



Cambridge International AS & A Level

BUSINESS

9609/22

Paper 2 Data Response

May/June 2021

MARK SCHEME

Maximum Mark: 60

Published

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

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

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

Cambridge International is publishing the mark schemes for the May/June 2021 series for most Cambridge IGCSE™, Cambridge International A and AS Level components and some Cambridge O Level components.

This document consists of **22** 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.

**Social Science-Specific Marking Principles
(for point-based marking)****1 Components using point-based marking:**

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

- a** DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
- b** DO credit alternative answers/examples which are not written in the mark scheme if they are correct
- c** DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons ...).
- d** DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
- e** DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
- f** DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
- g** DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

3 Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

4 Annotation:

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

Question	Answer	Marks																										
1(a)(i)	<p data-bbox="316 253 770 286">Define the term ‘service’ (line 1).</p> <table border="1" data-bbox="320 315 1310 577"> <thead> <tr> <th data-bbox="320 315 1177 380">Knowledge</th> <th data-bbox="1177 315 1310 380">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 380 1177 448">A correct definition</td> <td data-bbox="1177 380 1310 448">2</td> </tr> <tr> <td data-bbox="320 448 1177 515">A partial, vague or unfocused definition</td> <td data-bbox="1177 448 1310 515">1</td> </tr> <tr> <td data-bbox="320 515 1177 577">No creditable content</td> <td data-bbox="1177 515 1310 577">0</td> </tr> </tbody> </table> <p data-bbox="316 611 432 645">Content</p> <p data-bbox="316 645 1305 712">An intangible product/process (1) which is offered to / paid for by customers (1).</p> <p data-bbox="316 745 766 779">An action (1) sold by business (1).</p> <p data-bbox="316 813 981 846">A correct definition will include the following points:</p> <ul data-bbox="316 846 1300 958" style="list-style-type: none"> • something sold by a business / bought by a customer / to satisfy needs or wants • an idea of intangibility. <table border="1" data-bbox="320 987 1310 1473"> <thead> <tr> <th data-bbox="320 987 869 1052">Exemplar</th> <th data-bbox="869 987 1002 1052">Marks</th> <th data-bbox="1002 987 1310 1052">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 1052 869 1149">Something a customer buys which cannot be touched.</td> <td data-bbox="869 1052 1002 1149">2</td> <td data-bbox="1002 1052 1310 1149">Both elements covered</td> </tr> <tr> <td data-bbox="320 1149 869 1245">A process sold by a business.</td> <td data-bbox="869 1149 1002 1245">2</td> <td data-bbox="1002 1149 1310 1245">Both elements covered</td> </tr> <tr> <td data-bbox="320 1245 869 1310">An intangible product.</td> <td data-bbox="869 1245 1002 1310">1</td> <td data-bbox="1002 1245 1310 1310">One element</td> </tr> <tr> <td data-bbox="320 1310 869 1375">Something sold by a business.</td> <td data-bbox="869 1310 1002 1375">1</td> <td data-bbox="1002 1310 1310 1375">One element</td> </tr> <tr> <td data-bbox="320 1375 869 1473">A tertiary business</td> <td data-bbox="869 1375 1002 1473">0</td> <td data-bbox="1002 1375 1310 1473">Not a definition of a service.</td> </tr> </tbody> </table>	Knowledge	Marks	A correct definition	2	A partial, vague or unfocused definition	1	No creditable content	0	Exemplar	Marks	Rationale	Something a customer buys which cannot be touched.	2	Both elements covered	A process sold by a business.	2	Both elements covered	An intangible product.	1	One element	Something sold by a business.	1	One element	A tertiary business	0	Not a definition of a service.	2
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1(a)(ii)	<p>Explain the term ‘sole trader’ (line 1).</p> <p>Award one mark for each point of explanation:</p> <table border="1" data-bbox="316 344 1313 1003"> <tr> <td data-bbox="316 344 395 904">B</td> <td data-bbox="395 344 1177 904"> One mark for each of the following (up to a maximum of two marks): <ul style="list-style-type: none"> • unlimited liability • shared legal identity with business • no continuity • no requirement to produce or make available accounts • no shares/shareholders • unincorporated • likely to be a small business • the owner keeps all the profits or bears the losses • has all the risk • has full control • makes all decisions themselves • example of a sole trader. </td> <td data-bbox="1177 344 1313 904">1–2 marks</td> </tr> <tr> <td data-bbox="316 904 395 1003">A</td> <td data-bbox="395 904 1177 1003">One individual or one person (must be a clear idea of a single person)</td> <td data-bbox="1177 904 1313 1003">1 mark</td> </tr> </table> <table border="1" data-bbox="316 1039 1313 1832"> <thead> <tr> <th data-bbox="316 1039 767 1104">Exemplar</th> <th data-bbox="767 1039 1182 1104">Rationale</th> <th data-bbox="1182 1039 1313 1104">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 1104 767 1305">A sole trader is owned by one person (A) who has unlimited liability (B) and does not need to publish financial accounts (B).</td> <td data-bbox="767 1104 1182 1305">All three elements</td> <td data-bbox="1182 1104 1313 1305">3</td> </tr> <tr> <td data-bbox="316 1305 767 1406">Owned and controlled by one person who bears the risk.</td> <td data-bbox="767 1305 1182 1406">All three elements</td> <td data-bbox="1182 1305 1313 1406">3</td> </tr> <tr> <td data-bbox="316 1406 767 1541">A sole trader is owned by a single person (A) and does not have shareholders (B)</td> <td data-bbox="767 1406 1182 1541">A and B</td> <td data-bbox="1182 1406 1313 1541">2</td> </tr> <tr> <td data-bbox="316 1541 767 1608">A one person business (A)</td> <td data-bbox="767 1541 1182 1608">One mark only</td> <td data-bbox="1182 1541 1313 1608">1</td> </tr> <tr> <td data-bbox="316 1608 767 1776">A business where there is unlimited liability (B), no need to produce financial accounts, no continuity and no shareholders.</td> <td data-bbox="767 1608 1182 1776">B only, which cannot be awarded without the A mark.</td> <td data-bbox="1182 1608 1313 1776">0</td> </tr> <tr> <td data-bbox="316 1776 767 1832">Owned business.</td> <td data-bbox="767 1776 1182 1832">Tautology</td> <td data-bbox="1182 1776 1313 1832">0</td> </tr> </tbody> </table> <p>ARA</p>	B	One mark for each of the following (up to a maximum of two marks): <ul style="list-style-type: none"> • unlimited liability • shared legal identity with business • no continuity • no requirement to produce or make available accounts • no shares/shareholders • unincorporated • likely to be a small business • the owner keeps all the profits or bears the losses • has all the risk • has full control • makes all decisions themselves • example of a sole trader. 	1–2 marks	A	One individual or one person (must be a clear idea of a single person)	1 mark	Exemplar	Rationale	Marks	A sole trader is owned by one person (A) who has unlimited liability (B) and does not need to publish financial accounts (B).	All three elements	3	Owned and controlled by one person who bears the risk.	All three elements	3	A sole trader is owned by a single person (A) and does not have shareholders (B)	A and B	2	A one person business (A)	One mark only	1	A business where there is unlimited liability (B), no need to produce financial accounts, no continuity and no shareholders.	B only, which cannot be awarded without the A mark.	0	Owned business.	Tautology	0	3
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Question	Answer	Marks												
1(b)(i)	<p>Refer to Fig 1.1 and any other relevant information. Calculate HB's share of the laundry service market.</p> <table border="1" data-bbox="316 347 1313 806"> <thead> <tr> <th data-bbox="316 347 1177 412">Rationale</th> <th data-bbox="1177 347 1313 412">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 412 1177 477">Correct answer with or without correct working or units.</td> <td data-bbox="1177 412 1313 477">4</td> </tr> <tr> <td data-bbox="316 477 1177 542">Attempt using some of the correct figures.</td> <td data-bbox="1177 477 1313 542">3</td> </tr> <tr> <td data-bbox="316 542 1177 640">Formula* and identification of correct numbers (i.e. 20% of 60 000).</td> <td data-bbox="1177 542 1313 640">2</td> </tr> <tr> <td data-bbox="316 640 1177 739">Formula* or identification of correct numbers (i.e. 20% of 60 000).</td> <td data-bbox="1177 640 1313 739">1</td> </tr> <tr> <td data-bbox="316 739 1177 806">No creditable content.</td> <td data-bbox="1177 739 1313 806">0</td> </tr> </tbody> </table> <p>Content</p> <p>Formula – $\frac{\text{Current share of the market}}{\text{Total market size}} \times 100$</p> <p>Total market = 60 000 households Percentage who use a laundry service = 20%</p> <p>20% of 60 000 = 12 000 households</p> <p>$\frac{300 \text{ households}}{12000 \text{ households}} \times 100 = 2.5\%$</p> <p>Answer = 2.5% (allow 2.5)</p> <p>OFR</p>	Rationale	Marks	Correct answer with or without correct working or units.	4	Attempt using some of the correct figures.	3	Formula* and identification of correct numbers (i.e. 20% of 60 000).	2	Formula* or identification of correct numbers (i.e. 20% of 60 000).	1	No creditable content.	0	4
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No creditable content.	0													

Question	Answer						Marks
1(b)(ii)	Analyse <u>two</u> factors which could affect the scale of HB.						8
	Level	Knowledge and Application (4 marks)	Marks		Analysis (4 marks)	Marks	
	2b	Shows understanding of two factors which could affect the scale of a business in context	4	APP + APP	Good analysis of two factors which could affect the scale of a business in context	4	DEV + DEV
	2a	Shows understanding of one factor which could affect the scale of a business in context	3	APP	Good analysis of one factor which could affect the scale of a business in context	3	DEV
	1b	Shows knowledge of two factors which could affect the scale of a business	2	K + K	Limited analysis of two factors which could affect the scale of a business	2	AN + AN
	1a	Shows knowledge of one factor which could affect the scale of a business	1	K	Limited analysis of one factor which could affect the scale of a business	1	AN
	0	No creditable content					
Content							
Factors affecting scale are about the ability of a business to supply products, not the demand of the market. These factors are likely to involve:							
<ul style="list-style-type: none"> • Capital – the quantity and quality of the capital items in a business, such as machinery – this can include human capital. • Labour – the quantity and quality of the workforce. • Enterprise – the ability and willingness of an entrepreneur to take risks, find business opportunities. • Land – the quantity and quality of natural resources available to the business 							

Question	Answer	Marks
1(b)(ii)	<p>Context may include:</p> <ul style="list-style-type: none"> • Karen is a sole trader – limited availability of finance to purchase washing machines, irons etc. • Machinery – Karen only owns two washing machines, two dryers and one iron • The use of washing machine / dryer / iron – affects the batch size of washing • The use of batch production • The time HB takes to do a load of washing (two hours) • The transport used by Karen (van) and the amount of laundry she can carry • Karen as an entrepreneur • The new worker <p>Analysis may include:</p> <ul style="list-style-type: none"> • The impact this factor may have on the scale of HB • The factor may (or have the potential to) increase HB's scale • The factor may (or have the potential to) decrease HB's scale <p>Development of this affect may be on HB's revenue, costs and/or profit or another likely objective of HB, such as expansion or the industrial market.</p>	

Question	Answer	Marks												
1(c)	<p>Explain <u>one</u> appropriate method of recruitment for Karen to find a new employee to do collections and deliveries.</p> <table border="1" data-bbox="316 344 1313 642"> <thead> <tr> <th data-bbox="316 344 470 409">Level</th> <th data-bbox="470 344 1177 409">Knowledge and Application</th> <th data-bbox="1177 344 1313 409">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 409 470 510">2 (APP)</td> <td data-bbox="470 409 1177 510">Explanation of an appropriate method of recruitment in context</td> <td data-bbox="1177 409 1313 510">2</td> </tr> <tr> <td data-bbox="316 510 470 575">1 (K)</td> <td data-bbox="470 510 1177 575">Identification of a method of recruitment</td> <td data-bbox="1177 510 1313 575">1</td> </tr> <tr> <td data-bbox="316 575 470 642">0</td> <td data-bbox="470 575 1177 642">No creditable content</td> <td data-bbox="1177 575 1313 642">0</td> </tr> </tbody> </table> <p>Methods may include:</p> <ul style="list-style-type: none"> • Internal recruitment (unlikely to be contextual) • External recruitment • Job advertisements • Job centre • Local online job websites • Recruitment agencies • Personal recommendations • Social media • Direct recruitment <p>Context may include:</p> <ul style="list-style-type: none"> • Requires travel around local area/town. • HB operates from Karen's home. • Laundry market. • No other workers currently in business. • No specialist qualifications required (maybe driving licence). • Knowledge of local area • HB is a small business (sole trader). <p>ARA</p>	Level	Knowledge and Application	Marks	2 (APP)	Explanation of an appropriate method of recruitment in context	2	1 (K)	Identification of a method of recruitment	1	0	No creditable content	0	2
Level	Knowledge and Application	Marks												
2 (APP)	Explanation of an appropriate method of recruitment in context	2												
1 (K)	Identification of a method of recruitment	1												
0	No creditable content	0												

Question	Answer					Marks
1(d)	Evaluate appropriate promotion methods for HB to target the hotel laundry market.					11
	Knowledge and Application (4 marks)	Marks	Annotation	Analysis and Evaluation (7 marks)	Marks	Annotation
				Justified evaluation based on arguments in context	7	EVAL + EVAL + EVAL
				Developed evaluation based on arguments in context	6	EVAL + EVAL
				An evaluative statement based on arguments in context	5	EVAL
	Shows understanding of two promotion methods in context	4	APP + APP	Arguments based on two promotion methods in context	4	DEV + DEV DEV + DEV
	Shows understanding of one promotion method in context	3	APP	Argument based on one promotion method in context	3	DEV
	Knowledge of two promotion methods	2	K + K	Limited analysis of two promotion methods	2	AN + AN
	Shows knowledge of one promotion method	1	K	Limited analysis of one promotion method	1	AN
	No creditable content				0	
	<p>Content</p> <p>Knowledge may include:</p> <ul style="list-style-type: none"> • Above the line; advertising (TV, radio, newspaper, etc.) • Below the line; direct promotion, website, leaflets, etc. • Through the line; social media, viral promotion, etc. • Informational and persuasive methods 					

Question	Answer	Marks
1(d)	<p>Context may include:</p> <ul style="list-style-type: none"> • Lack of finance, due to being a sole trader • Small business • Hotel/industrial market (B2B) • Data from Table 1.1 <ul style="list-style-type: none"> - 14 hotels in town P - 45 hotels within 30 mile of HB - 50 per cent of hotels have own laundry service (7 hotels in town P, 22/23 within 30 miles, 29/30 hotels in total) <p>Analysis may include:</p> <ul style="list-style-type: none"> • Local advertising – appropriate to target the hotel industry – e.g. hotel trade publications, possibly local radio, billboards. • Sponsorship – unlikely to be targeted enough to the hotel market. • Public relations – could be targeted towards the hotel market if the articles/reports are in hotel related publications/programmes. • Personal selling – a sensible approach that has limited cost (for a small business such as HB) and could be done by Karen visiting local hotels to sell her service. Could also be done by a salesperson hired by Karen, possibly on commission only payment. • Direct marketing – again a sensible solution that keeps it under Karen’s control. Can be done with a limited budget and Karen can target the hotels in the local area. • Sales promotion – unlikely to help HB enter the new market alone, but in combination with other informative methods may be a sensible approach to allow Karen to penetrate this new market. • Promotional price – do not reward use of price, but promotional pricing such as BOGOF, discounts sales promotions are rewardable. <p>Evaluation may include:</p> <ul style="list-style-type: none"> • A judgement over the most appropriate promotion method for HB • Evaluation of the appropriateness of different promotion methods for HB • What the choice of promotion method may depend upon <p>ARA</p>	

Question	Answer					Marks
1(d)	Examples of how an answer could develop and how it should be annotated.					
	K	APP	AN	DEV	EVAL	
	Personal selling (K)	Karen could visit each hotel which does not have its own laundry service. (APP)	This should allow Karen to explain all the advantages of her service and answer the managers questions. (AN)	This might make the hotels more willing to use HB's service. (DEV)	Personal selling is likely to be a better promotion method than direct mail. (EVAL)	
	Direct marketing (K)	Karen could send details of her service to the 14 hotels in town P. (APP)	A relatively low cost method because there are only 14 hotels. (AN)	But it may be seen as junk mail and ignored by the hotels, so HB will not gain any new customers. (DEV)	This is because Karen can explain the USP of HB and try to convince the hotel to use her service. (EVAL) However, it depends on whether Karen is a good salesperson. If she is not good at selling her service, then it could be a waste of time and money. (EVAL)	

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2(a)(i)	<p>Define the term ‘market’ (line 6).</p> <table border="1" data-bbox="320 315 1310 577"> <thead> <tr> <th data-bbox="320 315 1177 380">Knowledge</th> <th data-bbox="1177 315 1310 380">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 380 1177 448">A correct definition</td> <td data-bbox="1177 380 1310 448">2</td> </tr> <tr> <td data-bbox="320 448 1177 515">A partial, vague or unfocused definition</td> <td data-bbox="1177 448 1310 515">1</td> </tr> <tr> <td data-bbox="320 515 1177 577">No creditable content</td> <td data-bbox="1177 515 1310 577">0</td> </tr> </tbody> </table> <p>Content Consumers who want a product/service / the demand for a product/service (1) from different types/groups/segments of consumers (1) who are willing/able to pay for it (1).</p> <p>The term ‘market’ has a number of different meanings. Any legitimate definition can be used.</p> <p>The most common definition (as a means of trade) is likely to include:</p> <ul style="list-style-type: none"> • A system/place/facility whereby products are bought (1) and sold (1) • Where businesses and consumers (1) trade (1) <p>However other definitions may include:</p> <p>Market as a group of potential customers for a product:</p> <ul style="list-style-type: none"> • The customers/consumers (1) who may potentially purchase a product (1) • The businesses (1) who are competing to sell a product (1) • The group of people (1) who the business is trying to sell to (1) <p>Market as a verb, i.e. to market a product</p> <ul style="list-style-type: none"> • The combination/mix of decisions (1) that a business uses to target a group of customers (1) <table border="1" data-bbox="320 1462 1310 1888"> <thead> <tr> <th data-bbox="320 1462 868 1527">Exemplar</th> <th data-bbox="868 1462 1002 1527">Marks</th> <th data-bbox="1002 1462 1310 1527">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 1527 868 1628">Where buyers and sellers come to trade.</td> <td data-bbox="868 1527 1002 1628">2</td> <td data-bbox="1002 1527 1310 1628">A correct definition.</td> </tr> <tr> <td data-bbox="320 1628 868 1729">Where you exchange goods and services</td> <td data-bbox="868 1628 1002 1729">2</td> <td data-bbox="1002 1628 1310 1729">A correct definition</td> </tr> <tr> <td data-bbox="320 1729 868 1888">The market is a group of businesses</td> <td data-bbox="868 1729 1002 1888">1</td> <td data-bbox="1002 1729 1310 1888">An idea of the market (from the businesses point of view) but not selling/competing</td> </tr> </tbody> </table>	Knowledge	Marks	A correct definition	2	A partial, vague or unfocused definition	1	No creditable content	0	Exemplar	Marks	Rationale	Where buyers and sellers come to trade.	2	A correct definition.	Where you exchange goods and services	2	A correct definition	The market is a group of businesses	1	An idea of the market (from the businesses point of view) but not selling/competing	2
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2(a)(ii)	<p>Explain the term ‘profit margin’ (line 6).</p> <p>Award one mark for each point of explanation:</p> <table border="1" data-bbox="320 349 1318 712"> <thead> <tr> <th data-bbox="320 349 416 414"></th> <th data-bbox="424 349 1185 414">Rationale</th> <th data-bbox="1193 349 1318 414">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 421 416 544">C</td> <td data-bbox="424 421 1185 544">Example or some other way of showing good understanding – i.e. a use of profit margins, or two different profit margins – gross, net, operating).</td> <td data-bbox="1193 421 1318 544">1</td> </tr> <tr> <td data-bbox="320 551 416 645">B</td> <td data-bbox="424 551 1185 645">Understanding of the concept of a profit margin (in terms of a profit/percentage)</td> <td data-bbox="1193 551 1318 645">1</td> </tr> <tr> <td data-bbox="320 651 416 712">A</td> <td data-bbox="424 651 1185 712">Understanding of profit</td> <td data-bbox="1193 651 1318 712">1</td> </tr> </tbody> </table> <p>Content A profit margin is the difference between the revenue and costs/revenue minus costs (1) expressed as a proportion of revenue/divided by revenue (1) used to determine/compare performance (1). Any profit margin is acceptable (gross, net, operating).</p> <p>ARA</p>			Rationale	Marks	C	Example or some other way of showing good understanding – i.e. a use of profit margins, or two different profit margins – gross, net, operating).	1	B	Understanding of the concept of a profit margin (in terms of a profit/percentage)	1	A	Understanding of profit	1	3									
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2(c)	Analyse why <u>two</u> of the elements of the triple bottom line are important to LO.						8
Level	Knowledge and Application (4 marks)	Marks		Analysis (4 marks)	Marks		
2b	Shows understanding of two elements of the triple bottom line in context	4	APP + APP	Good analysis of two elements of the triple bottom line in context	4	DEV + DEV	
2a	Shows understanding of one element of the triple bottom line in context	3	APP	Good analysis of the importance of one element of the triple bottom line in context	3	DEV	
1b	Shows knowledge of two elements of the triple bottom line	2	K + K	Limited analysis of the importance of two elements of the triple bottom line	2	AN + AN	
1a	Shows knowledge of one element of the triple bottom line	1	K	Limited analysis of the importance of one element of the triple bottom line	1	AN	
0	No creditable content						

Question	Answer	Marks
2(c)	<p>Content: Knowledge includes:</p> <ul style="list-style-type: none"> • economic (financial), social and environmental targets <p>Application and analysis may include:</p> <p>Economic (financial)</p> <ul style="list-style-type: none"> • Dar family will require profit to be made as shareholders of LO – owners income. • Retained profit – need finance for expansion plans to purchase the new farm. • Potential grant from government for oyster farms – subsidise operations/growth. <p>Social</p> <ul style="list-style-type: none"> • Provides employment for six local workers – improve image of LO in locality. • Provides an opportunity for local customers to purchase oysters – market opportunity. • Pays local taxes – improve locality. • Provides pleasant area for the local community – increases reputation. <p>Environmental</p> <ul style="list-style-type: none"> • Oyster farming reduces pollution – improves area, quality of life for owners. • Better for the environment if lakes are managed / regenerating disused lakes – improves local area / reputation. <p>ARA</p>	

Question	Answer					Marks
2(d)	Refer to Table 2.2 and any other relevant information. Recommend which location LO should choose. Justify your recommendation.					11
	Knowledge and Application (4 marks)	Marks	Annotation	Analysis and Evaluation (7 marks)	Marks	Annotation
				Justified recommendation based on arguments of two factors in context	7	EVAL + EVAL + EVAL
				Developed recommendation based on arguments of two factors in context	6	EVAL + EVAL
				An evaluative statement/recommendation based on arguments of two factors in context	5	EVAL
	Shows understanding of two factors affecting location in context	4	APP + APP	Argument based on two factors in context	4	DEV + DEV
	Shows understanding of one factor affecting location in context	3	APP	Argument based on one factor in context	3	DEV
	Shows knowledge of two factors affecting location	2	K + K	Limited analysis of two factors affecting location	2	AN + AN
	Shows knowledge of one factor affecting location	1	K	Limited analysis of one factor affecting location	1	AN
	No creditable content					

Question	Answer	Marks
2(d)	<p>Content</p> <p>Knowledge may include:</p> <ul style="list-style-type: none"> • Any factor that may affect the location of a business. <p>Application may include:</p> <ul style="list-style-type: none"> • LO is a private limited company (limited finance) • Consumer and industrial (restaurant) markets • The new location is to be a second location – it does not replace the original LO location • Data in Table 2.2 <p>Analysis may include:</p> <p>Location A</p> <ul style="list-style-type: none"> • Used to be an oyster farm – less time and cost to set up for LO • Lower purchase price – less finance needed to purchase • Lower start-up costs – LO could reduce price and/or increase profit • Lower operating costs – increased profitability. <p>Location B</p> <ul style="list-style-type: none"> • Much closer than Location A – lower costs, e.g. transportation, management, are easier • Can produce 50% more oysters than Location A – more profit in long-term? If there is the demand / additional oysters are sold at a good price • Higher operating costs, but lower variable cost of production (\$1.33 per oyster compared with \$1.5 at Location A) <p>ARA</p>	

Question	Answer					Marks
2(d)	Examples of how an answer could develop and how it should be annotated.					
	K	APP	AN	DEV	EVAL	
	Previous use (K)	Location A is already an oyster farm (APP)	Which may mean that LO can start selling oysters more quickly and keep the costs low. (AN)	Which may allow LO to increase their profits. (DEV)	<p>Location A is the better option for LO. (EVAL)</p> <p>This is because there is less risk involved since the costs are lower. (EVAL)</p> <p>However, it depends on whether LO can make immediate use of the extra capacity since Location B could actually produce much higher output and profit in the long run. (EVAL)</p>	
	Output (K)	Location B can produce 50% more oysters than Location A. (APP)	Which would allow LO to increase their sales more than Location A. (AN)	Allowing the business to expand faster. (DEV)		