
BUSINESS

9609/22

Paper 2 Data Response

October/November 2017

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 October/November 2017 series for most Cambridge IGCSE[®], Cambridge International A and AS Level components and some Cambridge O Level components.

Question	Answer	Marks																							
1	Occasion Cards (OC)																								
1(a)(i)	<p data-bbox="276 315 858 344">Define the term ‘Computer Aided Design’.</p> <table border="1" data-bbox="300 378 1334 580"> <thead> <tr> <th data-bbox="300 378 1048 427">Knowledge and Application</th> <th data-bbox="1048 378 1334 427">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="300 427 1048 477">A correct definition</td> <td data-bbox="1048 427 1334 477">2</td> </tr> <tr> <td data-bbox="300 477 1048 526">A partially correct definition</td> <td data-bbox="1048 477 1334 526">1</td> </tr> <tr> <td data-bbox="300 526 1048 580">No creditable content</td> <td data-bbox="1048 526 1334 580">0</td> </tr> </tbody> </table> <p data-bbox="276 616 975 645">A correct definition should cover both of the following:</p> <ul data-bbox="331 685 1297 920" style="list-style-type: none"> • Some idea of ‘computer aided’, i.e. – A process done by IT/software/computer-programmes/electronically/virtually/technology (allow automated) – do not allow ‘computer’ <i>on its own</i> as this is a tautology • i.e. some idea of the ‘design’ element, i.e. – To create, analyse, draw, modify, optimise, 2D/3D models, customise, plan etc. – do not allow ‘design’ <i>on its own</i> as this is a tautology. <table border="1" data-bbox="300 954 1334 1373"> <thead> <tr> <th data-bbox="300 954 820 1003">Exemplar</th> <th data-bbox="820 954 935 1003">Marks</th> <th data-bbox="935 954 1334 1003">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="300 1003 820 1088">To use IT to create models</td> <td data-bbox="820 1003 935 1088">2</td> <td data-bbox="935 1003 1334 1088">Both elements simply defined</td> </tr> <tr> <td data-bbox="300 1088 820 1173">Where software is used to create designs</td> <td data-bbox="820 1088 935 1173">2</td> <td data-bbox="935 1088 1334 1173">Both elements and ‘create designs’ is good enough</td> </tr> <tr> <td data-bbox="300 1173 820 1290">To design 2D drawings</td> <td data-bbox="820 1173 935 1290">1</td> <td data-bbox="935 1173 1334 1290">2D gives an idea of ‘design’ even though the word design has also been used.</td> </tr> <tr> <td data-bbox="300 1290 820 1373">Where computers are used to make designs for the business to use</td> <td data-bbox="820 1290 935 1373">0</td> <td data-bbox="935 1290 1334 1373">Neither elements defined</td> </tr> </tbody> </table>	Knowledge and Application	Marks	A correct definition	2	A partially correct definition	1	No creditable content	0	Exemplar	Marks	Rationale	To use IT to create models	2	Both elements simply defined	Where software is used to create designs	2	Both elements and ‘create designs’ is good enough	To design 2D drawings	1	2D gives an idea of ‘design’ even though the word design has also been used.	Where computers are used to make designs for the business to use	0	Neither elements defined	2
Knowledge and Application	Marks																								
A correct definition	2																								
A partially correct definition	1																								
No creditable content	0																								
Exemplar	Marks	Rationale																							
To use IT to create models	2	Both elements simply defined																							
Where software is used to create designs	2	Both elements and ‘create designs’ is good enough																							
To design 2D drawings	1	2D gives an idea of ‘design’ even though the word design has also been used.																							
Where computers are used to make designs for the business to use	0	Neither elements defined																							

Question	Answer	Marks																											
1(a)(ii)	<p>Briefly explain the term ‘mass customisation’.</p> <p>Award one mark for each point of explanation:</p> <table border="1" data-bbox="300 383 1334 667"> <tr> <td data-bbox="300 383 363 465">C</td> <td data-bbox="363 383 1198 465">Example or some other way of showing good understanding, i.e. can involve the use of IT, low cost solution to making etc.</td> <td data-bbox="1198 383 1334 465">1 mark</td> </tr> <tr> <td data-bbox="300 465 363 548">B</td> <td data-bbox="363 465 1198 548">Understanding of ‘mass’, i.e. understanding of the use of production lines/flow production/assembly line etc.</td> <td data-bbox="1198 465 1334 548">1 mark</td> </tr> <tr> <td data-bbox="300 548 363 667">A</td> <td data-bbox="363 548 1198 667">Understanding of customisation, i.e. the use of techniques to create differentiated products, unique products, to customer orders etc.</td> <td data-bbox="1198 548 1334 667">1 mark</td> </tr> </table> <ul data-bbox="331 703 1286 842" style="list-style-type: none"> • Using production lines to make a variation in products. Using mass production techniques to produce differentiated products. • Can add value to a product by adding differences and customisation. • Make products unique to each customer but with low cost. <p>Note: the C mark is dependent on gaining both A and B marks first because otherwise a wrong understanding of mass customisation (e.g. mass production) could gain the majority of the marks.</p> <table border="1" data-bbox="300 1010 1334 1850"> <thead> <tr> <th data-bbox="300 1010 820 1059">Exemplar</th> <th data-bbox="820 1010 935 1059">Marks</th> <th data-bbox="935 1010 1334 1059">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="300 1059 820 1178">Using a production line (B) to make differentiated products (A) often using machinery (C)</td> <td data-bbox="820 1059 935 1178">3</td> <td data-bbox="935 1059 1334 1178">All three elements</td> </tr> <tr> <td data-bbox="300 1178 820 1397">Where a business makes products which have are based on the individual customer requirements (A) but have been made on a production line (B). This keeps the cost low for the business (C).</td> <td data-bbox="820 1178 935 1397">3</td> <td data-bbox="935 1178 1334 1397">All three elements</td> </tr> <tr> <td data-bbox="300 1397 820 1516">Where lots of different types of products (A) are made using flow production (B).</td> <td data-bbox="820 1397 935 1516">2</td> <td data-bbox="935 1397 1334 1516">A and B mark</td> </tr> <tr> <td data-bbox="300 1516 820 1666">Making customised products for the customers which can be low cost.</td> <td data-bbox="820 1516 935 1666">1</td> <td data-bbox="935 1516 1334 1666">A mark only – do not allow the C mark unless both A and B have been awarded (See Note:)</td> </tr> <tr> <td data-bbox="300 1666 820 1850">Making lots of products on a production line which keeps the costs of the business low and means that the business can produce lots of products to sell.</td> <td data-bbox="820 1666 935 1850">1</td> <td data-bbox="935 1666 1334 1850">B mark only – obvious confusion with mass production (See Note:)</td> </tr> </tbody> </table>	C	Example or some other way of showing good understanding, i.e. can involve the use of IT, low cost solution to making etc.	1 mark	B	Understanding of ‘mass’, i.e. understanding of the use of production lines/flow production/assembly line etc.	1 mark	A	Understanding of customisation, i.e. the use of techniques to create differentiated products, unique products, to customer orders etc.	1 mark	Exemplar	Marks	Rationale	Using a production line (B) to make differentiated products (A) often using machinery (C)	3	All three elements	Where a business makes products which have are based on the individual customer requirements (A) but have been made on a production line (B). This keeps the cost low for the business (C).	3	All three elements	Where lots of different types of products (A) are made using flow production (B).	2	A and B mark	Making customised products for the customers which can be low cost.	1	A mark only – do not allow the C mark unless both A and B have been awarded (See Note:)	Making lots of products on a production line which keeps the costs of the business low and means that the business can produce lots of products to sell.	1	B mark only – obvious confusion with mass production (See Note:)	3
C	Example or some other way of showing good understanding, i.e. can involve the use of IT, low cost solution to making etc.	1 mark																											
B	Understanding of ‘mass’, i.e. understanding of the use of production lines/flow production/assembly line etc.	1 mark																											
A	Understanding of customisation, i.e. the use of techniques to create differentiated products, unique products, to customer orders etc.	1 mark																											
Exemplar	Marks	Rationale																											
Using a production line (B) to make differentiated products (A) often using machinery (C)	3	All three elements																											
Where a business makes products which have are based on the individual customer requirements (A) but have been made on a production line (B). This keeps the cost low for the business (C).	3	All three elements																											
Where lots of different types of products (A) are made using flow production (B).	2	A and B mark																											
Making customised products for the customers which can be low cost.	1	A mark only – do not allow the C mark unless both A and B have been awarded (See Note:)																											
Making lots of products on a production line which keeps the costs of the business low and means that the business can produce lots of products to sell.	1	B mark only – obvious confusion with mass production (See Note:)																											

Question	Answer	Marks																															
1(b)(i)	<p>Refer to Table 1. Calculate the current ratio for 2016.</p> <table border="1" data-bbox="300 315 1334 667"> <thead> <tr> <th>Mark</th> <th>Rationale</th> </tr> </thead> <tbody> <tr> <td>3 marks</td> <td>Correct calculation of the current ratio (ignore any use of \$, % etc.) with or without correct working</td> </tr> <tr> <td>2 marks</td> <td>Correct formula (can be implied by the use of figures) and correct identification of both figures (CA and CL)</td> </tr> <tr> <td>1 mark</td> <td>Correct formula or correct identification of both figures (CA and CL)</td> </tr> <tr> <td>0 marks</td> <td>No creditable content</td> </tr> </tbody> </table> <p>Formula:</p> <p><u>Current assets</u> Current liabilities</p> <p>Identification of correct figures:</p> <p>Current assets = \$3m Current liabilities = \$4m</p> <p>$\frac{\\$3m}{\\$4m} = \underline{\underline{0.75:1 \text{ or } 0.75 \text{ or } 3/4}}$</p> <p>Common answers</p> <table border="1" data-bbox="300 1205 1334 1921"> <thead> <tr> <th>Answer</th> <th>Marks</th> <th>Rationale</th> </tr> </thead> <tbody> <tr> <td><u>\$3m</u> $\frac{\\$3m}{\\$4m} \times 100 = 75\%$</td> <td>3</td> <td>Although the candidate has not got the correct answer it can clearly be seen by the working that they would have got the correct answer but have gone one stage too far.</td> </tr> <tr> <td>75% (no working)</td> <td>0</td> <td>Without working there is no way to know where this figure came from</td> </tr> <tr> <td><u>\$4m</u> $\frac{\\$3m}{\\$4m} = 1.33$</td> <td>2</td> <td>Formula is wrong (inverted) but correct identification of figures and then a correct calculation based on their own figures (OFR)</td> </tr> <tr> <td><u>1.33 (no working)</u></td> <td>0</td> <td>Without working there is no way to know where this figure came from</td> </tr> <tr> <td>Current liabilities = 4 Current assets = 3</td> <td>1</td> <td>Correct identification of both figures</td> </tr> <tr> <td><u>Current assets</u> Current liabilities</td> <td>1</td> <td>1 mark for formula</td> </tr> </tbody> </table>	Mark	Rationale	3 marks	Correct calculation of the current ratio (ignore any use of \$, % etc.) with or without correct working	2 marks	Correct formula (can be implied by the use of figures) and correct identification of both figures (CA and CL)	1 mark	Correct formula or correct identification of both figures (CA and CL)	0 marks	No creditable content	Answer	Marks	Rationale	<u>\$3m</u> $\frac{\$3m}{\$4m} \times 100 = 75\%$	3	Although the candidate has not got the correct answer it can clearly be seen by the working that they would have got the correct answer but have gone one stage too far.	75% (no working)	0	Without working there is no way to know where this figure came from	<u>\$4m</u> $\frac{\$3m}{\$4m} = 1.33$	2	Formula is wrong (inverted) but correct identification of figures and then a correct calculation based on their own figures (OFR)	<u>1.33 (no working)</u>	0	Without working there is no way to know where this figure came from	Current liabilities = 4 Current assets = 3	1	Correct identification of both figures	<u>Current assets</u> Current liabilities	1	1 mark for formula	3
Mark	Rationale																																
3 marks	Correct calculation of the current ratio (ignore any use of \$, % etc.) with or without correct working																																
2 marks	Correct formula (can be implied by the use of figures) and correct identification of both figures (CA and CL)																																
1 mark	Correct formula or correct identification of both figures (CA and CL)																																
0 marks	No creditable content																																
Answer	Marks	Rationale																															
<u>\$3m</u> $\frac{\$3m}{\$4m} \times 100 = 75\%$	3	Although the candidate has not got the correct answer it can clearly be seen by the working that they would have got the correct answer but have gone one stage too far.																															
75% (no working)	0	Without working there is no way to know where this figure came from																															
<u>\$4m</u> $\frac{\$3m}{\$4m} = 1.33$	2	Formula is wrong (inverted) but correct identification of figures and then a correct calculation based on their own figures (OFR)																															
<u>1.33 (no working)</u>	0	Without working there is no way to know where this figure came from																															
Current liabilities = 4 Current assets = 3	1	Correct identification of both figures																															
<u>Current assets</u> Current liabilities	1	1 mark for formula																															

Question	Answer	Marks																											
1(b)(ii)	<p data-bbox="276 248 1286 315">Explain <u>one</u> way in which the information in Table 1 might be useful to a potential investor.</p> <table border="1" data-bbox="300 349 1334 701"> <thead> <tr> <th data-bbox="300 349 499 398">Level</th> <th data-bbox="499 349 1145 398">Knowledge and Application</th> <th data-bbox="1145 349 1334 398">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="300 398 499 483">2b APP + APP</td> <td data-bbox="499 398 1145 483">Explanation of the use of the accounting information in Table 1 to a potential investor</td> <td data-bbox="1145 398 1334 483">3</td> </tr> <tr> <td data-bbox="300 483 499 568">2a APP</td> <td data-bbox="499 483 1145 568">Identification of the use of the accounting information in Table 1 to a potential investor</td> <td data-bbox="1145 483 1334 568">2</td> </tr> <tr> <td data-bbox="300 568 499 654">1 K</td> <td data-bbox="499 568 1145 654">Identification of the use of accounting information – no context</td> <td data-bbox="1145 568 1334 654">1</td> </tr> <tr> <td data-bbox="300 654 499 701">0</td> <td data-bbox="499 654 1145 701">No creditable content</td> <td data-bbox="1145 654 1334 701">0</td> </tr> </tbody> </table> <p data-bbox="276 734 1198 768">Note: APP can be awarded (for 2 marks) without an explicit K first</p> <p data-bbox="276 801 576 835">Answers could include:</p> <ul data-bbox="336 842 1270 972" style="list-style-type: none"> • Sales and profit margin have gone up – good investment • Liquidity has gone down – increased risk • Non-current liabilities have doubled – increased debt might suggest increased risk <table border="1" data-bbox="300 1010 1334 1783"> <thead> <tr> <th data-bbox="300 1010 647 1126">Examples of identifications of a use (K)</th> <th data-bbox="647 1010 991 1126">Examples of context (APP)</th> <th data-bbox="991 1010 1334 1126">Possible explanations (APPAPP)</th> </tr> </thead> <tbody> <tr> <td data-bbox="300 1126 647 1339">To decide whether to invest or not To judge the success of the business</td> <td data-bbox="647 1126 991 1339">Sales and profit margin have gone up</td> <td data-bbox="991 1126 1334 1339">More sales/profit may suggest that an investor will get their investment back quicker and make a profit from their investment</td> </tr> <tr> <td data-bbox="300 1339 647 1552">To see if the business is likely to be able to repay an investment To see if the business is profitable</td> <td data-bbox="647 1339 991 1552">Liquidity has gone down</td> <td data-bbox="991 1339 1334 1552">OC may not be able to pay back debts which may mean that the company would not be able to repay the investment</td> </tr> <tr> <td data-bbox="300 1552 647 1783"></td> <td data-bbox="647 1552 991 1783">Non-current liabilities have doubled The current ratio has decreased</td> <td data-bbox="991 1552 1334 1783">Increased debt may mean that any investment is going towards paying that debt off, not making more profit</td> </tr> </tbody> </table>	Level	Knowledge and Application	Marks	2b APP + APP	Explanation of the use of the accounting information in Table 1 to a potential investor	3	2a APP	Identification of the use of the accounting information in Table 1 to a potential investor	2	1 K	Identification of the use of accounting information – no context	1	0	No creditable content	0	Examples of identifications of a use (K)	Examples of context (APP)	Possible explanations (APPAPP)	To decide whether to invest or not To judge the success of the business	Sales and profit margin have gone up	More sales/profit may suggest that an investor will get their investment back quicker and make a profit from their investment	To see if the business is likely to be able to repay an investment To see if the business is profitable	Liquidity has gone down	OC may not be able to pay back debts which may mean that the company would not be able to repay the investment		Non-current liabilities have doubled The current ratio has decreased	Increased debt may mean that any investment is going towards paying that debt off, not making more profit	3
Level	Knowledge and Application	Marks																											
2b APP + APP	Explanation of the use of the accounting information in Table 1 to a potential investor	3																											
2a APP	Identification of the use of the accounting information in Table 1 to a potential investor	2																											
1 K	Identification of the use of accounting information – no context	1																											
0	No creditable content	0																											
Examples of identifications of a use (K)	Examples of context (APP)	Possible explanations (APPAPP)																											
To decide whether to invest or not To judge the success of the business	Sales and profit margin have gone up	More sales/profit may suggest that an investor will get their investment back quicker and make a profit from their investment																											
To see if the business is likely to be able to repay an investment To see if the business is profitable	Liquidity has gone down	OC may not be able to pay back debts which may mean that the company would not be able to repay the investment																											
	Non-current liabilities have doubled The current ratio has decreased	Increased debt may mean that any investment is going towards paying that debt off, not making more profit																											

Question	Answer				Marks
1(c)	Analyse <u>one</u> advantage and <u>one</u> disadvantage to OC of using the internet to promote the business.				8
Level	Knowledge and Application (4 marks)	Marks	Analysis (4 marks)	Marks	
2	Shows understanding of using the internet to promote the business in context	3–4	Good analysis of one advantage AND one disadvantage to OC of using the internet to promote the business in context	4	
			Good analysis of one advantage OR one disadvantage to OC of using the internet to promote the business in context	3	
1	Shows knowledge of the use of the internet to promote a business	2	Limited analysis of one advantage AND one disadvantage of using the internet to promote a business	2	
	Shows knowledge of the use of the internet in business OR promotion	1	Limited analysis of one advantage OR one disadvantage of using the internet to promote a business	1	
<p><i>Limited analysis in context: Marks limited to 4 + 2 = 6</i></p> <p><i>Annotate – advantages on the left and disadvantages on the right</i></p> <p>Take a very open approach to ‘promotion’ to allow for use of the website (e.g. CAD system, creation of cards etc.).</p> <p>Promotion is any activity that supports or encourages a business activity.</p>					

Question	Answer				Marks																				
1(c)	<p>Answers could include:</p> <p>Advantages</p> <ul style="list-style-type: none"> Cheaper – social and viral marketing is a relatively cheap way of promotion a business and has led to good growth for OC OC has an internet based ordering system, so internet based promotion links in and may increase sales Customers may link/click from an advert straight to the website allowing quick/impulse purchases <p>Disadvantages</p> <ul style="list-style-type: none"> OC may find it difficult to control social and viral promotion It may not be effective – very difficult to predict trends in fashion/products <p>Fast moving and constantly changing</p> <p>Examples of advantages:</p> <table border="1" data-bbox="293 792 1342 1767"> <thead> <tr> <th data-bbox="293 792 552 1010">Examples of knowledge (K)</th> <th data-bbox="552 792 826 1010">Examples of application/context (APP)</th> <th data-bbox="826 792 1082 1010">Examples of limited analysis (AN)</th> <th data-bbox="1082 792 1342 1010">Examples of good analysis (ANAN) <i>Must be in context (i.e. APP awarded)</i></th> </tr> </thead> <tbody> <tr> <td data-bbox="293 1010 552 1227">The internet can reach many people</td> <td data-bbox="552 1010 826 1227">Greater number of potential customers who may buy cards from OC for special occasions</td> <td data-bbox="826 1010 1082 1227">This may lead to increased sales</td> <td data-bbox="1082 1010 1342 1227">Increased sales → more revenue → more profit</td> </tr> <tr> <td data-bbox="293 1227 552 1382">Cheaper to promote</td> <td data-bbox="552 1227 826 1382">OC is a family business with limited capital</td> <td data-bbox="826 1227 1082 1382">Keeps costs down for OC</td> <td data-bbox="1082 1227 1342 1382">Lower costs → may increase capital for expansion</td> </tr> <tr> <td data-bbox="293 1382 552 1581">Can use internet links to send customers to their website</td> <td data-bbox="552 1382 826 1581">Using OC's well established social media presence Can link directly to the CAD software</td> <td data-bbox="826 1382 1082 1581">Increases the number of potential customers</td> <td data-bbox="1082 1382 1342 1581">Increased sales → more revenue → more profit</td> </tr> <tr> <td data-bbox="293 1581 552 1767">Attracts a younger audience</td> <td data-bbox="552 1581 826 1767">Greetings cards can be targeted at a younger audience</td> <td data-bbox="826 1581 1082 1767">Leading to less competition for OC</td> <td data-bbox="1082 1581 1342 1767">Less competition → higher prices → more profit margin → increased profit</td> </tr> </tbody> </table>				Examples of knowledge (K)	Examples of application/context (APP)	Examples of limited analysis (AN)	Examples of good analysis (ANAN) <i>Must be in context (i.e. APP awarded)</i>	The internet can reach many people	Greater number of potential customers who may buy cards from OC for special occasions	This may lead to increased sales	Increased sales → more revenue → more profit	Cheaper to promote	OC is a family business with limited capital	Keeps costs down for OC	Lower costs → may increase capital for expansion	Can use internet links to send customers to their website	Using OC's well established social media presence Can link directly to the CAD software	Increases the number of potential customers	Increased sales → more revenue → more profit	Attracts a younger audience	Greetings cards can be targeted at a younger audience	Leading to less competition for OC	Less competition → higher prices → more profit margin → increased profit	
Examples of knowledge (K)	Examples of application/context (APP)	Examples of limited analysis (AN)	Examples of good analysis (ANAN) <i>Must be in context (i.e. APP awarded)</i>																						
The internet can reach many people	Greater number of potential customers who may buy cards from OC for special occasions	This may lead to increased sales	Increased sales → more revenue → more profit																						
Cheaper to promote	OC is a family business with limited capital	Keeps costs down for OC	Lower costs → may increase capital for expansion																						
Can use internet links to send customers to their website	Using OC's well established social media presence Can link directly to the CAD software	Increases the number of potential customers	Increased sales → more revenue → more profit																						
Attracts a younger audience	Greetings cards can be targeted at a younger audience	Leading to less competition for OC	Less competition → higher prices → more profit margin → increased profit																						

Question	Answer				Marks
1(c)	Examples of disadvantages:				
Examples of knowledge (K)	Examples of application/context (APP)	Examples of limited analysis (AN)	Examples of good analysis (ANAN) <i>Must be in context (i.e. APP awarded)</i>		
The internet may not be targetted	Many wasted views of the promotion by people who have no interest in buying greetings cards	This may lead to increased costs for promotion which is wasted	Increased costs → lower profit margin → less profit		
Open to hackers	OC only sells greeting cards through the internet	Disable OCs ability to make sales	Decreased sales → lower profit/increased chance of loss		
	OC does not have much capital as it is family owned	May not be able to afford the costs of good security	More chance of website being offline → decreased sales → lower profit/increased chance of loss		
No control of internet marketing	OC relies on social media and viral marketing	Can create a bad reputation	Decreased sales → lower profit/increased chance of loss		
	Greeting card industry requires a good reputation				
Fast moving/dynamic environment	As opposed to the greetings card market which is well established (i.e. Christmas, special occasions etc.)	May need to be updated regularly which may not be the case with traditional promotion	Increased costs → lower profit margin → less profit		

Question	Answer				Marks	
1(d)	Evaluate the owners' decision to change the legal structure of OC to a public limited company.				11	
Knowledge and Application (4 marks)		Marks	Analysis and Evaluation (7 marks)			Marks
			Justified evaluation based on argument(s) in context			7
			Developed evaluation based on argument(s) in context			6
			An evaluative statement based on argument(s) in context			5
Shows understanding of changing from a private limited company to a public limited company		3–4	Argument based on the impact(s) of changing the legal structure of OC to a public limited company			3–4
Shows knowledge of legal structures		1–2	Limited analysis of TWO (or more) impacts of changing legal structure			2
			Limited analysis of ONE impact of changing legal structure			1
No creditable content						
Note: APP marks can be gained from the change from Ltd to PLC without any mention of the business because this is the context given to the candidates						
Answers could include:						
Benefits						
<ul style="list-style-type: none"> • OC could access more capital which may allow OC to expand further and use more traditional marketing methods • OC has started to see increased non current liabilities – by increasing the equity this may be reversed • Owners may become wealthy from selling their shares 						
Drawbacks						
<ul style="list-style-type: none"> • OC might lose the family atmosphere, reducing the workers motivation • OC will need to publish their financial information if they become a plc which may give competitors an advantage • Owners may lose their control of OC • Owners will need to share profits 						

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

Question	Answer	Marks								
2	Nearly New (NN)									
2(a)(i)	<p data-bbox="276 315 655 344">Define the term ‘inventory’.</p> <table border="1" data-bbox="300 378 1334 580"> <thead> <tr> <th data-bbox="300 378 1048 427">Knowledge and Application</th> <th data-bbox="1048 378 1334 427">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="300 427 1048 477">A correct definition</td> <td data-bbox="1048 427 1334 477">2</td> </tr> <tr> <td data-bbox="300 477 1048 526">A partially correct definition</td> <td data-bbox="1048 477 1334 526">1</td> </tr> <tr> <td data-bbox="300 526 1048 580">No creditable content</td> <td data-bbox="1048 526 1334 580">0</td> </tr> </tbody> </table> <p data-bbox="276 618 1010 647">A correct definition will cover two of the following bullets:</p> <ul data-bbox="336 687 1350 853" style="list-style-type: none"> • Stock • Raw materials, work in progress, finished products • Used in, or the result of the production process/operations – to fulfil future demand, to sell • Current asset <p data-bbox="276 896 1350 987"><i>Note: Inventory is a syllabus term to mean the stock of a business – a definition of inventory in terms of all the assets owned by a business (i.e. to take an inventory) is not rewardable.</i></p>	Knowledge and Application	Marks	A correct definition	2	A partially correct definition	1	No creditable content	0	2
Knowledge and Application	Marks									
A correct definition	2									
A partially correct definition	1									
No creditable content	0									

Question	Answer	Marks																																	
2(a)(ii)	<p data-bbox="276 248 788 282">Briefly explain the term ‘sole trader’.</p> <table border="1" data-bbox="300 315 1337 835"> <tr> <td data-bbox="304 315 363 365">C</td> <td data-bbox="363 315 1201 389">One mark for each of the following (up to a maximum of two marks):</td> <td data-bbox="1201 315 1332 389">1–2 marks</td> </tr> <tr> <td data-bbox="304 365 363 748">B</td> <td data-bbox="363 365 1201 748"> <ul style="list-style-type: none"> • Unincorporated • Unlimited liability • No continuity • No separate legal identity • Income tax must be paid (not corporation tax) • Owns all of the profit/responsible for all the losses/takes all the risk • Shares cannot be sold • Accounts do not need to be produced/published/made available </td> <td data-bbox="1201 365 1332 748"></td> </tr> <tr> <td data-bbox="304 748 363 835">A</td> <td data-bbox="363 748 1201 835">One individual or one person (must be a clear idea of a single person)</td> <td data-bbox="1201 748 1332 835">1 mark</td> </tr> </table> <p data-bbox="276 869 1150 902">Note: the B and C marks are dependent on gaining the A mark</p> <table border="1" data-bbox="300 936 1337 1776"> <thead> <tr> <th data-bbox="304 936 820 987">Exemplar</th> <th data-bbox="820 936 935 987">Marks</th> <th data-bbox="935 936 1332 987">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="304 987 820 1104">Owned by one person who has unlimited liability and takes of the profit for themselves.</td> <td data-bbox="820 987 935 1104">3</td> <td data-bbox="935 987 1332 1104">A, B and C</td> </tr> <tr> <td data-bbox="304 1104 820 1220">A single owner with no shareholders and accounts do not need to be published.</td> <td data-bbox="820 1104 935 1220">3</td> <td data-bbox="935 1104 1332 1220">A, B and C</td> </tr> <tr> <td data-bbox="304 1220 820 1337">A sole trader has unlimited liability and no continuity. It is owned by one person.</td> <td data-bbox="820 1220 935 1337">3</td> <td data-bbox="935 1220 1332 1337">It does not matter if the A mark comes after the B and C marks</td> </tr> <tr> <td data-bbox="304 1337 820 1420">Owned by one person with no shareholders</td> <td data-bbox="820 1337 935 1420">2</td> <td data-bbox="935 1337 1332 1420">A and B</td> </tr> <tr> <td data-bbox="304 1420 820 1536">A sole trader does not have any shareholders</td> <td data-bbox="820 1420 935 1536">0</td> <td data-bbox="935 1420 1332 1536">No A mark – this could just as easily apply to a partnership.</td> </tr> <tr> <td data-bbox="304 1536 820 1653">A business that has unlimited liability with no shareholders and no continuity.</td> <td data-bbox="820 1536 935 1653">0</td> <td data-bbox="935 1536 1332 1653">No A mark – this could just as easily apply to a partnership.</td> </tr> <tr> <td data-bbox="304 1653 820 1776">The person responsible for finance, decision making etc...</td> <td data-bbox="820 1653 935 1776">0</td> <td data-bbox="935 1653 1332 1776">No understanding of one owner – this could be a manager</td> </tr> </tbody> </table>	C	One mark for each of the following (up to a maximum of two marks):	1–2 marks	B	<ul style="list-style-type: none"> • Unincorporated • Unlimited liability • No continuity • No separate legal identity • Income tax must be paid (not corporation tax) • Owns all of the profit/responsible for all the losses/takes all the risk • Shares cannot be sold • Accounts do not need to be produced/published/made available 		A	One individual or one person (must be a clear idea of a single person)	1 mark	Exemplar	Marks	Rationale	Owned by one person who has unlimited liability and takes of the profit for themselves.	3	A, B and C	A single owner with no shareholders and accounts do not need to be published.	3	A, B and C	A sole trader has unlimited liability and no continuity. It is owned by one person.	3	It does not matter if the A mark comes after the B and C marks	Owned by one person with no shareholders	2	A and B	A sole trader does not have any shareholders	0	No A mark – this could just as easily apply to a partnership.	A business that has unlimited liability with no shareholders and no continuity.	0	No A mark – this could just as easily apply to a partnership.	The person responsible for finance, decision making etc...	0	No understanding of one owner – this could be a manager	3
C	One mark for each of the following (up to a maximum of two marks):	1–2 marks																																	
B	<ul style="list-style-type: none"> • Unincorporated • Unlimited liability • No continuity • No separate legal identity • Income tax must be paid (not corporation tax) • Owns all of the profit/responsible for all the losses/takes all the risk • Shares cannot be sold • Accounts do not need to be produced/published/made available 																																		
A	One individual or one person (must be a clear idea of a single person)	1 mark																																	
Exemplar	Marks	Rationale																																	
Owned by one person who has unlimited liability and takes of the profit for themselves.	3	A, B and C																																	
A single owner with no shareholders and accounts do not need to be published.	3	A, B and C																																	
A sole trader has unlimited liability and no continuity. It is owned by one person.	3	It does not matter if the A mark comes after the B and C marks																																	
Owned by one person with no shareholders	2	A and B																																	
A sole trader does not have any shareholders	0	No A mark – this could just as easily apply to a partnership.																																	
A business that has unlimited liability with no shareholders and no continuity.	0	No A mark – this could just as easily apply to a partnership.																																	
The person responsible for finance, decision making etc...	0	No understanding of one owner – this could be a manager																																	

Question	Answer	Marks																															
2(b)(i)	<p data-bbox="276 248 1334 315">Calculate the total profit that Nathan would make if he sold the whole batch of repaired laptop computers.</p> <table border="1" data-bbox="301 349 1334 698"> <thead> <tr> <th data-bbox="309 349 440 398">Mark</th> <th data-bbox="440 349 1334 398">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="309 398 440 483">3 marks</td> <td data-bbox="440 398 1334 483">Correct calculation of the total profit (no \$ required) with or without correct working</td> </tr> <tr> <td data-bbox="309 483 440 568">2 marks</td> <td data-bbox="440 483 1334 568">Correct calculation of total costs or correct calculation of total revenue (with working)</td> </tr> <tr> <td data-bbox="309 568 440 654">1 mark</td> <td data-bbox="440 568 1334 654">Correct formula or correct calculation of total variable costs (with working)</td> </tr> <tr> <td data-bbox="309 654 440 698">0 marks</td> <td data-bbox="440 654 1334 698">No creditable content</td> </tr> </tbody> </table> <p data-bbox="276 734 1286 801">Note: allow an answer of 1500 even if the candidate has identified it as a different figure in the answer (i.e. Total Cost = 1500 = 3 marks)</p> <p data-bbox="276 837 400 869">Formula:</p> <p data-bbox="276 904 724 936">Total revenue – total costs = profit</p> <p data-bbox="276 972 459 1003">Calculations:</p> <table data-bbox="276 1039 957 1411"> <tbody> <tr> <td data-bbox="276 1039 766 1070">Total variable costs = 20 × £50 repair</td> <td data-bbox="791 1039 807 1070">=</td> <td data-bbox="871 1039 954 1070">\$1000</td> </tr> <tr> <td data-bbox="276 1106 638 1137">Total costs = Purchase cost</td> <td data-bbox="791 1106 807 1137">=</td> <td data-bbox="871 1106 954 1137">\$2000</td> </tr> <tr> <td data-bbox="453 1142 638 1173">20 × £50 repair</td> <td data-bbox="791 1142 807 1173">=</td> <td data-bbox="871 1142 954 1173"><u>\$1000</u></td> </tr> <tr> <td></td> <td></td> <td data-bbox="871 1178 954 1209">\$3000</td> </tr> <tr> <td data-bbox="276 1276 446 1308">50% mark up</td> <td data-bbox="791 1276 807 1308">=</td> <td data-bbox="871 1276 954 1308"><u>\$1500</u></td> </tr> <tr> <td></td> <td></td> <td data-bbox="871 1312 954 1344">\$4500</td> </tr> <tr> <td data-bbox="276 1379 344 1411">Profit</td> <td data-bbox="791 1379 807 1411">=</td> <td data-bbox="871 1379 954 1411"><u>\$1500</u></td> </tr> </tbody> </table>	Mark	Rationale	3 marks	Correct calculation of the total profit (no \$ required) with or without correct working	2 marks	Correct calculation of total costs or correct calculation of total revenue (with working)	1 mark	Correct formula or correct calculation of total variable costs (with working)	0 marks	No creditable content	Total variable costs = 20 × £50 repair	=	\$1000	Total costs = Purchase cost	=	\$2000	20 × £50 repair	=	<u>\$1000</u>			\$3000	50% mark up	=	<u>\$1500</u>			\$4500	Profit	=	<u>\$1500</u>	3
Mark	Rationale																																
3 marks	Correct calculation of the total profit (no \$ required) with or without correct working																																
2 marks	Correct calculation of total costs or correct calculation of total revenue (with working)																																
1 mark	Correct formula or correct calculation of total variable costs (with working)																																
0 marks	No creditable content																																
Total variable costs = 20 × £50 repair	=	\$1000																															
Total costs = Purchase cost	=	\$2000																															
20 × £50 repair	=	<u>\$1000</u>																															
		\$3000																															
50% mark up	=	<u>\$1500</u>																															
		\$4500																															
Profit	=	<u>\$1500</u>																															

Question	Answer		Marks
2(b)(i)	Common answers		
	Answer	Marks	Rationale
1500 (no working)	3		Allow the answer with or without working and \$ or incorrect working
\$2000 + \$1000 = \$3000	2		Working to support that this is the total cost figure
3000 (no working)	0		A wrong answer with no working to know where the answer has come from
20 × \$50 = \$1000	1		Working to support the calculation of variable costs
\$2000	0		A wrong answer with no working to know where the answer has come from
50% of \$2000 = \$1000 20 × \$50 = \$1000 So profit = \$0	2		One error – mark up was calculated on FC not TC OFR
<u>\$2000</u> 20 = \$100 (FC per computer) \$100 + \$50 (VC) = \$150 (total cost per computer) 50% of \$150 = \$75 (mark up per computer) \$150 + \$75 = \$225 (price per computer) \$225 × 20 = \$4500 (total selling revenue)	2		A route to find total revenue but no profit figure – any valid route to find TR correctly without a correct calculation of profit should be awarded 2 marks as long as there is working.
\$4500 (no working)	0		A wrong answer with no working to know where the answer has come from

Question	Answer	Marks																													
2(b)(ii)	<p data-bbox="276 248 1286 282">Explain <u>one</u> advantage to Nathan of using a cost based pricing strategy.</p> <table border="1" data-bbox="300 315 1334 667"> <thead> <tr> <th data-bbox="300 315 496 365">Level</th> <th data-bbox="496 315 1142 365">Knowledge and Application</th> <th data-bbox="1142 315 1334 365">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="300 365 496 450">2 (APPAPP)</td> <td data-bbox="496 365 1142 450">Explanation of an <u>advantage</u> of using cost based pricing in context</td> <td data-bbox="1142 365 1334 450">3</td> </tr> <tr> <td data-bbox="300 450 496 535">2 (APP)</td> <td data-bbox="496 450 1142 535">Identification of an <u>advantage</u> of using cost based pricing in context</td> <td data-bbox="1142 450 1334 535">2</td> </tr> <tr> <td data-bbox="300 535 496 620">1 (K)</td> <td data-bbox="496 535 1142 620">Identification of an <u>advantage</u> of using cost based pricing</td> <td data-bbox="1142 535 1334 620">1</td> </tr> <tr> <td data-bbox="300 620 496 667">0</td> <td data-bbox="496 620 1142 667">No creditable content</td> <td data-bbox="1142 620 1334 667">0</td> </tr> </tbody> </table> <p data-bbox="276 701 579 734">Answers could include:</p> <table border="1" data-bbox="300 768 1334 1590"> <thead> <tr> <th data-bbox="300 768 647 887">Examples of identifications of an advantage (K)</th> <th data-bbox="647 768 991 887">Examples of context (APP)</th> <th data-bbox="991 768 1334 887">Possible explanations (APPAPP)</th> </tr> </thead> <tbody> <tr> <td data-bbox="300 887 647 1189" rowspan="2">Quick and simple</td> <td data-bbox="647 887 991 1037">Nathan is a computer engineer and may not be experienced in running a business.</td> <td data-bbox="991 887 1334 1037">Therefore this will save Nathan time.</td> </tr> <tr> <td data-bbox="647 1037 991 1189">Nathan needs to focus on repairing computers not complicated pricing methods.</td> <td data-bbox="991 1037 1334 1189">So Nathan can focus on gaining sales for the business.</td> </tr> <tr> <td data-bbox="300 1189 647 1339">Always leads to a profit Always covers the full cost of each computer</td> <td data-bbox="647 1189 991 1339">Each computer has a total cost of \$150.</td> <td data-bbox="991 1189 1334 1339">So any price higher than this will result in a profit for Nathan.</td> </tr> <tr> <td data-bbox="300 1339 647 1590">Predictable profit margin</td> <td data-bbox="647 1339 991 1590">Nathan chose a 50% mark-up.</td> <td data-bbox="991 1339 1334 1590">So the mark-up should always equal the profit margin. So Nathan can target a certain margin that he will find acceptable.</td> </tr> </tbody> </table>	Level	Knowledge and Application	Marks	2 (APPAPP)	Explanation of an <u>advantage</u> of using cost based pricing in context	3	2 (APP)	Identification of an <u>advantage</u> of using cost based pricing in context	2	1 (K)	Identification of an <u>advantage</u> of using cost based pricing	1	0	No creditable content	0	Examples of identifications of an advantage (K)	Examples of context (APP)	Possible explanations (APPAPP)	Quick and simple	Nathan is a computer engineer and may not be experienced in running a business.	Therefore this will save Nathan time.	Nathan needs to focus on repairing computers not complicated pricing methods.	So Nathan can focus on gaining sales for the business.	Always leads to a profit Always covers the full cost of each computer	Each computer has a total cost of \$150.	So any price higher than this will result in a profit for Nathan.	Predictable profit margin	Nathan chose a 50% mark-up.	So the mark-up should always equal the profit margin. So Nathan can target a certain margin that he will find acceptable.	3
Level	Knowledge and Application	Marks																													
2 (APPAPP)	Explanation of an <u>advantage</u> of using cost based pricing in context	3																													
2 (APP)	Identification of an <u>advantage</u> of using cost based pricing in context	2																													
1 (K)	Identification of an <u>advantage</u> of using cost based pricing	1																													
0	No creditable content	0																													
Examples of identifications of an advantage (K)	Examples of context (APP)	Possible explanations (APPAPP)																													
Quick and simple	Nathan is a computer engineer and may not be experienced in running a business.	Therefore this will save Nathan time.																													
	Nathan needs to focus on repairing computers not complicated pricing methods.	So Nathan can focus on gaining sales for the business.																													
Always leads to a profit Always covers the full cost of each computer	Each computer has a total cost of \$150.	So any price higher than this will result in a profit for Nathan.																													
Predictable profit margin	Nathan chose a 50% mark-up.	So the mark-up should always equal the profit margin. So Nathan can target a certain margin that he will find acceptable.																													

Question	Answer				Marks																													
2(c)	Analyse <u>two</u> methods Nathan could use to improve NN's cash flow.				8																													
<table border="1"> <thead> <tr> <th data-bbox="300 315 405 394">Level</th> <th data-bbox="405 315 715 394">Knowledge and application</th> <th data-bbox="715 315 826 394"></th> <th data-bbox="826 315 1222 394">Analysis</th> <th data-bbox="1222 315 1334 394"></th> </tr> </thead> <tbody> <tr> <td data-bbox="300 394 405 584" rowspan="2" style="text-align: center;">2</td> <td data-bbox="405 394 715 584">Shows understanding of TWO methods of improving cash flow in context</td> <td data-bbox="715 394 826 584" style="text-align: center;">4</td> <td data-bbox="826 394 1222 584">Good analysis of TWO methods of improving cash flow in context</td> <td data-bbox="1222 394 1334 584" style="text-align: center;">4</td> </tr> <tr> <td data-bbox="405 584 715 775">Shows understanding of ONE method of improving cash flow in context</td> <td data-bbox="715 584 826 775" style="text-align: center;">3</td> <td data-bbox="826 584 1222 775">Good analysis of ONE method of improving cash flow in context</td> <td data-bbox="1222 584 1334 775" style="text-align: center;">3</td> </tr> <tr> <td data-bbox="300 775 405 887" rowspan="2" style="text-align: center;">1</td> <td data-bbox="405 775 715 887">Shows knowledge of TWO methods of improving cash flow</td> <td data-bbox="715 775 826 887" style="text-align: center;">2</td> <td data-bbox="826 775 1222 887">Limited analysis of TWO methods of improving cash flow</td> <td data-bbox="1222 775 1334 887" style="text-align: center;">2</td> </tr> <tr> <td data-bbox="405 887 715 1032">Shows knowledge of cash flow or ONE method of improving cashflow</td> <td data-bbox="715 887 826 1032" style="text-align: center;">1</td> <td data-bbox="826 887 1222 1032">Limited analysis of ONE method of improving cash flow</td> <td data-bbox="1222 887 1334 1032" style="text-align: center;">1</td> </tr> <tr> <td data-bbox="300 1032 405 1088" style="text-align: center;">0</td> <td colspan="4" data-bbox="405 1032 1334 1088" style="text-align: center;">No creditable content</td> <td data-bbox="1222 1032 1334 1088"></td> </tr> </tbody> </table>						Level	Knowledge and application		Analysis		2	Shows understanding of TWO methods of improving cash flow in context	4	Good analysis of TWO methods of improving cash flow in context	4	Shows understanding of ONE method of improving cash flow in context	3	Good analysis of ONE method of improving cash flow in context	3	1	Shows knowledge of TWO methods of improving cash flow	2	Limited analysis of TWO methods of improving cash flow	2	Shows knowledge of cash flow or ONE method of improving cashflow	1	Limited analysis of ONE method of improving cash flow	1	0	No creditable content				
Level	Knowledge and application		Analysis																															
2	Shows understanding of TWO methods of improving cash flow in context	4	Good analysis of TWO methods of improving cash flow in context	4																														
	Shows understanding of ONE method of improving cash flow in context	3	Good analysis of ONE method of improving cash flow in context	3																														
1	Shows knowledge of TWO methods of improving cash flow	2	Limited analysis of TWO methods of improving cash flow	2																														
	Shows knowledge of cash flow or ONE method of improving cashflow	1	Limited analysis of ONE method of improving cash flow	1																														
0	No creditable content																																	
<i>One factor analysed in context, max 3 + 3</i>																																		
Note: the focus of the analysis must be on improving cashflow																																		
Answers could include:																																		
<ul style="list-style-type: none"> • Could use a cashflow forecast to identify when Nathan needs extra cash • Nathan could take a partner (this is contextual) • Could arrange credit facilities with suppliers– would the large electrical retailers offer him any credit? • If Nathan currently offers credit (unlikely) he could make sure his customers pay on delivery or in advance. • Nathan could take out a short term source of finance for times when he needs extra cash to purchase inventory – cost of finance, likelihood of getting finance • Take out a long term source of finance to give Nathan access to cash when he needs it – opportunity cost of using finance, cost of finance • Keep a low amount of cash tied up in inventory – unlikely to be popular as customers want next day delivery and a range of computers 																																		

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

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

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