

**Cambridge International AS & A Level**

**BUSINESS**

**9609/22**

Paper 2 Business Concepts 2

**March 2023**

MARK SCHEME

Maximum Mark: 60

## 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.

## Subject Specific Marking Principles for point-based marking

### 1. Using point-based marking:

Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

- DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning, unless the mark scheme requires a specific term.
- DO credit alternative answers/examples which are not in the mark scheme if they are correct.
- DO credit answers where candidates give more than one correct answer where extended writing is required rather than short/list-type answers.
- DO NOT credit answers simply for using a key term unless that is all that is required. (Check for evidence it is clearly understood and used correctly.)
- DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities. For questions that require  $n$  reasons, e.g. State two reasons..., mark only the first two answers given, not any two that are correct out of a longer list.
- DO NOT give further credit for what is effectively repetition of a correct point already credited or to 'mirror' statements. For example, a response that includes: 'A business owner would benefit from limited liability as it would protect their personal possessions.' and 'If a business owner did not have limited liability they could lose everything.', cannot both be rewarded in answer to one question.
- DO NOT require spellings to be correct, it is not part of the test. However, spellings of business terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused, e.g. offshore/outsource or effective/efficient.

### 2. Presentation of mark scheme:

- Questions are in bold text.
- Possible responses are in normal text in a bulleted list.
- Marks are rewarded based on the table provided for each question.
- Possible responses are listed under the appropriate Assessment Objective.
- Slashes (/) separate alternative ways of making the same point.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark.

### 3. Annotation:

- Every response must have a minimum of one annotation.
- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers.
- For questions where only AO1 and AO2 are rewarded, there is a direct relationship between ticks and marks.
- For levels of response marking, the first time level 1 is achieved, L1 is annotated on the response. If/when level 2 is achieved, L2 should be used, etc.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who mark that paper.

## Guidance on using levels-based marking

Marking of work should be positive, rewarding achievement where possible, but clearly differentiating across the whole range of marks, where appropriate.

The examiner should look at the work and then make a judgement about which level statement is the best fit. In practice, work does not always match one level statement precisely so a judgement may need to be made between two or more level statements.

Once a best-fit level statement has been identified, use the following guidance to decide on a specific mark:

- If the candidate's work **convincingly** meets the level statement, award the highest mark.
- If the candidate's work **adequately** meets the level statement, award the most appropriate mark in the middle of the range.
- If the candidate's work **just** meets the level statement, award the lowest mark.
- L1, L2 etc. must be clearly annotated on the response at the point where the level is achieved.

## Assessment objectives

### AO1 Knowledge and understanding

Demonstrate knowledge and understanding of business concepts, terms and theories.

### AO2 Application

Apply knowledge and understanding of business concepts, terms and theories to problems and issues in a variety of familiar and unfamiliar business situations and contexts.

### AO3 Analysis

Analyse business problems, issues and situations by:

- using appropriate methods and techniques to make sense of qualitative and quantitative business information
- searching for causes, impact and consequences
- distinguishing between factual evidence and opinion or value judgement
- drawing valid inferences and making valid generalisations.

### AO4 Evaluation

Evaluate evidence in order to make reasoned judgements, present substantiated conclusions and, where appropriate, make recommendations for action and implementation.

**PREPARATION FOR MARKING**

1. Make sure that you have completed the relevant training and have access to the *RM Assessor Guide*.
2. Make sure that you have read and understand the question paper, which you can download from <https://support.rm.com/ca>
3. Log in to RM Assessor then mark and submit the required number of practice and standardisation scripts. You will need to mark the standardisation scripts to the required accuracy in order to be approved for marking live scripts. You may be asked to re-mark them, or to mark a second sample, if you do not meet the required accuracy on your first attempt.

**MARKING PROCESS**

1. Mark strictly to the FINAL mark scheme, applying the criteria consistently and the general marking principles outlined on the previous page.
2. If you are in doubt about applying the mark scheme, consult your Team Leader.
3. Mark at a steady rate through the marking period. Do not rush, and do not leave too much until the end. If you anticipate a problem in meeting the deadline, contact your Team Leader immediately and the Examiners' Helpdesk.
4. Examiners will prepare a brief report on the performance of candidates to send to their Team Leader via email by the end of the marking period. The Examiner should note strengths seen in answers and common errors or weaknesses. Constructive comments on the question paper, mark scheme or procedures are also appreciated.

**MARKING SPECIFICS****Crossed out work**

1. **All a candidate's answers, crossed out or not, optional or not, must be marked.**
2. The only response not to be marked is one that has been crossed out and replaced by another response for that exact same question.
3. Consequently, if a candidate has crossed out their response to an optional question and gone on to answer a different optional question then both attempts must be marked. The higher mark will be awarded by the system according to the rubric.

**0 (zero) marks or NR (no response)**

1. Award **NR** if there is nothing at all written in answer to that question (often the case for optional questions).
2. Award **NR** if there is a comment which is not an attempt at the question (e.g. 'can't do it' or 'don't know' etc.)
3. Award **NR** if there is a symbol which is not an attempt at the question, such as a dash or question mark.
4. Award **0** (zero) if there is any attempt at the question which does not score marks. This includes copying the question onto an Answer Booklet.

**Annotation**

1. Every question must have at least one annotation e.g. <NAQ> if it is an NR and <X> or <seen> if 0 marks are awarded.
2. Every page of a script must have at least one annotation e.g. <BP> for a blank page.

## PRE-standardisation

Question	Answer	Marks
1(a)(i)	<p><b>Identify <u>one</u> content theory of motivation.</b></p> <p><b>Indicative content.</b></p> <p>Responses may include:</p> <ul style="list-style-type: none"><li>• Taylor / scientific management</li><li>• Mayo / human needs / Hawthorn effect / HRM</li><li>• Maslow / hierarchy of needs</li><li>• Herzberg / 2 factors</li><li>• McClelland / 3 needs</li></ul> <p>Accept all valid responses.</p>	<b>1</b>

## PRE-standardisation

1(a)(ii)	<p><b>Explain the term <i>supply chain management</i>.</b></p> <table border="1" data-bbox="376 304 1850 619"> <thead> <tr> <th data-bbox="376 304 1117 368">AO1 Knowledge and understanding 1 mark</th> <th data-bbox="1117 304 1850 368">AO2 Application 2 marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="376 368 1117 459"></td> <td data-bbox="1117 368 1850 459"><b>2 marks</b> Developed application of <b>one</b> relevant point to a business context.</td> </tr> <tr> <td data-bbox="376 459 1117 555"><b>1 mark</b> Knowledge of <b>one</b> relevant point is used to answer the question.</td> <td data-bbox="1117 459 1850 555"><b>1 mark</b> Limited application of <b>one</b> relevant point to a business context.</td> </tr> <tr> <td data-bbox="376 555 1117 619"><b>0 marks</b> No creditable response.</td> <td data-bbox="1117 555 1850 619"><b>0 marks</b> No creditable response.</td> </tr> </tbody> </table> <p><b>Indicative content</b></p> <p>Responses may include:</p> <p><b>AO1 Knowledge and understanding</b></p> <ul style="list-style-type: none"> <li>The coordination of the flow of goods and services, between businesses and locations.</li> </ul> <p><b>AO2 Application</b></p> <ul style="list-style-type: none"> <li>Understanding that the flow can be from suppliers or to customers (the complete chain of supply) – e.g. McDonalds buying beef from a farm / e.g. types of inventories such as raw materials, work-in-progress and finished goods.</li> </ul> <p>Accept all valid responses.</p>	AO1 Knowledge and understanding 1 mark	AO2 Application 2 marks		<b>2 marks</b> Developed application of <b>one</b> relevant point to a business context.	<b>1 mark</b> Knowledge of <b>one</b> relevant point is used to answer the question.	<b>1 mark</b> Limited application of <b>one</b> relevant point to a business context.	<b>0 marks</b> No creditable response.	<b>0 marks</b> No creditable response.	<b>3</b>
AO1 Knowledge and understanding 1 mark	AO2 Application 2 marks									
	<b>2 marks</b> Developed application of <b>one</b> relevant point to a business context.									
<b>1 mark</b> Knowledge of <b>one</b> relevant point is used to answer the question.	<b>1 mark</b> Limited application of <b>one</b> relevant point to a business context.									
<b>0 marks</b> No creditable response.	<b>0 marks</b> No creditable response.									

## PRE-standardisation

1(b)(i)	<p><b>An employee works for 8 hours and picks 5 boxes of apples, 2 boxes of bananas and 4 trays of strawberries.</b></p> <p><b>Refer to Table 1.1 and other information. Calculate the difference between the employee's pay using piece rate and time-based payment.</b></p> <p><b>Indicative content.</b></p> <p>Piece rate: Apples – 5 boxes X \$2 = \$10 Bananas – 2 boxes X \$1.50 = \$3 Strawberries – 4 trays X \$3 = \$12 Total pay = \$25 (1)</p> <p>Time based: 8 hours X \$4.50 = \$36 (1)</p> <p>Difference: \$36 - \$25 = \$11 (1 OFR applies)</p> <p><b>Answer = \$11 (3)</b></p>	<b>3</b>
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## PRE-standardisation

1(b)(ii)	<p><b>Explain <u>one</u> advantage to FF of introducing time-based payment.</b></p> <table border="1" data-bbox="376 300 1848 612"> <thead> <tr> <th data-bbox="376 300 1117 363">AO1 Knowledge and understanding 1 mark</th> <th data-bbox="1117 300 1848 363">AO2 Application 2 marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="376 363 1117 456"></td> <td data-bbox="1117 363 1848 456"><b>2 marks</b> Developed application of <b>one</b> relevant point to a business context.</td> </tr> <tr> <td data-bbox="376 456 1117 549"><b>1 mark</b> Knowledge of <b>one</b> relevant point is used to answer the question.</td> <td data-bbox="1117 456 1848 549"><b>1 mark</b> Limited application of <b>one</b> relevant point to a business context.</td> </tr> <tr> <td data-bbox="376 549 1117 612"><b>0 marks</b> No creditable response.</td> <td data-bbox="1117 549 1848 612"><b>0 marks</b> No creditable response.</td> </tr> </tbody> </table> <p><b>Indicative content</b></p> <p>Responses may include:</p> <p><b>AO1 Knowledge and understanding</b> Advantages of time-based payment method may include:</p> <ul style="list-style-type: none"> <li>• motivates employees</li> <li>• improves flexibility</li> <li>• improves quality</li> <li>• easier to forecast cash flow / costs</li> </ul> <p><b>AO2 Application</b></p> <ul style="list-style-type: none"> <li>• Higher payment to employees / fruit pickers - to \$11 (OFR from Q1bi).</li> <li>• FF already has poor motivation among its fruit pickers – time-based pay is a financial motivator.</li> <li>• Fruit pickers on piece rate may choose poor quality e.g., unripe/over-ripe fruit to fill boxes/trays – time-based may allow better quality fruit to be picked.</li> <li>• Different fruit may be more financially beneficial to fruit pickers on piece rate – time-based will even this out allowing fruit pickers to move between different fruits.</li> </ul> <p>Accept all valid responses.</p>	AO1 Knowledge and understanding 1 mark	AO2 Application 2 marks		<b>2 marks</b> Developed application of <b>one</b> relevant point to a business context.	<b>1 mark</b> Knowledge of <b>one</b> relevant point is used to answer the question.	<b>1 mark</b> Limited application of <b>one</b> relevant point to a business context.	<b>0 marks</b> No creditable response.	<b>0 marks</b> No creditable response.	<b>3</b>
AO1 Knowledge and understanding 1 mark	AO2 Application 2 marks									
	<b>2 marks</b> Developed application of <b>one</b> relevant point to a business context.									
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<b>0 marks</b> No creditable response.	<b>0 marks</b> No creditable response.									

## PRE-standardisation

1(c)	<b>Analyse two non-financial motivators that FF could use to motivate its fruit pickers.</b>			<b>8</b>
<b>Level</b>	<b>AO1 Knowledge and understanding</b> <b>2 marks</b>	<b>AO2 Application</b> <b>2 marks</b>	<b>AO3 Analysis</b> <b>4 marks</b>	
<b>2</b>			<b>3–4 marks</b>  <b>Developed analysis</b> <ul style="list-style-type: none"> <li>Developed analysis that identifies connections between causes, impacts and/or consequences of <b>two</b> points.</li> <li>Developed analysis that identifies connections between causes, impacts and/or consequences of <b>one</b> point.</li> </ul>	
<b>1</b>	<b>1–2 marks</b> <ul style="list-style-type: none"> <li>Knowledge of <b>two</b> relevant points is used to answer the question.</li> <li>Knowledge of <b>one</b> relevant point is used to answer the question.</li> </ul>	<b>1–2 marks</b> <ul style="list-style-type: none"> <li>Application of <b>two</b> relevant points to a business context.</li> <li>Application of <b>one</b> relevant point to a business context.</li> </ul>	<b>1–2 marks</b>  <b>Limited analysis</b> <ul style="list-style-type: none"> <li>Limited analysis that identifies connections between causes, impacts and/or consequences of <b>two</b> points.</li> <li>Limited analysis that identifies connections between causes, impacts and/or consequences of <b>one</b> point.</li> </ul>	
<b>0</b>	<b>0 marks</b>  No creditable response.	<b>0 marks</b>  No creditable response.	<b>0 marks</b>  No creditable response.	
<b>Indicative content</b>  Responses may include:				

## PRE-standardisation

	<p><b>AO1 Knowledge and understanding</b>  Knowledge of non-financial motivators, including:</p> <ul style="list-style-type: none"> <li>• training</li> <li>• opportunities for promotion</li> <li>• development</li> <li>• status</li> <li>• job re-design</li> <li>• team working</li> <li>• empowerment</li> <li>• participation</li> <li>• job enrichment.</li> </ul> <p><b>AO2 Application</b></p> <ul style="list-style-type: none"> <li>• Fruit picking is labour intensive work.</li> <li>• 80 fruit pickers currently employed who are paid using piece rate, but would like time-based</li> <li>• Change to time-based would increase FF's costs significantly, 44% increase (based on OFR Q1bi).</li> <li>• Poor induction.</li> <li>• No encouragement of multi-skilling.</li> <li>• Autocratic management style.</li> </ul> <p><b>AO3 Analysis</b>  Analysis may include:</p> <ul style="list-style-type: none"> <li>• Training could be used to improve the induction of employees and lead to greater efficiency – more fruit picked, greater sales, profit.</li> <li>• Development could be used to encourage multi-skilling which may allow employees to move between different fruit types – increase employee flexibility – increased efficiency, sales and profit – however will increase FF's costs.</li> <li>• Job re-design could be used to make the role less labour intensive which may reduce the costs for FF – increased profitability – however may have large capital cost.</li> <li>• Team working – may allow different employees to work together which may improve efficiency of fruit picking – however may increase costs or cause distraction among employees.</li> <li>• Empowerment – may improve motivation by allowing employees to feel part of decision-making e.g., choosing where to work - some employees may prefer some fruit varieties which could increase efficiency – however FF's fruit pickers may not make good decisions that benefit the business.</li> </ul>	
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## PRE-standardisation

	<ul style="list-style-type: none"><li>• Participation – including employees in decision-making may lead to improved efficiency – however could slow down decision-making process.</li><li>• Job enrichment – may allow employees to feel they have more skills and are a bigger part of the business – however there may not be any opportunities for enrichment in fruit picking.</li></ul> <p>Accept all valid responses.</p>	
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## PRE-standardisation

1(d)	<b>Evaluate the likely impact on FF's stakeholders of improving the sustainability of operations.</b>				<b>12</b>
<b>Level</b>	<b>AO1 Knowledge and understanding 2 marks</b>	<b>AO2 Application 2 marks</b>	<b>AO3 Analysis 2 marks</b>	<b>AO4 Evaluation 6 marks</b>	
<b>3</b>				<b>5–6 marks</b> <b>Developed evaluation in context</b> <ul style="list-style-type: none"> <li>• A developed judgement/conclusion is made in the business context.</li> <li>• Developed evaluative comments which balance some key arguments in the business context.</li> </ul>	
<b>2</b>	<b>2 marks</b> <b>Developed knowledge</b> of relevant key term(s) and/or factor(s) is used to answer the question.	<b>2 marks</b> <b>Developed application</b> of relevant point(s) to the business context.	<b>2 marks</b> <b>Developed analysis</b> that identifies connections between causes, impacts and/or consequences.	<b>3–4 marks</b> <b>Developed evaluation</b> <ul style="list-style-type: none"> <li>• A developed judgement/conclusion is made.</li> <li>• Developed evaluative comments which balance some key arguments.</li> </ul>	
<b>1</b>	<b>1 mark</b> <b>Limited knowledge</b> of relevant key term(s) and/or factor(s) is used to answer the question.	<b>1 mark</b> <b>Limited application</b> of relevant point(s) to the business context.	<b>1 mark</b> <b>Limited analysis</b> that identifies connections between causes, impacts and/or consequences.	<b>1–2 marks</b> <b>Limited evaluation</b> <ul style="list-style-type: none"> <li>• A judgement/conclusion is made with limited supporting comment/evidence.</li> <li>• An attempt is made to balance the arguments.</li> </ul>	
<b>0</b>	<b>0 marks</b> No creditable response.	<b>0 marks</b> No creditable response.	<b>0 marks</b> No creditable response.	<b>0 marks</b> No creditable response.	
<b>Indicative content</b>  Responses may include:  <b>AO1 Knowledge and understanding</b>					

## PRE-standardisation

	<p>Sustainability:</p> <ul style="list-style-type: none"> <li>the importance of sustainability, or a green business, is when a business has minimal negative impact or a positive effect on the global or local environment, community, society, or economy.</li> </ul> <p>Business stakeholders:</p> <ul style="list-style-type: none"> <li>individuals or groups with an interest in the activities of a business</li> <li>internal stakeholders e.g. owners/shareholders, employees, managers / external stakeholders e.g. customers, local community, suppliers</li> <li>the roles, rights and responsibilities of stakeholders.</li> </ul> <p><i>Development will come from the knowledge of sustainability in combination with the knowledge of stakeholders. For example: Reducing plastic packaging (K) which may please ethical customers (KK).</i></p> <p><b>AO2 Application</b></p> <p>Application of sustainability:</p> <ul style="list-style-type: none"> <li>FF provides products to the industrial market (not consumer market).</li> <li>Move from single use plastic in packaging to recycled materials.</li> <li>Current system is labour intensive - new machinery would be capital intensive.</li> <li>Less chemicals used in growing.</li> <li>New Supply Chain Management required.</li> </ul> <p>Application of business stakeholders:</p> <ul style="list-style-type: none"> <li>Relevant stakeholders of FF; fruit pickers, shareholders (FF is a private limited company), industrial customers (likely to be grocery shops, supermarkets, restaurants etc.), suppliers (seeds, packaging), directors, environmentalists, local community (farm – large agricultural area), final customers (of fruit purchased in shops).</li> </ul> <p><i>Development will come from applied knowledge of sustainability in combination with the applied knowledge of stakeholders. For example: FF is planning to <u>use less chemicals</u> (APP) which may mean <u>new suppliers of seeds</u> (APPAPP).</i></p> <p><b>AO3 Analysis</b></p> <p>Impacts may include:</p> <ul style="list-style-type: none"> <li>Increase in costs e.g. purchase of machinery, cost of recycled materials <ul style="list-style-type: none"> <li>Shareholders – reduced profit in the short run, however, may increase profitability in the long run – increased dividends, share price.</li> </ul> </li> </ul>	
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## PRE-standardisation

	<ul style="list-style-type: none"> <li>○ Directors – opportunity cost of new machinery, increased decisions to be made - reduced employees to supervise.</li> <li>○ Customers – increased price – may attract a new market of final customers (who favour sustainable products).</li> <li>● More environmentally sustainable: <ul style="list-style-type: none"> <li>○ Customers – may choose to stock more of FF’s products - to attract environmentally conscious final customers.</li> <li>○ Environmental groups may be happier with FF – may become customers of FF’s customers.</li> <li>○ Fruit pickers – may prefer to work for an environmentally sustainable business – may increase motivation.</li> <li>○ Suppliers – may not be able to provide recycled materials and/or different plants – may lose FF as a customer. However, FF may use new suppliers who gain FF as a customer – increased revenue.</li> </ul> </li> <li>● New supply chain management: <ul style="list-style-type: none"> <li>○ Suppliers – may have to change what is sold to FF – increasing suppliers’ costs, or FF may need to find new suppliers.</li> <li>○ Environmental groups may be happier with FF – may become customers of FF’s customers.</li> <li>○ Local community – may benefit from less chemicals being used – increase value of homes, more pleasant living conditions.</li> <li>○ Shareholders – may increase costs. However, may also decrease costs as less chemicals are used – link to profitability.</li> </ul> </li> <li>● Change to capital intensive packaging process: <ul style="list-style-type: none"> <li>○ Shareholders– reduced profit in the short run, however, may increase profitability in the long run – increased dividends, share price.</li> <li>○ Employees in packaging area – may no longer be required and may face redundancy – reduced income and living standards. May need to find a new job.</li> </ul> </li> </ul> <p><b>AO4 Evaluation</b></p> <ul style="list-style-type: none"> <li>● <i>A judgement about the likely impacts of measures to improve the sustainability of operations on the stakeholders of FF.</i></li> <li>● <i>A judgement over which stakeholder(s) may be most impacted by the measures to improve sustainability.</i></li> <li>● <i>A judgement over the measures which are most likely to impact the stakeholders.</i></li> <li>● <i>Elements that the judgement could depend upon, including, the number of workers in the packaging section, the cost of the machinery to produce the recycled packaging, the availability of new suppliers, the level of impact on FF’s costs/profitability, the objectives of different stakeholder groups, the objectives of FF.</i></li> <li>● <i>Weighing up of the impacts on stakeholders of the proposed measures to improve the sustainability of FF.</i></li> </ul> <p>Accept all valid responses.</p>	
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## PRE-standardisation

2(a)(i)	<p><b>Identify <u>one</u> factor of production.</b></p> <p><b>Indicative content</b> Responses may include:</p> <p>The four factors of production:</p> <ul style="list-style-type: none"><li>• land</li><li>• labour</li><li>• capital</li><li>• enterprise.</li></ul> <p>Accept all valid responses.</p>	<b>1</b>
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## PRE-standardisation

2(a)(ii)	<p><b>Explain the term ‘sole trader’.</b></p> <table border="1" data-bbox="376 300 1845 612"> <thead> <tr> <th data-bbox="376 300 1115 363"><b>AO1 Knowledge and understanding 1 mark</b></th> <th data-bbox="1115 300 1845 363"><b>AO2 Application 2 marks</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="376 363 1115 456"></td> <td data-bbox="1115 363 1845 456"><b>2 marks</b> Developed application of <b>one</b> relevant point to a business context.</td> </tr> <tr> <td data-bbox="376 456 1115 549"><b>1 mark</b> Knowledge of <b>one</b> relevant point is used to answer the question.</td> <td data-bbox="1115 456 1845 549"><b>1 mark</b> Limited application of <b>one</b> relevant point to a business context.</td> </tr> <tr> <td data-bbox="376 549 1115 612"><b>0 marks</b> No creditable response.</td> <td data-bbox="1115 549 1845 612"><b>0 marks</b> No creditable response.</td> </tr> </tbody> </table> <p>Responses may include:</p> <p><b>AO1 Knowledge and understanding</b></p> <ul style="list-style-type: none"> <li>• One individual or one person (must be a clear idea of a single person) owning a business.</li> </ul> <p><b>AO2 Application</b></p> <p>One mark for each of the following (up to a maximum of two marks):</p> <ul style="list-style-type: none"> <li>• unlimited liability</li> <li>• shared legal identity with business</li> <li>• no continuity</li> <li>• no requirement to produce or make available accounts</li> <li>• no shares/shareholders</li> <li>• unincorporated</li> <li>• likely to be a small business</li> <li>• the owner keeps all the profits or bears the losses</li> <li>• has all the risk</li> <li>• the owner has full control</li> <li>• makes all decisions themselves</li> <li>• example of a sole trader.</li> </ul> <p>Accept all valid responses.</p>	<b>AO1 Knowledge and understanding 1 mark</b>	<b>AO2 Application 2 marks</b>		<b>2 marks</b> Developed application of <b>one</b> relevant point to a business context.	<b>1 mark</b> Knowledge of <b>one</b> relevant point is used to answer the question.	<b>1 mark</b> Limited application of <b>one</b> relevant point to a business context.	<b>0 marks</b> No creditable response.	<b>0 marks</b> No creditable response.	<b>3</b>
<b>AO1 Knowledge and understanding 1 mark</b>	<b>AO2 Application 2 marks</b>									
	<b>2 marks</b> Developed application of <b>one</b> relevant point to a business context.									
<b>1 mark</b> Knowledge of <b>one</b> relevant point is used to answer the question.	<b>1 mark</b> Limited application of <b>one</b> relevant point to a business context.									
<b>0 marks</b> No creditable response.	<b>0 marks</b> No creditable response.									

## PRE-standardisation

2(b)(i)	<p><b>Refer to Table 2.1 and any other information. Calculate the total price of Jo’s order.</b></p> <p><b>Indicative content</b></p> <ul style="list-style-type: none"><li>• Formula: price = total costs (TVC + FC) + 50% (1)</li><li>• Calculation of total cost (1)<ul style="list-style-type: none"><li>○ <math>250 \times \\$1.20 = \\$300 + \\$150 = \\$450</math> (1)</li></ul></li><li>• Calculation of price (1 OFR)<ul style="list-style-type: none"><li>○ <math>\\$450 \times 1.5 = \\$675</math></li></ul></li></ul> <p><b>Answer = \$675 (3)</b></p>	<b>3</b>
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## PRE-standardisation

2(b)(ii)	<p><b>Explain <u>one</u> advantage for Tomas of using cost-based pricing.</b></p> <table border="1" data-bbox="376 300 1845 612"> <thead> <tr> <th data-bbox="376 300 1115 363"><b>AO1 Knowledge and understanding 1 mark</b></th> <th data-bbox="1115 300 1845 363"><b>AO2 Application 2 marks</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="376 363 1115 453"></td> <td data-bbox="1115 363 1845 453"><b>2 marks</b> Developed application of <b>one</b> relevant point to a business context.</td> </tr> <tr> <td data-bbox="376 453 1115 549"><b>1 mark</b> Knowledge of <b>one</b> relevant point is used to answer the question.</td> <td data-bbox="1115 453 1845 549"><b>1 mark</b> Limited application of <b>one</b> relevant point to a business context.</td> </tr> <tr> <td data-bbox="376 549 1115 612"><b>0 marks</b> No creditable response.</td> <td data-bbox="1115 549 1845 612"><b>0 marks</b> No creditable response.</td> </tr> </tbody> </table> <p>Responses may include:</p> <p><b>AO1 Knowledge and understanding</b> Knowledge of an advantage of using cost-based pricing, including:</p> <ul style="list-style-type: none"> <li>• ease of use</li> <li>• flexibility</li> <li>• all costs are covered</li> <li>• always provides a profit</li> </ul> <p><b>AO2 Application</b> Limited application is likely to come from use of data about WG/Juma, such as:</p> <ul style="list-style-type: none"> <li>• answer to Q2bi (OFR)</li> <li>• coverage of Juma's variable costs (\$1.20) and allocated fixed costs (\$150)</li> <li>• costs of using a 3D printer</li> <li>• level of mark up (50%).</li> </ul> <p>Developed application is likely to come from the combination of data about WG/Juma, such as:</p> <ul style="list-style-type: none"> <li>• Will give Juma a 33.33% profit margin</li> <li>• Will provide Juma with a \$375 contribution to FC</li> <li>• Will provide Juma with a \$225 profit on Jo's order</li> </ul> <p>Accept all valid responses.</p>	<b>AO1 Knowledge and understanding 1 mark</b>	<b>AO2 Application 2 marks</b>		<b>2 marks</b> Developed application of <b>one</b> relevant point to a business context.	<b>1 mark</b> Knowledge of <b>one</b> relevant point is used to answer the question.	<b>1 mark</b> Limited application of <b>one</b> relevant point to a business context.	<b>0 marks</b> No creditable response.	<b>0 marks</b> No creditable response.	<b>3</b>
<b>AO1 Knowledge and understanding 1 mark</b>	<b>AO2 Application 2 marks</b>									
	<b>2 marks</b> Developed application of <b>one</b> relevant point to a business context.									
<b>1 mark</b> Knowledge of <b>one</b> relevant point is used to answer the question.	<b>1 mark</b> Limited application of <b>one</b> relevant point to a business context.									
<b>0 marks</b> No creditable response.	<b>0 marks</b> No creditable response.									

## PRE-standardisation

2(c)	<b>Analyse <u>one</u> advantage and <u>one</u> disadvantage for Tomas of giving Jo the order for free.</b>			<b>8</b>
<b>Level</b>	<b>AO1 Knowledge and understanding</b>  <b>2 marks</b>	<b>AO2 Application</b>  <b>2 marks</b>	<b>AO3 Analysis</b>  <b>4 marks</b>	
<b>2</b>			<b>3–4 marks</b>  <b>Developed analysis</b> <ul style="list-style-type: none"> <li>• Developed analysis that identifies connections between causes, impacts and/or consequences of <b>two</b> points.</li> <li>• Developed analysis that identifies connections between causes, impacts and/or consequences of <b>one</b> point.</li> </ul>	
<b>1</b>	<b>1–2 marks</b> <ul style="list-style-type: none"> <li>• Knowledge of <b>two</b> relevant points is used to answer the question.</li> <li>• Knowledge of <b>one</b> relevant point is used to answer the question.</li> </ul>	<b>1–2 marks</b> <ul style="list-style-type: none"> <li>• Application of <b>two</b> relevant points to a business context.</li> <li>• Application of <b>one</b> relevant point to a business context.</li> </ul>	<b>1–2 marks</b>  <b>Limited analysis</b> <ul style="list-style-type: none"> <li>• Limited analysis that identifies connections between causes, impacts and/or consequences of <b>two</b> points.</li> <li>• Limited analysis that identifies connections between causes, impacts and/or consequences of <b>one</b> point.</li> </ul>	
<b>0</b>	<b>0 marks</b>  No creditable response.	<b>0 marks</b>  No creditable response.	<b>0 marks</b>  No creditable response.	
<b>Indicative content</b>  Responses may include:				

## PRE-standardisation

	<p><b>AO1 Knowledge and understanding</b> The elements of the marketing mix;</p> <ul style="list-style-type: none"> <li>• product,</li> <li>• price,</li> <li>• place,</li> <li>• promotion.</li> </ul> <p>The objectives and usefulness of different promotion methods, including:</p> <ul style="list-style-type: none"> <li>• advertising promotion</li> <li>• sales promotion</li> <li>• developments in digital promotion.</li> </ul> <p><b>AO2 Application</b></p> <ul style="list-style-type: none"> <li>• Price with mark-up should be \$675 (OFR from Q2bi)</li> <li>• Total variable costs for the order of \$300</li> <li>• Allocated fixed costs on this order of \$150</li> <li>• Total (full) cost will be \$450</li> <li>• Jo would like to the products for free – makes a loss of \$450</li> <li>• Jo is a social media influencer (0.2m followers – wedding streamed on internet) and may give WG good publicity – this might be particularly important if Juma purchases the new 3D machine to maintain future business.</li> <li>• WG is at 90% capacity which may mean that he can produce Jo’s order – however this may put a strain on his 3D printer or mean that he must turn away a profitable order from another customer.</li> </ul> <p><b>AO3 Analysis</b> Advantages, including:</p> <ul style="list-style-type: none"> <li>• Jo, as a social media influencer, may open WG up to a new market of people who might use WG in the future – increased sales, profit.</li> <li>• Marketing benefits may allow Juma to increase sales and make the purchase of the new machine more likely – although he is likely to be busy (during summer), the promotion may lead to future orders which will be needed to afford the machine.</li> <li>• Promotion through Jo’s streaming is likely to be lower cost than above the line methods of promotion to a similar number of people (0.2m followers) – increased profitability.</li> </ul> <p>Disadvantages, including:</p>	
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## PRE-standardisation

	<ul style="list-style-type: none"><li>• Order would make a loss of \$450 - which may affect Juma's income or lead to WG making a loss for the year.</li><li>• Since Jo has suggested promotion for WG, the price she paid may be advertised – leading to Juma being unable to charge full-price to future orders – lower profitability.</li><li>• Taking the order will affect Juma's profitability and may jeopardise his ability to gain external finance – may not be able to purchase the new machine.</li></ul> <p>Accept all valid responses.</p>	
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## PRE-standardisation

2(d)	<b>Evaluate the most important factor that may influence Tomas' choice of sources of finance for the new 3D printing machine.</b>				<b>12</b>
<b>Level</b>	<b>AO1 Knowledge and understanding 2 marks</b>	<b>AO2 Application 2 marks</b>	<b>AO3 Analysis 2 marks</b>	<b>AO4 Evaluation 6 marks</b>	
<b>3</b>				<b>5–6 marks</b> <b>Developed evaluation in context</b> <ul style="list-style-type: none"> <li>A developed judgement/conclusion is made in the business context.</li> <li>Developed evaluative comments which balance some key arguments in the business context.</li> </ul>	
<b>2</b>	<b>2 marks</b> <b>Developed knowledge</b> of relevant key term(s) and/or factor(s) is used to answer the question.	<b>2 marks</b> <b>Developed application</b> of relevant point(s) to the business context.	<b>2 marks</b> <b>Developed analysis</b> that identifies connections between causes, impacts and/or consequences.	<b>3–4 marks</b> <b>Developed evaluation</b> <ul style="list-style-type: none"> <li>A developed judgement/conclusion is made.</li> <li>Developed evaluative comments which balance some key arguments.</li> </ul>	
<b>1</b>	<b>1 mark</b> <b>Limited knowledge</b> of relevant key term(s) and/or factor(s) is used to answer the question.	<b>1 mark</b> <b>Limited application</b> of relevant point(s) to the business context.	<b>1 mark</b> <b>Limited analysis</b> that identifies connections between causes, impacts and/or consequences.	<b>1–2 marks</b> <b>Limited evaluation</b> <ul style="list-style-type: none"> <li>A judgement/conclusion is made with limited supporting comment/evidence.</li> <li>An attempt is made to balance the arguments.</li> </ul>	
<b>0</b>	<b>0 marks</b> No creditable response.	<b>0 marks</b> No creditable response.	<b>0 marks</b> No creditable response.	<b>0 marks</b> No creditable response.	
<b>Indicative content</b>					

## PRE-standardisation

	<p>Responses may include:</p> <p><b>AO1 Knowledge and understanding</b>  Factors influencing sources of finance, including:</p> <ul style="list-style-type: none"> <li>• cost – may include interest (for loans, credit), fees etc.</li> <li>• flexibility – over time period of repayment.</li> <li>• need to retain control/ownership – immediate for loans, end of agreement for HP.</li> <li>• the use to which it is put / type of business – retention of value of asset, shares in a company, take a partner in a partnership etc.</li> <li>• level of existing debt – ability raise external finance.</li> </ul> <p><i>Development may come from the development of one factor (as above) or the combination of two factors. For example: one factor may be the cost of the finance versus the flexibility of the source of finance.</i></p> <p><b>AO2 Application</b></p> <ul style="list-style-type: none"> <li>• \$60 000 for new machine – may be difficult for a small business / sole trader.</li> <li>• WG/Juma is a sole trader – may find it difficult to raise \$60 000.</li> <li>• Previous business went into administration – so \$60 000 may be difficult to raise.</li> <li>• WG is profitable (33.33% profit margin – 50% mark up) - but not enough retained to fund whole \$60 000.</li> <li>• No current debts – and a positive cash flow.</li> <li>• Positive cash flow – may be able to afford repayments.</li> <li>• Niche market – people getting married who want to give gifts.</li> <li>• 3D printer, owned by Juma – do not know value.</li> </ul> <p><b>AO3 Analysis</b></p> <ul style="list-style-type: none"> <li>• Cost – likely to need an external source of finance as there is not enough retained profit – however there will be a cost (interest, payments etc.) which might make WG unprofitable.</li> <li>• flexibility – WG has no current debts which may allow a wider choice of source – however there is unlikely to be repeat purchases so little stability of income. May require a source of finance which allows larger payments when there is high income but lower when income lower.</li> <li>• need to retain control – as a sole trader Juma has full control and may not want to lose this – however by taking a partner or selling shares he is likely to lose full control. May not be able to attract an investor due to his background as part-owner of a company that went into administration.</li> </ul>	
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## PRE-standardisation

	<ul style="list-style-type: none"> <li>• the use to which it is put – machine will be a fixed asset and retain some value – may make a securable source of finance more likely to be given (at a lower cost) – however, this will need to be paid whether the business as an income or not. Will the debt also be able to be secured on the original 3D printer – does this older machine have value?</li> <li>• level of existing debt - no current debts, but a history of a company that went into administration may make investors worried about Juma’s ability to pay back and debt – could makes some sources unobtainable for Juma or more expensive.</li> <li>• Type of business – one off orders may make affect the security of future income – however as the business is profitable (and each order is profitable) then this may convince investors.</li> <li>• Ownership – as a sole trader Juma cannot sell shares, but he has the ability to convert the business into a company. Can also convert into a partnership – however past ownership of a business that went into administration may affect the chances of conversion or attracting an investor.</li> </ul> <p><b>AO4 Evaluation</b></p> <ul style="list-style-type: none"> <li>• A judgement over the most important/influential factor when Juma is choosing the sources of finance for the new 3D printing machine.</li> <li>• Elements that the judgement could depend upon, including: level of current and forecast demand, will there be enough demand to cover the cost of repayments, potential partners/investors, will Juma be able to work with these personalities, Juma’s willingness to give up control of WG, the extent to which external sources of finance are open to Juma with his background, the willingness of the supplier to offer terms of credit, etc.</li> <li>• Weighing up of the factors and their relative influence on Juma’s decision of sources of finance.</li> </ul> <p>Accept all valid responses.</p>	
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