

OXFORD

INTERNATIONAL
AQA EXAMINATIONS

INTERNATIONAL GCSE BUSINESS

(9225/2)

Mark scheme

Paper 2: Influences of marketing and finance on business activity
Specimen 2017

Mark schemes are prepared by the lead assessment writer and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation events which all associates participate in and is the scheme which was used by them in this examination. The standardisation process ensures that the mark scheme covers the students' responses to questions and that every associate understands and applies it in the same correct way. As preparation for standardisation each associate analyses a number of students' scripts. Alternative answers not already covered by the mark scheme are discussed and legislated for. If, after the standardisation process, associates encounter unusual answers which have not been raised they are required to refer these to the lead assessment writer.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of students' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

International GCSE Business mark scheme

How to mark

Aims

When you are marking your allocation of scripts your main aims should be to:

- recognise and identify the achievements of students
- place students in the appropriate mark band and in the appropriate part of that mark band (high, low, middle) for **each** assessment objective
- record your judgements with brief notes, annotations and comments that are relevant to the mark scheme and make it clear to other examiners how you have arrived at the numerical mark awarded for each Assessment Objective
- ensure comparability of assessment for all students, regardless of question or examiner.

Approach

It is important to be **open minded** and **positive** when marking scripts.

The specification recognises the variety of experiences and knowledge that students will have. It encourages them to study Business in a way that is relevant to them. The questions have been designed to give them opportunities to discuss what they have found out about Business. It is important to assess the quality of **what the student offers**.

Assessment Objectives

This component requires students to:

AO1: Demonstrate knowledge and understanding of business concepts and issues.

AO2: Apply knowledge and understanding of business concepts and issues to a variety of contexts.

AO3: Analyse and evaluate business information and issues to demonstrate understanding of business activity, make judgements and draw conclusions.

Levels of response marking instructions

These levels of response mark schemes are broken down into levels, each of which has descriptors. The descriptors for the level show the performance characteristics of the level.

Having familiarised yourself with the descriptors and indicative content, read through the answer and annotate it (as instructed below) to identify the qualities that are being looked for and that it shows. You can now check the levels and award a mark.

Step 1 Determine a level

Start at the lowest level of the mark scheme and use it as a ladder to see whether the answer meets the descriptors for that level. The descriptors for the level indicate the different qualities that might be seen in the student's answer for that level. If it meets all the descriptors for the lowest level then go to the next one and decide if it meets this level, and so on, until you have a match between the level descriptors and the answer. With practice and familiarity you will find that for better answers you will be able to skip through the lower levels of the mark scheme quickly.

When assigning a level you should look at the overall quality of the answer and not look to pick holes in small and specific parts of the answer where the student has not performed quite as well as the rest. If the answer covers different aspects of different levels of the mark scheme you should use a best fit approach for defining the level and then use the variability of the response to help decide the mark within the level; ie if the response fulfils most but not all of level 3 with a small amount of level 4 material, it would be placed in level 3 but be awarded a mark near the top of the level because of the level 4 content.

Step 2 Determine a mark

Once you have assigned a level you need to decide on the mark.

It is often best to start in the middle of the level's mark range and then check and adjust. If there is a lot of indicative content fully identifiable in the work you need to give the highest mark in the level. If only some is identifiable or it is only partially fulfilled, then give the lower mark.

The exemplar materials used during standardisation will also help. There will be an answer in the standardising materials that will correspond with each level of the mark scheme. This answer will have been awarded a mark by the lead examiner. You can compare the student's answer with the example to determine if it is of the same standard, better or worse than the example. You can then use this to allocate a mark for the answer based on the lead examiner's mark on the example.

You may well need to read back through the answer as you apply the mark scheme to clarify points and assure yourself that the level and the mark are appropriate.

In addition to the generic descriptors (presented in bold text), paper-specific indicative descriptors (presented in plain text) are provided as a guide for examiners. These are not intended to be exhaustive and you must credit other valid points.

An answer that contains nothing of relevance to the question must be awarded no marks.

Examiners are required to assign each of the student's responses to the most appropriate level according to its overall quality, then allocate a single mark within the level. When deciding upon a mark in a level examiners should bear in mind the relative weightings of the assessment objectives (see page 22) and be careful not to over/under credit a particular skill. This will be exemplified and reinforced as part of examiner training.

Specimen responses

Specimen responses are included to help clarify the way in which the mark scheme will be applied. It should be noted however, that such responses are not meant to be definitive, nor intended to represent a very good answer to a particular question. The nature of the subject means that there are often far more acceptable responses to a particular question than could reasonably be listed in the mark scheme. The specimen responses represent what is probably going to be the most likely answer to the questions and illustrate where marks are awarded and levels of response reached. Teachers are advised against using the content or structure of these specimen responses to tutor students in how to answer similar questions, as identical marks can be achieved in a variety of different ways.

Annotating scripts

You should write a summative comment at the end for each assessment objective and indicate the marks for each assessment objective being tested at the end of the answer in the margin in sequence. It is vital that the way you arrive at a mark should be recorded on the script. This will help you with making accurate judgements and it will help any subsequent markers to identify how you are thinking. Please do not write negative comments about students' work or their alleged aptitudes; this is unprofessional and it impedes a positive marking approach.

Section A

Total for this section: 15 marks

Question	Part	Marking guidance	Total marks
01		Which one of the following is a primary industry? Answer: C (Farming)	1 AO1=1
02		Which one of the following is an example of secondary market research? Answer: D (Studying your competitor's sales figures)	1 AO1=1
03		A business has variable costs of 3.00 US\$ per item manufactured and fixed costs of 500 US\$. What will be the total cost of manufacturing 1,000 items? Answer: C (3500 US\$)	1 AO2=1
04		USP is a marketing term. What do the initials USP stand for? Answer: B (Unique Selling Point)	1 AO1=1
05		Which one of the following is most likely to happen if there is a large rise in unemployment? Answer: B (More people will be looking for work)	1 AO1=1
06		Which one of these pricing strategies involves setting the price low at the beginning then gradually increasing it? Answer: C (Penetration pricing)	1 AO1=1

Question	Part	Marking guidance	Total marks
07		<p>Identify and explain one reason why a start-up business might conduct market research.</p> <p>One mark for identifying a correct reason, plus one mark for offering some explanation or development.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • find out about competitors • determine if there is a demand for the product • find most suitable way to advertise • determine suitable pricing strategy • work out best target market. <p>Specimen response The business might want to find out how many competitors there are (1). If there are too many it may be hard to gain customers. (1)</p>	<p>2</p> <p>AO1=2</p>
08		<p>Calculate the average monthly profit made over these three months.</p> <p>Show your calculations.</p> <p>3 marks = Correct answer of 16 000 regardless of showing calculation (ignore currency units).</p> <p>Average Profit = $48\ 000 / 3 = 16\ 000$ EGP</p> <p>2 marks = for stating or calculating total profit of 48 000 (ie profits for total of three months).</p> <p>Total profit = $13\ 000 + 20\ 000 + 15\ 000 = 48\ 000$ EGP</p> <p>1 mark = for indicating at any point in working that Profit = Revenue – costs eg $45\ 000 - 32\ 000$, OR for dividing incorrect profits by 3.</p> <p>0 marks = Incorrect answer (if given) and no correct operation shown.</p>	<p>3</p> <p>AO2=3</p>

Question	Part	Marking guidance	Total marks
09		<p>Yousef is planning to start his own taxi business.</p> <p>Identify and explain one way Yousef might benefit from setting a clear objective for his business.</p> <p>One mark for identifying a correct benefit, plus one mark for offering some explanation or development.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • sets him a target to aim at/motivates him to achieve the objective • allows him to determine how well he is doing in relation to this target • helps him get funding as business seems organised. <p>Specimen response Having an objective will motivate Yousef to do well (1). Having the objective to reach would make him work harder if his business looked as if it wasn't going to achieve what he wanted from it (1).</p>	<p>2</p> <p>AO1=2</p>
10		<p>Many international businesses have strong brands for their products.</p> <p>Identify and explain one benefit to a business of having a well-known brand.</p> <p>One mark for identifying a benefit, plus one mark for offering some explanation or development.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • allows product to be recognised/stand out from competitors • customers will be more willing to pay a higher price for a brand • a strong brand would encourage customers to buy the product. <p>Specimen response A strong brand would attract customers (1). People like brands as they believe that they are better quality than products without brands (1).</p>	<p>2</p> <p>AO1=2</p>

Section B

Total for this section: 41 marks

Question	Part	Marking guidance	Total marks
11	1	<p>Identify and explain two benefits to Costa of becoming a larger business.</p> <p>One mark for identifying a benefit, plus one mark for offering some explanation or development in the context of Costa. (2x2)</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • obtain economies of scale • be able to compete more effectively with Starbucks • raises the profile of the business leading to increased custom. <p>Specimen response</p> <p>Costa benefits because its unit costs will go down (1). This will allow it to make more profit which means it has more money to invest in the business and expand even further (1).</p> <p>More coffee shops will make people more aware of the brand as they see them in their towns (1). This will help them compete with Starbucks because Costa will be better known (1).</p>	<p>4</p> <p>AO1=2 AO2=2</p>
11	2	<p>Costa has 6000 Costa Express vending machines selling coffee.</p> <p>Analyse the benefits to Costa of selling coffee using vending machines.</p> <p>Possible areas to consider:</p> <ul style="list-style-type: none"> • it will give Costa access to many more customers – a different target market • it is a cheaper way to operate a retail outlet – much lower staff costs • allows 24/7 operations • unlike a coffee shop, vending machines can be easily moved to new locations if Costa finds demand for vended coffee is not as high as expected. 	<p>6</p> <p>AO2=2 AO3=4</p>

Examiners are reminded that AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives. Due to the greater number of marks available for AO3, answers at level 3 will have a greater depth of analysis (AO3) but may show similar levels of application of knowledge and understanding (AO2) to a level 2 answer.

Level	Description	Marks
3	Detailed analysis of topics based on the context <ul style="list-style-type: none"> Business areas are analysed in depth. Applies knowledge and understanding to the context sufficiently, throughout the answer. 	5–6 AO3 x2
2	Sound analysis of topics based on the context <ul style="list-style-type: none"> Business areas are partially analysed. Applies knowledge and understanding to the context sufficiently, in most areas. 	3–4 AO3 AO2
1	Basic analysis of topics based on the context <ul style="list-style-type: none"> Analysis of business areas is simplistic. Knowledge and understanding is applied to the context, but may be fragmented. 	1–2 AO3 AO2
0	Nothing worthy of credit.	

Specimen response

Costa started to sell coffee from vending machines in order to expand the business. This method of selling has many advantages to Costa. There were already sites established where Coffee Nation had had vending machines so it made it easy for Coffee Express to become established. (L1)

Vending machines are a good way to expand as the cost of selling each cup of coffee is much cheaper. You only need staff to restock and clean the machines and no one to make the coffee and handle cash, as happens in a coffee shop. (L2)

This means the cost to Costa for each cup sold is lower, allowing more profit to be earned for each cup. (L3)

Having vending machines in petrol stations encourages impulse buying. Car drivers may find it convenient to buy coffee from a machine as it is quick, rather than search to find a coffee shop. Again, this increases revenue. (L3)

Question	Part	Marking guidance	Total marks
11	3	<p>Costa took over the coffee vending business, Coffee Nation.</p> <p>Identify and explain two benefits to Costa of expanding by taking over another business.</p> <p>One mark for identifying a benefit, plus one mark for offering some explanation or development in the context of Costa. (2x2)</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> growth is much faster for Costa capital equipment is already available, saving time it reduces competition established sites functioning already. <p>Specimen response</p> <p>A benefit of taking over Coffee Nation is that it gets rid of a competitor (1). This means there will be more sites available for Costa Express machines (1).</p> <p>Another benefit is Costa will be able to target new customers (1). The coffee shops target people who want to relax over a cup of coffee but the vending machines will suit people who</p>	4 AO1=2 AO2=2

Question	Part	Marking guidance	Total marks
		just want a quick cup of coffee before continuing on their journey (1).	
11	4	<p>Costa could lower its prices to gain more customers. Instead it chooses to have a loyalty scheme.</p> <p>Analyse the benefits to Costa of having a loyalty scheme.</p> <p>Possible areas to consider:</p> <ul style="list-style-type: none"> • is an economical way to maintain custom • the scheme encourages repeat business/attracts business from competitors • loyalty related app encourages visits to unfamiliar Costa shops. 	<p>6</p> <p>AO2=2 AO3=4</p>

Examiners are reminded that AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives. Due to the greater number of marks available for AO3, answers at level 3 will have a greater depth of analysis (AO3) but may show similar levels of application of knowledge and understanding (AO2) to a level 2 answer.

Level	Description	Marks
3	<p>Detailed analysis of topics based on the context</p> <ul style="list-style-type: none"> • Business areas are analysed in depth. • Applies knowledge and understanding to the context sufficiently, throughout the answer. 	<p>5–6</p> <p>AO3 x2</p>
2	<p>Sound analysis of topics based on the context</p> <ul style="list-style-type: none"> • Business areas are partially analysed. • Applies knowledge and understanding to the context sufficiently, in most areas. 	<p>3–4</p> <p>AO3 AO2</p>
1	<p>Basic analysis of topics based on the context</p> <ul style="list-style-type: none"> • Analysis of business areas is simplistic. • Knowledge and understanding is applied to the context, but may be fragmented. 	<p>1–2</p> <p>AO3 AO2</p>
0	Nothing worthy of credit.	

Specimen response

A loyalty scheme encourages customers to return to Costa coffee shops to buy more coffee. (L1)

Customers with a loyalty card might get a free drink after they have bought six coffees. This stops them wanting to go to competitors' shops as they think they are missing out on the chance to get a free drink. (L2)

The good thing from Costa's point of view is that a free coffee does not have much cost for the business but it seems like a big reward to loyal customers. (L2)

The profit they get from selling six cups of coffee is high compare to the cost to Costa of giving someone a free coffee. So it makes good financial sense to have this scheme. (L3)

Question	Part	Marking guidance	Total marks
11	5	<p>Calculate Costa's Net Profit Margin for the financial year 2015/2016.</p> <p>Give your answer correct to 2 decimal places and show your calculations.</p> <p>3 marks = Correct answer of 13.96% regardless of showing calculations</p> <p>Net Profit Margin = $NP / Revenue \times 100$</p> <p>NPM Costa = $154 / 1103 \times 100 = 13.96\%$</p> <p>2 marks = for correct answer but not to the correct degree of accuracy (2DP) eg 14.0% 13.962%</p> <p>1 mark = for indicating 154 / 1103 or in millions</p> <p>0 marks = Incorrect answer (if given) and no correct operation shown.</p> <p>NB: Allow numerical value without % sign.</p>	<p>3</p> <p>AO1=1 AO2=2</p>
11	6	<p>The Net Profit that Costa makes can be used:</p> <ul style="list-style-type: none"> to give shareholders a dividend to pay for the expansion of the business. <p>Using Items A and B, analyse the benefits to Costa of using its profits to expand the business.</p> <p>Possible areas to consider:</p> <ul style="list-style-type: none"> Costa is trying to grow to compete with Starbucks so investment is essential if the business grows it will create future profit for shareholders so they may be willing to sacrifice receiving as much profit now Costa's aim is to become the number one coffee shop provider there seems to be a demand for vending machine coffee and Costa might want to exploit this before others dominate the market. 	<p>6</p> <p>AO2=2 AO3=4</p>

Examiners are reminded that AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives. Due to the greater number of marks available for AO3, answers at level 3 will have a greater depth of analysis (AO3) but may show similar levels of application of knowledge and understanding (AO2) to a level 2 answer.

Level	Description	Marks
3	Detailed analysis of topics based on the context <ul style="list-style-type: none"> Business areas are analysed in depth. Applies knowledge and understanding to the context sufficiently, throughout the answer. 	5–6 AO3 x2
2	Sound analysis of topics based on the context <ul style="list-style-type: none"> Business areas are partially analysed. Applies knowledge and understanding to the context sufficiently, in most areas. 	3–4 AO3 AO2
1	Basic analysis of topics based on the context <ul style="list-style-type: none"> Analysis of business areas is simplistic. Knowledge and understanding is applied to the context, but may be fragmented. 	1–2 AO3 AO2
0	Nothing worthy of credit.	

Specimen response

If Costa puts profits back into the business it has the chance to expand. They could use the profits to open up more coffee shops. (L1)

This would allow Costa to make more profits in the future and be able to pay even higher dividends. So shareholders could receive far more money if they waited for their share of the profits to be paid. (L2)

Costa's ambition is to become the biggest chain of coffee shops by exceeding Starbucks. They would need a great deal of investment to achieve this. It would be difficult and expensive to arrange bank loans so reinvesting profits to pay for new shops would be far cheaper. Also, if Costa did take out loans the repayments and interest would lower profits so shareholders would suffer even with this option. (L3)

Question	Part	Marking guidance	Total marks
11	7	Becoming a socially-responsible business can have an effect on Costa's profits. Evaluate whether Costa should be more concerned about increasing its profits, than being a socially-responsible business. Use the information in Items A , B , C and D to give reasons for your decision. Areas for consideration: <ul style="list-style-type: none"> becoming socially responsible could act as a marketing ploy and raise the business's profile, bringing in more business, so increased profits and being socially responsible can both happen together would want to do this if competitors are also becoming more socially responsible, so Costa does not stand out as the only coffee shop which is not socially responsible not much is spent on its ethical stance – only £2m and most of this comes from customers' donations along with its competitors, Costa might want to act responsibly to avoid governments bringing in laws to force 	12 AO2=4 AO3=8

Question	Part	Marking guidance	Total marks
		them or charging high levels of tax to punish them for polluting, etc <ul style="list-style-type: none"> money spent on the welfare of coffee suppliers might help reduce the costs as it raises motivation and efficiency of these workers. 	

Examiners are reminded that AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives. More weight should therefore be given to AO3 than AO2.

Level	Description	Marks
4	Detailed analysis and evaluation of topics based on the context <ul style="list-style-type: none"> Coherent line of reasoning followed, which is sustained, relevant and substantiated. There is a focused conclusion that is fully justified and follows clearly from the analysis. Business areas are analysed in depth. Knowledge and understanding is detailed and appropriately applied within context. 	10–12 AO3 AO3 AO2
3	Sound analysis and evaluation <ul style="list-style-type: none"> Coherent line of reasoning given and the conclusion is appropriate and related to the preceding analysis. Business areas are partially analysed. Knowledge and understanding is detailed and appropriately applied within context. 	7–9 AO3 AO3 AO2
2	Limited attempt made to analyse the topics based on the context <ul style="list-style-type: none"> Evidence of some line of reasoning, with a conclusion that has limited justification. Analysis of business areas is simplistic. Some knowledge and understanding is applied within context. 	4–6 AO3 AO3 AO2
1	Basic evaluation of topics but without any real support or analysis <ul style="list-style-type: none"> A conclusion is present but without any reasoned support. No discernible or relevant analysis. A clear attempt to apply knowledge and understanding, but context may be lacking. 	1–3 AO3 AO3 AO2
0	Nothing worthy of credit	

Specimen response

There are benefits to Costa of both options. If it becomes more socially responsible it will help promote Costa as a responsible business which will bring in more customers. Alternatively if it concentrated on its profits it would allow it to expand and make even more money in the future. (L1)

Many customers like the businesses they deal with to be socially responsible. They will be happier to pay more for coffee if they feel that some of the money they spend is going to charities to help other people. So it can make good sense to give away some profits to worthy causes. (L2)

Costa gives most of its socially responsible donations to people who live in the area where its coffee beans are grown. People who live there will feel that Costa is a good company to deal with and will be more loyal to it, working hard to produce the best quality coffee beans which helps make its coffee better than Starbucks'. This will help Costa's reputation and increase its revenue. (L3)

I would recommend that Costa continue with its social responsibility. Profits will not be affected too much as much of the money Costa spends helping out poor people comes from customers rather than from its profits. We are told that customers donate the money which is a free way to Costa to being socially responsible. All Costa does is to sell merchandise like cups with the company logo which also serves to promote the business. Costa has got the best of both worlds and should continue getting customers to donate money and get the benefits of saying it is a socially responsible business. (L4)

Section C

Total for this section: 34 marks

Question	Part	Marking guidance	Total marks
12	1	<p>What is meant by a cash flow difficulty?</p> <p>One mark for demonstrating knowledge of the term, plus one mark for explanation or development.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> company has problems paying immediate debts outflows of money exceed inflows. <p>Students may choose to use a numerical example to illustrate the point being made. The negative consequences of a cash flow problem would also count as development.</p> <p>Specimen response This is when a business has a problem paying its debts (1). It sells goods on credit so hasn't been paid yet, but still has to pay its bills like wages (1).</p> <p>NB: A cash flow difficulty does not necessarily mean that the business is not making a profit. This misconception – as part of a fuller answer – would restrict the maximum mark to 1.</p>	<p>2</p> <p>AO1=2</p>
12	2	<p>Identify and explain two ways that Mrs Mistry might improve her cash flow without reducing her stock of fabrics.</p> <p>One mark for identifying a way, plus one mark for offering some explanation or development in the context of Mrs Mistry. (2x2)</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> defer payments to suppliers ask customers to pay early eg remove credit facilities find other ways to reduce costs eg cut back on electricity. <p>Specimen response Mrs Mistry could ask the fabric wholesaler to take credit (1). This will allow her more time to sell the fabric and receive the payments from her customers (1).</p> <p>Mrs Mistry could ask her customers to pay for the fabric when they order it, if it is not in stock (1). This way she will receive some money earlier than she would if they paid when they got the fabric or paid at the end of the month (1).</p>	<p>4</p> <p>AO1=2 AO2=2</p>

Question	Part	Marking guidance	Total marks
12	3	<p>Mrs Mistry is not sure whether to accept the sewing machine franchise.</p> <p>Analyse the benefits to Mrs Mistry's business of taking on this franchise.</p> <p>Possible areas to consider:</p> <ul style="list-style-type: none"> • there seems to be very little risk involved – it appears no upfront payments • it may encourage new customers to buy fabric when they buy a sewing machine – it gives Mrs Mistry the chance to create long-term customers • allows Fantastic Fabrics to extend its product portfolio – there is a fall in the sale of fabrics and the business needs to diversify • it seems a generous deal – 10% of purchase price for just demonstrating the machines. 	<p>6</p> <p>AO2=2 AO3=4</p>

Examiners are reminded that AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives. Due to the greater number of marks available for AO3, answers at level 3 will have a greater depth of analysis (AO3) but may show similar levels of application of knowledge and understanding (AO2) to a level 2 answer.

Level	Description	Marks
3	<p>Detailed analysis of topics based on the context</p> <ul style="list-style-type: none"> • Business areas are analysed in depth. • Applies knowledge and understanding to the context sufficiently, throughout the answer. 	<p>5–6 AO3 x2</p>
2	<p>Sound analysis of topics based on the context</p> <ul style="list-style-type: none"> • Business areas are partially analysed. • Applies knowledge and understanding to the context sufficiently, in most areas. 	<p>3–4 AO3 AO2</p>
1	<p>Basic analysis of topics based on the context</p> <ul style="list-style-type: none"> • Analysis of business areas is simplistic. • Knowledge and understanding is applied to the context, but may be fragmented. 	<p>1–2 AO3 AO2</p>
0	<p>Nothing worthy of credit.</p>	

Specimen response

This seems to be a good idea for Mrs Mistry. Selling sewing machines is closely related to her existing business and could even allow her sales of fabric to increase. (L1)

The advantage of the scheme to Mrs Mistry is she wouldn't have to pay for the sewing machines which would be a problem as her cash flow is not good at the moment. (L2) The scheme should even help her cash flow because she would be receiving additional money from the sewing machine company when she arranged a sale (L2).

If customers came to buy the sewing machines they might be tempted to buy fabric from Ms Mistry because they would see her stock on display. All this would help improve the business's cash flow and profits at very little risk. (L3)

Question	Part	Marking guidance	Total marks
12	4	<p>Using Table 2 and your knowledge of the product life cycle, explain the changes seen in the sales of fabric.</p> <p>Possible areas to consider:</p> <ul style="list-style-type: none"> • 1985 Introductory phase – Fantastic Fabrics is becoming established, takes time to build up clientele • 1995 Development phase – Fantastic Fabrics sees growth in sales as customers get used to buying fabrics there • 2005 Maturity phase – Demand remains constant • 2015 Decline – Demand falls, less interest in the product, gives possible reasons for this. <p>NB: Students may use different terms to describe these phases, which should be allowed if meaningful.</p>	<p>6</p> <p>AO1=3 AO2=3</p>

Examiners are reminded that AO1 and AO2 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives.

Level	Description	Marks
3	<p>Detailed understanding and application of the topics</p> <ul style="list-style-type: none"> • Applies knowledge and understanding to the context sufficiently, throughout the answer. • A sound and detailed understanding of business concepts and issues. 	<p>5–6 AO2</p> <p>AO1</p>
2	<p>Sound understanding and application of the topics</p> <ul style="list-style-type: none"> • Applies knowledge and understanding to the context sufficiently, in most areas. • A sound understanding of business concepts and issues, but the answer lacks detail. 	<p>3–4 AO2</p> <p>AO1</p>
1	<p>Basic understanding and application of the topics</p> <ul style="list-style-type: none"> • Knowledge and understanding is applied to the context, but may be fragmented. • Understanding of business concepts and issues is simplistic. 	<p>1–2 AO2</p> <p>AO1</p>
0	Nothing worthy of credit.	

Specimen response

The change in sales of fabric at Mrs Mistry's shop fits with the standard product life cycle. (L1)

There was a period of slow growth in sales after 1985 when Mrs Mistry opened her shop. (L1) This was the introduction phase and it took time for customers to get into the habit of going to Fantastic Fabrics to buy their fabrics. (L2)

By 1995 there is a period of rapid development in sales (L1), as the shop became better known and a customer base was established. (L2)

The maturation phase followed in 2005 where sales remained constant (L1), but then there was a decline in sales because home sewing became less popular. (L2) This could have been due to young women not having the skills needed to make their own clothes. (L3)

Question	Part	Marking guidance	Total marks
12	5	<p>Mrs Mistry plans to run two sewing classes each week.</p> <p>Using the figures in Table 3, calculate how long, in weeks, it would take for Mrs Mistry's investment in sewing machines to be paid back (the payback period).</p> <p>Show your calculations.</p> <p>4 marks = Correct answer of 30 weeks regardless of showing calculations.</p> <p>3 marks = For an answer of 60 weeks (ie did not pick up on twice weekly classes).</p> <p>2 marks = For incorrect answer but two correct operations shown (as below).</p> <p>1 mark = For incorrect answer but one correct operation shown (as below).</p> <p>0 marks = For incorrect answer (if given) and no operation shown.</p> <ul style="list-style-type: none"> • Cost of sewing machines = $8 \times 1200 = 9600$ RM (currency sign does not need to be present). • Revenue from weekly classes = $2 \times 200 = 400$ RM. • Cost of running weekly classes = $2 \times 40 = 80$ RM. • Weekly contribution = $400 - 80 = 320$ RM. • Payback period = $9,600 / 320 = 30$ weeks. <p>Alternatively</p> <ul style="list-style-type: none"> • Cost of sewing machines = 9600 RM. • Contribution per class = $200 - 40 = 160$ RM. • Number of classes to payback = $9600 / 160 = 60$. • Number of weeks to pay back = $60 / 2 = 30$ weeks. 	<p>4</p> <p>AO1=2 AO2=2</p>
12	6	<p>Mrs Mistry is not sure whether to start running the sewing classes.</p> <p>Recommend whether you think she should run the sewing classes.</p> <p>Use the information in Items E, F, G and H to give reasons for your recommendation.</p> <p>Areas for consideration:</p> <ul style="list-style-type: none"> • there is a decline in the demand for fabrics, the sewing classes would extend the portfolio of the business • the business has a cash flow problem; funds from the classes would help to improve this • the classes might result in the sale of sewing machines, increasing the profits of the business • more fabric might be sold, again helping profits 	<p>12</p> <p>AO2=4 AO3=8</p>

Question	Part	Marking guidance	Total marks
		<ul style="list-style-type: none"> the payback period of 30 weeks is realistic she might get a discount from the sewing machine manufacturer there appears to be a demand for the classes Mrs Mistry hasn't taken her own time into the calculations she may not be capable physically of running these classes. 	

Examiners are reminded that AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives. More weight should therefore be given to AO3 than AO2.

Level	Description	Marks
4	Detailed analysis and evaluation of topics based on the context <ul style="list-style-type: none"> Coherent line of reasoning followed, which is sustained, relevant and substantiated. There is a focused conclusion that is fully justified and follows clearly from the analysis. Business areas are analysed in depth. Knowledge and understanding is detailed and appropriately applied within context. 	10–12 AO3 AO3 AO2
3	Sound analysis and evaluation <ul style="list-style-type: none"> Coherent line of reasoning given and the conclusion is appropriate and related to the preceding analysis. Business areas are partially analysed. Knowledge and understanding is detailed and appropriately applied within context. 	7–9 AO3 AO3 AO2
2	Limited attempt made to analyse the topics based on the context <ul style="list-style-type: none"> Evidence of some line of reasoning, with a conclusion that has limited justification. Analysis of business areas is simplistic. Some knowledge and understanding is applied within context. 	4–6 AO3 AO3 AO2
1	Basic evaluation of topics but without any real support or analysis <ul style="list-style-type: none"> A conclusion is present but without any reasoned support. No discernible or relevant analysis. A clear attempt to apply knowledge and understanding, but context may be lacking. 	1–3 AO3 AO3 AO2
0	Nothing worthy of credit.	

Specimen response

Mrs Mistry should run these sewing classes because her business is not doing well. (L1)

The items show that she is having many difficulties with her business at the moment. She is having a problem with her cash flow because it takes a long time to sell much of the fabric that she stocks and because many people where she lives no longer want to make their own clothes. If she started to run these classes she should receive a regular source of cash to help her cash flow as the students would probably pay in cash and not on credit. (L2)

There is an issue with her having to spend 9,600 RM on buying the sewing machines that she would need, especially as she doesn't seem to have much money at the moment, but it is possible that she could make a deal with the sewing machine company which she is to franchise with. She would at least get 10% discount. She could explain to the company that if the classes were successful they would get more sales of sewing machines to encourage them to give a discount. (L3)

It is a hard decision for Mrs Mistry. She is old and might not want to take the risk of losing money if the classes are not popular but I think it is her best option. It could be a good extension strategy to increase the sale of fabric or at least help her move away from relying on that side of her business. Therefore I recommend that she run the classes. (L4)

Allocation of marks to Assessment Objectives

	AO1	AO2	AO3	Total
01	1			1
02	1			1
03		1		1
04	1			1
05	1			1
06	1			1
07	2			2
08		3		3
09	2			2
10	2			2
11.1	2	2		4
11.2		2	4	6
11.3	2	2		4
11.4		2	4	6
11.5	1	2		3
11.6		2	4	6
11.7		4	8	12
12.1	2			2
12.2	2	2		4
12.3		2	4	6
12.4	3	3		6
12.5	2	2		4
12.6		4	8	12
Totals	25	33	32	90

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OXFORD INTERNATIONAL AQA EXAMINATIONS
LINACRE HOUSE, JORDAN HILL, OXFORD, OX2 8TA
UNITED KINGDOM
enquiries@oxfordaqaexams.org.uk
oxfordaqaexams.org.uk

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