



# Cambridge International AS & A Level

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**BUSINESS**

**9609/22**

Paper 2 Data Response

**October/November 2022**

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 2022 series for most Cambridge IGCSE™, Cambridge International A and AS Level components and some Cambridge O Level components.

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This document consists of **24** 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.

**Science-Specific Marking Principles**

1	Examiners should consider the context and scientific use of any keywords when awarding marks. Although keywords may be present, marks should not be awarded if the keywords are used incorrectly.
2	The examiner should not choose between contradictory statements given in the same question part, and credit should not be awarded for any correct statement that is contradicted within the same question part. Wrong science that is irrelevant to the question should be ignored.
3	Although spellings do not have to be correct, spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. ethane / ethene, glucagon / glycogen, refraction / reflection).
4	The error carried forward (ecf) principle should be applied, where appropriate. If an incorrect answer is subsequently used in a scientifically correct way, the candidate should be awarded these subsequent marking points. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.
5	<p><u>'List rule' guidance</u></p> <p>For questions that require <b><i>n</i></b> responses (e.g. State <b>two</b> reasons ...):</p> <ul style="list-style-type: none"> <li>• The response should be read as continuous prose, even when numbered answer spaces are provided.</li> <li>• Any response marked <i>ignore</i> in the mark scheme should not count towards <b><i>n</i></b>.</li> <li>• Incorrect responses should not be awarded credit but will still count towards <b><i>n</i></b>.</li> <li>• Read the entire response to check for any responses that contradict those that would otherwise be credited. Credit should <b>not</b> be awarded for any responses that are contradicted within the rest of the response. Where two responses contradict one another, this should be treated as a single incorrect response.</li> <li>• Non-contradictory responses after the first <b><i>n</i></b> responses may be ignored even if they include incorrect science.</li> </ul>
6	<p><u>Calculation specific guidance</u></p> <p>Correct answers to calculations should be given full credit even if there is no working or incorrect working, <b>unless</b> the question states 'show your working'.</p> <p>For questions in which the number of significant figures required is not stated, credit should be awarded for correct answers when rounded by the examiner to the number of significant figures given in the mark scheme. This may not apply to measured values.</p> <p>For answers given in standard form (e.g. <math>a \times 10^n</math>) in which the convention of restricting the value of the coefficient (<i>a</i>) to a value between 1 and 10 is not followed, credit may still be awarded if the answer can be converted to the answer given in the mark scheme.</p> <p>Unless a separate mark is given for a unit, a missing or incorrect unit will normally mean that the final calculation mark is not awarded. Exceptions to this general principle will be noted in the mark scheme.</p>

**7** Guidance for chemical equations

Multiples / fractions of coefficients used in chemical equations are acceptable unless stated otherwise in the mark scheme.

State symbols given in an equation should be ignored unless asked for in the question or stated otherwise in the mark scheme.

Question	Answer	Marks																										
1(a)(i)	<p><b>Define the term ‘customers’ (line 6).</b></p> <table border="1" data-bbox="320 349 1315 611"> <thead> <tr> <th data-bbox="320 349 1098 416">Knowledge</th> <th data-bbox="1098 349 1315 416">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 416 1098 479">A correct definition</td> <td data-bbox="1098 416 1315 479">2</td> </tr> <tr> <td data-bbox="320 479 1098 542">A partial, vague or unfocused definition</td> <td data-bbox="1098 479 1315 542">1</td> </tr> <tr> <td data-bbox="320 542 1098 611">No creditable content</td> <td data-bbox="1098 542 1315 611">0</td> </tr> </tbody> </table> <p>A correct definition should include the following elements:</p> <ul data-bbox="320 712 1246 819" style="list-style-type: none"> <li>• an individual or business that purchases/buys products or services (goods)</li> <li>• from a business/firm/company/organisation/enterprise/market etc.</li> </ul> <table border="1" data-bbox="320 853 1315 1344"> <thead> <tr> <th data-bbox="320 853 735 913">Exemplar</th> <th data-bbox="735 853 1147 913">Rationale</th> <th data-bbox="1147 853 1315 913">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 913 735 1014">Someone who buys a product from a business.</td> <td data-bbox="735 913 1147 1014">Both elements</td> <td data-bbox="1147 913 1315 1014">2</td> </tr> <tr> <td data-bbox="320 1014 735 1115">A purchaser of goods from a business.</td> <td data-bbox="735 1014 1147 1115">Both elements</td> <td data-bbox="1147 1014 1315 1115">2</td> </tr> <tr> <td data-bbox="320 1115 735 1178">A person who buys a product</td> <td data-bbox="735 1115 1147 1178">One element</td> <td data-bbox="1147 1115 1315 1178">1</td> </tr> <tr> <td data-bbox="320 1178 735 1240">Someone a business sells to</td> <td data-bbox="735 1178 1147 1240">One element</td> <td data-bbox="1147 1178 1315 1240">1</td> </tr> <tr> <td data-bbox="320 1240 735 1344">Someone who uses a product</td> <td data-bbox="735 1240 1147 1344">Confusion with consumer</td> <td data-bbox="1147 1240 1315 1344">0</td> </tr> </tbody> </table>	Knowledge	Marks	A correct definition	2	A partial, vague or unfocused definition	1	No creditable content	0	Exemplar	Rationale	Marks	Someone who buys a product from a business.	Both elements	2	A purchaser of goods from a business.	Both elements	2	A person who buys a product	One element	1	Someone a business sells to	One element	1	Someone who uses a product	Confusion with consumer	0	2
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1(a)(ii)	<p><b>Explain the term ‘public limited company’ (line 1).</b></p> <p>Award one mark for each point of explanation:</p> <table border="1" data-bbox="320 383 1310 880"> <thead> <tr> <th></th> <th>Knowledge</th> <th>Marks</th> </tr> </thead> <tbody> <tr> <td>C</td> <td>Example or some other way of showing good understanding, this could be another element from A, as long as B has been awarded.</td> <td>1</td> </tr> <tr> <td>B</td> <td>Understanding of the specific nature of a public limited company, e.g. shares may be sold to the general public/through stock exchange, accounts must be published (not just made available).</td> <td>1</td> </tr> <tr> <td>A</td> <td>Understanding of a limited company, e.g. limited liability, continuity and a separate legal identity, has shareholders/ they sell shares.</td> <td>1</td> </tr> </tbody> </table> <p>Note: A and B marks must be gained before C mark can be awarded.</p> <p><b>Content</b> A public limited company has shareholders who can purchase shares through a stock exchange. It also has limited liability, continuity and a separate legal identify. It differs from a private limited company by being able to sell shares to the general public (through a stock exchange) and in having to publish (not just make available) its accounts.</p> <table border="1" data-bbox="320 1182 1310 1809"> <thead> <tr> <th>Exemplar</th> <th>Rationale</th> <th>Marks</th> </tr> </thead> <tbody> <tr> <td>A PLC has limited liability (A) and can sell shares through the stock exchange (B). An example of a PLC is McDonalds (C).</td> <td>All three elements</td> <td>3</td> </tr> <tr> <td>It is owned by shareholders (A) and anyone can buy shares (B).</td> <td>A and B only</td> <td>2</td> </tr> <tr> <td>A PLC can sell shares (A) and has a separate legal identity. If an owner dies the business continues. It must produce accounts each year and has unlimited liability.</td> <td>A only – do not award the C mark unless B has been awarded.</td> <td>1</td> </tr> <tr> <td>A PLC has unlimited liability, and the owners must draw up a deed.</td> <td>Confusion with a partnership</td> <td>0</td> </tr> </tbody> </table>		Knowledge	Marks	C	Example or some other way of showing good understanding, this could be another element from A, as long as B has been awarded.	1	B	Understanding of the specific nature of a public limited company, e.g. shares may be sold to the general public/through stock exchange, accounts must be published (not just made available).	1	A	Understanding of a limited company, e.g. limited liability, continuity and a separate legal identity, has shareholders/ they sell shares.	1	Exemplar	Rationale	Marks	A PLC has limited liability (A) and can sell shares through the stock exchange (B). An example of a PLC is McDonalds (C).	All three elements	3	It is owned by shareholders (A) and anyone can buy shares (B).	A and B only	2	A PLC can sell shares (A) and has a separate legal identity. If an owner dies the business continues. It must produce accounts each year and has unlimited liability.	A only – do not award the C mark unless B has been awarded.	1	A PLC has unlimited liability, and the owners must draw up a deed.	Confusion with a partnership	0	3
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1(c)	<p><b>Indicative content</b></p> <p><b>AO1 Knowledge and understanding</b></p> <p>Knowledge of way(s) of adding value using the operations process may include:</p> <ul style="list-style-type: none"> <li>• Ways in which value can be added – i.e. extra features, etc.</li> <li>• Improve product</li> <li>• Process innovation</li> <li>• Add a feature/product/service</li> <li>• USP</li> </ul> <p>Allow anything that changes the app or service itself as this can be part of operations for a service/app.</p> <p><b>AO2 Application</b></p> <ul style="list-style-type: none"> <li>• Increasing the features of the app <ul style="list-style-type: none"> <li>– More social media features, such as chat, selling/sharing best exercise practice, creating groups, etc.</li> <li>– More exercise features, such as group exercising, online classes, features for trainers to sell their services, etc.</li> </ul> </li> <li>• Increasing the quality of the app <ul style="list-style-type: none"> <li>– Reacting to any customer survey comments about the quality of the app</li> <li>– Reducing any connection issues with the app</li> </ul> </li> <li>• Reducing the costs of producing the app <ul style="list-style-type: none"> <li>– Costs may include, software development, wage costs, capital costs, research and development costs, market research costs (survey), marketing costs</li> </ul> </li> </ul> <p><b>AO3 Analysis</b></p> <p>Must be an impact on the business cost(s) or price to add value. Do not allow increasing revenue/customers, etc. – there must be a change in the distance/proportion between cost and price.</p> <ul style="list-style-type: none"> <li>• An increase in price, from \$10 to \$12, would increase the revenue of FF (AN) – as long as the costs were kept the same (DEV).</li> <li>• Improving the features of the app would allow FF to charge a higher price (AN) – as long as the price increase was more than the extra costs of developing the app (DEV).</li> <li>• Eliminate the free access to the app, forcing the users to pay \$10 (AN) – as long as some of the users do not cancel their subscription (DEV).</li> <li>• Labour costs could be lower if FF make some of their app designers redundant (AN) – as long as FF maintain their price (DEV).</li> </ul> <p>Note: developed analysis must show understanding of adding value, not just increasing revenue / decreasing costs.</p> <p><b>ARA</b></p>	

Question	Answer					Marks
1(d)	<b>Evaluate the limitations of FF's sampling process.</b>					<b>11</b>
	<b>Knowledge and Application (4 marks)</b>	<b>Marks</b>	<b>Annotation</b>	<b>Analysis and Evaluation (7 marks)</b>	<b>Marks</b>	<b>Annotation</b>
				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 limitations of sampling in context	4	APP + APP	Arguments based on two limitations of sampling in context	4	DEV + DEV
	Shows understanding of one limitation of sampling in context	3	APP	Argument based on one limitation of sampling in context	3	DEV
	Knowledge of two limitations of sampling	2	K + K	Limited analysis of two limitations of sampling	2	AN + AN
	Shows knowledge of one limitation of sampling	1	K	Limited analysis of one limitation of sampling	1	AN
	No creditable content				0	
	Note: there must be a limitation of sampling, not just market research, to award K and APP					

Question	Answer	Marks
1(d)	<p>Knowledge of limitations of sampling may include:</p> <ul style="list-style-type: none"> <li>• Chances of bias</li> <li>• May be unrepresentative</li> <li>• May have a high cost</li> <li>• May take time</li> <li>• May lead to incorrect data.</li> </ul> <p>Application may include:</p> <ul style="list-style-type: none"> <li>• Stratified based on age (example)</li> <li>• Current users only</li> <li>• Incentive to complete the survey</li> <li>• Only 30% actually completed survey</li> <li>• Survey was sent to only 1.67% of users</li> <li>• Only completed by 0.5% of total users</li> <li>• Allow use of Table 1.1 (including OFR from Q1bi)</li> </ul> <p>Analysis may include:</p> <ul style="list-style-type: none"> <li>• May not help FF to design features which will attract new users because they have only asked current users</li> <li>• Small sample size (AN) – is this representative of the entire customer base (DEV)?</li> <li>• Poor take-up of the survey – does this make the survey representative, and will the data actually give FF useful information?</li> <li>• Incentive may encourage positive answers which tell FF what they want to hear to encourage more 'free' months</li> <li>• Low take-up of the survey leading to increased costs (AN) – which may reduce the profitability of FF (DEV)</li> <li>• Might be more useful to hear from unhappy customers who are not using the app, as opposed to those who do use the app.</li> </ul> <p>Evaluation may include:</p> <ul style="list-style-type: none"> <li>• A judgement limitations of FF's sampling methods</li> <li>• Evaluation of the relative impact of different limitations</li> <li>• Elements that the evaluation/judgement might depend upon – other research that might have been done, competitors actions/research, whether the sample is still representative after those who did not choose to answer, future revenue (falling at the moment if this continues may not be useful), end results of the research.</li> </ul> <p><b>ARA</b></p>	

Question	Answer					Marks
1(d)	Examples of how an answer could develop and how it should be annotated.					
	K	APP	AN	DEV	EVAL	
	It may be biased	because FF is giving a month's free access.	This might lead to respondents only giving positive replies to get more free access to the app.	Which leads to FF introducing expensive new features which do not attract new customers.	The biggest limitation is the bias, because FF may make poor decisions about developing the app. This is likely to have a bigger effect on the costs than the free months access. However this depends on how biased the data actually is.	
It has a high cost	To send 50 000 users a survey and the free month's access.	This may lead to FF spending more to find out if users like the features	than they gain in extra revenue.			

Question	Answer	Marks																										
2(a)(i)	<p><b>Define the term 'inventory' (line 7).</b></p> <table border="1" data-bbox="320 315 1305 577"> <thead> <tr> <th data-bbox="320 315 1171 376">Knowledge</th> <th data-bbox="1174 315 1305 376">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 380 1171 441">A correct definition</td> <td data-bbox="1174 380 1305 441">2</td> </tr> <tr> <td data-bbox="320 445 1171 506">A partial, vague or unfocused definition</td> <td data-bbox="1174 445 1305 506">1</td> </tr> <tr> <td data-bbox="320 510 1171 571">No creditable content</td> <td data-bbox="1174 510 1305 571">0</td> </tr> </tbody> </table> <p>A correct definition should include the following elements:</p> <ul data-bbox="320 680 1278 779" style="list-style-type: none"> <li>• Stock/raw materials/work in progress/finished goods/current asset</li> <li>• An idea of the function, e.g. to be able to produce, to be able to meet customer demand etc.</li> </ul> <table border="1" data-bbox="320 815 1305 1440"> <thead> <tr> <th data-bbox="320 815 743 875">Exemplar</th> <th data-bbox="746 815 1169 875">Rationale</th> <th data-bbox="1173 815 1305 875">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 880 743 978">The raw materials needed to produce a product.</td> <td data-bbox="746 880 1169 978">Both elements</td> <td data-bbox="1173 880 1305 978">2</td> </tr> <tr> <td data-bbox="320 983 743 1081">The store of finished products used to sell to customers</td> <td data-bbox="746 983 1169 1081">Both elements</td> <td data-bbox="1173 983 1305 1081">2</td> </tr> <tr> <td data-bbox="320 1086 743 1184">Inventory is another word for stock</td> <td data-bbox="746 1086 1169 1184">One element</td> <td data-bbox="1173 1086 1305 1184">1</td> </tr> <tr> <td data-bbox="320 1189 743 1346">Inventory is stock and can be made up of raw materials, work in progress or finished products</td> <td data-bbox="746 1189 1169 1346">One element repeated</td> <td data-bbox="1173 1189 1305 1346">1</td> </tr> <tr> <td data-bbox="320 1350 743 1440">Inventory is used to grow the business</td> <td data-bbox="746 1350 1169 1440">No elements and copied from data</td> <td data-bbox="1173 1350 1305 1440">0</td> </tr> </tbody> </table>	Knowledge	Marks	A correct definition	2	A partial, vague or unfocused definition	1	No creditable content	0	Exemplar	Rationale	Marks	The raw materials needed to produce a product.	Both elements	2	The store of finished products used to sell to customers	Both elements	2	Inventory is another word for stock	One element	1	Inventory is stock and can be made up of raw materials, work in progress or finished products	One element repeated	1	Inventory is used to grow the business	No elements and copied from data	0	2
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Question	Answer	Marks								
2(a)(ii)	<p><b>Explain the term ‘entrepreneur’ (line 1).</b></p> <p>Award one mark for each point of explanation:</p> <table border="1" data-bbox="320 383 1310 645"> <thead> <tr> <th data-bbox="320 383 1174 450">Rationale</th> <th data-bbox="1174 383 1310 450">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 450 1174 517">Three characteristics of an entrepreneur</td> <td data-bbox="1174 450 1310 517">1</td> </tr> <tr> <td data-bbox="320 517 1174 584">Two characteristics of an entrepreneur</td> <td data-bbox="1174 517 1310 584">1</td> </tr> <tr> <td data-bbox="320 584 1174 645">One characteristic of an entrepreneur</td> <td data-bbox="1174 584 1310 645">1</td> </tr> </tbody> </table> <p><b>Content</b></p> <p>Allow any reasonable characteristic of an entrepreneur, for example:</p> <ul style="list-style-type: none"> <li>• risk taking</li> <li>• innovative</li> <li>• multi-skilled</li> <li>• leader</li> <li>• resilience/able to bounce back</li> <li>• sets up a business</li> <li>• passion</li> <li>• self-confidence</li> <li>• ambition</li> <li>• hardworking</li> <li>• persuasive</li> <li>• aiming for profit (do not allow ‘get rich – too vague)</li> <li>• makes decisions</li> <li>• one of the factors of production (entrepreneurship)</li> <li>• organises the factors of production</li> <li>• organises/raises/provides finance</li> <li>• an example of an entrepreneur (do not allow Ava)</li> </ul> <p><i>Only reward each characteristic once.</i></p> <p><b>ARA</b></p>	Rationale	Marks	Three characteristics of an entrepreneur	1	Two characteristics of an entrepreneur	1	One characteristic of an entrepreneur	1	<b>3</b>
Rationale	Marks									
Three characteristics of an entrepreneur	1									
Two characteristics of an entrepreneur	1									
One characteristic of an entrepreneur	1									

Question	Answer			Marks
2(a)(ii)	<b>Answer</b>	<b>Rationale</b>	<b>Marks</b>	
	An entrepreneur is a risk-taker (1) who tries to make a profit (1) by organising the factors of production (1).	Three characteristics	3	
	Someone who makes decisions (1) about factors of production (1) to make a profit (1).	Three characteristics	3	
	An entrepreneur works hard (1) and has confidence (1).	Two characteristics	2	
	Someone who organises the land that a business needs (1). They also organise the number of workers a business needs and they also organise the capital that a business may need.	Only one mark for 'organising' the factors of production – do not keep rewarding the same characteristics	1	
	Entrepreneurship is one of the factors of production.	NAQ	0	
2(b)(i)	<b>Refer to Table 2.1. Calculate the change in CC's working capital between 2021 and 2022.</b>			<b>3</b>
	<b>Rationale</b>		<b>Marks</b>	
	Correct answer with or without correct working or \$.		3	
	Correct calculation of <b>both</b> working capital figures (2021 and 2022).		2	
	Formula <b>or</b> correct calculation of <b>one</b> working capital figure (2021 or 2022).		1	
	No creditable content.		0	
	Note: OFR only applies for a mathematical error – candidate must have attempted to calculate working capital to award OFR			

Question	Answer	Marks												
2(b)(i)	<p><b>Content</b></p> <p>Current assets – current liabilities</p> <p>2021: <math>50 - 45 = 5</math> (1)            2022: <math>60 - 40 = 20</math> (1)</p> <p>Increase of \$15 000 (1)</p> <p><b>Answer = \$15 000 (3)</b> allow 15. Also allow 300% as a correct answer.</p> <p>Common incorrect answers</p> <table border="1" data-bbox="320 685 1305 1079"> <thead> <tr> <th data-bbox="320 685 746 750">Answer</th> <th data-bbox="746 685 1169 750">Rationale</th> <th data-bbox="1169 685 1305 750">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 750 746 848">300% (no working)</td> <td data-bbox="746 750 1169 848">Correct answer based on the %</td> <td data-bbox="1169 750 1305 848">3</td> </tr> <tr> <td data-bbox="320 848 746 913">15 (no working)</td> <td data-bbox="746 848 1169 913">Correct answer</td> <td data-bbox="1169 848 1305 913">3</td> </tr> <tr> <td data-bbox="320 913 746 1079">20 5 (no working)</td> <td data-bbox="746 913 1169 1079">Do not allow 'random' use of these numbers – there must be working to show they were calculated.</td> <td data-bbox="1169 913 1305 1079">0</td> </tr> </tbody> </table>	Answer	Rationale	Marks	300% (no working)	Correct answer based on the %	3	15 (no working)	Correct answer	3	20 5 (no working)	Do not allow 'random' use of these numbers – there must be working to show they were calculated.	0	
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Question	Answer	Marks																					
2(b)(ii)	<p><b>Explain the distinction between revenue expenditure and capital expenditure for CC.</b></p> <table border="1" data-bbox="317 347 1295 775"> <thead> <tr> <th data-bbox="317 347 459 412">Level</th> <th data-bbox="459 347 1161 412">Knowledge and Application</th> <th data-bbox="1161 347 1295 412">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="317 412 459 510">2 (APP)</td> <td data-bbox="459 412 1161 510">Explanation of revenue expenditure and capital expenditure in context</td> <td data-bbox="1161 412 1295 510">3</td> </tr> <tr> <td data-bbox="317 510 459 609">1b (K+K)</td> <td data-bbox="459 510 1161 609">Knowledge of capital <b>and</b> revenue expenditure.</td> <td data-bbox="1161 510 1295 609">2</td> </tr> <tr> <td data-bbox="317 609 459 707">1a (K)</td> <td data-bbox="459 609 1161 707">Knowledge of capital <b>or</b> revenue expenditure.</td> <td data-bbox="1161 609 1295 707">1</td> </tr> <tr> <td data-bbox="317 707 459 775">0</td> <td data-bbox="459 707 1161 775">No creditable content</td> <td data-bbox="1161 707 1295 775">0</td> </tr> </tbody> </table> <p>Note: context is only required once to award APP but must be based on K of both capital and revenue expenditure.</p> <p><b>Content</b> Capital expenditure is <b>spending on</b> non-current assets like property, plant and equipment.</p> <p>Revenue expenditure is <b>spending on</b> short-term expenses used in the current period or typically within one year.</p> <p>Contextual examples include:</p> <p>Capital expenditure:</p> <ul style="list-style-type: none"> <li>• Large sewing machine</li> <li>• Non-current assets value of \$8000</li> </ul> <p>Revenue expenditure:</p> <ul style="list-style-type: none"> <li>• Brightly coloured materials</li> <li>• Rent on new shop</li> <li>• Wages for the new employee</li> </ul> <p><b>ARA</b></p> <p>Example of how a response may develop and should be marked:</p> <table border="1" data-bbox="317 1659 1307 1991"> <thead> <tr> <th data-bbox="317 1659 622 1794">Identification of a distinction (K –1 mark)</th> <th data-bbox="622 1659 965 1794">Explanation (K+K – 2 marks)</th> <th data-bbox="965 1659 1307 1794">Possible context (APP – 3 marks)</th> </tr> </thead> <tbody> <tr> <td data-bbox="317 1794 622 1991">Revenue expenditure is for short-term expenses.</td> <td data-bbox="622 1794 965 1991">Capital expenditure is for long-term non-current assets.</td> <td data-bbox="965 1794 1307 1991">So, the rent on the shop is revenue expenditure and the large sewing machine is capital expenditure.</td> </tr> </tbody> </table>	Level	Knowledge and Application	Marks	2 (APP)	Explanation of revenue expenditure and capital expenditure in context	3	1b (K+K)	Knowledge of capital <b>and</b> revenue expenditure.	2	1a (K)	Knowledge of capital <b>or</b> revenue expenditure.	1	0	No creditable content	0	Identification of a distinction (K –1 mark)	Explanation (K+K – 2 marks)	Possible context (APP – 3 marks)	Revenue expenditure is for short-term expenses.	Capital expenditure is for long-term non-current assets.	So, the rent on the shop is revenue expenditure and the large sewing machine is capital expenditure.	3
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Question	Answer						Marks
2(c)	<b>Analyse <u>one</u> possible advantage and <u>one</u> possible disadvantage to CC of using crowdfunding to finance growth.</b>						<b>8</b>
	<b>Level</b> <b>I</b>	<b>Knowledge and Application</b> <b>(4 marks)</b>	<b>Marks</b>		<b>Analysis</b> <b>(4 marks)</b>	<b>Marks</b>	
	2b	Shows understanding of one advantage and one disadvantage of crowd funding in context	4	APP + APP	Good analysis of one advantage and one disadvantage of crowd funding to finance growth in context	4	DEV + DEV
	2a	Shows understanding of one advantage or one disadvantage of crowd funding in context	3	APP	Good analysis of one advantage or one disadvantage of crowd funding to finance growth in context	3	DEV
	1b	Shows knowledge of one advantage and one disadvantage of crowd funding	2	K + K	Limited analysis of one advantage and one disadvantage of crowd funding to finance growth	2	AN + AN
	1a	Shows knowledge of one advantage or one disadvantage of crowd funding	1	K	Limited analysis of one advantage or one disadvantage of crowd funding to finance growth	1	AN
	0	No creditable content					
Note: advantage/disadvantage must be for CC, not investors, customers, etc.							

Question	Answer	Marks
2(c)	<p><b>Indicative content</b></p> <p><b>AO1 Knowledge and understanding</b></p> <p>Knowledge of advantage may include:</p> <ul style="list-style-type: none"> <li>• A speedy/easy way to raise finance.</li> <li>• No upfront fees for the business.</li> <li>• May not need to be repaid.</li> <li>• May be a way of advertising the business.</li> <li>• Feedback from potential customers.</li> <li>• It is a good way to test market the product/business idea.</li> <li>• Ideas that may not appeal to conventional investors can often get financed more easily.</li> </ul> <p>Investors often become loyal customers.</p> <p>Knowledge of disadvantages may include:</p> <ul style="list-style-type: none"> <li>• It can include more complex issues when gaining finance.</li> <li>• Not all crowdfunding projects reach their goal.</li> <li>• Marketing/operational costs of setting up on a crowdfunding platform.</li> <li>• If the funding target is not reached, money is usually returned to investors.</li> <li>• Risk to reputation of a failed project.</li> <li>• The idea may be copied</li> <li>• The cost of giving rewards/discounts may make it unprofitable.</li> <li>• Difficulties of having a large number of potential investors.</li> </ul> <p><b>AO2 Application</b></p> <ul style="list-style-type: none"> <li>• Ava owns 100% of the shares of CC.</li> <li>• Ava is planning to use the crowdfunding to purchase inventory to grow.</li> <li>• Sales of children’s costumes (outfits).</li> <li>• Costumes are sold through e-commerce.</li> <li>• Costumes based on popular TV and movie characters (allow relevant examples).</li> <li>• Costumes are made from brightly coloured materials which CC buys in bulk.</li> <li>• CC owns a large sewing machine.</li> <li>• CC has completed two full years of trading (in third year).</li> <li>• Use of Table 2.1.</li> <li>• CC used to be operated from Ava’s house, now in a rented shop in a shopping centre.</li> <li>• CC is recruiting a salesperson.</li> <li>• CC is private limited company (so limited in finance options)</li> </ul>	

Question	Answer	Marks
2(c)	<p><b>AO3 Analysis</b></p> <p>Analysis of the advantages may include:</p> <ul style="list-style-type: none"> <li>• Marketing benefits – potential customers may see CC’s crowdfunding campaign and choose to purchase her outfits.</li> <li>• A way of gaining finance without interest – lower cost OR a way of reducing the interest payable.</li> <li>• Can be a quick way of gaining finance – the quicker CC opens a shop the more sales.</li> <li>• Crowdfunding can provide CC with feedback on the business and products.</li> <li>• May provide more finance than CC requires now, giving more opportunities for growth in the future.</li> <li>• Investors are likely to become customers (and vice versa), may increase CC’s customer base.</li> </ul> <p>Analysis of the disadvantages may include:</p> <ul style="list-style-type: none"> <li>• Ava may lose equity in CC, may reduce her motivation and she might (eventually) lose control of the business.</li> <li>• Ava may have to give a dividend to the new owners, which may reduce any future profits available for reinvestment and growth in the future.</li> <li>• Ava may have to pay a penalty if the funding is not repaid or lose ownership of an asset (assuming loan crowd funding).</li> <li>• If the target amount is not reached, CC will not gain any money and have wasted time and effort on this.</li> <li>• Risk of competitors seeing what Ava’s plans are for CC.</li> <li>• Time and money required to set up the crowdfunding project – takes Ava away from design and sales.</li> </ul> <p><b>ARA</b></p>	

Question	Answer					Marks
2(d)	<b>Refer to Table 2.2 and other information. Recommend which person Ava should employ. Justify your recommendation.</b>					<b>11</b>
	<b>Knowledge and Application (4 marks)</b>	<b>Marks</b>	<b>Annotation</b>	<b>Analysis and Evaluation (7 marks)</b>	<b>Marks</b>	<b>Annotation</b>
				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 factors affecting employee selection in context	4	APP + APP	Arguments based on two factor affecting employee selection in context	4	DEV + DEV
	Shows understanding of one factor affecting employee in context	3	APP	Argument based on one factor affecting employee selection in context	3	DEV
	Knowledge of two factors affecting employee selection	2	K + K	Limited analysis of two factors affecting employee selection	2	AN + AN
	Shows knowledge of one factor affecting employee selection	1	K	Limited analysis of one factor affecting employee selection	1	AN
	No creditable content				0	

Question	Answer	Marks
2(d)	<p>Knowledge may include:</p> <ul style="list-style-type: none"> <li>• Selection</li> <li>• Selection criteria</li> </ul> <p>Application may include:</p> <ul style="list-style-type: none"> <li>• Details in Table 2.2</li> <li>• Sells 'dress up' outfits for children</li> <li>• Based on popular TV and film characters</li> <li>• Shop in a shopping centre</li> <li>• Salesperson job.</li> </ul> <p>Analysis may include:</p> <p>Liu</p> <ul style="list-style-type: none"> <li>• Younger (18) – – may be closer to age of consumers (children dress up).</li> <li>• Some experience but less than Ahura – only part time probably while doing A-Levels. Food retail, still retail, but not in this industry.</li> <li>• A-Levels, especially in Business which may be useful. However how useful are academic qualifications to working in a shop.</li> <li>• Good customer service skills – useful for shop work.</li> <li>• Likes working with people but this is a role working on own – may not be suitable.</li> <li>• Likely to be short-term as she wants to go to university and own her own business. May train and then she leaves.</li> </ul> <p>Ahura</p> <ul style="list-style-type: none"> <li>• Older (47) – may be closer to age of customers (parents).</li> <li>• Far more experience and specifically in a clothing shop. Acting experience may also help in 'dress up' clothing sales. However, unemployment may have reduced his skills – but also may work for lower wages.</li> <li>• University degree, but likely to be irrelevant.</li> <li>• Highly motivated which is likely to be important when selling in the shop. Only person in shop so likely to need admin skills and works well on his own. All necessary in this position.</li> <li>• Lacks career ambitions but does this suggest no drive. Likely to stay in job, but if it does not work out, might be difficult to get dismiss.</li> </ul> <p>Evaluation may include:</p> <ul style="list-style-type: none"> <li>• A recommendation over which person Ava should employ, Liu or Ahura.</li> <li>• A judgement/evaluation over the suitability of each candidate.</li> <li>• Evaluation of the relative benefits/costs of each.</li> <li>• Elements that the evaluation/judgement might depend upon – length of job, wage of job, Ava's personal feelings, geographical location, etc.</li> </ul> <p><b>ARA</b></p>	

Question	Answer					Marks
2(d)	Examples of how an answer could develop and how it should be annotated.					
	K	APP	AN	DEV	EVAL	
	Based on experience	Liu has less experience than Ahura since she only worked for two years in a shop.	This means that Ahura is less likely to need training in how to work in a clothes/ costume shop	which means Ava can more quickly start making new costumes.	Overall, Liu would make the better employee as she is likely to be more independent.	
	However, based on their qualifications	Liu has a more relevant degree in Business and DT.	This could mean she needs less training than Ahura, especially in the financial aspects of the shop.	Meaning Ava can concentrate on what she is best at and increase the revenue potential of the shop.	Ahura may also struggle because she has been unemployed for five years and may have forgotten how a shop should be run.  However, this depends on when Liu decides to go to university as she may only choose to work for Ava for a very short time.	