |          |                                                                 |                                                       |          |                                                                                     |                         |          |                                                                                |                        |          |                                                                          |       |          |                                    |       |          |                                          |       |          |                                      |       |          |                                              |  |
| $\$150 - \$100 = \$50$<br>$\frac{\$50}{\$100} = 50\%$ | <b>3</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Wrong base figure used – attempt using correct figures ( <b>must have working</b> ) |      |           |                 |          |                                        |                  |          |                                                                 |                                                       |          |                                                                                     |                         |          |                                                                                |                        |          |                                                                          |       |          |                                    |       |          |                                          |       |          |                                      |       |          |                                              |  |
| $\$750 - \$500 = \$250$                               | <b>2</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Correct calculation of total profit for one bench ( <b>must have working</b> )      |      |           |                 |          |                                        |                  |          |                                                                 |                                                       |          |                                                                                     |                         |          |                                                                                |                        |          |                                                                          |       |          |                                    |       |          |                                          |       |          |                                      |       |          |                                              |  |
| $\$150 - \$100 = \$50$                                | <b>2</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Correct calculation of profit for one bench ( <b>must have working</b> )            |      |           |                 |          |                                        |                  |          |                                                                 |                                                       |          |                                                                                     |                         |          |                                                                                |                        |          |                                                                          |       |          |                                    |       |          |                                          |       |          |                                      |       |          |                                              |  |
| \$500                                                 | <b>1</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Correct calculation of total costs                                                  |      |           |                 |          |                                        |                  |          |                                                                 |                                                       |          |                                                                                     |                         |          |                                                                                |                        |          |                                                                          |       |          |                                    |       |          |                                          |       |          |                                      |       |          |                                              |  |
| \$100                                                 | <b>1</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Correct calculation of cost of one bench                                            |      |           |                 |          |                                        |                  |          |                                                                 |                                                       |          |                                                                                     |                         |          |                                                                                |                        |          |                                                                          |       |          |                                    |       |          |                                          |       |          |                                      |       |          |                                              |  |
| \$750                                                 | <b>1</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Correct calculation of total revenue                                                |      |           |                 |          |                                        |                  |          |                                                                 |                                                       |          |                                                                                     |                         |          |                                                                                |                        |          |                                                                          |       |          |                                    |       |          |                                          |       |          |                                      |       |          |                                              |  |
| \$150                                                 | <b>1</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Correct calculation of revenue for one bench                                        |      |           |                 |          |                                        |                  |          |                                                                 |                                                       |          |                                                                                     |                         |          |                                                                                |                        |          |                                                                          |       |          |                                    |       |          |                                          |       |          |                                      |       |          |                                              |  |

| Question                                                                                | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Marks    |                           |       |            |                                                                                          |          |           |                                                                                                      |          |   |                       |          |          |           |       |                                                                                         |                                             |          |                                |                                        |          |                       |  |          |          |
|-----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------------------------|-------|------------|------------------------------------------------------------------------------------------|----------|-----------|------------------------------------------------------------------------------------------------------|----------|---|-----------------------|----------|----------|-----------|-------|-----------------------------------------------------------------------------------------|---------------------------------------------|----------|--------------------------------|----------------------------------------|----------|-----------------------|--|----------|----------|
| 1(b)(ii)                                                                                | <p><b>Explain <u>one</u> way in which Bob could increase the forecast profitability of option 1.</b></p> <table> <tr> <th>Level</th><th>Knowledge and application</th><th>Marks</th></tr> <tr> <td>2<br/>(APP)</td><td>Explains one or more way in which Bob could increase forecast profitability (in context)</td><td><b>2</b></td></tr> <tr> <td>1a<br/>(K)</td><td>Identifies one or more way in which forecast profitability could be increased (In or out of context)</td><td><b>1</b></td></tr> <tr> <td>0</td><td>No creditable content</td><td><b>0</b></td></tr> </table> <p>Some ways Bob could increase forecast profitability:</p> <ul style="list-style-type: none"> <li>• Bob could decrease the cost of raw materials by using cheaper wood</li> <li>• Could choose a different method of transportation to reduce costs</li> <li>• Could change to a batch method of production of benches which could reduce labour costs</li> </ul> <table> <tr> <th>Exemplar</th><th>Rationale</th><th>Marks</th></tr> <tr> <td>Could change to a batch method of production of benches which could reduce labour costs</td><td>One explained with direct link to the case.</td><td><b>2</b></td></tr> <tr> <td>Decrease cost of raw materials</td><td>One identified without any explanation</td><td><b>1</b></td></tr> <tr> <td>No creditable content</td><td></td><td><b>0</b></td></tr> </table> | Level    | Knowledge and application | Marks | 2<br>(APP) | Explains one or more way in which Bob could increase forecast profitability (in context) | <b>2</b> | 1a<br>(K) | Identifies one or more way in which forecast profitability could be increased (In or out of context) | <b>1</b> | 0 | No creditable content | <b>0</b> | Exemplar | Rationale | Marks | Could change to a batch method of production of benches which could reduce labour costs | One explained with direct link to the case. | <b>2</b> | Decrease cost of raw materials | One identified without any explanation | <b>1</b> | No creditable content |  | <b>0</b> | <b>2</b> |
| Level                                                                                   | Knowledge and application                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Marks    |                           |       |            |                                                                                          |          |           |                                                                                                      |          |   |                       |          |          |           |       |                                                                                         |                                             |          |                                |                                        |          |                       |  |          |          |
| 2<br>(APP)                                                                              | Explains one or more way in which Bob could increase forecast profitability (in context)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>2</b> |                           |       |            |                                                                                          |          |           |                                                                                                      |          |   |                       |          |          |           |       |                                                                                         |                                             |          |                                |                                        |          |                       |  |          |          |
| 1a<br>(K)                                                                               | Identifies one or more way in which forecast profitability could be increased (In or out of context)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>1</b> |                           |       |            |                                                                                          |          |           |                                                                                                      |          |   |                       |          |          |           |       |                                                                                         |                                             |          |                                |                                        |          |                       |  |          |          |
| 0                                                                                       | No creditable content                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>0</b> |                           |       |            |                                                                                          |          |           |                                                                                                      |          |   |                       |          |          |           |       |                                                                                         |                                             |          |                                |                                        |          |                       |  |          |          |
| Exemplar                                                                                | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Marks    |                           |       |            |                                                                                          |          |           |                                                                                                      |          |   |                       |          |          |           |       |                                                                                         |                                             |          |                                |                                        |          |                       |  |          |          |
| Could change to a batch method of production of benches which could reduce labour costs | One explained with direct link to the case.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>2</b> |                           |       |            |                                                                                          |          |           |                                                                                                      |          |   |                       |          |          |           |       |                                                                                         |                                             |          |                                |                                        |          |                       |  |          |          |
| Decrease cost of raw materials                                                          | One identified without any explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>1</b> |                           |       |            |                                                                                          |          |           |                                                                                                      |          |   |                       |          |          |           |       |                                                                                         |                                             |          |                                |                                        |          |                       |  |          |          |
| No creditable content                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>0</b> |                           |       |            |                                                                                          |          |           |                                                                                                      |          |   |                       |          |          |           |       |                                                                                         |                                             |          |                                |                                        |          |                       |  |          |          |

| Question                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Answer                                                          |                                                                                      |       |                                                                                          |       | Marks |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|--------------------------------------------------------------------------------------|-------|------------------------------------------------------------------------------------------|-------|-------|
| 1(c)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Analyse <u>two</u> benefits to Bob of using cost-based pricing. |                                                                                      |       |                                                                                          |       | 8     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Level                                                           | Knowledge and Application (4 marks)                                                  | Marks | Analysis (4 marks)                                                                       | Marks |       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 2b                                                              | Shows understanding of <b>two</b> benefits of cost-based pricing a <i>in context</i> | 4     | Developed analysis on Bob of <b>two</b> benefits of cost-based pricing <i>in context</i> | 4     |       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 2a                                                              | Shows understanding of <b>one</b> benefit of cost-based pricing <i>in context</i>    | 3     | Developed analysis on Bob of <b>one</b> benefit of cost-based pricing <i>in context</i>  | 3     |       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 1                                                               | Shows knowledge of <b>two</b> benefits of using cost-based pricing                   | 2     | Limited analysis on a business of <b>two</b> benefits of cost-based pricing              | 2     |       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                 | Shows knowledge of <b>one</b> benefit of using cost-based pricing                    | 1     | Limited analysis on a business of <b>one</b> benefit of cost-based pricing               | 1     |       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 0                                                               | No creditable content                                                                |       |                                                                                          |       |       |
| <p><b>Knowledge</b><br/>A method of creating a selling price based on relevant factors<br/>Putting the same mark up on all products regardless of other variables/factors</p> <p>Benefits include:</p> <ul style="list-style-type: none"><li>• Easy to use</li><li>• Quick to calculate</li><li>• Covers all costs</li><li>• Can be used in a dynamic market</li><li>• Allows for pricing of 'one-off' products</li><li>• Can be used for new/innovative products</li></ul> <p><b>ARA</b></p> <p><b>Context/content/analysis:</b></p> <ul style="list-style-type: none"><li>• Will never make a loss on any garden benches made (<i>APP/AN</i>) and will lead to better forecasting (<i>ANAN</i>)</li><li>• Is responsive to changes in the cost of raw materials (k) such as wood (<i>APP</i>) which means that costs will always be covered (an) and may reduce the selling price if costs fall (<i>ANAN</i>)</li></ul> |                                                                 |                                                                                      |       |                                                                                          |       |       |

| Question                                                                                                     | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                  |       |  | Marks                               |       |                                   |       |  |  |                                                              |   |  |  |                                                              |   |  |  |                                                                              |   |                                                                                                              |   |                                                                                                  |   |                                                                                                |   |                                                                                     |   |                                                                               |   |                                                                  |   |                                                                              |   |                                                                               |   |                       |  |  |  |    |
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| 1(d)                                                                                                         | <p><b>Refer to Table 1.1 and any other relevant information. Recommend which of the two options Bob should choose. Justify your recommendation.</b></p> <table><tr><th>Knowledge and Application (4 marks)</th><th>Marks</th><th>Analysis and Evaluation (7 marks)</th><th>Marks</th></tr><tr><td></td><td></td><td>Justified recommendation based on argument <i>in context</i></td><td>7</td></tr><tr><td></td><td></td><td>Developed recommendation based on argument <i>in context</i></td><td>6</td></tr><tr><td></td><td></td><td>An evaluative statement / recommendation based on argument <i>in context</i></td><td>5</td></tr><tr><td>Shows understanding of <b>two</b> factors affecting decision making of <b>both options</b> <i>in context</i></td><td>4</td><td>A balanced argument based on analysis of <b>both options</b> available to <i>Bob's Furniture</i></td><td>4</td></tr><tr><td>Shows understanding of factor affecting decision making of <b>one option</b> <i>in context</i></td><td>3</td><td>Argument based on analysis of <b>one option</b> available to <i>Bob's Furniture</i></td><td>3</td></tr><tr><td>Shows knowledge of <b>two</b> factors affecting decision making in a business</td><td>2</td><td>Limited analysis of <b>two</b> factors affecting decision making</td><td>2</td></tr><tr><td>Shows knowledge of <b>one</b> factor affecting decision making in a business</td><td>1</td><td>Limited analysis of <b>one</b> factor affecting decision making in a business</td><td>1</td></tr><tr><td colspan="4">No creditable content</td></tr></table> <p><i>Annotate the first option on the LHS and the second option on the RHS</i></p> <p><b>Answers could include:</b></p> <ul style="list-style-type: none"><li>• The opportunity costs associated with choosing option X over option Y (time taken, costs etc)</li><li>• The upselling opportunity offered from selling a complimentary product</li><li>• The potential brand dilution of selling lower quality garden furniture affecting the premium core business</li><li>• Maximising usage and profit potential of raw materials for option 2</li></ul> <p><b>Any answer which does not reference either option 1 or 2 and focuses only on the core business cannot score higher than limited analysis (i.e. 2 + 2)</b></p> |                                                                                                  |       |  | Knowledge and Application (4 marks) | Marks | Analysis and Evaluation (7 marks) | Marks |  |  | Justified recommendation based on argument <i>in context</i> | 7 |  |  | Developed recommendation based on argument <i>in context</i> | 6 |  |  | An evaluative statement / recommendation based on argument <i>in context</i> | 5 | Shows understanding of <b>two</b> factors affecting decision making of <b>both options</b> <i>in context</i> | 4 | A balanced argument based on analysis of <b>both options</b> available to <i>Bob's Furniture</i> | 4 | Shows understanding of factor affecting decision making of <b>one option</b> <i>in context</i> | 3 | Argument based on analysis of <b>one option</b> available to <i>Bob's Furniture</i> | 3 | Shows knowledge of <b>two</b> factors affecting decision making in a business | 2 | Limited analysis of <b>two</b> factors affecting decision making | 2 | Shows knowledge of <b>one</b> factor affecting decision making in a business | 1 | Limited analysis of <b>one</b> factor affecting decision making in a business | 1 | No creditable content |  |  |  | 11 |
| Knowledge and Application (4 marks)                                                                          | Marks                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Analysis and Evaluation (7 marks)                                                                | Marks |  |                                     |       |                                   |       |  |  |                                                              |   |  |  |                                                              |   |  |  |                                                                              |   |                                                                                                              |   |                                                                                                  |   |                                                                                                |   |                                                                                     |   |                                                                               |   |                                                                  |   |                                                                              |   |                                                                               |   |                       |  |  |  |    |
|                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Justified recommendation based on argument <i>in context</i>                                     | 7     |  |                                     |       |                                   |       |  |  |                                                              |   |  |  |                                                              |   |  |  |                                                                              |   |                                                                                                              |   |                                                                                                  |   |                                                                                                |   |                                                                                     |   |                                                                               |   |                                                                  |   |                                                                              |   |                                                                               |   |                       |  |  |  |    |
|                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Developed recommendation based on argument <i>in context</i>                                     | 6     |  |                                     |       |                                   |       |  |  |                                                              |   |  |  |                                                              |   |  |  |                                                                              |   |                                                                                                              |   |                                                                                                  |   |                                                                                                |   |                                                                                     |   |                                                                               |   |                                                                  |   |                                                                              |   |                                                                               |   |                       |  |  |  |    |
|                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | An evaluative statement / recommendation based on argument <i>in context</i>                     | 5     |  |                                     |       |                                   |       |  |  |                                                              |   |  |  |                                                              |   |  |  |                                                                              |   |                                                                                                              |   |                                                                                                  |   |                                                                                                |   |                                                                                     |   |                                                                               |   |                                                                  |   |                                                                              |   |                                                                               |   |                       |  |  |  |    |
| Shows understanding of <b>two</b> factors affecting decision making of <b>both options</b> <i>in context</i> | 4                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | A balanced argument based on analysis of <b>both options</b> available to <i>Bob's Furniture</i> | 4     |  |                                     |       |                                   |       |  |  |                                                              |   |  |  |                                                              |   |  |  |                                                                              |   |                                                                                                              |   |                                                                                                  |   |                                                                                                |   |                                                                                     |   |                                                                               |   |                                                                  |   |                                                                              |   |                                                                               |   |                       |  |  |  |    |
| Shows understanding of factor affecting decision making of <b>one option</b> <i>in context</i>               | 3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Argument based on analysis of <b>one option</b> available to <i>Bob's Furniture</i>              | 3     |  |                                     |       |                                   |       |  |  |                                                              |   |  |  |                                                              |   |  |  |                                                                              |   |                                                                                                              |   |                                                                                                  |   |                                                                                                |   |                                                                                     |   |                                                                               |   |                                                                  |   |                                                                              |   |                                                                               |   |                       |  |  |  |    |
| Shows knowledge of <b>two</b> factors affecting decision making in a business                                | 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Limited analysis of <b>two</b> factors affecting decision making                                 | 2     |  |                                     |       |                                   |       |  |  |                                                              |   |  |  |                                                              |   |  |  |                                                                              |   |                                                                                                              |   |                                                                                                  |   |                                                                                                |   |                                                                                     |   |                                                                               |   |                                                                  |   |                                                                              |   |                                                                               |   |                       |  |  |  |    |
| Shows knowledge of <b>one</b> factor affecting decision making in a business                                 | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Limited analysis of <b>one</b> factor affecting decision making in a business                    | 1     |  |                                     |       |                                   |       |  |  |                                                              |   |  |  |                                                              |   |  |  |                                                                              |   |                                                                                                              |   |                                                                                                  |   |                                                                                                |   |                                                                                     |   |                                                                               |   |                                                                  |   |                                                                              |   |                                                                               |   |                       |  |  |  |    |
| No creditable content                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                  |       |  |                                     |       |                                   |       |  |  |                                                              |   |  |  |                                                              |   |  |  |                                                                              |   |                                                                                                              |   |                                                                                                  |   |                                                                                                |   |                                                                                     |   |                                                                               |   |                                                                  |   |                                                                              |   |                                                                               |   |                       |  |  |  |    |

| Question                                                           | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Marks    |           |           |                                                                                |                                                                    |                                                                              |          |                                                              |                      |          |                                        |                    |          |                                         |                                |          |           |           |          |  |
|--------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-----------|-----------|--------------------------------------------------------------------------------|--------------------------------------------------------------------|------------------------------------------------------------------------------|----------|--------------------------------------------------------------|----------------------|----------|----------------------------------------|--------------------|----------|-----------------------------------------|--------------------------------|----------|-----------|-----------|----------|--|
| 2(a)(i)                                                            | <b>Define the term ‘market segment’ (lines 5–6)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>2</b> |           |           |                                                                                |                                                                    |                                                                              |          |                                                              |                      |          |                                        |                    |          |                                         |                                |          |           |           |          |  |
|                                                                    | <table><tr><th>Knowledge</th><th>Marks</th></tr><tr><td>Reference to groups of potential customers <b>with</b> similar characteristics</td><td><b>2</b></td></tr><tr><td>Reference to groups of potential customers <b>OR</b> similar characteristics</td><td><b>1</b></td></tr><tr><td>No credible content</td><td><b>0</b></td></tr></table>                                                                                                                                                                                                                                                                             |          | Knowledge | Marks     | Reference to groups of potential customers <b>with</b> similar characteristics | <b>2</b>                                                           | Reference to groups of potential customers <b>OR</b> similar characteristics | <b>1</b> | No credible content                                          | <b>0</b>             |          |                                        |                    |          |                                         |                                |          |           |           |          |  |
|                                                                    | Knowledge                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |          | Marks     |           |                                                                                |                                                                    |                                                                              |          |                                                              |                      |          |                                        |                    |          |                                         |                                |          |           |           |          |  |
|                                                                    | Reference to groups of potential customers <b>with</b> similar characteristics                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |          | <b>2</b>  |           |                                                                                |                                                                    |                                                                              |          |                                                              |                      |          |                                        |                    |          |                                         |                                |          |           |           |          |  |
|                                                                    | Reference to groups of potential customers <b>OR</b> similar characteristics                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |          | <b>1</b>  |           |                                                                                |                                                                    |                                                                              |          |                                                              |                      |          |                                        |                    |          |                                         |                                |          |           |           |          |  |
|                                                                    | No credible content                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |          | <b>0</b>  |           |                                                                                |                                                                    |                                                                              |          |                                                              |                      |          |                                        |                    |          |                                         |                                |          |           |           |          |  |
|                                                                    | A correct definition could cover the following:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |          |           |           |                                                                                |                                                                    |                                                                              |          |                                                              |                      |          |                                        |                    |          |                                         |                                |          |           |           |          |  |
|                                                                    | <ul style="list-style-type: none"><li>• A group of potential customers/a division of the market</li><li>• That all have similar characteristics/needs and wants</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                  |          |           |           |                                                                                |                                                                    |                                                                              |          |                                                              |                      |          |                                        |                    |          |                                         |                                |          |           |           |          |  |
|                                                                    | <table><tr><th>Exemplar</th><th>Rationale</th><th>Marks</th></tr><tr><td>A group of potential customers who have similar needs and/or wants</td><td>Two elements covered</td><td><b>2</b></td></tr><tr><td>A part of the whole market which has similar characteristics</td><td>Two elements covered</td><td><b>2</b></td></tr><tr><td>Customers with similar characteristics</td><td>A simple statement</td><td><b>1</b></td></tr><tr><td>Different groups of potential customers</td><td>An understanding but too vague</td><td><b>1</b></td></tr><tr><td>customers</td><td>Too vague</td><td><b>0</b></td></tr></table> |          | Exemplar  | Rationale | Marks                                                                          | A group of potential customers who have similar needs and/or wants | Two elements covered                                                         | <b>2</b> | A part of the whole market which has similar characteristics | Two elements covered | <b>2</b> | Customers with similar characteristics | A simple statement | <b>1</b> | Different groups of potential customers | An understanding but too vague | <b>1</b> | customers | Too vague | <b>0</b> |  |
|                                                                    | Exemplar                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |          | Rationale | Marks     |                                                                                |                                                                    |                                                                              |          |                                                              |                      |          |                                        |                    |          |                                         |                                |          |           |           |          |  |
| A group of potential customers who have similar needs and/or wants | Two elements covered                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>2</b> |           |           |                                                                                |                                                                    |                                                                              |          |                                                              |                      |          |                                        |                    |          |                                         |                                |          |           |           |          |  |
| A part of the whole market which has similar characteristics       | Two elements covered                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>2</b> |           |           |                                                                                |                                                                    |                                                                              |          |                                                              |                      |          |                                        |                    |          |                                         |                                |          |           |           |          |  |
| Customers with similar characteristics                             | A simple statement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>1</b> |           |           |                                                                                |                                                                    |                                                                              |          |                                                              |                      |          |                                        |                    |          |                                         |                                |          |           |           |          |  |
| Different groups of potential customers                            | An understanding but too vague                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>1</b> |           |           |                                                                                |                                                                    |                                                                              |          |                                                              |                      |          |                                        |                    |          |                                         |                                |          |           |           |          |  |
| customers                                                          | Too vague                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>0</b> |           |           |                                                                                |                                                                    |                                                                              |          |                                                              |                      |          |                                        |                    |          |                                         |                                |          |           |           |          |  |

| Question                                                                                          | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Marks    |           |       |   |                                                                                                               |          |   |                                                                        |          |   |                                                         |          |          |           |       |                                                                                                   |                    |          |                                                                       |                    |          |                          |         |          |            |         |          |                                                        |        |          |                          |        |          |                                     |           |          |                         |  |          |          |
|---------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-----------|-------|---|---------------------------------------------------------------------------------------------------------------|----------|---|------------------------------------------------------------------------|----------|---|---------------------------------------------------------|----------|----------|-----------|-------|---------------------------------------------------------------------------------------------------|--------------------|----------|-----------------------------------------------------------------------|--------------------|----------|--------------------------|---------|----------|------------|---------|----------|--------------------------------------------------------|--------|----------|--------------------------|--------|----------|-------------------------------------|-----------|----------|-------------------------|--|----------|----------|
| 2(a)(ii)                                                                                          | <p><b>Explain the term ‘start-up capital’ (lines 6–7)</b></p> <p>Award one mark for each point of explanation</p> <table border="1"> <thead> <tr> <th>Point</th><th>Knowledge</th><th>Marks</th></tr> </thead> <tbody> <tr> <td>C</td><td><b>Example</b> or some other way of showing good understanding – to buy machinery / equipment / raw materials</td><td><b>1</b></td></tr> <tr> <td>B</td><td>Understanding of the time frame – initial, needed to create a business</td><td><b>1</b></td></tr> <tr> <td>A</td><td>Understanding of capital – money used within a business</td><td><b>1</b></td></tr> </tbody> </table> <p><b>Note:</b> C mark can only be awarded if A and B marks have already been awarded</p> <table border="1"> <thead> <tr> <th>Exemplar</th><th>Rationale</th><th>Marks</th></tr> </thead> <tbody> <tr> <td>It is the initial investment needed to fund a new business, used to buy new machinery or premises</td><td>All three elements</td><td><b>3</b></td></tr> <tr> <td>Seed money used to invest in a new business venture, such as licences</td><td>All three elements</td><td><b>3</b></td></tr> <tr> <td>Money for a new business</td><td>A and B</td><td><b>2</b></td></tr> <tr> <td>Seed money</td><td>A and B</td><td><b>2</b></td></tr> <tr> <td>Money used in a business such as buying raw materials.</td><td>A only</td><td><b>1</b></td></tr> <tr> <td>Money used in a business</td><td>A only</td><td><b>1</b></td></tr> <tr> <td>Capital used to start up a business</td><td>Tautology</td><td><b>0</b></td></tr> <tr> <td>No identifiable content</td><td></td><td><b>0</b></td></tr> </tbody> </table> | Point    | Knowledge | Marks | C | <b>Example</b> or some other way of showing good understanding – to buy machinery / equipment / raw materials | <b>1</b> | B | Understanding of the time frame – initial, needed to create a business | <b>1</b> | A | Understanding of capital – money used within a business | <b>1</b> | Exemplar | Rationale | Marks | It is the initial investment needed to fund a new business, used to buy new machinery or premises | All three elements | <b>3</b> | Seed money used to invest in a new business venture, such as licences | All three elements | <b>3</b> | Money for a new business | A and B | <b>2</b> | Seed money | A and B | <b>2</b> | Money used in a business such as buying raw materials. | A only | <b>1</b> | Money used in a business | A only | <b>1</b> | Capital used to start up a business | Tautology | <b>0</b> | No identifiable content |  | <b>0</b> | <b>3</b> |
| Point                                                                                             | Knowledge                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Marks    |           |       |   |                                                                                                               |          |   |                                                                        |          |   |                                                         |          |          |           |       |                                                                                                   |                    |          |                                                                       |                    |          |                          |         |          |            |         |          |                                                        |        |          |                          |        |          |                                     |           |          |                         |  |          |          |
| C                                                                                                 | <b>Example</b> or some other way of showing good understanding – to buy machinery / equipment / raw materials                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>1</b> |           |       |   |                                                                                                               |          |   |                                                                        |          |   |                                                         |          |          |           |       |                                                                                                   |                    |          |                                                                       |                    |          |                          |         |          |            |         |          |                                                        |        |          |                          |        |          |                                     |           |          |                         |  |          |          |
| B                                                                                                 | Understanding of the time frame – initial, needed to create a business                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>1</b> |           |       |   |                                                                                                               |          |   |                                                                        |          |   |                                                         |          |          |           |       |                                                                                                   |                    |          |                                                                       |                    |          |                          |         |          |            |         |          |                                                        |        |          |                          |        |          |                                     |           |          |                         |  |          |          |
| A                                                                                                 | Understanding of capital – money used within a business                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>1</b> |           |       |   |                                                                                                               |          |   |                                                                        |          |   |                                                         |          |          |           |       |                                                                                                   |                    |          |                                                                       |                    |          |                          |         |          |            |         |          |                                                        |        |          |                          |        |          |                                     |           |          |                         |  |          |          |
| Exemplar                                                                                          | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Marks    |           |       |   |                                                                                                               |          |   |                                                                        |          |   |                                                         |          |          |           |       |                                                                                                   |                    |          |                                                                       |                    |          |                          |         |          |            |         |          |                                                        |        |          |                          |        |          |                                     |           |          |                         |  |          |          |
| It is the initial investment needed to fund a new business, used to buy new machinery or premises | All three elements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>3</b> |           |       |   |                                                                                                               |          |   |                                                                        |          |   |                                                         |          |          |           |       |                                                                                                   |                    |          |                                                                       |                    |          |                          |         |          |            |         |          |                                                        |        |          |                          |        |          |                                     |           |          |                         |  |          |          |
| Seed money used to invest in a new business venture, such as licences                             | All three elements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>3</b> |           |       |   |                                                                                                               |          |   |                                                                        |          |   |                                                         |          |          |           |       |                                                                                                   |                    |          |                                                                       |                    |          |                          |         |          |            |         |          |                                                        |        |          |                          |        |          |                                     |           |          |                         |  |          |          |
| Money for a new business                                                                          | A and B                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>2</b> |           |       |   |                                                                                                               |          |   |                                                                        |          |   |                                                         |          |          |           |       |                                                                                                   |                    |          |                                                                       |                    |          |                          |         |          |            |         |          |                                                        |        |          |                          |        |          |                                     |           |          |                         |  |          |          |
| Seed money                                                                                        | A and B                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>2</b> |           |       |   |                                                                                                               |          |   |                                                                        |          |   |                                                         |          |          |           |       |                                                                                                   |                    |          |                                                                       |                    |          |                          |         |          |            |         |          |                                                        |        |          |                          |        |          |                                     |           |          |                         |  |          |          |
| Money used in a business such as buying raw materials.                                            | A only                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>1</b> |           |       |   |                                                                                                               |          |   |                                                                        |          |   |                                                         |          |          |           |       |                                                                                                   |                    |          |                                                                       |                    |          |                          |         |          |            |         |          |                                                        |        |          |                          |        |          |                                     |           |          |                         |  |          |          |
| Money used in a business                                                                          | A only                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>1</b> |           |       |   |                                                                                                               |          |   |                                                                        |          |   |                                                         |          |          |           |       |                                                                                                   |                    |          |                                                                       |                    |          |                          |         |          |            |         |          |                                                        |        |          |                          |        |          |                                     |           |          |                         |  |          |          |
| Capital used to start up a business                                                               | Tautology                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>0</b> |           |       |   |                                                                                                               |          |   |                                                                        |          |   |                                                         |          |          |           |       |                                                                                                   |                    |          |                                                                       |                    |          |                          |         |          |            |         |          |                                                        |        |          |                          |        |          |                                     |           |          |                         |  |          |          |
| No identifiable content                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>0</b> |           |       |   |                                                                                                               |          |   |                                                                        |          |   |                                                         |          |          |           |       |                                                                                                   |                    |          |                                                                       |                    |          |                          |         |          |            |         |          |                                                        |        |          |                          |        |          |                                     |           |          |                         |  |          |          |

| Question | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Marks    |           |       |   |                                                                |          |   |                                                                         |          |        |                     |          |        |           |       |      |                           |          |        |                 |          |      |                       |          |          |
|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-----------|-------|---|----------------------------------------------------------------|----------|---|-------------------------------------------------------------------------|----------|--------|---------------------|----------|--------|-----------|-------|------|---------------------------|----------|--------|-----------------|----------|------|-----------------------|----------|----------|
| 2(b)(i)  | <p><b>Refer to Table 2.1 and Table 2.2. Calculate the break-even level of sales for JS in the summer.</b></p> <table> <tr> <th>Level</th><th>Rationale</th><th>Marks</th></tr> <tr> <td>2</td><td>Correct answer (<b>with or without working and/or units</b>)</td><td><b>2</b></td></tr> <tr> <td>1</td><td>Correct formula/understanding of breakeven/correct use of wrong figures</td><td><b>1</b></td></tr> <tr> <td>0 mark</td><td>No credible content</td><td><b>0</b></td></tr> </table> <p>Break even = <math>\frac{\text{Fixed costs}}{\text{Contribution per unit (selling price – variable costs)}}</math></p> <p>Break even = <math>\frac{10000}{(6 - 2)} = 2500 \text{ units}</math></p> <p>Common incorrect answers</p> <table> <tr> <th>Answer</th><th>Rationale</th><th>Marks</th></tr> <tr> <td>2500</td><td>Correct answer (no units)</td><td><b>2</b></td></tr> <tr> <td>FC/CPU</td><td>Correct formula</td><td><b>1</b></td></tr> <tr> <td>1667</td><td>No creditable content</td><td><b>0</b></td></tr> </table> | Level    | Rationale | Marks | 2 | Correct answer ( <b>with or without working and/or units</b> ) | <b>2</b> | 1 | Correct formula/understanding of breakeven/correct use of wrong figures | <b>1</b> | 0 mark | No credible content | <b>0</b> | Answer | Rationale | Marks | 2500 | Correct answer (no units) | <b>2</b> | FC/CPU | Correct formula | <b>1</b> | 1667 | No creditable content | <b>0</b> | <b>2</b> |
| Level    | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Marks    |           |       |   |                                                                |          |   |                                                                         |          |        |                     |          |        |           |       |      |                           |          |        |                 |          |      |                       |          |          |
| 2        | Correct answer ( <b>with or without working and/or units</b> )                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>2</b> |           |       |   |                                                                |          |   |                                                                         |          |        |                     |          |        |           |       |      |                           |          |        |                 |          |      |                       |          |          |
| 1        | Correct formula/understanding of breakeven/correct use of wrong figures                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>1</b> |           |       |   |                                                                |          |   |                                                                         |          |        |                     |          |        |           |       |      |                           |          |        |                 |          |      |                       |          |          |
| 0 mark   | No credible content                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>0</b> |           |       |   |                                                                |          |   |                                                                         |          |        |                     |          |        |           |       |      |                           |          |        |                 |          |      |                       |          |          |
| Answer   | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Marks    |           |       |   |                                                                |          |   |                                                                         |          |        |                     |          |        |           |       |      |                           |          |        |                 |          |      |                       |          |          |
| 2500     | Correct answer (no units)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>2</b> |           |       |   |                                                                |          |   |                                                                         |          |        |                     |          |        |           |       |      |                           |          |        |                 |          |      |                       |          |          |
| FC/CPU   | Correct formula                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>1</b> |           |       |   |                                                                |          |   |                                                                         |          |        |                     |          |        |           |       |      |                           |          |        |                 |          |      |                       |          |          |
| 1667     | No creditable content                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>0</b> |           |       |   |                                                                |          |   |                                                                         |          |        |                     |          |        |           |       |      |                           |          |        |                 |          |      |                       |          |          |

| Question | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Marks    |                           |       |         |                                                                        |          |         |                                                                       |          |         |                                                  |          |        |                                                 |          |   |                       |          |          |
|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------------------------|-------|---------|------------------------------------------------------------------------|----------|---------|-----------------------------------------------------------------------|----------|---------|--------------------------------------------------|----------|--------|-------------------------------------------------|----------|---|-----------------------|----------|----------|
| 2(b)(ii) | <p><b>Explain <u>two</u> factors which may influence the demand for Joe's product.</b></p> <table> <tr> <th>Level</th><th>Knowledge and Application</th><th>Marks</th></tr> <tr> <td>2 (APP)</td><td>Explanation of <b>two</b> factors influencing demand <i>in context</i></td><td><b>4</b></td></tr> <tr> <td>2 (APP)</td><td>Explanation of <b>one</b> factor influencing demand <i>in context</i></td><td><b>3</b></td></tr> <tr> <td>1b (KK)</td><td>Knowledge of <b>two</b> factors affecting demand</td><td><b>2</b></td></tr> <tr> <td>1a (K)</td><td>Knowledge of <b>one</b> factor affecting demand</td><td><b>1</b></td></tr> <tr> <td>0</td><td>No creditable content</td><td><b>0</b></td></tr> </table> <p>Context is likely to come from:</p> <ul style="list-style-type: none"> <li>• The weather – smoothies are more likely to be consumed in summer</li> <li>• The ingredients used in the smoothies – local tastes</li> <li>• The price – comparable to competitors/whether the drinks are affordable</li> <li>• The health culture – is it important?</li> </ul> <p><b>ARA</b></p> | Level    | Knowledge and Application | Marks | 2 (APP) | Explanation of <b>two</b> factors influencing demand <i>in context</i> | <b>4</b> | 2 (APP) | Explanation of <b>one</b> factor influencing demand <i>in context</i> | <b>3</b> | 1b (KK) | Knowledge of <b>two</b> factors affecting demand | <b>2</b> | 1a (K) | Knowledge of <b>one</b> factor affecting demand | <b>1</b> | 0 | No creditable content | <b>0</b> | <b>4</b> |
| Level    | Knowledge and Application                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Marks    |                           |       |         |                                                                        |          |         |                                                                       |          |         |                                                  |          |        |                                                 |          |   |                       |          |          |
| 2 (APP)  | Explanation of <b>two</b> factors influencing demand <i>in context</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>4</b> |                           |       |         |                                                                        |          |         |                                                                       |          |         |                                                  |          |        |                                                 |          |   |                       |          |          |
| 2 (APP)  | Explanation of <b>one</b> factor influencing demand <i>in context</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>3</b> |                           |       |         |                                                                        |          |         |                                                                       |          |         |                                                  |          |        |                                                 |          |   |                       |          |          |
| 1b (KK)  | Knowledge of <b>two</b> factors affecting demand                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>2</b> |                           |       |         |                                                                        |          |         |                                                                       |          |         |                                                  |          |        |                                                 |          |   |                       |          |          |
| 1a (K)   | Knowledge of <b>one</b> factor affecting demand                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>1</b> |                           |       |         |                                                                        |          |         |                                                                       |          |         |                                                  |          |        |                                                 |          |   |                       |          |          |
| 0        | No creditable content                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>0</b> |                           |       |         |                                                                        |          |         |                                                                       |          |         |                                                  |          |        |                                                 |          |   |                       |          |          |

| Question                                                                                                                                                                                                                                                                               | Answer                                                                           |                                                                                  |              |                                                                                            |              | Marks    |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|----------------------------------------------------------------------------------|--------------|--------------------------------------------------------------------------------------------|--------------|----------|
| 2(c)                                                                                                                                                                                                                                                                                   | <b>Analyse <u>two</u> methods of primary market research that Joe could use.</b> |                                                                                  |              |                                                                                            |              | <b>8</b> |
|                                                                                                                                                                                                                                                                                        | <b>Level</b>                                                                     | <b>Knowledge and application</b>                                                 | <b>Marks</b> | <b>Analysis</b>                                                                            | <b>Marks</b> |          |
|                                                                                                                                                                                                                                                                                        | 2                                                                                | Understanding of <b>two</b> methods of primary market research <i>in context</i> | <b>4</b>     | Developed analysis of <b>two</b> appropriate methods of primary research <i>in context</i> | <b>4</b>     |          |
|                                                                                                                                                                                                                                                                                        |                                                                                  | Understanding of <b>one</b> method of primary market research <i>in context</i>  | <b>3</b>     | Developed analysis of <b>one</b> appropriate method of primary research <i>in context</i>  | <b>3</b>     |          |
|                                                                                                                                                                                                                                                                                        | 1                                                                                | Knowledge of <b>two</b> methods of primary market research                       | <b>2</b>     | Limited analysis of <b>two</b> methods of primary research                                 | <b>2</b>     |          |
|                                                                                                                                                                                                                                                                                        |                                                                                  | Knowledge of <b>one</b> method of primary market research                        | <b>1</b>     | Limited analysis of <b>one</b> method of primary research                                  | <b>1</b>     |          |
|                                                                                                                                                                                                                                                                                        | 0                                                                                | <b>No creditable content</b>                                                     |              |                                                                                            |              |          |
| <i>Annotate the first method in the left hand margin and the second in the right hand margin. If more than two methods are attempted, mark the ones that would give the candidate the highest mark allocation.</i>                                                                     |                                                                                  |                                                                                  |              |                                                                                            |              |          |
| <b>Note: Quantitative and qualitative are not methods of primary market research</b>                                                                                                                                                                                                   |                                                                                  |                                                                                  |              |                                                                                            |              |          |
| <b>Content/context and analysis:</b>                                                                                                                                                                                                                                                   |                                                                                  |                                                                                  |              |                                                                                            |              |          |
| <ul style="list-style-type: none"><li>Field research: testing the product on potential customers</li><li>Surveys and questionnaires: can gain a wider range of potential customer opinions and feedback</li><li>Focus groups: can have justified potential customer feedback</li></ul> |                                                                                  |                                                                                  |              |                                                                                            |              |          |
| <b>ARA</b>                                                                                                                                                                                                                                                                             |                                                                                  |                                                                                  |              |                                                                                            |              |          |
| Do not reward sampling as a method                                                                                                                                                                                                                                                     |                                                                                  |                                                                                  |              |                                                                                            |              |          |

| Question                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Answer                                                                    |              |                                                                                        |              | Marks     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|--------------|----------------------------------------------------------------------------------------|--------------|-----------|
| 2(d)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>Discuss sources of finance Joe could use to start up his business.</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 arguments <i>in context</i>                              | <b>7</b>     |           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                           |              | Developed evaluation based on arguments <i>in context</i>                              | <b>6</b>     |           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                           |              | An evaluative statement based on arguments <i>in context</i>                           | <b>5</b>     |           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Understanding of <b>two</b> sources of finance <i>in context</i>          | <b>4</b>     | Developed argument of <b>two</b> or more external sources of finance <i>in context</i> | <b>4</b>     |           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Understanding of <b>one</b> source of finance <i>in context</i>           | <b>3</b>     | Developed argument of <b>one</b> external source of finance <i>in context</i>          | <b>3</b>     |           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Knowledge of <b>two</b> sources of finance                                | <b>2</b>     | Limited analysis of <b>two</b> sources of finance                                      | <b>2</b>     |           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Knowledge of <b>one</b> source of finance                                 | <b>1</b>     | Limited analysis of <b>one</b> source of finance                                       | <b>1</b>     |           |
| <p>Annotate the first source in the left hand margin and the second in the right hand margin. If more than two sources are attempted, mark the ones that would give the candidate the highest mark allocation.</p> <p><b>Contextual analysis likely to come from:</b></p> <ul style="list-style-type: none"> <li>Bank overdraft as the costs are low and likely to be repaid in the short term</li> <li>Bank loan as the capital investment of \$2k may be too high for an overdraft</li> <li>Government start-up grant as he is setting up a new business and may create jobs</li> </ul> <p><b>Evaluation is likely to come from:</b></p> <ul style="list-style-type: none"> <li>Short and long term ambitions of Joe</li> <li>Joe's attitude to risk</li> <li>Joe's ability to persuade banks to lend him the start-up capital</li> </ul> <p><b>ARA</b></p> |                                                                           |              |                                                                                        |              |           |