



Cambridge International AS & A Level

BUSINESS

9609/21

Paper 2 Data Response

October/November 2020

MARK SCHEME

Maximum Mark: 60

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the October/November 2020 series for most Cambridge IGCSE™, Cambridge International A and AS Level and Cambridge Pre-U components, and some Cambridge O Level components.

This document consists of **19** printed pages.

Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptors for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently, e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

GENERIC MARKING PRINCIPLE 5:

Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).

GENERIC MARKING PRINCIPLE 6:

Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

Question	Answer	Marks																				
1(a)(i)	<p>Define the term ‘corporate social responsibility (CSR)’ (line 3) .</p> <table border="1" data-bbox="320 315 1310 577"> <thead> <tr> <th data-bbox="320 315 1158 380">Knowledge and Application</th> <th data-bbox="1158 315 1310 380">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 380 1158 448">A correct definition</td> <td data-bbox="1158 380 1310 448">2</td> </tr> <tr> <td data-bbox="320 448 1158 515">A partial, vague or unfocused definition</td> <td data-bbox="1158 448 1310 515">1</td> </tr> <tr> <td data-bbox="320 515 1158 577">No creditable content</td> <td data-bbox="1158 515 1310 577">0</td> </tr> </tbody> </table> <p><i>Answers could include:</i> When a company aims to act ethically and responsibly to ensure that the public perceives it positively and may help to attract new customers.</p> <p>A correct definition should include the following elements (allow one mark for each element):</p> <ul style="list-style-type: none"> • Acts ethically / in the interests of society / the environment • Helps attract new customers / considers impact on stakeholders / business objective beyond legal obligations <table border="1" data-bbox="320 983 1310 1377"> <thead> <tr> <th data-bbox="320 983 879 1048">Exemplar</th> <th data-bbox="879 983 979 1048">Mark</th> <th data-bbox="979 983 1310 1048">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 1048 879 1216">Businesses act ethically and consider the impact of their actions on customers</td> <td data-bbox="879 1048 979 1216">2</td> <td data-bbox="979 1048 1310 1216">Both elements – ethically and impact on a stakeholder (customers)</td> </tr> <tr> <td data-bbox="320 1216 879 1314">Where a business considers the impact on the environment</td> <td data-bbox="879 1216 979 1314">1</td> <td data-bbox="979 1216 1310 1314">One element only</td> </tr> <tr> <td data-bbox="320 1314 879 1377">CSR is a business objective</td> <td data-bbox="879 1314 979 1377">0</td> <td data-bbox="979 1314 1310 1377">Not defined</td> </tr> </tbody> </table>	Knowledge and Application	Marks	A correct definition	2	A partial, vague or unfocused definition	1	No creditable content	0	Exemplar	Mark	Rationale	Businesses act ethically and consider the impact of their actions on customers	2	Both elements – ethically and impact on a stakeholder (customers)	Where a business considers the impact on the environment	1	One element only	CSR is a business objective	0	Not defined	2
Knowledge and Application	Marks																					
A correct definition	2																					
A partial, vague or unfocused definition	1																					
No creditable content	0																					
Exemplar	Mark	Rationale																				
Businesses act ethically and consider the impact of their actions on customers	2	Both elements – ethically and impact on a stakeholder (customers)																				
Where a business considers the impact on the environment	1	One element only																				
CSR is a business objective	0	Not defined																				

Question	Answer		Marks
1(a)(ii)	Explain the term ‘triple bottom line’ (line 15).		3
Rationale		Marks	
C	An explanation of all three elements of a triple bottom line to include, e.g. an example or some other way of showing a good understanding	1	
B	An understanding of all three elements of a triple bottom line	1	
A	An understanding of two elements of a triple bottom line	1	
<p><i>Answers could include:</i> The 3Ps of people, planet and profit. Broader measure than the financial bottom line to include a measure of businesses social responsibility, economic value, and environmental impact.</p>			
Exemplar		Mark	Rationale
It is to maximise profits for shareholders, taking care of the environment and benefitting the community		3	All 3 elements + example ‘ <i>maximising</i> profits for shareholders’
The triple bottom line includes social, environmental and economic objectives		2	All 3 elements but no expansion
Triple bottom line puts the planet before profit		1	Only 2 elements
The triple bottom line refers to the base objectives of a business		0	NAQ – no explanation or evidence of understanding

Question	Answer	Marks										
1(b)(i)	<p>Refer to Table 1.1. Calculate the forecast profit margin for the year ending 30 November 2020.</p> <table border="1" data-bbox="320 349 1310 674"> <thead> <tr> <th data-bbox="320 349 1158 414">Rationale</th> <th data-bbox="1158 349 1310 414">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 414 1158 479">Correct answer with or without correct working or %</td> <td data-bbox="1158 414 1310 479">3</td> </tr> <tr> <td data-bbox="320 479 1158 544">Formula and correct calculation of profit</td> <td data-bbox="1158 479 1310 544">2</td> </tr> <tr> <td data-bbox="320 544 1158 609">Formula or correct calculation of profit for end of Nov 2020</td> <td data-bbox="1158 544 1310 609">1</td> </tr> <tr> <td data-bbox="320 609 1158 674">No creditable content</td> <td data-bbox="1158 609 1310 674">0</td> </tr> </tbody> </table> <p>e.g. Profit margin = (profit / total revenue) x 100 (1) Profit for end of Nov 2020 = 6.4m – (3.4m + 1.6m + 200 000) = \$1.2m (1) \$1.2m / \$6.4m = 0.1875 (2) (\$1.2m/\$6.4m) x 100= 18.75% (3) Accept any answer between 18.7% and 19% (3) % not required for full marks</p> <p>OFR*</p>	Rationale	Marks	Correct answer with or without correct working or %	3	Formula and correct calculation of profit	2	Formula or correct calculation of profit for end of Nov 2020	1	No creditable content	0	3
Rationale	Marks											
Correct answer with or without correct working or %	3											
Formula and correct calculation of profit	2											
Formula or correct calculation of profit for end of Nov 2020	1											
No creditable content	0											

Question	Answer			Marks
1(b)(i)	Common incorrect/correct answers			
	Answer	Mark	Rationale	
	18.75	3	Correct answer – does not need %	
	18.8%	3	Correctly rounded answer (1 dec place)	
	19%	3	Correctly rounded answer (0 dec places)	
	0.1875	2	Incomplete calculation – did not x100	
	[3 – (1.6 – 0.2)] / 6.4 x 100 = 25%	2	Method is correct except (1.6 – 0.2) should be (1.6 + 0.2), a mistake in the sign. This is an example of *OFR below	
	25% (no working)	0	No calculation and wrong answer	
	Profit margin = (profit/total revenue) x 100	1	Formula only	
	\$1.2m	1	Correct calculation of profit	
<p><i>*OFR means the use of the own figure rule – this aims to reward a candidate for the stages of a calculation that are correct, even if an earlier stage or figure used is incorrect. An early mistake, for example, would create all following calculations to have wrong answers, but these are still rewardable (if correct when using a candidate's own figures) Therefore the candidate cannot gain marks for the stage that was incorrect, but can gain all the subsequent marks.</i></p>				

Question	Answer		Marks															
1(b)(ii)	Explain <u>one</u> likely effect on UC of a decrease in profit.		3															
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th data-bbox="320 320 451 376">Level</th> <th data-bbox="458 320 1114 376">Knowledge and Application</th> <th data-bbox="1120 320 1310 376">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 385 451 477">APP</td> <td data-bbox="458 385 1114 477">Explanation of an effect of a decrease in profit on UC</td> <td data-bbox="1120 385 1310 477" style="text-align: center;">3</td> </tr> <tr> <td data-bbox="320 486 451 542">K+K</td> <td data-bbox="458 486 1114 542">Explanation of an effect of a decrease in profit</td> <td data-bbox="1120 486 1310 542" style="text-align: center;">2</td> </tr> <tr> <td data-bbox="320 551 451 607">K</td> <td data-bbox="458 551 1114 607">Identification of an effect of a decrease in profit</td> <td data-bbox="1120 551 1310 607" style="text-align: center;">1</td> </tr> <tr> <td data-bbox="320 616 451 672">0</td> <td data-bbox="458 616 1114 672">No creditable content</td> <td data-bbox="1120 616 1310 672" style="text-align: center;">0</td> </tr> </tbody> </table>				Level	Knowledge and Application	Marks	APP	Explanation of an effect of a decrease in profit on UC	3	K+K	Explanation of an effect of a decrease in profit	2	K	Identification of an effect of a decrease in profit	1	0	No creditable content	0
Level	Knowledge and Application	Marks																
APP	Explanation of an effect of a decrease in profit on UC	3																
K+K	Explanation of an effect of a decrease in profit	2																
K	Identification of an effect of a decrease in profit	1																
0	No creditable content	0																
<p>Context and content is likely to come from: Possible effects may include:</p> <ul style="list-style-type: none"> • May affect surplus for reinvestment in the apprenticeship scheme • May affect demand if business confidence in UC falls • May delay plans for factory A • May cause employees to worry which could lead to demotivation 																		
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th data-bbox="320 960 576 1081">Identification of an effect (K - 1 mark)</th> <th data-bbox="582 960 911 1081">Explanation (K+K - 2 marks)</th> <th data-bbox="917 960 1310 1081">Possible context (APP - 3 marks)</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 1090 576 1211">May have to decrease costs</td> <td data-bbox="582 1090 911 1211">to avoid getting into debt</td> <td data-bbox="917 1090 1310 1211">so may cut its training scheme for the long-term unemployed</td> </tr> <tr> <td data-bbox="320 1220 576 1346">They have less to invest in the business</td> <td data-bbox="582 1220 911 1346">which could affect expansion plans</td> <td data-bbox="917 1220 1310 1346">such as the automation of factory A</td> </tr> </tbody> </table>				Identification of an effect (K - 1 mark)	Explanation (K+K - 2 marks)	Possible context (APP - 3 marks)	May have to decrease costs	to avoid getting into debt	so may cut its training scheme for the long-term unemployed	They have less to invest in the business	which could affect expansion plans	such as the automation of factory A						
Identification of an effect (K - 1 mark)	Explanation (K+K - 2 marks)	Possible context (APP - 3 marks)																
May have to decrease costs	to avoid getting into debt	so may cut its training scheme for the long-term unemployed																
They have less to invest in the business	which could affect expansion plans	such as the automation of factory A																

Question	Answer				Marks
1(c)	Analyse <u>two</u> likely effects on the other employees if Jack is dismissed.				8
	Level	Knowledge and Application (4 marks)	Marks	Analysis (4 marks)	Marks
	2	Shows understanding of two effects, on other employees, of dismissal in context	4	Developed analysis of two effects, on other employees, of dismissal in context	4
		Shows understanding of one effect, on other employees, of dismissal in context	3	Developed analysis of one effect, on other employees, of dismissal in context	3
	1	Shows knowledge of two effects of dismissal	2	Limited analysis of two effects of dismissal	2
		Shows knowledge of one effect of dismissal	1	Limited analysis of one effect of dismissal	1
	0	No creditable content			
<p>Dismissal is when an employee is asked to leave the workplace for misconduct or for disobeying company rules and policies. Context could come from</p> <ul style="list-style-type: none"> • Jack's negligence causing faulty part – Is the dismissal fair? • Because of the recall cost, there will be a reduction in profit - some employees may be asked to leave • Accelerate the automation of factory A – less need for production supervisors or other workers • Effect on motivation to work overtime • Uncertainty/distrust of management 					

Question	Answer			Marks
1(c)	<p>Example of an effect (K)</p> <p>Other employees may have an increased workload</p> <p>It could lead to the firm becoming more capital intensive</p>	<p>Examples of application/context (APP)</p> <p>as they may have to cover Jack's supervisor role</p> <p>Jack's mistake, which lead to his dismissal, could accelerate plans to automate factory A</p>	<p>Examples of possible analysis (AN + DEV)</p> <p>hence this increased workload could cause them to become tired, (AN) make more mistakes and fear dismissal (DEV)</p> <p>with more consistent production (<i>due to automation</i>) there will be less need for production supervisors (AN) or other workers. They may find it hard to get another job as those workers were previously long-term unemployed (DEV)</p>	

Question	Answer				Marks
1(d)	Recommend whether UC should automate factory A. Justify your recommendation.				11
Knowledge and Application (4 marks)		Marks	Analysis and Evaluation (7 marks)		Marks
			Justified recommendation based on arguments in context		7
			Developed recommendation based on arguments in context		6
			A recommendation based on arguments in context		5
Shows understanding of two aspects of automation in context		4	Arguments (two-sided) based on the advantages and disadvantages of automation in context		4
Shows understanding of one aspect of automation in context		3	Argument (one-sided) based on the advantages or disadvantages of automation in context		3
Shows knowledge of two aspects of automation		2	Limited analysis of advantages and disadvantages of automation		2
Shows knowledge of one aspect of automation		1	Limited analysis of advantages or disadvantages of automation		1
No creditable content 0					
<p><i>Context/content:</i></p> <ul style="list-style-type: none"> • Faulty part made in factory A which uses batch production • Costs of recall may delay change • Effect on employees especially skilled workers • Effects on apprenticeship scheme • Will they be able to meet their social enterprise objectives? • Lower unit costs in factory B • Cost of investment may mean less to invest in employee training • Why the need to reduce unit costs? Social enterprise is already making a good profit, even after recall • Could reduce price, asked by customers, through efficiency savings 					

Question	Answer					Marks	
1(d)	Examples of how an answer could develop and how it should be annotated.						
	K	APP	AN	DEV	EVAL		
	Automated machinery is more consistent	The company will be able to produce engine parts more quickly	This should mean that the average unit cost will fall	Therefore UC could re-invest the extra profits into the company, as a source of finance, and help it achieve its CSR objective.	To some extent automation could be damaging to UC because of high start-up costs (EVAL) However, I would		
UC should not automate as it would have high set-up costs	The cost of sales are already forecast to rise by \$1.1m in 2020	This could mean that UC's profitability will decrease	Consequently, as UC is a private company it cannot sell shares to the public to cover these costs so they may face a cash-flow problem and their liquidity may not be sustainable.	recommend that UC should automate Factory A (EVAL) as it will have a higher level of consistent output leading to lower average costs and higher profits in the long-run (EVAL)			

Question	Answer	Marks																							
2(a)(i)	<p>Define the term ‘efficiency’ (line 11).</p> <table border="1" data-bbox="320 315 1310 577"> <thead> <tr> <th data-bbox="320 315 1158 380">Knowledge and Application</th> <th data-bbox="1158 315 1310 380">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 380 1158 448">A correct definition</td> <td data-bbox="1158 380 1310 448">2</td> </tr> <tr> <td data-bbox="320 448 1158 515">A partial, vague or unfocused definition</td> <td data-bbox="1158 448 1310 515">1</td> </tr> <tr> <td data-bbox="320 515 1158 577">No creditable content</td> <td data-bbox="1158 515 1310 577">0</td> </tr> </tbody> </table> <p>A peak level of performance that uses the least amount of inputs to achieve the highest amount of output/measure of productivity.</p> <p>Efficiency requires reducing the number of unnecessary resources used to produce a given output including personal time and energy / produce goods at the lowest average cost.</p> <p>A correct definition should include the following elements (allow one mark for each element):</p> <ul style="list-style-type: none"> • Measures inputs relative to outputs • Average/lowest cost of production / over a period of time / highest ratio of production <table border="1" data-bbox="320 1055 1310 1644"> <thead> <tr> <th data-bbox="320 1055 879 1117">Exemplar</th> <th data-bbox="879 1055 978 1117">Mark</th> <th data-bbox="978 1055 1310 1117">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 1117 879 1283">Efficiency is the amount of output produced, in a given period of time, per number of employees working.</td> <td data-bbox="879 1117 978 1283">2</td> <td data-bbox="978 1117 1310 1283">Has inputs relative to outputs over a period of time – so both elements</td> </tr> <tr> <td data-bbox="320 1283 879 1415">Efficiency can be measured by how much is completed, per worker, in a time period</td> <td data-bbox="879 1283 978 1415">2</td> <td data-bbox="978 1283 1310 1415">Both elements</td> </tr> <tr> <td data-bbox="320 1415 879 1547">The term efficiency refers to the level of output in comparison with hours of labour</td> <td data-bbox="879 1415 978 1547">1</td> <td data-bbox="978 1415 1310 1547">Only 1 element</td> </tr> <tr> <td data-bbox="320 1547 879 1644">Efficiency refers to how much a firm can produce</td> <td data-bbox="879 1547 978 1644">0</td> <td data-bbox="978 1547 1310 1644">Too vague</td> </tr> </tbody> </table>	Knowledge and Application	Marks	A correct definition	2	A partial, vague or unfocused definition	1	No creditable content	0	Exemplar	Mark	Rationale	Efficiency is the amount of output produced, in a given period of time, per number of employees working.	2	Has inputs relative to outputs over a period of time – so both elements	Efficiency can be measured by how much is completed, per worker, in a time period	2	Both elements	The term efficiency refers to the level of output in comparison with hours of labour	1	Only 1 element	Efficiency refers to how much a firm can produce	0	Too vague	2
Knowledge and Application	Marks																								
A correct definition	2																								
A partial, vague or unfocused definition	1																								
No creditable content	0																								
Exemplar	Mark	Rationale																							
Efficiency is the amount of output produced, in a given period of time, per number of employees working.	2	Has inputs relative to outputs over a period of time – so both elements																							
Efficiency can be measured by how much is completed, per worker, in a time period	2	Both elements																							
The term efficiency refers to the level of output in comparison with hours of labour	1	Only 1 element																							
Efficiency refers to how much a firm can produce	0	Too vague																							

Question	Answer	Marks																											
2(a)(ii)	<p>Explain the term ‘product life cycle’ (line 2).</p> <p>Award one mark for each point of explanation:</p> <table border="1" data-bbox="320 349 1310 680"> <thead> <tr> <th colspan="2" data-bbox="320 349 1158 414">Rationale</th> <th data-bbox="1158 349 1310 414">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 414 400 512">C</td> <td data-bbox="400 414 1158 512">Example or some other way of showing good understanding</td> <td data-bbox="1158 414 1310 512">1</td> </tr> <tr> <td data-bbox="320 512 400 584">B</td> <td data-bbox="400 512 1158 584">Understanding of another stage of the PLC</td> <td data-bbox="1158 512 1310 584">1</td> </tr> <tr> <td data-bbox="320 584 400 680">A</td> <td data-bbox="400 584 1158 680">Understanding that a product goes through stages from launch to decline</td> <td data-bbox="1158 584 1310 680">1</td> </tr> </tbody> </table> <p>The stages a product passes through from launch, growth and maturity to decline.</p> <table border="1" data-bbox="320 819 1310 1581"> <thead> <tr> <th data-bbox="320 819 879 884">Exemplar</th> <th data-bbox="879 819 978 884">Mark</th> <th data-bbox="978 819 1310 884">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 884 879 1120">The product life cycle has four steps which are introduction, growth, maturity and finally decline (A+B). It shows where a product is and the process when launching the product, over a period of time in the market (C)</td> <td data-bbox="879 884 978 1120">3</td> <td data-bbox="978 884 1310 1120">All 3 categories covered.</td> </tr> <tr> <td data-bbox="320 1120 879 1283">The product life cycle is the process the product goes through after it is released on the market. It then goes through growth, maturity and decline (A+B)</td> <td data-bbox="879 1120 978 1283">2</td> <td data-bbox="978 1120 1310 1283">Evidence of understanding the stages but no further development.</td> </tr> <tr> <td data-bbox="320 1283 879 1417">The product life cycle refers to the point at which a product enters the market to the point it dies (A)</td> <td data-bbox="879 1283 978 1417">1</td> <td data-bbox="978 1283 1310 1417">Only launch and decline referred to in this answer.</td> </tr> <tr> <td data-bbox="320 1417 879 1581">Product life cycle includes every element of development a product goes through when it is being sold to the public.</td> <td data-bbox="879 1417 978 1581">0</td> <td data-bbox="978 1417 1310 1581">Too vague, no understanding shown.</td> </tr> </tbody> </table>	Rationale		Marks	C	Example or some other way of showing good understanding	1	B	Understanding of another stage of the PLC	1	A	Understanding that a product goes through stages from launch to decline	1	Exemplar	Mark	Rationale	The product life cycle has four steps which are introduction, growth, maturity and finally decline (A+B). It shows where a product is and the process when launching the product, over a period of time in the market (C)	3	All 3 categories covered.	The product life cycle is the process the product goes through after it is released on the market. It then goes through growth, maturity and decline (A+B)	2	Evidence of understanding the stages but no further development.	The product life cycle refers to the point at which a product enters the market to the point it dies (A)	1	Only launch and decline referred to in this answer.	Product life cycle includes every element of development a product goes through when it is being sold to the public.	0	Too vague, no understanding shown.	3
Rationale		Marks																											
C	Example or some other way of showing good understanding	1																											
B	Understanding of another stage of the PLC	1																											
A	Understanding that a product goes through stages from launch to decline	1																											
Exemplar	Mark	Rationale																											
The product life cycle has four steps which are introduction, growth, maturity and finally decline (A+B). It shows where a product is and the process when launching the product, over a period of time in the market (C)	3	All 3 categories covered.																											
The product life cycle is the process the product goes through after it is released on the market. It then goes through growth, maturity and decline (A+B)	2	Evidence of understanding the stages but no further development.																											
The product life cycle refers to the point at which a product enters the market to the point it dies (A)	1	Only launch and decline referred to in this answer.																											
Product life cycle includes every element of development a product goes through when it is being sold to the public.	0	Too vague, no understanding shown.																											

Question	Answer	Marks																																					
2(b)(i)	<p>Refer to table 2.1. Calculate the value of X.</p> <table border="1" data-bbox="320 315 1310 674"> <thead> <tr> <th>Rationale</th> <th>Marks</th> </tr> </thead> <tbody> <tr> <td>Correct answer with or without correct working (can be accepted as a ratio or not)</td> <td>3</td> </tr> <tr> <td>Correct formula and correct calculation of current assets</td> <td>2</td> </tr> <tr> <td>Correct formula or correct calculation of current assets</td> <td>1</td> </tr> <tr> <td>No creditable content</td> <td>0</td> </tr> </tbody> </table> <p>Formula: Current ratio = current assets/current liabilities (1)</p> <p>Current assets = 50 + 20 + 20 = 90 (must show working) (1) 90 / 30 = 3</p> <p>Answer = 3 or 3:1 (3)</p> <p>Common incorrect answers</p> <table border="1" data-bbox="320 976 1310 1966"> <thead> <tr> <th>Answer</th> <th>Mark</th> <th>Rationale</th> </tr> </thead> <tbody> <tr> <td>3:1</td> <td>3</td> <td>Correct answer in ratio format</td> </tr> <tr> <td>30/90 = 0.33</td> <td>2</td> <td>Inverted formula, but correct calculation of current assets</td> </tr> <tr> <td>0.33 (no working)</td> <td>0</td> <td>Incorrect answers with no working cannot be rewarded</td> </tr> <tr> <td>50+20+20 = 90</td> <td>1</td> <td>Correct calculation of current assets</td> </tr> <tr> <td>90</td> <td>0</td> <td>Incorrect answers with no working cannot be rewarded</td> </tr> <tr> <td>CA/CL CA = 50+20 = 70 CL = 30 70/30 = 2.33</td> <td>2</td> <td>Formula is correct, CA miscalculated – however based on own figure (OFR) the end result is correct. Applied the formula but with one mistake calculating CA</td> </tr> <tr> <td>CA/CL CA = 50+20 = 70 CL = 20+30 = 50 70/50 = 1.4</td> <td>1</td> <td>Formula is correct, but CA and CL miscalculated – two mistakes</td> </tr> <tr> <td>70/50 = 1.4</td> <td>0</td> <td>No identification of where the figures came from, so no credit can be given (working does not back up the incorrect answer).</td> </tr> </tbody> </table>	Rationale	Marks	Correct answer with or without correct working (can be accepted as a ratio or not)	3	Correct formula and correct calculation of current assets	2	Correct formula or correct calculation of current assets	1	No creditable content	0	Answer	Mark	Rationale	3:1	3	Correct answer in ratio format	30/90 = 0.33	2	Inverted formula, but correct calculation of current assets	0.33 (no working)	0	Incorrect answers with no working cannot be rewarded	50+20+20 = 90	1	Correct calculation of current assets	90	0	Incorrect answers with no working cannot be rewarded	CA/CL CA = 50+20 = 70 CL = 30 70/30 = 2.33	2	Formula is correct, CA miscalculated – however based on own figure (OFR) the end result is correct. Applied the formula but with one mistake calculating CA	CA/CL CA = 50+20 = 70 CL = 20+30 = 50 70/50 = 1.4	1	Formula is correct, but CA and CL miscalculated – two mistakes	70/50 = 1.4	0	No identification of where the figures came from, so no credit can be given (working does not back up the incorrect answer).	3
Rationale	Marks																																						
Correct answer with or without correct working (can be accepted as a ratio or not)	3																																						
Correct formula and correct calculation of current assets	2																																						
Correct formula or correct calculation of current assets	1																																						
No creditable content	0																																						
Answer	Mark	Rationale																																					
3:1	3	Correct answer in ratio format																																					
30/90 = 0.33	2	Inverted formula, but correct calculation of current assets																																					
0.33 (no working)	0	Incorrect answers with no working cannot be rewarded																																					
50+20+20 = 90	1	Correct calculation of current assets																																					
90	0	Incorrect answers with no working cannot be rewarded																																					
CA/CL CA = 50+20 = 70 CL = 30 70/30 = 2.33	2	Formula is correct, CA miscalculated – however based on own figure (OFR) the end result is correct. Applied the formula but with one mistake calculating CA																																					
CA/CL CA = 50+20 = 70 CL = 20+30 = 50 70/50 = 1.4	1	Formula is correct, but CA and CL miscalculated – two mistakes																																					
70/50 = 1.4	0	No identification of where the figures came from, so no credit can be given (working does not back up the incorrect answer).																																					

Question	Answer		Marks
2(b)(ii)	Explain <u>one</u> reason why EC's liquidity is forecast to change.		3
	Level	Knowledge and Application	Marks
	APP	Explanation of a reason why liquidity could change in context	3
	K+K	Explanation of a reason why liquidity could change	2
	K	Identification of a reason why liquidity could change	1
	0	No creditable content	0
	<i>If the answer to Q2bi is used, then OFR – so an incorrect answer given in Q2bi can be used correctly here and given full credit.</i>		
	Context and content is likely to come from:		
	<ul style="list-style-type: none"> • 50% increase in ratio (OFR) • All current assets forecast to increase substantially e.g. cash forecast to double • Current liabilities only forecast to increase by 20% • Forecasts so may be inaccurate • Uncertainty about growth in sales 		
	Identification of a reason (K - 1 mark)	Explanation (K+K - 2 marks)	Possible context (APP - 3 marks)
	Demand increases	which increases sales and trade receivables	demand for electric cars is forecast to substantially increase over the next 10 years
	Current assets increase	which increases inflows	all current assets forecast to increase at a greater rate than current liabilities
	Current assets increase	more than current liabilities	this can be seen by the increase in the current ratio to 3
	Current liabilities change	–	–

Question	Answer				Marks
2(c)	Analyse <u>two</u> reasons why clear business objectives are important for EC.				8
	Level	Knowledge and Application (4 marks)	Marks	Analysis (4 marks)	Marks
	2	Shows understanding of two reasons for clear business objectives in context	4	Developed analysis of two reasons why business objectives are important in context	4
		Shows understanding of one reason for clear business objectives in context	3	Developed analysis of one reason why business objectives are important in context	3
	1	Shows knowledge of two reasons for business objectives	2	Limited analysis of two reasons why business objectives are important	2
		Shows knowledge of one reason for business objectives	1	Limited analysis of one reason why business objectives are important	1
	0	No creditable content			
	<p>Context/content may come from:</p> <ul style="list-style-type: none"> • Help achieve growth / expansion / maximising profit • Directing employees • To inform and develop business planning e.g. long-term objective is to increase sales by 50% over the next two years and pay a dividend in three years' time • Can identify where changes need to be made e.g. medium-term EC will need to cut unit costs through increased efficiency • Can determine business priorities e.g. Immediate term objective is to survive 				

Question	Answer			Marks
2(c)	Examples of a reason for clear business objectives (K)	Examples of application/context (APP)	Examples of possible analysis (AN + DEV)	
	It is important to have clear business objectives to take advantage of an increase in demand	Therefore, it is important to EC to have objectives such as an increase in sales volume of 50% over the next two years to take advantage of this increase in demand	With this clear objective it is a guide for the whole company to work towards (AN) If EC meets this objective it should have an increased market share and a more secure future (DEV)	
	Objectives should influence a business to maximise profits	This is important for EC because 1 year ago it invested \$10m in new production facilities	Therefore a clear objective to cut unit costs through increased efficiency (AN) should mean that EC's production employees are motivated, by clear direction, to improve productivity and reduce average costs (DEV)	

Question	Answer				Marks
2(d)	Recommend changes EC could make to its marketing mix to achieve its growth objective (line 13). Justify your recommendation.				11
	Knowledge and Application (4 marks)	Marks	Analysis and Evaluation (7 marks)	Marks	
			Justified recommendation based on arguments in context	7	
			Developed recommendation based on arguments in context	6	
			A recommendation based on arguments in context	5	
	Shows understanding of two changes to the marketing mix in context	4	Arguments based on two changes EC could make to its marketing mix to achieve its growth objective in context	4	
	Shows understanding of one change to the marketing mix in context	3	Arguments based on one change EC could make to its marketing mix to achieve its growth objective in context	3	
	Shows knowledge of two changes to the marketing mix	2	Limited analysis of two changes to a marketing mix	2	
	Shows knowledge of one change to the marketing mix	1	Limited analysis of change to a marketing mix	1	
	No creditable content			0	
	<p>The marketing mix can be either:</p> <ul style="list-style-type: none"> • The 4 P's – product, price, promotion, place (distribution channels) • The 4 C's - Customer solution, Cost to customer, Communication with customer, Convenience to customer <p><i>Context/content:</i> Changes in:</p> <ul style="list-style-type: none"> • Promotion Applies marketing methods to the growth stage of the product life cycle – Increased marketing budget to advertise widely; build a customer base; most likely above-the-line promotion; Move from niche marketing to mass marketing – Demand forecast to increase over the next 10 years Currently target high income groups could change to target other groups e.g. EC wants to enlarge product portfolio (product/customer cost/price discrimination) 				

Question	Answer				Marks														
	<ul style="list-style-type: none"> • Price Currently use price skimming, could change e.g. Price penetration; EC objective to increase sales by 50% (could link to price/promotion/place) • Product Use most advanced technology in cars to ensure quality and reliable car e.g. improve battery life/range (customer solution), increase number of charging stations (customer convenience) • Place Distribution channel likely through dealers Direct selling e.g. internet website, showrooms <p>Examples of how an answer could develop and how it should be annotated.</p> <table border="1" data-bbox="320 689 1313 1895"> <thead> <tr> <th data-bbox="320 689 512 754">K</th> <th data-bbox="512 689 671 754">APP</th> <th data-bbox="671 689 858 754">AN</th> <th data-bbox="858 689 1082 754">DEV</th> <th data-bbox="1082 689 1313 754">EVAL</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 754 512 1357">One change EC could make is to use price penetration</td> <td data-bbox="512 754 671 1357">This is because EC first launched its cars using price skimming</td> <td data-bbox="671 754 858 1357">but sales growth was slow</td> <td data-bbox="858 754 1082 1357">With sales growth forecast to grow over the next 10 years, price penetration could help EC take advantage of this increase in demand and achieve its objective of a 50% increase in sales volumes</td> <td data-bbox="1082 754 1313 1895" rowspan="2">To some extent price penetration is an important change to make as it could make the cars more affordable for its customers (EVAL) but the change I would recommend the most is promotion to a wider market (EVAL). Price penetration is important but it is crucial that it is supported by an effective communication strategy through promotion changes (EVAL)</td> </tr> <tr> <td data-bbox="320 1357 512 1895">Promote electric cars to all income groups</td> <td data-bbox="512 1357 671 1895">Currently EC promotes to high income groups</td> <td data-bbox="671 1357 858 1895">If EC effectively promotes to other groups it will widen its market</td> <td data-bbox="858 1357 1082 1895">and establish the company as a brand leader in this market, so the company can achieve financial security and reinvest profits in developing a larger product portfolio of electric cars</td> </tr> </tbody> </table>				K	APP	AN	DEV	EVAL	One change EC could make is to use price penetration	This is because EC first launched its cars using price skimming	but sales growth was slow	With sales growth forecast to grow over the next 10 years, price penetration could help EC take advantage of this increase in demand and achieve its objective of a 50% increase in sales volumes	To some extent price penetration is an important change to make as it could make the cars more affordable for its customers (EVAL) but the change I would recommend the most is promotion to a wider market (EVAL). Price penetration is important but it is crucial that it is supported by an effective communication strategy through promotion changes (EVAL)	Promote electric cars to all income groups	Currently EC promotes to high income groups	If EC effectively promotes to other groups it will widen its market	and establish the company as a brand leader in this market, so the company can achieve financial security and reinvest profits in developing a larger product portfolio of electric cars	
K	APP	AN	DEV	EVAL															
One change EC could make is to use price penetration	This is because EC first launched its cars using price skimming	but sales growth was slow	With sales growth forecast to grow over the next 10 years, price penetration could help EC take advantage of this increase in demand and achieve its objective of a 50% increase in sales volumes	To some extent price penetration is an important change to make as it could make the cars more affordable for its customers (EVAL) but the change I would recommend the most is promotion to a wider market (EVAL). Price penetration is important but it is crucial that it is supported by an effective communication strategy through promotion changes (EVAL)															
Promote electric cars to all income groups	Currently EC promotes to high income groups	If EC effectively promotes to other groups it will widen its market	and establish the company as a brand leader in this market, so the company can achieve financial security and reinvest profits in developing a larger product portfolio of electric cars																