

Example Candidate Responses

Paper 2

Cambridge IGCSE™ / IGCSE (9–1)
Business Studies 0450 / 0986

Cambridge O Level
Business Studies 7115

For examination from 2020



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Introduction

The main aim of this booklet is to exemplify standards for those teaching Cambridge IGCSE / IGCSE (9–1) Business Studies 0450 / 0986 and Cambridge O Level Business Studies 7115, and to show how different levels of candidates' performance (high, middle and low) relate to the syllabus requirements.

In this booklet candidate responses have been chosen from March 2020 exam series to exemplify a range of answers.

For each question, the response is annotated with a clear explanation of where and why marks were awarded or omitted. This is followed by examiner comments on how the answer could have been improved. In this way, it is possible for you to understand what candidates have done to gain their marks and what they could do to improve their answers. There is also a list of common mistakes candidates made in their answers for each question.

This document provides illustrative examples of candidate work with examiner commentary. These help teachers to assess the standard required to achieve marks beyond the guidance of the mark scheme. Therefore, in some circumstances, such as where exact answers are required, there will not be much comment.

The questions and mark schemes used here are available to download from the School Support Hub. These files are:

0450 March 2020 Question Paper 22
0450 March 2020 Paper 22 Mark Scheme

Past exam resources and other teaching and learning resources are available on the School Support Hub:

www.cambridgeinternational.org/support

How to use this booklet

This booklet goes through the paper one question at a time, showing you the high-, middle- and low-level response for each question. The candidate answers are set in a table. In the left-hand column are the candidate answers, and in the right-hand column are the examiner comments.

Example Candidate Response – high	Examiner comments
<p>1 (a) Explain four reasons why a person may set up their own business.</p> <p>Reason 1: To earn money. If a person is not satisfied with their current level of income, they may start a business to try and increase it.</p> <p>Reason 2: To provide goods and services that are</p>	<p>1 The first reason is suitable, and is also explained because the candidate refers to gaining more income than the current level of income, and that income may be</p>

Answers are by real candidates in exam conditions. These show you the types of answers for each level. Discuss and analyse the answers with your learners in the classroom to improve their skills.

Examiner comments are alongside the answers. These explain where and why marks were awarded. This helps you to interpret the standard of Cambridge exams so you can help your learners to refine their exam technique.

How the candidate could have improved their answer

(a) The first reason would have been better if it had referred to profit rather than money, but the reason is clear enough to be awarded two marks for a reason that has been explained. The second reason stated is then repeated (to fill a gap in the market). To be awarded the second mark for this reason, the candidate should have explained their answer, for example, adding that this would mean the person would not have competition and therefore potentially be very successful with high sales.

This section explains how the candidate could have improved each answer. This helps you to interpret the standard of Cambridge exams and helps your learners to refine their exam technique.

Common mistakes candidates made in this question

(a) Some candidates provided answers that just described or repeated the reason, for example 'to make a profit' and 'make money', but did not provide an explanation of the reason. Some candidates tried to apply every answer to the business in the case study, but this was not required because the question was generic. Some candidates tried to answer a slightly different question: why set up a business as a sole trader, rather than a partnership.

Often candidates were not awarded marks because they misread or misinterpreted the questions.

Lists the common mistakes candidates made in answering each question. This will help your learners to avoid these mistakes and give them the best chance of achieving the available marks.

Question 1

Example Candidate Response – high

Examiner comments

- 1 (a) Explain four reasons why a person may set up their own business.

Reason 1: To earn money. If a person is not satisfied with their current level of income, they may start a business to try and increase it. 1

Reason 2: To provide goods and services that are missing. If the person finds the absence of a particular type of good or service they may start a business to fill the gap. 2

Reason 3: To gain employment. If a person is not employed for a long time, they may start their own business to gain employment. 3

Reason 4: To become more independent. A person may not be happy following orders or being under the direct control of a boss so they may start their own business. 4

1 The first reason is suitable, and is also explained because the candidate refers to gaining more income than the current level of income, and that income may be increased if they start a business.

2 'To provide goods and services that are missing' is the same as 'to fill a gap in the market'. Rather than explaining why this would encourage a person to set up their own business, the candidate repeats the first point by rewording it.

3 The candidate provides Reason 3 and then develops this point by explaining that the person may have been unemployed for a long time, and this is a way of gaining a job.

4 Reason 4 is given. The candidate explains this point further by highlighting the benefit of being independent: not needing to follow the orders given by a boss.

Mark for (a) = 7 out of 8

Example Candidate Response – high, continued

Examiner comments

- (b) Explain the benefits to BW of employing part-time employees and full-time employees. Do you think Bob should continue to employ only part-time employees? Justify your answer.

Part-time employees: Part-time employees will allow BW to reduce their costs. ⁵ Since they would be ready to accept lower wages in return of flexible timings, ⁶ this would give BW a competitive advantage as BW would be able to lower the price of its services and ⁷ will gain a higher market share by attracting more customers due to cheap prices. A brand image of BW offering a value for money service will help maintain customer loyalty, to which will further increase sales and profits.

Full-time employees: Full-time employees will be more motivated to work for BW because they not only consider it to be a 'permanent' business that they can dedicate themselves to, but also spend more time connecting with their boss, Bob. This means that their efficiency would be improved and ⁸ they would be able to clean more windows in less time. This would reduce wastage of time and average costs would fall, which leads to rising profits as BW has become more competitive in the window washing industry.

Conclusion: Full-time employees would be most suitable for BW since Bob is expecting a higher demand for his services after the promotion. ¹⁰ Recruiting two part-time employees can be expensive and when Bob will expand BW further his costs will increase leading to lost profits in the long run.

On the other hand, full-time workers will allow Bob to incorporate Total Quality Management in his services since they are more motivated, and this will increase customer loyalty and customer relations, allowing BW to survive and flourish in the future. ¹¹

Conclusion: Full-time employees would be most suitable for BW since Bob is expecting a higher demand for his services after the promotion. ¹⁰ Recruiting two part-time employees can be expensive and when Bob will expand BW further his costs will increase leading to lost profits in the long run.

On the other hand, full-time workers will allow Bob to incorporate Total Quality Management in his services since they are more motivated, and this will increase customer loyalty and customer relations, allowing BW to survive and flourish in the future. ¹¹

⁵ The candidate makes an initial statement by giving a benefit of part-time employees.

⁶ The second sentence builds on the initial statement with a fully detailed discussion of the benefit to the business of employing part-time employees. This is in Level 2, and is answered in the context of this business.

⁷ The candidate makes a statement about a benefit of full-time employees.

⁸ The candidate builds on the initial statement with a fully detailed discussion of the benefit to the business of having full-time employees. This is clearly in Level 2.

⁹ The candidate has included further detailed discussion of the benefits of full-time employees, and has moved the answer further into Level 2.

¹⁰ The candidate makes a decision in context, but the decision is not justified in the first sentence.

¹¹ The conclusion goes on to be well-justified in the following sentences, including why part-time employees are rejected as well as why full-time employees are chosen. Overall this is a Level 3 answer.

Mark for (b) = 11 out of 12

Total mark awarded =
18 out of 20

How the candidate could have improved their answer

- (a) The first reason would have been better if it had referred to profit rather than money, but it is clear and has been explained. The second reason was given but it was not explained. The candidate could have added that this would mean the person would not have competition and therefore potentially be very successful with high sales.
- (b) The conclusion was in the higher section of the Level 3 mark band but the candidate could have included a little more discussion about why the alternative was rejected.

Example Candidate Response – middle

Examiner comments

- 1 (a) Explain four reasons why a person may set up their own business.

Reason 1: The ~~per~~ person can become rich and famous if the business is successful. 1

Reason 2: The person can put his or her own ideas into practice. 2 They wish to pursue their dream.

Reason 3: The person might not be able to find job elsewhere. To ~~cover~~ avoid remaining unemployed and not receiving an income. 3

Reason 4: The person might want decide his or her own working hours and make decisions. 4

1 This first reason is stated 'to become famous', but is not explained further.

2 The second reason is stated, but with no explanation about why this could encourage a person to start their own business.

3 Reason 3 is stated and then explained.

4 Reason 4 is stated, but the candidate does not explain it further.

Mark for (a) = 5 out of 8

[8]

Example Candidate Response – middle, continued

Examiner comments

- (b) Explain the benefits to BW of employing part-time employees and full-time employees. Do you think Bob should continue to employ only part-time employees? Justify your answer.

Part-time employees: Part-time workers are those who work lesser than the minimum required hours of a full-time employee, for example 8 hours a day, 40 hours a week. The benefit of part-time workers are that they are cheaper ⁵ than a full time employee, the disadvantage of part-time workers are that their productivity may be low. They also get paid in wages.

Full-time employees: Full-time employees are those who work the require hours of the company. For example 8 hours a day, 40 hours a week. The benefit of full-time employees are that their productivity will be higher ⁶ ~~the~~ high, their disadvantage is more expensive than part-time employees. They also get paid in salaries.

Conclusion: Hiring only part-time employees may be cheaper, but BW's productivity may go down, and as a result of that BW's quality of work may decrease. I think Bob should hire full-time employees. This may cost him more, but the BW's productivity and quality of work will increase, ⁷ which could increase revenue, making BW a profit. ⁸ [12]

⁵ The candidate starts with a definition and does not state a benefit of employing part-time employees, so does not answer the question. The candidate then states a possible benefit of part-time employees (they are cheaper) but with no explanation. This is a Level 1 answer. The disadvantage is not required because the question only asks for benefits.

⁶ The definition of full-time employees is not required. The candidate states that full-time employees are more productive, but with no explanation. This is a Level 1 answer. The disadvantage is not required because the question only asks for the benefits.

⁷ The candidate makes a judgment with some justification, and this puts the conclusion into Level 2. The candidate makes a comparative statement between the two options. They then make a clear link between the cost of employing full-time employees, with the benefit from increased productivity and quality, possibly leading to higher revenue and profit.

⁸ The answer is generic and does not link to the details of the business in the case study, such as how many employees it currently has, or the nature of the service provided.

Mark for (a) = 5 out of 8

**Total mark awarded =
10 out of 20**

How the candidate could have improved their answer

- **(a)** Reason 1 was stated but not explained. In fact, there were two potential reasons stated: 'become rich' could have been interpreted as 'to gain a high income', and 'famous' could be interpreted as 'to gain recognition or status'. If one of these reasons was explained, then the additional mark for this reason could have been achieved. Reason 2 could have gained an additional mark if the stated reason had been explained. For example, the person would gain satisfaction from watching their business grow and achieve high sales from their ideas. Reason 4 gave an example of the decisions the person could make, which could have been improved by saying that if the person worked for someone else they would have to work the hours determined by the business.
- **(b)** The candidate could have improved the answer by starting each section with the benefits of employing part-time or full-time employees. The benefits could then be explained to move the answer up to Level 2. For example, part-time employees can work only at busy times and saving BW costs. A well-justified conclusion would have moved the answer to Level 3.

Example Candidate Response – low

Examiner comments

- 1 (a) Explain **four** reasons why a person may set up their own business.

Reason 1: To gain fame 1

.....

Reason 2: To fulfill their family needs 2

.....

Reason 3: To get rich and live luxury

.....

Reason 4: To live, they earn money from the business so they can eat food and create cloth.

.....

[8]

1 An acceptable reason is given.

2 An acceptable reason is given. Reasons 3 and 4 repeat Reason 1 and Reason 2.

Mark for (a) = 2 out of 8

Example Candidate Response – low, continued

Examiner comments

- (b) Explain the benefits to BW of employing part-time employees and full-time employees. Do you think Bob should continue to employ only part-time employees? Justify your answer.

Part-time employees: Bob is a sole trader and he employs part-time employees. The advantages of employing part-time employees are that less wages have to be paid as they work for lesser hours and can clean the windows with the same time. The disadvantages are they don't see the job permanent and are less likely to be promoted so they won't meet the ^{higher} demands of the customers. ∴ less profit to BW.

Full-time employees: Full-time employees work for a full day which is allotted to them. The advantages are that they are available whenever Bob wants them. They are more loyal to the business and reach the ^{wants} needs of the customer. The disadvantage is more wages have to be paid and that reduces the profit and they don't have flexible hours of working.

Conclusion: Bob is a sole trader he would need full-time employees as they would be available every-time but part-time employees won't be available every-time and full-time

[12]

3 The answer starts with a statement that uses relevant information from the case study.

4 The candidate provides limited discussion of the benefits of employing part-time employees. This benefit has not been explained further and this is a Level 1 statement. The disadvantage is not required for this question.

5 The candidate provides limited discussion of the benefits of employing full-time employees. The benefit of employees being loyal is not explained further and this is a Level 1 statement. The disadvantage is not required for this question.

6 The candidate makes a simple statement about whether to continue to employ only part-time employees with no justification. This is a Level 1 answer.

Mark for (b) = 3 out of 12

**Total mark awarded =
5 out of 20**

How the candidate could have improved their answer

- **(a)** The candidate listed four reasons, but the reasons needed to be different. The answer could have been improved if four different reasons had been given, rather than two. Each of the four different reasons should have been explained to improve the answer even further.
- **(b)** The benefit of each type of employee to the business could have been explained which would have moved the answer into the Level 2 mark band. The conclusion stated that full-time employees work longer than part-time employees, but it could have included a justification for the choice made. The candidate could have added that full-time employees are available all day which may make it easier for the business to respond to a sudden increase in customer demand. This would have made the statement into a justification for this choice.

Common mistakes candidates made in this question

(a)

- Some candidates provided answers that just described or repeated a reason, for example 'to make a profit' or 'make money', and did not provide an explanation for the reason.
- Applying the answer to the business in the case study, which was not required because the question was generic.
- Some candidates tried to answer a slightly different question: "Why set up a business as a sole trader rather than a partnership?".

(b)

- Candidates needed to read the question carefully and recognise that the question was about benefits to the business, rather than spending their time discussing the disadvantages of each type of worker, or benefits of being part-time or full-time to the employees themselves. The disadvantages were only relevant in the conclusion as the counter argument to the chosen type of employee.
- Generic textbook answers with no application to this case study.

Question 2

Example Candidate Response – high

Examiner comments

- 2 (a) Explain two reasons why Bob used sampling when carrying out a questionnaire.

Reason 1: ~~It~~ is a cost-effective method since the whole population is not being ~~questioned~~ ^{used, but rather} an estimated sample is.

Explanation: Since Bob is a sole trader and only has \$1300 remaining, it is important that this finance is spent efficiently. Sampling would allow Bob to gain a better idea about the market of home owners requiring window washing services. ^{This means} ~~for~~ ~~cheap~~ ~~that~~ ~~he~~ ~~could~~ ~~spend~~ ~~more~~ ~~on~~ expanding and dealing with higher demand. Since his prices would now be lower due to reduced marketing costs, more customers would be attracted to BW and his profits would increase in the long term.

Reason 2: ~~It~~ is accurate enough for ^{market research} ~~understanding~~ and identifying customer needs.

Explanation: ~~It~~ sampling means that ~~the~~ ^{people representing} the target market ~~is~~ ^{are} chosen and used, which will allow ~~an accurate~~ ^{vigilant} market research that will give a brief idea about the market. Bob being a sole trader has unlimited liability, making it important for him to ~~ensure~~ ^{ensure} that a demand is present for window washing otherwise his personal possessions can be risked. Sampling will allow this to be identified. This means that ~~Bob's~~ ^{BW's} expenses will be reduced, but that their market research would still be valid.

1 The reason is clearly stated and is linked to reduced cost.

2 The candidate makes a reference to Bob being a sole trader and only having \$1300 remaining, so is awarded a mark for application.

3 The answer is well developed because it fully explains the cost effectiveness of sampling, and why it means more funds are available for the expansion of the business.

4 Reason 2 is more clearly stated in the first part of the explanation rather than in the 'Reason 2' line.

5 The candidate makes reference again to Bob being a sole trader and having unlimited liability, so is awarded a mark for application.

6 The answer fully explains why targeting a specific sample would be more effective.

Mark for (a) = 8 out of 8

Example Candidate Response – high, continued

(b) Explain the following **three** methods of promotion BW could use. Which method should Bob use? Justify your answer.

- Leaflets
- Advertise in local newspaper
- Social media

Leaflets: The benefit of using leaflets is that it is a cheap method and does not take too much time. Bob could just ^{print leaflets} hand out leaflets in shopping malls which saves time. Moreover, since ^{customers} leaflets can save them time, they might keep them and call BW when they require a window-washing service. However, it might also be the case that people throw these leaflets away. However, since leaflets may not be as attractive as advertising in television or the radio and so people might forget about these services. ^{Advertise in local newspaper:} By advertising in the local newspaper, many people might come across the advert and decide to call BW. Moreover, as BW can only provide services to customers in his locality, by using newspapers, it makes sure that everyone are aware of the business. However, the drawback is that if the ^{since} advert BW does not have enough cash in the business, the advert might be small and may go unnoticed. Also, advertising in black and white newspapers may not seem very appealing to customers. ^{Social media:} The benefit of using social media is that a wide audience can be reached. Advertising on social media might be cost-effective and helps BW stay within the marketing budget, thereby increasing profits. In addition, by using social media, regular customers might share adverts about BW to their friends, just as Bob wants. However, ~~as~~ people might find social media advertisements annoying and people who don't use this method of promotion may not be able to reach out to people who don't use social media. Recommendation: It might be recommended that BW use leaflets to promote. Leaflets can be colourful and can contain information about the business, such as that \$11 are charged per house. People can also save these leaflets and call BW when a service is required. Adverts in local newspapers might be missed out by potential customers. By using social media, ^{BW's} services might be spread across different places, where BW might not be able to provide a service.

Examiner comments

7 The candidate clearly states the advantages of using leaflets. They are cheap, and customers may save them for later reference. Both points move the answer into Level 1. The candidate applies the answer by making reference to the window washing service.

8 The candidate makes a detailed discussion of the advantages and disadvantages of using leaflets.

9 A clear advantage is stated for Level 1 marks. Then there is detailed discussion of the advantages and disadvantages of using advertising in the local newspaper, so the answer moves into Level 2.

10 The candidate gives a clear advantage for Level 1 marks. They then give a detailed discussion of the advantages and disadvantages of using social media, so the answer moves into Level 2.

11 The candidate discusses the three promotional methods in detail and in context. The answer has a justified recommendation for using leaflets, and is in context by referring to the price of \$11 per house. There is a brief justification about why the alternatives were rejected. The answer is near the top of Level 3.

Mark for (b) = 11 out of 12

**Total mark awarded =
19 out of 20**

How the candidate could have improved their answer

- (a) This answer was clear, well-developed and applied to the case. However, the first reason added details at the end that were not awarded any marks. When time is short in an examination, it is better not to extend the answer too much or a candidate may run short of time to fully answer other questions.
- (b) To improve the answer and move it to the top of the Level 3 mark band, the candidate needed to add more detail for the justification of using leaflets. The candidate made several statements about the benefits of leaflets, rather than justifying why leaflets were a better choice for this business over the other two alternative methods.

Example Candidate Response – middle

Examiner comments

- 2 (a) Explain **two** reasons why Bob used sampling when carrying out a questionnaire.

Reason 1: To target a specific group of customers. ①

Explanation: Bob used sampling to target a specific group of customers, while carrying out a questionnaire. With this information he can find out his customers' preferences, at what time do they prefer the washing, at what cost and the type of people who employ his services. ②

Reason 2: To reduce costs of carrying a questionnaire. ③

Explanation: Selecting a specific number of people is cheaper than asking a larger population about the questionnaire. ④ As he is a sole trader, his marketing budget wouldn't be very high so this method will help in cutting costs, but also efficiently conduct the questionnaire. ⑥ [8]

① The candidate gives a valid reason about why Bob used sampling.

② The explanation for Reason 1 outlines what information may be found by using market research, but this is not what the question asks.

③ The candidate provides a second valid reason: reducing the cost of carrying out the questionnaire.

④ This point develops the reason why it is cheaper to ask a sample.

⑤ Application marks are awarded because the answer refers to the fact that Bob is a sole trader.

⑥ The final sentence completes the explanation about why sampling will reduce costs. It also includes that reducing costs will be important to this small business because the marketing budget will not be high.

Mark for (a) = 5 out of 8

Example Candidate Response – middle, continued

Examiner comments

- (b) Explain the following **three** methods of promotion BW could use. Which method should Bob use? Justify your answer.

- Leaflets
- Advertise in local newspaper
- Social media

Leaflets: Leaflets is a quick method of advertising your business. Information is printed on a sheet of paper which is then handed out to people. This method is useful for targeting certain markets, for example people who work in ^{the central business district} a specific region, or people who have dogs.

Advertise in local newspaper: Advertising in local newspapers reach a large number of people. This method cannot be used to target a ~~specific~~ specific market. This method is useful for local businesses, such as movie theatres, dry cleaning, companies offering jobs, etc.

Social media: Using social media for advertising is mainly useful for ~~inter~~ multi-national companies. This method reaches audiences worldwide, but it can also target specific regions with today's technology. Social media advertising is useful for companies like Adidas, Nike, Apple, etc.

Recommendation: My recommendation for BW is to Leaflets. As BW is a small company, buying a spot on the newspaper would be more expensive compared to printing leaflets. Bob could also reach his targeted market easily, increasing BW's market share.

7

8

9

10

[12]

7 A limited discussion on 'leaflets,' Level 1.

8 A limited discussion on methods, and the answer remains in Level 1.

9 Another limited discussion on methods, and is in Level 1.

10 The candidate includes detailed discussion in their recommendation for the chosen method of promotion. They include comparative statements between the methods of promotion. The recommendation is in the context of this business because it refers to BW as being small. It is not a small company, but reference to 'company' is ignored because the candidate still recognises that the business is small in size. The answer is Level 2, and because the answer is applied to the case study and is not generic, it is awarded a higher mark within the Level.
Mark for (e) = 6 out of 12

**Total mark awarded =
11 out of 20**

How the candidate could have improved their answer

- (a) The answer could have been improved if the candidate had focused on how targeting a specific group of customers would have benefited the business, rather than outlining what information Bob may have found out through market research.
- (b) The candidate could have improved their answer if each of the three methods of promotion had included a detailed discussion in the context of BW business.

Example Candidate Response – low

Examiner comments

- 2 (a) Explain two reasons why Bob used sampling when carrying out a questionnaire.

Reason 1: Limited current customer range.

Explanation: Because Bob only has a limited customer range currently, a sample would have allowed him to understand their average needs and adhere to them accordingly. It is also likely to have allowed Bob to save time. **1**

Reason 2: Identify target market characteristics.

Explanation: Sampling would have allowed Bob to identify the characteristics of his target market and to tailor aims accordingly. It would have shown him the incomes of the customer market segment, so he could adjust prices accordingly and it would have listed other factors such as average age or gender. **2**

1 Reducing the time taken to carry out a questionnaire is on the mark scheme as a reason for sampling.

2 This explanation is about the information provided by market research and how it can be used, rather than why sampling was used.

Mark for (a) = 1 out of 8

[8]

Example Candidate Response – low, continued

Examiner comments

(b) Explain the following **three** methods of promotion BW could use. Which method should Bob use? Justify your answer.

- Leaflets
- Advertise in local newspaper
- Social media

Leaflets: leaflets are inexpensive it depends if he hires people to sell leaflets than it might be expensive, and people see that as a junk and don't use it. They can be delivered to home there are very few customers attracted if at all he makes it attractive and he might get more customers.

Advertise in local newspaper: Newspaper is read by everyone so advertising in local newspaper would result in people knowing the business and their are increasing incomes so he might have more demands for his work. It might be beneficial but it is expensive and there are chances that people might not read his advertisement.

Social media: Social media is available to everyone so promoting on social media would lead to more geographical area covered which means more customers and inexpensive. Social media would have many competitors increasing competition resulting in Bob giving customer schemes and that would lead to less profit.

Recommendation: Advertising in local newspaper is the best option as he would get local consumers so less costs of travelling far and social media is a huge risk and leaflets are not useful.

[12]

3 There are two limited statements that are about the cost of delivering leaflets, and that people may not read the leaflets if they consider them to be junk mail. This is credited as two statements required for a Level 1 mark.

4 The first part of the discussion is vague. However, there is a statement that newspapers are expensive to advertise in. The answer remains in Level 1.

5 The discussion remains limited because there is no explanation about why using social media might lead to more customers, apart from the posts being seen by a greater geographical area and increasing competition. These are basic statements without detailed discussion of how or why using social media is an advantage or a disadvantage to the business.

6 The candidate makes vague statements in the recommendation that are not a simple justification of the choices, so the answer remains in Level 1 mark band.

Mark for (b) = 3 out of 12

**Total mark awarded =
4 out of 20**

How the candidate could have improved their answer

- (a) The candidate could have improved their answer if they had focused on why sampling was chosen, rather than the information gathered by a questionnaire, and then explaining how the information could be used by the business. Candidates need to read the question carefully and ensure that they are answering the question that is being asked.
- (b) The candidate could have improved their answer if each of the three methods of promotion had included a detailed discussion. This would have moved their answer into Level 2. If the discussion had been applied to the case study, this would have moved the answer to the top of Level 1.

Common mistakes candidates made in this question

(a)

- Some candidates discussed the general use of primary research and were therefore did not answer the question. They focused on the information gathered by questionnaires and how the information itself was useful, rather than answering the question and focusing on the technique of sampling.
- Answers were not always applied to the case study.
- Some candidates thought sampling was showing a sample of the product to the customer and using the sample as a promotion tool, which was a misreading of the word sample.

(b)

- Many candidates gave answers that were generic and unsupported, for example, 'leaflets will attract people' or 'leaflets will reach a lot of people'. However, their answers needed to explain how they would attract or reach lots of people. Other vague statements, such as 'it is expensive/cheap' were given for all three methods without a detailed discussion about why this was an advantage or disadvantage to the business in the case study.
- Recommendations often did not fully justify the choice made, or why the alternative methods were rejected.
- Reference to the case study was often omitted, and earlier discussions were repeated as a justification in the recommendation section, rather than a comparative discussion of the alternatives.

Question 3

Example Candidate Response – high

Examiner comments

3 (a) Explain two reasons why working capital is important to BW.

Reason 1: To pay the daily costs of BW. 1

Explanation: For each house cleaned Bob has a variable cost of \$1. The part-time employees are paid \$300 each. 2 If Bob is unable to pay the wages the employees will leave. 3 If Bob is unable to pay \$150 lease for the van he will not be able to use it. 4

Reason 2: Improve his cash flow. 5

Explanation: If Bob runs out of cash he will not be able to advertise BW. As a result, he will not be able to find new customers. 7 He will not be able to purchase equipment needed for cleaning windows & if they break down. 8

1 The candidate gives a valid reason.

2 This answer is applied because it makes use of the information in the case study, and the candidate refers to the cost of wages.

3 This sentence explains the consequence of not having sufficient working capital, and the importance of Reason 1 to the business.

4 The last sentence gives another example of a daily expense, and a mark has already been awarded for 'paying wages'.

5 The mark scheme allows 'liquidity' as a reason, and improving the cash-flow of BW would help to ensure it does not lack liquidity.

6 The first sentence gives a consequence, and the importance for working capital. The reason is developed and is awarded a mark.

7 This is a further development of the consequence of not having sufficient working capital, which means that Bob might not be able to advertise the business.

8 The answer goes on to consider investment, which is not a use of working capital. If an answer includes incorrect additional explanation, it is ignored and the part of the answer that is correct is awarded marks.

Mark for (a) = 6 out of 8

Example Candidate Response – high, continued

Examiner comments

- (b) Consider the **three** main styles of leadership Bob could use in his business. Which leadership style do you think he should use? Justify your answer.

Leadership style 1: Bob can use an autocratic style of leadership. This means that he is solely in control of all business matters and there is no need to waste valuable time communicating with others. However, no new production or business ideas can come in and it can cause employees to become demotivated with BW if they aren't involved in company matters.

Leadership style 2: Bob can use a democratic style of leadership. This means that he consults with other members when deciding on an idea, which can allow BW to benefit as valuable ideas can be gained. However, ^{employees} ~~workers~~ may not spend as much time on their roles, which can reduce output levels and cause increased costs to BW.

Leadership style 3: Bob can use a laissez-faire leadership style of leadership. This means that he outlines the responsibilities of the business to employees and they decide everything for themselves. However, employees may be unclear on their roles or work inefficiently, which can create a bad name for the business, causing it to bear costs and lose profits.

Recommendation: Bob should use a democratic style of leadership. By doing so he can gain important and cost saving ideas and methods from employees. It can also ^{provide them} ~~increase~~ a high level of job-satisfaction ~~the motivation of Bob's employees~~ as they may feel valued by the business and can be persuaded to work harder or for longer hours.

9 The candidate correctly identifies the name of the leadership style so is awarded Level 1 here.

10 The candidate identifies an advantage of using this leadership style 'no need to waste valuable time', and then discusses the disadvantages of there being no new ideas and lower motivation. This balance of advantages and disadvantages moves the answer into Level 2.

11 The candidate identifies an advantage of using this leadership style: gaining ideas from employees. They then discuss a disadvantage of reducing output when they are consulting with Bob. This moves the answer into Level 2.

12 The candidate identifies a disadvantage of using this leadership style, and then explains the consequences for the business, which moves the answer into Level 2.

13 The candidate justifies in some detail why the democratic leadership style is recommended. The earlier part of the answer is well explained and is in Level 2. The recommendation moves the answer into Level 3 because it is justified. However, the recommendation is not in the context of the case study and does not include discussion about why the two other leadership styles are rejected.

Mark for (b) = 10 out of 12

**Total mark awarded =
16 out of 20**

How the candidate could have improved their answer

- **(a)** Reason 1 was explained, and was within the context of the case study, but the explanation could have been developed further. Instead, the candidate gave another example of a daily cost. The answer could have explained that without employees BW would not be able to trade and provide window washing services to customers. Reason 2 was explained, however, the answer could have been improved if the candidate had referred to the case study to gain application marks. For example, they could add that Bob only had a few regular customers. The candidate then could expand this point further and said that he needed to attract new ones.
- **(b)** To improve this answer, the candidate needed to include in the recommendation section a justification of why the two alternative leadership styles were rejected for being less suitable. They should have also answered the question in the context of the business in the case study.

Example Candidate Response – middle

Examiner comments

3 (a) Explain two reasons why working capital is important to BW.

Reason 1: To pay salaries ~~wages~~ to the employees working for BW. 1

Explanation: BW will have to use working capital to pay the \$300 2 salary to the ~~work~~ 2 employees helping Bob with the service. If salaries not paid, 3 employees would be demotivated 3 and the quality of window washing would decrease. The ~~the~~ employees can also take action if Bob breaks employee safety laws. 4

Reason 2: To get equipment and materials needed to provide services to customers. 5

Explanation: Materials such as water supply, brushes, ~~elate clothing mat~~ wiping and cleaning sprays and items need to be bought frequently for BW to be able to provide 6 their customers with the window washing service. They may also need to buy new equipments 7 such as ladders and buckets. [8]

1 The candidate gives a valid reason.

2 The candidate refers to cost of the wages for this business to apply the example of wages to the case study.

3 The importance of working capital is explained: if wages are not paid then the employees may become demotivated and reduce the quality of the service they provide.

4 The final sentence is not a development of the point about the employees being demotivated, but instead refers to safety laws for employees.

5 The candidate refers to investment and not working capital, so this is not awarded marks. However, the part of the answer that refers to the materials required by the business is listed on the mark scheme and is awarded a mark.

6 The candidate repeats their reference to the materials and their use, but here this is applied to the case study so is awarded a mark for application.

7 The purchase of equipment is ignored, because it relates to investment and not working capital.

Mark for (a) = 5 out of 8

Example Candidate Response – middle, continued

Examiner comments

- (b) Consider the **three** main styles of leadership Bob could use in his business. Which leadership style do you think he should use? Justify your answer.

Leadership style 1: Bob could use Autocratic leadership style. In this style of leadership, Bob would give instructions to his two part-time employees, to do the washing and expect ~~the~~ from the two to be done properly. There would be no communication from the side of his employees. ^{workers.}

Leadership style 2: Bob could use Democratic style of leadership. In this leadership style, his part-time employees would also be involved in deciding the way of working or taking up a new customer. The part-time employees can give their opinions too.

Leadership style 3: Bob could use Laissez-faire leadership style. In this, Bob would tell his part-time workers about the next washing job and leave it to them to decide how to go about doing the washing and cleaning job. They can show their creativity.

Recommendation: Bob should follow Democratic style of leadership in his business. As he looking to increase his sales, Bob can ask opinions from his part-time workers and together decide what would be best way ^{would be more motivated.} ^[12] doing the washing the windows. His workers.

8 Level 1 is awarded for identifying the correct name of the leadership style. The candidate is awarded a mark for correctly naming all three different leadership styles.

9 Leadership styles 1 and 2 are descriptions of the leadership style, rather than an advantage and disadvantage of using the styles.

10 Leadership style 3 is also a description of the leadership style, but does include an advantage: allowing the employee to show creativity. As the candidate does not explain why this is an advantage to the business, the answer remains in Level 1.

11 The recommendation does discuss the chosen democratic leadership style. The recommendation is in the context of the case study because the answer recognises that Bob wants to increase the sales of his window washing business. It identifies that his employees will be more motivated using this style and therefore is the best style to choose. The recommendation is in Level 2 and is not at the bottom of this mark band because the answer is applied to the case study.

Mark for (b) = 6 out of 12

Total mark awarded = 11 out of 20

How the candidate could have improved their answer

- (a) Reason 1 was correct and was explained within the context of the case study. However, the candidate could have expanded the answer to explain that demotivated employees providing a low quality service were likely to lead to lower sales. Reason 2 was applied to the case study, and could have been improved if the candidate had explained why it was important to be able to buy cleaning materials for the business.
- (b) To improve the answer, the candidate needed to discuss the advantages and disadvantages of each leadership style in the context of the case study. This would have moved the answer to the top of Level 2. The recommendation may then have moved the answer into the Level 3 mark band if it had included a fully justified choice of the best leadership style to use, a justification about why the other two styles were less suitable, in context of the case study.

Example Candidate Response – low

Examiner comments

3 (a) Explain **two** reasons why working capital is important to BW.

Reason 1: To pay for the day to day expenses **1**

Explanation: To pay for the day to day expenses like the cost of fuel for the van **2** To pay for the Fixed and variable cost.

Reason 2: To make profit **3**

Explanation: only because working capital is paid the BW is making profit ~~cost~~. Fixed cost \$1250 and ~~total~~ variable cost \$1 per house is to be paid by working capital **4**

1 The candidate gives a valid reason.

2 The candidate gives an example of the day-to-day expenses which is applied to the business in the case study, so is awarded an application mark.

3 This is not a reason why working capital is important.

4 Reason 2 is not correct, and although the explanation part refers to the fixed and variable costs given in the example, this cannot be awarded a mark.

Mark for (a) = 2 out of 8

[8]

Example Candidate Response – low, continued

Examiner comments

- (b) Consider the **three** main styles of leadership Bob could use in his business. Which leadership style do you think he should use? Justify your answer.

Leadership style 1: Authomatic, in this method the employee have to follow command from Bob all decision is decide by Bob so ~~the~~ ~~easy~~ this method have less mistake. **5**

Leadership style 2: Democratic, in this method are involve employee to make decision so it motivate employee because the employee feel that they are importance in the business **6**

Leadership style 3: Lisaz, in this method Bob just give the introduction and information and ~~then~~ let customer decide the way to manage the work with their self this method might make employee will more confident so don't follow the comand for sometime. **7**

Recommendation: I ~~recomend~~ ^{strongly} recommend that authomatic is the best way for business because ~~he~~ ~~doesn't~~ ~~use~~ in employee of BW use physical than mental so ~~the~~ use authomatic is less mistake than democratic **8** and Lisaz

[12]

5 An advantage of this leadership style is stated which moves the answer into Level 1. The name of the style is not correct but it is clear which style the advantage is referring to so it is awarded a mark.

6 The leadership style is correctly named and an advantage of making the employees more motivated is identified. However, the advantage is not explained, nor a disadvantage included, so the answer remains in Level 1.

7 The leadership style is not named correctly and it is not clear that the candidate understands this style, because they refer to the customer rather than the employee.

8 The recommendation does not justify the choice made, apart from repeating the earlier point and that has already been awarded a mark. Therefore the answer remains in the Level 1 mark band. The answer cannot be awarded the top marks in Level 1 because it is not in the context of the case study.

Mark for (b) = 3 out of 12

Total mark awarded = 5 out of 20

How the candidate could have improved their answer

- **(a)** Reason 1 (to be able to pay day-to-day expenses) was applied because the candidate referred to the cost of fuel. If the candidate had explained the importance of paying these expenses, this would have improved the answer for Reason 1.
The candidate needed to give a correct reason listed on the mark scheme for Reason 2.
- **(b)** To improve their answer, and move it to the top of Level 1, the candidate needed to refer to the case study. To move the answer into Level 2, they would also have needed to discuss the advantages and disadvantages of each leadership style.

Common mistakes candidates made in this question

(a)

- Some candidates gave examples of working capital, but did not explain why it was important for the business to be able to pay them. For example, without cleaning materials the business would not be able to satisfy customer demand which, would lead to a poor reputation and less revenue from washing windows.
- Some candidates thought that working capital is used to fund investment.

(b)

- Many answers focused on general points about leadership styles, often found in textbooks, for example, 'it will be motivating/not motivating' without explaining what this would mean for BW.
- Often the answers did not use the information provided in the case study.
- The recommendations did not always justify the choice of leadership style. Instead, candidates chose to state the style chosen, and then repeated an advantage included earlier in the answer.

Question 4

Example Candidate Response – high

Examiner comments

- 4 (a) (i) Calculate the break-even level of output for BW using the information in Appendix 2.

$$\begin{aligned} \text{Break-even level of output} &= \frac{\text{Fixed Costs}}{\text{Contribution}} = \frac{1250}{10} \\ \text{Contribution} &= \text{Price} - \text{Variable cost} = 12.5 - 2.5 = 10 \end{aligned}$$

1 The candidate calculates the correct answer. It is helpful to show the working in case an arithmetic error is made, because the candidate can be awarded some marks for this.

Mark for (a)(i) = 2 out of 2

- (ii) Calculate the margin of safety for BW using the information in Appendix 2.

$$\begin{aligned} \text{Margin of safety} &= \text{Total output} - \text{break even level of output} \\ \text{Margin of Safety} &= 225 - 125 \\ &= 100 \text{ houses} \end{aligned}$$

2 The correct answer is calculated.

Mark for (a)(ii) = 2 out of 2

- (iii) Identify four ways break-even analysis can be useful to a business.

Way 1: can identify profit or loss at any amount of sales.

Way 2: Can see effect of promotion methods by redrawing graph.

Way 3: can help make decisions like pricing to achieve B.E.P faster.

Way 4: shows margin of safety so managers know how much they need B.E.P by.

3 Methods of promotion are usually used to increase actual sales and break-even analysis does not allow for this change. The break-even level of output changes when cost or price changes.

4 Way 1, Way 3 and Way 4 all give a way that break-even analysis can be useful to a business, and these ways are listed on the mark scheme but with slightly different wording.

Mark for (a)(iii) = 3 out of 4

Example Candidate Response – high, continued

Examiner comments

- b) Consider the following **three** options for BW. Which option should Bob choose to improve BW's reputation? Justify your answer.

Option 1: Use cleaning products that contain chemicals
 Option 2: Use bottles that can be refilled with cleaning products
 Option 3: Purchase a new window washing machine

Option 1: Cleaning products that contain chemicals pollute and harm the environment. External costs will be high and governments restrictions may be placed, increasing costs. Environmental pressure groups may cause a consumer boycott and reduce sales on ruin BW's brand name. Legal controls could increase costs significantly by forcing BW to buy ecofriendly cleaning products.

Option 2: Using bottles that can be refilled will help show consumers that BW is eco friendly and improve their reputation as washing windows in an ecofriendly manner. However, refilling bottles may be time consuming and annoying for workers. Also, chemicals will still be used, which harm the environment. Refillable cleaning products may cost more as well.

Option 3: A new window cleaning machine is very expensive, costing \$1000. However, it is very efficient and reuses water that would have been wasted otherwise. Employees can be made redundant and one full-time employee with the required skills could be hired to use the machine. This will show people that BW is highly efficient and professional alongside ecofriendly.

Recommendation: Although the window cleaning machine is very expensive, I would recommend Bob buys the machine as it would be very helpful in the long run and increase sales by being able to clean more. Also, BW's reputation will be created as ecofriendly and efficient causing brand loyalty. The other two options both have a negative impact and could cause detrimental effects in the long run.

5 This is a Level 1 statement. The candidate states a disadvantage of using chemicals.

6 This first option applies the case material by referring to environmental pressure groups.

7 Option 1 moves the answer into Level 2 because the candidate explains the consequences of the actions of the pressure groups, leading to lower sales.

8 This is a Level 1 statement.

9 Option 2 moves the answer into Level 2, because the candidate explains an advantage and disadvantage for this option.

10 This is a Level 1 statement in context explaining that the new machine will be expensive at \$1000.

11 Option 3 moves the answer into Level 2 because the candidate explains an advantage and disadvantage of buying a new machine to wash windows.

12 The candidate has fully explained the three options in the main body of the answer, and in context, which puts the answer at the top of Level 2. Then the candidate provides a well-justified recommendation for option 3 and moves the answer well into Level 3. The last sentences about the other two options being rejected are simply statements and do not give reasons why they are rejected.

Mark for (b) = 10 out of 12

**Total mark awarded =
17 out of 20**

How the candidate could have improved their answer

- (a)(iii) The candidate could have improved their answer for Way 2 if they had focused on break-even analysis rather than increasing the quantity of sales.
- (b) To improve their answer, the candidate needed to include context in the recommendation and justify why the two options had been rejected. Option 3 was the purchase of a new window washing machine, and because this is included in the question it was repetition, and not regarded as application. The candidate needed to use the case material in their answer (as long as it was not included in the question itself) for it to be awarded marks for application.

Example Candidate Response – middle

Examiner comments

- 4 (a) (i) Calculate the break-even level of output for BW using the information in Appendix 2.

$11\text{ }^{\text{£}} - 1 = 10\text{ }^{\text{£}} \rightarrow \text{contribution}$
 $\frac{\text{Fixed cost } 1250}{\text{or contribution } 10} = 125 \text{ customers per month}$

1 [2]

1 The candidate correctly calculates the break-even level of output.

Mark for (a)(i) = 2 out of 2

- (ii) Calculate the margin of safety for BW using the information in Appendix 2.

~~The margin of safety is about 125~~
~~customers. It is the point at which~~
 $125 \times 11 = 1375\text{ }^{\text{£}}$ BW starts making profit
 $\text{Break even } \times \text{ price} = \text{margin of safety}$

2 [2]

2 The candidate confuses break-even level of output with the margin of safety.

Mark for (a)(ii) = 0 out of 2

- (iii) Identify four ways break-even analysis can be useful to a business.

Way 1: To easily calculate profits or losses made by the business.
 Way 2: To calculate how many customers are needed to cover costs.
 Way 3: To calculate the margin of safety of the business.
 Way 4: To check if the business has been successful.

3 4 5 [4]

3 Way 1 and Way 2 show potential profit and loss, and predict how many sales the business needs to break-even and so the candidate is awarded a mark.

4 Way 3 'to calculate the margin of safety' needs to be clearer.

5 Way 4 does not recognise that break-even analysis is a prediction and therefore is not used specifically to check the success of a business.

Mark for (a)(iii) = 2 out of 4

Example Candidate Response – middle, continued

Examiner comments

- (b) Consider the following three options for BW. Which option should Bob choose to improve BW's reputation? Justify your answer.

Option 1: Use cleaning products that contain chemicals
 Option 2: Use bottles that can be refilled with cleaning products
 Option 3: Purchase a new window washing machine

Option 1: Bob will be able to clean windows faster. ⁶ This will increase his productivity and enable him to wash more windows ⁷ in the same time. However, chemicals damage the environment which could lead to a bad reputation. Bob might start losing customers. ⁸

Option 2: Bob will not have to keep purchasing bottles which reduces his costs. ⁹ His costs BW's reputation will improve as the bottles will be environmentally friendly. However, it will be costly to replace all the bottles. ¹⁰

Option 3: New machine will make his work more efficient. ¹¹ This can help improve reputation and customer loyalty. However, - it will be a huge one-off cost for Bob which he might not be able to afford. He will have to train his employees which will increase training costs. ¹²

Recommendation: Bob should ~~use~~ ^{not} purchase a new washing machine or use cleaning products that use chemicals. Bob should use bottles that can be refilled as it is the most cost-efficient method to improve BW reputation. ¹³

[12]

⁶ The candidate gives an advantage for Option 1, so this is a Level 1 statement.

⁷ The candidate refers to the case study in the statement about Bob being able to wash more windows, so application marks are awarded.

⁸ Option 2 moves the answer into Level 2, because the candidate explains an advantage, and also includes the disadvantage of a bad reputation leading to loss of customers.

⁹ This is a Level 1 statement on its own, because it states an advantage of having lower costs.

¹⁰ The candidate explains the advantage, and gives a disadvantage of higher initial costs. This moves the answer to Level 2.

¹¹ This is a Level 1 statement on its own, because it states that Bob's work will be more efficient.

¹² The candidate explains the advantages, and then includes a discussion of the disadvantages of the initial cost to purchase the machine, and the added training costs. This moves the answer to Level 2.

¹³ The candidate fully explains the three options in the main body of the answer, and the explanation is in context which puts the answer at the top of Level 2. The recommendation does not move into Level 3 because the candidate makes simple statements about the decisions, and does not explain why the option that has been chosen is the most cost-efficient, or why the other two options have been rejected.

Mark for (b) = 8 out of 12

**Total mark awarded =
12 out of 20**

How the candidate could have improved their answer

- **(a)(ii)** The margin of safety formula needed to be used.
- **(a)(iii)** Way 1 could have been improved if it had linked the profits or losses to different levels of output, as stated in the mark scheme. The candidate needed to make it clear how the 'margin of safety' is useful to a business to improve Way 3. The candidate needed to provide another suitable way break-even analysis could be useful to a business (for example, to show the possible effect of a change in price on the break-even level of output) to improve their answer in Way 4.
- **(b)** The answer was at the top of the Level 2 mark band because it discussed the three options in detail and in the context of the case study. To improve their answer, the candidate needed to clearly justify the choice of refillable bottles in their recommendation, rather than repeat the advantages already stated. The candidate also needed to make it clear why this option was better than the other two options. For example, the comparative statements such as those made in Option 2, (BW could advertise that plastic bottles would not be wasted, but refillable bottles would be used, which would help to improve BW's reputation for being environmentally friendly and which could attract many new customers), whereas Option 3 'Purchase a new window washing machine' would be too expensive for a new business like BW.

Example Candidate Response – low

Examiner comments

- 4 (a) (i) Calculate the break-even level of output for BW using the information in Appendix 2.

$$\begin{aligned} \text{level of output} &= \frac{1250}{225} \\ &= 5.5 \\ &\approx 5 \end{aligned}$$

[2]

1 The correct formula is not applied.

Mark for (a)(i) = 0 out of 2

- (ii) Calculate the margin of safety for BW using the information in Appendix 2.

$$\begin{aligned} \text{Margin of safety} &= 1250 - (1 \times 11) \\ &= 1250 - 11 \\ &= \$1239 \end{aligned}$$

[2]

2 The correct formula is not applied.

Mark for (a)(ii) = 0 out of 2

- (iii) Identify **four** ways break-even analysis can be useful to a business.

Way 1: To set the target

Way 2: To set the price help set the price

Way 3: To help plan security

Way 4: To help set goals and aims for the business

[4]

3 None of the four ways the candidate has given explains how break-even analysis could be useful to a business. Each way is too vague to be awarded any marks.

Mark for (a)(iii) = 0 out of 4

Example Candidate Response – low, continued

Examiner comments

- (b) Consider the following three options for BW. Which option should Bob choose to improve BW's reputation? Justify your answer.

Option 1: Use cleaning products that contain chemicals
 Option 2: Use bottles that can be refilled with cleaning products
 Option 3: Purchase a new window washing machine

Option 1:
 cleaning products reduce time taken
 to wash windows by 50% and it gives
 time to take more orders. But water will
 be wasted it is not environmentally
 safe and more chemicals have to be purchased
 every week.
 Option 2: It will be expensive as normal
 containers can't be refilled and special
 containers have to be bought chemicals
 have to be bought again and again.
 This is the only good thing will be that
 this will be environmental friendly bottles.

Option 3: This will save water save the
 cost of chemicals and it will be an
 environmentally friendly. It is a one time
 investment. But one month profit will
 go in this.

Recommendation: I think they should go
 with option 3 as it is a one time
 investment and will keep pressure groups
 satisfied. Option 1 will waste water. Option
 2 will increase cost.

[12]

4 This first sentence makes a Level 1 statement that BW will be able to take more orders. It is in context because it refers to BW being able to wash windows in 50% less time.

The rest of the discussion for this option does not give clear disadvantages to the business.

5 This first sentence is a Level 1 statement because it states a disadvantage to the business: higher costs.

The advantage of using environmentally friendly bottles is not related to the impact on the business, so the answer does not move into Level 2.

6 The advantage of saving water and chemicals, and therefore reducing cost, is a Level 1 statement. 'It is a one-time investment' is also a Level 1 statement, and there is no further development of an advantage or disadvantage.

7 The main part of the answer is at the top of Level 1 because it includes several statements that show a limited ability to discuss the methods with little explanation, and there is some application to the case study. The recommendation includes repetition of earlier statements and it is not developed so the answer cannot move into Level 2.

Mark for (b) = 4 out of 12

**Total mark awarded =
 4 out of 20**

How the candidate could have improved their answer

- **(a)(i) and (a)(ii)** The candidate needed to apply the correct formulas for break-even level of output and margin of safety.
- **(a)(iii)** The candidate needed to make it clear in the four ways how break-even analysis would be useful to a business. For example, for Way 4 'to help set goals and aims for the business', the candidate could have added that it would have allowed the business to set a goal for the minimum number of sales to make sure the business made a profit. The answer for the four ways needed to be more specific about how break-even analysis could be useful to a business.
- **(b)** To improve the answer, and move it from Level 1 to Level 2, the candidate needed to justify the choice made within the context of the case study in the recommendation section. The recommendation could have included a discussion about why the two alternative options were rejected. Discussion of either or both of these in the recommendation would have improved the answer. The candidate could also have added more discussion of the options in the main body of the answer.

Common mistakes candidates made in this question

- **(a)(i) and (a)(ii)** Not being able to apply the correct formulas to break-even level of output and margin of safety. Many candidates could correctly calculate the break-even level of output, but could not calculate the margin of safety.
- **(a)(iii)** Candidates often gave answers that were repetitive. Candidates also made the way they gave too vague, for example 'to help make decisions'. They needed to be specific about which decisions could be helped by break-even analysis.
- **(b)** The discussion of the options was not always detailed and instead candidates made simple statements about an advantage or disadvantage, without making it clear how they affected the business. Some candidates did not write their answers in context, especially in the recommendation section. Recommendations were not always new and just repeated earlier points. The recommendation was not always linked to the reputation of the business, but instead was discussed in relation to profit.

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