

# Cambridge IGCSE™

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**BUSINESS STUDIES****0450/23**

Paper 2 Case Study

**May/June 2024**

MARK SCHEME

Maximum Mark: 80

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**Published**

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

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

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

Cambridge International is publishing the mark schemes for the May/June 2024 series for most Cambridge IGCSE, Cambridge International A and AS Level and Cambridge Pre-U components, and some Cambridge O Level components.

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This document consists of **20** 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 descriptions 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.

**Social Science-Specific Marking Principles  
(for point-based marking)****1 Components using point-based marking:**

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

From this it follows that we:

- a DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
- b DO credit alternative answers/examples which are not written in the mark scheme if they are correct
- c DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require  $n$  reasons (e.g. State two reasons ...).
- d DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
- e DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
- f DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
- g DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

**2 Presentation of mark scheme:**

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

**3 Calculation questions:**

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

**4 Annotation:**

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

**0450/7115/0086 Business Studies – Paper 2 Annotations**

<b>Annotation</b>	<b>Description</b>	<b>Use</b>
<b>Tick</b>	Tick	Indicates a point which is relevant and rewardable (used in part <b>(a)</b> questions).
<b>Cross</b>	Cross	Indicates a point which is inaccurate/irrelevant and not rewardable.
<b>BOD</b>	Benefit of doubt	Used when the benefit of the doubt is given in order to reward a response.
<b>TV</b>	Too vague	Used when parts of the answer are considered to be too vague.
<b>REP</b>	Repetition	Indicates where content has been repeated.
<b>NAQ</b>	Not answered question	Used when the answer or parts of the answer are not answering the question asked.
<b>APP</b>	Application	Indicates appropriate reference to the information in the context.
<b>OFR</b>	Own figure rule	If a mistake is made in a calculation, and the incorrect figure that results from the mistake is used for subsequent calculations.
<b>SEEN</b>	Noted but no credit given	Indicates that content has been recognised but not rewarded.
<b>L1</b>	Level 1	Used in part <b>(b)</b> questions to indicate where a response includes limited knowledge and understanding.
<b>L2</b>	Level 2	Used in part <b>(b)</b> questions to indicate where a response has a more detailed discussion and contains some evidence of justification.
<b>L3</b>	Level 3	Used in part <b>(b)</b> questions to indicate where a response includes a well-justified recommendation.

Question	Answer	Marks
1(a)	<p><b>Explain <u>four</u> characteristics of a successful entrepreneur.</b></p> <p>Award 1 mark for each characteristic (max 4).</p> <p>Award 1 additional mark for explanation of <b>each</b> characteristic (max 4).</p> <p>Characteristics might include:</p> <ul style="list-style-type: none"> <li>• Self-confident – to convince investors to provide finance</li> <li>• Creative – to develop a new idea which is different to existing products/services</li> <li>• Hard-working – many entrepreneurs need to work long hours to make their business successful</li> <li>• Risk taker – prepared to lose all their capital invested to make the business a success</li> <li>• Innovative</li> <li>• Effective communicator</li> <li>• Independent</li> <li>• Determined/perseverance</li> </ul> <p>For example: Hard-working (1) many entrepreneurs need to work long hours so that they can make their business successful (1).</p>	<b>8</b>

Question	Answer	Marks															
1(b)	<p><b>Using Appendix 1 and other information, consider the advantages and disadvantages to RF of the following <u>two</u> methods of promotion. Which method should Santhosh use to attract customers to RF? Justify your answer.</b></p> <ul style="list-style-type: none"> <li>• <b>10% discount on a customer’s first purchase</b></li> <li>• <b>Free delivery on all products purchased</b></li> </ul> <table border="1" data-bbox="304 521 1295 1955"> <thead> <tr> <th data-bbox="304 521 421 586">Level</th> <th data-bbox="421 521 1182 586">Description</th> <th data-bbox="1182 521 1295 586">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="304 586 421 1021">3</td> <td data-bbox="421 586 1182 1021"> <p>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.</p> <p>Detailed discussion of <b>both</b> methods of promotion.</p> <p>Well-justified recommendation.</p> <p>Candidates discussing both methods of promotion in detail, in context and a with well-justified recommendation, including why the alternative method of promotion was rejected, should be rewarded with the top marks in the band.</p> </td> <td data-bbox="1182 586 1295 1021">9–12</td> </tr> <tr> <td data-bbox="304 1021 421 1456">2</td> <td data-bbox="421 1021 1182 1456"> <p>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.</p> <p>Detailed discussion of at least <b>one</b> of the methods of promotion.</p> <p>Judgement with some justification/some evaluation of choices made.</p> <p>Candidates discussing one or more methods in detail and applying it to the case should be rewarded with the top marks in the band.</p> </td> <td data-bbox="1182 1021 1295 1456">5–8</td> </tr> <tr> <td data-bbox="304 1456 421 1890">1</td> <td data-bbox="421 1456 1182 1890"> <p>Limited application of knowledge and understanding of relevant business concepts.</p> <p>Limited ability to discuss the methods of promotion with little/no explanation.</p> <p>Simple judgement with limited justification/limited evaluation of choices made.</p> <p>Candidates outlining both methods of promotion in context should be rewarded with the top marks in the band.</p> </td> <td data-bbox="1182 1456 1295 1890">1–4</td> </tr> <tr> <td data-bbox="304 1890 421 1955">0</td> <td data-bbox="421 1890 1182 1955">No creditable response.</td> <td data-bbox="1182 1890 1295 1955">0</td> </tr> </tbody> </table>	Level	Description	Marks	3	<p>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.</p> <p>Detailed discussion of <b>both</b> methods of promotion.</p> <p>Well-justified recommendation.</p> <p>Candidates discussing both methods of promotion in detail, in context and a with well-justified recommendation, including why the alternative method of promotion was rejected, should be rewarded with the top marks in the band.</p>	9–12	2	<p>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.</p> <p>Detailed discussion of at least <b>one</b> of the methods of promotion.</p> <p>Judgement with some justification/some evaluation of choices made.</p> <p>Candidates discussing one or more methods in detail and applying it to the case should be rewarded with the top marks in the band.</p>	5–8	1	<p>Limited application of knowledge and understanding of relevant business concepts.</p> <p>Limited ability to discuss the methods of promotion with little/no explanation.</p> <p>Simple judgement with limited justification/limited evaluation of choices made.</p> <p>Candidates outlining both methods of promotion in context should be rewarded with the top marks in the band.</p>	1–4	0	No creditable response.	0	12
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Question	Answer			Marks
1(b)	Relevant points might include:			
		<p style="text-align: center;"><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Reduces the price of the furniture, this could increase demand from <b>low-income families</b> which is the target market leading to an increase in sales revenue</li> <li>• Customers could afford to buy more than one item of furniture. This could increase the turnover of inventory/make it easier to achieve their break-even output/improve working capital</li> </ul>	<p style="text-align: center;"><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• The revenue from each item of <b>furniture</b> sold is reduced. This would reduce RF's profit margins</li> <li>• Less revenue per item would mean that RF need to sell more than <b>10</b> items of furniture before they could break even and start to make a profit</li> </ul>	
	Free delivery on all products purchased	<ul style="list-style-type: none"> <li>• Customers may buy bigger/more items of furniture which would increase the sales revenue as they would not need to worry how they were going to get the furniture home</li> <li>• Builds customer loyalty/repeat sales. Customers are more likely to become loyal if they receive a good after sales service</li> <li>• Helps RF to stand out from their competitors. It can be an incentive to customers to buy from RF</li> </ul>	<ul style="list-style-type: none"> <li>• RF may have to pay for the fuel to deliver the <b>furniture</b> – increases costs to RF – reduces profit margins</li> <li>• RF may have to purchase/lease a vehicle – increases cash outflows</li> <li>• Will have to recruit delivery drivers – so increasing wage costs – may lead to increased prices – making it more expensive for <b>low-income families</b></li> </ul>	

Question	Answer	Marks		
1(b)	<table border="1"> <tr> <td data-bbox="304 248 571 920">Recommendation:</td> <td data-bbox="571 248 1289 920">           Justification might include:           <ul style="list-style-type: none"> <li>• Offering a 10% discount is likely to attract more customers. As the target market is <b>low-income families</b>, price is likely to be the most important element of the marketing mix. The discount will in effect make the price cheaper and more affordable for these families and may therefore increase sales. The free delivery service could increase costs significantly for the <b>small/new</b> business as they will have to buy a van and employ more people. The deliveries could also be over a wide area and so increase fuel costs.</li> <li>• Offering free delivery is the best way to attract new customers as <b>furniture</b> can be big and heavy and this means that it is likely customers will need to have it delivered. As the customers are looking for cheaper products, the total purchase price would be reduced if they did not have to pay a delivery charge.</li> </ul> </td> </tr> </table>	Recommendation:	Justification might include: <ul style="list-style-type: none"> <li>• Offering a 10% discount is likely to attract more customers. As the target market is <b>low-income families</b>, price is likely to be the most important element of the marketing mix. The discount will in effect make the price cheaper and more affordable for these families and may therefore increase sales. The free delivery service could increase costs significantly for the <b>small/new</b> business as they will have to buy a van and employ more people. The deliveries could also be over a wide area and so increase fuel costs.</li> <li>• Offering free delivery is the best way to attract new customers as <b>furniture</b> can be big and heavy and this means that it is likely customers will need to have it delivered. As the customers are looking for cheaper products, the total purchase price would be reduced if they did not have to pay a delivery charge.</li> </ul>	
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Question	Answer	Marks
2(a)	<p><b>Explain <u>two</u> business objectives Santhosh might have for RF.</b></p> <p>Award one mark for each business objective (max 2).</p> <p>Award a maximum of 3 additional marks for explanation of <b>each</b> business objective – <b>one of which must be applied to this context.</b></p> <p>Relevant business objectives might include:</p> <ul style="list-style-type: none"> <li>• Business survival – greater risk of failing – lose personal possessions</li> <li>• Profit – provide funds for reinvestment – interest does not need to be paid so cheaper than loans</li> <li>• Service to the community/social/ethical – wants to provide jobs and support for disadvantaged groups in society</li> <li>• Increase market share</li> </ul> <p>For example: Business survival (1) as RF is a new business (app) it is at a greater risk of failing (1) and Santhosh would lose his future source of income/all his personal possessions (1).</p> <p><b>Application</b> could include: new/start-up business, carpenter, school leavers, small business, sole trader, \$5000 start-up capital, furniture, low-income families, 10% discount, free delivery, figures from Appendix 2, recession.</p>	<b>8</b>

Question	Answer	Marks															
2(b)	<p><b>Consider the advantages and disadvantages of the following <u>three</u> sources of finance Santhosh could use when starting up RF. Which source should Santhosh use? Justify your answer.</b></p> <ul style="list-style-type: none"> <li>• <b>Owner's savings</b></li> <li>• <b>Microfinance</b></li> <li>• <b>Crowdfunding</b></li> </ul> <table border="1" data-bbox="304 521 1294 1854"> <thead> <tr> <th data-bbox="304 521 421 586">Level</th> <th data-bbox="421 521 1182 586">Description</th> <th data-bbox="1182 521 1294 586">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="304 586 421 987">3</td> <td data-bbox="421 586 1182 987"> <p>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.</p> <p>Detailed discussion of <b>two</b> or more sources.</p> <p>Well-justified recommendation.</p> <p>Candidates discussing all three sources in detail, in context and with a well-justified recommendation, including why the alternative sources were rejected, should be rewarded with the top marks in the band.</p> </td> <td data-bbox="1182 586 1294 987">9–12</td> </tr> <tr> <td data-bbox="304 987 421 1388">2</td> <td data-bbox="421 987 1182 1388"> <p>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.</p> <p>Detailed discussion of at least <b>one</b> source.</p> <p>Judgement with some justification/some evaluation of choices made.</p> <p>Candidates discussing two or more sources in detail and applying them to the case should be rewarded with the top marks in the band.</p> </td> <td data-bbox="1182 987 1294 1388">5–8</td> </tr> <tr> <td data-bbox="304 1388 421 1792">1</td> <td data-bbox="421 1388 1182 1792"> <p>Limited application of knowledge and understanding of relevant business concepts.</p> <p>Limited ability to discuss the sources with little/no explanation.</p> <p>Simple judgement with limited justification/limited evaluation of choices made.</p> <p>Candidates outlining the three sources in context should be rewarded with top marks in the band.</p> </td> <td data-bbox="1182 1388 1294 1792">1–4</td> </tr> <tr> <td data-bbox="304 1792 421 1854">0</td> <td data-bbox="421 1792 1182 1854">No creditable response.</td> <td data-bbox="1182 1792 1294 1854">0</td> </tr> </tbody> </table>	Level	Description	Marks	3	<p>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.</p> <p>Detailed discussion of <b>two</b> or more sources.</p> <p>Well-justified recommendation.</p> <p>Candidates discussing all three sources in detail, in context and with a well-justified recommendation, including why the alternative sources were rejected, should be rewarded with the top marks in the band.</p>	9–12	2	<p>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.</p> <p>Detailed discussion of at least <b>one</b> source.</p> <p>Judgement with some justification/some evaluation of choices made.</p> <p>Candidates discussing two or more sources in detail and applying them to the case should be rewarded with the top marks in the band.</p>	5–8	1	<p>Limited application of knowledge and understanding of relevant business concepts.</p> <p>Limited ability to discuss the sources with little/no explanation.</p> <p>Simple judgement with limited justification/limited evaluation of choices made.</p> <p>Candidates outlining the three sources in context should be rewarded with top marks in the band.</p>	1–4	0	No creditable response.	0	12
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Question	Answer		Marks	
2(b)	Justification might include:			
		<p style="text-align: center;"><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• It should be immediately available to the owner – allowing Santhosh to set up his new start-up business quickly</li> <li>• No interest is paid, this will allow <b>costs to be kept low</b></li> <li>• Does not have to be repaid</li> </ul>	<p style="text-align: center;"><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• The owner may not have enough savings to pay the <b>\$5000</b> start-up costs</li> <li>• There may be an opportunity cost – he would lose any interest that his savings could make if he left them in the bank</li> <li>• Risks losing all his own money – as his business is a <b>sole trader</b></li> </ul>	
	Microfinance	<ul style="list-style-type: none"> <li>• Small amounts available as he only needs <b>\$5000 to buy tools and pay for rent</b></li> <li>• No security needed/collateral free loan. As a <b>small business</b> it is unlikely that he would have many assets to offer as security</li> <li>• Access to finance that would not be available from other more traditional sources/banks – as a new business RF would be seen as high risk</li> </ul>	<ul style="list-style-type: none"> <li>• Only provides small amounts of finance – may not be sufficient to meet RF's requirements</li> <li>• May have an increased risk of harsh/short repayment terms</li> <li>• Will have restrictive terms attached – this means that RF may have to fulfil certain criteria or commit to following certain rules before the finance is received</li> </ul>	

Question	Answer		Marks	
2(b)		<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• No initial fees to be paid – meets his objective of <b>keeping the costs low</b></li> <li>• Public reaction can be tested – Santhosh can judge the demand for <b>recycled furniture</b></li> <li>• Can raise substantial sums – he can raise sufficient money to invest in his <b>tools and pay rent</b></li> <li>• Available to entrepreneurs when other sources have turned them down</li> </ul>	<p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• If the total amount of <b>\$5000</b> required is not raised, RF will need to repay money</li> <li>• It publicises his idea and this may allow competitors to steal the idea</li> <li>• Platform can reject the idea – it may delay starting the business</li> </ul>	
	Recommendation	<p>Justification might include:</p> <ul style="list-style-type: none"> <li>• Owner's savings is the best source for his new business as it does not require any interest to be paid. This will reduce the monthly repayments and meet the objective of <b>keeping costs low</b> which could lead to increased profits. If microfinance was used he might find it difficult to make the repayments in the time set by the lender. If <b>\$5000</b> was not raised using crowdfunding, he would have to return all the capital back to the investors and might not be able to start his business.</li> <li>• Microfinance may be the best option as Santhosh only requires a small amount and as he is a <b>sole trader</b> this reduces the risk of using all of his savings.</li> <li>• Crowdfunding would not require an initial fee or interest to be paid, therefore less cash outflow in the short term. As the business is going to <b>train school leavers</b> there is a good chance the community might want to invest money.</li> </ul>		

Question	Answer	Marks
3(a)	<p><b>Using Appendix 2 and other information, explain <u>two</u> benefits and <u>two</u> limitations to Santhosh of using break-even analysis.</b></p> <p>Award one mark for each benefit/limitation identified (max 4).</p> <p>Award a maximum of 1 additional mark for <b>each</b> explanation <b>in context</b> (max 4).</p> <p>Benefits might include:</p> <ul style="list-style-type: none"> <li>• Provides a target output RF needs to sell before a profit is made – at the break-even output of 10 items</li> <li>• The impact of business decisions can be shown by redrawing the chart – if the variable costs increase from \$4 per month</li> <li>• It can be used to show a margin of safety to protect against losses if a fall in sales occurs – from the current margin of safety of 10</li> </ul> <p>Limitations might include:</p> <ul style="list-style-type: none"> <li>• The break-even chart is drawn assuming all goods produced are sold - forecast sales are 20 items of furniture per month</li> <li>• Fixed costs will only remain fixed if the scale of production does not change – at \$50 per month</li> <li>• Revenue may not be the same – RF may decide to offer a 10% discount</li> <li>• Can only be used for a single product – RF sells a range of furniture and not a single item priced the at the same price</li> <li>• It assumes that variable/total costs can be drawn as straight lines</li> </ul> <p>For example: It will provide a target of how much RF needs to sell each month before they make a profit (1). RF needs to sell 10 items of furniture before a profit is made (app).</p> <p><b>Application</b> could include: new/start-up business, carpenter, school leavers, small business, sole trader, \$5000 start-up capital, furniture, low-income families, 10% discount, free delivery, recession, break-even output 10, fixed costs \$50, total revenue \$180, total cost \$130.</p>	8

Question	Answer			Marks
3(b)	<p><b>Using Appendix 3 and other information, consider how the recession might affect RF's forecast sales and the availability of potential employees. Which is likely to have the most effect on RF? Justify your answer.</b></p>			<b>12</b>
	Level	Description	Marks	
	3	<p>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.</p> <p>Detailed discussion of <b>both</b> ways.</p> <p>Well-justified conclusion.</p> <p>Candidates discussing both ways in detail, in context and with a well-justified conclusion, including why the alternative way has less effect, should be rewarded with the top marks in the band.</p>	9–12	
	2	<p>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.</p> <p>Detailed discussion of at least <b>one</b> way.</p> <p>Judgement with some justification/some evaluation of choices made.</p> <p>Candidates discussing at least one way in detail and applying it to the case should be rewarded with the top marks in the band.</p>	5–8	
	1	<p>Limited application of knowledge and understanding of relevant business concepts.</p> <p>Limited ability to discuss the ways with little/no explanation.</p> <p>Simple judgement with limited justification/limited evaluation of choices made.</p> <p>Candidates outlining both ways in context should be rewarded with top marks in the band.</p>	1–4	
	0	No creditable response.	0	

Question	Answer	Marks						
3(b)	<p>Relevant points might include:</p> <table border="1" data-bbox="308 315 1281 1668"> <tbody> <tr> <td data-bbox="308 315 564 656">RF's forecast sales</td> <td data-bbox="564 315 1281 656"> <ul style="list-style-type: none"> <li>• Potential increase in the number of <b>low-income families</b> which leads to an increased demand for <b>recycled furniture</b> – amount of sales revenue might increase</li> <li>• Reduced supply of <b>old furniture</b> – as people delay purchasing new furniture from retailers</li> <li>• Recession will result in <b>higher unemployment</b> – reduced income for families – reduced demand for furniture</li> </ul> </td> </tr> <tr> <td data-bbox="308 656 564 1061">Availability of potential employees for RF</td> <td data-bbox="564 656 1281 1061"> <ul style="list-style-type: none"> <li>• Greater availability of employees – lower employment levels lead to more people looking for work – making it easier for RF to recruit its <b>10 workers</b></li> <li>• Potential employees may be more willing to accept a lower wage – especially <b>school leavers</b> as they may find it more difficult to find a job</li> <li>• Availability of skilled workers for RF may not change – as other businesses may retain their <b>skilled workers such as carpenters</b></li> </ul> </td> </tr> <tr> <td data-bbox="308 1061 564 1668">Conclusion</td> <td data-bbox="564 1061 1281 1668"> <p>Justification might include:</p> <ul style="list-style-type: none"> <li>• Forecast sales are likely to have the most effect on RF because it is important for there to be an inflow of cash from sales to cover the high start-up expenses. The recession may lead to higher revenue as the target market of <b>low-income families</b> is likely to increase due to rising unemployment. RF's ability to recruit skilled employees may not change as RF only requires <b>3 skilled carpenters</b> and the recession may not affect their availability.</li> <li>• The availability of employees for RF will have the greatest effect as the new business requires a combination of skilled and unskilled workers. The recession may make it easier to recruit skilled workers and with these workers RF will be able to supply <b>recycled furniture</b>.</li> </ul> </td> </tr> </tbody> </table>	RF's forecast sales	<ul style="list-style-type: none"> <li>• Potential increase in the number of <b>low-income families</b> which leads to an increased demand for <b>recycled furniture</b> – amount of sales revenue might increase</li> <li>• Reduced supply of <b>old furniture</b> – as people delay purchasing new furniture from retailers</li> <li>• Recession will result in <b>higher unemployment</b> – reduced income for families – reduced demand for furniture</li> </ul>	Availability of potential employees for RF	<ul style="list-style-type: none"> <li>• Greater availability of employees – lower employment levels lead to more people looking for work – making it easier for RF to recruit its <b>10 workers</b></li> <li>• Potential employees may be more willing to accept a lower wage – especially <b>school leavers</b> as they may find it more difficult to find a job</li> <li>• Availability of skilled workers for RF may not change – as other businesses may retain their <b>skilled workers such as carpenters</b></li> </ul>	Conclusion	<p>Justification might include:</p> <ul style="list-style-type: none"> <li>• Forecast sales are likely to have the most effect on RF because it is important for there to be an inflow of cash from sales to cover the high start-up expenses. The recession may lead to higher revenue as the target market of <b>low-income families</b> is likely to increase due to rising unemployment. RF's ability to recruit skilled employees may not change as RF only requires <b>3 skilled carpenters</b> and the recession may not affect their availability.</li> <li>• The availability of employees for RF will have the greatest effect as the new business requires a combination of skilled and unskilled workers. The recession may make it easier to recruit skilled workers and with these workers RF will be able to supply <b>recycled furniture</b>.</li> </ul>	
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Question	Answer	Marks
4(a)	<p><b>Explain <u>two</u> benefits to RF of having a well-motivated workforce.</b></p> <p>Award 1 mark for each benefit of having a well-motivated workforce (max 2).</p> <p>Award a maximum of 3 additional marks for <b>each</b> explanation of the benefit of having a well-motivated workforce is important – <b>one of which must be applied to this context.</b></p> <p>Benefits might include:</p> <ul style="list-style-type: none"> <li>• Low labour turnover – a loyal workforce – reduces costs of recruitment</li> <li>• Low rate of absenteeism – reduces disruption caused by an employee absent from work – more able to meet demand</li> <li>• Low rates of industrial action – avoiding damage to customer relations - maintaining reputation</li> <li>• Increases productivity – fewer employees are needed to achieve the same level of output</li> <li>• Higher quality goods and services – increased customer loyalty – increases revenue</li> <li>• More competitive – which may increase market share</li> </ul> <p>For example: Increases productivity (1) RF will have 10 employees (app) so they can each produce more which reduces the need for additional employees (1) which helps to reduce labour costs (1).</p> <p><b>Application</b> could include: new/start-up business, carpenter, school leavers, small business, sole trader, \$5000 start-up capital, furniture, low-income families, 10% discount, free delivery, figures from Appendix 2, recession.</p>	8

Question	Answer	Marks															
4(b)	<p><b>Consider the following <u>three</u> methods Santhosh could use to communicate the daily work tasks to his employees. Which method should he use? Justify your answer.</b></p> <ul style="list-style-type: none"> <li>• <b>Telephone calls</b></li> <li>• <b>Face-to-face meetings</b></li> <li>• <b>Text messages</b></li> </ul> <table border="1" data-bbox="304 524 1295 2020"> <thead> <tr> <th data-bbox="304 524 421 584">Level</th> <th data-bbox="421 524 1182 584">Description</th> <th data-bbox="1182 524 1295 584">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="304 584 421 1077">3</td> <td data-bbox="421 584 1182 1077"> <p>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.</p> <p>Detailed discussion of <b>two</b> or more methods of communication.</p> <p>Well-justified recommendation.</p> <p>Candidates discussing all three methods of communication in detail, in context and with a well-justified recommendation, including why the alternative methods were rejected, should be rewarded with the top marks in the band.</p> </td> <td data-bbox="1182 584 1295 1077">9–12</td> </tr> <tr> <td data-bbox="304 1077 421 1536">2</td> <td data-bbox="421 1077 1182 1536"> <p>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.</p> <p>Detailed discussion of at least <b>one</b> method of communication.</p> <p>Judgement with some justification/some evaluation of choices made.</p> <p>Candidates discussing two or more methods of communication in detail and applying them to the case should be rewarded with the top marks in the band.</p> </td> <td data-bbox="1182 1077 1295 1536">5–8</td> </tr> <tr> <td data-bbox="304 1536 421 1966">1</td> <td data-bbox="421 1536 1182 1966"> <p>Limited application of knowledge and understanding of relevant business concepts.</p> <p>Limited ability to discuss the methods of communication with little/no explanation.</p> <p>Simple judgement with limited justification/limited evaluation of choices made.</p> <p>Candidates outlining all three methods of communication in context should be rewarded with top marks in the band.</p> </td> <td data-bbox="1182 1536 1295 1966">1–4</td> </tr> <tr> <td data-bbox="304 1966 421 2020">0</td> <td data-bbox="421 1966 1182 2020">No creditable response.</td> <td data-bbox="1182 1966 1295 2020">0</td> </tr> </tbody> </table>	Level	Description	Marks	3	<p>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.</p> <p>Detailed discussion of <b>two</b> or more methods of communication.</p> <p>Well-justified recommendation.</p> <p>Candidates discussing all three methods of communication in detail, in context and with a well-justified recommendation, including why the alternative methods were rejected, should be rewarded with the top marks in the band.</p>	9–12	2	<p>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.</p> <p>Detailed discussion of at least <b>one</b> method of communication.</p> <p>Judgement with some justification/some evaluation of choices made.</p> <p>Candidates discussing two or more methods of communication in detail and applying them to the case should be rewarded with the top marks in the band.</p>	5–8	1	<p>Limited application of knowledge and understanding of relevant business concepts.</p> <p>Limited ability to discuss the methods of communication with little/no explanation.</p> <p>Simple judgement with limited justification/limited evaluation of choices made.</p> <p>Candidates outlining all three methods of communication in context should be rewarded with top marks in the band.</p>	1–4	0	No creditable response.	0	12
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4(b)	Relevant points might include:			
		<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>Speaks directly to each employee – makes them feel valued and included in the business</li> <li>Immediate feedback is possible – Santhosh will know straight away if any of the <b>10 employees</b> do not understand which tasks need to be finished and need to be done first</li> </ul>	<p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>Employees may not answer – delay in Santhosh being able to allocate tasks at the <b>start of each day</b></li> <li>Poor connection – may distort the message and make it difficult to understand</li> <li>Could take a long time to call all <b>10 employees</b> everyday</li> <li>No permanent record of the conversation, if a <b>carpenter</b> does the wrong job there is no proof that they were asked to do a different task</li> </ul>	
	Face-to-face meetings	<ul style="list-style-type: none"> <li>Gives all <b>10 employees</b> a chance to meet, which can help to make them feel part of the team</li> <li>It is a <b>small business</b> so this would give everyone a chance to directly contribute ideas and collaborate as feedback is immediate</li> <li>Points can be clarified if not understood immediately</li> </ul>	<ul style="list-style-type: none"> <li>Time consuming – employees could be <b>training school leavers</b> rather than in a meeting</li> <li><b>School leavers</b> may not have the confidence to contribute</li> </ul>	

Question	Answer		Marks	
4(b)		<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Provides a written record for Santhosh to refer to if the <b>10 employees</b> do not meet their targets</li> <li>• Can be referred to at different times of the day if tasks forgotten</li> <li>• Do not have to be in the workplace to read the message – buyers may be out finding <b>furniture</b></li> </ul>	<p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Some employees may not have access to their mobile phones – it relies on an internet/phone connection</li> <li>• The daily work tasks may not be seen if there are too many text messages sent</li> <li>• It can become a distraction as employees may use it to send social messages and just chat</li> </ul>	
	Conclusion	<p>Justification might include:</p> <ul style="list-style-type: none"> <li>• Telephone calls are a good method because you can get immediate feedback and employees can clarify their work tasks so that mistakes are not made. Daily face-to-face meetings may take too much time and not all employees may be able to attend, and not all <b>employees</b> may have access to text messages on their phones.</li> <li>• Face-to-face meetings would be the best way to communicate as RF is a <b>small business</b> and so all employees would have the opportunity to contribute. They could be informal which might help build motivation.</li> <li>• Text messages could be the best way for Santhosh to communicate with his volunteers. He can include details so the <b>Marketing Manager</b> can refer back to the tasks set. It is a direct form of communication that goes straight to the employees themselves so it cannot be missed.</li> </ul>		