
BUSINESS

9609/21

Paper 2 Data Response

May/June 2019

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 May/June 2019 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 **17** 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 ‘break even’ (line 24).</p> <table border="1" data-bbox="215 313 1412 571"> <thead> <tr> <th data-bbox="215 313 1284 369">Knowledge</th> <th data-bbox="1284 313 1412 369">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="215 369 1284 436">A correct definition</td> <td data-bbox="1284 369 1412 436">2</td> </tr> <tr> <td data-bbox="215 436 1284 504">A partial, vague or unfocused definition</td> <td data-bbox="1284 436 1412 504">1</td> </tr> <tr> <td data-bbox="215 504 1284 571">No creditable content</td> <td data-bbox="1284 504 1412 571">0</td> </tr> </tbody> </table> <p>Break-even can be defined in a number of ways:</p> <ul style="list-style-type: none"> • expenditure (costs) and income (revenue) are equal • the level of sales/units where there is no profit or loss • $TR = TC$ <table border="1" data-bbox="215 784 1412 1467"> <thead> <tr> <th data-bbox="215 784 750 840">Exemplar</th> <th data-bbox="750 784 885 840">Marks</th> <th data-bbox="885 784 1412 840">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="215 840 750 974">When a business makes enough sales/revenue/income to cover all the costs.</td> <td data-bbox="750 840 885 974">2</td> <td data-bbox="885 840 1412 974">Both elements covered</td> </tr> <tr> <td data-bbox="215 974 750 1041">$TC = TR$</td> <td data-bbox="750 974 885 1041">2</td> <td data-bbox="885 974 1412 1041">Both elements covered</td> </tr> <tr> <td data-bbox="215 1041 750 1142">Cost of sales is equal to sales revenue.</td> <td data-bbox="750 1041 885 1142">1</td> <td data-bbox="885 1041 1412 1142">No understanding of total costs (CoS only covers direct costs)</td> </tr> <tr> <td data-bbox="215 1142 750 1243">The business makes no profit or loss</td> <td data-bbox="750 1142 885 1243">1</td> <td data-bbox="885 1142 1412 1243">No understanding of the level of sales/units</td> </tr> <tr> <td data-bbox="215 1243 750 1377">The point at which a business stops making a loss and can start to make a profit</td> <td data-bbox="750 1243 885 1377"></td> <td data-bbox="885 1243 1412 1377">No understanding of the level of sales/units</td> </tr> <tr> <td data-bbox="215 1377 750 1467">Where the business has made enough sales to have broken even.</td> <td data-bbox="750 1377 885 1467">0</td> <td data-bbox="885 1377 1412 1467">Tautological, no understanding</td> </tr> </tbody> </table> | Knowledge | Marks | A correct definition | 2 | A partial, vague or unfocused definition | 1 | No creditable content | 0 | Exemplar | Marks | Rationale | When a business makes enough sales/revenue/income to cover all the costs. | 2 | Both elements covered | $TC = TR$ | 2 | Both elements covered | Cost of sales is equal to sales revenue. | 1 | No understanding of total costs (CoS only covers direct costs) | The business makes no profit or loss | 1 | No understanding of the level of sales/units | The point at which a business stops making a loss and can start to make a profit | | No understanding of the level of sales/units | Where the business has made enough sales to have broken even. | 0 | Tautological, no understanding | 2 |
| Knowledge | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A correct definition | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A partial, vague or unfocused definition | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| No creditable content | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Exemplar | Marks | Rationale | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| When a business makes enough sales/revenue/income to cover all the costs. | 2 | Both elements covered | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| $TC = TR$ | 2 | Both elements covered | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost of sales is equal to sales revenue. | 1 | No understanding of total costs (CoS only covers direct costs) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| The business makes no profit or loss | 1 | No understanding of the level of sales/units | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| The point at which a business stops making a loss and can start to make a profit | | No understanding of the level of sales/units | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Where the business has made enough sales to have broken even. | 0 | Tautological, no understanding | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|---|-----------|-------|---|---|---|---|--|---|---|---------------------------------------|---|----------|-------|-----------|--|---|---|---|---|---|------------------------------|---|--------------|--|---|--------------|----------|
| 1(a)(ii) | <p>Explain the term ‘industrial markets’ (line 5).</p> <p>Award one mark for each point of explanation:</p> <table border="1" data-bbox="215 380 1412 672"> <thead> <tr> <th></th> <th>Rationale</th> <th>Marks</th> </tr> </thead> <tbody> <tr> <td>C</td> <td>Example or some other way of showing good understanding</td> <td>1</td> </tr> <tr> <td>B</td> <td>Understanding that it is not the end user, i.e. used to produce, not to end user etc. – anything to do with manufacturing and production</td> <td>1</td> </tr> <tr> <td>A</td> <td>Understanding of business to business</td> <td>1</td> </tr> </tbody> </table> <p>Content When a business sells to another business, in contrast to selling to the end user. Industrial markets usually supply components for use in the production of products and services.</p> <p>ARA</p> <table border="1" data-bbox="215 907 1412 1400"> <thead> <tr> <th>Exemplar</th> <th>Marks</th> <th>Rationale</th> </tr> </thead> <tbody> <tr> <td>An industrial market is when a business sells components to another business who then sells it to another business or the end user</td> <td>3</td> <td>A clear understanding of all three elements</td> </tr> <tr> <td>When a business sells to another business who is not the end user</td> <td>2</td> <td>An understanding of B2B and not an end user but no C mark</td> </tr> <tr> <td>Selling business to business</td> <td>1</td> <td>Point A only</td> </tr> <tr> <td>When you sell to someone who is not the end user</td> <td>1</td> <td>Point B only</td> </tr> </tbody> </table> | | Rationale | Marks | C | Example or some other way of showing good understanding | 1 | B | Understanding that it is not the end user, i.e. used to produce, not to end user etc. – anything to do with manufacturing and production | 1 | A | Understanding of business to business | 1 | Exemplar | Marks | Rationale | An industrial market is when a business sells components to another business who then sells it to another business or the end user | 3 | A clear understanding of all three elements | When a business sells to another business who is not the end user | 2 | An understanding of B2B and not an end user but no C mark | Selling business to business | 1 | Point A only | When you sell to someone who is not the end user | 1 | Point B only | 3 |
| | Rationale | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| C | Example or some other way of showing good understanding | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B | Understanding that it is not the end user, i.e. used to produce, not to end user etc. – anything to do with manufacturing and production | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A | Understanding of business to business | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Exemplar | Marks | Rationale | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| An industrial market is when a business sells components to another business who then sells it to another business or the end user | 3 | A clear understanding of all three elements | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| When a business sells to another business who is not the end user | 2 | An understanding of B2B and not an end user but no C mark | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Selling business to business | 1 | Point A only | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| When you sell to someone who is not the end user | 1 | Point B only | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---------------------|---------------------|--|---|--|---|---|---|-----------------------|---|--|---------------------|---------------------|---------------------|--------------|--|--|--|---------|-----|-----|-----|---------------|-----|-----|-----|---------------|--|--|--|--------|-----|-----|-----|-------------------|-----------|----------|-----------|----------|---|---|---|----------------|------------|------------|------------|-----------------|----|------------|------------|-----------------|------------|------------|------------|----------|
| 1(b)(i) | <p>Refer to Table 1. Calculate the new closing balance for Month 3 if the inventory storage costs for each month increase by 20%.</p> <table border="1" data-bbox="215 347 1412 683"> <thead> <tr> <th>Rationale</th> <th>Marks</th> </tr> </thead> <tbody> <tr> <td>Correct answer with or without correct working or \$ or 000s</td> <td>3</td> </tr> <tr> <td>Attempt at calculating Month 3 closing balance using correct figures</td> <td>2</td> </tr> <tr> <td>Formula or correct calculation of Inventory storage for any one month</td> <td>1</td> </tr> <tr> <td>No creditable content</td> <td>0</td> </tr> </tbody> </table> <p>Content</p> <table border="1" data-bbox="215 772 1412 1534"> <thead> <tr> <th></th> <th>Month 1 (\$000s)</th> <th>Month 2 (\$000s)</th> <th>Month 3 (\$000s)</th> </tr> </thead> <tbody> <tr> <td>Cash Inflows</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Revenue</td> <td>250</td> <td>300</td> <td>100</td> </tr> <tr> <td>Total cash in</td> <td>250</td> <td>300</td> <td>100</td> </tr> <tr> <td>Cash Outflows</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Labour</td> <td>150</td> <td>150</td> <td>150</td> </tr> <tr> <td>Inventory storage</td> <td>12</td> <td>6</td> <td>60</td> </tr> <tr> <td>Expenses</td> <td>5</td> <td>5</td> <td>5</td> </tr> <tr> <td>Total cash out</td> <td>167</td> <td>161</td> <td>215</td> </tr> <tr> <td>Opening balance</td> <td>20</td> <td>103</td> <td>242</td> </tr> <tr> <td>Closing balance</td> <td>103</td> <td>242</td> <td>127</td> </tr> </tbody> </table> <p>Closing balance = Opening balance + Cash in – Cash out</p> | Rationale | Marks | Correct answer with or without correct working or \$ or 000s | 3 | Attempt at calculating Month 3 closing balance using correct figures | 2 | Formula or correct calculation of Inventory storage for any one month | 1 | No creditable content | 0 | | Month 1 (\$000s) | Month 2 (\$000s) | Month 3 (\$000s) | Cash Inflows | | | | Revenue | 250 | 300 | 100 | Total cash in | 250 | 300 | 100 | Cash Outflows | | | | Labour | 150 | 150 | 150 | Inventory storage | 12 | 6 | 60 | Expenses | 5 | 5 | 5 | Total cash out | 167 | 161 | 215 | Opening balance | 20 | 103 | 242 | Closing balance | 103 | 242 | 127 | 3 |
| Rationale | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Correct answer with or without correct working or \$ or 000s | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Attempt at calculating Month 3 closing balance using correct figures | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Formula or correct calculation of Inventory storage for any one month | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| No creditable content | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Month 1 (\$000s) | Month 2 (\$000s) | Month 3 (\$000s) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash Inflows | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Revenue | 250 | 300 | 100 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total cash in | 250 | 300 | 100 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash Outflows | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Labour | 150 | 150 | 150 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Inventory storage | 12 | 6 | 60 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Expenses | 5 | 5 | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total cash out | 167 | 161 | 215 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Opening balance | 20 | 103 | 242 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Closing balance | 103 | 242 | 127 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|---------------------------|-----------|---------------|--|--|--|---|--|------------------------------|--|---|--|-----------------------|-----------------|--------------------------------------|--|---|-------------------------|-----------------------|---|---------------------------|---|---|-------------------------------------|--------------------------------------|--|---|
| 1(b)(i) | <p>Correct answer: \$127 000 (accept 127 as the '000 is in the column header)</p> <table border="1" data-bbox="215 302 1412 761"> <thead> <tr> <th data-bbox="215 302 750 369">Exemplar</th> <th data-bbox="750 302 885 369">Mark</th> <th data-bbox="885 302 1412 369">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="215 369 750 436">127 (127,000)</td> <td data-bbox="750 369 885 436">3</td> <td data-bbox="885 369 1412 436">Does not require the '000 of the \$ sign</td> </tr> <tr> <td data-bbox="215 436 750 571">50 × 20% = 60; cash out for mth 3 = 215 closing balance = 124</td> <td data-bbox="750 436 885 571">2</td> <td data-bbox="885 436 1412 571">Calculated one month, closing balance is incorrect as other two months ignored</td> </tr> <tr> <td data-bbox="215 571 750 660">12 Or 6 OR 60 (with working)</td> <td data-bbox="750 571 885 660">1</td> <td data-bbox="885 571 1412 660">Calculated at least one correct new inventory</td> </tr> <tr> <td data-bbox="215 660 750 761">Closing balance = opening balance + cash in – cash</td> <td data-bbox="750 660 885 761">1</td> <td data-bbox="885 660 1412 761">Correct formula</td> </tr> </tbody> </table> | Exemplar | Mark | Rationale | 127 (127,000) | 3 | Does not require the '000 of the \$ sign | 50 × 20% = 60; cash out for mth 3 = 215 closing balance = 124 | 2 | Calculated one month, closing balance is incorrect as other two months ignored | 12 Or 6 OR 60 (with working) | 1 | Calculated at least one correct new inventory | Closing balance = opening balance + cash in – cash | 1 | Correct formula | | | | | | | | | | | | | |
| Exemplar | Mark | Rationale | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 127 (127,000) | 3 | Does not require the '000 of the \$ sign | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50 × 20% = 60; cash out for mth 3 = 215 closing balance = 124 | 2 | Calculated one month, closing balance is incorrect as other two months ignored | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 12 Or 6 OR 60 (with working) | 1 | Calculated at least one correct new inventory | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Closing balance = opening balance + cash in – cash | 1 | Correct formula | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1(b)(ii) | <p>Explain <u>one</u> benefit for WL of holding inventory</p> <table border="1" data-bbox="215 862 1412 1187"> <thead> <tr> <th data-bbox="215 862 470 929">Level</th> <th data-bbox="470 862 1284 929">Knowledge and Application</th> <th data-bbox="1284 862 1412 929">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="215 929 470 996">2b (APP APP)</td> <td data-bbox="470 929 1284 996">Explanation of a benefit of holding inventory in context</td> <td data-bbox="1284 929 1412 996">3</td> </tr> <tr> <td data-bbox="215 996 470 1064">2a (APP)</td> <td data-bbox="470 996 1284 1064">Identification of a benefit of holding inventory in context</td> <td data-bbox="1284 996 1412 1064">2</td> </tr> <tr> <td data-bbox="215 1064 470 1131">1 (K)</td> <td data-bbox="470 1064 1284 1131">Identification of one benefit of holding inventory</td> <td data-bbox="1284 1064 1412 1131">1</td> </tr> <tr> <td data-bbox="215 1131 470 1187">0</td> <td data-bbox="470 1131 1284 1187">No creditable content</td> <td data-bbox="1284 1131 1412 1187">0</td> </tr> </tbody> </table> <p>Content</p> <ul data-bbox="271 1288 1404 1500" style="list-style-type: none"> • To meet changing demand – seasonal demand • To meet unexpected demand – primary business, trees take time to grow – unexpected demand can only be met by holding stock • Respond to customer needs – Industrial market – importance of customer service, repeat customers etc. • To be able to maintain a steady level of production <p>ARA</p> <table border="1" data-bbox="215 1601 1412 2027"> <thead> <tr> <th data-bbox="215 1601 614 1702">Identification of a benefit (1 mark)</th> <th data-bbox="614 1601 1029 1702">Identification of a benefit in context (2 marks)</th> <th data-bbox="1029 1601 1412 1702">Explanation of a benefit in context (3 marks)</th> </tr> </thead> <tbody> <tr> <td data-bbox="215 1702 614 1803">To meet changing demand</td> <td data-bbox="614 1702 1029 1803">As demand is seasonal</td> <td data-bbox="1029 1702 1412 1803">So there is always stock ready for sale</td> </tr> <tr> <td data-bbox="215 1803 614 1904">To meet unexpected demand</td> <td data-bbox="614 1803 1029 1904">As it takes time to cut down trees/for them to grow</td> <td data-bbox="1029 1803 1412 1904">So potential sales/revenue /profit are not lost</td> </tr> <tr> <td data-bbox="215 1904 614 2027">To have a steady rate of production</td> <td data-bbox="614 1904 1029 2027">As it is a labour intensive business</td> <td data-bbox="1029 1904 1412 2027">To ensure their 100 employees have constant work</td> </tr> </tbody> </table> | Level | Knowledge and Application | Marks | 2b (APP APP) | Explanation of a benefit of holding inventory in context | 3 | 2a (APP) | Identification of a benefit of holding inventory in context | 2 | 1 (K) | Identification of one benefit of holding inventory | 1 | 0 | No creditable content | 0 | Identification of a benefit (1 mark) | Identification of a benefit in context (2 marks) | Explanation of a benefit in context (3 marks) | To meet changing demand | As demand is seasonal | So there is always stock ready for sale | To meet unexpected demand | As it takes time to cut down trees/for them to grow | So potential sales/revenue /profit are not lost | To have a steady rate of production | As it is a labour intensive business | To ensure their 100 employees have constant work | 3 |
| Level | Knowledge and Application | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2b (APP APP) | Explanation of a benefit of holding inventory in context | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2a (APP) | Identification of a benefit of holding inventory in context | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 (K) | Identification of one benefit of holding inventory | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 0 | No creditable content | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Identification of a benefit (1 mark) | Identification of a benefit in context (2 marks) | Explanation of a benefit in context (3 marks) | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| To meet changing demand | As demand is seasonal | So there is always stock ready for sale | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| To meet unexpected demand | As it takes time to cut down trees/for them to grow | So potential sales/revenue /profit are not lost | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| To have a steady rate of production | As it is a labour intensive business | To ensure their 100 employees have constant work | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | | | | Marks |
|---|--|--------------|--|--------------|----------|
| 1(c) | Analyse <u>two</u> factors which may have affected the location of WL. | | | | 8 |
| Level | Knowledge and Application (4 marks) | Marks | Analysis (4 marks) | Marks | |
| 2b | Shows understanding of two (or more) factors which may have affected location of WL | 4 | Good analysis of two (or more) factors which may have affected location of WL | 4 | |
| 2a | Shows understanding of one factor which may have affected location of WL | 3 | Good analysis of one factor which may have affected location of WL | 3 | |
| 1b | Shows knowledge of two (or more) factors which may affect location | 2 | Limited analysis of two (or more) location factors | 2 | |
| 1a | Shows knowledge of one factor which may affect location | 1 | Limited analysis of one location factor | 1 | |
| No creditable content | | | | 0 | |
| Content | | | | | |
| <ul style="list-style-type: none"> • Geographic – Likely to need a relatively rural area to grow trees and process them. However, cannot be too rural as there is a need for a workforce (labour intensive). • Demographic – WL is a labour intensive business – will need to be close enough to a populated area to provide the workforce. Alternatively, may need to offer accommodation. • Legal – There are likely to be legal restrictions on how many and what type of trees can be felled. May have needed to locate in a country where the laws are more relaxed. • Political – Environmental concerns/leanings of the political party in charge (e.g. Green party) • Resources – Need to be near trees/raw materials for production • Infrastructure – Need to be near a road and rail network for deliveries. • Marketing – there may be types of wood/areas where certain trees grow which have a higher value than others. | | | | | |

| Question | Answer | | | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|--|-------|-------------------------------------|---------------------------------------|--|---------------------|--------------------------------------|---|---|--------------------------------------|--|-------------|---|---|--|--|---|---|--|---|--|---|---|---|---|---|---|---|---|---|--|---|--|---|-----------------------|--|--|---|-----------|
| 1(c) | ARA <table border="1" data-bbox="228 315 1406 775"> <thead> <tr> <th data-bbox="228 315 496 416">Example of a factor (K)</th> <th data-bbox="496 315 954 416">Examples of application/context (APP)</th> <th data-bbox="954 315 1406 416">Examples of possible analysis (AN + DEV)</th> </tr> </thead> <tbody> <tr> <td data-bbox="228 416 496 510">Location/ resources</td> <td data-bbox="496 416 954 510">As they need to be on/ near woodland</td> <td data-bbox="954 416 1406 510">So they can have easy access (AN) to reduce overheads (DEV)</td> </tr> <tr> <td data-bbox="228 510 496 645">Infrastructure</td> <td data-bbox="496 510 954 645">Need t be close to rail/road network</td> <td data-bbox="954 510 1406 645">To ensure easy access for deliveries (AN) to reduce delivery costs (DEV)</td> </tr> <tr> <td data-bbox="228 645 496 775">Demographic</td> <td data-bbox="496 645 954 775">As WL is a labour intensive business</td> <td data-bbox="954 645 1406 775">Need to have a populated area to provide workforce (AN) to meet staffing levels (DEV)</td> </tr> </tbody> </table> | | | Example of a factor (K) | Examples of application/context (APP) | Examples of possible analysis (AN + DEV) | Location/ resources | As they need to be on/ near woodland | So they can have easy access (AN) to reduce overheads (DEV) | Infrastructure | Need t be close to rail/road network | To ensure easy access for deliveries (AN) to reduce delivery costs (DEV) | Demographic | As WL is a labour intensive business | Need to have a populated area to provide workforce (AN) to meet staffing levels (DEV) | | | | | | | | | | | | | | | | | | | | | | | | | |
| Example of a factor (K) | Examples of application/context (APP) | Examples of possible analysis (AN + DEV) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Location/ resources | As they need to be on/ near woodland | So they can have easy access (AN) to reduce overheads (DEV) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Demographic | As WL is a labour intensive business | Need to have a populated area to provide workforce (AN) to meet staffing levels (DEV) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1(d) | Recommend which of Mintzberg’s management roles is likely to be the most important for the new Managing Director of WL. Justify your recommendation. <table border="1" data-bbox="228 909 1406 1995"> <thead> <tr> <th data-bbox="228 909 684 1010">Knowledge and Application (4 marks)</th> <th data-bbox="684 909 818 1010">Marks</th> <th data-bbox="818 909 1273 1010">Analysis and Evaluation (7 marks)</th> <th data-bbox="1273 909 1406 1010">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="228 1010 684 1111"></td> <td data-bbox="684 1010 818 1111"></td> <td data-bbox="818 1010 1273 1111">Justified recommendation based on argument in context</td> <td data-bbox="1273 1010 1406 1111">7</td> </tr> <tr> <td data-bbox="228 1111 684 1211"></td> <td data-bbox="684 1111 818 1211"></td> <td data-bbox="818 1111 1273 1211">Developed recommendation based on argument in context</td> <td data-bbox="1273 1111 1406 1211">6</td> </tr> <tr> <td data-bbox="228 1211 684 1335"></td> <td data-bbox="684 1211 818 1335"></td> <td data-bbox="818 1211 1273 1335">An evaluative statement/recommendation based on argument in context</td> <td data-bbox="1273 1211 1406 1335">5</td> </tr> <tr> <td data-bbox="228 1335 684 1503">Shows understanding of two or more uses of Mintzberg’s management role(s) in context</td> <td data-bbox="684 1335 818 1503">4</td> <td data-bbox="818 1335 1273 1503">Two or more arguments based on the importance of Mintzberg’s management role(s) in context</td> <td data-bbox="1273 1335 1406 1503">4</td> </tr> <tr> <td data-bbox="228 1503 684 1626">Shows understanding of one use of Mintzberg’s management role(s) in context</td> <td data-bbox="684 1503 818 1626">3</td> <td data-bbox="818 1503 1273 1626">One argument based on the importance of Mintzberg’s management role(s) in context</td> <td data-bbox="1273 1503 1406 1626">3</td> </tr> <tr> <td data-bbox="228 1626 684 1805">Shows knowledge of Mintzbergs management theory AND one management role OR two management roles</td> <td data-bbox="684 1626 818 1805">2</td> <td data-bbox="818 1626 1273 1805">Limited analysis of two or more of Mintzberg’s management role(s)</td> <td data-bbox="1273 1626 1406 1805">2</td> </tr> <tr> <td data-bbox="228 1805 684 1928">Shows knowledge of Mintzbergs management theory OR one management role</td> <td data-bbox="684 1805 818 1928">1</td> <td data-bbox="818 1805 1273 1928">Limited analysis of Mintzberg’s management theory/ one management role</td> <td data-bbox="1273 1805 1406 1928">1</td> </tr> <tr> <td colspan="3" data-bbox="228 1928 1273 1995">No creditable content</td> <td data-bbox="1273 1928 1406 1995">0</td> </tr> </tbody> </table> | | | Knowledge and Application (4 marks) | Marks | Analysis and Evaluation (7 marks) | Marks | | | Justified recommendation based on argument in context | 7 | | | Developed recommendation based on argument in context | 6 | | | An evaluative statement/recommendation based on argument in context | 5 | Shows understanding of two or more uses of Mintzberg’s management role(s) in context | 4 | Two or more arguments based on the importance of Mintzberg’s management role(s) in context | 4 | Shows understanding of one use of Mintzberg’s management role(s) in context | 3 | One argument based on the importance of Mintzberg’s management role(s) in context | 3 | Shows knowledge of Mintzbergs management theory AND one management role OR two management roles | 2 | Limited analysis of two or more of Mintzberg’s management role(s) | 2 | Shows knowledge of Mintzbergs management theory OR one management role | 1 | Limited analysis of Mintzberg’s management theory/ one management role | 1 | No creditable content | | | 0 | 11 |
| Knowledge and Application (4 marks) | Marks | Analysis and Evaluation (7 marks) | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Justified recommendation based on argument in context | 7 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Developed recommendation based on argument in context | 6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | An evaluative statement/recommendation based on argument in context | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Shows understanding of two or more uses of Mintzberg’s management role(s) in context | 4 | Two or more arguments based on the importance of Mintzberg’s management role(s) in context | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Question | Answer | Marks | | | | | | | | | | | | | | | |
|-------------------------------------|--|--|--|--|-----|------|-------------------------------------|--|--|--|---|--------------|-----------------------------------|--|------------------------------|--|--|
| 1(d) | <p>Content</p> <ul style="list-style-type: none"> • Interpersonal – is related to anything a manager does which relates to relationships with staff (use examples from below) • Informational – is related to providing information • Decisional – is related to making decisions • Figurehead – Robert has been the MD for 50 years and is well liked as the figurehead. New MD will have to replace him but may be unknown. • Leader/to lead – Over 100 employees – labour intensive – important to lead well to maintain/improve efficiency • Liaison/ to liaise – Workforce is demotivated, new MD will need to liaise with them • Monitor/to monitor/receiver – Demand and profit is falling – therefore the need to monitor this to avoid any more loss is important. • Disseminator/to disseminate – Over 100 workers – need to get information to them quickly and efficiently, especially with poor motivation • Spokesperson – May need to represent the company to governments, environmentalist and the workforce • Entrepreneur – demand/profits have been falling – need to diversify, find an environmental solution. Need to take risks and bring business back into profit. • Disturbance Handler/to handle disturbances – demotivated work force, may start industrial action. Seasonal business – a poor winter may disturb both supply and demand. • Resource Allocator/to allocate resources – Inventory management I important – storage costs – also trees cannot be easily replaced, or replaced I the short term – need to efficiently manage resources. • Negotiator/to negotiate – May need to negotiate with customers (businesses) as well as the demotivated workforce. <p>ARA</p> <p>An example of how an answer could develop and how it should be annotated.</p> <table border="1" data-bbox="231 1355 1404 1915"> <thead> <tr> <th data-bbox="231 1355 438 1422">K</th> <th data-bbox="438 1355 646 1422">APP</th> <th data-bbox="646 1355 853 1422">AN</th> <th data-bbox="853 1355 1061 1422">DEV</th> <th data-bbox="1061 1355 1404 1422">EVAL</th> </tr> </thead> <tbody> <tr> <td data-bbox="231 1422 438 1680">The new MD needs to be a figurehead</td> <td data-bbox="438 1422 646 1680">Robert was a good figurehead because he was well liked for over 50 years</td> <td data-bbox="646 1422 853 1680">A good figurehead will have the trust and loyalty of the workforce</td> <td data-bbox="853 1422 1061 1680">To improve the morale of the demotivated workforce</td> <td data-bbox="1061 1422 1404 1680">The entrepreneur role is the most important as without new ideas the business will not have enough demand</td> </tr> <tr> <td data-bbox="231 1680 438 1915">Entrepreneur</td> <td data-bbox="438 1680 646 1915">to diversify as demand is falling</td> <td data-bbox="646 1680 853 1915">Which will find new ways to boost demand</td> <td data-bbox="853 1680 1061 1915">To increase profits/ revenue</td> <td data-bbox="1061 1680 1404 1915">And this is the most immediate concern for WL However this depends upon the MD being able to have some interpersonal skills</td> </tr> </tbody> </table> | K | APP | AN | DEV | EVAL | The new MD needs to be a figurehead | Robert was a good figurehead because he was well liked for over 50 years | A good figurehead will have the trust and loyalty of the workforce | To improve the morale of the demotivated workforce | The entrepreneur role is the most important as without new ideas the business will not have enough demand | Entrepreneur | to diversify as demand is falling | Which will find new ways to boost demand | To increase profits/ revenue | And this is the most immediate concern for WL However this depends upon the MD being able to have some interpersonal skills | |
| K | APP | AN | DEV | EVAL | | | | | | | | | | | | | |
| The new MD needs to be a figurehead | Robert was a good figurehead because he was well liked for over 50 years | A good figurehead will have the trust and loyalty of the workforce | To improve the morale of the demotivated workforce | The entrepreneur role is the most important as without new ideas the business will not have enough demand | | | | | | | | | | | | | |
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|--|---|--|-------|----------------------|---|--|---|-----------------------|---|----------|------|-----------|---|---|-------------------------|----------------------------|---|------------------|--|---|--|---|
| 2(a)(i) | <p>Define the term ‘objective’ (line 8).</p> <table border="1" data-bbox="231 313 1404 571"> <thead> <tr> <th data-bbox="231 313 1268 369">Knowledge</th> <th data-bbox="1268 313 1404 369">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="231 369 1268 436">A correct definition</td> <td data-bbox="1268 369 1404 436">2</td> </tr> <tr> <td data-bbox="231 436 1268 504">A partial, vague or unfocused definition</td> <td data-bbox="1268 436 1404 504">1</td> </tr> <tr> <td data-bbox="231 504 1268 571">No creditable content</td> <td data-bbox="1268 504 1404 571">0</td> </tr> </tbody> </table> <p>The stated specific/measurable/achievable/realistic/time-based * target/s (1) * only one needed</p> <p>that the business wants to achieve (1) in the future</p> <p>*** If the student shows understanding and a purpose of the objective then 2 marks ***</p> <table border="1" data-bbox="231 840 1404 1164"> <thead> <tr> <th data-bbox="231 840 750 907">Exemplar</th> <th data-bbox="750 840 885 907">Mark</th> <th data-bbox="885 840 1404 907">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="231 907 750 996">A specific target a business wants to achieve</td> <td data-bbox="750 907 885 996">2</td> <td data-bbox="885 907 1404 996">Both elements (minimum)</td> </tr> <tr> <td data-bbox="231 996 750 1064">A specific business target</td> <td data-bbox="750 996 885 1064">1</td> <td data-bbox="885 996 1404 1064">One element only</td> </tr> <tr> <td data-bbox="231 1064 750 1164">What a business wants to achieve in the future</td> <td data-bbox="750 1064 885 1164">1</td> <td data-bbox="885 1064 1404 1164">One element (achieve and achievable are different)</td> </tr> </tbody> </table> | Knowledge | Marks | A correct definition | 2 | A partial, vague or unfocused definition | 1 | No creditable content | 0 | Exemplar | Mark | Rationale | A specific target a business wants to achieve | 2 | Both elements (minimum) | A specific business target | 1 | One element only | What a business wants to achieve in the future | 1 | One element (achieve and achievable are different) | 2 |
| Knowledge | Marks | | | | | | | | | | | | | | | | | | | | | |
| A correct definition | 2 | | | | | | | | | | | | | | | | | | | | | |
| A partial, vague or unfocused definition | 1 | | | | | | | | | | | | | | | | | | | | | |
| No creditable content | 0 | | | | | | | | | | | | | | | | | | | | | |
| Exemplar | Mark | Rationale | | | | | | | | | | | | | | | | | | | | |
| A specific target a business wants to achieve | 2 | Both elements (minimum) | | | | | | | | | | | | | | | | | | | | |
| A specific business target | 1 | One element only | | | | | | | | | | | | | | | | | | | | |
| What a business wants to achieve in the future | 1 | One element (achieve and achievable are different) | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|---|-----------|-------|----|---|---|---|--|---|---|-------------------------------------|---|----------|------|-----------|--|---|------------------------------|--|---|---|--------------------------|---|--------|---------------------|---|-----------|----------|
| 2(a)(ii) | <p>Explain the term ‘secondary market research’ (line 12).</p> <p>Award one mark for each point of explanation:</p> <table border="1" data-bbox="220 380 1417 645"> <thead> <tr> <th></th> <th>Rationale</th> <th>Marks</th> </tr> </thead> <tbody> <tr> <td>C*</td> <td>Example or some other way of showing good understanding</td> <td>1</td> </tr> <tr> <td>B</td> <td>Understanding of secondary/that already exists</td> <td>1</td> </tr> <tr> <td>A</td> <td>Understanding of collection of data</td> <td>1</td> </tr> </tbody> </table> <p>* Has to include at least one of points A or B</p> <p>Secondary marketing research (book research) finds data that already exists. It has already been collected by someone else for another purpose. Sources of secondary data can come from competitors, census, sales data etc.</p> <p>ARA</p> <table border="1" data-bbox="220 945 1417 1339"> <thead> <tr> <th>Exemplar</th> <th>Mark</th> <th>Rationale</th> </tr> </thead> <tbody> <tr> <td>Collection of information/data that already exists e.g. off the internet</td> <td>3</td> <td>A and B plus a basic example</td> </tr> <tr> <td>Data that already exists, such as sales data</td> <td>2</td> <td>B and C only no understanding of collection</td> </tr> <tr> <td>Data that already exists</td> <td>1</td> <td>B only</td> </tr> <tr> <td>Sales data/internet</td> <td>0</td> <td>No A or B</td> </tr> </tbody> </table> | | Rationale | Marks | C* | Example or some other way of showing good understanding | 1 | B | Understanding of secondary/that already exists | 1 | A | Understanding of collection of data | 1 | Exemplar | Mark | Rationale | Collection of information/data that already exists e.g. off the internet | 3 | A and B plus a basic example | Data that already exists, such as sales data | 2 | B and C only no understanding of collection | Data that already exists | 1 | B only | Sales data/internet | 0 | No A or B | 3 |
| | Rationale | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| C* | Example or some other way of showing good understanding | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B | Understanding of secondary/that already exists | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A | Understanding of collection of data | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Exemplar | Mark | Rationale | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Collection of information/data that already exists e.g. off the internet | 3 | A and B plus a basic example | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Data that already exists, such as sales data | 2 | B and C only no understanding of collection | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Data that already exists | 1 | B only | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sales data/internet | 0 | No A or B | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|--|-------|--|---|---|---|---|---|-----------------------|---|--------|-------|-----------|----------------------------------|---|----------------|---------------------------|---|----------------------|---------------------|---|--|-----------------------|---|------------------------------|---------------------------------|---|--|--------|---|---------------------------|---|
| 2(b)(i) | <p>Refer to Table 2. Calculate the total value of the internet service market in country X.</p> <table border="1" data-bbox="215 302 1412 660"> <thead> <tr> <th>Rationale</th> <th>Marks</th> </tr> </thead> <tbody> <tr> <td>Correct answer with or without correct working or \$ or BN</td> <td>3</td> </tr> <tr> <td>Incorrect attempt using correct figures</td> <td>2</td> </tr> <tr> <td>Calculation of rest of market share (i.e. 22%) OR Implied knowledge of total market value (i.e. 31.2bn)</td> <td>1</td> </tr> <tr> <td>No creditable content</td> <td>0</td> </tr> </tbody> </table> <p>Formula Individual market share values (added up) = total market value They know and apply the formula through the use of figures but missed 22%</p> <p>Content Total value of industry = 100% of market share PI = 31% TB = 32% WS = 15% Therefore other = 22% (100%–78%) 78% of the market = \$31.2bn $\frac{\\$31.2bn}{78\%} = 0.4bn$ $\\$0.4bn \times 22\% = \\$8.8bn$ $\\$31.2bn + \\$8.8bn = \\$40bn$ Answer = \$40bn (3)</p> <table border="1" data-bbox="215 1523 1412 1982"> <thead> <tr> <th>Answer</th> <th>Marks</th> <th>Rationale</th> </tr> </thead> <tbody> <tr> <td>\$40 bn/40bn/40 (no units or \$)</td> <td>3</td> <td>Correct answer</td> </tr> <tr> <td>$0.4 \times 22 = \\$8.8bn$</td> <td>2</td> <td>One mistake (+ 31.2)</td> </tr> <tr> <td>$31.2/78\% = 0.4bn$</td> <td>1</td> <td>Incorrect attempt, two errors ($\times 22\% + 31.2bn$)</td> </tr> <tr> <td>31.2bn (with working)</td> <td>1</td> <td>Implied knowledge of formula</td> </tr> <tr> <td>$31 + 32 + 15 = 22\%$ (missing)</td> <td>1</td> <td>Worked out the missing percentage of mkt</td> </tr> <tr> <td>0.4 bn</td> <td>0</td> <td>Wrong answer – no working</td> </tr> </tbody> </table> | Rationale | Marks | Correct answer with or without correct working or \$ or BN | 3 | Incorrect attempt using correct figures | 2 | Calculation of rest of market share (i.e. 22%) OR Implied knowledge of total market value (i.e. 31.2bn) | 1 | No creditable content | 0 | Answer | Marks | Rationale | \$40 bn/40bn/40 (no units or \$) | 3 | Correct answer | $0.4 \times 22 = \$8.8bn$ | 2 | One mistake (+ 31.2) | $31.2/78\% = 0.4bn$ | 1 | Incorrect attempt, two errors ($\times 22\% + 31.2bn$) | 31.2bn (with working) | 1 | Implied knowledge of formula | $31 + 32 + 15 = 22\%$ (missing) | 1 | Worked out the missing percentage of mkt | 0.4 bn | 0 | Wrong answer – no working | 3 |
| Rationale | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Correct answer with or without correct working or \$ or BN | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Incorrect attempt using correct figures | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Calculation of rest of market share (i.e. 22%) OR Implied knowledge of total market value (i.e. 31.2bn) | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| No creditable content | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Answer | Marks | Rationale | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$40 bn/40bn/40 (no units or \$) | 3 | Correct answer | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| $0.4 \times 22 = \$8.8bn$ | 2 | One mistake (+ 31.2) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| $31.2/78\% = 0.4bn$ | 1 | Incorrect attempt, two errors ($\times 22\% + 31.2bn$) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 31.2bn (with working) | 1 | Implied knowledge of formula | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| $31 + 32 + 15 = 22\%$ (missing) | 1 | Worked out the missing percentage of mkt | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 0.4 bn | 0 | Wrong answer – no working | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question | Answer | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|----------------------------------|--|---|---------------------------|-------|---------------|---|---|----------|--|---|--------|---|---|---|-----------------------|---|----------------------------------|--------------------------------|---|------------|---------------------------------|------------------------------------|---------------------|--|---|-------------|--------------------------------------|---|--------------------------|----------------------------------|---|----------|
| 2(b)(ii) | <p>Explain <u>one</u> suitable way, <u>other than market share</u>, to measure the size of PI.</p> <table border="1" data-bbox="220 315 1417 674"> <thead> <tr> <th>Level</th> <th>Knowledge and Application</th> <th>Marks</th> </tr> </thead> <tbody> <tr> <td>2b (APP +APP)</td> <td>Explanation of one suitable way to measure the size of IP</td> <td>3</td> </tr> <tr> <td>2a (APP)</td> <td>Identification of a suitable way to measure the size of IP</td> <td>2</td> </tr> <tr> <td>1a (K)</td> <td>Identification of one way to measure the size of a business</td> <td>1</td> </tr> <tr> <td>0</td> <td>No creditable content</td> <td>0</td> </tr> </tbody> </table> <p><i>NB Profit is not an acceptable measure of business size</i></p> <p>Content</p> <ul style="list-style-type: none"> • By revenue – PI charges its customers monthly (and we can presume its competitors do too) so this would be a good way to measure the size of the business • By number of customers – The more households who choose PI to provide their internet the bigger the business, since this is the main source of revenue • By coverage – over 95% of the households in country X can access PI's services. The more coverage the bigger the business. • By market capitalisation – PI is a public limited company so sells shares. Value of the shares (NOT the share price) can be used to suggest how big the business is. <p>ARA</p> <p>Example of how responses should be marked</p> <table border="1" data-bbox="220 1288 1417 1783"> <thead> <tr> <th>Identification of a way (1 mark)</th> <th>Explanation of a way (2 marks)</th> <th>Explanation of a way in context (3 marks)</th> </tr> </thead> <tbody> <tr> <td>By revenue</td> <td>As PI charges customers monthly</td> <td>So can compare against competitors</td> </tr> <tr> <td>By customer numbers</td> <td>As internet provider is their largest source of business</td> <td>The bigger the number the larger the business</td> </tr> <tr> <td>By coverage</td> <td>Over 95% of households can access PI</td> <td>The larger the number the larger the business</td> </tr> <tr> <td>By market capitalisation</td> <td>Which shows the value of the PLC</td> <td>Which can be compared against competitors</td> </tr> </tbody> </table> | Level | Knowledge and Application | Marks | 2b (APP +APP) | Explanation of one suitable way to measure the size of IP | 3 | 2a (APP) | Identification of a suitable way to measure the size of IP | 2 | 1a (K) | Identification of one way to measure the size of a business | 1 | 0 | No creditable content | 0 | Identification of a way (1 mark) | Explanation of a way (2 marks) | Explanation of a way in context (3 marks) | By revenue | As PI charges customers monthly | So can compare against competitors | By customer numbers | As internet provider is their largest source of business | The bigger the number the larger the business | By coverage | Over 95% of households can access PI | The larger the number the larger the business | By market capitalisation | Which shows the value of the PLC | Which can be compared against competitors | 3 |
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| 2a (APP) | Identification of a suitable way to measure the size of IP | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| 0 | No creditable content | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Question | Answer | | | | Marks |
|----------|--|---|--------------|---|--------------|
| 2(c) | Analyse <u>one</u> above the line promotional method and <u>one</u> below the line promotional method which PI could use to gain new customers. | | | | 8 |
| | Level | Knowledge and Application (4 marks) | Marks | Analysis (4 marks) | Marks |
| | 2b | Shows understanding of above and below the line promotion in context | 4 | Good analysis of one method of above and one method of below the line promotion in context | 4 |
| | 2a | Shows understanding of above or below the line promotion in context | 3 | Good analysis of one method of above or one method of below the line promotion in context | 3 |
| | 1b | Shows knowledge of above and below the line promotion | 2 | Limited analysis of one method of above and one method of below the line promotion | 2 |
| | 1a | Shows knowledge of above or below the line promotion | 1 | Limited analysis of one method of above or one method of below the line promotion | 1 |
| | No creditable content | | | | 0 |
| | Content | | | | |
| | Above the line methods: | | | | |
| | <ul style="list-style-type: none"> • Advertising – market is the whole of country X so although advertising is expensive it may be suitable. <ul style="list-style-type: none"> • Television advertising • Radio advertising • Newspaper advertising • Social media advertising • ARA | | | | |

| Question | Answer | Marks | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|--|---------------------------------------|--|-------------|-------------------------------------|--|-------------|---------------------------------|---|----------|---|--|----------|--------------------------------|---|---|---------------------------------------|--|-------------|--|---|--------------|--|--|--|
| 2(c) | <p>Below the line methods:</p> <ul style="list-style-type: none"> • Direct mail – relatively cheap way to target specific areas in country X. PI can target the areas where they have coverage, not waste money on areas without coverage. • Trade shows/roadshows – stalls at shows/markets can be used to ‘sign up’ customers – effective because the service can be personalised to customer needs – employees could be paid on commission keeping costs low • Leaflets – relatively cheap way to target specific areas in country X. PI can target the areas where they have coverage, not waste money on areas without coverage. • Point of sale information – could be placed near computer sales in appropriate shops • Social media – relatively cheap and targets people who like the internet. However, data suggests that households do not change provider, so if they already have the internet they are unlikely to swap. • Putting together a package of existing services <p>ARA</p> <table border="1" data-bbox="231 828 1404 1489"> <thead> <tr> <th data-bbox="231 828 534 929">Example of a below the line method (K)</th> <th data-bbox="534 828 965 929">Examples of application/context (APP)</th> <th data-bbox="965 828 1404 929">Examples of possible analysis (AN + DEV)</th> </tr> </thead> <tbody> <tr> <td data-bbox="231 929 534 1086">Direct mail</td> <td data-bbox="534 929 965 1086">To the 95% of households they cover</td> <td data-bbox="965 929 1404 1086">So do not waste money in areas without coverage (AN) where they could not fulfill orders (DEV)</td> </tr> <tr> <td data-bbox="231 1086 534 1220">Trade shows</td> <td data-bbox="534 1086 965 1220">Can offer 3 free months service</td> <td data-bbox="965 1086 1404 1220">As direct contact can tailor orders (AN) to meet customer needs (DEV)</td> </tr> <tr> <td data-bbox="231 1220 534 1355">Leaflets</td> <td data-bbox="534 1220 965 1355">Can highlight offers e.g. 3 months free service</td> <td data-bbox="965 1220 1404 1355">Can stimulate interest (AN) and meet the requirements of new customers (DEV)</td> </tr> <tr> <td data-bbox="231 1355 534 1489">PoS info</td> <td data-bbox="534 1355 965 1489">Placed in computer sales shops</td> <td data-bbox="965 1355 1404 1489">Allows for upselling (AN) which can attract new customers (DEV)</td> </tr> </tbody> </table> <table border="1" data-bbox="231 1523 1404 1982"> <thead> <tr> <th data-bbox="231 1523 534 1646">Example of an above the line method (K)</th> <th data-bbox="534 1523 965 1646">Examples of application/context (APP)</th> <th data-bbox="965 1523 1404 1646">Examples of possible analysis (AN + DEV)</th> </tr> </thead> <tbody> <tr> <td data-bbox="231 1646 534 1825">Advertising</td> <td data-bbox="534 1646 965 1825">Can advertise internet services to the whole country e.g. tv/radio</td> <td data-bbox="965 1646 1404 1825">It might be expensive (AN)but as the service is generic the price per customer is low (DEV)</td> </tr> <tr> <td data-bbox="231 1825 534 1982">Social media</td> <td data-bbox="534 1825 965 1982">People who are interested in new internet deals may follow the company</td> <td data-bbox="965 1825 1404 1982">But research suggests few people switch providers (AN) so uptake may be low (DEV)nope,</td> </tr> </tbody> </table> | Example of a below the line method (K) | Examples of application/context (APP) | Examples of possible analysis (AN + DEV) | Direct mail | To the 95% of households they cover | So do not waste money in areas without coverage (AN) where they could not fulfill orders (DEV) | Trade shows | Can offer 3 free months service | As direct contact can tailor orders (AN) to meet customer needs (DEV) | Leaflets | Can highlight offers e.g. 3 months free service | Can stimulate interest (AN) and meet the requirements of new customers (DEV) | PoS info | Placed in computer sales shops | Allows for upselling (AN) which can attract new customers (DEV) | Example of an above the line method (K) | Examples of application/context (APP) | Examples of possible analysis (AN + DEV) | Advertising | Can advertise internet services to the whole country e.g. tv/radio | It might be expensive (AN)but as the service is generic the price per customer is low (DEV) | Social media | People who are interested in new internet deals may follow the company | But research suggests few people switch providers (AN) so uptake may be low (DEV)nope, | |
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| Question | Answer | | | | Marks | |
|--|---|--------------|---|---|-----------|--------------|
| 2(d) | Refer to Table 2.1 Evaluate the financial performance of PI compared to its competitors. | | | | 11 | |
| Knowledge and Application (4 marks) | | Marks | Analysis and Evaluation (7 marks) | | | Marks |
| | | | Justified evaluation based on arguments in context | | | 7 |
| | | | Developed evaluation based on arguments in context | | | 6 |
| | | | An evaluative statement based on arguments in context | | | 5 |
| Shows understanding of two or more measures of financial performance in context | | 4 | Developed arguments based on two or more measures of financial performance in context | | | 4 |
| Shows understanding of one measure of financial performance in context | | 3 | Developed argument based on one measure of financial performance in context | | | 3 |
| Shows knowledge of two or more measures of financial performance | | 2 | Limited analysis of two measures of financial performance | | | 2 |
| Shows knowledge of one measure of financial performance | | 1 | Limited analysis of one measure of financial performance | | | 1 |
| No creditable content | | | | 0 | | |
| Note: Market share is not a correct answer as it is not a financial indicator/measure of financial performance | | | | | | |
| Rationale – Cannot evaluate financial performance based off only one indicator i.e. GPM only | | | | | | |
| Content | | | | | | |
| <ul style="list-style-type: none"> • GPM of PI is higher than the competitors – suggests that PI is efficient in terms of direct costs (economies of scale) • NPM is lower than all of the other competitors – suggests that PI is inefficient in terms of indirect costs (diseconomies of scale) • Working capital is negative – suggests that PI could struggle to pay short term debts. Does it have enough cash to pay for any promotion? Will IP be able to survive the short term? Will IP need a short-term source of finance? • Current ratio shows that PI does not have enough CA to cover CL – Does it have enough cash to pay for any promotion? Will IP be able to survive the short term? • However, TB seems to be holding too many CA – is this efficient? • Web solutions has much better (twice) NPM than PI – how can this business be so much more efficient? Can PI copy any of its techniques? | | | | | | |



| Question | Answer | | | | Marks | | | | | | | | | | | | | | | |
|---------------------|--|---|--|--|-------|-----|----|-----|------|---------------------|------------------------|--|--|---|-----------------|--|---|---|--|--|
| 2(d) | <p>ARA</p> <p>Routes to evaluation</p> <ul style="list-style-type: none"> • Which firm is best/worst • Which set of financial data is most important • The relative importance of financial performance compared to other areas – i.e. sales performance <p>An example of how an answer could develop and how it should be annotated.</p> <table border="1" data-bbox="231 593 1404 1120"> <thead> <tr> <th data-bbox="231 593 438 649">K</th> <th data-bbox="438 593 646 649">APP</th> <th data-bbox="646 593 853 649">AN</th> <th data-bbox="853 593 1061 649">DEV</th> <th data-bbox="1061 593 1404 649">EVAL</th> </tr> </thead> <tbody> <tr> <td data-bbox="231 649 438 851">Gross profit margin</td> <td data-bbox="438 649 646 851">PI has the highest GPM</td> <td data-bbox="646 649 853 851">This means that they have low direct costs</td> <td data-bbox="853 649 1061 851">Which could mean they have more efficient production</td> <td data-bbox="1061 649 1404 851">PI has a good margin which is essential for a profitable business</td> </tr> <tr> <td data-bbox="231 851 438 1120">Working capital</td> <td data-bbox="438 851 646 1120">Is the only one of the three that has a negative working capital</td> <td data-bbox="646 851 853 1120">Which may mean they can struggle to pay their debts</td> <td data-bbox="853 851 1061 1120">And not have enough money to spend on marketing</td> <td data-bbox="1061 851 1404 1120">However they may still face liquidation This depends on whether their creditors insist on immediate payment</td> </tr> </tbody> </table> | | | | K | APP | AN | DEV | EVAL | Gross profit margin | PI has the highest GPM | This means that they have low direct costs | Which could mean they have more efficient production | PI has a good margin which is essential for a profitable business | Working capital | Is the only one of the three that has a negative working capital | Which may mean they can struggle to pay their debts | And not have enough money to spend on marketing | However they may still face liquidation This depends on whether their creditors insist on immediate payment | |
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