



## Cambridge International AS & A Level

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**BUSINESS**

**9609/22**

Paper 2 Data Response

**October/November 2020**

MARK SCHEME

Maximum Mark: 60

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**Published**

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

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

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

Cambridge International is publishing the mark schemes for the October/November 2020 series for most Cambridge IGCSE™, Cambridge International A and AS Level and Cambridge Pre-U components, and some Cambridge O Level components.

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This document consists of **20** printed pages.

**Generic Marking Principles**

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level 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 ‘revenue’ (line 2).</b></p> <table border="1" data-bbox="331 315 1329 577"> <thead> <tr> <th data-bbox="331 315 1155 380">Knowledge</th> <th data-bbox="1155 315 1329 380">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="331 380 1155 448">A correct definition</td> <td data-bbox="1155 380 1329 448">2</td> </tr> <tr> <td data-bbox="331 448 1155 515">A partial, vague or unfocused definition</td> <td data-bbox="1155 448 1329 515">1</td> </tr> <tr> <td data-bbox="331 515 1155 577">No creditable content</td> <td data-bbox="1155 515 1329 577">0</td> </tr> </tbody> </table> <p><b>Content</b> A correct definition should include the following elements (allow one mark for each element):</p> <ul style="list-style-type: none"> <li>• Revenue is the money received (by a business)</li> <li>• for selling its products and services.</li> </ul> <p>Alternatively, a candidate can gain BOTH marks for a correct formula:</p> <ul style="list-style-type: none"> <li>• Price × quantity sold (2)</li> </ul> <table border="1" data-bbox="331 920 1321 1279"> <thead> <tr> <th data-bbox="331 920 858 983">Exemplar</th> <th data-bbox="858 920 991 983">Mark</th> <th data-bbox="991 920 1321 983">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="331 983 858 1084">Revenue is the money a firm gets from sales</td> <td data-bbox="858 983 991 1084">2</td> <td data-bbox="991 983 1321 1084">Both elements</td> </tr> <tr> <td data-bbox="331 1084 858 1149">Price × Quantity</td> <td data-bbox="858 1084 991 1149">2</td> <td data-bbox="991 1084 1321 1149">Valid formula</td> </tr> <tr> <td data-bbox="331 1149 858 1214">The income of a firm</td> <td data-bbox="858 1149 991 1214">1</td> <td data-bbox="991 1149 1321 1214">First element only</td> </tr> <tr> <td data-bbox="331 1214 858 1279">Revenue is the profit of a firm</td> <td data-bbox="858 1214 991 1279">0</td> <td data-bbox="991 1214 1321 1279">Incorrect</td> </tr> </tbody> </table>	Knowledge	Marks	A correct definition	2	A partial, vague or unfocused definition	1	No creditable content	0	Exemplar	Mark	Rationale	Revenue is the money a firm gets from sales	2	Both elements	Price × Quantity	2	Valid formula	The income of a firm	1	First element only	Revenue is the profit of a firm	0	Incorrect	2
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1(a)(ii)	<p><b>Explain the term ‘unit costs’ (line 6).</b></p> <p>Award one mark for each point of explanation:</p> <table border="1" data-bbox="331 1447 1329 1877"> <thead> <tr> <th colspan="2" data-bbox="331 1447 1155 1512">Rationale</th> <th data-bbox="1155 1447 1329 1512">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="331 1512 427 1646"><b>C</b></td> <td data-bbox="427 1512 1155 1646">Example or some other way of showing good understanding – only if both A <u>and</u> B marks have been gained</td> <td data-bbox="1155 1512 1329 1646">1</td> </tr> <tr> <td data-bbox="331 1646 427 1742"><b>B</b></td> <td data-bbox="427 1646 1155 1742">An understanding of unit – must be an idea of a <u>single</u> product/good</td> <td data-bbox="1155 1646 1329 1742">1</td> </tr> <tr> <td data-bbox="331 1742 427 1877"><b>A</b></td> <td data-bbox="427 1742 1155 1877">An understanding of costs – must be an idea that a cost is something paid by a business or incurred from production</td> <td data-bbox="1155 1742 1329 1877">1</td> </tr> </tbody> </table>	Rationale		Marks	<b>C</b>	Example or some other way of showing good understanding – only if both A <u>and</u> B marks have been gained	1	<b>B</b>	An understanding of unit – must be an idea of a <u>single</u> product/good	1	<b>A</b>	An understanding of costs – must be an idea that a cost is something paid by a business or incurred from production	1	3											
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Question	Answer			Marks
1(a)(ii)	<b>Content</b>			
	<b>Exemplar</b>	<b>Marks</b>	<b>Rationale</b>	
	The amount that a business must pay out (A) to produce a single item (B). For example, this may be what ES has to pay out to produce a single unit of energy.	3	All three marks	
	How much a business pays (A) to make a single produce (B).	2	Both A and B marks	
	Total costs/output.	2	Both A and B marks	
	Costs are incurred by a business by production.	1	A mark only	
	The total costs, which include fixed and variable costs of products divided by the number of products (B).	1	Clear understanding of a single unit, but no explanation of what a cost is.	
	What it costs for a unit (B).	1	'...a unit' is enough for the B mark.	
	The cost of one (B) unit of a good. An example would be the cost of one can of cola.	1	A clear idea of a single unit. However, example mark cannot be given without A and B marks awarded.	
The cost of units.	0	Neither unit or cost is explained.		

Question	Answer	Marks																			
1(b)(i)	<p><b>Refer to Table 1.1. Calculate the difference in dollars received by each director and each manager from the profit-sharing scheme.</b></p> <table border="1" data-bbox="331 349 1326 674"> <thead> <tr> <th>Rationale</th> <th>Marks</th> </tr> </thead> <tbody> <tr> <td>Correct answer with or without correct working or \$</td> <td>3</td> </tr> <tr> <td>Correct calculation of Directors share <b>and</b> Managers share</td> <td>2</td> </tr> <tr> <td>Correct calculation of Directors share <b>or</b> Managers share</td> <td>1</td> </tr> <tr> <td>No creditable content</td> <td>0</td> </tr> </tbody> </table> <p><b>Content</b></p> <ul style="list-style-type: none"> <li>Directors share of the profit = 0.25% = 0.25% of \$12 m = \$30 000 (\$0.03 m)</li> <li>Managers share of the profit = 0.1% = 0.1% of \$12 m = \$12 000 (\$0.012 m)</li> <li>\$30 000 – \$12 000 = \$18 000</li> </ul> <p>Answer = \$18 000 (\$0.018 m) OFR – award for the answer if there is clear working shown for the two earlier numbers (even if both of these numbers are wrong)</p> <p>Common answers</p> <table border="1" data-bbox="331 1151 1326 1581"> <thead> <tr> <th>Answer</th> <th>Mark</th> <th>Rationale</th> </tr> </thead> <tbody> <tr> <td>18 000</td> <td>3</td> <td>Correct answer – does not need \$</td> </tr> <tr> <td>\$12 m 0.25 = \$48 m  \$12 m 0.1 = \$120 m  \$48 m + \$120 m = \$168 m</td> <td>1</td> <td>Candidate has inverted the profit-sharing formula for both Directors and Managers, which are not creditable. However, the candidate then completes the last stage correctly and based on their own figure (OFR) should be awarded one mark.</td> </tr> </tbody> </table> <p><i>*OFR means the use of the own figure rule – this aims to reward a candidate for the stages of a calculation that are correct, even if an earlier stage or figure used is incorrect. An early mistake, for example, would create all following calculations to have wrong answers, but these are still rewardable (if correct when using a candidate’s own figures) Therefore the candidate cannot gain marks for the stage that was incorrect, but can gain all the subsequent marks.</i></p>	Rationale	Marks	Correct answer with or without correct working or \$	3	Correct calculation of Directors share <b>and</b> Managers share	2	Correct calculation of Directors share <b>or</b> Managers share	1	No creditable content	0	Answer	Mark	Rationale	18 000	3	Correct answer – does not need \$	\$12 m 0.25 = \$48 m  \$12 m 0.1 = \$120 m  \$48 m + \$120 m = \$168 m	1	Candidate has inverted the profit-sharing formula for both Directors and Managers, which are not creditable. However, the candidate then completes the last stage correctly and based on their own figure (OFR) should be awarded one mark.	3
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1(b)(ii)	<b>Explain <u>one</u> disadvantage to ES of using a profit-sharing scheme.</b>			<b>3</b>															
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<p><b>Content</b></p> <ul style="list-style-type: none"> <li>• ES might not have enough retained profit to invest in the new licenses for fracking.</li> <li>• ES shareholders might sell their shares because of low dividends leading to the company being taken over.</li> <li>• Increases the costs of the business and therefore could make ES less competitive (many competitors in the market).</li> <li>• May cause employer/employee issues because of the different shares gained (use of previous answers – OFR).</li> </ul>																			
Example of how responses should be marked																			
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th data-bbox="331 1155 663 1249">Identification of a disadvantage</th> <th data-bbox="663 1155 995 1249">Explanation</th> <th data-bbox="995 1155 1326 1249">Possible context</th> </tr> </thead> <tbody> <tr> <td data-bbox="331 1249 663 1384">The owners get less profit</td> <td data-bbox="663 1249 995 1384">Which may lead to them selling their shares</td> <td data-bbox="995 1249 1326 1384">Because ES is a public limited company</td> </tr> <tr> <td data-bbox="331 1384 663 1518">There is less retained profit for ES</td> <td data-bbox="663 1384 995 1518">Which may lead to lower growth for ES</td> <td data-bbox="995 1384 1326 1518">Which might stop their expansion into future fracking sites</td> </tr> </tbody> </table>					Identification of a disadvantage	Explanation	Possible context	The owners get less profit	Which may lead to them selling their shares	Because ES is a public limited company	There is less retained profit for ES	Which may lead to lower growth for ES	Which might stop their expansion into future fracking sites						
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Question	Answer				Marks
1(c)	<b>Analyse <u>one</u> internal source of finance and <u>one</u> external source of finance that ES could use to purchase a fracking license.</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 and one external source of finance in context	4	Good analysis of one internal and one external source of finance in context	4
	2a	Shows understanding of one internal or one external source of finance in context	3	Good analysis of one internal or one external source of finance in context	3
	1b	Shows knowledge of one internal and one external source of finance	2	Limited analysis of one internal and one external source of finance	2
	1a	Shows knowledge of one internal or one external source of finance	1	Limited analysis of one internal or one external source of finance	1
	0	No creditable content			0
	<p><b>Content</b></p> <p><i>Internal</i></p> <ul style="list-style-type: none"> <li>• Retained earnings – ES made \$12m profit in 2018, so likely to have some retained earnings to use as a source of finance</li> <li>• Sale of assets – ES owns some old coalmines – could these be sold to raise finance for the licenses.</li> </ul> <p><i>External</i></p> <ul style="list-style-type: none"> <li>• Selling shares – plc so able to raise funds in this way – profitable and may be able to sell on the basis of publicity that profits will increase</li> <li>• Government grants – government of country X is very supportive of fracking, so may be willing to give a grant to ES</li> <li>• Bank loans – profitable business, promising future returns</li> </ul> <p><i>Allow a rights issue (to current shareholders) as an internal source of finance. However, simply selling shares (with no explicit reference to selling to current shareholders) is an external source of finance.</i></p>				

Question	Answer			Marks
1(c)	<b>Example of an internal source of finance (K)</b>	<b>Examples of application/context (APP)</b>	<b>Examples of possible analysis (AN + DEV)</b>	
	Retained profit (K)	ES had \$12m retained profit in 2019 (APP)	Does not need to be repaid (AN) but there is an opportunity cost (DEV)	
	<b>Example of an external source of finance (K)</b>	<b>Examples of application/context (APP)</b>	<b>Examples of possible analysis (AN + DEV)</b>	
	Sell shares (K)	ES is a Public Limited Company (APP)	So, by selling shares this can release cash to finance the purchase of the fracking license (AN), however, this may lead to a loss of control by the current owners (DEV)	



Question	Answer				Marks	
1(d)	<b>Evaluate how <u>two</u> external stakeholders of ES might be affected by the company continuing to use the fracking process.</b>				<b>11</b>	
<b>Knowledge and Application (4 marks)</b>		<b>Marks</b>	<b>Analysis and Evaluation (7 marks)</b>			<b>Marks</b>
			Justified evaluation based on arguments in context			7
			Developed evaluation based on arguments in context			6
			An evaluative statement based on arguments in context			5
Shows understanding of two external stakeholders in context		4	Arguments based on the effect on two external stakeholders in context			4
Shows understanding of one external stakeholder in context		3	Arguments based on the effect on one external stakeholder in context			3
Shows knowledge of two external stakeholders		2	Limited analysis of the effect on two external stakeholders			2
Shows knowledge of one external stakeholder		1	Limited analysis of the effect on one external stakeholder			1
No creditable content				0		

Question	Answer	Marks
1(d)	<p><b>Content</b></p> <ul style="list-style-type: none"> <li>• Local community/society – devaluation of houses, earthquakes, pollution</li> <li>• Activists/environmentalists/pressure groups – damage to the natural environment, pollution etc.</li> <li>• Potential investors – attracted to future profit but could be put off by bad publicity (not current shareholders)</li> <li>• Potential employees – Growth in jobs</li> <li>• Customers – cheaper energy, cost of living</li> <li>• Suppliers – increased demand because of ES growing</li> <li>• Lenders – risk of bad publicity or government changing mind at a later date</li> <li>• Government – increase energy self-sufficiency, increased tax revenue, economic growth</li> <li>• Competitors – May lead them to having to purchase a fracking license and increasing costs to compete</li> </ul> <p>Analysis should be focussed on the effect on each stakeholder (not the business).</p> <p>Evaluation is most likely to be demonstrated by:</p> <ul style="list-style-type: none"> <li>• The relative level of effect on each stakeholder</li> <li>• Which stakeholder is likely to be most affected</li> <li>• Whether the effect on each stakeholder is likely to be <i>all</i> bad or <i>all</i> good</li> <li>• How external stakeholder's effects might be mitigated</li> </ul>	

Question	Answer					Marks
1(d)	Examples of how an answer could develop and how it should be annotated.					
	<b>K</b>	<b>APP</b>	<b>AN</b>	<b>DEV</b>	<b>EVAL</b>	
	Government (K).	Gain money from selling the licenses (APP).	Allows the government to invest in infrastructure (AN).	Which may increase the welfare of the citizens of country X (DEV).	The local community are likely to be most affected (EVAL) because they also have to suffer from earthquakes whereas the government will get the money from the licenses no matter what (EVAL). However, this depends on whether the people keep voting for the government (EVAL).	
	Local community (K).	Who live near a fracking site may see a reduction in the price of their home (APP).	This means their houses are worth less (AN)	Which might mean they get less money if they sell their home (DEV).		

Question	Answer					Marks
1(d)	<b>K</b>	<b>APP</b>	<b>AN</b>	<b>DEV</b>	<b>EVAL</b>	
	Customers (K).	May get cheaper energy through ES growing (APP).	Which means the customers have to pay less for their energy (AN).	And have more money to spend on household goods (DEV).	The customers are likely to only benefit from ES continuing to use the fracking process (EVAL)	
	Competitors (K)	May find more competition for fracking licenses (APP).	Which increases their costs (AN).	And may reduce their profit (DEV).	because increased competition may lead to even lower prices (EVAL). However, this depends on whether ES and their competitors reduce their prices (EVAL).	

Question	Answer	Marks																							
2(a)(i)	<p data-bbox="331 241 962 280"><b>Define the term ‘cost-based pricing’ (line 14).</b></p> <table border="1" data-bbox="331 309 1326 573"> <thead> <tr> <th data-bbox="331 309 1190 374">Knowledge</th> <th data-bbox="1190 309 1326 374">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="331 374 1190 439">A correct definition</td> <td data-bbox="1190 374 1326 439">2</td> </tr> <tr> <td data-bbox="331 439 1190 504">A partial, vague or unfocused definition</td> <td data-bbox="1190 439 1326 504">1</td> </tr> <tr> <td data-bbox="331 504 1190 573">No creditable content</td> <td data-bbox="1190 504 1326 573">0</td> </tr> </tbody> </table> <p data-bbox="331 607 448 640"><b>Content</b></p> <p data-bbox="331 640 1294 705">A correct definition should include the following elements (allow one mark for each element):</p> <ul data-bbox="331 705 1294 779" style="list-style-type: none"> <li data-bbox="331 705 1294 743">• An amount is <u>added on to</u> give the amount the customer must pay (1)</li> <li data-bbox="331 743 1294 779">• Based on the cost to produce a product (1)</li> </ul> <table border="1" data-bbox="331 808 1326 1339"> <thead> <tr> <th data-bbox="331 808 863 873">Exemplar</th> <th data-bbox="863 808 995 873">Mark</th> <th data-bbox="995 808 1326 873">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="331 873 863 1010">The business works out how much it costs to make a product and then adds on a set percentage.</td> <td data-bbox="863 873 995 1010">2</td> <td data-bbox="995 873 1326 1010">Both elements.</td> </tr> <tr> <td data-bbox="331 1010 863 1075">Adding on to the costs.</td> <td data-bbox="863 1010 995 1075">1</td> <td data-bbox="995 1010 1326 1075">Second element only.</td> </tr> <tr> <td data-bbox="331 1075 863 1240">Cost-based pricing means pricing a product based on the costs of production.</td> <td data-bbox="863 1075 995 1240">1</td> <td data-bbox="995 1075 1326 1240">First element only – based on the costs of production is good enough.</td> </tr> <tr> <td data-bbox="331 1240 863 1339">Cost-based pricing means pricing based on the costs.</td> <td data-bbox="863 1240 995 1339">0</td> <td data-bbox="995 1240 1326 1339">Tautology</td> </tr> </tbody> </table>	Knowledge	Marks	A correct definition	2	A partial, vague or unfocused definition	1	No creditable content	0	Exemplar	Mark	Rationale	The business works out how much it costs to make a product and then adds on a set percentage.	2	Both elements.	Adding on to the costs.	1	Second element only.	Cost-based pricing means pricing a product based on the costs of production.	1	First element only – based on the costs of production is good enough.	Cost-based pricing means pricing based on the costs.	0	Tautology	2
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2(a)(ii)	<p><b>Explain the difference between ‘cash’ (line 15) and ‘profit’ (line 15).</b></p> <p>Award one mark for each point of explanation:</p> <table border="1" data-bbox="331 383 1326 645"> <thead> <tr> <th data-bbox="331 383 464 448">Rationale</th> <th data-bbox="464 383 1193 448"></th> <th data-bbox="1193 383 1326 448">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="331 448 464 512"><b>C</b></td> <td data-bbox="464 448 1193 512">Explanation of the difference between cash and profit</td> <td data-bbox="1193 448 1326 512">1</td> </tr> <tr> <td data-bbox="331 512 464 577"><b>B</b></td> <td data-bbox="464 512 1193 577">Understanding of profit</td> <td data-bbox="1193 512 1326 577">1</td> </tr> <tr> <td data-bbox="331 577 464 645"><b>A</b></td> <td data-bbox="464 577 1193 645">Understanding of cash</td> <td data-bbox="1193 577 1326 645">1</td> </tr> </tbody> </table> <p><b>Content</b></p> <ul data-bbox="331 712 1302 1059" style="list-style-type: none"> <li>• Cash is the liquidity of a firm – the money available to pay debts/bills/everyday costs</li> <li>• Profit is the difference between cost and revenue.</li> <li>• Cash is required and will come from revenue, but not all cash is profit as costs need to be paid.</li> <li>• Cash is an asset of the business.</li> <li>• Cash is required to run a business, whereas profit is something to aim for.</li> <li>• A business is unlikely to operate without cash but can operate without profit.</li> </ul> <table border="1" data-bbox="331 1093 1326 1798"> <thead> <tr> <th data-bbox="331 1093 727 1158">Exemplar</th> <th data-bbox="727 1093 860 1158">Mark</th> <th data-bbox="860 1093 1326 1158">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="331 1158 727 1391">A business is unlikely to operate without cash but can operate without profit (C).</td> <td data-bbox="727 1158 860 1391">3</td> <td data-bbox="860 1158 1326 1391">A difference shown, so all three marks gained – the candidate does not need to show understanding of cash or profit if a valid difference has been explained.</td> </tr> <tr> <td data-bbox="331 1391 727 1592">Cash can be used to pay the business costs (A) <i>whereas</i> profit is the difference between costs and revenue (B).</td> <td data-bbox="727 1391 860 1592">3</td> <td data-bbox="860 1391 1326 1592">Clear understanding of both cash and profit, the word ‘whereas’ shows a difference.</td> </tr> <tr> <td data-bbox="331 1592 727 1798">Cash can be used to pay the business costs (A). Profit is the difference between costs and revenue (B).</td> <td data-bbox="727 1592 860 1798">2</td> <td data-bbox="860 1592 1326 1798">Two statements but no attempt to compare them, so only two marks.</td> </tr> </tbody> </table>	Rationale		Marks	<b>C</b>	Explanation of the difference between cash and profit	1	<b>B</b>	Understanding of profit	1	<b>A</b>	Understanding of cash	1	Exemplar	Mark	Rationale	A business is unlikely to operate without cash but can operate without profit (C).	3	A difference shown, so all three marks gained – the candidate does not need to show understanding of cash or profit if a valid difference has been explained.	Cash can be used to pay the business costs (A) <i>whereas</i> profit is the difference between costs and revenue (B).	3	Clear understanding of both cash and profit, the word ‘whereas’ shows a difference.	Cash can be used to pay the business costs (A). Profit is the difference between costs and revenue (B).	2	Two statements but no attempt to compare them, so only two marks.	3
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2(b)(ii)	<p data-bbox="331 248 1302 315"><b>Explain <u>one</u> possible advantage to GT, other than increased revenue, of renting the theatre to visiting groups.</b></p> <table border="1" data-bbox="331 349 1326 775"> <thead> <tr> <th data-bbox="331 349 504 414">Level</th> <th data-bbox="504 349 1195 414">Knowledge and Application</th> <th data-bbox="1195 349 1326 414">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="331 414 504 512">2 (APP)</td> <td data-bbox="504 414 1195 512">Explanation of an advantage of renting the theatre to visiting groups</td> <td data-bbox="1195 414 1326 512">3</td> </tr> <tr> <td data-bbox="331 512 504 611">2 (K + K)</td> <td data-bbox="504 512 1195 611">Explanation of an advantage of renting a capital item</td> <td data-bbox="1195 512 1326 611">2</td> </tr> <tr> <td data-bbox="331 611 504 710">1 (K)</td> <td data-bbox="504 611 1195 710">Identification of an advantage of renting a capital item</td> <td data-bbox="1195 611 1326 710">1</td> </tr> <tr> <td data-bbox="331 710 504 775">0</td> <td data-bbox="504 710 1195 775">No creditable content</td> <td data-bbox="1195 710 1326 775">0</td> </tr> </tbody> </table> <p data-bbox="331 808 448 837"><b>Content</b></p> <ul data-bbox="331 846 1299 1088" style="list-style-type: none"> <li>• Reduces the risk of operating the theatre</li> <li>• Reduces the average cost of productions (fixed costs are spread over more performances)</li> <li>• May advertise GT performances at a visiting group</li> <li>• Makes use of a redundant resource/capital item</li> <li>• Increases GT's usage of the theatre</li> <li>• Increases GT's cashflow</li> </ul> <p data-bbox="331 1122 397 1151"><b>ARA</b></p> <table border="1" data-bbox="331 1189 1326 1653"> <thead> <tr> <th data-bbox="331 1189 665 1288">Identification of a difficulty</th> <th data-bbox="665 1189 995 1288">Explanation</th> <th data-bbox="995 1189 1326 1288">Possible context</th> </tr> </thead> <tbody> <tr> <td data-bbox="331 1288 665 1487">Advertises the theatre.</td> <td data-bbox="665 1288 995 1487">Which may bring in more customers to a GT show.</td> <td data-bbox="995 1288 1326 1487">For example, GT can advertise Wise Owl during the performances of A Summer Dream.</td> </tr> <tr> <td data-bbox="331 1487 665 1653">Spreads fixed costs.</td> <td data-bbox="665 1487 995 1653">Because the extra performances can be allocated some of the fixed costs.</td> <td data-bbox="995 1487 1326 1653">Such as upkeep of the building.</td> </tr> </tbody> </table>	Level	Knowledge and Application	Marks	2 (APP)	Explanation of an advantage of renting the theatre to visiting groups	3	2 (K + K)	Explanation of an advantage of renting a capital item	2	1 (K)	Identification of an advantage of renting a capital item	1	0	No creditable content	0	Identification of a difficulty	Explanation	Possible context	Advertises the theatre.	Which may bring in more customers to a GT show.	For example, GT can advertise Wise Owl during the performances of A Summer Dream.	Spreads fixed costs.	Because the extra performances can be allocated some of the fixed costs.	Such as upkeep of the building.	3
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2(c)	<b>Analyse <u>two</u> factors which might affect the demand for the performances at GT's theatre.</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 two factors affecting demand in context	4	Good analysis of two factors affecting demand in context		4
	2a	Shows understanding of one factor affecting demand in context	3	Good analysis of one factor affecting demand in context		3
	1b	Shows knowledge of two factors affecting demand	2	Limited analysis of two factors affecting demand		2
	1a	Shows knowledge of one factor affecting demand	1	Limited analysis of one factor affecting demand		1
	0	No creditable content				0
<p><b>Content</b>  <i>Candidates may choose to analyse the demand from consumers or the demand from visiting theatre groups</i></p> <ul style="list-style-type: none"> <li>• Changes in income – being a normal/luxury product, consumers are likely to increase spending on GT performances based on increasing income.</li> <li>• Fashions/trends/tastes/preferences – going to the theatre may become fashionable, or may become a new trend</li> <li>• Advertising – if GT spend on advertising, then it is likely to increase demand for their performances</li> <li>• Brand awareness</li> <li>• Price of substitutes/complements</li> <li>• Availability of substitutes/complements (for example Netflix, Amazon, other theatres)</li> <li>• Population size</li> <li>• Quality</li> <li>• Uniqueness (USP)</li> <li>• Price – likely to be an increase in QD if price falls and vice versa.</li> </ul>						

Question	Answer			Marks
2(c)	<b>Example of a factor (K)</b>	<b>Examples of application/context (APP)</b>	<b>Examples of possible analysis (AN + DEV)</b>	
	Tastes of customers (K)	Customers obviously prefer A Summer Dream to La Poeme Ballet (APP)	Which means that more tickets were sold for A Summer Dream (AN) and this gains GT more profit (DEV)	
	Income (K)	Theatre tickets are likely to be a luxury good (APP)	Which means that the higher the income the more tickets GT will sell (AN) and the more profit GT will make (DEV)	

Question	Answer				Marks	
2(d)	<b>Recommend whether GT should employ Nick or Portia for the position of Theatre Manager. Justify your recommendation.</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 recommendation based on argument in context			7
			Developed recommendation based on argument in context			6
			A recommendation / evaluative statement based on argument in context			5
Shows understanding of two factors of selection in context		4	Argument based on factor(s) affecting the selection of Nick and Portia			4
Shows understanding of one factor of selection in context		3	Argument based on factor(s) affecting the selection of Nick or Portia			3
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Shows knowledge of one factor of selection		1	Limited analysis of factor(s) affecting the selection of Nick or Portia			1
No creditable content				0		
<p><b>Content</b></p> <p><i>Nick</i></p> <ul style="list-style-type: none"> <li>• Experience in the sector (three years for a similar business)</li> <li>• A-Level in Business – helps with the admin</li> <li>• Organised and efficient – helps with the admin</li> <li>• No management experience – so will he be able to do the job?</li> <li>• May not stay for long</li> </ul> <p><i>Portia</i></p> <ul style="list-style-type: none"> <li>• Eight years of experience in a bank – helps with finance</li> <li>• Good sense of humour – likely to help in job</li> <li>• Likely to stay for a long time</li> <li>• No formal qualifications – but is this made up for by the bank experience?</li> <li>• Late for the interview – does this suggest she is disorganised – however worked for the bank for eight years</li> </ul>						

Question	Answer					Marks
2(d)	Examples of how an answer could develop					
	<b>K</b>	<b>APP</b>	<b>AN</b>	<b>DEV</b>	<b>EVAL</b>	
	Experience (K).	Nick has appropriate theatre experience, which means he knows what to do (APP).	That could mean that GT has to pay less training costs if they hire Nick (AN).	Leading to a better chance for GT to make profit (DEV)	Nick is the better person to employ (EVAL) because experience in a theatre is more important than personality in a job that requires administration and accounting (EVAL).	
	Personality (K)	Portia has a good sense of humour making her easier to work with (APP).	Which may mean that GT attracts more visiting theatre companies (AN).	Which may lead to an increase in revenue for GT (DEV).	However, this might depend on how complex the accounting is as Portia's banking experience might make her the better employee (EVAL).	