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**BUSINESS**

**9609/22**

Paper 2 Data Response

**October/November 2019**

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 October/November 2019 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 **21** 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><b>Define the term ‘training’ (line 27).</b></p> <table border="1" data-bbox="304 315 1326 577"> <thead> <tr> <th data-bbox="304 315 1203 378">Knowledge</th> <th data-bbox="1203 315 1326 378">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="304 378 1203 443">A correct definition</td> <td data-bbox="1203 378 1326 443">2</td> </tr> <tr> <td data-bbox="304 443 1203 508">A partial, vague or unfocused definition</td> <td data-bbox="1203 443 1326 508">1</td> </tr> <tr> <td data-bbox="304 508 1203 573">No creditable content</td> <td data-bbox="1203 508 1326 573">0</td> </tr> </tbody> </table> <p data-bbox="304 611 1241 678"><i>Note: this is a definition question so there are no marks for examples of training, i.e. on-the-job, off-the-job and induction.</i></p> <p data-bbox="304 712 419 741"><b>Content</b></p> <p data-bbox="304 745 1054 775">A correct definition should include the following elements:</p> <ul data-bbox="304 779 1270 882" style="list-style-type: none"> <li>• The teaching/development of skills/knowledge (1)</li> <li>• To perform a task, become more efficient, increase productivity, meet organisation/departmental/job objectives, etc. (1)</li> </ul> <table border="1" data-bbox="304 916 1326 1608"> <thead> <tr> <th data-bbox="304 916 839 981">Exemplar</th> <th data-bbox="839 916 954 981">Marks</th> <th data-bbox="954 916 1326 981">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="304 981 839 1115">Training involves developing skills so that workers can do their job more efficiently</td> <td data-bbox="839 981 954 1115">2</td> <td data-bbox="954 981 1326 1115">Both elements covered</td> </tr> <tr> <td data-bbox="304 1115 839 1211">Making an employee better at doing their job</td> <td data-bbox="839 1115 954 1211">1</td> <td data-bbox="954 1115 1326 1211">‘Better at doing their job’ is enough for one mark</td> </tr> <tr> <td data-bbox="304 1211 839 1308">Helping an employee to develop skills</td> <td data-bbox="839 1211 954 1308">1</td> <td data-bbox="954 1211 1326 1308">‘Developing skills’ is enough for one mark</td> </tr> <tr> <td data-bbox="304 1308 839 1476">The person who is employed by an organisation to do a job who needs experience before they can do their job</td> <td data-bbox="839 1308 954 1476">0</td> <td data-bbox="954 1308 1326 1476">NAQ – describing a trainee</td> </tr> <tr> <td data-bbox="304 1476 839 1608">Training can be on the job or off the job</td> <td data-bbox="839 1476 954 1608">0</td> <td data-bbox="954 1476 1326 1608">No marks for an example as this is a definition question</td> </tr> </tbody> </table>	Knowledge	Marks	A correct definition	2	A partial, vague or unfocused definition	1	No creditable content	0	Exemplar	Marks	Rationale	Training involves developing skills so that workers can do their job more efficiently	2	Both elements covered	Making an employee better at doing their job	1	‘Better at doing their job’ is enough for one mark	Helping an employee to develop skills	1	‘Developing skills’ is enough for one mark	The person who is employed by an organisation to do a job who needs experience before they can do their job	0	NAQ – describing a trainee	Training can be on the job or off the job	0	No marks for an example as this is a definition question	2
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1(a)(ii)	<p><b>Briefly explain the term ‘entrepreneur’ (line 3).</b></p> <p>Award one mark for each point of explanation:</p> <table border="1" data-bbox="304 383 1326 645"> <thead> <tr> <th data-bbox="304 383 1203 448">Rationale</th> <th data-bbox="1203 383 1326 448">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="304 448 1203 512">Three characteristics of an entrepreneur</td> <td data-bbox="1203 448 1326 512">1</td> </tr> <tr> <td data-bbox="304 512 1203 577">Two characteristics of an entrepreneur</td> <td data-bbox="1203 512 1326 577">1</td> </tr> <tr> <td data-bbox="304 577 1203 645">One characteristic of an entrepreneur</td> <td data-bbox="1203 577 1326 645">1</td> </tr> </tbody> </table> <p><b>Content</b> Allow any reasonable characteristic of an entrepreneur, for example:</p> <ul style="list-style-type: none"> <li>• Risk taking</li> <li>• Innovative</li> <li>• Multi-skilled</li> <li>• Leader</li> <li>• Resilience/able to bounce back</li> <li>• Sets up a business</li> <li>• Passion</li> <li>• Self-confidence</li> <li>• Ambition</li> <li>• Hardworking</li> <li>• Persuasive</li> <li>• Aiming for profit (do not allow ‘get rich’ – too vague)</li> <li>• Makes decisions</li> <li>• One of the factors of production (entrepreneurship)</li> <li>• Organises the factors of production</li> <li>• An example of an entrepreneur (do not allow Seojun)</li> </ul> <p><i>Only reward each characteristic once.</i></p>	Rationale	Marks	Three characteristics of an entrepreneur	1	Two characteristics of an entrepreneur	1	One characteristic of an entrepreneur	1	3
Rationale	Marks									
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1(a)(ii)	<p><b>ARA</b></p> <table border="1" data-bbox="304 315 1321 1043"> <thead> <tr> <th data-bbox="304 315 871 380">Answer</th> <th data-bbox="871 315 983 380">Marks</th> <th data-bbox="983 315 1321 380">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="304 380 871 510">An entrepreneur is a risk-taker (1) who tries to make a profit (1) by organising the factors of production (1)</td> <td data-bbox="871 380 983 510">3</td> <td data-bbox="983 380 1321 510">Three characteristics</td> </tr> <tr> <td data-bbox="304 510 871 640">Someone who makes decisions (1) about factors of production (1) to make a profit (1)</td> <td data-bbox="871 510 983 640">3</td> <td data-bbox="983 510 1321 640">Three characteristics</td> </tr> <tr> <td data-bbox="304 640 871 748">An entrepreneur works hard (1) and has confidence (1)</td> <td data-bbox="871 640 983 748">2</td> <td data-bbox="983 640 1321 748">Two characteristics</td> </tr> <tr> <td data-bbox="304 748 871 945">Someone who organises the land that a business needs (1). They also organise the amount of workers a business needs and they also organise the capital that a business may need</td> <td data-bbox="871 748 983 945">1</td> <td data-bbox="983 748 1321 945">Only one mark for 'organising' the factors of production – do not keep rewarding the same characteristics</td> </tr> <tr> <td data-bbox="304 945 871 1043">An entrepreneurship is one of the factors of production</td> <td data-bbox="871 945 983 1043">0</td> <td data-bbox="983 945 1321 1043">NAQ</td> </tr> </tbody> </table>	Answer	Marks	Rationale	An entrepreneur is a risk-taker (1) who tries to make a profit (1) by organising the factors of production (1)	3	Three characteristics	Someone who makes decisions (1) about factors of production (1) to make a profit (1)	3	Three characteristics	An entrepreneur works hard (1) and has confidence (1)	2	Two characteristics	Someone who organises the land that a business needs (1). They also organise the amount of workers a business needs and they also organise the capital that a business may need	1	Only one mark for 'organising' the factors of production – do not keep rewarding the same characteristics	An entrepreneurship is one of the factors of production	0	NAQ	
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1(b)(i)	<p><b>Refer to Table 1.1. Calculate the percentage change in profit from Year 1 to Year 2.</b></p> <table border="1" data-bbox="304 1182 1321 1574"> <thead> <tr> <th data-bbox="304 1182 1203 1247">Rationale</th> <th data-bbox="1203 1182 1321 1247">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="304 1247 1203 1312">Correct answer with or without correct working or %</td> <td data-bbox="1203 1247 1321 1312">4</td> </tr> <tr> <td data-bbox="304 1312 1203 1377">Correct calculation of the change in profit</td> <td data-bbox="1203 1312 1321 1377">3</td> </tr> <tr> <td data-bbox="304 1377 1203 1442">Correct calculation of Year 1 and Year 2 profit</td> <td data-bbox="1203 1377 1321 1442">2</td> </tr> <tr> <td data-bbox="304 1442 1203 1507">Formula <b>or</b> correct calculation of Year 1 or Year 2 profit</td> <td data-bbox="1203 1442 1321 1507">1</td> </tr> <tr> <td data-bbox="304 1507 1203 1574">No creditable content</td> <td data-bbox="1203 1507 1321 1574">0</td> </tr> </tbody> </table> <p><b>Content</b>  Profit = TR – TC  Year 1 profit = 120 000 – (70 000 + 20 000) = 30 000  Year 2 profit = 240 000 – (110 000 + 40 000) = 90 000</p> <p>Change in profit = 60 000</p> $\% \text{ change} = \frac{60\,000}{30\,000} \times 100 = 200\% \text{ (increase)}$ <p><b>Correct answer – 200%</b></p>	Rationale	Marks	Correct answer with or without correct working or %	4	Correct calculation of the change in profit	3	Correct calculation of Year 1 and Year 2 profit	2	Formula <b>or</b> correct calculation of Year 1 or Year 2 profit	1	No creditable content	0	4						
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Question	Answer				Marks	
1(c)	<b>Analyse <u>two</u> problems with the job description created by Seojun in Table 1.2.</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> characteristics of a job description in context	4	Good analysis of an effect <u>on the business</u> of <b>two</b> problems with the job description	4		
2a	Shows understanding of <b>one</b> characteristics of a job description in context	3	Good analysis of an effect <u>on the business</u> of <b>one</b> problem with the job description	3		
1b	Shows knowledge of <b>two</b> characteristics of a job description	2	Limited analysis of <b>two</b> problems of a job description	2		
1a	Shows knowledge of <b>one</b> characteristic of a job description	1	Limited analysis of <b>one</b> problem of a job description	1		
0	No creditable content			0		
<p><b>Content</b> A job description describes the tasks, or functions, and responsibilities of a role within an organisation.</p> <p><b>Problems:</b></p> <ul style="list-style-type: none"> <li>• ‘As soon as possible’ – with no date on the description, some potential workers may think this is out of date and not apply</li> <li>• Salary should not be based on age – this suggests age discrimination. May be illegal and the business could face sanctions. May only attract older workers (for the perceived higher wage)</li> <li>• Why would this role need A-Levels? This is likely to put off potentially good workers because they do not have the qualifications. In some countries A-Levels are uncommon, so this might be a very unlikely qualification. This is unlikely to get a good range of applicants</li> <li>• Qualifications should appear on the person specification rather than the job description – may confuse potential applicants</li> <li>• ‘Workman’ – this is sexist and may lead to sanctions on the business. Also, may miss out on good female applicants</li> <li>• ‘Local business’ – local to where – with no address applicants may assume it is local to them, wherever they are</li> <li>• Experience is essential, but full training will be given – too ambiguous – if full training is given why is experience needed? <ul style="list-style-type: none"> <li>– Experience should appear on the person specification</li> <li>– How many applicants is QF likely to receive if Seojun requires experience of both building and repairing?</li> </ul> </li> </ul>						



Question	Answer			Marks
1(c)	<b>ARA</b>			
	<b>Example of an aspect of a job description (K)</b>	<b>Examples of application/context (APP)</b>	<b>Examples of possible analysis (AN + DEV)</b>	
	A job description contains the experience needed (K)	In this case experience of building and repairing fences is essential (APP).	This might mean that Seojun might not get any people applying (AN) which may mean QF cannot grow in the future (DEV)	

Question	Answer				Marks
1(d)	<b>Recommend suitable promotion methods which would help Seojun to achieve his objectives.</b>				<b>11</b>
<b>Knowledge and Application (4 marks)</b>		<b>Marks</b>	<b>Analysis and Evaluation (7 marks)</b>		
			Justified recommendation based on argument in context		
			Developed recommendation based on argument in context		
			An evaluative statement/recommendation based on argument in context		
Shows understanding of <b>two</b> (or more) promotion methods in context		4	Argument based on <b>two</b> promotion methods in context		
Shows understanding of <b>one</b> promotion method in context		3	Argument based on <b>one</b> promotion method in context		
Shows knowledge of <b>two</b> promotion methods		2	Limited analysis of <b>two</b> promotion methods		
Shows knowledge of <b>one</b> promotion method		1	Limited analysis of <b>one</b> promotion method		
<i>Note: If the candidate has attempted to analyse more than two promotion methods, then annotate the one that gain the most marks for the candidate.</i>					
<p><b>Content</b></p> <ul style="list-style-type: none"> <li>• Posters – cost effective and could be effective in the local area</li> <li>• Local TV/radio/newspaper – reach a large local audience – mass market product (many people may have access to a garden)</li> <li>• Other forms of local advertising – buses, roadside, etc.</li> </ul>					

Question	Answer				Marks														
1(d)	<ul style="list-style-type: none"> <li>• Garden centres/alongside complementary products</li> <li>• Direct promotion – door to door sales, especially if a ‘bad’ fence is spotted</li> <li>• Word of mouth – likely to be essential in this industry, but difficult to control</li> <li>• Internet – many recommendation websites – social media promotion – can be cheap and targeted, but do many people hire services this way? <i>Allow the benefit of internet promotion allowing more online bookings.</i></li> <li>• Promotional pricing is a valid method – but only if it is specifically linked to promotion, e.g. BOGOF. Do not reward pricing strategies/changes on their own</li> </ul> <p><i>Note: Allow above-the-line and below-the-line as promotion methods. Also allow two different types of advertising (i.e. newspaper and TV) as different methods of promotion.</i></p> <p><b>ARA</b></p> <p>An example of how an answer could develop and how it should be annotated.</p> <table border="1" data-bbox="304 927 1326 1767"> <thead> <tr> <th data-bbox="304 927 485 994">K</th> <th data-bbox="485 927 660 994">APP</th> <th data-bbox="660 927 855 994">AN</th> <th data-bbox="855 927 1082 994">DEV</th> <th data-bbox="1082 927 1326 994">EVAL</th> </tr> </thead> <tbody> <tr> <td data-bbox="304 994 485 1330">Internet</td> <td data-bbox="485 994 660 1330">There is a growing need for online bookings</td> <td data-bbox="660 994 855 1330">By promoting using the internet, Seojun can drive customers to book online</td> <td data-bbox="855 994 1082 1330">Which can lead to increased revenue for QF</td> <td data-bbox="1082 994 1326 1767" rowspan="2">Overall newspaper advertising is most likely to target Seojun’s current target customers (EVAL) because he can advertise his telephone number and that is how most customers book (EVAL), however if he really wants to develop his online bookings then the internet may be best (EVAL)</td> </tr> <tr> <td data-bbox="304 1330 485 1767">Newspaper advertising</td> <td data-bbox="485 1330 660 1767">He can target higher income people in City X who are more likely to own houses with gardens</td> <td data-bbox="660 1330 855 1767">This would be an efficient way to target his customers</td> <td data-bbox="855 1330 1082 1767">Which reduces the costs for QF</td> </tr> </tbody> </table> <p><i>Note: fully reward candidates who do not make a choice between their chosen methods – it is just as acceptable to recommend more than one method.</i></p>				K	APP	AN	DEV	EVAL	Internet	There is a growing need for online bookings	By promoting using the internet, Seojun can drive customers to book online	Which can lead to increased revenue for QF	Overall newspaper advertising is most likely to target Seojun’s current target customers (EVAL) because he can advertise his telephone number and that is how most customers book (EVAL), however if he really wants to develop his online bookings then the internet may be best (EVAL)	Newspaper advertising	He can target higher income people in City X who are more likely to own houses with gardens	This would be an efficient way to target his customers	Which reduces the costs for QF	
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2(a)(i)	<p><b>Define the term ‘internal growth’ (line 2).</b></p> <table border="1" data-bbox="284 315 1350 577"> <thead> <tr> <th data-bbox="284 315 1131 380">Knowledge</th> <th data-bbox="1131 315 1350 380">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="284 380 1131 448">A correct definition</td> <td data-bbox="1131 380 1350 448">2</td> </tr> <tr> <td data-bbox="284 448 1131 515">A partial, vague or unfocused definition</td> <td data-bbox="1131 448 1350 515">1</td> </tr> <tr> <td data-bbox="284 515 1131 577">No creditable content</td> <td data-bbox="1131 515 1350 577">0</td> </tr> </tbody> </table> <p>A correct definition should include the following elements:</p> <ul style="list-style-type: none"> <li>• Definition of growth – expansion, getting bigger, opening more stores/factories/outlets, etc. (1)</li> <li>• Definition of internal (in terms of growth) – using own funds/resources, reinvesting, etc. or in terms of NOT merging/taking over another business (do not allow <b>not external</b>)</li> </ul> <p><b>Content</b> Internal growth comes from an increase in sales from re-investment in the business (1) as opposed to mergers and takeovers (1).</p> <table border="1" data-bbox="284 983 1350 1476"> <thead> <tr> <th data-bbox="284 983 877 1048">Exemplar</th> <th data-bbox="877 983 997 1048">Marks</th> <th data-bbox="997 983 1350 1048">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="284 1048 877 1149">Expansion by reinvesting profits as opposed to a merger</td> <td data-bbox="877 1048 997 1149">2</td> <td data-bbox="997 1048 1350 1149">Both elements</td> </tr> <tr> <td data-bbox="284 1149 877 1312">Growth by using the businesses own funds. It is also known as organic growth</td> <td data-bbox="877 1149 997 1312">1</td> <td data-bbox="997 1149 1350 1312">One element only – do not reward ‘organic growth’ as it does not define the term</td> </tr> <tr> <td data-bbox="284 1312 877 1413">Getting bigger but not external</td> <td data-bbox="877 1312 997 1413">1</td> <td data-bbox="997 1312 1350 1413">One element only – do not allow ‘not external’</td> </tr> <tr> <td data-bbox="284 1413 877 1476">Growth by using internal funds</td> <td data-bbox="877 1413 997 1476">0</td> <td data-bbox="997 1413 1350 1476">Tautology</td> </tr> </tbody> </table>	Knowledge	Marks	A correct definition	2	A partial, vague or unfocused definition	1	No creditable content	0	Exemplar	Marks	Rationale	Expansion by reinvesting profits as opposed to a merger	2	Both elements	Growth by using the businesses own funds. It is also known as organic growth	1	One element only – do not reward ‘organic growth’ as it does not define the term	Getting bigger but not external	1	One element only – do not allow ‘not external’	Growth by using internal funds	0	Tautology	2
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No creditable content	0									

Question	Answer			Marks
2(b)(i)	Common incorrect answers			
	<b>Answer</b>	<b>Marks</b>	<b>Rationale</b>	
	2.5	2	Correct answer – no % sign required	
	$\frac{61.5}{60} \times 100 = 102.5$	1	Worked out as a ratio	
	1.5 (no working)	1	Correct calculation of the change in market size – no \$ sign needed	
	$\frac{1.5}{61.5} \times 100 = 2.4\%$	1	Candidate has used the wrong base figure – one error (OFR)	
	$\frac{60}{61.5} \times 100 = 97.56$ $100 - 97.56 = 2.44\%$	1	Figures used the wrong way round in formula – one error (OFR)	
	$\frac{1.5}{60} = 0.025$	1	Not turned into a percentage – one error	
	0.025 (no working)	0	Without working this is a meaningless number – do not reward	
$\frac{\text{Year 2}}{\text{Year 1}} \times 100$  $= 102.5\%$	1	A mistake in the formula, but correct use of numbers		

Question	Answer		Marks
2(b)(ii)	<b>Explain two ways in which CP's marketing may differ between its national market and international markets.</b>		
	<b>Level</b>	<b>Knowledge and Application</b>	<b>Marks</b>
	2b (APP + APP)	Explanation of <b>two</b> ways in which CP's marketing may differ between national and international markets	4
	2a (APP)	Explanation of <b>one</b> way in which CP's marketing may differ between national and international markets	3
	1b (K+K)	Identification of <b>two</b> differences between marketing for national and international markets	2
	1a (K)	Identification of <b>one</b> difference between marketing for national and international markets	1
	0	No creditable content	0
	<p><b>Content</b></p> <p>Product</p> <ul style="list-style-type: none"> <li>• Different products to meet different tastes/fashions in other countries</li> <li>• Legal requirements for ingredients in different countries</li> </ul> <p>Price</p> <ul style="list-style-type: none"> <li>• Different elasticities – in some countries candy may be a luxury, whilst in others it might be a normal good (or even an inferior good when compared to chocolate, etc.)</li> <li>• Different pricing strategies based on PLC in that country (i.e. recently launched a new candy range)</li> </ul> <p>Promotion</p> <ul style="list-style-type: none"> <li>• Language/cultural issues in different countries</li> <li>• Below the line may be difficult in international markets (i.e. distance from CP)</li> <li>• Above the line may be very expensive across international markets, especially for what is probably a low margin product</li> </ul> <p>Place</p> <ul style="list-style-type: none"> <li>• Possible to sell directly in national market (although unlikely) but unlikely in international markets unless through internet</li> <li>• Need to use retailers in international markets – may also need to use other forms of distribution.</li> <li>• Candy may be sold in different places in different countries (i.e. petrol stations, supermarkets, candy shops)</li> </ul>		



Question	Answer	Marks						
2(b)(ii)	<p><b>ARA</b></p> <p>Example of how responses should be marked</p> <table border="1" data-bbox="284 383 1350 645"> <thead> <tr> <th data-bbox="284 383 735 448">Identification of a way (K)</th> <th data-bbox="735 383 1350 448">Explanation of a way in context (APP)</th> </tr> </thead> <tbody> <tr> <td data-bbox="284 448 735 546">The packaging might need to be different (K)</td> <td data-bbox="735 448 1350 546">So that the ingredients are translated into different languages (APP)</td> </tr> <tr> <td data-bbox="284 546 735 645">The product may need to change (K)</td> <td data-bbox="735 546 1350 645">So that different flavours can be used in different countries (APP)</td> </tr> </tbody> </table> <p><i>Note: using the words 'candy' or 'sweets' is not enough for APP – however words such as 'flavour' and 'ingredients' and 'taste' do show contextual understanding and can be awarded with APP</i></p>	Identification of a way (K)	Explanation of a way in context (APP)	The packaging might need to be different (K)	So that the ingredients are translated into different languages (APP)	The product may need to change (K)	So that different flavours can be used in different countries (APP)	
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Question	Answer				Marks
2(c)	<b>Analyse one internal source of finance and one external source of finance which CP could use for the new machinery.</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 one internal <b>and</b> one external source of finance	4	Good analysis of one internal <b>and</b> one external source of finance in context	4
	2a	Shows understanding of one internal <b>or</b> one external source of finance in context	3	Good analysis of one internal <b>or</b> one external source of finance in context	3
	1b	Shows knowledge of one internal <b>and</b> one external source of finance	2	Limited analysis of one internal <b>and</b> one external source of finance	2
	1a	Shows knowledge of one internal <b>or</b> one external source of finance	1	Limited analysis of one internal <b>or</b> one external source of finance	1
	0	No creditable content			0
<p><i>Note: Do not accept retained earnings or bank loan as contextual. These can gain K and AN but not APP and DEV.</i></p> <p><i>Annotate the internal source of finance in the left-hand margin and the external source of finance in the right-hand margin. If the candidate has attempted to analyse more than one internal or external source of finance, then annotate the one that gains the most marks for the candidate.</i></p> <p><b>Content</b></p> <p><b>Internal:</b></p> <ul style="list-style-type: none"> <li>• Sale of unwanted assets – old machinery that is of no use</li> <li>• Sale and leaseback of non-current assets – unlikely to have many current assets that could be leased</li> <li>• Working capital – CP has a good working capital position</li> </ul> <p><b>External:</b></p> <ul style="list-style-type: none"> <li>• Share capital – CP is a plc so can sell shares, but will this devalue the share price? <i>Note: only accept share capital as an EXTERNAL source unless it is explicitly stated that the shares are being issued to existing shareholders</i></li> <li>• New partners – not a partnership so not contextual</li> <li>• Venture capital – more likely for a newer business – VC is likely to require a high return and/or equity in the business</li> <li>• Overdrafts – surely too much for an overdraft</li> <li>• Leasing – possible advantages of maintenance and no need for initial sum but likely to be more expensive long term</li> </ul>					

Question	Answer			Marks															
2(c)	<ul style="list-style-type: none"> <li>• Hire purchase – as above</li> <li>• Mortgages – suitable for properties so unlikely to be contextual</li> <li>• Debentures – securing a debenture on the machinery may make a financial institution/individual more likely to lend the money</li> <li>• Micro-finance – likely to more suitable for new businesses/ventures</li> <li>• Crowd funding – likely to more suitable for new businesses/ventures</li> <li>• Government grants</li> </ul> <p><b><i>If a candidate has mis-categorised a source of finance (internal and external) then do not award any marks for that source of finance, e.g. share capital as internal</i></b></p> <p><b>ARA</b></p> <table border="1" data-bbox="284 730 1351 1128"> <thead> <tr> <th data-bbox="284 730 475 898">Example of an internal source of finance (K)</th> <th data-bbox="475 730 778 898">Examples of application/context (APP)</th> <th data-bbox="778 730 1351 898">Examples of possible analysis (AN + DEV)</th> </tr> </thead> <tbody> <tr> <td data-bbox="284 898 475 1128">Sale of assets (K)</td> <td data-bbox="475 898 778 1128">CP has 20 separate production lines which would involve a lot of machinery to sell (APP)</td> <td data-bbox="778 898 1351 1128">By selling these machines, CP would gain the cash from the sale to be able to finance the new machinery. However, this may leave CP without any means of producing Candy, leading to a loss of revenue (DEV)</td> </tr> </tbody> </table> <table border="1" data-bbox="284 1167 1351 1727"> <thead> <tr> <th data-bbox="284 1167 475 1357">Example of an external source of finance (K)</th> <th data-bbox="475 1167 778 1357">Examples of application/context (APP)</th> <th data-bbox="778 1167 1351 1357">Examples of possible analysis (AN + DEV)</th> </tr> </thead> <tbody> <tr> <td data-bbox="284 1357 475 1563">Sell shares (K)</td> <td data-bbox="475 1357 778 1563">CP is a public Limited Company (APP)</td> <td data-bbox="778 1357 1351 1563">So by selling shares this can release cash to finance the purchase of the machinery (AN), however this may lead to a loss of control by the current owners (DEV)</td> </tr> <tr> <td data-bbox="284 1563 475 1727">Lease (K)</td> <td data-bbox="475 1563 778 1727">Because CP cannot use a bank loan they might need to lease the machinery (APP)</td> <td data-bbox="778 1563 1351 1727">This does not require an initial large amount (AN) and allows CP to pay for the machinery each month (DEV)</td> </tr> </tbody> </table>			Example of an internal source of finance (K)	Examples of application/context (APP)	Examples of possible analysis (AN + DEV)	Sale of assets (K)	CP has 20 separate production lines which would involve a lot of machinery to sell (APP)	By selling these machines, CP would gain the cash from the sale to be able to finance the new machinery. However, this may leave CP without any means of producing Candy, leading to a loss of revenue (DEV)	Example of an external source of finance (K)	Examples of application/context (APP)	Examples of possible analysis (AN + DEV)	Sell shares (K)	CP is a public Limited Company (APP)	So by selling shares this can release cash to finance the purchase of the machinery (AN), however this may lead to a loss of control by the current owners (DEV)	Lease (K)	Because CP cannot use a bank loan they might need to lease the machinery (APP)	This does not require an initial large amount (AN) and allows CP to pay for the machinery each month (DEV)	
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2(d)	<b>Evaluate the likely benefits for CP of the proposed process innovation.</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 argument in context	7	
			Developed evaluation based on argument in context	6	
			An evaluative statement based on argument in context	5	
	Shows understanding of <b>two</b> aspects process innovation in context	4	Argument based on the use of <b>two</b> benefits to CP of the proposed process innovation	4	
	Shows knowledge of <b>one</b> aspect of process innovation in context	3	Argument based on <b>one</b> benefit to CP of the proposed process innovation	3	
	Shows knowledge of <b>two</b> aspects of process innovation	2	Limited analysis of <b>two</b> benefits of process innovation	2	
	Shows knowledge of <b>one</b> aspect of process innovation	1	Limited analysis of <b>one</b> benefit of process innovation	1	
	<i>Note: there must be knowledge of process innovation (not just innovation) to award any marks.</i>				
	<b>Content</b>				
	Process innovation is the implementation of a new or significantly improved production method. This includes changes in how the product is made and/or the equipment used.				
	Aspects of process innovation may include:				
	<ul style="list-style-type: none"> <li>• How the product is produced</li> <li>• The equipment used to produce the products</li> <li>• The technology used in production</li> </ul>				

Question	Answer				Marks														
2(d)	<p>Benefits may include:</p> <ul style="list-style-type: none"> <li>• Possible economies of scale from moving from 20 production lines to only one or may eliminate the current diseconomies</li> <li>• Expansion of CP's product portfolio</li> <li>• Mass customisation – could have more varieties of their current candy – may be able to have specific candy for organisations</li> <li>• Can customise candy for national and international markets – especially important because of the growth in the international market</li> <li>• Replace the 25-year-old machinery – more efficient?</li> <li>• Save direct costs by making workers redundant</li> <li>• Increased efficiency</li> </ul> <p><b>ARA</b> An example of how an answer could develop and how it should be annotated</p> <table border="1" data-bbox="284 763 1351 1559"> <thead> <tr> <th data-bbox="284 763 451 853">K</th> <th data-bbox="456 763 659 853">APP</th> <th data-bbox="663 763 866 853">AN</th> <th data-bbox="871 763 1058 853">DEV</th> <th data-bbox="1062 763 1351 853">EVAL</th> </tr> </thead> <tbody> <tr> <td data-bbox="284 860 451 1122">Changing how the candy is made (K)</td> <td data-bbox="456 860 659 1122">Introducing mass customisation (APP)</td> <td data-bbox="663 860 866 1122">May lead to being able to produce more types of candy (AN)</td> <td data-bbox="871 860 1058 1122">Which may increase the target market and number of customers (DEV)</td> <td data-bbox="1062 860 1351 1122" rowspan="2">The most important benefit is that CP will be able to increase their profitability (EVAL) because as public limited company the shareholders will expect a reasonable dividend (EVAL). However, in the long term it may be more important to increase the number of customers as this is likely to lead to more profits eventually (EVAL)</td> </tr> <tr> <td data-bbox="284 1128 451 1559">Changing the machinery used (K)</td> <td data-bbox="456 1128 659 1559">Moving from 20 production lines to just 1 (APP)</td> <td data-bbox="663 1128 866 1559">May reduce the diseconomies of scale (AN)</td> <td data-bbox="871 1128 1058 1559">Leading to CP being able to make more profit (DEV)</td> </tr> </tbody> </table>				K	APP	AN	DEV	EVAL	Changing how the candy is made (K)	Introducing mass customisation (APP)	May lead to being able to produce more types of candy (AN)	Which may increase the target market and number of customers (DEV)	The most important benefit is that CP will be able to increase their profitability (EVAL) because as public limited company the shareholders will expect a reasonable dividend (EVAL). However, in the long term it may be more important to increase the number of customers as this is likely to lead to more profits eventually (EVAL)	Changing the machinery used (K)	Moving from 20 production lines to just 1 (APP)	May reduce the diseconomies of scale (AN)	Leading to CP being able to make more profit (DEV)	
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