
BUSINESS

9609/22

Paper 2 Data Response

October/November 2017

MARK SCHEME

Maximum Mark: 60

Published

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

Question	Answer	Marks																							
1	Occasion Cards (OC)																								
1(a)(i)	<p data-bbox="276 315 858 344">Define the term ‘Computer Aided Design’.</p> <table border="1" data-bbox="300 378 1334 580"> <thead> <tr> <th data-bbox="300 378 1048 427">Knowledge and Application</th> <th data-bbox="1048 378 1334 427">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="300 427 1048 477">A correct definition</td> <td data-bbox="1048 427 1334 477">2</td> </tr> <tr> <td data-bbox="300 477 1048 526">A partially correct definition</td> <td data-bbox="1048 477 1334 526">1</td> </tr> <tr> <td data-bbox="300 526 1048 580">No creditable content</td> <td data-bbox="1048 526 1334 580">0</td> </tr> </tbody> </table> <p data-bbox="276 616 975 645">A correct definition should cover both of the following:</p> <p data-bbox="389 685 1283 815">Some idea of ‘computer aided’, i.e. – A process done by IT/software/computer-programmes/electronically/virtually/technology (allow automated) – do not allow ‘computer’ <i>on its own</i> as this is a tautology</p> <p data-bbox="389 822 1294 920">i.e. some idea of the ‘design’ element, i.e. – To create, analyse, draw, modify, optimise, 2D/3D models, customise, plan etc. – do not allow ‘design’ <i>on its own</i> as this is a tautology.</p> <table border="1" data-bbox="300 954 1334 1373"> <thead> <tr> <th data-bbox="300 954 820 1003">Exemplar</th> <th data-bbox="820 954 935 1003">Marks</th> <th data-bbox="935 954 1334 1003">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="300 1003 820 1088">To use IT to create models</td> <td data-bbox="820 1003 935 1088">2</td> <td data-bbox="935 1003 1334 1088">Both elements simply defined</td> </tr> <tr> <td data-bbox="300 1088 820 1173">Where software is used to create designs</td> <td data-bbox="820 1088 935 1173">2</td> <td data-bbox="935 1088 1334 1173">Both elements and ‘create designs’ is good enough</td> </tr> <tr> <td data-bbox="300 1173 820 1290">To design 2D drawings</td> <td data-bbox="820 1173 935 1290">1</td> <td data-bbox="935 1173 1334 1290">2D gives an idea of ‘design’ even though the word design has also been used.</td> </tr> <tr> <td data-bbox="300 1290 820 1373">Where computers are used to make designs for the business to use</td> <td data-bbox="820 1290 935 1373">0</td> <td data-bbox="935 1290 1334 1373">Neither elements defined</td> </tr> </tbody> </table>	Knowledge and Application	Marks	A correct definition	2	A partially correct definition	1	No creditable content	0	Exemplar	Marks	Rationale	To use IT to create models	2	Both elements simply defined	Where software is used to create designs	2	Both elements and ‘create designs’ is good enough	To design 2D drawings	1	2D gives an idea of ‘design’ even though the word design has also been used.	Where computers are used to make designs for the business to use	0	Neither elements defined	2
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1(a)(ii)	<p>Briefly explain the term ‘mass customisation’.</p> <p>Award one mark for each point of explanation:</p> <table border="1" data-bbox="300 383 1334 667"> <tr> <td data-bbox="300 383 368 465">C</td> <td data-bbox="368 383 1198 465">Example or some other way of showing good understanding, i.e. can involve the use of IT, low cost solution to making etc.</td> <td data-bbox="1198 383 1334 465">1 mark</td> </tr> <tr> <td data-bbox="300 465 368 548">B</td> <td data-bbox="368 465 1198 548">Understanding of ‘mass’, i.e. understanding of the use of production lines/flow production/assembly line etc.</td> <td data-bbox="1198 465 1334 548">1 mark</td> </tr> <tr> <td data-bbox="300 548 368 667">A</td> <td data-bbox="368 548 1198 667">Understanding of customisation, i.e. the use of techniques to create differentiated products, unique products, to customer orders etc.</td> <td data-bbox="1198 548 1334 667">1 mark</td> </tr> </table> <p>Using production lines to make a variation in products. Using mass production techniques to produce differentiated products. Can add value to a product by adding differences and customisation. Make products unique to each customer but with low cost.</p> <p>Note: the C mark is dependent on gaining both A and B marks first because otherwise a wrong understanding of mass customisation (e.g. mass production) could gain the majority of the marks.</p> <table border="1" data-bbox="300 1010 1334 1850"> <thead> <tr> <th data-bbox="300 1010 820 1059">Exemplar</th> <th data-bbox="820 1010 935 1059">Marks</th> <th data-bbox="935 1010 1334 1059">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="300 1059 820 1178">Using a production line (B) to make differentiated products (A) often using machinery (C)</td> <td data-bbox="820 1059 935 1178">3</td> <td data-bbox="935 1059 1334 1178">All three elements</td> </tr> <tr> <td data-bbox="300 1178 820 1397">Where a business makes products which have are based on the individual customer requirements (A) but have been made on a production line (B). This keeps the cost low for the business (C).</td> <td data-bbox="820 1178 935 1397">3</td> <td data-bbox="935 1178 1334 1397">All three elements</td> </tr> <tr> <td data-bbox="300 1397 820 1516">Where lots of different types of products (A) are made using flow production (B).</td> <td data-bbox="820 1397 935 1516">2</td> <td data-bbox="935 1397 1334 1516">A and B mark</td> </tr> <tr> <td data-bbox="300 1516 820 1666">Making customised products for the customers which can be low cost.</td> <td data-bbox="820 1516 935 1666">1</td> <td data-bbox="935 1516 1334 1666">A mark only – do not allow the C mark unless both A and B have been awarded (See Note:)</td> </tr> <tr> <td data-bbox="300 1666 820 1850">Making lots of products on a production line which keeps the costs of the business low and means that the business can produce lots of products to sell.</td> <td data-bbox="820 1666 935 1850">1</td> <td data-bbox="935 1666 1334 1850">B mark only – obvious confusion with mass production (See Note:)</td> </tr> </tbody> </table>	C	Example or some other way of showing good understanding, i.e. can involve the use of IT, low cost solution to making etc.	1 mark	B	Understanding of ‘mass’, i.e. understanding of the use of production lines/flow production/assembly line etc.	1 mark	A	Understanding of customisation, i.e. the use of techniques to create differentiated products, unique products, to customer orders etc.	1 mark	Exemplar	Marks	Rationale	Using a production line (B) to make differentiated products (A) often using machinery (C)	3	All three elements	Where a business makes products which have are based on the individual customer requirements (A) but have been made on a production line (B). This keeps the cost low for the business (C).	3	All three elements	Where lots of different types of products (A) are made using flow production (B).	2	A and B mark	Making customised products for the customers which can be low cost.	1	A mark only – do not allow the C mark unless both A and B have been awarded (See Note:)	Making lots of products on a production line which keeps the costs of the business low and means that the business can produce lots of products to sell.	1	B mark only – obvious confusion with mass production (See Note:)	3
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1(c)	Analyse <u>one</u> advantage and <u>one</u> disadvantage to OC of using the internet to promote the business.				8	
Level		Knowledge and Application (4 marks)	Marks	Analysis (4 marks)		Marks
2		Shows understanding of using the internet to promote the business in context	3–4	Good analysis of one advantage AND one disadvantage to OC of using the internet to promote the business in context		4
				Good analysis of one advantage OR one disadvantage to OC of using the internet to promote the business in context		3
1		Shows knowledge of the use of the internet to promote a business	2	Limited analysis of one advantage AND one disadvantage of using the internet to promote a business		2
		Shows knowledge of the use of the internet in business OR promotion		1		Limited analysis of one advantage OR one disadvantage of using the internet to promote a business
<p><i>Limited analysis in context: Marks limited to 4 + 2 = 6</i> <i>Annotate – advantages on the left and disadvantages on the right</i></p>						
<p>Take a very open approach to ‘promotion’ to allow for use of the website (e.g. CAD system, creation of cards etc.). Promotion is any activity that supports or encourages a business activity.</p>						

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1(c)	<p>Answers could include:</p> <p>Advantages Cheaper – social and viral marketing is a relatively cheap way of promotion a business and has led to good growth for OC OC has an internet based ordering system, so internet based promotion links in and may increase sales Customers may link/click from an advert straight to the website allowing quick/impulse purchases</p> <p>Disadvantages OC may find it difficult to control social and viral promotion It may not be effective – very difficult to predict trends in fashion/products Fast moving and constantly changing</p> <p>Examples of advantages:</p> <table border="1" data-bbox="293 792 1342 1769"> <thead> <tr> <th data-bbox="293 792 553 1010">Examples of knowledge (K)</th> <th data-bbox="553 792 826 1010">Examples of application/context (APP)</th> <th data-bbox="826 792 1083 1010">Examples of limited analysis (AN)</th> <th data-bbox="1083 792 1342 1010">Examples of good analysis (ANAN) <i>Must be in context (i.e. APP awarded)</i></th> </tr> </thead> <tbody> <tr> <td data-bbox="293 1010 553 1227">The internet can reach many people</td> <td data-bbox="553 1010 826 1227">Greater number of potential customers who may buy cards from OC for special occasions</td> <td data-bbox="826 1010 1083 1227">This may lead to increased sales</td> <td data-bbox="1083 1010 1342 1227">Increased sales → more revenue → more profit</td> </tr> <tr> <td data-bbox="293 1227 553 1382">Cheaper to promote</td> <td data-bbox="553 1227 826 1382">OC is a family business with limited capital</td> <td data-bbox="826 1227 1083 1382">Keeps costs down for OC</td> <td data-bbox="1083 1227 1342 1382">Lower costs → may increase capital for expansion</td> </tr> <tr> <td data-bbox="293 1382 553 1583" rowspan="2">Can use internet links to send customers to their website</td> <td data-bbox="553 1382 826 1503">Using OC's well established social media presence</td> <td data-bbox="826 1382 1083 1583" rowspan="2">Increases the number of potential customers</td> <td data-bbox="1083 1382 1342 1583" rowspan="2">Increased sales → more revenue → more profit</td> </tr> <tr> <td data-bbox="553 1503 826 1583">Can link directly to the CAD software</td> </tr> <tr> <td data-bbox="293 1583 553 1769">Attracts a younger audience</td> <td data-bbox="553 1583 826 1769">Greetings cards can be targeted at a younger audience</td> <td data-bbox="826 1583 1083 1769">Leading to less competition for OC</td> <td data-bbox="1083 1583 1342 1769">Less competition → higher prices → more profit margin → increased profit</td> </tr> </tbody> </table>				Examples of knowledge (K)	Examples of application/context (APP)	Examples of limited analysis (AN)	Examples of good analysis (ANAN) <i>Must be in context (i.e. APP awarded)</i>	The internet can reach many people	Greater number of potential customers who may buy cards from OC for special occasions	This may lead to increased sales	Increased sales → more revenue → more profit	Cheaper to promote	OC is a family business with limited capital	Keeps costs down for OC	Lower costs → may increase capital for expansion	Can use internet links to send customers to their website	Using OC's well established social media presence	Increases the number of potential customers	Increased sales → more revenue → more profit	Can link directly to the CAD software	Attracts a younger audience	Greetings cards can be targeted at a younger audience	Leading to less competition for OC	Less competition → higher prices → more profit margin → increased profit	
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1(c)	Examples of disadvantages:				
Examples of knowledge (K)	Examples of application/context (APP)	Examples of limited analysis (AN)	Examples of good analysis (ANAN) <i>Must be in context (i.e. APP awarded)</i>		
The internet may not be targetted	Many wasted views of the promotion by people who have no interest in buying greetings cards	This may lead to increased costs for promotion which is wasted	Increased costs → lower profit margin → less profit		
Open to hackers	OC only sells greeting cards through the internet	Disable OCs ability to make sales	Decreased sales → lower profit/increased chance of loss		
	OC does not have much capital as it is family owned	May not be able to afford the costs of good security	More chance of website being offline → decreased sales → lower profit/increased chance of loss		
No control of internet marketing	OC relies on social media and viral marketing	Can create a bad reputation	Decreased sales → lower profit/increased chance of loss		
	Greeting card industry requires a good reputation				
Fast moving/dynamic environment	As opposed to the greetings card market which is well established (i.e. Christmas, special occasions etc.)	May need to be updated regularly which may not be the case with traditional promotion	Increased costs → lower profit margin → less profit		

Question	Answer				Marks	
1(d)	Evaluate the owners' decision to change the legal structure of OC to a public limited company.				11	
Knowledge and Application (4 marks)		Marks	Analysis and Evaluation (7 marks)			Marks
			Justified evaluation based on argument(s) in context			7
			Developed evaluation based on argument(s) in context			6
			An evaluative statement based on argument(s) in context			5
Shows understanding of changing from a private limited company to a public limited company		3–4	Argument based on the impact(s) of changing the legal structure of OC to a public limited company			3–4
Shows knowledge of legal structures		1–2	Limited analysis of TWO (or more) impacts of changing legal structure			2
			Limited analysis of ONE impact of changing legal structure			1
No creditable content						
Note: APP marks can be gained from the change from Ltd to PLC without any mention of the business because this is the context given to the candidates						
Answers could include:						
Benefits						
OC could access more capital which may allow OC to expand further and use more traditional marketing methods						
OC has started to see increased non current liabilities – by increasing the equity this may be reversed						
Owners may become wealthy from selling their shares						
Drawbacks						
OC might lose the family atmosphere, reducing the workers motivation						
OC will need to publish their financial information if they become a plc which may give competitors an advantage						
Owners may lose their control of OC						
Owners will need to share profits						

Question	Answer					Marks
1(d)	<p>K</p> <p>PLCs can sell shares on the stock market (K)</p>	<p>APP</p> <p>This opens up a new source of finance for OC (APP)</p> <hr/> <p>However anyone could buy the shares because they are now available on the stock market (APP)</p>	<p>AN</p> <p>Which could be used to expand the business (AN)</p> <hr/> <p>Which may lead to a loss of control for the current owners (AN)</p>	<p>ANAN</p> <p>Which may lead to more sales of greeting cards and profit for OC. (ANAN)</p> <hr/> <p>Who may limit the amount of shares they want to sell on the stock market and mean that OC does not have much extra capital to fund the expansion (ANAN)</p>	<p>EVAL</p> <p>Overall becoming a PLC may be the fastest way for OC to reach its objective of expansion (EVAL – statement)</p> <p>However how many shares the owners make available will depend upon how much they are willing to risk losing control of the business (EVAL – developed)</p> <p>If the expansion can be financed and the owners keep more than 50% of the shares then there is little risk and it is likely to have been a good decision. (EVAL – justified)</p>	

Question	Answer	Marks								
2	Nearly New (NN)									
2(a)(i)	<p data-bbox="276 315 655 344">Define the term ‘inventory’.</p> <table border="1" data-bbox="301 378 1335 580"> <thead> <tr> <th data-bbox="301 378 1048 427">Knowledge and Application</th> <th data-bbox="1048 378 1335 427">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="301 427 1048 477">A correct definition</td> <td data-bbox="1048 427 1335 477">2</td> </tr> <tr> <td data-bbox="301 477 1048 526">A partially correct definition</td> <td data-bbox="1048 477 1335 526">1</td> </tr> <tr> <td data-bbox="301 526 1048 580">No creditable content</td> <td data-bbox="1048 526 1335 580">0</td> </tr> </tbody> </table> <p data-bbox="276 618 1011 647">A correct definition will cover two of the following bullets:</p> <ul style="list-style-type: none"> <li data-bbox="389 687 464 716">Stock <li data-bbox="389 723 1050 752">Raw materials, work in progress, finished products <li data-bbox="389 759 1350 822">Used in, or the result of the production process/operations – to fulfil future demand, to sell <li data-bbox="389 828 568 857">Current asset <p data-bbox="276 896 1350 987"><i>Note: Inventory is a syllabus term to mean the stock of a business – a definition of inventory in terms of all the assets owned by a business (i.e. to take an inventory) is not rewardable.</i></p>	Knowledge and Application	Marks	A correct definition	2	A partially correct definition	1	No creditable content	0	2
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2(a)(ii)	<p data-bbox="276 248 788 282">Briefly explain the term ‘sole trader’.</p> <table border="1" data-bbox="300 315 1334 835"> <tr> <td data-bbox="308 320 363 360">C</td> <td data-bbox="363 320 1201 389">One mark for each of the following (up to a maximum of two marks):</td> <td data-bbox="1201 320 1334 389" rowspan="2">1–2 marks</td> </tr> <tr> <td data-bbox="308 360 363 400">B</td> <td data-bbox="363 389 1201 748"> Unincorporated Unlimited liability No continuity No separate legal identity Income tax must be paid (not corporation tax) Owns all of the profit/responsible for all the losses/takes all the risk Shares cannot be sold Accounts do not need to be produced/published/made available </td> </tr> <tr> <td data-bbox="308 748 363 831">A</td> <td data-bbox="363 748 1201 831">One individual or one person (must be a clear idea of a single person)</td> <td data-bbox="1201 748 1334 831">1 mark</td> </tr> </table> <p data-bbox="276 869 1150 902">Note: the B and C marks are dependent on gaining the A mark</p> <table border="1" data-bbox="300 936 1334 1776"> <thead> <tr> <th data-bbox="308 940 820 987">Exemplar</th> <th data-bbox="820 940 935 987">Marks</th> <th data-bbox="935 940 1334 987">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="308 987 820 1104">Owned by one person who has unlimited liability and takes of the profit for themselves.</td> <td data-bbox="820 987 935 1104">3</td> <td data-bbox="935 987 1334 1104">A, B and C</td> </tr> <tr> <td data-bbox="308 1104 820 1220">A single owner with no shareholders and accounts do not need to be published.</td> <td data-bbox="820 1104 935 1220">3</td> <td data-bbox="935 1104 1334 1220">A, B and C</td> </tr> <tr> <td data-bbox="308 1220 820 1337">A sole trader has unlimited liability and no continuity. It is owned by one person.</td> <td data-bbox="820 1220 935 1337">3</td> <td data-bbox="935 1220 1334 1337">It does not matter if the A mark comes after the B and C marks</td> </tr> <tr> <td data-bbox="308 1337 820 1420">Owned by one person with no shareholders</td> <td data-bbox="820 1337 935 1420">2</td> <td data-bbox="935 1337 1334 1420">A and B</td> </tr> <tr> <td data-bbox="308 1420 820 1536">A sole trader does not have any shareholders</td> <td data-bbox="820 1420 935 1536">0</td> <td data-bbox="935 1420 1334 1536">No A mark – this could just as easily apply to a partnership.</td> </tr> <tr> <td data-bbox="308 1536 820 1653">A business that has unlimited liability with no shareholders and no continuity.</td> <td data-bbox="820 1536 935 1653">0</td> <td data-bbox="935 1536 1334 1653">No A mark – this could just as easily apply to a partnership.</td> </tr> <tr> <td data-bbox="308 1653 820 1776">The person responsible for finance, decision making etc...</td> <td data-bbox="820 1653 935 1776">0</td> <td data-bbox="935 1653 1334 1776">No understanding of one owner – this could be a manager</td> </tr> </tbody> </table>	C	One mark for each of the following (up to a maximum of two marks):	1–2 marks	B	Unincorporated Unlimited liability No continuity No separate legal identity Income tax must be paid (not corporation tax) Owns all of the profit/responsible for all the losses/takes all the risk Shares cannot be sold Accounts do not need to be produced/published/made available	A	One individual or one person (must be a clear idea of a single person)	1 mark	Exemplar	Marks	Rationale	Owned by one person who has unlimited liability and takes of the profit for themselves.	3	A, B and C	A single owner with no shareholders and accounts do not need to be published.	3	A, B and C	A sole trader has unlimited liability and no continuity. It is owned by one person.	3	It does not matter if the A mark comes after the B and C marks	Owned by one person with no shareholders	2	A and B	A sole trader does not have any shareholders	0	No A mark – this could just as easily apply to a partnership.	A business that has unlimited liability with no shareholders and no continuity.	0	No A mark – this could just as easily apply to a partnership.	The person responsible for finance, decision making etc...	0	No understanding of one owner – this could be a manager	3
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2(b)(i)	<p data-bbox="276 248 1334 315">Calculate the total profit that Nathan would make if he sold the whole batch of repaired laptop computers.</p> <table border="1" data-bbox="300 349 1334 701"> <thead> <tr> <th data-bbox="308 349 440 398">Mark</th> <th data-bbox="440 349 1334 398">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="308 398 440 483">3 marks</td> <td data-bbox="440 398 1334 483">Correct calculation of the total profit (no \$ required) with or without correct working</td> </tr> <tr> <td data-bbox="308 483 440 568">2 marks</td> <td data-bbox="440 483 1334 568">Correct calculation of total costs or correct calculation of total revenue (with working)</td> </tr> <tr> <td data-bbox="308 568 440 654">1 mark</td> <td data-bbox="440 568 1334 654">Correct formula or correct calculation of total variable costs (with working)</td> </tr> <tr> <td data-bbox="308 654 440 701">0 marks</td> <td data-bbox="440 654 1334 701">No creditable content</td> </tr> </tbody> </table> <p data-bbox="276 734 1286 801">Note: allow an answer of 1500 even if the candidate has identified it as a different figure in the answer (i.e. Total Cost = 1500 = 3 marks)</p> <p data-bbox="276 835 403 869">Formula:</p> <p data-bbox="276 902 724 936">Total revenue – total costs = profit</p> <p data-bbox="276 969 462 1003">Calculations:</p> <table data-bbox="276 1037 957 1420"> <tbody> <tr> <td data-bbox="276 1037 766 1070">Total variable costs = 20 · £50 repair</td> <td data-bbox="790 1037 813 1070">=</td> <td data-bbox="869 1037 957 1070">\$1000</td> </tr> <tr> <td data-bbox="276 1104 638 1137">Total costs = Purchase cost</td> <td data-bbox="790 1104 813 1137">=</td> <td data-bbox="869 1104 957 1137">\$2000</td> </tr> <tr> <td data-bbox="446 1137 654 1171">20 · £50 repair</td> <td data-bbox="790 1137 813 1171">=</td> <td data-bbox="869 1137 957 1171"><u>\$1000</u></td> </tr> <tr> <td></td> <td></td> <td data-bbox="869 1171 957 1205">\$3000</td> </tr> <tr> <td data-bbox="276 1272 446 1305">50% mark up</td> <td data-bbox="790 1272 813 1305">=</td> <td data-bbox="869 1272 957 1305"><u>\$1500</u></td> </tr> <tr> <td></td> <td></td> <td data-bbox="869 1305 957 1339">\$4500</td> </tr> <tr> <td data-bbox="276 1373 343 1406">Profit</td> <td data-bbox="790 1373 813 1406">=</td> <td data-bbox="869 1373 957 1406"><u>\$1500</u></td> </tr> </tbody> </table>	Mark	Rationale	3 marks	Correct calculation of the total profit (no \$ required) with or without correct working	2 marks	Correct calculation of total costs or correct calculation of total revenue (with working)	1 mark	Correct formula or correct calculation of total variable costs (with working)	0 marks	No creditable content	Total variable costs = 20 · £50 repair	=	\$1000	Total costs = Purchase cost	=	\$2000	20 · £50 repair	=	<u>\$1000</u>			\$3000	50% mark up	=	<u>\$1500</u>			\$4500	Profit	=	<u>\$1500</u>	3
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Question	Answer		Marks
2(b)(i)	Common answers		
	Answer	Marks	Rationale
1500 (no working)	3		Allow the answer with or without working and \$ or incorrect working
\$2000 + \$1000 = \$3000	2		Working to support that this is the total cost figure
3000 (no working)	0		A wrong answer with no working to know where the answer has come from
20 · \$50 = \$1000	1		Working to support the calculation of variable costs
\$2000	0		A wrong answer with no working to know where the answer has come from
50% of \$2000 = \$1000 20 · \$50 = \$1000 So profit = \$0	2		One error – mark up was calculated on FC not TC OFR
<u>\$2000</u> 20 = \$100 (FC per computer) \$100 + \$50 (VC) = \$150 (total cost per computer) 50% of \$150 = \$75 (mark up per computer) \$150 + \$75 = \$225 (price per computer) \$225 · 20 = \$4500 (total selling revenue)	2		A route to find total revenue but no profit figure – any valid route to find TR correctly without a correct calculation of profit should be awarded 2 marks as long as there is working.
\$4500 (no working)	0		A wrong answer with no working to know where the answer has come from

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2(b)(ii)	<p data-bbox="276 248 1286 282">Explain <u>one</u> advantage to Nathan of using a cost based pricing strategy.</p> <table border="1" data-bbox="300 315 1334 667"> <thead> <tr> <th data-bbox="300 315 496 365">Level</th> <th data-bbox="496 315 1145 365">Knowledge and Application</th> <th data-bbox="1145 315 1334 365">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="300 365 496 450">2 (APPAPP)</td> <td data-bbox="496 365 1145 450">Explanation of an <u>advantage</u> of using cost based pricing in context</td> <td data-bbox="1145 365 1334 450">3</td> </tr> <tr> <td data-bbox="300 450 496 535">2 (APP)</td> <td data-bbox="496 450 1145 535">Identification of an <u>advantage</u> of using cost based pricing in context</td> <td data-bbox="1145 450 1334 535">2</td> </tr> <tr> <td data-bbox="300 535 496 620">1 (K)</td> <td data-bbox="496 535 1145 620">Identification of an <u>advantage</u> of using cost based pricing</td> <td data-bbox="1145 535 1334 620">1</td> </tr> <tr> <td data-bbox="300 620 496 667">0</td> <td data-bbox="496 620 1145 667">No creditable content</td> <td data-bbox="1145 620 1334 667">0</td> </tr> </tbody> </table> <p data-bbox="276 701 579 734">Answers could include:</p> <table border="1" data-bbox="300 768 1334 1590"> <thead> <tr> <th data-bbox="300 768 647 887">Examples of identifications of an advantage (K)</th> <th data-bbox="647 768 991 887">Examples of context (APP)</th> <th data-bbox="991 768 1334 887">Possible explanations (APPAPP)</th> </tr> </thead> <tbody> <tr> <td data-bbox="300 887 647 1189" rowspan="2">Quick and simple</td> <td data-bbox="647 887 991 1037">Nathan is a computer engineer and may not be experienced in running a business.</td> <td data-bbox="991 887 1334 1037">Therefore this will save Nathan time.</td> </tr> <tr> <td data-bbox="647 1037 991 1189">Nathan needs to focus on repairing computers not complicated pricing methods.</td> <td data-bbox="991 1037 1334 1189">So Nathan can focus on gaining sales for the business.</td> </tr> <tr> <td data-bbox="300 1189 647 1339">Always leads to a profit Always covers the full cost of each computer</td> <td data-bbox="647 1189 991 1339">Each computer has a total cost of \$150.</td> <td data-bbox="991 1189 1334 1339">So any price higher than this will result in a profit for Nathan.</td> </tr> <tr> <td data-bbox="300 1339 647 1590">Predictable profit margin</td> <td data-bbox="647 1339 991 1590">Nathan chose a 50% mark-up.</td> <td data-bbox="991 1339 1334 1590">So the mark-up should always equal the profit margin. So Nathan can target a certain margin that he will find acceptable.</td> </tr> </tbody> </table>	Level	Knowledge and Application	Marks	2 (APPAPP)	Explanation of an <u>advantage</u> of using cost based pricing in context	3	2 (APP)	Identification of an <u>advantage</u> of using cost based pricing in context	2	1 (K)	Identification of an <u>advantage</u> of using cost based pricing	1	0	No creditable content	0	Examples of identifications of an advantage (K)	Examples of context (APP)	Possible explanations (APPAPP)	Quick and simple	Nathan is a computer engineer and may not be experienced in running a business.	Therefore this will save Nathan time.	Nathan needs to focus on repairing computers not complicated pricing methods.	So Nathan can focus on gaining sales for the business.	Always leads to a profit Always covers the full cost of each computer	Each computer has a total cost of \$150.	So any price higher than this will result in a profit for Nathan.	Predictable profit margin	Nathan chose a 50% mark-up.	So the mark-up should always equal the profit margin. So Nathan can target a certain margin that he will find acceptable.	3
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Question	Answer				Marks
2(c)	Analyse <u>two</u> methods Nathan could use to improve NN's cash flow.				8
Level	Knowledge and application		Analysis		
2	Shows understanding of TWO methods of improving cash flow in context	4	Good analysis of TWO methods of improving cash flow in context	4	
	Shows understanding of ONE method of improving cash flow in context	3	Good analysis of ONE method of improving cash flow in context	3	
1	Shows knowledge of TWO methods of improving cash flow	2	Limited analysis of TWO methods of improving cash flow	2	
	Shows knowledge of cash flow or ONE method of improving cashflow	1	Limited analysis of ONE method of improving cash flow	1	
0	No creditable content				
<i>One factor analysed in context, max 3 + 3</i>					
Note: the focus of the analysis must be on improving cashflow					
Answers could include:					
<p>Could use a cashflow forecast to identify when Nathan needs extra cash Nathan could take a partner (this is contextual) Could arrange credit facilities with suppliers– would the large electrical retailers offer him any credit? If Nathan currently offers credit (unlikely) he could make sure his customers pay on delivery or in advance. Nathan could take out a short term source of finance for times when he needs extra cash to purchase inventory – cost of finance, likelihood of getting finance Take out a long term source of finance to give Nathan access to cash when he needs it – opportunity cost of using finance, cost of finance Keep a low amount of cash tied up in inventory – unlikely to be popular as customers want next day delivery and a range of computers</p>					

Question	Answer			Marks
2(c)	Examples of methods	Examples of application/context	Examples of possible analysis	
	Arrange credit with suppliers	<p>Nathan is purchasing from large electrical retailers who may be likely to give him credit.</p> <p>Nathan is an established customer of the large electrical businesses and therefore more likely to get credit.</p> <p>Nathan needs the time this credit would give him to repair the computers.</p>	<p>More time to pay → sell computers before paying for the stock → revenue before costs need to be paid → less chance of negative cashflow</p>	
Short term source of finance	<p>Nathan is an established business and may get credit.</p> <p>Nathan is a sole trader and may struggle to get a short term source of finance</p> <p>A short term source of finance would allow Nathan to purchase the computers without needing a 'buffer' of cash available – he can add in the cost of finance to the price of the computers (i.e. costs plus).</p>	<p>Allow purchase without needing cash → Will not worsen Nathans cashflow position → Less chance of negative cashflow</p> <p>Increase costs of NN → Increase price of a computer → May reduce sales → may reduce profits</p>		

Question	Answer				Marks	
2(d)	Recommend which one of the two potential employees Nathan should select. Justify your recommendation.				11	
Knowledge and Application (4 marks)		Marks	Analysis and Evaluation (7 marks)			Marks
			A justified recommendation for Nathan on which potential employee he should select based on the given arguments for selecting Katy and Sahdat			7
			A developed recommendation for Nathan on which potential employee he should select based on the given arguments for selecting Katy and Sahdat			6
			An evaluative statement/recommendation based on the given arguments for selecting Katy and Sahdat			5
Shows understanding of selection criteria for Katy and Sahdat	4	Argument(s) based on selecting Katy and Sahdat as potential employees for NN		4		
Shows understanding of selection criteria for Katy or Sahdat	3	Argument(s) based on selecting Katy or Sahdat as potential employees for NN		3		
Shows knowledge of selection	1–2	Limited analysis of Katy and Sahdat as potential employees		2		
		Limited analysis of Katy or Sahdat as potential employees		1		
<i>Note: APP, AN and ANAN about Katy should be placed in left hand margin and Sahdat in right hand margin</i>						
<p>Katy</p> <ul style="list-style-type: none"> Lower previous salary Some experience of dealing with electrical retailers (NNs suppliers) Degree – but is this necessary? Younger – but is this a benefit and should Nathan make a decision based on age (legal issues?) Relevant skills and organisation could be useful <p>Sahdat</p> <ul style="list-style-type: none"> Higher previous salary – does this mean that he will expect more? More experience in relevant area No qualifications, but are they necessary? Older, but could this be a benefit? Will his skills of managing employees and communication be any use within NN where he will be the only employee and possibly not customer facing? 						

Question	Answer					Marks
2(d)	An example of how an answer could develop and how it should be annotated.					
	K	APP	AN	ANAN (one sided)	EVAL	
	<p>Selection is the ability to choose between potential employees for a position. (K)</p> <p>A business can select employees through interviews, experience, skills etc. (K)</p>	<p>Katy has got some experience working for a large electrical retailer. (APP)</p> <hr/> <p>However Sahdat has more experience than Katy in repairing computers but he has been his own boss for the last 10 years. (APP)</p>	<p>This may help Nathan to negotiate better prices and credit with his suppliers who are the large electrical retailers. (AN)</p> <hr/> <p>More experience may lead to quicker repairs. (AN)</p> <p>However he may not be willing to take instructions from Nathan about what to do. (AN)</p>	<p>This is likely to reduce the costs for Nathan of doing business, improve his cashflow and increase his chances of making a profit. (ANAN – Katy)</p> <hr/> <p>Quicker repairs could increase the productivity of NN and mean that he can sell more computers, quicker and gain more profit. (ANAN – Sahdat)</p> <p>If Sahdat cannot take orders then Nathan may find him difficult to manage and this may lead to conflict and lower productivity for NN. (ANAN – Sahdat)</p>	<p>I would recommend that Nathan chooses Sahdat because better productivity will help Nathan to sell computers quicker and this may help solve his major problem of cashflow. (EVAL – statement)</p> <hr/> <p>However it depends upon whether Nathan feels he can manage Sahdat. (EVAL – developed)</p> <p>If he can't then this productivity boost is unlikely to happen and Katy might be the better option as she may be easier to manage. (EVAL – justified)</p>	
	<p><i>Note: only two ANANs are needed (one for Katy and one for Sahdat) to enable evaluation many candidates will attempt more analysis to give depth to their evaluation. Make sure you are only awarding analysis to the appropriate level – if a candidate has tried to cover lots of different points but only got to limited analysis (AN) each time, then this does not build an argument. Please look out for quality of analysis rather than quantity.</i></p>					