

AS 9609

BUSINESS

TOPICAL PAPER 2

SHORT ANSWER AND ESSAY

2018 – 2021
ALL TOPICS / ALL VARIANTS

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CONTENT

A LEVEL BUSINESS P2

Chapter 1: Business and Its Environment

1.1 Enterprise _____	5
1.2 Business structure _____	12
1.3 Size of business _____	22
1.4 Business objectives _____	26
1.5 Stakeholders in a business _____	34

Chapter 2: People in Organisation

2.1 Human resource management(HRM) _____	39
2.2 Motivation _____	54
2.3 Management _____	65

Chapter 3: Marketing

3.1 The nature of marketing _____	69
3.2 Market research _____	81
3.3 The marketing mix _____	90

Chapter 4: Operations Management

4.1 The nature of operations _____	114
4.2 Inventory management _____	125

Chapter 5: Finance and Accounting

5.1 Business finance _____	129
5.2 Sources of finance _____	132
5.3 Forecasting and managing cash flows _____	142
5.4 Costs _____	149

Case Study _____	172
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In Business 9609 subject, he is regarded as the sole author for the content of Business 9609 A-level, which is recommended by majority of Business teachers for their students to secure A and A*. His experience as a teacher and as an examiner is an ideal combination to develop an exam focused Business 9609 classified (Practice Book) that covers all the requirements of Cambridge Examinations.

I wish him good luck and pray for his success as an author.

The Publisher





TOPIC 1: Business and Its Environment

1.1: Enterprise

Question 1 / Case Study 47 Bilal's Homes (BH) **9609/23/M/J/21/Q1(b) (ii)**

Explain one way in which Bilal may add value to the apartments he buys. [2]

MARK SCHEME

Level	Knowledge and Application	Marks
2 (APP)	Explanation of a way in which Bilal may add- value to the houses that he sells	2
1 (K)	Identification of a way of adding value	1
0	No creditable content	0

Knowledge may include:

- Difference between the price of a product and cost of inputs
- Increase in value of a product/service created by a business
- Created by the production process

Application may include:

- Renovation – Bilal might decorate, alter the layout, renew the bathroom/kitchen (allow any reasonable renovation of an apartment).
- Brand name – Bilal has been doing this for two years and house buyers may see his houses as being of a high-quality
- Buying at a low price
- Increasing the quality of the house

ARA

Question 2 / Case Study 64 Clever Televisions (CTV) **9609/23/M/J/22/Q2(a)(iii)**

Explain what is meant by 'the business environment is dynamic' (lines 14–15). [3]

MARK SCHEME

Award one mark for each point of explanation:

	Rationale	Marks
C	Example or some other way of showing good understanding	1
B	Understanding of dynamic	1
A	Understanding of the business environment	1

Content:

The business environment refers to the external elements that a business operates within. For example, social, legal, economic, political, technological, competition, etc. Can also refer to the market in which a business operates.

Dynamic means that the environment is changing, this might be in terms of the competition or changes in any of the external influences / market conditions.

ARA

Question 3 / Case Study 29 Bob's Furniture (BF) **9609/22/F/M/20/Q1(a) (ii)**

Explain the term 'opportunity cost' (line 4). [3]

MARK SCHEME

Award one mark for each point of explanation

Point	Explanation	Marks
C	Example or some other way of showing good understanding – e.g. Affordability, time issues, choice, scarcity	1
B	Understanding of foregone/not used	1
A	Understanding of the concept of 'next best'	1



Note: C mark can only be awarded if A and B marks have already been awarded

Exemplar	Rationale	Marks
Opportunity cost is the value of the next best option foregone, due to time or cost issues.	All three elements	3
The value of the second best option that is not chosen as it is not as good as the first.	All three elements	3
Opportunity cost is the value of the next best option foregone	A and B	2
The next best option foregone	A and B	2
A lost option	B	1
Using the best option only	NAQ	0

Question 4 / Case Study 25 Quality Fencing (QF)

9609/22/O/N/19/Q1(a)

(ii) Explain the term 'entrepreneur' (line 3).

[3]

MARK SCHEME

Award one mark for each point of explanation:

Rationale	Marks
Three characteristics of an entrepreneur	1
Two characteristics of an entrepreneur	1
One characteristic of an entrepreneur	1

Content

Allow any reasonable characteristic of an entrepreneur, for example:

- Risk taking
- Innovative
- Multi-skilled
- Leader
- Resilience/able to bounce back
- Sets up a business
- Passion
- Self-confidence
- Ambition
- Hardworking
- Persuasive
- Aiming for profit (do not allow 'get rich' – too vague)
- Makes decisions
- One of the factors of production (entrepreneurship)
- Organises the factors of production
- An example of an entrepreneur (do not allow Seojun)

Only reward each characteristic once.

ARA

Answer	Marks	Rationale
An entrepreneur is a risk-taker (1) who tries to make a profit (1) by organising the factors of production (1)	3	Three characteristics
Someone who makes decisions (1) about factors of production (1) to make a profit (1)	3	Three characteristics
An entrepreneur works hard (1) and has confidence (1)	2	Two characteristics
Someone who organises the land that a business needs (1). They also organise the amount of workers a business needs and they also organise the capital that a business may need	1	Only one mark for 'organising' the factors of production – do not keep rewarding the same characteristics
An entrepreneurship is one of the factors of production	0	NAQ

Question 5 / Case Study 15 Jim's Farm (JF)

9609/22/F/M/19Q1(a)

(ii) Briefly explain the term 'value added' (line 7).

[3]

MARK SCHEME

Award one mark for each point of explanation

	Knowledge	Marks
C	Example or some other way of showing good understanding – e.g. refining raw materials, adding packaging etc., at different stages of production	1
B	To a customer/leading to an increase in price	1
	The increase in worth of a product/service	1



Exemplar	Marks	Rationale
Adding value is the process of increasing the worth of a good (A) to a customer (B), such as refining a raw material (C).	3	All three elements
To increase how much a business can charge for of a good (A+B) at each stage of production (C)	3	All three elements 'Can charge' suggests more than just an increase in price – there is an element of value here.
The difference between the cost of a good to produce and the price at which it is sold (A+B).	2	A and B
Increase the worth of a good (1) at each stage of production (C)	2	A and C – 'customer expectations' is taken from the case study
To increase the selling price of a product (B)	1	This is just about increasing price, not value
To add value to a product	0	All three elements 'Can charge' suggests more than just an increase in price

Question 6 / Case Study 59 Priya's Bookshop (PB)**9609/21/M/J/22/Q1(c)****Explain two entrepreneurial qualities that Priya has shown.****[4]****MARK SCHEME**

Point	Explanation	Marks
App+App	Two entrepreneurial qualities explained in context	4
App	One entrepreneurial quality explained in context	3
K+K	Two entrepreneurial qualities identified	2
K	One entrepreneurial quality identified	1

Content and context could come from:

- Motivated – wants to start her own bookshop
- Self-disciplined – financial discipline by creating a cash flow forecast
- Risk-taking – has invested \$15K of own capital
- Creative – making appropriate marketing materials for 0 to 15-year-olds
- Leadership – will manage up to 3 employees
- Confident – starting own bookshop by risking \$15K of own capital
- Initiative – has applied for a \$20K grant

Exemplar	Mark	Rationale
She applied for a \$20K grant which shows initiative and is motivated to start her own bookshop	4	Two applied qualities explained
Priya showed initiative by researching and applying for a \$20K grant	3	Applied quality explained
Initiative and leadership	2	Two entrepreneurial qualities identified
Initiative is taking an opportunity available to you and risk taking is taking a decision which could have negative consequences	2	Two generic qualities explained
Initiative is taking an opportunity available to you	1	Generic quality explained

Question 7/ Case Study 11 Clothing Line (CL)**9609/22/O/N/18/Q1(c)****Explain two qualities that Thamir is likely to need as a successful entrepreneur.****[4]****MARK SCHEME**

Level	Knowledge and Application	Knowledge and Application	Annotations
2	Explanation of two characteristics in context	4	APP + APP
	Explanation of one characteristic in context	3	APP
1	Explanation of two characteristics	2	K + K
	Explanation of one characteristic	1	K
0	No creditable content	0	



Content

- Risk taker
- Leadership skills
- Energy and enthusiasm
- Self-belief and confidence
- Persistence and drive
- Ability to work under pressure
- Creativity and imagination
- Multi-skilled
- Dynamic

ARA

Knowledge of entrepreneurial quality needed for success (K)	Possible context (APP)
Risk taker	To invest venture capital
Leadership skills	To become a 50% owner/manager in CL
Energy and enthusiasm	To take on managerial roles such as advice on JIT
Drive	Because he was driven to build up an international retail business

Question 8 / Case Study 50 Delicious Chicken (DC)

9609/24/M/J/21/Q2(c)

Analyse two disadvantages to DC of being a small business.

[8]**MARK SCHEME**

Level	Knowledge and Application (4 marks)	Marks	Analysis (4 marks)	Marks
2	Shows understanding of small businesses in context	3-4	Good analysis of two disadvantages of being a small business in context	4
			Good analysis of one disadvantage of being a small business in context	3
1	Shows knowledge of small businesses	1-2	Limited analysis of two disadvantages of being a small business	2
			Limited analysis of one disadvantage of being a small business	1
0	No creditable content			

Knowledge may include:

- Measurements of business size
- Family businesses
- The role of small businesses in the economy
- The role of small businesses as part of the industry structure

Application may include:

- Restaurant (secondary and tertiary) serving fried chicken (ethically produced) and chips
- One shop in a busy town, owned and managed by Kate
- Highly competitive market
- Loyal repeat customers
- Customer orientated
- Two teams (Afternoon and Night) – no swapping teams
- Use of data from Table 1, linked to size/flexibility
- High absenteeism and high labour turnover

Analysis may include:

- Costs may be higher due to not gaining economies of scale (but not diseconomies of scale)
- May not be able to compete with promotion of bigger chains
- Prices are likely to have to be higher than competition
- Very risky – all risk in one market
- Kate may not have access to enough sources of finance
- Kate may lack expertise needed in some areas of the business and not be able to employ specialists

ARA

Question 9 / Case Study 33 The Shop (TS)**9609/22/M/J/20/Q1(c)****Analyse two qualities that Thomas will need to be a successful entrepreneur.****[8]****MARK SCHEME**

Level	Knowledge and Application (4)	Marks	Analysis (4 marks)	Marks
2b	Shows understanding of two (or more) qualities needed to be a successful entrepreneur in context	4	Good analysis of two (or more) qualities needed to be a successful entrepreneur in context	4
2a	Shows understanding of one quality needed to be a successful entrepreneur in	3	Good analysis of one quality needed to be a successful entrepreneur in context	3
1b	Shows knowledge of qualities needed to be a successful entrepreneur	2	Limited analysis of two (or more) qualities needed to be a successful entrepreneur	2
1a	Shows knowledge of entrepreneurship	1	Limited analysis of one quality needed to be a successful entrepreneur	1
0	No creditable content			

Content:

- Risk-taking – Thomas will be taking risks in setting up his own business.
- Confidence – Thomas needs to have confidence that he will make good decisions when setting up his new shop.
- Ability to make decisions – about the opening of his business, i.e. the options.
- Self-starter – Thomas will not have a boss in his new business so needs to motivate himself
- Creative – to gain a USP in his new business.
- Determined – Thomas is likely to have to overcome setbacks in his new shop venture.

ARA**Question 10 / Case Study 40 Braid Runner (BR)****9609/23/O/N/20/Q2(c)****Analyse one advantage and one disadvantage for Lewis of operating as a small business.****[8]****MARK SCHEME**

Level	Knowledge and Application (4 marks)	Marks	Analysis (4 marks)	Marks
2	Shows understanding of small business in context	3-4	Good analysis of one disadvantage and one advantage of being a small business in context	4
			Good analysis of one disadvantage or one advantage of being a small business in context	3
1	Shows knowledge of small business	1-2	Limited analysis of one disadvantage and one advantage of being a small business	2
			Limited analysis of one disadvantage or one advantage of being a small business	1
0	No creditable content			

Content**Advantages:**

- Easier to organise – Lewis is the only employee (at the moment), only one set of bookings etc.
- Flexibility – Lewis can quickly and easily respond to marketing from the franchises – they however are unlikely to be able to respond as quickly.
- Personalised customer service – Lewis has many repeat customers – this suggests he has a good relationship which is probably lacking in a bigger business.

Disadvantages:

- Access to finance – Lewis may struggle to obtain finance because he on his own and may have limited assets. Shop is rented.
- Larger franchises may be able to gain economies of scale which will not be available to Lewis – they are able to charge lower prices and undercut Lewis.



- Limited funds to compete against the competition – they are likely to be able to afford above the line promotion methods whereas Lewis is unlikely to be able to access these.

Example of knowledge (K)	Examples of application/context (APP)	Examples of possible analysis (AN + DEV)
Unlimited liability	Sole trader	So personal possessions are at risk and could lose his house
Easy to organise	There is only one employee (himself)	Does not have to create rotas which reduces time taken for paperwork

Question 11 / Case Study 23 Cracking Eggs (CE)

9609/21/O/N/19/Q1(C)

Analyse two ways in which CE adds value to its products.

[8]

MARK SCHEME

Level	Knowledge and application (4 marks)	Marks	Analysis (4 marks)	Marks
2b	Shows understanding of two ways in which CE adds value to its products in context	4	Good analysis of two ways in which CE adds value to its products in context	4
2a	Shows understanding of one way in which CE adds value to its products in context	3	Good analysis of one way in which CE adds value to its products in context	3
1b	Shows knowledge of two ways of adding value	2	Limited analysis of two ways in which CE adds value to its products	2
1a	Shows knowledge of one way of adding value	1	Limited analysis of one way in which CE adds value to its products	1
0	no creditable content			0

Content

- Packaging (boxes and trays) – a cost for the firm, but has a double benefit to consumer market – protects and advertises.
- Sorting – consumers obviously see value in different sized eggs and therefore CE can probably have higher prices for large eggs and therefore gain more profit.
- Money back guarantee – little cost for the firm but builds up trust for the brand.
- Branding – food product so trust in the brand will be important.
- Convenience – availability through retailers for the consumer market – more likely to purchase than coming to the farm.
- Best before date – both in consumer and producer markets this will help to avoid wastage when purchased and again builds trust in the brand.

Example of a way (K)	Examples of application/context (APP)	Examples of possible analysis (AN + DEV)
Branding	CE has built a brand with a reputation for high quality eggs	customers are prepared to pay higher prices for a quality product (AN) which means that CE can charge a premium price for the eggs therefore increasing the added value resulting in higher profits (DEV)
Increase the price whilst keeping costs the same	The costs of production are the same for each box but CE could charge more for the larger eggs	As customers are getting more egg in the larger sizes they won't mind paying a higher price (AN). This is also a way of segmenting their market into those who will only pay a lower price compared to those who will pay a higher price therefore maximizing CE's revenue from each segment (DEV)
Decrease costs whilst keeping price the same	CE could use cheaper packaging for the eggs by e.g. using cheaper materials in the boxes and trays	This could damage their reputation for quality (AN) and customers may stop buying the eggs and buy those of CE's competitors instead, therefore reducing the revenue CE receives (DEV)



Question 12 / Case Study 62 Seaside Hotel (SH)**9609/22/M/J/22/Q2(d)****Recommend how SH could increase the value added to its service. Justify your recommendation. [11]****MARK SCHEME****Note:** the two ways may come from the same piece of knowledge (i.e. new facilities).**Indicative content****AO1 Knowledge**

Knowledge of ways of adding value, including:

- Branding
- Advertising
- USP
- Additional services
- Additional product benefits
- Reducing cost
- Increasing quality.
- Hotel – rooms
- Customer service - guests
- Cleaning
- Promotional materials (SH branding)
- Views of the sea
- Local tourism
- Does not currently have a restaurant
- Joint venture with local restaurant

Application may include:**Analysis may include:**

- Branding: common in the hotel industry, a brand name can increase the price of a room – increasing profit margin.
- Advertising: to increase the number of customers who are aware of SH increasing sales of rooms – increased profit.
- USP: by adding something unique to SH's hotels it makes the service different from competitors allowing SH to charge a higher price – increased profitability.
- Additional services: can differentiate SH from competitors allowing SH to charge a higher room rate – however the additional services can increase costs and reduce profit.
- Reducing services: stopping the joint venture to allow higher revenue from a restaurant – higher profit.
- Additional product benefits: offering refreshments, for example, can give SH more opportunities for sales, increasing revenue – increased profit.
- Reducing costs – being more efficient or getting rid of unnecessary services may allow SH to reduce costs and increase profitability – however customers may demand a lower price to compensate for the reduction in perceived quality.
- Increasing quality: increasing the price customers are willing to pay – increased profit.

Evaluation may include:

- judgement/evaluation over the suitability/usefulness of way(s) of adding value
- Evaluation of the relative benefits/costs of different ways
- Elements that the evaluation/judgement might depend upon: tourism, weather, current perception of SH, response from local competitors.

ARA

Example of how an answer could develop and how it should be annotated.

K	APP	AN	DEV	EVAL
Develop a USP	for high-quality rooms.	This means that SH can charge a higher price	And increases the profit made on each room	Overall, it would be better for SH to develop a USP(EVAL) because they will maintain their quality standards which is important in a hotel (EVAL). However, it depends on how SH's competitors respond (EVAL).
Reduce costs	By making some of the cleaners redundant	This could increase the profit of SH	However, it may mean lower quality rooms and less sales.	





TOPIC 1: Business and Its Environment

1.2: Business structure

Question 1 / Case Study 41 Aashna's Pies (AP)

9609/23/O/N/20/Q1(a)(i)

Define the term 'shareholder' (line 3).

[2]

MARK SCHEME

Knowledge	Marks
A correct definition	2
A partial, vague or unfocused definition	1
No creditable content	0

Content

A correct definition should include the following elements (allow one mark for each element):

- Owns part/a percentage
- ...of a company/limited liability business

Exemplar	Mark	Rationale
Owns a part of a limited company	2	All elements met
Owns a percentage of a limited liability business	2	All elements met
Owner of a limited company	1	Needs 'PART' owner
Has share in/invests capital in a company	1	Shares is taut/all business structures require investment
Control and ownership are not the same thing	0	Do not award for control

Question 2 / Case Study 36 Flight Food (FF)

9609/23/M/J/20/Q2(a)(i)

Define the term 'secondary sector' (line 1)

[2]

MARK SCHEME

Knowledge	Marks
A correct definition	2
A partial, vague or unfocused definition	1
No creditable content	0

Content:

Businesses that manufacture raw materials (or assemble components) into finished goods

Question 3 / Case Study 5 Online Travel (OT)

9609/22/M/J/18/Q1(a)(i)

Define the term 'private limited company' (line 1).

[2]

MARK SCHEME

(a)

Knowledge	Marks
A correct definition	2
A partial, vague or unfocused definition	1
No creditable content	0

Note:

A correct definition must distinguish a private limited company from any other legal structure on the syllabus, i.e. PLC, sole trader, partnership etc.

Content

A business where shares can be sold, but not to the general public. The owners benefit from limited liability. Accounts must be produced but not necessarily published.



Exemplar	Rationale	Marks
A private limited company has shareholders but does not sell on the stock exchange	Could only be a private limited company	2
It has limited liability and but cannot sell shares to the public	Whilst this could be an LLP that structure is not on the syllabus	2
A business which cannot sell shares to the public	True but this could also be a sole trader or partnership	1
It has limited liability	True but this could also be a PLC	1
Sells shares	True but this could also be a PLC	1
A business that is not owned by the government but can sell shares	All true but could still be a PLC	1
A business that is owned by private individuals not the government	This is true but does not distinguish between any of the legal structures	0
A company that is privately owned	A tautology – just uses words from the question so no understanding	0

Question 4 / Case Study 34 Market Solution (MS)

9609/23/M/J/18/Q1(a)(i)

Define the term 'tertiary sector' (line 1).

[2]

MARK SCHEME

Knowledge	Marks
A correct definition	2
A partial, vague or unfocused definition	1
A partial, vague or unfocused definition	0

Content

Made up of businesses which sell services to consumers.

Question 5 / Case Study 13 Ontime Taxis (OT)

9609/23/O/N/18/Q1(a)(i)

Define the term 'limited liability' (line 2).

[2]

MARK SCHEME

Knowledge	Marks
A correct definition	2
A partial, vague or unfocused definition	1
No creditable content	0

Content

Any two of the following points: continuity, separate legal identity; shareholders; losses limited to investment/no personal risk.

Exemplar	Marks	Rationale
A business whose shareholders/owners are not personally responsible for any business debts	2	Both elements met
A business whose owners personal assets will not be used to pay business debts	2	Both elements met
A business whose owners have a separate legal identity to the business	2	Both elements met
A shareholder can only lose the capital invested in the business	2	Both elements met
Limited liability for business debts	2	No reference to owners/ shareholders
When a business fails, the owners are not responsible for the debts	1	Limited liability not explained clearly
A company is protected from financial loss	0	Not a correct definition
No responsibility for business debts	0	Too vague



Question 6 / Case Study 61 Farm Produce (FP) 9609/22/M/J/22/Q1(a)(ii)
Explain the term ‘co-operative’ (line 1). [3]

MARK SCHEME

Award one mark for each point of explanation:

C	Example or some other way of showing good understanding, e.g. bulk buying, common in agriculture, motivational, slow decision-making, allows the achievement of economies of scale, mutual benefit, types of co-operative (worker and customer) etc.	1 mark
B	Knowledge of the operation of a co-operative: <ul style="list-style-type: none"> • Responsibilities are shared • Owners may contribute to the running/operation/control of the business • Shared decision-making • All members have one vote • Profits are shared 	1 mark
A	Knowledge of the ownership of a co-operative: <ul style="list-style-type: none"> • Owned / financed by workers / customers / members 	1 mark

Note: Using the case as an example is repetition and not rewardable as the C mark **A and B must be awarded before C mark can be given.**

Content:

A co-operative is a business structure where the workers are the owners. The profits are shared with workers. Workers (owners) do not have to manage the business: they may vote for Directors. In smaller co-operatives, such as worker co-operatives, workers may also manage the business.

Exemplar	Mark	Rationale
Members (A) own a co-operative and share the running (B) of the business. Co-operatives can be slow when making decisions (C).	3	A, B and C
A co-operative can be owned by customers or workers (A) who will each have a vote (B). Because they own it, they are motivated for it to do well (C).	3	A, B and C
A co-operative has shared ownership by workers (A) and responsibilities (B)	2	A and B

Question 7 / Case Study 62 Seaside Hotel (SH) 9609/22/M/J/22/Q2(a)(ii)
Explain the term ‘joint venture’ (line 25). [3]

MARK SCHEME

C	Example or some other way of showing good understanding, i.e. formal contract. To award C there must be understanding that this is not a merger (i.e. remain separate businesses).	1 mark
B	Shared risk/reward/facilities/staff/capital/knowledge/experience/ promotion etc...	1 mark
A	Two or more businesses/parties agreeing to work together	1 mark

Note: A joint venture is not a merger.

Using the case as an example is repetition and not rewardable as the C mark **A and B must be awarded before C mark can be given.**

Content:

This is normally when two (or more) businesses agree to work together to share expertise/finance/rewards from a project. Example, two companies working together to create a new product. Will be formalised in a contractual agreement.

Exemplar	Mark	Rationale
A joint venture is when two business come together to do a certain project. They might share their resources. For example, if Nissan and Toyota worked together to make a new electric car.	3	Both elements included and an example.
When more than one party work together and they share the profits. This may require a contract to show who gets what.	3	Both elements and a way of showing good understanding
When two or more businesses come together, share the risk and reward. An example is the joint venture of SH to use their restaurant facilities.	2	Both elements BUT the example is copied form the data, so only two marks.

Exemplar	Mark	Rationale
When two or more business work together for example if Nissan and Toyota work together to produce a new electric car.	1	One element – do not award C mark if A and B not awarded
When more than one party works together on a project.	1	One element

Question 8 / Case Study 54 Auto Bike (AB)**9609/22/O/N/21/Q2(a)(ii)****Explain the term 'private limited company' (line 1).****[3]****MARK SCHEME**

Award one mark for each point of explanation:

	Rationale	Marks
C	Application of a private limited company to an example or some other way of showing good understanding	1
B	Understanding of a feature unique to a private limited company	1
A	Understanding of feature(s) of a company	1

*Must have A and B marks before awarding the C mark.***Indicative content****AO1 Knowledge and understanding**

Features of a company including:

- an incorporated business
- shares can be sold/owners are shareholders
- limited liability
- separate legal identity
- continuity
- must make accounts available to everyone

Features unique to a private limited company including:

- cannot sell shares on a public stock exchange
- do not need to publish accounts (just make available)
- may only be sold to family and/or friends

AO2 Application

Application of a private limited company, such as:

- an example of a private limited company, such as Jaguar, Lifestyle International, etc. (Do not reward repetition from the data, i.e. 'AB is a private limited company'.)
- application of how any of the K&U points might apply to a business, e.g. a private limited company not being able to sell shares on the stock market might restrict its ability to raise finance
- application of further knowledge of a private limited company, such as continuity, legal personality, limited liability

Exemplar	Marks	Rationale
A business with shares but they cannot be sold on the stock market. This limits their sources of finance	3	All elements covered
A limited liability business that does not have to publish its accounts so the competitors cannot see them	3	All elements covered
Sells shares but not on the stock exchange	2	A and B marks only
A company which can sell shares has limited liability and is incorporated	1	Only the A mark (many times)
AB is a private limited company	0	No K&U, just repetition from the data
AB is privately owned	0	Confusion with a private sector business

