

Question Number	Answer	Mark
1(a)	<p style="text-align: center;">Knowledge/understanding 2</p> <p>Knowledge/understanding 2 marks for:</p> <ul style="list-style-type: none"> an entrepreneur organises factors of production (1) with the aim of adding value in providing a product or service (1). <p>NB any other suitable alternative. Do not award marks for characteristics and skills of entrepreneurs.</p>	(2)

Question Number	Answer	Mark
1(b)	<p style="text-align: center;">Knowledge/understanding 1, Application 3</p> <p>Knowledge/understanding 1 mark for:</p> <ul style="list-style-type: none"> formula for percentage change in sales revenue: $\frac{\text{Latest Sales Revenue} - \text{Original Sales Revenue}}{\text{Original Sales Revenue}} \times 100 = \quad (1)$ <p>Application up to 3 marks for:</p> $\frac{6\,000\,000 - 900\,000}{900\,000} (1) \times 100 = 567\% (1)$ <p>NB if the answer given is 567% award 4 marks.</p>	(4)

Question Number	Answer	Mark
1(c)	<p>Knowledge/understanding 2, Application 1, Analysis 1</p> <p>Knowledge/understanding:</p> <ul style="list-style-type: none"> • 1 mark for correctly showing supply and demand curves (1) • 1 mark for correctly labelling axes price and quantity (1). <p>Application: 1 mark is available for shifting the demand curve outwards (1).</p> <p>Analysis: 1 mark is available for showing original and new equilibria and consequences on the sales axis (1).</p> <div data-bbox="443 680 1088 1245" data-label="Figure"> </div>	(4)

Question Number	Indicative content	Mark
1 (d)	<p style="text-align: center;">Knowledge/understanding 2, Application 2, Analysis 2, Evaluation 2</p> <ul style="list-style-type: none"> • Advertising is used by a firm to raise consumer awareness of its products and services and increase the quantity sold (shift the demand curve to the right). • Advertising should raise awareness of the Castle in the local community and therefore lead to an increase in demand for bookings for both weddings and the use of other facilities. • This may lead to higher sales revenue and therefore higher profits for Chris Naylor. • If the advertising campaign is successful it may allow the firm to charge a higher price. • Higher revenues and profits may allow the firm to invest in new or improved facilities. • The extent of the benefits may depend on: <ul style="list-style-type: none"> ○ the appropriateness of the advertising media chosen for the local market ○ local competition (the availability of other venues) ○ whether the money might have been better spent on other areas of the Castle, such as renovation of the rooms, the bird of prey centre or the repayment of the external finance (opportunity cost). 	(8)

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–2	Isolated elements of knowledge and understanding, using little or no relevant evidence. Arguments and chains of reasoning may be attempted. Limited attempt to address the question.
Level 2	3–5	Elements of knowledge and understanding, using limited relevant evidence. Arguments and chains of reasoning are developed. Judgements may be attempted.
Level 3	6–8	Accurate knowledge and understanding, supported throughout by use of relevant evidence which is well chosen. Arguments are developed, using logical, coherent chains of reasoning. A balanced awareness of competing arguments.

Demonstrating application (AO2) in responses

Where questions specifically stipulate the use of data or information provided in a stimulus, students:

- must directly reference, interpret or analyse the information provided in the stimulus
- in addition, may select examples from their own knowledge but these must be relevant and directly connected to the context/issues set out in the stimulus.

Where questions do not specifically stipulate the use of data or information provided in a stimulus, students:

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- may directly reference, interpret or analyse the information provided in any relevant stimulus.

Question Number	Indicative content	Mark
1(e)	<p style="text-align: center;">Knowledge/understanding 2, Application 2, Analysis 4, Evaluation 4</p> <ul style="list-style-type: none"> • The interest rate is the yearly price charged by a lender to a borrower in order for the borrower to obtain a loan. • This is usually expressed as a percentage of the total amount loaned. • A rise in Santander's interest rates might affect Peckforton Castle in a negative way because the business has borrowed external finance to help fund the renovation of Peckforton Castle to add new features such as the brasserie. • This may lead to an increase in the amount of interest which has to be repaid to Santander, resulting in less operating profit for Chris Naylor. • Many couples who want to get married may have to borrow money in order to fund the wedding. This may lead to a reduction in the number of weddings at Peckforton Castle because of an increase in the cost of borrowing for customers who bank with Santander as it will be more expensive to get a bank loan. • An increase in Santander's interest rates may have no or a limited impact on Peckforton Castle. • Extract A states that many weddings are paid for by parents who have saved up for many years, therefore an increase in interest rates will not impact on demand as they are not borrowing money to finance the wedding. • The impact on Peckforton Castle may depend on the extent and duration of the increase in interest rates. • For some customers, weddings can be considered to be price inelastic and therefore demand will not suffer as much as those who see a wedding as price elastic. • A change in interest rates may reflect a change in economic policies which may have an impact on real incomes and consumer confidence; this could affect the overall demand for expensive weddings. 	(12)

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–2	Isolated elements of knowledge and understanding, using little or no relevant evidence. Arguments and chains of reasoning may be attempted. Limited attempt to address the question.
Level 2	3–5	Elements of knowledge and understanding, using limited relevant evidence. Arguments and chains of reasoning are presented but with limited attempt to address the question. Comparisons and judgements may be attempted.
Level 3	6–9	Accurate knowledge and understanding, supported by use of relevant evidence to support the argument, clear chains of reasoning, with arguments well developed. An awareness of the significance of competing arguments is present although this may lack balance.
Level 4	10–12	Accurate knowledge and understanding, supported throughout by use of relevant evidence which is well chosen, logical, coherent chains of reasoning, showing full understanding of the question. Arguments are developed and evaluated. A full and balanced awareness of the validity and significance of competing arguments.

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Question Number	Answer	Mark
2(a)	<p style="text-align: center;">Knowledge/understanding 2</p> <p>Knowledge/understanding 2 marks for:</p> <ul style="list-style-type: none"> Any medium in which buyers and sellers interact (1) to exchange goods and services (1) <p>NB accept any other suitable alternative.</p>	(2)

Question Number	Answer	Mark
2(b)	<p style="text-align: center;">Knowledge/understanding 1, Application 3</p> <p>Knowledge: 1 mark for:</p> <ul style="list-style-type: none"> formula of Operating Profit Margin: (1) $\frac{\text{Operating Profit}}{\text{Revenue}} \times 100$ <p>Application:</p> $\frac{\text{£9m}}{41.4\text{m}} \times 100 = 21.7\%$ <p>(1) (1) = 21.7% (1)</p> <p>NB if the answer given is 21.7% award 4 marks.</p>	(4)

Question Number	Answer	Mark
2(c)	<p style="text-align: center;">Knowledge/understanding 1, Application 2, Analysis 1</p> <p>Knowledge/understanding: 1 mark for understanding of 'product differentiation' as a concept, e.g. non-price factors distinguishing your product or service (1).</p> <p>Application: up to 2 marks are available for contextualised answers, e.g. 2m downloads/free app (1); quality of app/quality of service/range of options/speed of response/convenience (1).</p> <p>Analysis: 1 mark is available for linked development, e.g. by being different it enables them to charge 11% commission and increase sales (1).</p>	(4)

Question Number	Indicative content	Mark
2(d)	<p style="text-align: center;">Knowledge/understanding 2, Application 2, Analysis 2, Evaluation 2</p> <ul style="list-style-type: none"> • Market research consists of finding out what consumers want about a product or service, ensuring that the product is designed to match consumer preferences. • Market research could help Just Eat to evaluate the nature of competing apps (substitutes) and identify the features that customers value. • It can be carried out using two methods – primary and secondary market research. • It is important to use these methods to find out what restaurants and consumers want from their Just Eat app. For example, what type of food is available in a certain area and what customers are prepared to pay for using the service. • Just Eat can find out if restaurants are happy with the service they provide and how they can look to improve it. • Market research can be very costly and time consuming for a firm to carry out. • Data collected from the research may be out of date or inaccurate. • Although market research is important, Just Eat should also consider: <ul style="list-style-type: none"> ○ the wider economic environment ○ its market positioning ○ competition from other firms. 	(8)

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–2	Isolated elements of knowledge and understanding, using little or no relevant evidence. Arguments and chains of reasoning may be attempted. Limited attempt to address the question.
Level 2	3–5	Elements of knowledge and understanding, using limited relevant evidence. Arguments and chains of reasoning are developed. Judgements may be attempted.
Level 3	6–8	Accurate knowledge and understanding, supported throughout by use of relevant evidence which is well chosen. Arguments are developed, using logical, coherent chains of reasoning. A balanced awareness of competing arguments.

Demonstrating application (AO2) in responses

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Question Number	Indicative content	Mark
2(e)	<p style="text-align: center;">Knowledge/understanding 2, Application 2, Analysis 4, Evaluation 4</p> <ul style="list-style-type: none"> • Takeaway foods can be over-produced and over-consumed (by children) leading to obesity. • Takeaway outlets near schools impose external costs on society. • This is an example of market failure where the free market misallocates resources. • Government intervention is intended to correct market failure. • Quantity supplied and demanded is at a level that includes external costs. • External cost = cost to third parties not directly involved in the production or consumption of the takeaway food. • External costs of obesity – creates costs to NHS through preventable diseases associated with obesity. • External costs also include absence from school and/or work (costs to society as a whole). • Social costs may also include litter and pollution in area of takeaway. • Direct government intervention is intended to reduce the production and consumption of takeaway food to reduce the associated social costs. • The government restricting the location of takeaway restaurants is an example of government intervention in order to try and reduce the problem of children becoming obese. • Government failure and unintended consequences may include: children travelling further to takeaways and thus put at risk; increased school truancy; derelict/empty properties around schools; increasing unemployment as takeaways close down. • Reduced sales and profits for the restaurant owner. • The restriction may have no impact if the majority of customers are not schoolchildren or if their parents use the restaurant and give the takeaway food to their children. • This may apply only to new restaurants opening up near to schools and it might be very difficult/costly to the local council to close down takeaways that have been in business for many years. • Some school children may use takeaway restaurants and are not obese so this will reduce choice for them. However, school children may still use the restaurants and may even use technology such as Just Eat to get takeaway food delivered (to school). 	(12)

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–2	Isolated elements of knowledge and understanding, using little or no relevant evidence. Arguments and chains of reasoning may be attempted. Limited attempt to address the question.
Level 2	3–5	Elements of knowledge and understanding, using limited relevant evidence. Arguments and chains of reasoning are presented but with limited attempt to address the question. Comparisons and judgements may be attempted.
Level 3	6–9	Accurate knowledge and understanding, supported by use of relevant evidence to support the argument, clear chains of reasoning, with well-developed arguments. An awareness of the significance of competing arguments is present although this may lack balance.
Level 4	10–12	Accurate knowledge and understanding, supported throughout by use of relevant evidence which is well chosen, logical, coherent chains of reasoning, showing full understanding of the question. Arguments are developed and evaluated. A full and balanced awareness of the validity and significance of competing arguments.

Demonstrating application (AO2) in responses

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- in addition, may select examples from their own knowledge but these must be relevant and directly connected to the context/issues set out in the stimulus.

Where questions do not specifically stipulate the use of data or information provided in a stimulus, students:

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Question Number	Indicative content	Mark
3	<p style="text-align: center;">Knowledge/understanding 4, Application 4, Analysis 6, Evaluation 6</p> <ul style="list-style-type: none"> • Credit allows an entrepreneur to bring an idea to market by paying for the initial capital investment before the enterprise is able to generate revenues. • Credit allows an entrepreneur to pay for factors of production before the sale of the output generates any revenue. • Credit will be needed if there are no internal sources of funds. Using retained profit from the £12m of sales would mean that the Cambridge Satchel Company (CSC) would not need credit such as bank loans/mortgages and would therefore save on interest. • Credit is raised from outside the business such as bank loans, mortgages, venture capital, crowd funding. • CSC is currently expanding from online to a high-street shop in Covent Garden and will need access to credit or other type of finance. • Using credit from a bank would enable CSC to borrow a large amount of finance to fund the retail expansion and repay it over a number of years. • The rate of interest may depend on the amount of collateral and paying interest incurs an opportunity cost. • It is unclear how much retained profit CSC has or if this will, in fact, be sufficient to fund a large-scale retail expansion. • CSC could use a combination of retained profits and external sources such as a bank loan to fund the expansion in order to minimise the risk involved in using all of the company's retained profit. • It depends on the amount of retained profit CSC has and the amount of retail outlets CSC wants to open as well as the current rate of interest as to which would be the most suitable source of finance for the retail expansion. • CSC has used venture capital rather than credit to inject more finance and this has the advantage of not only gaining finance but the expertise of the venture capitalist. • However, the use of venture capital will dilute ownership. 	(20)

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–4	Isolated elements of knowledge and understanding, using little or no relevant evidence. Arguments and chains of reasoning may be attempted, but fail to connect causes and consequences. Limited attempt to address the question.
Level 2	5–9	Elements of knowledge and understanding, using limited relevant evidence. Arguments and chains of reasoning are presented, but connections between causes and consequences are incomplete. Limited attempt to address the question. Comparisons, judgements or conclusions may be attempted, but are unsupported or generic.
Level 3	10–15	Accurate knowledge and understanding, supported by use of relevant evidence to support the argument, developed chains of reasoning, showing understanding of connections between causes and consequences. Arguments are well developed and partially evaluated. An awareness of the significance of competing arguments is present although this may lack balance. A conclusion may be attempted but may not show awareness of the significance of competing arguments.
Level 4	16–20	Accurate knowledge and understanding, supported throughout by use of relevant evidence which is well chosen and fully integrated to support the argument, well developed and logical, coherent chains of reasoning, showing full understanding of the question. Arguments are fully developed and evaluated. A full awareness of the validity and significance of competing arguments, leading to nuanced and balanced comparisons, judgements or conclusions.

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- may directly reference, interpret or analyse the information provided in any relevant stimulus.