



# Cambridge International AS & A Level

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**BUSINESS**

**9609/22**

Paper 2 Data Response

**March 2020**

MARK SCHEME

Maximum Mark: 60

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**Published**

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

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

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

Cambridge International is publishing the mark schemes for the March 2020 series for most Cambridge IGCSE™, Cambridge International A and AS Level components and some Cambridge O Level components.

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This document consists of **15** 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 data-bbox="316 241 869 280"><b>Define the term ‘job production’ (line 1)</b></p> <table border="1" data-bbox="320 315 1308 577"> <thead> <tr> <th data-bbox="320 315 1158 376">Knowledge</th> <th data-bbox="1158 315 1308 376">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 376 1158 443">A correct definition</td> <td data-bbox="1158 376 1308 443">2</td> </tr> <tr> <td data-bbox="320 443 1158 510">A partial, vague or unfocused definition</td> <td data-bbox="1158 443 1308 510">1</td> </tr> <tr> <td data-bbox="320 510 1158 577">No credible content</td> <td data-bbox="1158 510 1308 577">0</td> </tr> </tbody> </table> <p data-bbox="316 611 919 645">A correct definition should cover the following:</p> <ul data-bbox="316 647 1212 745" style="list-style-type: none"> <li>• one by one/made individually/one at a time</li> <li>• for a specific customer/order/not repeated/high standard/custom work/skilled labour</li> </ul> <table border="1" data-bbox="320 781 1308 1272"> <thead> <tr> <th data-bbox="320 781 740 846">Exemplar</th> <th data-bbox="740 781 1158 846">Rationale</th> <th data-bbox="1158 781 1308 846">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 846 740 943">A one off product for a specific customer</td> <td data-bbox="740 846 1158 943">Both elements covered</td> <td data-bbox="1158 846 1308 943">2</td> </tr> <tr> <td data-bbox="320 943 740 1077">An individual product designed to a specific customer requirement</td> <td data-bbox="740 943 1158 1077">Both elements covered</td> <td data-bbox="1158 943 1308 1077">2</td> </tr> <tr> <td data-bbox="320 1077 740 1173">A customised product</td> <td data-bbox="740 1077 1158 1173">An understanding of customisation (no expansion)</td> <td data-bbox="1158 1077 1308 1173">1</td> </tr> <tr> <td data-bbox="320 1173 740 1272">An individually designed product</td> <td data-bbox="740 1173 1158 1272">Only one element of the flow identified</td> <td data-bbox="1158 1173 1308 1272">1</td> </tr> </tbody> </table>	Knowledge	Marks	A correct definition	2	A partial, vague or unfocused definition	1	No credible content	0	Exemplar	Rationale	Marks	A one off product for a specific customer	Both elements covered	2	An individual product designed to a specific customer requirement	Both elements covered	2	A customised product	An understanding of customisation (no expansion)	1	An individually designed product	Only one element of the flow identified	1	2
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1(a)(ii)	<p data-bbox="316 248 906 282"><b>Explain the term ‘opportunity cost’ (line 4)</b></p> <p data-bbox="316 315 911 349">Award one mark for each point of explanation</p> <table border="1" data-bbox="320 383 1310 712"> <thead> <tr> <th data-bbox="320 383 475 448">Point</th> <th data-bbox="475 383 1158 448">Explanation</th> <th data-bbox="1158 383 1310 448">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 448 475 577">C</td> <td data-bbox="475 448 1158 577">Example or some other way of showing good understanding – e.g. Affordability, time issues, choice, scarcity</td> <td data-bbox="1158 448 1310 577">1</td> </tr> <tr> <td data-bbox="320 577 475 642">B</td> <td data-bbox="475 577 1158 642">Understanding of foregone/not used</td> <td data-bbox="1158 577 1310 642">1</td> </tr> <tr> <td data-bbox="320 642 475 712">A</td> <td data-bbox="475 642 1158 712">Understanding of the concept of ‘next best’</td> <td data-bbox="1158 642 1310 712">1</td> </tr> </tbody> </table> <p data-bbox="316 745 1254 813"><b>Note:</b> C mark can only be awarded if A and B marks have already been awarded</p> <table border="1" data-bbox="320 842 1310 1462"> <thead> <tr> <th data-bbox="320 842 932 907">Exemplar</th> <th data-bbox="932 842 1158 907">Rationale</th> <th data-bbox="1158 842 1310 907">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 907 932 1037">Opportunity cost is the value of the next best option foregone, due to time or cost issues.</td> <td data-bbox="932 907 1158 1037">All three elements</td> <td data-bbox="1158 907 1310 1037">3</td> </tr> <tr> <td data-bbox="320 1037 932 1167">The value of the second best option that is not chosen as it is not as good as the first.</td> <td data-bbox="932 1037 1158 1167">All three elements</td> <td data-bbox="1158 1037 1310 1167">3</td> </tr> <tr> <td data-bbox="320 1167 932 1272">Opportunity cost is the value of the next best option foregone</td> <td data-bbox="932 1167 1158 1272">A and B</td> <td data-bbox="1158 1167 1310 1272">2</td> </tr> <tr> <td data-bbox="320 1272 932 1337">The next best option foregone</td> <td data-bbox="932 1272 1158 1337">A and B</td> <td data-bbox="1158 1272 1310 1337">2</td> </tr> <tr> <td data-bbox="320 1337 932 1402">A lost option</td> <td data-bbox="932 1337 1158 1402">B</td> <td data-bbox="1158 1337 1310 1402">1</td> </tr> <tr> <td data-bbox="320 1402 932 1462">Using the best option only</td> <td data-bbox="932 1402 1158 1462">NAQ</td> <td data-bbox="1158 1402 1310 1462">0</td> </tr> </tbody> </table>	Point	Explanation	Marks	C	Example or some other way of showing good understanding – e.g. Affordability, time issues, choice, scarcity	1	B	Understanding of foregone/not used	1	A	Understanding of the concept of ‘next best’	1	Exemplar	Rationale	Marks	Opportunity cost is the value of the next best option foregone, due to time or cost issues.	All three elements	3	The value of the second best option that is not chosen as it is not as good as the first.	All three elements	3	Opportunity cost is the value of the next best option foregone	A and B	2	The next best option foregone	A and B	2	A lost option	B	1	Using the best option only	NAQ	0	3
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1(b)(i)	<p><b>Refer to Table 1. Calculate the forecast profit margin for option 1.</b></p> <table border="1" data-bbox="320 315 1310 875"> <thead> <tr> <th data-bbox="320 315 1158 383">Rationale</th> <th data-bbox="1158 315 1310 383">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 383 1158 450">Correct answer (with or without formula or %)</td> <td data-bbox="1158 383 1310 450">4</td> </tr> <tr> <td data-bbox="320 450 1158 517">Attempt using correct figures</td> <td data-bbox="1158 450 1310 517">3</td> </tr> <tr> <td data-bbox="320 517 1158 712">Correct formula <b>and</b> calculation of cost <b>or</b> revenue <b>OR</b> Correct calculation of cost <b>and</b> revenue <b>OR</b> Correct calculation of profit</td> <td data-bbox="1158 517 1310 712">2</td> </tr> <tr> <td data-bbox="320 712 1158 808">Correct formula or correct calculation of one figure (cost or revenue – total or individual)</td> <td data-bbox="1158 712 1310 808">1</td> </tr> <tr> <td data-bbox="320 808 1158 875">No credible content</td> <td data-bbox="1158 808 1310 875">0</td> </tr> </tbody> </table> $\frac{\text{Profit}}{\text{Sales revenue}} \times 100$ <p>Cost of one bench = 50 + 25 + 25 = \$100</p> <p>Revenue of one bench = \$100 × 1.5 = \$150</p> <p>Profit = \$150 – \$100 = \$50</p> <p>Profit margin = <math>\frac{\\$50}{\\$150} = 0.33 \times 100 = 33\%</math></p>	Rationale	Marks	Correct answer (with or without formula or %)	4	Attempt using correct figures	3	Correct formula <b>and</b> calculation of cost <b>or</b> revenue <b>OR</b> Correct calculation of cost <b>and</b> revenue <b>OR</b> Correct calculation of profit	2	Correct formula or correct calculation of one figure (cost or revenue – total or individual)	1	No credible content	0	
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1(b)(i)	<p><i>or</i></p> <p>Profit = <math>(\\$150 - \\$100) \times 5 = \underline{\\$250} = 0.33 \times 100 = 33\%</math>            Sales revenue = <math>5 \times 150 = \\$750</math></p> <table border="1" data-bbox="320 439 1310 1357"> <thead> <tr> <th>Response</th> <th>Mark</th> <th>Rationale</th> </tr> </thead> <tbody> <tr> <td>33 (no working)</td> <td>4</td> <td>Correct answer, no working or % needed</td> </tr> <tr> <td>50% (no working)</td> <td>0</td> <td>Incorrect answer – no working to back up where figure came from</td> </tr> <tr> <td><math>\\$150 - \\$100 = \\$50</math> <math>\underline{\\$50}</math> <math>\\$100 = 50\%</math></td> <td>3</td> <td>Wrong base figure used – attempt using correct figures (<b>must have working</b>)</td> </tr> <tr> <td><math>\\$750 - \\$500 = \\$250</math></td> <td>2</td> <td>Correct calculation of total profit for one bench (<b>must have working</b>)</td> </tr> <tr> <td><math>\\$150 - \\$100 = \\$50</math></td> <td>2</td> <td>Correct calculation of profit for one bench (<b>must have working</b>)</td> </tr> <tr> <td>\$500</td> <td>1</td> <td>Correct calculation of total costs</td> </tr> <tr> <td>\$100</td> <td>1</td> <td>Correct calculation of cost of one bench</td> </tr> <tr> <td>\$750</td> <td>1</td> <td>Correct calculation of total revenue</td> </tr> <tr> <td>\$150</td> <td>1</td> <td>Correct calculation of revenue for one bench</td> </tr> </tbody> </table> <p><b>OFR applies</b></p>	Response	Mark	Rationale	33 (no working)	4	Correct answer, no working or % needed	50% (no working)	0	Incorrect answer – no working to back up where figure came from	$\$150 - \$100 = \$50$ $\underline{\$50}$ $\$100 = 50\%$	3	Wrong base figure used – attempt using correct figures ( <b>must have working</b> )	$\$750 - \$500 = \$250$	2	Correct calculation of total profit for one bench ( <b>must have working</b> )	$\$150 - \$100 = \$50$	2	Correct calculation of profit for one bench ( <b>must have working</b> )	\$500	1	Correct calculation of total costs	\$100	1	Correct calculation of cost of one bench	\$750	1	Correct calculation of total revenue	\$150	1	Correct calculation of revenue for one bench	
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1(b)(ii)	<p data-bbox="316 248 1300 315"><b>Explain <u>one</u> way in which Bob could increase the forecast profitability of option 1.</b></p> <table border="1" data-bbox="320 349 1308 712"> <thead> <tr> <th data-bbox="320 349 475 414">Level</th> <th data-bbox="475 349 1158 414">Knowledge and application</th> <th data-bbox="1158 349 1308 414">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 414 475 512">2 (APP)</td> <td data-bbox="475 414 1158 512">Explains one or more way in which Bob could increase forecast profitability (in context)</td> <td data-bbox="1158 414 1308 512">2</td> </tr> <tr> <td data-bbox="320 512 475 645">1a (K)</td> <td data-bbox="475 512 1158 645">Identifies one or more way in which forecast profitability could be increased (In or out of context)</td> <td data-bbox="1158 512 1308 645">1</td> </tr> <tr> <td data-bbox="320 645 475 712">0</td> <td data-bbox="475 645 1158 712">No creditable content</td> <td data-bbox="1158 645 1308 712">0</td> </tr> </tbody> </table> <p data-bbox="316 745 1002 779">Some ways Bob could increase forecast profitability:</p> <ul data-bbox="316 781 1295 916" style="list-style-type: none"> <li>• Bob could decrease the cost of raw materials by using cheaper wood</li> <li>• Could choose a different method of transportation to reduce costs</li> <li>• Could change to a batch method of production of benches which could reduce labour costs</li> </ul> <table border="1" data-bbox="320 949 1308 1346"> <thead> <tr> <th data-bbox="320 949 742 1014">Exemplar</th> <th data-bbox="742 949 1158 1014">Rationale</th> <th data-bbox="1158 949 1308 1014">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 1014 742 1182">Could change to a batch method of production of benches which could reduce labour costs</td> <td data-bbox="742 1014 1158 1182">One explained with direct link to the case.</td> <td data-bbox="1158 1014 1308 1182">2</td> </tr> <tr> <td data-bbox="320 1182 742 1281">Decrease cost of raw materials</td> <td data-bbox="742 1182 1158 1281">One identified without any explanation</td> <td data-bbox="1158 1182 1308 1281">1</td> </tr> <tr> <td data-bbox="320 1281 742 1346">No creditable content</td> <td data-bbox="742 1281 1158 1346"></td> <td data-bbox="1158 1281 1308 1346">0</td> </tr> </tbody> </table>	Level	Knowledge and application	Marks	2 (APP)	Explains one or more way in which Bob could increase forecast profitability (in context)	2	1a (K)	Identifies one or more way in which forecast profitability could be increased (In or out of context)	1	0	No creditable content	0	Exemplar	Rationale	Marks	Could change to a batch method of production of benches which could reduce labour costs	One explained with direct link to the case.	2	Decrease cost of raw materials	One identified without any explanation	1	No creditable content		0	2
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1(c)	<b>Analyse <u>two</u> benefits to Bob of using cost-based pricing.</b>				<b>8</b>
<b>Level</b>	<b>Knowledge and Application (4 marks)</b>	<b>Marks</b>	<b>Analysis (4 marks)</b>	<b>Marks</b>	
2b	Shows understanding of <b>two</b> benefits of cost-based pricing <i>in context</i>	4	Developed analysis on Bob of <b>two</b> benefits of cost-based pricing <i>in context</i>	4	
2a	Shows understanding of <b>one</b> benefit of cost-based pricing <i>in context</i>	3	Developed analysis on Bob of <b>one</b> benefit of cost-based pricing <i>in context</i>	3	
1	Shows knowledge of <b>two</b> benefits of using cost-based pricing	2	Limited analysis on a business of <b>two</b> benefits of cost-based pricing	2	
	Shows knowledge of <b>one</b> benefit of using cost-based pricing	1	Limited analysis on a business of <b>one</b> benefit of cost-based pricing	1	
0	No creditable content				
<p><b>Knowledge</b> A method of creating a selling price based on relevant factors Putting the same mark up on all products regardless of other variables/factors</p> <p>Benefits include:</p> <ul style="list-style-type: none"> <li>• Easy to use</li> <li>• Quick to calculate</li> <li>• Covers all costs</li> <li>• Can be used in a dynamic market</li> <li>• Allows for pricing of 'one-off' products</li> <li>• Can be used for new/innovative products</li> </ul> <p><b>ARA</b></p> <p><b>Context/content/analysis:</b></p> <ul style="list-style-type: none"> <li>• Will never make a loss on any garden benches made (APP/AN) and will lead to better forecasting (ANAN)</li> <li>• Is responsive to changes in the cost of raw materials (k) such as wood (APP) which means that costs will always be covered (an) and may reduce the selling price if costs fall (ANAN)</li> </ul>					



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1(d)	<p><b>Refer to Table 1.1 and any other relevant information. Recommend which of the two options Bob should choose. Justify your recommendation.</b></p> <table border="1" data-bbox="320 383 1308 1473"> <thead> <tr> <th data-bbox="320 383 683 479">Knowledge and Application (4 marks)</th> <th data-bbox="683 383 815 479">Marks</th> <th data-bbox="815 383 1177 479">Analysis and Evaluation (7 marks)</th> <th data-bbox="1177 383 1308 479">Marks</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td data-bbox="815 479 1177 613">Justified recommendation based on argument <i>in context</i></td> <td data-bbox="1177 479 1308 613">7</td> </tr> <tr> <td></td> <td></td> <td data-bbox="815 613 1177 748">Developed recommendation based on argument <i>in context</i></td> <td data-bbox="1177 613 1308 748">6</td> </tr> <tr> <td></td> <td></td> <td data-bbox="815 748 1177 882">An evaluative statement / recommendation based on argument <i>in context</i></td> <td data-bbox="1177 748 1308 882">5</td> </tr> <tr> <td data-bbox="320 882 683 1039">Shows understanding of <b>two</b> factors affecting decision making of <b>both options</b> <i>in context</i></td> <td data-bbox="683 882 815 1039">4</td> <td data-bbox="815 882 1177 1039">A balanced argument based on analysis of <b>both options</b> available to <i>Bob's Furniture</i></td> <td data-bbox="1177 882 1308 1039">4</td> </tr> <tr> <td data-bbox="320 1039 683 1196">Shows understanding of factor affecting decision making of <b>one option</b> <i>in context</i></td> <td data-bbox="683 1039 815 1196">3</td> <td data-bbox="815 1039 1177 1196">Argument based on analysis of <b>one option</b> available to <i>Bob's Furniture</i></td> <td data-bbox="1177 1039 1308 1196">3</td> </tr> <tr> <td data-bbox="320 1196 683 1330">Shows knowledge of <b>two</b> factors affecting decision making in a business</td> <td data-bbox="683 1196 815 1330">2</td> <td data-bbox="815 1196 1177 1330">Limited analysis of <b>two</b> factors affecting decision making</td> <td data-bbox="1177 1196 1308 1330">2</td> </tr> <tr> <td data-bbox="320 1330 683 1464">Shows knowledge of <b>one</b> factor affecting decision making in a business</td> <td data-bbox="683 1330 815 1464">1</td> <td data-bbox="815 1330 1177 1464">Limited analysis of <b>one</b> factor affecting decision making in a business</td> <td data-bbox="1177 1330 1308 1464">1</td> </tr> <tr> <td colspan="4" data-bbox="320 1464 1308 1541">No creditable content</td> </tr> </tbody> </table>				Knowledge and Application (4 marks)	Marks	Analysis and Evaluation (7 marks)	Marks			Justified recommendation based on argument <i>in context</i>	7			Developed recommendation based on argument <i>in context</i>	6			An evaluative statement / recommendation based on argument <i>in context</i>	5	Shows understanding of <b>two</b> factors affecting decision making of <b>both options</b> <i>in context</i>	4	A balanced argument based on analysis of <b>both options</b> available to <i>Bob's Furniture</i>	4	Shows understanding of factor affecting decision making of <b>one option</b> <i>in context</i>	3	Argument based on analysis of <b>one option</b> available to <i>Bob's Furniture</i>	3	Shows knowledge of <b>two</b> factors affecting decision making in a business	2	Limited analysis of <b>two</b> factors affecting decision making	2	Shows knowledge of <b>one</b> factor affecting decision making in a business	1	Limited analysis of <b>one</b> factor affecting decision making in a business	1	No creditable content				11
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<p><i>Annotate the first option on the LHS and the second option on the RHS</i></p>																																									
<p><b>Answers could include:</b></p>																																									
<ul style="list-style-type: none"> <li>• The opportunity costs associated with choosing option X over option Y (time taken, costs etc)</li> <li>• The upselling opportunity offered from selling a complimentary product</li> <li>• The potential brand dilution of selling lower quality garden furniture affecting the premium core business</li> <li>• Maximising usage and profit potential of raw materials for option 2</li> </ul>																																									
<p><b>Any answer which does not reference either option 1 or 2 and focuses only on the core business cannot score higher than limited analysis (i.e. 2 + 2)</b></p>																																									

Question	Answer	Marks																										
2(a)(i)	<p data-bbox="316 241 938 280"><b>Define the term ‘market segment’ (lines 5–6)</b></p> <table border="1" data-bbox="320 315 1310 645"> <thead> <tr> <th data-bbox="320 315 1158 380">Knowledge</th> <th data-bbox="1158 315 1310 380">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 380 1158 479">Reference to groups of potential customers <b>with</b> similar characteristics</td> <td data-bbox="1158 380 1310 479" style="text-align: center;"><b>2</b></td> </tr> <tr> <td data-bbox="320 479 1158 577">Reference to groups of potential customers <b>OR</b> similar characteristics</td> <td data-bbox="1158 479 1310 577" style="text-align: center;"><b>1</b></td> </tr> <tr> <td data-bbox="320 577 1158 645">No credible content</td> <td data-bbox="1158 577 1310 645" style="text-align: center;"><b>0</b></td> </tr> </tbody> </table> <p data-bbox="316 678 903 712">A correct definition could cover the following:</p> <ul data-bbox="316 714 1090 781" style="list-style-type: none"> <li>• A group of potential customers/a division of the market</li> <li>• That all have similar characteristics/needs and wants</li> </ul> <table border="1" data-bbox="320 815 1310 1406"> <thead> <tr> <th data-bbox="320 815 740 880">Exemplar</th> <th data-bbox="740 815 1158 880">Rationale</th> <th data-bbox="1158 815 1310 880">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 880 740 1010">A group of potential customers who have similar needs and/or wants</td> <td data-bbox="740 880 1158 1010">Two elements covered</td> <td data-bbox="1158 880 1310 1010" style="text-align: center;"><b>2</b></td> </tr> <tr> <td data-bbox="320 1010 740 1142">A part of the whole market which has similar characteristics</td> <td data-bbox="740 1010 1158 1142">Two elements covered</td> <td data-bbox="1158 1010 1310 1142" style="text-align: center;"><b>2</b></td> </tr> <tr> <td data-bbox="320 1142 740 1240">Customers with similar characteristics</td> <td data-bbox="740 1142 1158 1240">A simple statement</td> <td data-bbox="1158 1142 1310 1240" style="text-align: center;"><b>1</b></td> </tr> <tr> <td data-bbox="320 1240 740 1339">Different groups of potential customers</td> <td data-bbox="740 1240 1158 1339">An understanding but too vague</td> <td data-bbox="1158 1240 1310 1339" style="text-align: center;"><b>1</b></td> </tr> <tr> <td data-bbox="320 1339 740 1406">customers</td> <td data-bbox="740 1339 1158 1406">Too vague</td> <td data-bbox="1158 1339 1310 1406" style="text-align: center;"><b>0</b></td> </tr> </tbody> </table>	Knowledge	Marks	Reference to groups of potential customers <b>with</b> similar characteristics	<b>2</b>	Reference to groups of potential customers <b>OR</b> similar characteristics	<b>1</b>	No credible content	<b>0</b>	Exemplar	Rationale	Marks	A group of potential customers who have similar needs and/or wants	Two elements covered	<b>2</b>	A part of the whole market which has similar characteristics	Two elements covered	<b>2</b>	Customers with similar characteristics	A simple statement	<b>1</b>	Different groups of potential customers	An understanding but too vague	<b>1</b>	customers	Too vague	<b>0</b>	<b>2</b>
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2(a)(ii)	<p data-bbox="316 248 938 282"><b>Explain the term ‘start-up capital’ (lines 6–7)</b></p> <p data-bbox="316 315 911 349">Award one mark for each point of explanation</p> <table border="1" data-bbox="320 383 1310 779"> <thead> <tr> <th data-bbox="320 383 456 448">Point</th> <th data-bbox="456 383 1177 448">Knowledge</th> <th data-bbox="1177 383 1310 448">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 448 456 577">C</td> <td data-bbox="456 448 1177 577"><b>Example</b> or some other way of showing good understanding – to buy machinery / equipment / raw materials</td> <td data-bbox="1177 448 1310 577"><b>1</b></td> </tr> <tr> <td data-bbox="320 577 456 678">B</td> <td data-bbox="456 577 1177 678">Understanding of the time frame – initial, needed to create a business</td> <td data-bbox="1177 577 1310 678"><b>1</b></td> </tr> <tr> <td data-bbox="320 678 456 779">A</td> <td data-bbox="456 678 1177 779">Understanding of capital – money used within a business</td> <td data-bbox="1177 678 1310 779"><b>1</b></td> </tr> </tbody> </table> <p data-bbox="316 813 1254 880"><b>Note:</b> C mark can only be awarded if A and B marks have already been awarded</p> <table border="1" data-bbox="320 913 1310 1731"> <thead> <tr> <th data-bbox="320 913 740 978">Exemplar</th> <th data-bbox="740 913 1160 978">Rationale</th> <th data-bbox="1160 913 1310 978">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 978 740 1144">It is the initial investment needed to fund a new business, used to buy new machinery or premises</td> <td data-bbox="740 978 1160 1144">All three elements</td> <td data-bbox="1160 978 1310 1144"><b>3</b></td> </tr> <tr> <td data-bbox="320 1144 740 1274">Seed money used to invest in a new business venture, such as licences</td> <td data-bbox="740 1144 1160 1274">All three elements</td> <td data-bbox="1160 1144 1310 1274"><b>3</b></td> </tr> <tr> <td data-bbox="320 1274 740 1339">Money for a new business</td> <td data-bbox="740 1274 1160 1339">A and B</td> <td data-bbox="1160 1274 1310 1339"><b>2</b></td> </tr> <tr> <td data-bbox="320 1339 740 1404">Seed money</td> <td data-bbox="740 1339 1160 1404">A and B</td> <td data-bbox="1160 1339 1310 1404"><b>2</b></td> </tr> <tr> <td data-bbox="320 1404 740 1505">Money used in a business such as buying raw materials.</td> <td data-bbox="740 1404 1160 1505">A only</td> <td data-bbox="1160 1404 1310 1505"><b>1</b></td> </tr> <tr> <td data-bbox="320 1505 740 1570">Money used in a business</td> <td data-bbox="740 1505 1160 1570">A only</td> <td data-bbox="1160 1505 1310 1570"><b>1</b></td> </tr> <tr> <td data-bbox="320 1570 740 1671">Capital used to start up a business</td> <td data-bbox="740 1570 1160 1671">Tautology</td> <td data-bbox="1160 1570 1310 1671"><b>0</b></td> </tr> <tr> <td data-bbox="320 1671 740 1731">No identifiable content</td> <td data-bbox="740 1671 1160 1731"></td> <td data-bbox="1160 1671 1310 1731"><b>0</b></td> </tr> </tbody> </table>	Point	Knowledge	Marks	C	<b>Example</b> or some other way of showing good understanding – to buy machinery / equipment / raw materials	<b>1</b>	B	Understanding of the time frame – initial, needed to create a business	<b>1</b>	A	Understanding of capital – money used within a business	<b>1</b>	Exemplar	Rationale	Marks	It is the initial investment needed to fund a new business, used to buy new machinery or premises	All three elements	<b>3</b>	Seed money used to invest in a new business venture, such as licences	All three elements	<b>3</b>	Money for a new business	A and B	<b>2</b>	Seed money	A and B	<b>2</b>	Money used in a business such as buying raw materials.	A only	<b>1</b>	Money used in a business	A only	<b>1</b>	Capital used to start up a business	Tautology	<b>0</b>	No identifiable content		<b>0</b>	<b>3</b>
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Question	Answer				Marks
2(c)	<b>Analyse <u>two</u> methods of primary market research that Joe could use.</b>				<b>8</b>
	<b>Level</b>	<b>Knowledge and application</b>	<b>Marks</b>	<b>Analysis</b>	<b>Marks</b>
	2	Understanding of <b>two</b> methods of primary market research <i>in context</i>	<b>4</b>	Developed analysis of <b>two</b> appropriate methods of primary research <i>in context</i>	<b>4</b>
		Understanding of <b>one</b> method of primary market research <i>in context</i>	<b>3</b>	Developed analysis of <b>one</b> appropriate method of primary research <i>in context</i>	<b>3</b>
	1	Knowledge of <b>two</b> methods of primary market research	<b>2</b>	Limited analysis of <b>two</b> methods of primary research	<b>2</b>
		Knowledge of <b>one</b> method of primary market research	<b>1</b>	Limited analysis of <b>one</b> method of primary research	<b>1</b>
	0	<b>No creditable content</b>			
<p><i>Annotate the first method in the left hand margin and the second in the right hand margin. If more than two methods are attempted, mark the ones that would give the candidate the highest mark allocation.</i></p>					
<p><b>Note: Quantitative and qualitative are not methods of primary market research</b></p>					
<p><b>Content/context and analysis:</b></p> <ul style="list-style-type: none"> <li>• Field research: testing the product on potential customers</li> <li>• Surveys and questionnaires: can gain a wider range of potential customer opinions and feedback</li> <li>• Focus groups: can have justified potential customer feedback</li> </ul>					
<p><b>ARA</b> Do not reward sampling as a method</p>					

Question	Answer				Marks
2(d)	<b>Discuss sources of finance Joe could use to start up his business.</b>				<b>11</b>
<b>Knowledge and Application (4 marks)</b>		<b>Marks</b>	<b>Analysis and Evaluation (7 marks)</b>		<b>Marks</b>
			Justified evaluation based on arguments <i>in context</i>		<b>7</b>
			Developed evaluation based on arguments <i>in context</i>		<b>6</b>
			An evaluative statement based on arguments <i>in context</i>		<b>5</b>
Understanding of <b>two</b> sources of finance <i>in context</i>		<b>4</b>	Developed argument of <b>two</b> or more external sources of finance <i>in context</i>		<b>4</b>
Understanding of <b>one</b> source of finance <i>in context</i>		<b>3</b>	Developed argument of <b>one</b> external source of finance <i>in context</i>		<b>3</b>
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<p><i>Annotate the first source in the left hand margin and the second in the right hand margin. If more than two sources are attempted, mark the ones that would give the candidate the highest mark allocation.</i></p>					
<p><b>Contextual analysis likely to come from:</b></p>					
<ul style="list-style-type: none"> <li>• Bank overdraft as the costs are low and likely to be repaid in the short term</li> <li>• Bank loan as the capital investment of \$2k may be too high for an overdraft</li> <li>• Government start-up grant as he is setting up a new business and may create jobs</li> </ul>					
<p><b>Evaluation is likely to come from:</b></p>					
<ul style="list-style-type: none"> <li>• Short and long term ambitions of Joe</li> <li>• Joe's attitude to risk</li> <li>• Joe's ability to persuade banks to lend him the start-up capital</li> </ul>					
<p><b>ARA</b></p>					