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**BUSINESS**

**9609/23**

Paper 2 Data Response

**May/June 2017**

MARK SCHEME

Maximum Mark: 60

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**Published**

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge will not enter into discussions about these mark schemes.

Cambridge is publishing the mark schemes for the May/June 2017 series for most Cambridge IGCSE<sup>®</sup>, Cambridge International A and AS Level and Cambridge Pre-U components, and some Cambridge O Level components.

Question	Answer	Marks																							
1(a)(i)	<p data-bbox="244 248 783 282"><b>Define the term ‘shareholders’ (line 1).</b></p> <table border="1" data-bbox="248 315 1390 517"> <thead> <tr> <th data-bbox="248 315 1134 365">Knowledge and Application</th> <th data-bbox="1134 315 1390 365">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="248 365 1134 414">A correct definition</td> <td data-bbox="1134 365 1390 414">2</td> </tr> <tr> <td data-bbox="248 414 1134 463">A partial, vague or unfocused definition</td> <td data-bbox="1134 414 1390 463">1</td> </tr> <tr> <td data-bbox="248 463 1134 517">No creditable content</td> <td data-bbox="1134 463 1390 517">0</td> </tr> </tbody> </table> <p data-bbox="244 551 1342 618"><i>A correct definition must show the difference between a shareholder and an owner / (part) owner of a company, has limited liability etc.</i></p> <p data-bbox="244 651 1394 819">A shareholder is the owner/part owner of a company/incorporated business. Can be private or public limited company. A shareholder tends to buy shares and sell when they increase in value. A shareholder will expect dividends from the profits as a return on their investment. A shareholder has voting rights at the AGM and invests in a business/has voting rights.</p> <table border="1" data-bbox="248 853 1390 1236"> <thead> <tr> <th data-bbox="248 853 743 902">Answer</th> <th data-bbox="743 853 839 902">Mark</th> <th data-bbox="839 853 1390 902">Reason</th> </tr> </thead> <tbody> <tr> <td data-bbox="248 902 743 952">A shareholder is a stakeholder</td> <td data-bbox="743 902 839 952">1</td> <td data-bbox="839 902 1390 952">Partial definition</td> </tr> <tr> <td data-bbox="248 952 743 1037">A shareholder is an owner of a business</td> <td data-bbox="743 952 839 1037">0</td> <td data-bbox="839 952 1390 1037">Could be a sole trader</td> </tr> <tr> <td data-bbox="248 1037 743 1153">A shareholder is part-owner of a company</td> <td data-bbox="743 1037 839 1153">1</td> <td data-bbox="839 1037 1390 1153">Refers to part ownership and company so not a sole trader or partner but only partial</td> </tr> <tr> <td data-bbox="248 1153 743 1236">A shareholder invests money in a business and receives dividends</td> <td data-bbox="743 1153 839 1236">2</td> <td data-bbox="839 1153 1390 1236">Two correct elements</td> </tr> </tbody> </table>	Knowledge and Application	Marks	A correct definition	2	A partial, vague or unfocused definition	1	No creditable content	0	Answer	Mark	Reason	A shareholder is a stakeholder	1	Partial definition	A shareholder is an owner of a business	0	Could be a sole trader	A shareholder is part-owner of a company	1	Refers to part ownership and company so not a sole trader or partner but only partial	A shareholder invests money in a business and receives dividends	2	Two correct elements	2
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1(a)(ii)	<p data-bbox="240 241 895 280"><b>Briefly explain the term ‘focus group’ (line 22).</b></p> <p data-bbox="240 315 847 349">Award one mark for each point of explanation:</p> <table border="1" data-bbox="248 383 1390 633"> <tbody> <tr> <td data-bbox="248 383 300 533"><b>C</b></td> <td data-bbox="300 383 1246 533">Example of some other way of showing good understanding, i.e. Accuracy can be affected by bias, Opinions may not be representative of the general population/target market. Not statistically significant. Can aid decision making</td> <td data-bbox="1246 383 1390 533">1 mark</td> </tr> <tr> <td data-bbox="248 533 300 584"><b>B</b></td> <td data-bbox="300 533 1246 584">Consumers/potential consumers/target market/customers</td> <td data-bbox="1246 533 1390 584">1 mark</td> </tr> <tr> <td data-bbox="248 584 300 633"><b>A</b></td> <td data-bbox="300 584 1246 633">Primary/qualitative/opinions/feedback/led by interviewer</td> <td data-bbox="1246 584 1390 633">1 mark</td> </tr> </tbody> </table> <p data-bbox="240 667 1374 835">This is a method of primary research. Used by businesses to get a group of customers together for feedback on a product or service. Can be expensive. Gives more accurate and qualitative data. Allows dialogue during the research process. Accuracy can be affected by bias. Opinions may not be representative of the general population/target market. Not statistically significant. Interviewer is present to lead discussion.</p> <table border="1" data-bbox="248 869 1390 1290"> <thead> <tr> <th data-bbox="248 869 743 920">Answer</th> <th data-bbox="743 869 876 920">Mark</th> <th data-bbox="876 869 1390 920">Reason</th> </tr> </thead> <tbody> <tr> <td data-bbox="248 920 743 972">A group of people</td> <td data-bbox="743 920 876 972">0</td> <td data-bbox="876 920 1390 972">Too vague</td> </tr> <tr> <td data-bbox="248 972 743 1023">A group of customers</td> <td data-bbox="743 972 876 1023">1</td> <td data-bbox="876 972 1390 1023"><b>B</b> mark for customers</td> </tr> <tr> <td data-bbox="248 1023 743 1173">An interviewer carries out primary research on a group of customers</td> <td data-bbox="743 1023 876 1173">2</td> <td data-bbox="876 1023 1390 1173">2×<b>A</b> points with ‘interviewer’ and ‘primary research’ and a <b>B</b> mark for customers. No <b>C</b> element so 2 marks</td> </tr> <tr> <td data-bbox="248 1173 743 1290">Primary research on potential consumers to help make decisions about a product.</td> <td data-bbox="743 1173 876 1290">3</td> <td data-bbox="876 1173 1390 1290">All 3 – <b>A, B and C</b> elements</td> </tr> </tbody> </table>	<b>C</b>	Example of some other way of showing good understanding, i.e. Accuracy can be affected by bias, Opinions may not be representative of the general population/target market. Not statistically significant. Can aid decision making	1 mark	<b>B</b>	Consumers/potential consumers/target market/customers	1 mark	<b>A</b>	Primary/qualitative/opinions/feedback/led by interviewer	1 mark	Answer	Mark	Reason	A group of people	0	Too vague	A group of customers	1	<b>B</b> mark for customers	An interviewer carries out primary research on a group of customers	2	2× <b>A</b> points with ‘interviewer’ and ‘primary research’ and a <b>B</b> mark for customers. No <b>C</b> element so 2 marks	Primary research on potential consumers to help make decisions about a product.	3	All 3 – <b>A, B and C</b> elements	<b>3</b>
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1(c)	<b>Analyse <u>two</u> human resource problems that DC might experience from the introduction of the new batch production method.</b>				<b>8</b>
<b>Level</b>	<b>Knowledge and Application (4 marks)</b>	<b>Marks</b>	<b>Analysis (4 marks)</b>	<b>Marks</b>	
<b>2 (APP's)</b>	Shows understanding of <b>two (or more)</b> human resource problems in context	4 (ANAN + ANAN)	Good analysis of <b>two (or more)</b> human resource problems that DC might experience from the introduction of the new batch production method.	4	
	Shows understanding of <b>one</b> human resource problem in context	3 (ANAN)	Good analysis of <b>one</b> human resource problem that DC might experience from the introduction of the new batch production method.	3	
<b>1 (K's)</b>	Shows knowledge of <b>two (or more)</b> human resource problems	2 (AN + AN)	Limited analysis of <b>two (or more)</b> human resource problems	2	
	Shows knowledge of <b>one</b> human resource problem	1 (AN)	Limited analysis of <b>one</b> human resource problem	1	
0	No creditable content				
Contextual analysis likely to come from:					
<ul style="list-style-type: none"> <li>• Lower morale/job satisfaction – workers are used to working on unique clothing and will have immense pride in their work. This may fall if working on a batch production line.</li> <li>• Deskilling – if machinery is being used, this may replace the skills of the employees used to make unique clothing</li> <li>• Training needs – the new machinery will involve training, how will Khaleal manage this?</li> <li>• Fear of change/communication issues – employees are likely to be very wary of the new machinery/batch production. Khaleal needs to have a clear communication and employee participation strategy.</li> </ul> <p>ARA</p>					

Question	Answer				Marks	
1(d)	<b>Discuss a suitable pricing strategy that DC could use for the new range of trousers.</b>				<b>11</b>	
<b>Knowledge and Application (4 marks)</b>		<b>Marks</b>	<b>Analysis and Evaluation (7 marks)</b>			<b>Marks</b>
			Justified evaluation based on arguments in context			7
			Developed evaluation based on arguments in context			6
			An evaluative statement based on arguments in context			5
Shows understanding of one or more pricing strategy in context		4	Arguments (two sided) based on one or more pricing strategy in context			4
Identifies one or more pricing strategy in context		3	Argument (one sided) based on one pricing strategy in context			3
Shows understanding of one or more pricing strategy		2	Two or more pieces of limited analysis of one or more pricing strategy			2
Identifies one or more pricing strategy		1	One piece of limited analysis of one pricing strategy			1
No creditable content						
<i>Context must be explicit not just implied but the strategy, i.e. penetration for a new product is not context, but penetration because DC have a new range of trousers is contextual</i>						
Context/content:						
<ul style="list-style-type: none"> <li>• Competitive – the trousers are being sold to department stores. They are likely to have other competitors and so they will need to be competitive to persuade the department stores to stock the trousers. This may be feasible as the department stores will know the prices they are prepared to pay.</li> <li>• Penetration – DC are moving into a new market. They may look to offer high discounts on initial orders, build their relationship with the department stores and then increase prices. Can DC afford this? How will competitors react?</li> <li>• Skimming – unlikely to be effective as these are batch produced products – they may have a reputation for quality but batch production will mean the uniqueness of each piece of clothing will be lost so unlikely to be able to charge higher prices especially to a department store.</li> <li>• Price discrimination – unlikely to be effective as difficult for DC to separate the market for trousers particularly by geography. They are selling direct to the department stores who will then decide which stores to sell them in. DC does not have control of this. They are also trying to break into a new market so unlikely this will work.</li> </ul>						

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	<p>Evaluation is likely to come from a candidate:</p> <p>Judging which pricing strategy is best for DC to use and justifying this in the context</p> <p>Weighting their response, for example, justifying why a strategy is unlikely to be effective</p>																					
2(a)(i)	<p><b>Define the term ‘demand’ (line 26).</b></p> <table border="1" data-bbox="245 546 1390 748"> <thead> <tr> <th data-bbox="245 546 1134 595">Knowledge and Application</th> <th data-bbox="1134 546 1390 595">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="245 595 1134 647">A correct definition</td> <td data-bbox="1134 595 1390 647">2</td> </tr> <tr> <td data-bbox="245 647 1134 698">A partial, vague or unfocused definition</td> <td data-bbox="1134 647 1390 698">1</td> </tr> <tr> <td data-bbox="245 698 1134 748">No creditable content</td> <td data-bbox="1134 698 1390 748">0</td> </tr> </tbody> </table> <p>A sound definition is ‘Demand is the <b>quantity/amount</b> that consumers are <b>willing/able</b> (not needs and wants) to buy at a <b>given price</b> (or in a particular <b>time period</b>)’.</p> <p>Demand is the ability and willingness of a consumer to pay for a given good or service at a given price. Demand falls as price rises/vice versa.</p> <p>Example(s) or reference to demand falling or rising is not needed for maximum marks.</p> <p>A diagram without further explanation should be awarded one mark.</p> <table border="1" data-bbox="245 1120 1390 1420"> <thead> <tr> <th data-bbox="245 1120 804 1169">Answer</th> <th data-bbox="804 1120 916 1169">Mark</th> <th data-bbox="916 1120 1390 1169">Reason</th> </tr> </thead> <tbody> <tr> <td data-bbox="245 1169 804 1285">The amount of a good consumers are willing to buy</td> <td data-bbox="804 1169 916 1285">1</td> <td data-bbox="916 1169 1390 1285">Only 2 elements of the definition – for full marks would need 3 elements</td> </tr> <tr> <td data-bbox="245 1285 804 1337">What consumers are willing to buy</td> <td data-bbox="804 1285 916 1337">1</td> <td data-bbox="916 1285 1390 1337">Only 1 element of the definition</td> </tr> <tr> <td data-bbox="245 1337 804 1420">The amount of a good consumers are willing to buy at a price</td> <td data-bbox="804 1337 916 1420">2</td> <td data-bbox="916 1337 1390 1420">3 elements</td> </tr> </tbody> </table>	Knowledge and Application	Marks	A correct definition	2	A partial, vague or unfocused definition	1	No creditable content	0	Answer	Mark	Reason	The amount of a good consumers are willing to buy	1	Only 2 elements of the definition – for full marks would need 3 elements	What consumers are willing to buy	1	Only 1 element of the definition	The amount of a good consumers are willing to buy at a price	2	3 elements	2
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2(b)(i)	<p data-bbox="240 241 954 280"><b>Refer to Table 3. Calculate the gross profit margin.</b></p> <table border="1" data-bbox="240 309 1393 562"> <thead> <tr> <th data-bbox="240 309 435 360">Mark</th> <th data-bbox="435 309 1393 360">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="240 360 435 412">3 marks</td> <td data-bbox="435 360 1393 412">Correct calculation of gross profit margin (with or without working or %)</td> </tr> <tr> <td data-bbox="240 412 435 463">2 marks</td> <td data-bbox="435 412 1393 463">Correct formula <b>and</b> correct calculation of gross profit</td> </tr> <tr> <td data-bbox="240 463 435 515">1 mark</td> <td data-bbox="435 463 1393 515">Correct formula <b>or</b> correct calculation of gross profit</td> </tr> <tr> <td data-bbox="240 515 435 562">0 marks</td> <td data-bbox="435 515 1393 562">No creditable content</td> </tr> </tbody> </table> <p data-bbox="240 562 932 595"><i>Formula can be implied through the correct use of figures.</i></p> <p data-bbox="240 622 429 689"><u>GP</u> revenue * 100</p> <p data-bbox="240 723 504 757">GP = 120 – 90 = 30</p> <p data-bbox="240 790 596 824">GPM = 30/120 *100 = <b>25%</b></p> <p data-bbox="240 857 604 891">Common incorrect answers</p> <table border="1" data-bbox="240 891 1393 1456"> <thead> <tr> <th data-bbox="240 891 719 943">Answer</th> <th data-bbox="719 891 815 943">Mark</th> <th data-bbox="815 891 1393 943">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="240 943 719 994">120 – 90 = 30</td> <td data-bbox="719 943 815 994">1</td> <td data-bbox="815 943 1393 994">Correct calculation of gross profit</td> </tr> <tr> <td data-bbox="240 994 719 1084">[90 – (20+10)/120] × 100 = 60/120 × 100 = 50%</td> <td data-bbox="719 994 815 1084">1</td> <td data-bbox="815 994 1393 1084">Gross profit incorrectly calculated but formula correct</td> </tr> <tr> <td data-bbox="240 1084 719 1173"><u>(Gross profit/revenue) × 100.</u> <u>Gross profit = 30</u></td> <td data-bbox="719 1084 815 1173">2</td> <td data-bbox="815 1084 1393 1173">Correct formula and correct calculation of gross profit</td> </tr> <tr> <td data-bbox="240 1173 719 1285">GP = 10 000 – 20 000 – 90 000 = – 100 × 100 000/120 000 = 83.33%</td> <td data-bbox="719 1173 815 1285">1</td> <td data-bbox="815 1173 1393 1285">Gross profit incorrectly calculated but formula correct</td> </tr> <tr> <td data-bbox="240 1285 719 1375">120 000 – 90 000/120 000 = 0.25</td> <td data-bbox="719 1285 815 1375">2</td> <td data-bbox="815 1285 1393 1375">Gross profit and method correct but ×100 missing from formula</td> </tr> <tr> <td data-bbox="240 1375 719 1456">(30 000/120 000) × 100 = \$25 000</td> <td data-bbox="719 1375 815 1456">2</td> <td data-bbox="815 1375 1393 1456">Correct formula and correct calculation of gross profit</td> </tr> </tbody> </table>	Mark	Rationale	3 marks	Correct calculation of gross profit margin (with or without working or %)	2 marks	Correct formula <b>and</b> correct calculation of gross profit	1 mark	Correct formula <b>or</b> correct calculation of gross profit	0 marks	No creditable content	Answer	Mark	Rationale	120 – 90 = 30	1	Correct calculation of gross profit	[90 – (20+10)/120] × 100 = 60/120 × 100 = 50%	1	Gross profit incorrectly calculated but formula correct	<u>(Gross profit/revenue) × 100.</u> <u>Gross profit = 30</u>	2	Correct formula and correct calculation of gross profit	GP = 10 000 – 20 000 – 90 000 = – 100 × 100 000/120 000 = 83.33%	1	Gross profit incorrectly calculated but formula correct	120 000 – 90 000/120 000 = 0.25	2	Gross profit and method correct but ×100 missing from formula	(30 000/120 000) × 100 = \$25 000	2	Correct formula and correct calculation of gross profit	<b>3</b>
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2(b)(ii)	<p data-bbox="240 248 1038 282"><b>Explain <u>one</u> way that BG could improve its profit margin.</b></p> <table border="1" data-bbox="240 315 1394 566"> <thead> <tr> <th data-bbox="240 315 392 365">Level</th> <th data-bbox="392 315 1139 365">Knowledge and Application</th> <th data-bbox="1139 315 1394 365">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="240 365 392 414">2 (APP)</td> <td data-bbox="392 365 1139 414">Explanation of a way to improve the profit margin</td> <td data-bbox="1139 365 1394 414">3</td> </tr> <tr> <td data-bbox="240 414 392 463">1b (KK)</td> <td data-bbox="392 414 1139 463">Identification of a way to improve the profit margin</td> <td data-bbox="1139 414 1394 463">2</td> </tr> <tr> <td data-bbox="240 463 392 512">1a (K)</td> <td data-bbox="392 463 1139 512">Identification of a way to improve profit</td> <td data-bbox="1139 463 1394 512">1</td> </tr> <tr> <td data-bbox="240 512 392 562">0</td> <td data-bbox="392 512 1139 562">No creditable content</td> <td data-bbox="1139 512 1394 562">0</td> </tr> </tbody> </table> <p data-bbox="240 600 991 633">Context (profit margin) and content is likely to come from:</p> <ul data-bbox="300 667 925 736" style="list-style-type: none"> <li>• Increase price but maintain costs/expenses</li> <li>• Decrease costs and maintain price</li> </ul> <table border="1" data-bbox="240 770 1394 1106"> <thead> <tr> <th data-bbox="240 770 596 819">Identification</th> <th data-bbox="596 770 952 819">Explanation</th> <th data-bbox="952 770 1394 819">Possible context</th> </tr> </thead> <tbody> <tr> <td data-bbox="240 819 596 938">Decrease costs and increase price (APP)</td> <td data-bbox="596 819 952 938">Both costs and price referred to</td> <td data-bbox="952 819 1394 938">This is clearly linked to the context of a profit <b>MARGIN</b> so 3 marks</td> </tr> <tr> <td data-bbox="240 938 596 1021">Increase price (KK)</td> <td data-bbox="596 938 952 1021">Only price, nothing about costs</td> <td data-bbox="952 938 1394 1021">Related to profit margin but only identifies price so 2 marks.</td> </tr> <tr> <td data-bbox="240 1021 596 1106">Increase revenue (K)</td> <td data-bbox="596 1021 952 1106">This relates to profit only.</td> <td data-bbox="952 1021 1394 1106">1 mark as not related to profit margin</td> </tr> </tbody> </table>	Level	Knowledge and Application	Marks	2 (APP)	Explanation of a way to improve the profit margin	3	1b (KK)	Identification of a way to improve the profit margin	2	1a (K)	Identification of a way to improve profit	1	0	No creditable content	0	Identification	Explanation	Possible context	Decrease costs and increase price (APP)	Both costs and price referred to	This is clearly linked to the context of a profit <b>MARGIN</b> so 3 marks	Increase price (KK)	Only price, nothing about costs	Related to profit margin but only identifies price so 2 marks.	Increase revenue (K)	This relates to profit only.	1 mark as not related to profit margin	<b>3</b>
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2(c)	<b>Analyse <u>two</u> possible sources of finance that BG could use for the new lawnmower.</b>				<b>8</b>
<b>Level</b>	<b>Knowledge and Application (4 marks)</b>	<b>Marks</b>	<b>Analysis (4 marks)</b>	<b>Marks</b>	
<b>2</b>	Shows understanding of <b>two (or more)</b> sources of finance in context	4	Good analysis of <b>two (or more)</b> sources of finance that BG could use for the new lawnmower.	4	
	Shows understanding of <b>one</b> source of finance in context	3	Good analysis of <b>one</b> source of finance that BG could use for the new lawnmower.	3	
<b>1</b>	Shows knowledge of <b>two (or more)</b> sources of finance	2	Limited analysis of <b>two (or more)</b> sources of finance	2	
	Shows knowledge of <b>one</b> source of finance	1	Limited analysis of <b>one</b> source of finance	1	
<b>0</b>	No creditable content				
Any source of finance could be relevant – analysis will depend on context used:					
Contextual analysis likely to come from:					
<ul style="list-style-type: none"> <li>• Cash flow, Barry is worried about working capital so how would BG be able to make the repayments?</li> <li>• Time span, how long would BG borrow for, interest rates tend to be higher over longer period of time. BG is a partnership, this could be risk if paid over longer term. Does Barry prefer short or medium or longer term?</li> <li>• Amount being borrowed. Would BG need to borrow all of the \$10 000. Could Barry or Michael invest additional funds themselves to limit the borrowing?</li> <li>• Interest rates, BG is a partnership so could be seen as risky to lend to. But healthy profits and margins so could persuade a lender that the risk is smaller.</li> <li>• Future demand – Expected to increase as BG gain customers from competitors (LawnsRus) but what if the economy slows down – demand could fall in coming years especially from the revenue generated from basic services?</li> </ul>					

Question	Answer				Marks
2(d)	<b>Discuss the advantages and disadvantages to Barry and Michael of the business being a partnership.</b>				<b>11</b>
	<b>Knowledge and Application (4 marks)</b>	<b>Marks</b>	<b>Analysis and Evaluation (7 marks)</b>	<b>Marks</b>	
			Justified evaluation based on arguments in context	7	
			Developed evaluation based on arguments in context	6	
			An evaluative statement based on arguments in context	5	
	Shows understanding of two or more features of a partnership in context	4	Argument of advantage(s) <b>and</b> disadvantage(s) of partnerships in context	4	
	Shows understanding of one feature of a partnership in context	3	Argument of an advantage(s) <b>or</b> disadvantage(s) of partnerships in context	3	
	Identifies two or more features of a partnership	2	Limited analysis of an advantage(s) <b>and</b> disadvantage(s) of partnerships	2	
	Identifies one feature of a partnership	1	Limited analysis of an advantage(s) <b>or</b> disadvantage(s) of partnerships	1	
	No creditable content				
<i>Please annotate analysis of advantages in the left hand margin and disadvantages in the right hand margin. Evaluation can only be awarded if there is at least one double AN in the left and one double AN right hand margins.</i>					
Context/content:					
<p><b>Advantages:</b></p> <ul style="list-style-type: none"> <li>• Partners can specialise, this has worked for BG with division of tasks (Barry – finance and marketing, Michael – technical and employees). This will help BG be successful e.g., strong profits and margins</li> <li>• Partners run the business for themselves, not accountable to shareholders and so Michael and Barry gain the rewards from the business/retain control</li> <li>• BG will be a smaller business and so Michael and Barry are likely to offer personal service and good communication to customers, Michael in marketing and Barry in agreeing prices and contracts. This will help BG gain a reputation and be more successful.</li> </ul>					

Question	Answer	Marks
	<p><b>Disadvantages:</b></p> <ul style="list-style-type: none"> <li>• Unlimited liability so a risk to Michael and Barry. They could lose their possessions as well as their investment should the business fail.</li> <li>• Long hours of work/responsibility</li> <li>• Conflict – Michael and Barry may fall out over decisions and this could lead to conflict and dissolution of the partnership e.g., over the finance needed for the lawnmower</li> <li>• Partnership ceases if one partner dies.</li> </ul> <p>Evaluation is likely to come from a candidate:</p> <ol style="list-style-type: none"> <li>1. Judging whether the advantages outweigh the disadvantages</li> <li>2. Weighting their response, for example, ‘this is the main advantage because’ is likely to lead an evaluative response.</li> </ol> <p>Candidates must cover both advantages and disadvantages to gain higher than 3+3 marks</p>	