



GCE

## Applied Business

Advanced Subsidiary GCE

Unit: **F242:** Understanding the Business Environment

## Mark Scheme for June 2013

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This mark scheme is published as an aid to teachers and students, to indicate the requirements of the examination. It shows the basis on which marks were awarded by examiners. It does not indicate the details of the discussions which took place at an examiners' meeting before marking commenced.

All examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes should be read in conjunction with the published question papers and the report on the examination.

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## Annotations

Annotation	Meaning
	The response given is 'Unclear' to the marker.
	'Benefit of doubt' but credit given.
	To indicate the response is in 'Context' of the relevant case study.
	Response is incorrect, no credit can be given.
	Used for Level of response answers to indicate Level 1.
	Used for Level of response answers to indicate Level 2.
	Used for Level of response answers to indicate Level 3.
	Used for Level of response answers to indicate Level 4.
	The response is not incorrect but has 'Not answered the question'.
	Own figure rule. Used where indicated in the mark scheme.
	'Repeat' response repeats the same marking point.
	'Noted but no credit given' or to indicate all or part blank answer pages have been seen by the marker.
	Correct point/answer. Credit can be given.
	No use of context/Unable to credit context

## Subject-specific Marking Instructions

### Testing of QWC

*In this external assessment the assessment of QWC will take place in Question 2b\* which is a levels of response question and carries 12 marks.*

*Marks are embedded within this question for assessing the quality of written communication. The following criteria are embedded within the levels of response for Question 2b\*.*

#### **Level 4:**

Ability to present relevant material in a well planned and logical sequence. Material clearly structured using appropriate business terminology confidently and accurately. Sentences, consistently relevant are well structured in a way that directly answers question. There will be few, if any errors of grammar, punctuation and spelling.

(4 marks representing the appropriate level of written communication are embedded in this level of response).

#### **Level 3:**

Ability to present relevant material in a planned and logical sequence. Appropriate business terminology used. Sentences for the most part relevant presented in a balanced, logical and coherent manner which addresses the question. There will be occasional errors of grammar, punctuation and spelling.

(3 marks representing the appropriate level of written communication are embedded in this level of response).

#### **Level 2:**

Limited ability to organise relevant material. Some appropriate business terminology used. Sentences are not always relevant with material presented in a way that does not always address the question. There may be noticeable errors of grammar, punctuation and spelling.

(2 marks representing the appropriate level of written communication are embedded in this level of response).

#### **Level 1:**

Ability to communicate at least one point using some appropriate business terminology. Sentences have limited coherence and structure, often being of doubtful relevance to the main focus of question. Errors of grammar, punctuation and spelling may be noticeable and intrusive.

(1 mark representing the appropriate level of written communication is embedded in this level of response).

Question		Answer	Marks	Guidance
1	(a) (i)	P – political, politics E – economic S – social T – technological, technology.	4	<b>AO1:4</b> One mark for each correct identification up to a maximum of four identifications.  Candidate does <b>not</b> have to answer with context.  Accept 'economical' as stated in the specification.  Do not accept 'technical'.
	(ii)	Indicative content: <ul style="list-style-type: none"> <li>• to help respond to external factors which might impact on business</li> <li>• to help draw up contingency plans for changes in external environment</li> <li>• to help to make strategic decisions based on social trends/political factors.</li> </ul> Exemplar response(s): Eg Helps to make strategic decisions based on social trends/political factors (1). Eg Helps draw up contingency plans for changes in external environment (1). Eg Helps business to respond to external factors which might impact on the business (1).	2	<b>AO1:2</b> One mark for each correct identification up to a maximum of two identifications.  Do <b>not</b> accept generic answers showing no understanding of PEST analysis eg 'help with future planning'.  Must be clearly stated 'external/uncontrollable factors' or a specific element of PEST, otherwise it does not show understanding.(Be aware of statements referring to just 'factors'/PEST.)  Care not to award for vague responses which are not clearly benefits eg 'Business can see different external factors' – <b>make sure benefit</b> .  Do not award for 'identify/see/understand/find out' without detail of benefit to business.

Question		Answer	Marks	Guidance
(b)		<p>Indicative content:</p> <ul style="list-style-type: none"> <li>feeds become more expensive</li> <li>increase in (running) costs</li> <li>profit decreases</li> <li>get less for their money</li> <li>get less feed for their money.</li> </ul> <p>Exemplar response:</p> <p>Eg Feeds from China would become more expensive (1), this would increase the running cost/reduce profit (1).</p> <p>Eg Get less for their money (1) so it costs more to feed the cows(1).</p> <p>Eg Have to pay more (1) which they will have to pass on to their customer (1)</p>	2	<p><b>AO1:1</b> <b>AO2:1</b></p> <p>Up to two marks.</p> <p>Allow 'pay higher exchange rate for yuan'. Make sure right way round.</p>

Question		Answer	Marks	Guidance
(c)		<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• make the public aware of the benefits of organic milk (promotion/advertising/educating)</li> <li>• provide grants</li> <li>• government loans</li> <li>• subsidies</li> <li>• reduce red tape/standards</li> <li>• grant planning permission</li> <li>• change in legislation</li> <li>• advice on start-up</li> <li>• tax break</li> <li>• price cap</li> <li>• make sure farmers are paid fairly</li> <li>• ban imports of organic milk.</li> </ul> <p>Exemplar response(s):</p> <p>Eg By highlighting the benefits of organic milk to the public (1). This will encourage more people to buy organic milk (1).</p> <p>Eg By making sure that farmers are paid fairly (1). This will encourage more farmers to convert to organic milk production (1).</p> <p>Eg By providing subsidies/grants to organic farmers (1). This will make the future of these farms more secure (1).</p> <p>Eg By changing planning regulations (1) to make it easier for farmers to convert to organic milk production (1).</p>	6	<p><b>AO1:3</b> <b>AO2:3</b></p> <p>One mark for each correct identification up to a maximum of three identifications, plus a further one mark for each of three explanations (care – not a description).</p> <p>Accept identification in explanation if appropriate.</p> <p>First mark (identify) is generic.</p> <p>Award second mark for how method identified benefits the (organic) milk industry (farmer/retailer/customer).</p> <p>However, there is no need for specific knowledge of how the organic milk industry operates.</p> <p>‘Offering help’ – too vague – what help? - way/method needed.</p>

Question		Answer	Marks	Guidance
(d)		<p>Use level of response criteria.</p> <p>Indicative content:</p> <ul style="list-style-type: none"> <li>• Political – government campaign/funding, change of government, EU funding</li> <li>• Economic – recession/credit crunch, recovery, unemployment, inflation, interest rates, exchange rates</li> <li>• Social – consumer trend, consumer attitude, lifestyle</li> <li>• Technology – equipment/machinery to aid farming</li> <li>• Demand</li> <li>• Cost of supplies</li> <li>• Legal</li> <li>• Environmental</li> <li>• Weather/climate</li> <li>• Competition</li> <li>• Pressure groups.</li> </ul> <p>Exemplar response:</p> <p>There are many external factors e.g. social, economic etc. That could affect a business (L1). Social factors such as a decrease in consumer demand for organic products (CONT) has a direct impact on the sales of these products (L2) which would make the industry less profitable (L3). Economic factors such as increasing unemployment will also lead to a decrease in consumer demand for organic products (CONT) (L2) which will also lead to shrinkage in the industry (L3).</p> <p>A weak pound would mean more expensive feeds (CONT) if the farmer import from abroad (L2). This increases the running costs (L3). By far the most important factor is the long term social trend of consumer demand for organic products (CONT) as this ensures the long-term growth of the industry (L4). The economy does not stay depressed for ever and the success of such an industry depends on consumer attitude towards the food they eat (L4).</p>	12	<p><b>AO1:3</b>  <b>AO2:3</b>  <b>AO3:3</b>  <b>AO4:3</b></p> <p>Please indicate each time a candidate achieves a particular level as this will help you to allocate the marks within that level.</p> <p>Context should be annotated every time L2/L4 is awarded with the 'CONT' annotation.</p> <p>Non-contextual answer <b>max</b> Level 1.</p> <p><b>Level 4 (10–12 marks)</b>  Candidate evaluates the external factor(s) which affect(s) the organic milk industry.</p> <p><b>Level 3 (7–9 marks)</b>  Candidate analyses the external factor(s) which affect(s) the organic milk industry.</p> <p><b>Level 2 (4–6 marks)</b>  Candidate applies knowledge and understanding of the external factor(s) which affect(s) the organic milk industry.</p> <p><b>Level 1 (1–3 marks)</b>  Candidate shows knowledge of external factors with no use of context.</p> <p>Accept any external factors, including for example more than one economic factor.</p> <p><b>Do not</b> award reverse of argument.</p>

Question	Answer	Marks	Guidance
			<p><b>Level 4 (10–12 marks)</b>            (10 marks) – candidate evaluates after analysis having made comparison to at least one other factor affecting the organic milk industry, with weak justification.</p> <p>(11–12 marks) – candidate evaluates after analysis having made comparison to at least one other factor affecting the organic milk industry with full justification.</p> <p><b>Level 3 (7–9 marks)</b>            (7 marks) candidate analyses the effect(s) of <b>one</b> external factor with context (look for impact on the business).</p> <p>(8–9 marks) candidate analyses the effect(s) of <b>more than one</b> external factor with context (look for impact on the business).</p> <p><b>Level 2 (4–6 marks)</b>  <b>Look for something more than Andrews' Farm, ie organic food, organic milk, Chinese yuan</b>            (4 marks) candidate applies knowledge and understanding of <b>one</b> external factor with context.</p> <p>(5–6 marks) candidate applies knowledge and understanding of <b>more than one</b> external factor with context.</p> <p><b>Level 1: (1–3 marks)</b>            (1 mark) candidate <b>identifies one</b> external factor with no use of context.</p> <p>(2–3 marks) candidate <b>identifies more than one</b> external factor with no use of context.</p>

Question		Answer	Marks	Guidance
2	(a) (i)	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• trade under an established brand</li> <li>• established customer base</li> <li>• support/advice network</li> <li>• training is provided</li> <li>• reduced risk</li> <li>• easier to obtain finance</li> <li>• advertising is paid for</li> <li>• financial support</li> <li>• equipment provided.</li> </ul> <p>Exemplar response(s):            Eg Training is provided (1). This ensures smooth running of the business (1).            Eg Trading under a well known name (1) means there is a ready customer base (1).            Eg Good support network (1) means that less mistakes made by franchisees (1).</p>	4	<p><b>AO1:2</b>  <b>AO2:2</b></p> <p>One mark for each correct identification up to a maximum of two identifications, plus a further one mark for each of two explanations.</p> <p>Context <b>not</b> required.</p> <p>Do <b>not</b> accept benefits of being a <b>franchisor</b>.</p> <p>Accept identification in explanation if appropriate.</p> <p>Award second mark for explain why benefit identified is good for the business.</p>
	(ii)	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• royalty fees/pay percentage of profit to franchisor</li> <li>• high start up payment to franchisor</li> <li>• does not have full control</li> <li>• has to follow rules laid down by franchisor</li> <li>• franchisor could close down</li> <li>• dependent on reputation/image of other franchisees</li> <li>• high targets set by franchisor</li> <li>• set prices</li> <li>• cannot sell other products</li> <li>• cannot decorate/promote shop own way.</li> </ul> <p>Exemplar response(s):            Eg Royalty fees apply (1). This will reduce the profitability of the venture (1).</p>	6	<p><b>AO1:3</b>  <b>AO2:3</b></p> <p>One mark for each correct identification up to a maximum of three identifications, plus a further one mark for each of three explanations.</p> <p>Context <b>not</b> required.</p> <p>Do <b>not</b> accept drawbacks of being a <b>franchisor</b>.</p> <p>Accept identification in explanation if appropriate.</p> <p>Award second mark for explaining why drawback identified is bad for the business.</p>

Question	Answer	Marks	Guidance
	<p>Eg The franchise has to be run in the way laid down by the franchisor (1). This may make it less successful (1).</p> <p>Eg A franchisee has to use the suppliers appointed by the franchisor (1). This might increase the running costs (1).</p> <p>Eg A franchisee does not have full control of the business (1). This has an impact on their motivational level (1).</p> <p>Eg The franchisor can pull out (1) and close the franchisee down (1).</p>		

Question	Answer	Marks	Guidance
(b)*	<p>Use level of response criteria.</p> <p>Indicative content:</p> <p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• limited liability</li> <li>• easier to raise funds with banks.</li> <li>• tax advantages</li> <li>• continuity</li> <li>• separate legal identity.</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• more expensive to run</li> <li>• more red tape</li> <li>• accounts have to be published.</li> </ul> <p>Exemplar response:</p> <p>Eg A private limited company has limited liability but a partnership does not (L1). This reduces the risk for the new venture (CONT)(L2) as if it does not work out the Andrews family will not lose the farm (CONT) (L3). However, a limited company costs more to run and set up (L1). This will reduce the profitability of the new ventures (CONT)(L2). Overall, a limited company is a better option because of the risk and high cost of the new ventures especially the truffiere (CONT) (L4). The company will also have more choice when it comes to raising the funds to establish the truffiere (CONT) as banks are more likely to lend to limited companies (L4).</p>	12	<p><b>AO1:3 AO2:3 AO3:3 AO4:3</b> QWC is assessed in this question.</p> <p>Please indicate each time a candidate achieves a particular level as this will help you to allocate the marks within that level. Context should be annotated every time L2/L4 is awarded with the 'CONT' annotation.</p> <p>Non-contextual answer <b>max</b> Level 1.</p> <p>Do not award answers relating to share capital or loss of control or decision making as ownership remains with the same four family members.</p> <p><b>Level 4 (10–12 marks)</b> Candidate evaluates the decision to change <i>Andrews' Farm</i> to a private limited company.</p> <p><b>Level 3 (7–9 marks)</b> Candidate analyses the advantages and/or disadvantages of changing <i>Andrews' Farm</i> to a private limited company.</p> <p><b>Level 2 (4–6 marks)</b> Candidate applies knowledge and understanding of the advantages and/or disadvantages of changing <i>Andrews' Farm</i> to a private limited company.</p> <p><b>Level 1 (1–3 marks)</b> Candidate shows knowledge of the advantages and/or disadvantages of being a private limited company with no use of context.</p>

Question	Answer	Marks	Guidance
			<p><b>Level 4 (10–12 marks)</b>            (10 marks) – candidate evaluates the suitability of becoming a private limited company for <i>Andrews' Farm</i> with weak justification.</p> <p>(11–12 marks) – candidate evaluates the suitability of becoming a private limited company for <i>Andrews' Farm</i> with full justification; must relate to new venture(s).</p> <p><b>Level 3 (7–9 marks)</b>            (7 marks) candidate analyses the advantage(s) <b>or</b> disadvantage(s) of <i>Andrews' Farm</i> becoming a private limited company (look for impact on the business).</p> <p>(8–9 marks) candidate analyses the advantage(s) <b>and</b> disadvantage(s) of <i>Andrews' Farm</i> becoming a private limited company (look for impact on the business).</p> <p><b>Level 2 (4–6 marks)</b>  <b>Look for something more than Andrews' Farm, farm or family (as all in the question), ie the new ventures, expansion, two ventures, diversification</b>            (4 marks) candidate applies knowledge and understanding of the advantage(s) <b>or</b> disadvantage(s) of <i>Andrews' Farm</i> becoming a private limited company with context.</p> <p>(5–6 marks) candidate applies knowledge and understanding of the advantage(s) <b>and</b> disadvantage(s) of <i>Andrews' Farm</i> becoming a private limited company with context.</p>

Question	Answer	Marks	Guidance
			<p><b>Level 1 (1–3 marks)</b> (1 mark) candidate shows knowledge of either the advantage or disadvantage of being a private limited company with no use of context.</p> <p>(2–3 marks) candidate shows knowledge of both the advantages and disadvantages of being a private limited company with no use of context.</p>

Question		Answer					Marks	Guidance														
3	(a)	<table border="1"> <thead> <tr> <th>Item</th><th>Budget</th><th>Actual</th><th>Variance</th><th>(%)</th><th>Fav/Adv</th></tr> </thead> <tbody> <tr> <td>Average yield per tree</td><td>45g</td><td>50g</td><td>5g (1)</td><td>11.1 (1)</td><td>F (1)</td></tr> <tr> <td>Selling price per Kg</td><td>£2800</td><td>£3000</td><td>£200 (1)</td><td>7.1 (1)</td><td>F (1)</td></tr> </tbody> </table>	Item	Budget	Actual	Variance	(%)	Fav/Adv	Average yield per tree	45g	50g	5g (1)	11.1 (1)	F (1)	Selling price per Kg	£2800	£3000	£200 (1)	7.1 (1)	F (1)	6	<b>AO1:3</b> <b>AO2:3</b>  Up to six marks for calculation.  Answer must be to one decimal place as specified in the question. Award full marks for correct answer, no workings are required.  <b>No OFR.</b>
Item	Budget	Actual	Variance	(%)	Fav/Adv																	
Average yield per tree	45g	50g	5g (1)	11.1 (1)	F (1)																	
Selling price per Kg	£2800	£3000	£200 (1)	7.1 (1)	F (1)																	
	(b)	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>identifies adverse/favourable</li> <li>identifies underspend/overspend</li> <li>compares actual figures to budget figures.</li> </ul> <p>Exemplar response:</p> <p>Eg Difference between their budget and actual (1) so they can calculate more accurately next time for their budget (1).</p> <p>Eg If the business sees the variance is adverse (1) they can deal with the cause of the problem (1).</p> <p>Eg If an area of the business is found to be overspending (1) solutions can be found to prevent this from happening again (1).</p> <p>Eg If the sales variance is adverse (1), they can investigate why the product is not selling as well as expected (1).</p>	4	<b>AO1:2</b> <b>AO2:2</b>  One mark for each correct identification up to a maximum of two identifications, plus a further one mark for each of two explanations.  Context <b>not</b> required. <b>Do not accept</b> vague answers eg to set targets, plan expenditures.  Do not give the mark for explanation without correct identification <b>but</b> do allow identification mark in the explanation space.  Answer must clearly relate to variance analysis - <b>not</b> profit/loss.  Award second mark for explaining why variance analysis could be helpful to a business.																		

Question		Answer	Marks	Guidance															
4	(a)	<p>Costs</p> <table> <tr> <td>Annual licence fee</td> <td>Fixed costs</td> <td>Variable costs</td> </tr> <tr> <td>Leased equipment</td> <td>✓</td> <td></td> </tr> <tr> <td>Insurance</td> <td>✓</td> <td></td> </tr> <tr> <td>Animal feed</td> <td></td> <td>✓</td> </tr> <tr> <td>Wages</td> <td></td> <td>✓</td> </tr> </table>	Annual licence fee	Fixed costs	Variable costs	Leased equipment	✓		Insurance	✓		Animal feed		✓	Wages		✓	5	<p><b>AO1:5</b></p> <p>One mark for each correct identification up to a maximum of five marks.</p> <p>Costs must be identified as fixed <b>or</b> variable. Do <b>not</b> award if both fixed and variable costs are ticked for the same item.</p>
Annual licence fee	Fixed costs	Variable costs																	
Leased equipment	✓																		
Insurance	✓																		
Animal feed		✓																	
Wages		✓																	
	(b)	<p>252 000 (3)</p> <p>Award three marks if <b>252 000</b> is seen irrespective of method used. Otherwise, award workings as follows:</p> <p><math>BE = FC/SP-VC</math> (1)</p> <p><math>BE = 12600/40p-35p</math> (1)</p>	3	<p><b>AO1:1</b> <b>AO2:2</b></p> <p>Up to three marks</p> <p>Award full marks for correct answer without workings.</p> <p>Common mistake - <math>2520 = 2</math> marks.</p>															
	(c)	<p>68 000 (2)</p> <p>Award two marks if <b>68 000</b> is seen irrespective of method used. Otherwise, award workings as follows:</p> <p><b>MOS = Actual production – BE (1) Only award marks for formula if no other marks can be awarded.</b></p> <p><math>MOS = 320\ 000 - 252\ 000</math> ofr applies (1)</p>	2	<p><b>AO1:1</b> <b>AO2:1</b></p> <p>Up to two marks.</p> <p>Award full marks for correct answer without workings.</p> <p>If not 68 000, check answer for 4b, ofr applies.</p> <p>If 4(b) is 2520, <math>317480 = 2</math> marks.</p>															

Question		Answer	Marks	Guidance
(d)		<p>3 400 (3)</p> <p>Award three marks if <b>3 400</b> is seen irrespective of method used. Otherwise, award workings as follows:</p> <p>MOS X Contribution (stated) (1) <b>Only award marks for formula if no other marks can be awarded.</b></p> <p>Margin of safety 68,000 (ofr applies) (1)</p> <p>Contribution = <math>(x 0.05)</math> (1)</p> <p><b>OR</b></p> <p>Profit = TR – TC (stated) (1). <b>Only award marks for formula if no other marks can be awarded.</b></p> <p>TR = <math>320\ 000 \times 0.4</math> (1) <b>or £128 000</b> (1)</p> <p>TC = <math>12\ 600 + (320\ 000 \times 0.35)</math> (1) <b>or £124 600</b> (1)</p>	3	<p><b>AO1:1</b> <b>AO2:2</b></p> <p>Up to three marks.</p> <p>Award full marks for correct answer without workings.</p> <p><b>Take care to mark in box for 4d – this is the second box on the page. 1<sup>st</sup> box will show a diagonal line to indicate that it is for OFR use only.</b></p> <p>If contribution method is used, ofr applies – check answer for 4c.</p> <p>If 4c is 317480, the answer = £15874 (3 marks)</p> <p>Remember to scroll down to make sure that all answers are marked.</p>

Question	Answer	Marks	Guidance
(e)	<p>Use level of response criteria.</p> <p>Indicative content:</p> <ul style="list-style-type: none"> <li>• difficult to classify costs</li> <li>• does not take into account impact on costs/selling price of changes in external factors</li> <li>• ignores economies of scale</li> <li>• assumes selling price does not change</li> <li>• selling price might change with bulk orders</li> <li>• fixed costs could rise with new proposals</li> <li>• variable costs could change</li> <li>• assumes everything produced is sold</li> <li>• does not account for a range of products</li> <li>• apportionment of fixed costs if more than one product is produced</li> <li>• assumes all costs/revenue are linear</li> <li>• does not take into account start-up costs.</li> </ul> <p>Exemplar response:</p> <p>Eg It is not possible to forecast the selling price accurately (<b>L1</b>). If the selling price of truffles (<b>CONT</b>) then increases because of a shortage of supply, this will decrease the number of saplings required to break-even (<b>L2</b>). Thus, relying on break-even totally might have led to a higher than required number of saplings being planted (<b>L3</b>).</p>	9	<p><b>AO1:3 AO2:3 AO3:3</b></p> <p>Please indicate each time a candidate achieves a particular level as this will help you to allocate the marks within that level.</p> <p>Context should be annotated every time L2 is awarded with the 'CONT' annotation.</p> <p>Non-contextual answer <b>max</b> Level 1.</p> <p><b>Level 3 (7–9 marks)</b> Candidate analyses the disadvantage(s) of break-even with context.</p> <p><b>Level 2 (4–6 marks)</b> Candidate applies knowledge and understanding of the disadvantage(s) of break-even with context.</p> <p><b>Level 1 (1–3 marks)</b> Candidate shows knowledge of disadvantage(s) of break-even with no context.</p> <p><b>Level 3 (7–9 marks)</b> (7 marks) candidate analyses <b>one</b> disadvantage of using break-even with context.</p> <p>(8–9 marks) candidate analyses <b>more than one</b> disadvantage of using break-even with context.</p> <p><b>Level 2 (4–6 marks)</b> <b>Look for something more than Andrews' Farm/farm.</b></p> <p>(4 marks) candidate applies knowledge and understanding of <b>one</b> disadvantage of using break-even with context.</p>

Question		Answer	Marks	Guidance	
				<p>(5–6 marks) candidate applies knowledge and understanding of <b>more than one</b> disadvantage of using break-even with context.</p> <p><b>Level 1 (1–3 marks)</b> (1 mark) candidate identifies <b>one</b> disadvantage of break-even with no context.</p> <p>(2–3 marks) candidate identifies <b>more than one</b> disadvantage of break-even with no context.</p> <p>Do not accept 'prediction/accurate figures/only an estimate' if not qualified and specific to break-even analysis rather than any decision making tool.</p> <p>Only award once for each of variable costs/fixed costs/selling price.</p> <p>Do not award for 'human error/mistakes could have been made'.</p> <p>Make sure that points are specifically linked to break-even eg reference to costs/selling price.</p>	
5	(a)	(i)	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>information on the status of an order</li> <li>information on the despatch of an order.</li> </ul> <p>Exemplar response(s): Eg The ability to see whether your order has been despatched (1). Eg The information on where your order is after it has been placed (1). Eg Information on the status of your order (1).</p>	1	<p><b>AO1:1</b></p> <p>For one mark.</p> <p>Do <b>not</b> award advantage of order tracking.</p> <p>Do <b>not</b> award mark for a simple rewording of the question.</p>

Question		Answer	Marks	Guidance
	(ii)	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>enable planning of schedule</li> <li>indicate whether work can be completed on time.</li> </ul> <p>Exemplar response(s):            Eg To see whether a job can be done on time (1).            Eg To be able to make space for the order when it arrives (1).            Eg To arrange for a loan if the order is bought on credit (1).</p>	1	<p><b>AO1:1</b></p> <p>For one mark.</p> <p>Do <b>not</b> award definition of order tracking, must be an advantage.</p>

Question		Answer	Marks	Guidance
(b)		<p>Use level of response criteria.</p> <p>Indicative content:</p> <p><b>Advantages:</b></p> <ul style="list-style-type: none"> <li>• Greater yields</li> <li>• Lower maintenance</li> <li>• Lower wages</li> <li>• Faster output/saves production/admin time</li> <li>• Improved stock control</li> <li>• Effect on quality/less wastage.</li> </ul> <p><b>Disadvantages:</b></p> <ul style="list-style-type: none"> <li>• Lack of skills</li> <li>• Costs of hardware and software</li> <li>• Training</li> <li>• Effect on quality/wastage</li> <li>• Maintenance / breakdown costs</li> <li>• Cost of updates in technology</li> <li>• Reliability</li> <li>• Reliance on technology.</li> </ul> <p>Exemplar response:</p> <p>Eg Modern technology can increase the output of a business <b>(L1)</b>. The irrigation system <b>(CONT)</b> can be computerised to make sure that the soil does not dry out in order to improve the yield of the truffles <b>(L2)</b>. This will help ensure that the farm gain a high return from the truffles because of the high selling price <b>(L3)</b> which makes the survival of the business more likely <b>(L3)</b>.</p> <p>However, Toby needs to consider the high costs <b>(L2)</b> of introducing the technology particularly as the farm is just beginning to do well <b>(CONT)</b>. An expensive investment now might affect the cash-flow of the business <b>(L3)</b>. Toby is also</p>	12	<p><b>AO1:3 AO2:3 AO3:3 AO4:3</b></p> <p>Please indicate each time a candidate achieves a particular level as this will help you to allocate the marks within that level.</p> <p>Context should be annotated every time L2/L4 is awarded with the 'CONT' annotation.</p> <p>Non-contextual answer <b>max</b> Level 1.</p> <p><b>Level 4 (10–12 marks)</b> Candidate evaluates advantage(s) and/or disadvantage(s) of using modern technology to improve productivity at <i>Andrews' Farm</i>.</p> <p><b>Level 3 (7–9 marks)</b> Candidate analyses advantage(s) and/or disadvantage(s) of using modern technology to improve productivity at <i>Andrews' Farm</i>.</p> <p><b>Level 2 (4–6 marks)</b> Candidate applies knowledge and understanding of the advantage(s) and/or disadvantage(s) of using modern technology to improve productivity at <i>Andrews' Farm</i>.</p> <p><b>Level 1 (1–3 marks)</b> Candidate identifies the advantage(s) and/or disadvantage(s) of modern technology to improve productivity with no use of context.</p> <p><b>Make sure that marks awarded relate to productivity.</b></p>

Question	Answer	Marks	Guidance
	<p>likely to need training (<b>L2</b>) in using the modern technology as a novice farmer (<b>CONT</b>). This will reduce the profit and takes up valuable time which could be spent on other aspects of the farm (<b>L3</b>).</p> <p>Overall, modern technology is important for the long-term future of the farm as the truffiere expands and more time is needed to monitor the growth of the fungus (<b>CONT</b>). The size of the farm requires modern technology to run it more efficiently and productivity is crucial in the case of the truffles because of the high price at which they can be sold (<b>L4</b>). A slight reduction in the yield per tree could cost a lot in revenue (<b>L4</b>).</p>		<p><b>L4: (10–12 marks)</b> (10 marks) candidate evaluates the advantage(s) <b>or</b> disadvantage(s) of using modern technology to improve productivity at <i>Andrews' Farm</i> with brief justification.</p> <p>(11–12 marks) candidate evaluates the advantage(s) <b>and</b> disadvantage(s) of using modern technology to improve productivity at <i>Andrews' Farm</i> with full justification.</p> <p><b>L3: (7–9 marks)</b> (7 marks) candidate analyses advantage(s) <b>or</b> disadvantage(s) of using modern technology to improve productivity at <i>Andrews' Farm</i>.</p> <p>(8–9 marks) candidate analyses advantage(s) <b>and</b> disadvantage(s) of using modern technology to improve productivity at <i>Andrews' Farm</i>.</p> <p><b>L2: (4–6 marks)</b> <b>Look for something more than Andrews' farm/farm/family/farmers.</b></p> <p>(4 marks) candidate applies knowledge and understanding of the advantage(s) <b>or</b> disadvantage(s) of using modern technology to improve productivity at <i>Andrews' Farm</i>.</p> <p>(5–6 marks) candidate applies knowledge and understanding of the advantage(s) <b>and</b> disadvantage(s) of using modern technology to improve productivity at <i>Andrews' Farm</i>.</p>

Question	Answer	Marks	Guidance
			<p><b>L1: (1–3 marks)</b> (1 mark) candidate identifies the advantage(s) <b>or</b> disadvantage(s) of using modern technology to improve productivity.</p> <p>(2–3 marks) candidate identifies the advantage(s) <b>and</b> disadvantage(s) of using modern technology to improve productivity.</p>

Question	Answer	Marks	Guidance
6	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• enhance reputation/image</li> <li>• to meet consumer demand</li> <li>• competitive advantage</li> <li>• satisfy specific needs of stakeholders/pressure group</li> <li>• to observe legal requirements</li> <li>• to minimise contribution to global warming</li> <li>• to minimise pollution</li> <li>• ethical issues</li> <li>• preserve the environment for the future.</li> </ul> <p>Exemplar responses:</p> <p>Eg To stop pressure from external pressure groups who could give the farm a bad name (1).</p> <p>Eg The government can close a business if it does not follow the right waste disposal methods (1).</p> <p>Eg If the land (CONT) is not treated correctly the farm could lose its organic licence (2).</p> <p>Eg Due to the ethical ethos which is paired with the production of organic milk (CONT) (2).</p>	6	<p><b>AO1:3</b> <b>AO2:3</b></p> <p><b>Two</b> marks for a contextual explanation Annotation – use CONT stamp to show the context and 2 ticks.</p> <p><b>One</b> mark only for a non-contextual explanation. Annotation – one tick.</p> <p><b>CONT</b> – Look for more than Andrew's farm/farm eg organic, land, animals, nutrients, milk, truffles, pesticides, herbicides, food, crop.</p> <p>Do <b>not</b> award marks for stating <b>how</b> Andrew's farm can be environmentally responsible - must be <b>why</b>.</p> <p>Allow interpretation of environmental responsibility to include the working environment/environment in which the animals/truffiere are being kept.</p>

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