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**BUSINESS**

**9609/23**

Paper 2 Data Response

**May/June 2017**

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 will not enter into discussions about these mark schemes.

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| Question                                                         | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Marks                                                                                 |       |                      |   |                                          |   |                       |   |        |      |        |                                |   |                    |                                         |   |                        |                                          |   |                                                                                       |                                                                  |   |                      |   |
|------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|-------|----------------------|---|------------------------------------------|---|-----------------------|---|--------|------|--------|--------------------------------|---|--------------------|-----------------------------------------|---|------------------------|------------------------------------------|---|---------------------------------------------------------------------------------------|------------------------------------------------------------------|---|----------------------|---|
| 1(a)(i)                                                          | <p><b>Define the term ‘shareholders’ (line 1).</b></p> <table><tr><th>Knowledge and Application</th><th>Marks</th></tr><tr><td>A correct definition</td><td>2</td></tr><tr><td>A partial, vague or unfocused definition</td><td>1</td></tr><tr><td>No creditable content</td><td>0</td></tr></table> <p><i>A correct definition must show the difference between a shareholder and an owner / (part) owner of a company, has limited liability etc.</i></p> <p>A shareholder is the owner/part owner of a company/incorporated business. Can be private or public limited company. A shareholder tends to buy shares and sell when they increase in value. A shareholder will expect dividends from the profits as a return on their investment. A shareholder has voting rights at the AGM and invests in a business/has voting rights.</p> <table><tr><th>Answer</th><th>Mark</th><th>Reason</th></tr><tr><td>A shareholder is a stakeholder</td><td>1</td><td>Partial definition</td></tr><tr><td>A shareholder is an owner of a business</td><td>0</td><td>Could be a sole trader</td></tr><tr><td>A shareholder is part-owner of a company</td><td>1</td><td>Refers to part ownership and company so not a sole trader or partner but only partial</td></tr><tr><td>A shareholder invests money in a business and receives dividends</td><td>2</td><td>Two correct elements</td></tr></table> | Knowledge and Application                                                             | Marks | A correct definition | 2 | A partial, vague or unfocused definition | 1 | No creditable content | 0 | Answer | Mark | Reason | A shareholder is a stakeholder | 1 | Partial definition | A shareholder is an owner of a business | 0 | Could be a sole trader | A shareholder is part-owner of a company | 1 | Refers to part ownership and company so not a sole trader or partner but only partial | A shareholder invests money in a business and receives dividends | 2 | Two correct elements | 2 |
| Knowledge and Application                                        | Marks                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                       |       |                      |   |                                          |   |                       |   |        |      |        |                                |   |                    |                                         |   |                        |                                          |   |                                                                                       |                                                                  |   |                      |   |
| A correct definition                                             | 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                       |       |                      |   |                                          |   |                       |   |        |      |        |                                |   |                    |                                         |   |                        |                                          |   |                                                                                       |                                                                  |   |                      |   |
| A partial, vague or unfocused definition                         | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                       |       |                      |   |                                          |   |                       |   |        |      |        |                                |   |                    |                                         |   |                        |                                          |   |                                                                                       |                                                                  |   |                      |   |
| No creditable content                                            | 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                       |       |                      |   |                                          |   |                       |   |        |      |        |                                |   |                    |                                         |   |                        |                                          |   |                                                                                       |                                                                  |   |                      |   |
| Answer                                                           | Mark                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Reason                                                                                |       |                      |   |                                          |   |                       |   |        |      |        |                                |   |                    |                                         |   |                        |                                          |   |                                                                                       |                                                                  |   |                      |   |
| A shareholder is a stakeholder                                   | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Partial definition                                                                    |       |                      |   |                                          |   |                       |   |        |      |        |                                |   |                    |                                         |   |                        |                                          |   |                                                                                       |                                                                  |   |                      |   |
| A shareholder is an owner of a business                          | 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Could be a sole trader                                                                |       |                      |   |                                          |   |                       |   |        |      |        |                                |   |                    |                                         |   |                        |                                          |   |                                                                                       |                                                                  |   |                      |   |
| A shareholder is part-owner of a company                         | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Refers to part ownership and company so not a sole trader or partner but only partial |       |                      |   |                                          |   |                       |   |        |      |        |                                |   |                    |                                         |   |                        |                                          |   |                                                                                       |                                                                  |   |                      |   |
| A shareholder invests money in a business and receives dividends | 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Two correct elements                                                                  |       |                      |   |                                          |   |                       |   |        |      |        |                                |   |                    |                                         |   |                        |                                          |   |                                                                                       |                                                                  |   |                      |   |

| Question                                                                        | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Marks                                                                                                                          |                                                                                                                                                                                                                                    |        |          |                                                       |        |          |                                                          |        |        |      |        |                   |   |           |                      |   |                             |                                                                     |   |                                                                                                                                |                                                                                 |   |                                    |          |
|---------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|----------|-------------------------------------------------------|--------|----------|----------------------------------------------------------|--------|--------|------|--------|-------------------|---|-----------|----------------------|---|-----------------------------|---------------------------------------------------------------------|---|--------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|---|------------------------------------|----------|
| 1(a)(ii)                                                                        | <p><b>Briefly explain the term ‘focus group’ (line 22).</b></p> <p>Award one mark for each point of explanation:</p> <table border="1"> <tr> <td><b>C</b></td><td>Example of some other way of showing good understanding, i.e. Accuracy can be affected by bias, Opinions may not be representative of the general population/target market. Not statistically significant. Can aid decision making</td><td>1 mark</td></tr> <tr> <td><b>B</b></td><td>Consumers/potential consumers/target market/customers</td><td>1 mark</td></tr> <tr> <td><b>A</b></td><td>Primary/qualitative/opinions/feedback/led by interviewer</td><td>1 mark</td></tr> </table> <p>This is a method of primary research. Used by businesses to get a group of customers together for feedback on a product or service. Can be expensive. Gives more accurate and qualitative data. Allows dialogue during the research process. Accuracy can be affected by bias. Opinions may not be representative of the general population/target market. Not statistically significant. Interviewer is present to lead discussion.</p> <table border="1"> <tr> <th>Answer</th><th>Mark</th><th>Reason</th></tr> <tr> <td>A group of people</td><td>0</td><td>Too vague</td></tr> <tr> <td>A group of customers</td><td>1</td><td><b>B</b> mark for customers</td></tr> <tr> <td>An interviewer carries out primary research on a group of customers</td><td>2</td><td>2×<b>A</b> points with ‘interviewer’ and ‘primary research’ and a <b>B</b> mark for customers. No <b>C</b> element so 2 marks</td></tr> <tr> <td>Primary research on potential consumers to help make decisions about a product.</td><td>3</td><td>All 3 – <b>A, B and C</b> elements</td></tr> </table> | <b>C</b>                                                                                                                       | Example of some other way of showing good understanding, i.e. Accuracy can be affected by bias, Opinions may not be representative of the general population/target market. Not statistically significant. Can aid decision making | 1 mark | <b>B</b> | Consumers/potential consumers/target market/customers | 1 mark | <b>A</b> | Primary/qualitative/opinions/feedback/led by interviewer | 1 mark | Answer | Mark | Reason | A group of people | 0 | Too vague | A group of customers | 1 | <b>B</b> mark for customers | An interviewer carries out primary research on a group of customers | 2 | 2× <b>A</b> points with ‘interviewer’ and ‘primary research’ and a <b>B</b> mark for customers. No <b>C</b> element so 2 marks | Primary research on potential consumers to help make decisions about a product. | 3 | All 3 – <b>A, B and C</b> elements | <b>3</b> |
| <b>C</b>                                                                        | Example of some other way of showing good understanding, i.e. Accuracy can be affected by bias, Opinions may not be representative of the general population/target market. Not statistically significant. Can aid decision making                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 1 mark                                                                                                                         |                                                                                                                                                                                                                                    |        |          |                                                       |        |          |                                                          |        |        |      |        |                   |   |           |                      |   |                             |                                                                     |   |                                                                                                                                |                                                                                 |   |                                    |          |
| <b>B</b>                                                                        | Consumers/potential consumers/target market/customers                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 1 mark                                                                                                                         |                                                                                                                                                                                                                                    |        |          |                                                       |        |          |                                                          |        |        |      |        |                   |   |           |                      |   |                             |                                                                     |   |                                                                                                                                |                                                                                 |   |                                    |          |
| <b>A</b>                                                                        | Primary/qualitative/opinions/feedback/led by interviewer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 1 mark                                                                                                                         |                                                                                                                                                                                                                                    |        |          |                                                       |        |          |                                                          |        |        |      |        |                   |   |           |                      |   |                             |                                                                     |   |                                                                                                                                |                                                                                 |   |                                    |          |
| Answer                                                                          | Mark                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Reason                                                                                                                         |                                                                                                                                                                                                                                    |        |          |                                                       |        |          |                                                          |        |        |      |        |                   |   |           |                      |   |                             |                                                                     |   |                                                                                                                                |                                                                                 |   |                                    |          |
| A group of people                                                               | 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Too vague                                                                                                                      |                                                                                                                                                                                                                                    |        |          |                                                       |        |          |                                                          |        |        |      |        |                   |   |           |                      |   |                             |                                                                     |   |                                                                                                                                |                                                                                 |   |                                    |          |
| A group of customers                                                            | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>B</b> mark for customers                                                                                                    |                                                                                                                                                                                                                                    |        |          |                                                       |        |          |                                                          |        |        |      |        |                   |   |           |                      |   |                             |                                                                     |   |                                                                                                                                |                                                                                 |   |                                    |          |
| An interviewer carries out primary research on a group of customers             | 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 2× <b>A</b> points with ‘interviewer’ and ‘primary research’ and a <b>B</b> mark for customers. No <b>C</b> element so 2 marks |                                                                                                                                                                                                                                    |        |          |                                                       |        |          |                                                          |        |        |      |        |                   |   |           |                      |   |                             |                                                                     |   |                                                                                                                                |                                                                                 |   |                                    |          |
| Primary research on potential consumers to help make decisions about a product. | 3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | All 3 – <b>A, B and C</b> elements                                                                                             |                                                                                                                                                                                                                                    |        |          |                                                       |        |          |                                                          |        |        |      |        |                   |   |           |                      |   |                             |                                                                     |   |                                                                                                                                |                                                                                 |   |                                    |          |

| Question                     | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Marks                               |           |         |                                                              |         |                                                          |        |                                                         |         |                       |        |      |           |               |   |                              |                              |   |                                     |            |   |                                     |                          |   |                 |       |   |                                |       |   |                                |           |   |                                  |        |   |                               |   |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-----------|---------|--------------------------------------------------------------|---------|----------------------------------------------------------|--------|---------------------------------------------------------|---------|-----------------------|--------|------|-----------|---------------|---|------------------------------|------------------------------|---|-------------------------------------|------------|---|-------------------------------------|--------------------------|---|-----------------|-------|---|--------------------------------|-------|---|--------------------------------|-----------|---|----------------------------------|--------|---|-------------------------------|---|
| 1(b)(i)                      | <p><b>Refer to Table 1 and other information. Calculate the price of the dress for Lydia.</b></p> <table><tr><th>Mark</th><th>Rationale</th></tr><tr><td>3 marks</td><td>Correct calculation of price (with or without working or \$)</td></tr><tr><td>2 marks</td><td>Correct calculation* of total costs (with or without \$)</td></tr><tr><td>1 mark</td><td>Correct formula <b>or</b> correct calculation* of wages</td></tr><tr><td>0 marks</td><td>No creditable content</td></tr></table> <p>(FC+VC) + mark-up = Price</p> <p>Wages = 20 hours × \$10 = \$200</p> <p>Total costs = \$200 + \$250 + \$50 = \$500</p> <p>Add 50% = \$250</p> <p><b>So selling price will be \$750</b></p> <p><i>*Working required or explicit identification of TC/wages</i></p> <p>Common incorrect answers</p> <table><tr><th>Answer</th><th>Mark</th><th>Rationale</th></tr><tr><td>10 × 20 = 200</td><td>1</td><td>Correct calculation of wages</td></tr><tr><td>\$200 + \$250 + \$50 = \$500</td><td>2</td><td>Total costs calculated with working</td></tr><tr><td>500 × 150%</td><td>2</td><td>Correct calculation, answer missing</td></tr><tr><td>FC + VC then add mark up</td><td>1</td><td>Correct formula</td></tr><tr><td>\$500</td><td>0</td><td>A wrong answer with no working</td></tr><tr><td>\$200</td><td>0</td><td>A wrong answer with no working</td></tr><tr><td>Wages=200</td><td>1</td><td>Explicit identification of wages</td></tr><tr><td>TC=500</td><td>1</td><td>Explicit identification of TC</td></tr></table> | Mark                                | Rationale | 3 marks | Correct calculation of price (with or without working or \$) | 2 marks | Correct calculation* of total costs (with or without \$) | 1 mark | Correct formula <b>or</b> correct calculation* of wages | 0 marks | No creditable content | Answer | Mark | Rationale | 10 × 20 = 200 | 1 | Correct calculation of wages | \$200 + \$250 + \$50 = \$500 | 2 | Total costs calculated with working | 500 × 150% | 2 | Correct calculation, answer missing | FC + VC then add mark up | 1 | Correct formula | \$500 | 0 | A wrong answer with no working | \$200 | 0 | A wrong answer with no working | Wages=200 | 1 | Explicit identification of wages | TC=500 | 1 | Explicit identification of TC | 3 |
| Mark                         | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                     |           |         |                                                              |         |                                                          |        |                                                         |         |                       |        |      |           |               |   |                              |                              |   |                                     |            |   |                                     |                          |   |                 |       |   |                                |       |   |                                |           |   |                                  |        |   |                               |   |
| 3 marks                      | Correct calculation of price (with or without working or \$)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                     |           |         |                                                              |         |                                                          |        |                                                         |         |                       |        |      |           |               |   |                              |                              |   |                                     |            |   |                                     |                          |   |                 |       |   |                                |       |   |                                |           |   |                                  |        |   |                               |   |
| 2 marks                      | Correct calculation* of total costs (with or without \$)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                     |           |         |                                                              |         |                                                          |        |                                                         |         |                       |        |      |           |               |   |                              |                              |   |                                     |            |   |                                     |                          |   |                 |       |   |                                |       |   |                                |           |   |                                  |        |   |                               |   |
| 1 mark                       | Correct formula <b>or</b> correct calculation* of wages                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                     |           |         |                                                              |         |                                                          |        |                                                         |         |                       |        |      |           |               |   |                              |                              |   |                                     |            |   |                                     |                          |   |                 |       |   |                                |       |   |                                |           |   |                                  |        |   |                               |   |
| 0 marks                      | No creditable content                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                     |           |         |                                                              |         |                                                          |        |                                                         |         |                       |        |      |           |               |   |                              |                              |   |                                     |            |   |                                     |                          |   |                 |       |   |                                |       |   |                                |           |   |                                  |        |   |                               |   |
| Answer                       | Mark                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Rationale                           |           |         |                                                              |         |                                                          |        |                                                         |         |                       |        |      |           |               |   |                              |                              |   |                                     |            |   |                                     |                          |   |                 |       |   |                                |       |   |                                |           |   |                                  |        |   |                               |   |
| 10 × 20 = 200                | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Correct calculation of wages        |           |         |                                                              |         |                                                          |        |                                                         |         |                       |        |      |           |               |   |                              |                              |   |                                     |            |   |                                     |                          |   |                 |       |   |                                |       |   |                                |           |   |                                  |        |   |                               |   |
| \$200 + \$250 + \$50 = \$500 | 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Total costs calculated with working |           |         |                                                              |         |                                                          |        |                                                         |         |                       |        |      |           |               |   |                              |                              |   |                                     |            |   |                                     |                          |   |                 |       |   |                                |       |   |                                |           |   |                                  |        |   |                               |   |
| 500 × 150%                   | 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Correct calculation, answer missing |           |         |                                                              |         |                                                          |        |                                                         |         |                       |        |      |           |               |   |                              |                              |   |                                     |            |   |                                     |                          |   |                 |       |   |                                |       |   |                                |           |   |                                  |        |   |                               |   |
| FC + VC then add mark up     | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Correct formula                     |           |         |                                                              |         |                                                          |        |                                                         |         |                       |        |      |           |               |   |                              |                              |   |                                     |            |   |                                     |                          |   |                 |       |   |                                |       |   |                                |           |   |                                  |        |   |                               |   |
| \$500                        | 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | A wrong answer with no working      |           |         |                                                              |         |                                                          |        |                                                         |         |                       |        |      |           |               |   |                              |                              |   |                                     |            |   |                                     |                          |   |                 |       |   |                                |       |   |                                |           |   |                                  |        |   |                               |   |
| \$200                        | 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | A wrong answer with no working      |           |         |                                                              |         |                                                          |        |                                                         |         |                       |        |      |           |               |   |                              |                              |   |                                     |            |   |                                     |                          |   |                 |       |   |                                |       |   |                                |           |   |                                  |        |   |                               |   |
| Wages=200                    | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Explicit identification of wages    |           |         |                                                              |         |                                                          |        |                                                         |         |                       |        |      |           |               |   |                              |                              |   |                                     |            |   |                                     |                          |   |                 |       |   |                                |       |   |                                |           |   |                                  |        |   |                               |   |
| TC=500                       | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Explicit identification of TC       |           |         |                                                              |         |                                                          |        |                                                         |         |                       |        |      |           |               |   |                              |                              |   |                                     |            |   |                                     |                          |   |                 |       |   |                                |       |   |                                |           |   |                                  |        |   |                               |   |

| Question       | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Marks                                                                     |                           |       |         |                                                                         |   |         |                                                       |   |        |                                                          |   |   |                       |   |                |             |                  |            |                         |                                                                           |            |                                     |                                                                    |   |
|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|---------------------------|-------|---------|-------------------------------------------------------------------------|---|---------|-------------------------------------------------------|---|--------|----------------------------------------------------------|---|---|-----------------------|---|----------------|-------------|------------------|------------|-------------------------|---------------------------------------------------------------------------|------------|-------------------------------------|--------------------------------------------------------------------|---|
| 1(b)(ii)       | <p><b>Explain <u>one</u> payment method (other than time based) that DC could use to pay its employees.</b></p> <table border="1"> <thead> <tr> <th>Level</th><th>Knowledge and Application</th><th>Marks</th></tr> </thead> <tbody> <tr> <td>2 (APP)</td><td>Explanation of a payment method other than time based <b>in context</b></td><td>3</td></tr> <tr> <td>1b (KK)</td><td>Explanation of a payment method other than time based</td><td>2</td></tr> <tr> <td>1a (K)</td><td>Identification of a payment method other than time based</td><td>1</td></tr> <tr> <td>0</td><td>No creditable content</td><td>0</td></tr> </tbody> </table> <p>Context and content is likely to come from:</p> <ul style="list-style-type: none"> <li>• Piece rates, e.g., employees could be paid per pair of trousers in the new batch production</li> <li>• Salary where dress designers are paid a an annual salary which is paid monthly</li> <li>• Commission for designers per dress (% of the value e.g. of the \$750)</li> <li>• Bonuses linked to the profits paid for DC, more sales of designer clothing will lead to bonuses being paid</li> <li>• Similar approach for performance related pay and profit sharing.</li> </ul> <p>Context – designers, employees on the batch production method, designer clothing, reputation for quality</p> <table border="1"> <thead> <tr> <th>Identification</th><th>Explanation</th><th>Possible context</th></tr> </thead> <tbody> <tr> <td>Piece rate</td><td>Payment based on output</td><td>Quality may be sacrificed and DC have an excellent reputation for quality</td></tr> <tr> <td>Commission</td><td>Payment based on the value produced</td><td>Dress designers would be paid commission on \$750 price of a dress</td></tr> </tbody> </table> | Level                                                                     | Knowledge and Application | Marks | 2 (APP) | Explanation of a payment method other than time based <b>in context</b> | 3 | 1b (KK) | Explanation of a payment method other than time based | 2 | 1a (K) | Identification of a payment method other than time based | 1 | 0 | No creditable content | 0 | Identification | Explanation | Possible context | Piece rate | Payment based on output | Quality may be sacrificed and DC have an excellent reputation for quality | Commission | Payment based on the value produced | Dress designers would be paid commission on \$750 price of a dress | 3 |
| Level          | Knowledge and Application                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Marks                                                                     |                           |       |         |                                                                         |   |         |                                                       |   |        |                                                          |   |   |                       |   |                |             |                  |            |                         |                                                                           |            |                                     |                                                                    |   |
| 2 (APP)        | Explanation of a payment method other than time based <b>in context</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 3                                                                         |                           |       |         |                                                                         |   |         |                                                       |   |        |                                                          |   |   |                       |   |                |             |                  |            |                         |                                                                           |            |                                     |                                                                    |   |
| 1b (KK)        | Explanation of a payment method other than time based                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 2                                                                         |                           |       |         |                                                                         |   |         |                                                       |   |        |                                                          |   |   |                       |   |                |             |                  |            |                         |                                                                           |            |                                     |                                                                    |   |
| 1a (K)         | Identification of a payment method other than time based                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 1                                                                         |                           |       |         |                                                                         |   |         |                                                       |   |        |                                                          |   |   |                       |   |                |             |                  |            |                         |                                                                           |            |                                     |                                                                    |   |
| 0              | No creditable content                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 0                                                                         |                           |       |         |                                                                         |   |         |                                                       |   |        |                                                          |   |   |                       |   |                |             |                  |            |                         |                                                                           |            |                                     |                                                                    |   |
| Identification | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Possible context                                                          |                           |       |         |                                                                         |   |         |                                                       |   |        |                                                          |   |   |                       |   |                |             |                  |            |                         |                                                                           |            |                                     |                                                                    |   |
| Piece rate     | Payment based on output                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Quality may be sacrificed and DC have an excellent reputation for quality |                           |       |         |                                                                         |   |         |                                                       |   |        |                                                          |   |   |                       |   |                |             |                  |            |                         |                                                                           |            |                                     |                                                                    |   |
| Commission     | Payment based on the value produced                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Dress designers would be paid commission on \$750 price of a dress        |                           |       |         |                                                                         |   |         |                                                       |   |        |                                                          |   |   |                       |   |                |             |                  |            |                         |                                                                           |            |                                     |                                                                    |   |

| Question | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                |                    |                                                                                                                                                  | Marks    |              |
|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|----------|--------------|
| 1(c)     | <b>Analyse <u>two</u> human resource problems that DC might experience from the introduction of the new batch production method.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                |                    |                                                                                                                                                  | <b>8</b> |              |
|          | <b>Level</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>Knowledge and Application (4 marks)</b>                                     | <b>Marks</b>       | <b>Analysis (4 marks)</b>                                                                                                                        |          | <b>Marks</b> |
|          | <b>2</b><br>(APP's)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Shows understanding of <b>two (or more)</b> human resource problems in context | 4<br>(ANAN + ANAN) | Good analysis of <b>two (or more)</b> human resource problems that DC might experience from the introduction of the new batch production method. |          | 4            |
|          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Shows understanding of <b>one</b> human resource problem in context            | 3<br>(ANAN)        | Good analysis of <b>one</b> human resource problem that DC might experience from the introduction of the new batch production method.            |          | 3            |
|          | <b>1</b> (K's)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Shows knowledge of <b>two (or more)</b> human resource problems                | 2 (AN + AN)        | Limited analysis of <b>two (or more)</b> human resource problems                                                                                 |          | 2            |
|          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Shows knowledge of <b>one</b> human resource problem                           | 1 (AN)             | Limited analysis of <b>one</b> human resource problem                                                                                            |          | 1            |
|          | <b>0</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | No creditable content                                                          |                    |                                                                                                                                                  |          |              |
|          | Contextual analysis likely to come from:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                |                    |                                                                                                                                                  |          |              |
|          | <ul style="list-style-type: none"><li>• Lower morale/job satisfaction – workers are used to working on unique clothing and will have immense pride in their work. This may fall if working on a batch production line.</li><li>• Deskilling – if machinery is being used, this may replace the skills of the employees used to make unique clothing</li><li>• Training needs – the new machinery will involve training, how will Khaleal manage this?</li><li>• Fear of change/communication issues – employees are likely to be very wary of the new machinery/batch production. Khaleal needs to have a clear communication and employee participation strategy.</li></ul> |                                                                                |                    |                                                                                                                                                  |          |              |
|          | ARA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                |                    |                                                                                                                                                  |          |              |

| Question | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |              |                                                                        |              | Marks     |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|------------------------------------------------------------------------|--------------|-----------|
| 1(d)     | <b>Discuss a suitable pricing strategy that DC could use for the new range of trousers.</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 in context                     | 7            |           |
|          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |              | Developed evaluation based on arguments in context                     | 6            |           |
|          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |              | An evaluative statement based on arguments in context                  | 5            |           |
|          | Shows understanding of one or more pricing strategy in context                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 4            | Arguments (two sided) based on one or more pricing strategy in context | 4            |           |
|          | Identifies one or more pricing strategy in context                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 3            | Argument (one sided) based on one pricing strategy in context          | 3            |           |
|          | Shows understanding of one or more pricing strategy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 2            | Two or more pieces of limited analysis of one or more pricing strategy | 2            |           |
|          | Identifies one or more pricing strategy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 1            | One piece of limited analysis of one pricing strategy                  | 1            |           |
|          | No creditable content                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |              |                                                                        |              |           |
|          | <i>Context must be explicit not just implied but the strategy, i.e. penetration for a new product is not context, but penetration because DC have a new range of trousers is contextual</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |              |                                                                        |              |           |
|          | Context/content:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |              |                                                                        |              |           |
|          | <ul style="list-style-type: none"> <li>Competitive – the trousers are being sold to department stores. They are likely to have other competitors and so they will need to be competitive to persuade the department stores to stock the trousers. This may be feasible as the department stores will know the prices they are prepared to pay.</li> <li>Penetration – DC are moving into a new market. They may look to offer high discounts on initial orders, build their relationship with the department stores and then increase prices. Can DC afford this? How will competitors react?</li> <li>Skimming – unlikely to be effective as these are batch produced products – they may have a reputation for quality but batch production will mean the uniqueness of each piece of clothing will be lost so unlikely to be able to charge higher prices especially to a department store.</li> <li>Price discrimination – unlikely to be effective as difficult for DC to separate the market for trousers particularly by geography. They are selling direct to the department stores who will then decide which stores to sell them in. DC does not have control of this. They are also trying to break into a new market so unlikely this will work.</li> </ul> |              |                                                                        |              |           |

| Question                                                     | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Marks                                                                    |       |                      |   |                                          |   |                       |   |        |      |        |                                                   |   |                                                                          |                                   |   |                                  |                                                              |   |            |   |
|--------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|-------|----------------------|---|------------------------------------------|---|-----------------------|---|--------|------|--------|---------------------------------------------------|---|--------------------------------------------------------------------------|-----------------------------------|---|----------------------------------|--------------------------------------------------------------|---|------------|---|
|                                                              | <p>Evaluation is likely to come from a candidate:</p> <p>Judging which pricing strategy is best for DC to use and justifying this in the context</p> <p>Weighting their response, for example, justifying why a strategy is unlikely to be effective</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                          |       |                      |   |                                          |   |                       |   |        |      |        |                                                   |   |                                                                          |                                   |   |                                  |                                                              |   |            |   |
| 2(a)(i)                                                      | <p><b>Define the term ‘demand’ (line 26).</b></p> <table><tr><th>Knowledge and Application</th><th>Marks</th></tr><tr><td>A correct definition</td><td>2</td></tr><tr><td>A partial, vague or unfocused definition</td><td>1</td></tr><tr><td>No creditable content</td><td>0</td></tr></table> <p>A sound definition is ‘Demand is the <b>quantity/amount</b> that consumers are <b>willing/able</b> (not needs and wants) to buy at a <b>given price</b> (or in a particular <b>time period</b>)’.</p> <p>Demand is the ability and willingness of a consumer to pay for a given good or service at a given price. Demand falls as price rises/vice versa.</p> <p>Example(s) or reference to demand falling or rising is not needed for maximum marks.</p> <p>A diagram without further explanation should be awarded one mark.</p> <table><tr><th>Answer</th><th>Mark</th><th>Reason</th></tr><tr><td>The amount of a good consumers are willing to buy</td><td>1</td><td>Only 2 elements of the definition – for full marks would need 3 elements</td></tr><tr><td>What consumers are willing to buy</td><td>1</td><td>Only 1 element of the definition</td></tr><tr><td>The amount of a good consumers are willing to buy at a price</td><td>2</td><td>3 elements</td></tr></table> | Knowledge and Application                                                | Marks | A correct definition | 2 | A partial, vague or unfocused definition | 1 | No creditable content | 0 | Answer | Mark | Reason | The amount of a good consumers are willing to buy | 1 | Only 2 elements of the definition – for full marks would need 3 elements | What consumers are willing to buy | 1 | Only 1 element of the definition | The amount of a good consumers are willing to buy at a price | 2 | 3 elements | 2 |
| Knowledge and Application                                    | Marks                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                          |       |                      |   |                                          |   |                       |   |        |      |        |                                                   |   |                                                                          |                                   |   |                                  |                                                              |   |            |   |
| A correct definition                                         | 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                          |       |                      |   |                                          |   |                       |   |        |      |        |                                                   |   |                                                                          |                                   |   |                                  |                                                              |   |            |   |
| A partial, vague or unfocused definition                     | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                          |       |                      |   |                                          |   |                       |   |        |      |        |                                                   |   |                                                                          |                                   |   |                                  |                                                              |   |            |   |
| No creditable content                                        | 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                          |       |                      |   |                                          |   |                       |   |        |      |        |                                                   |   |                                                                          |                                   |   |                                  |                                                              |   |            |   |
| Answer                                                       | Mark                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Reason                                                                   |       |                      |   |                                          |   |                       |   |        |      |        |                                                   |   |                                                                          |                                   |   |                                  |                                                              |   |            |   |
| The amount of a good consumers are willing to buy            | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Only 2 elements of the definition – for full marks would need 3 elements |       |                      |   |                                          |   |                       |   |        |      |        |                                                   |   |                                                                          |                                   |   |                                  |                                                              |   |            |   |
| What consumers are willing to buy                            | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Only 1 element of the definition                                         |       |                      |   |                                          |   |                       |   |        |      |        |                                                   |   |                                                                          |                                   |   |                                  |                                                              |   |            |   |
| The amount of a good consumers are willing to buy at a price | 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 3 elements                                                               |       |                      |   |                                          |   |                       |   |        |      |        |                                                   |   |                                                                          |                                   |   |                                  |                                                              |   |            |   |

| Question                                                                                                                  | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Marks                                |                                                                                                                                          |        |          |                                                                    |        |          |                                                           |        |        |      |        |                                               |   |                        |                                |   |                                |                                                                                                                           |   |                                      |          |
|---------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|--------|----------|--------------------------------------------------------------------|--------|----------|-----------------------------------------------------------|--------|--------|------|--------|-----------------------------------------------|---|------------------------|--------------------------------|---|--------------------------------|---------------------------------------------------------------------------------------------------------------------------|---|--------------------------------------|----------|
| 2(a)(ii)                                                                                                                  | <p><b>Briefly explain the term ‘tertiary sector’ (line 1).</b></p> <p>Award one mark for each point of explanation:</p> <table border="1"> <tr> <td><b>C</b></td><td>Example or some other way of showing good understanding, e.g. Examples could include distribution, hairdressing, dentist. Expertise/time</td><td>1 mark</td></tr> <tr> <td><b>B</b></td><td>Relationship to other sectors (i.e. secondary, primary quaternary)</td><td>1 mark</td></tr> <tr> <td><b>A</b></td><td>Offer/sell/produce/provide etc. services/intangible goods</td><td>1 mark</td></tr> </table> <p>The tertiary sector is made of businesses that sell goods or services to producer or consumer markets. Business here take goods from the secondary sector and sell them. Services include law firms, accountancy firms, shops.</p> <table border="1"> <thead> <tr> <th>Answer</th><th>Mark</th><th>Reason</th></tr> </thead> <tbody> <tr> <td>Provide services and sell intangible products</td><td>1</td><td><b>A</b> elements only</td></tr> <tr> <td>Sells services such as banking</td><td>2</td><td><b>A</b> and <b>C</b> elements</td></tr> <tr> <td>Sells services to support the products from the primary and secondary sectors such as farmers’ markets selling vegetables</td><td>3</td><td>Elements from all – <b>A B and C</b></td></tr> </tbody> </table> | <b>C</b>                             | Example or some other way of showing good understanding, e.g. Examples could include distribution, hairdressing, dentist. Expertise/time | 1 mark | <b>B</b> | Relationship to other sectors (i.e. secondary, primary quaternary) | 1 mark | <b>A</b> | Offer/sell/produce/provide etc. services/intangible goods | 1 mark | Answer | Mark | Reason | Provide services and sell intangible products | 1 | <b>A</b> elements only | Sells services such as banking | 2 | <b>A</b> and <b>C</b> elements | Sells services to support the products from the primary and secondary sectors such as farmers’ markets selling vegetables | 3 | Elements from all – <b>A B and C</b> | <b>3</b> |
| <b>C</b>                                                                                                                  | Example or some other way of showing good understanding, e.g. Examples could include distribution, hairdressing, dentist. Expertise/time                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 1 mark                               |                                                                                                                                          |        |          |                                                                    |        |          |                                                           |        |        |      |        |                                               |   |                        |                                |   |                                |                                                                                                                           |   |                                      |          |
| <b>B</b>                                                                                                                  | Relationship to other sectors (i.e. secondary, primary quaternary)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 1 mark                               |                                                                                                                                          |        |          |                                                                    |        |          |                                                           |        |        |      |        |                                               |   |                        |                                |   |                                |                                                                                                                           |   |                                      |          |
| <b>A</b>                                                                                                                  | Offer/sell/produce/provide etc. services/intangible goods                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 1 mark                               |                                                                                                                                          |        |          |                                                                    |        |          |                                                           |        |        |      |        |                                               |   |                        |                                |   |                                |                                                                                                                           |   |                                      |          |
| Answer                                                                                                                    | Mark                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Reason                               |                                                                                                                                          |        |          |                                                                    |        |          |                                                           |        |        |      |        |                                               |   |                        |                                |   |                                |                                                                                                                           |   |                                      |          |
| Provide services and sell intangible products                                                                             | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>A</b> elements only               |                                                                                                                                          |        |          |                                                                    |        |          |                                                           |        |        |      |        |                                               |   |                        |                                |   |                                |                                                                                                                           |   |                                      |          |
| Sells services such as banking                                                                                            | 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>A</b> and <b>C</b> elements       |                                                                                                                                          |        |          |                                                                    |        |          |                                                           |        |        |      |        |                                               |   |                        |                                |   |                                |                                                                                                                           |   |                                      |          |
| Sells services to support the products from the primary and secondary sectors such as farmers’ markets selling vegetables | 3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Elements from all – <b>A B and C</b> |                                                                                                                                          |        |          |                                                                    |        |          |                                                           |        |        |      |        |                                               |   |                        |                                |   |                                |                                                                                                                           |   |                                      |          |

| Question                                                               | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Marks                                                         |           |         |                                                                           |         |                                                                |        |                                                               |         |                       |        |      |           |               |   |                                     |                                                  |   |                                                         |                                                                  |   |                                                         |                                                                        |   |                                                         |                                 |   |                                                               |                                   |   |                                                         |   |
|------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|-----------|---------|---------------------------------------------------------------------------|---------|----------------------------------------------------------------|--------|---------------------------------------------------------------|---------|-----------------------|--------|------|-----------|---------------|---|-------------------------------------|--------------------------------------------------|---|---------------------------------------------------------|------------------------------------------------------------------|---|---------------------------------------------------------|------------------------------------------------------------------------|---|---------------------------------------------------------|---------------------------------|---|---------------------------------------------------------------|-----------------------------------|---|---------------------------------------------------------|---|
| 2(b)(i)                                                                | <p><b>Refer to Table 3. Calculate the gross profit margin.</b></p> <table><tr><th>Mark</th><th>Rationale</th></tr><tr><td>3 marks</td><td>Correct calculation of gross profit margin (with or without working or %)</td></tr><tr><td>2 marks</td><td>Correct formula <b>and</b> correct calculation of gross profit</td></tr><tr><td>1 mark</td><td>Correct formula <b>or</b> correct calculation of gross profit</td></tr><tr><td>0 marks</td><td>No creditable content</td></tr></table> <p><i>Formula can be implied through the correct use of figures.</i></p> <p><u>GP</u><br/>revenue * 100</p> <p>GP = 120 – 90 = 30</p> <p>GPM = 30/120 *100 = <b>25%</b></p> <p>Common incorrect answers</p> <table><tr><th>Answer</th><th>Mark</th><th>Rationale</th></tr><tr><td>120 – 90 = 30</td><td>1</td><td>Correct calculation of gross profit</td></tr><tr><td>[90 – (20+10)/120] × 100 =<br/>60/120 × 100 = 50%</td><td>1</td><td>Gross profit incorrectly calculated but formula correct</td></tr><tr><td><u>(Gross profit/revenue) × 100.</u><br/><u>Gross profit = 30</u></td><td>2</td><td>Correct formula and correct calculation of gross profit</td></tr><tr><td>GP = 10 000 – 20 000 – 90 000 =<br/>– 100 × 100 000/120 000 =<br/>83.33%</td><td>1</td><td>Gross profit incorrectly calculated but formula correct</td></tr><tr><td>120 000 – 90 000/120 000 = 0.25</td><td>2</td><td>Gross profit and method correct but ×100 missing from formula</td></tr><tr><td>(30 000/120 000) × 100 = \$25 000</td><td>2</td><td>Correct formula and correct calculation of gross profit</td></tr></table> | Mark                                                          | Rationale | 3 marks | Correct calculation of gross profit margin (with or without working or %) | 2 marks | Correct formula <b>and</b> correct calculation of gross profit | 1 mark | Correct formula <b>or</b> correct calculation of gross profit | 0 marks | No creditable content | Answer | Mark | Rationale | 120 – 90 = 30 | 1 | Correct calculation of gross profit | [90 – (20+10)/120] × 100 =<br>60/120 × 100 = 50% | 1 | Gross profit incorrectly calculated but formula correct | <u>(Gross profit/revenue) × 100.</u><br><u>Gross profit = 30</u> | 2 | Correct formula and correct calculation of gross profit | GP = 10 000 – 20 000 – 90 000 =<br>– 100 × 100 000/120 000 =<br>83.33% | 1 | Gross profit incorrectly calculated but formula correct | 120 000 – 90 000/120 000 = 0.25 | 2 | Gross profit and method correct but ×100 missing from formula | (30 000/120 000) × 100 = \$25 000 | 2 | Correct formula and correct calculation of gross profit | 3 |
| Mark                                                                   | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                               |           |         |                                                                           |         |                                                                |        |                                                               |         |                       |        |      |           |               |   |                                     |                                                  |   |                                                         |                                                                  |   |                                                         |                                                                        |   |                                                         |                                 |   |                                                               |                                   |   |                                                         |   |
| 3 marks                                                                | Correct calculation of gross profit margin (with or without working or %)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                               |           |         |                                                                           |         |                                                                |        |                                                               |         |                       |        |      |           |               |   |                                     |                                                  |   |                                                         |                                                                  |   |                                                         |                                                                        |   |                                                         |                                 |   |                                                               |                                   |   |                                                         |   |
| 2 marks                                                                | Correct formula <b>and</b> correct calculation of gross profit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                               |           |         |                                                                           |         |                                                                |        |                                                               |         |                       |        |      |           |               |   |                                     |                                                  |   |                                                         |                                                                  |   |                                                         |                                                                        |   |                                                         |                                 |   |                                                               |                                   |   |                                                         |   |
| 1 mark                                                                 | Correct formula <b>or</b> correct calculation of gross profit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                               |           |         |                                                                           |         |                                                                |        |                                                               |         |                       |        |      |           |               |   |                                     |                                                  |   |                                                         |                                                                  |   |                                                         |                                                                        |   |                                                         |                                 |   |                                                               |                                   |   |                                                         |   |
| 0 marks                                                                | No creditable content                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                               |           |         |                                                                           |         |                                                                |        |                                                               |         |                       |        |      |           |               |   |                                     |                                                  |   |                                                         |                                                                  |   |                                                         |                                                                        |   |                                                         |                                 |   |                                                               |                                   |   |                                                         |   |
| Answer                                                                 | Mark                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Rationale                                                     |           |         |                                                                           |         |                                                                |        |                                                               |         |                       |        |      |           |               |   |                                     |                                                  |   |                                                         |                                                                  |   |                                                         |                                                                        |   |                                                         |                                 |   |                                                               |                                   |   |                                                         |   |
| 120 – 90 = 30                                                          | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Correct calculation of gross profit                           |           |         |                                                                           |         |                                                                |        |                                                               |         |                       |        |      |           |               |   |                                     |                                                  |   |                                                         |                                                                  |   |                                                         |                                                                        |   |                                                         |                                 |   |                                                               |                                   |   |                                                         |   |
| [90 – (20+10)/120] × 100 =<br>60/120 × 100 = 50%                       | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Gross profit incorrectly calculated but formula correct       |           |         |                                                                           |         |                                                                |        |                                                               |         |                       |        |      |           |               |   |                                     |                                                  |   |                                                         |                                                                  |   |                                                         |                                                                        |   |                                                         |                                 |   |                                                               |                                   |   |                                                         |   |
| <u>(Gross profit/revenue) × 100.</u><br><u>Gross profit = 30</u>       | 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Correct formula and correct calculation of gross profit       |           |         |                                                                           |         |                                                                |        |                                                               |         |                       |        |      |           |               |   |                                     |                                                  |   |                                                         |                                                                  |   |                                                         |                                                                        |   |                                                         |                                 |   |                                                               |                                   |   |                                                         |   |
| GP = 10 000 – 20 000 – 90 000 =<br>– 100 × 100 000/120 000 =<br>83.33% | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Gross profit incorrectly calculated but formula correct       |           |         |                                                                           |         |                                                                |        |                                                               |         |                       |        |      |           |               |   |                                     |                                                  |   |                                                         |                                                                  |   |                                                         |                                                                        |   |                                                         |                                 |   |                                                               |                                   |   |                                                         |   |
| 120 000 – 90 000/120 000 = 0.25                                        | 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Gross profit and method correct but ×100 missing from formula |           |         |                                                                           |         |                                                                |        |                                                               |         |                       |        |      |           |               |   |                                     |                                                  |   |                                                         |                                                                  |   |                                                         |                                                                        |   |                                                         |                                 |   |                                                               |                                   |   |                                                         |   |
| (30 000/120 000) × 100 = \$25 000                                      | 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Correct formula and correct calculation of gross profit       |           |         |                                                                           |         |                                                                |        |                                                               |         |                       |        |      |           |               |   |                                     |                                                  |   |                                                         |                                                                  |   |                                                         |                                                                        |   |                                                         |                                 |   |                                                               |                                   |   |                                                         |   |

| Question                                | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Marks                                                                      |                           |       |         |                                                   |   |         |                                                      |   |        |                                           |   |   |                       |   |                |             |                  |                                         |                                  |                                                                            |                     |                                 |                                                                |                      |                              |                                        |          |
|-----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|---------------------------|-------|---------|---------------------------------------------------|---|---------|------------------------------------------------------|---|--------|-------------------------------------------|---|---|-----------------------|---|----------------|-------------|------------------|-----------------------------------------|----------------------------------|----------------------------------------------------------------------------|---------------------|---------------------------------|----------------------------------------------------------------|----------------------|------------------------------|----------------------------------------|----------|
| 2(b)(ii)                                | <p><b>Explain <u>one</u> way that BG could improve its profit margin.</b></p> <table> <tr> <th>Level</th><th>Knowledge and Application</th><th>Marks</th></tr> <tr> <td>2 (APP)</td><td>Explanation of a way to improve the profit margin</td><td>3</td></tr> <tr> <td>1b (KK)</td><td>Identification of a way to improve the profit margin</td><td>2</td></tr> <tr> <td>1a (K)</td><td>Identification of a way to improve profit</td><td>1</td></tr> <tr> <td>0</td><td>No creditable content</td><td>0</td></tr> </table> <p>Context (profit margin) and content is likely to come from:</p> <ul style="list-style-type: none"> <li>• Increase price but maintain costs/expenses</li> <li>• Decrease costs and maintain price</li> </ul> <table> <tr> <th>Identification</th><th>Explanation</th><th>Possible context</th></tr> <tr> <td>Decrease costs and increase price (APP)</td><td>Both costs and price referred to</td><td>This is clearly linked to the context of a profit <b>MARGIN</b> so 3 marks</td></tr> <tr> <td>Increase price (KK)</td><td>Only price, nothing about costs</td><td>Related to profit margin but only identifies price so 2 marks.</td></tr> <tr> <td>Increase revenue (K)</td><td>This relates to profit only.</td><td>1 mark as not related to profit margin</td></tr> </table> | Level                                                                      | Knowledge and Application | Marks | 2 (APP) | Explanation of a way to improve the profit margin | 3 | 1b (KK) | Identification of a way to improve the profit margin | 2 | 1a (K) | Identification of a way to improve profit | 1 | 0 | No creditable content | 0 | Identification | Explanation | Possible context | Decrease costs and increase price (APP) | Both costs and price referred to | This is clearly linked to the context of a profit <b>MARGIN</b> so 3 marks | Increase price (KK) | Only price, nothing about costs | Related to profit margin but only identifies price so 2 marks. | Increase revenue (K) | This relates to profit only. | 1 mark as not related to profit margin | <b>3</b> |
| Level                                   | Knowledge and Application                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Marks                                                                      |                           |       |         |                                                   |   |         |                                                      |   |        |                                           |   |   |                       |   |                |             |                  |                                         |                                  |                                                                            |                     |                                 |                                                                |                      |                              |                                        |          |
| 2 (APP)                                 | Explanation of a way to improve the profit margin                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 3                                                                          |                           |       |         |                                                   |   |         |                                                      |   |        |                                           |   |   |                       |   |                |             |                  |                                         |                                  |                                                                            |                     |                                 |                                                                |                      |                              |                                        |          |
| 1b (KK)                                 | Identification of a way to improve the profit margin                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 2                                                                          |                           |       |         |                                                   |   |         |                                                      |   |        |                                           |   |   |                       |   |                |             |                  |                                         |                                  |                                                                            |                     |                                 |                                                                |                      |                              |                                        |          |
| 1a (K)                                  | Identification of a way to improve profit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 1                                                                          |                           |       |         |                                                   |   |         |                                                      |   |        |                                           |   |   |                       |   |                |             |                  |                                         |                                  |                                                                            |                     |                                 |                                                                |                      |                              |                                        |          |
| 0                                       | No creditable content                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 0                                                                          |                           |       |         |                                                   |   |         |                                                      |   |        |                                           |   |   |                       |   |                |             |                  |                                         |                                  |                                                                            |                     |                                 |                                                                |                      |                              |                                        |          |
| Identification                          | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Possible context                                                           |                           |       |         |                                                   |   |         |                                                      |   |        |                                           |   |   |                       |   |                |             |                  |                                         |                                  |                                                                            |                     |                                 |                                                                |                      |                              |                                        |          |
| Decrease costs and increase price (APP) | Both costs and price referred to                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | This is clearly linked to the context of a profit <b>MARGIN</b> so 3 marks |                           |       |         |                                                   |   |         |                                                      |   |        |                                           |   |   |                       |   |                |             |                  |                                         |                                  |                                                                            |                     |                                 |                                                                |                      |                              |                                        |          |
| Increase price (KK)                     | Only price, nothing about costs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Related to profit margin but only identifies price so 2 marks.             |                           |       |         |                                                   |   |         |                                                      |   |        |                                           |   |   |                       |   |                |             |                  |                                         |                                  |                                                                            |                     |                                 |                                                                |                      |                              |                                        |          |
| Increase revenue (K)                    | This relates to profit only.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 1 mark as not related to profit margin                                     |                           |       |         |                                                   |   |         |                                                      |   |        |                                           |   |   |                       |   |                |             |                  |                                         |                                  |                                                                            |                     |                                 |                                                                |                      |                              |                                        |          |

| Question | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                           |              |                                                                                                   | Marks    |              |
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| 2(c)     | <b>Analyse <u>two</u> possible sources of finance that BG could use for the new lawnmower.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                           |              |                                                                                                   | <b>8</b> |              |
|          | <b>Level</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>Knowledge and Application (4 marks)</b>                                | <b>Marks</b> | <b>Analysis (4 marks)</b>                                                                         |          | <b>Marks</b> |
|          | <b>2</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Shows understanding of <b>two (or more)</b> sources of finance in context | 4            | Good analysis of <b>two (or more)</b> sources of finance that BG could use for the new lawnmower. |          | 4            |
|          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Shows understanding of <b>one</b> source of finance in context            | 3            | Good analysis of <b>one</b> source of finance that BG could use for the new lawnmower.            |          | 3            |
|          | <b>1</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Shows knowledge of <b>two (or more)</b> sources of finance                | 2            | Limited analysis of <b>two (or more)</b> sources of finance                                       |          | 2            |
|          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Shows knowledge of <b>one</b> source of finance                           | 1            | Limited analysis of <b>one</b> source of finance                                                  |          | 1            |
|          | <b>0</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | No creditable content                                                     |              |                                                                                                   |          |              |
|          | Any source of finance could be relevant – analysis will depend on context used:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                           |              |                                                                                                   |          |              |
|          | Contextual analysis likely to come from:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                           |              |                                                                                                   |          |              |
|          | <ul style="list-style-type: none"><li>• Cash flow, Barry is worried about working capital so how would BG be able to make the repayments?</li><li>• Time span, how long would BG borrow for, interest rates tend to be higher over longer period of time. BG is a partnership, this could be risk if paid over longer term. Does Barry prefer short or medium or longer term?</li><li>• Amount being borrowed. Would BG need to borrow all of the \$10 000. Could Barry or Michael invest additional funds themselves to limit the borrowing?</li><li>• Interest rates, BG is a partnership so could be seen as risky to lend to. But healthy profits and margins so could persuade a lender that the risk is smaller.</li><li>• Future demand – Expected to increase as BG gain customers from competitors (LawnsRus) but what if the economy slows down – demand could fall in coming years especially from the revenue generated from basic services?</li></ul> |                                                                           |              |                                                                                                   |          |              |

| Question | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |              |                                                                                  |              | Marks     |
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| 2(d)     | <b>Discuss the advantages and disadvantages to Barry and Michael of the business being a partnership.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |              |                                                                                  |              | <b>11</b> |
|          | <b>Knowledge and Application<br/>(4 marks)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>Marks</b> | <b>Analysis and Evaluation<br/>(7 marks)</b>                                     | <b>Marks</b> |           |
|          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |              | Justified evaluation based on arguments in context                               | 7            |           |
|          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |              | Developed evaluation based on arguments in context                               | 6            |           |
|          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |              | An evaluative statement based on arguments in context                            | 5            |           |
|          | Shows understanding of two or more features of a partnership in context                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 4            | Argument of advantage(s) <b>and</b> disadvantage(s) of partnerships in context   | 4            |           |
|          | Shows understanding of one feature of a partnership in context                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 3            | Argument of an advantage(s) <b>or</b> disadvantage(s) of partnerships in context | 3            |           |
|          | Identifies two or more features of a partnership                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 2            | Limited analysis of an advantage(s) <b>and</b> disadvantage(s) of partnerships   | 2            |           |
|          | Identifies one feature of a partnership                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 1            | Limited analysis of an advantage(s) <b>or</b> disadvantage(s) of partnerships    | 1            |           |
|          | No creditable content                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |              |                                                                                  |              |           |
|          | <i>Please annotate analysis of advantages in the left hand margin and disadvantages in the right hand margin. Evaluation can only be awarded if there is at least one double AN in the left and one double AN right hand margins.</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                              |              |                                                                                  |              |           |
|          | Context/content:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |              |                                                                                  |              |           |
|          | <b>Advantages:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |              |                                                                                  |              |           |
|          | <ul style="list-style-type: none"> <li>Partners can specialise, this has worked for BG with division of tasks (Barry – finance and marketing, Michael – technical and employees). This will help BG be successful e.g., strong profits and margins</li> <li>Partners run the business for themselves, not accountable to shareholders and so Michael and Barry gain the rewards from the business/retain control</li> <li>BG will be a smaller business and so Michael and Barry are likely to offer personal service and good communication to customers, Michael in marketing and Barry in agreeing prices and contracts. This will help BG gain a reputation and be more successful.</li> </ul> |              |                                                                                  |              |           |

| Question | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Marks |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
|          | <p><b>Disadvantages:</b></p> <ul style="list-style-type: none"> <li>• Unlimited liability so a risk to Michael and Barry. They could lose their possessions as well as their investment should the business fail.</li> <li>• Long hours of work/responsibility</li> <li>• Conflict – Michael and Barry may fall out over decisions and this could lead to conflict and dissolution of the partnership e.g., over the finance needed for the lawnmower</li> <li>• Partnership ceases if one partner dies.</li> </ul> <p>Evaluation is likely to come from a candidate:</p> <ol style="list-style-type: none"> <li>1. Judging whether the advantages outweigh the disadvantages</li> <li>2. Weighting their response, for example, ‘this is the main advantage because’ is likely to lead an evaluative response.</li> </ol> <p>Candidates must cover both advantages and disadvantages to gain higher than 3+3 marks</p> |       |