

# Cambridge O Level

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**BUSINESS**

**7081/02**

Paper 2 Case Study

**For examination from 2027**

MARK SCHEME

Maximum Mark: 80

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**Specimen**

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This document has **18** pages. Any blank pages are indicated.

**Generic Marking Principles**

All examiners must apply these general marking principles when marking candidate responses. Examiners must apply them alongside the specific content of the mark scheme or generic level descriptions for a question. Each question paper and mark scheme must also comply with these marking principles.

**GENERIC MARKING PRINCIPLE 1:**

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptions for the question
- the specific skills defined in the mark scheme or in the generic level descriptions for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

**GENERIC MARKING PRINCIPLE 2:**

Marks awarded are always **whole marks** (not half marks, or other fractions).

**GENERIC MARKING PRINCIPLE 3:**

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

**GENERIC MARKING PRINCIPLE 4:**

Rules must be applied consistently, e.g. in situations where candidates have not followed instructions or in the application of generic level descriptions.

**GENERIC MARKING PRINCIPLE 5:**

Marks should be awarded using the full range of marks defined in the mark scheme for the question (however, the use of the full mark range may be limited according to the quality of the candidate responses seen).

**GENERIC MARKING PRINCIPLE 6:**

Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptions in mind.

**Social Sciences-Specific Marking Principles  
(for point-based marking)**

<p><b>1 Components using point-based marking:</b></p> <ul style="list-style-type: none"> <li>• Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.</li> </ul> <p>From this it follows that we:</p> <ul style="list-style-type: none"> <li>a DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)</li> <li>b DO credit alternative answers/examples which are not written in the mark scheme if they are correct</li> <li>c DO credit answers where candidates give more than one correct answer in one prompt/ numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require <i>n</i> reasons (e.g. State two reasons ...).</li> <li>d DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)</li> <li>e DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities</li> <li>f DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).</li> <li>g DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)</li> </ul>
<p><b>2 Presentation of mark scheme:</b></p> <ul style="list-style-type: none"> <li>• Slashes (/) or the word 'or' separate alternative ways of making the same point.</li> <li>• Semi colons (;) bullet points (•) or figures in brackets (<b>1</b>) separate different points.</li> <li>• Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).</li> </ul>
<p><b>3 Calculation questions:</b></p> <ul style="list-style-type: none"> <li>• The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer</li> <li>• If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.</li> <li>• Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.</li> <li>• Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.</li> </ul>
<p><b>4 Annotation:</b></p> <ul style="list-style-type: none"> <li>• For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.</li> <li>• For levels of response marking, the level awarded should be annotated on the script.</li> <li>• Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.</li> </ul>

**Abbreviations**

The following abbreviations may be used in the mark scheme.

<b>Abbreviations</b>	<b>Use</b>
app = Application	Indicates appropriate reference to the information in the stem.
Accept all valid responses	This statement indicates that marks may be awarded for answers that are not listed in the mark scheme but are equally valid.

**Assessment objectives****AO1 Knowledge and understanding**

- Demonstrate knowledge and understanding of business concepts, terms and theories.
- Use business terminology.

**AO2 Application**

- Apply knowledge and understanding of business concepts, terms and theories to a given business.

**AO3 Analysis**

- Select, organise and interpret business data and information in written, numerical and graphical forms.
- Analyse business information.

**AO4 Evaluation**

- Make justified decisions, reach conclusions and make recommendations based on evidence.

Question	Answer	Marks
1(a)	<p><b>Explain <u>two</u> advantages and <u>two</u> disadvantages of TT being a private limited company.</b></p> <p>Award 1 mark for each advantage/disadvantage (max. 2 for advantages/ max. 2 for disadvantages).</p> <p>Award a maximum of 1 additional mark for <b>each</b> explanation of the advantage/disadvantage of TT being a private limited company which <b>must be applied to the context of the question</b>.</p> <p>Relevant advantages might include:</p> <ul style="list-style-type: none"> <li>• raise capital from the sale of shares – \$500 000 capital may be able to be raised for the expansion</li> <li>• limited liability – means only the owners' capital invested in the cafe can be lost, not their personal possessions</li> <li>• separate legal identity – if TT is sued because a customer gets ill after eating an ice cream only TT will be liable not the owners</li> <li>• continuity – in the event of Frances leaving TT, the business will still be able to trade for more than the 10 years it has been in existence.</li> </ul> <p>Relevant disadvantages might include:</p> <ul style="list-style-type: none"> <li>• can only sell shares to family and friends – TT may need to take out a loan when opening the new cafe employing 10 people</li> <li>• legal formalities – requires certain documents to be sent to the government each year to show how much profit has been made by the 50 cafes</li> <li>• financial statements are available for anyone to see – other cafes that sell luxury desserts will be able to access TT's financial statements</li> <li>• not easy to transfer shares – people who care about the environment may decide not to buy shares in TT, as they will not be able to easily get their investment back</li> <li>• dividends may be expected to be paid out of profit.</li> </ul> <p>Accept all valid responses.</p> <p>For example: TT can only sell shares to family and friends (1) which may result in TT having to take out a loan when opening the new cafe (app).</p> <p><b>Application</b> could include: ice cream; desserts; luxury products; cafe; \$500 000; 10 employees; 50 cafes; set up 10 years ago; excellent customer service; fixed costs of \$1000 each week; weekly total variable costs of \$20 000; brand image of caring for the environment; how to make different desserts; 5000 desserts made and sold each week.</p>	<b>8</b>

Question	Answer	Marks															
1(b)	<p><b>Consider the following <u>three</u> methods of market research TT could use when deciding which products to sell in the new cafe. Which method should TT use? Justify your answer.</b></p> <ul style="list-style-type: none"> <li>• <b>Competitors' websites</b></li> <li>• <b>Focus groups</b></li> <li>• <b>Observation in other cafes</b></li> </ul> <table border="1" data-bbox="308 510 1321 1839"> <thead> <tr> <th data-bbox="308 510 416 562">Level</th> <th data-bbox="416 510 1203 562">Description</th> <th data-bbox="1203 510 1321 562">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="308 562 416 994"><b>3</b></td> <td data-bbox="416 562 1203 994"> <p>Excellent knowledge and understanding of relevant business concepts using appropriate terminology in context.</p> <p>Detailed discussion of <b>two</b> or more methods.</p> <p>Well-justified recommendation.</p> <p>Candidates discussing all three methods in detail, in context and with a well-justified recommendation including why the alternative methods were rejected should be rewarded with the top marks in the band.</p> </td> <td data-bbox="1203 562 1321 994"><b>9–12</b></td> </tr> <tr> <td data-bbox="308 994 416 1391"><b>2</b></td> <td data-bbox="416 994 1203 1391"> <p>Good knowledge and understanding of relevant business concepts using appropriate terminology in context.</p> <p>Detailed discussion of at least <b>one</b> method.</p> <p>Judgement with some justification / some evaluation of choice made.</p> <p>Candidates discussing two or more methods in detail and in context should be rewarded with the top marks in the band.</p> </td> <td data-bbox="1203 994 1321 1391"><b>5–8</b></td> </tr> <tr> <td data-bbox="308 1391 416 1787"><b>1</b></td> <td data-bbox="416 1391 1203 1787"> <p>Limited knowledge and understanding of relevant business concepts in context.</p> <p>Limited ability to discuss the methods with little/no explanation.</p> <p>Simple judgement with limited justification / limited evaluation of choice made.</p> <p>Candidates outlining all three methods in context should be rewarded with the top marks in the band.</p> </td> <td data-bbox="1203 1391 1321 1787"><b>1–4</b></td> </tr> <tr> <td data-bbox="308 1787 416 1839"><b>0</b></td> <td data-bbox="416 1787 1203 1839">No creditable response.</td> <td data-bbox="1203 1787 1321 1839"><b>0</b></td> </tr> </tbody> </table>	Level	Description	Marks	<b>3</b>	<p>Excellent knowledge and understanding of relevant business concepts using appropriate terminology in context.</p> <p>Detailed discussion of <b>two</b> or more methods.</p> <p>Well-justified recommendation.</p> <p>Candidates discussing all three methods in detail, in context and with a well-justified recommendation including why the alternative methods were rejected should be rewarded with the top marks in the band.</p>	<b>9–12</b>	<b>2</b>	<p>Good knowledge and understanding of relevant business concepts using appropriate terminology in context.</p> <p>Detailed discussion of at least <b>one</b> method.</p> <p>Judgement with some justification / some evaluation of choice made.</p> <p>Candidates discussing two or more methods in detail and in context should be rewarded with the top marks in the band.</p>	<b>5–8</b>	<b>1</b>	<p>Limited knowledge and understanding of relevant business concepts in context.</p> <p>Limited ability to discuss the methods with little/no explanation.</p> <p>Simple judgement with limited justification / limited evaluation of choice made.</p> <p>Candidates outlining all three methods in context should be rewarded with the top marks in the band.</p>	<b>1–4</b>	<b>0</b>	No creditable response.	<b>0</b>	<b>12</b>
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Question	Answer		Marks	
1(b)	Relevant points might include:			
		<p style="text-align: center;"><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Likely to contain a lot of information about the products sold by competitors and the prices they charge for <b>desserts</b> – TT may be able to sell lower priced products – to gain market share.</li> <li>• Easy and quick to access – research can be gathered quickly and allows more time for Frances to carry out other tasks when managing the <b>50 cafes</b>.</li> <li>• Accessing this information is low cost – keeps marketing expenses low.</li> </ul>	<p style="text-align: center;"><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• The competitors may not have a cafe near to TT's new cafe – their customers' tastes may be different to TT's potential customers – may not be very useful when deciding which products to sell.</li> <li>• May not be close competitors – type of ice creams sold may not be a <b>luxury product</b>.</li> </ul>	
	Focus groups	<ul style="list-style-type: none"> <li>• Provide detailed information about customers' preferences for <b>ice creams</b> – will gain a better idea of which products customers prefer – can adapt products to increase sales.</li> <li>• Provide interaction between people in the focus group, which helps TT understand customer needs – helping TT to meet those specific needs – increasing demand.</li> </ul>	<ul style="list-style-type: none"> <li>• Expensive and time-consuming to set up – ensuring the group has people from the area for TT's new cafe – leading to high market research costs – especially if TT employs a specialist market research agency to carry out this research.</li> <li>• Discussion can be biased if one person in the group dominates the conversation – may not get very accurate data – less useful in finding out what products customers may wish to buy in a <b>dessert cafe</b>.</li> </ul>	

Question	Answer		Marks	
1(b)	<p>Observation in other cafes</p>	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Gathers information about customer preferences by secretly observing their behaviour in cafes – which may be more accurate than asking them which products they like – reducing wasted <b>ingredients</b> – which lowers costs.</li> <li>• Can be used to check the type of products sold in other cafes – to help decide the range of <b>cakes</b> to sell to help them to be competitive – increasing market share.</li> </ul>	<p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Can be very expensive and time-consuming – as may need to use trained researchers or the results will be less accurate.</li> <li>• It is very difficult to understand the reasons behind the choices made by customers when buying <b>desserts</b> – making the information less useful to TT – could lead to wrong decision-making.</li> </ul>	
	<p>Recommendation</p>	<ul style="list-style-type: none"> <li>• Competitors' websites are the best method to use as they are quicker and are a lower cost way to find out what their cafes are selling and what prices they charge for <b>ice cream</b>. This can help TT decide which products to sell in the new cafe and make the cafe more likely to be successful. It will be difficult to put together focus groups of people in the area of the location for the new cafe and observation will only help to identify current customer behaviour and may not represent what customers may like in the new area where the cafe is to be located.</li> <li>• Focus groups are the best method to use because they will allow detailed opinions to be gathered about potential customers from the new location and will be more accurate when deciding which <b>cakes</b> will be most successful in the new cafe.</li> <li>• Observation will be the best method to use because it is likely to be clearer which <b>luxury desserts</b> customers prefer whereas they may not always answer accurately when in a focus group.</li> </ul>		



Question	Answer	Marks
2(a)	<p><b>Explain <u>two</u> benefits of TT providing employment contracts for its employees.</b></p> <p>Award 1 mark for each benefit (max. 2).</p> <p>Award a maximum of 3 additional marks for <b>each</b> explanation of the benefit of providing employment contracts – <b>one of which must be applied to the context of the question.</b></p> <p>Relevant benefits might include:</p> <ul style="list-style-type: none"> <li>• removes any misunderstanding between employer and employee about the job – as it will contain details about the start date, hours worked and rate of pay – should be clear that they both understand the requirements of the particular job</li> <li>• it provides some security for TT – as the contract will state the length of notice that an employee will need to give before leaving the job – it is clear how long the employer has to fill the vacancy</li> <li>• if the employee does not meet the requirements as outlined in the contract the employer can dismiss them – the employer cannot be taken to court for unfair dismissal – the employer will not be fined</li> <li>• if the employer fails to provide any of the conditions listed in the contract, then the employee can seek compensation – such as if TT do not provide benefits or holiday entitlement as outlined in the contract – the employee has a legal right to these benefits and they can take TT to court.</li> </ul> <p>Accept all valid responses.</p> <p>For example: A contract of employment removes any misunderstanding between employer and employee about the job (1) as it will contain details about the start date, hours worked and rate of pay (1) so both the employer and the employee should be clear that they understand the requirements of the particular job (1) and should allow for a more productive working environment in the cafe (app).</p> <p><b>Application</b> could include: ice cream; desserts; luxury products; cafe; 10 employees; 50 cafes; set up 10 years ago; excellent customer service; brand image of caring for the environment; reuse and recycle packaging; how to make different desserts; help to decide which ingredients to buy; 5000 desserts made and sold each week.</p>	<b>8</b>

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2(b)	<p><b>Consider the advantages and disadvantages of the following <u>two</u> methods TT could use to motivate its employees. Which method should TT use? Justify your answer.</b></p> <ul style="list-style-type: none"> <li>• <b>Employee of the month</b></li> <li>• <b>Job enrichment</b></li> </ul> <table border="1" data-bbox="308 477 1321 1805"> <thead> <tr> <th data-bbox="308 477 414 521">Level</th> <th data-bbox="414 477 1203 521">Description</th> <th data-bbox="1203 477 1321 521">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="308 521 414 958"><b>3</b></td> <td data-bbox="414 521 1203 958"> <p>Excellent knowledge and understanding of relevant business concepts using appropriate terminology in context.</p> <p>Detailed discussion of <b>both</b> methods.</p> <p>Well-justified recommendation.</p> <p>Candidates discussing both methods in detail, in context and with a well-justified recommendation including why the alternative method was rejected should be rewarded with the top marks in the band.</p> </td> <td data-bbox="1203 521 1321 958"><b>9–12</b></td> </tr> <tr> <td data-bbox="308 958 414 1357"><b>2</b></td> <td data-bbox="414 958 1203 1357"> <p>Good knowledge and understanding of relevant business concepts using appropriate terminology in context.</p> <p>Detailed discussion of at least <b>one</b> method.</p> <p>Judgement with some justification / some evaluation of choices made.</p> <p>Candidates discussing at least one method in detail and in context should be rewarded with the top marks in the band.</p> </td> <td data-bbox="1203 958 1321 1357"><b>5–8</b></td> </tr> <tr> <td data-bbox="308 1357 414 1756"><b>1</b></td> <td data-bbox="414 1357 1203 1756"> <p>Limited knowledge and understanding of relevant business concepts in context.</p> <p>Limited ability to discuss the methods with little/no explanation.</p> <p>Simple judgement with limited justification / limited evaluation of choices made.</p> <p>Candidates outlining both methods in context should be rewarded with the top marks in the band.</p> </td> <td data-bbox="1203 1357 1321 1756"><b>1–4</b></td> </tr> <tr> <td data-bbox="308 1756 414 1805"><b>0</b></td> <td data-bbox="414 1756 1203 1805">No creditable response.</td> <td data-bbox="1203 1756 1321 1805"><b>0</b></td> </tr> </tbody> </table>	Level	Description	Marks	<b>3</b>	<p>Excellent knowledge and understanding of relevant business concepts using appropriate terminology in context.</p> <p>Detailed discussion of <b>both</b> methods.</p> <p>Well-justified recommendation.</p> <p>Candidates discussing both methods in detail, in context and with a well-justified recommendation including why the alternative method was rejected should be rewarded with the top marks in the band.</p>	<b>9–12</b>	<b>2</b>	<p>Good knowledge and understanding of relevant business concepts using appropriate terminology in context.</p> <p>Detailed discussion of at least <b>one</b> method.</p> <p>Judgement with some justification / some evaluation of choices made.</p> <p>Candidates discussing at least one method in detail and in context should be rewarded with the top marks in the band.</p>	<b>5–8</b>	<b>1</b>	<p>Limited knowledge and understanding of relevant business concepts in context.</p> <p>Limited ability to discuss the methods with little/no explanation.</p> <p>Simple judgement with limited justification / limited evaluation of choices made.</p> <p>Candidates outlining both methods in context should be rewarded with the top marks in the band.</p>	<b>1–4</b>	<b>0</b>	No creditable response.	<b>0</b>	<b>12</b>
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Question	Answer		Marks	
2(b)	Relevant points might include:			
		<p style="text-align: center;"><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Low cost of rewarding employee of the month - compared to the benefits of <b>improved customer service</b> – leading to increased revenue.</li> <li>• Employees in the <b>cafes</b> work hard to get noticed and be given employee of the month – improved customer service improves the reputation of TT – more word of mouth advertising for TT increasing sales.</li> <li>• May increase employee loyalty to the business – less likely to leave.</li> </ul>	<p style="text-align: center;"><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• May make the other <b>9 employees</b> jealous as they may feel they work just as hard and are not recognised – employees may feel demotivated – less productive serving customers in the cafe.</li> <li>• The <b>reward of \$20</b> to the employee is possibly so small employees may not be interested – as can only be spent in the cafe – may not want desserts and ice cream.</li> </ul>	
	Job enrichment	<ul style="list-style-type: none"> <li>• Employees feel more valued – more productive by providing <b>excellent customer service</b> – improving the reputation and brand image.</li> <li>• Helps TT identify candidates for other roles – may reduce recruitment costs.</li> <li>• Developing new skills may increase opportunities for employees to find jobs elsewhere in <b>other luxury dessert cafes</b>.</li> </ul>	<ul style="list-style-type: none"> <li>• May require training to carry out additional tasks – increases expenses for TT's <b>cafes</b> – increasing total costs.</li> <li>• Employees may ask for increased wages – which increases labour costs.</li> <li>• Some employees may not want to carry out additional tasks <b>of making different desserts</b> and may feel stressed – increasing absenteeism.</li> </ul>	

Question	Answer	Marks
2(b)	<p>Recommendation</p> <p>Justification might include:</p> <ul style="list-style-type: none"> <li>Employee of the month should be used as it is a relatively low-cost method of rewarding employees and they may work harder to be noticed by giving excellent customer service when <b>servicing desserts in the cafe</b> to win the award. Job enrichment should not be used as it is likely to lead to higher costs from the extra training and higher wages paid to all employees in the cafe not just the one employee receiving the award.</li> <li>Job enrichment should be chosen as it increases the skills and responsibilities of employees in the <b>50 cafes</b> allowing them to create a wider range of desserts and have more satisfied customers.</li> </ul>	

Question	Answer	Marks
3(a)(i)	<p><b>Calculate the average cost of each dessert.</b></p> <p>Correct answer = \$4.20 (2)</p> <p>Correct method but incorrect answer:</p> <p>Fixed costs + total variable costs / number of desserts made each week (1)</p> <p>\$1000 + \$20 000 / 5000 (1)</p>	<b>2</b>
3(a)(ii)	<p><b>Calculate the variable cost of each dessert.</b></p> <p>Correct answer = \$4.00 (2)</p> <p>Correct method but incorrect answer:</p> <p>Total variable costs / number of desserts made each week (1)</p> <p>\$20 000 / 5000 (1)</p>	<b>2</b>
3(a)(iii)	<p><b>State four ways the cost data in 3(a)(i) or 3(a)(ii) might be used by a business.</b></p> <p>Award 1 mark for <b>each</b> way the cost data might be used by a business (max. 4).</p> <p>Relevant ways might include:</p> <ul style="list-style-type: none"> <li>to help decide which product to produce</li> <li>to decide whether to continue or to stop production</li> <li>to help decide what price to set</li> <li>to help choose suppliers</li> <li>to know how much each product costs to produce</li> <li>helps to calculate break-even output</li> <li>helps to calculate the contribution of each product to fixed costs.</li> </ul> <p>Accept all valid responses.</p>	<b>4</b>

Question	Answer	Marks															
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4(a)	<p><b>Explain <u>one</u> advantage and <u>one</u> disadvantage of TT using environmentally friendly packaging for its products.</b></p> <p>Award 1 mark for each advantage/disadvantage (max. 2).</p> <p>Award a maximum of 3 additional marks for <b>each</b> explanation of the advantage/disadvantage of TT using environmentally friendly packaging – <b>one of which must be applied to the context of the question.</b></p> <p>Relevant advantages might include:</p> <ul style="list-style-type: none"> <li>• if the packaging is reused rather than buying new – decrease in costs of buying new packaging — this may lead to a higher profit if revenue remains the same</li> <li>• if the packaging is recycled – improved reputation for TT – and consumers that are environmentally aware will be attracted to TT – leading to increased sales/revenue</li> <li>• fewer resources used – which can be used by future generations.</li> </ul> <p>Relevant disadvantages might include:</p> <ul style="list-style-type: none"> <li>• increase in initial cost of buying the environmentally friendly packaging – may lead to higher prices needing to be charged to cover these increased costs – may lead to lower sales</li> <li>• increase in costs of cleaning the packaging ready to be reused/recycled – increased variable costs – lowering gross profit margin</li> <li>• may make the product look less attractive if in recycled/reused packaging rather than new packaging – may lead to reduced sales – possibly reducing profit if costs remain the same.</li> </ul> <p>Accept all valid responses.</p> <p>For example: This will lead to a decrease in the costs of buying new packaging (1) if the packaging is reused (app) which may increase the gross profit margin (1). This could lead to a higher profit (1).</p> <p><b>Application</b> could include: ice cream; desserts; reuse packaging; recycle packaging; luxury products; cafe; 10 employees; 50 cafes; excellent customer service; weekly total variable costs of \$20 000; brand image of caring for the environment; how to make different desserts; cakes; 5000 desserts made and sold each week.</p>	<b>8</b>

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4(b)	<p><b>Use Appendix 3 and other information to consider how each of the following <u>three</u> changes might affect TT. Which change is likely to have the greatest effect on TT? Justify your answer.</b></p> <ul style="list-style-type: none"> <li>• <b>A decrease in tax on people’s income</b></li> <li>• <b>An increase in tax on business profits</b></li> <li>• <b>A decrease in interest rates</b></li> </ul> <table border="1" data-bbox="308 510 1326 1839"> <thead> <tr> <th data-bbox="308 510 416 562">Level</th> <th data-bbox="416 510 1206 562">Description</th> <th data-bbox="1206 510 1326 562">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="308 562 416 994"><b>3</b></td> <td data-bbox="416 562 1206 994"> <p>Excellent knowledge and understanding of relevant business concepts using appropriate terminology in context.</p> <p>Detailed discussion of <b>two</b> or more changes.</p> <p>Well-justified conclusion.</p> <p>Candidates discussing all three changes in detail, in context and with a well-justified conclusion including why the alternative changes were rejected should be rewarded with the top marks in the band.</p> </td> <td data-bbox="1206 562 1326 994"><b>9–12</b></td> </tr> <tr> <td data-bbox="308 994 416 1391"><b>2</b></td> <td data-bbox="416 994 1206 1391"> <p>Good knowledge and understanding of relevant business concepts using appropriate terminology in context.</p> <p>Detailed discussion of at least <b>one</b> change.</p> <p>Judgement with some justification / some evaluation of choices made.</p> <p>Candidates discussing two or more changes in detail and in context should be rewarded with the top marks in the band.</p> </td> <td data-bbox="1206 994 1326 1391"><b>5–8</b></td> </tr> <tr> <td data-bbox="308 1391 416 1794"><b>1</b></td> <td data-bbox="416 1391 1206 1794"> <p>Limited knowledge and understanding of relevant business concepts in context.</p> <p>Limited ability to discuss the changes with little/no explanation.</p> <p>Simple judgement with limited justification / limited evaluation of choices made.</p> <p>Candidates outlining all three changes in context should be rewarded with the top marks in the band.</p> </td> <td data-bbox="1206 1391 1326 1794"><b>1–4</b></td> </tr> <tr> <td data-bbox="308 1794 416 1839"><b>0</b></td> <td data-bbox="416 1794 1206 1839">No creditable response.</td> <td data-bbox="1206 1794 1326 1839"><b>0</b></td> </tr> </tbody> </table>	Level	Description	Marks	<b>3</b>	<p>Excellent knowledge and understanding of relevant business concepts using appropriate terminology in context.</p> <p>Detailed discussion of <b>two</b> or more changes.</p> <p>Well-justified conclusion.</p> <p>Candidates discussing all three changes in detail, in context and with a well-justified conclusion including why the alternative changes were rejected should be rewarded with the top marks in the band.</p>	<b>9–12</b>	<b>2</b>	<p>Good knowledge and understanding of relevant business concepts using appropriate terminology in context.</p> <p>Detailed discussion of at least <b>one</b> change.</p> <p>Judgement with some justification / some evaluation of choices made.</p> <p>Candidates discussing two or more changes in detail and in context should be rewarded with the top marks in the band.</p>	<b>5–8</b>	<b>1</b>	<p>Limited knowledge and understanding of relevant business concepts in context.</p> <p>Limited ability to discuss the changes with little/no explanation.</p> <p>Simple judgement with limited justification / limited evaluation of choices made.</p> <p>Candidates outlining all three changes in context should be rewarded with the top marks in the band.</p>	<b>1–4</b>	<b>0</b>	No creditable response.	<b>0</b>	<b>12</b>
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