

# Cambridge International AS & A Level

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**BUSINESS**

**9609/13**

Paper 1 Short Answer/Essay

**October/November 2025**

MARK SCHEME

Maximum Mark: 40

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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 International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the October/November 2025 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

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This document consists of **27** printed pages.

**PUBLISHED****Generic Marking Principles**

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptions for a question. Each question paper and mark scheme will 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 descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors 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 descriptors.

**PUBLISHED****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 descriptors in mind.

**PUBLISHED****Social Science-Specific Marking Principles  
(for point-based marking)****1 Components using point-based marking:**

- 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.

From this it follows that we:

- 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)
- b** DO credit alternative answers/examples which are not written in the mark scheme if they are correct
- 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  $n$  reasons (e.g. State two reasons ...).
- 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.)
- e** DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
- 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).
- 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)

**2 Presentation of mark scheme:**

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- 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).

**PUBLISHED****3 Calculation questions:**

- 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
- 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.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- 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.

**4 Annotation:**

- 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.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

**Annotations guidance for centres**

Examiners use a system of annotations as a shorthand for communicating their marking decisions to one another. Examiners are trained during the standardisation process on how and when to use annotations. The purpose of annotations is to inform the standardisation and monitoring processes and guide the supervising examiners when they are checking the work of examiners within their team. The meaning of annotations and how they are used is specific to each component and is understood by all examiners who mark the component.

We publish annotations in our mark schemes to help centres understand the annotations they may see on copies of scripts. Note that there may not be a direct correlation between the number of annotations on a script and the mark awarded. Similarly, the use of an annotation may not be an indication of the quality of the response.

The annotations listed below were available to examiners marking this component in this series.

**Annotations**

<b>Annotation</b>	<b>Meaning</b>
	Indicates a point which is relevant and rewardable.
	Indicates a point which is inaccurate/irrelevant and not rewardable.
<b>K</b>	Indicates knowledge and understanding of the concepts and issues relating to the question.
<b>APP</b>	Indicates where application is made to an appropriate business context.
<b>AN</b>	Indicates where the answer has demonstrated analysis – <b>questions 4, 5(a), 5(b), 6(a) and 6(b)</b> .
<b>EVAL</b>	Indicates where the answer has demonstrated evaluation – (Section B Part (b) questions only).
<b>BOD</b>	Used when the benefit of the doubt is given in order to reward a response.
<b>NAQ</b>	Used when the answer or parts of the answer are not answering the question asked.
<b>TV</b>	Used when parts of the answer are considered to be too vague
<b>SEEN</b>	Indicates that content has been recognised but not rewarded.

<b>Annotation</b>	<b>Meaning</b>
<b>REP</b>	Indicates where content has been repeated.
<b>L1</b>	Indicates a Level 1 point is made.
<b>L2</b>	Indicates a Level 2 point is made.
<b>L3</b>	Indicates a Level 3 point is made.
Off page comment	<b>Used to view PE comments on practice scripts only</b> – displayed at the bottom of the screen when clicking the comments button/toggle.

**Guidance on using levels-based mark schemes**

Marking of work should be positive, rewarding achievement where possible, but clearly differentiating across the whole range of marks, where appropriate.

The examiner should look at the work and then make a judgement about which level statement is the best fit. In practice, work does not always match one level statement precisely so a judgement may need to be made between two or more level statements.

Once a best-fit level statement has been identified, use the following guidance to decide on a specific mark:

- If the candidate's work **convincingly** meets the level statement, **award** the highest mark.
- If the candidate's work **adequately** meets the level statement, **award** the most appropriate mark in the middle of the range.
- If the candidate's work **just** meets the level statement, **award** the lowest mark.
- L1, L2 etc. must be clearly annotated on the response at the point where the level is achieved.

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

Demonstrate knowledge and understanding of business concepts, terms and theories.

**AO2 Application**

Apply knowledge and understanding of business concepts, terms and theories to problems and issues in a variety of familiar and unfamiliar business situations and contexts.

**AO3 Analysis**

Analyse business problems, issues and situations by:

- using appropriate methods and techniques to make sense of qualitative and quantitative business information
- searching for causes, impact and consequences
- distinguishing between factual evidence and opinion or value judgement
- drawing valid inferences and making valid generalisations.

**AO4 Evaluation**

Evaluate evidence in order to make reasoned judgements, present substantiated conclusions and, where appropriate, make recommendations for action and implementation.

**Mark Grids for Section A****Used for Q1(a), Q2(a) and Q3(a)**

Two marks in total can be awarded for these questions. Ticks (✓) are used to show where the candidate has been given these marks.

<b>AO1 Knowledge and understanding</b>	<b>Marks</b>	
Knowledge of the term that demonstrates a clear understanding of the term.	<b>2</b>	Indicated by 2 ✓ ✓ where appropriate in the answer
Knowledge of the term that demonstrates a partial understanding of the term.	<b>1</b>	Indicated by 1 ✓ where appropriate in the answer
No creditable response.	<b>0</b>	

**Used for Q1(b), Q2(b) and Q3(b)**

Three marks in total can be awarded for these questions. Ticks (✓) are used to show where the candidate has been given these marks.

<b>AO1 Knowledge and understanding 1 mark</b>	<b>AO2 Application 2 marks</b>
	<b>2 marks</b> Developed application of <b>one</b> relevant point to a business context. Indicated by a further ✓ where appropriate in the answer
<b>1 mark</b> Knowledge of <b>one</b> relevant point is used to answer the question. Indicated by 1 ✓ where appropriate in the answer	<b>1 mark</b> Limited application of <b>one</b> relevant point to a business context. Indicated by 1 ✓ where appropriate in the answer
<b>0 marks</b> No creditable response.	<b>0 marks</b> No creditable response.

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Question	Answer	Marks
1(a)	<p><b>Define the term <i>market growth</i>.</b></p> <p><b>Indicative content</b></p> <p>Responses may include:</p> <p><b>AO1 Knowledge and understanding</b></p> <p><b>CLEAR UNDERSTANDING (2 marks)</b></p> <ul style="list-style-type: none"> <li>• The (percentage) increase in the size of a market over a period of time / using metrics such as number of customers, units sold, or revenue (2)</li> <li>• Increase in size of market over a period of time (2)</li> </ul> <p>Clear understanding of the term <i>market growth</i> is worth 2 marks. This is indicated by 2 ticks   .</p> <p><b>PARTIAL UNDERSTANDING (1 mark)</b></p> <ul style="list-style-type: none"> <li>• Change in the size of a market (1)</li> </ul> <p>Partial understanding of the term <i>market growth</i> is worth 1 mark. This is indicated by 1 tick  .</p> <p>Accept all valid responses.</p>	<b>2</b>

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Question	Answer	Marks
1(b)	<p><b>Explain <u>one</u> pricing method.</b></p> <p><b>Indicative content</b></p> <p>Responses may include:</p> <p><b>AO1 Knowledge and understanding - 1 mark for identifying ONE pricing method.</b></p> <ul style="list-style-type: none"> <li>• competitive</li> <li>• penetration</li> <li>• skimming</li> <li>• price discrimination</li> <li>• dynamic</li> <li>• cost-based</li> <li>• psychological</li> </ul> <p><b>AO2 Application</b></p> <p><b>2 marks for a DEVELOPED application / explanation of ONE pricing method.</b></p> <p><b>1 mark for a LIMITED application / explanation of ONE pricing method.</b></p> <ul style="list-style-type: none"> <li>• price is similar to competitors to avoid damaging / expensive levels of competition between businesses OR price set below competitors in markets where it is easy for customers to compare prices of different businesses</li> <li>• setting a relatively low price to enter a market, attract customers and gain market share quickly, price may rise later</li> <li>• setting a high price for a new product when it is unique or highly differentiated / has low price elasticity of demand / price is reduced over time</li> <li>• charging different prices for the same product at different times or to different customers to increase demand and/or revenue</li> <li>• selling at a price which changes according to the level of demand and the customer's ability to pay</li> <li>• setting a price which covers all the costs of producing/supplying the product plus an additional amount to give profit</li> <li>• takes account of the psychological effect of a price on customers e.g. just below a price level (\$9.99 not \$10) or a high price for luxury goods</li> </ul> <p>Accept all valid responses.</p>	<b>3</b>

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Question	Answer	Marks
2(a)	<p><b>Define the term <i>employee morale</i>.</b></p> <p><b>Indicative content</b></p> <p>Responses may include:</p> <p><b>AO1 Knowledge and understanding</b></p> <p><b>CLEAR UNDERSTANDING (2 marks)</b></p> <ul style="list-style-type: none"> <li>• An employee's level of satisfaction towards their job / enjoyment in their work / desire to work / enthusiasm to work / committed to work / sense of health and emotional wellbeing / level of motivation at work / positive mindset / attitude at work (2)</li> </ul> <p>Clear understanding of the term <i>employee morale</i> is worth 2 marks. This is indicated by 2 ticks ✓✓ .</p> <p><b>PARTIAL UNDERSTANDING (1 mark)</b></p> <ul style="list-style-type: none"> <li>• How an employee feels about the workplace (1)</li> <li>• Having values (1)</li> </ul> <p>Partial understanding of the term <i>employee morale</i> is worth 1 mark. This is indicated by 1 tick ✓ .</p> <p>Accept all valid responses.</p>	<b>2</b>

Question	Answer	Marks
2(b)	<p><b>Explain <u>one</u> method of paying employees.</b></p> <p><b>Indicative content</b></p> <p>Responses may include:</p> <p><b>AO1 Knowledge and understanding</b>  <b>1 mark for identifying ONE method of paying employees.</b></p> <ul style="list-style-type: none"> <li>• time based</li> <li>• salary</li> <li>• piece rates</li> <li>• commission</li> <li>• bonuses</li> <li>• profit sharing</li> <li>• performance-related pay</li> <li>• fringe benefits</li> </ul> <p><b>AO2 Application</b>  <b>2 marks for DEVELOPED application/explanation of ONE method of paying employees.</b>  <b>1 mark for LIMITED application/explanation of ONE method of paying employees.</b></p> <ul style="list-style-type: none"> <li>• employees are paid an agreed amount for each hour they work; the longer they are at work, the more they get paid</li> <li>• an agreed annual amount divided into equal monthly payments; does not depend on hours worked or items produced</li> <li>• employees are paid a set amount for each product they produce; the more they produce, the more they earn</li> <li>• payment based on quantity (or value) of each item sold to encourage sales staff to persuade customers to buy</li> <li>• addition to basic pay, based on individual or team performance in contributing to agreed targets</li> <li>• employees receive some part of the profit made by the business, in addition to their regular pay</li> <li>• paid to employees who meet or exceed targets agreed during appraisal</li> <li>• perks or extras that are not cash payments but are of financial benefit to the employee e.g. use of company car, health insurance</li> </ul> <p>Accept all valid responses.</p>	<b>3</b>

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Question	Answer	Marks
3(a)	<p><b>Define the term <i>hostile takeover</i>.</b></p> <p><b>Indicative content</b></p> <p>Responses may include:</p> <p><b>AO1 Knowledge and understanding</b></p> <p><b>CLEAR UNDERSTANDING (2 marks)</b></p> <ul style="list-style-type: none"> <li>• Buying another business against the company's wishes/consent (2)</li> </ul> <p>Clear understanding of the term <i>hostile takeover</i> is worth 2 marks. This is indicated by 2 ticks ✓✓ .</p> <p><b>PARTIAL UNDERSTANDING (1 mark)</b></p> <ul style="list-style-type: none"> <li>• taking control of another business (1)</li> </ul> <p>Partial understanding of the term <i>hostile takeover</i> is worth 1 mark. This is indicated by 1 tick ✓ .</p> <p>Accept all valid responses.</p>	<b>2</b>

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Question	Answer	Marks
3(b)	<p><b>Explain <u>one</u> importance to a business of having objectives.</b></p> <p><b>Indicative content</b></p> <p>Responses may include:</p> <p><b>AO1 Knowledge and understanding - 1 mark for identifying ONE importance to a business of having objectives</b></p> <ul style="list-style-type: none"> <li>• set out what the business wants to achieve / gives direction</li> <li>• gives a clear sense of direction to all in the business / improves decision making</li> <li>• sets out clearly what the business wants to achieve</li> <li>• provide a focus for all decisions</li> <li>• motivated employees know exactly what is expected of them</li> <li>• these objectives allow work to be defined, measured, and monitored</li> <li>• measures business performance</li> <li>• increases efficiency / enables better resource allocation</li> </ul> <p><b>AO2 Application</b></p> <p><b>2 marks for DEVELOPED application/explanation of ONE importance to a business of having objectives</b></p> <p><b>1 mark for LIMITED application/explanation of ONE importance to a business of having objectives</b></p> <ul style="list-style-type: none"> <li>• when the objective is clear there can be a plan on how to achieve it</li> <li>• all relevant parts of the business can be co-ordinated to work towards the same objective</li> <li>• employees can be given achievable individual targets which help motivate them to meet the objectives</li> <li>• SMART objectives can be assessed in several ways to check that progress towards achieving them is going to plan</li> </ul> <p>Accept all valid responses.</p>	<b>3</b>

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Question	Answer	Marks
4	<p><b>Analyse <u>one</u> impact on a business of outsourcing.</b></p> <p><i>Note: no marks can be awarded if a relevant impact on a business of outsourcing has not been identified</i></p> <p><b>Indicative content</b></p> <p>Responses may include:</p> <p><b>AO1 Knowledge and understanding</b> 1 mark for identifying <b>ONE</b> impact on a business of outsourcing</p> <ul style="list-style-type: none"> <li>• Increases business capacity</li> <li>• Improves business flexibility</li> <li>• Allows focus on core business skills</li> <li>• Allows a business to access specialist expertise</li> <li>• could solve capacity problems</li> <li>• could reduce business costs</li> <li>• could add to costs</li> <li>• could reduce profit</li> <li>• could lead to a demotivated workforce / impact on employee morale</li> <li>• could lead to control issues /quality control problems</li> <li>• lower quality of product</li> <li>• customer satisfaction decreases</li> </ul>	5

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Question	Answer	Marks
4	<p><b>AO2 Application</b>            2 marks for a <b>DEVELOPED</b> application/explanation of <b>ONE</b> impact on a business of outsourcing            1 mark for <b>LIMITED</b> application/explanation of <b>ONE</b> impact on a business of outsourcing</p> <ul style="list-style-type: none"> <li>• take on extra work / respond to increased demand quickly</li> <li>• concentrate / focus on its own strengths / let experienced/specialist business take on other tasks e.g. marketing, accounting</li> <li>• use own resources / workforce more productively</li> <li>• motivation may decrease / job insecurity / redundancy</li> <li>• profits may increase due to saved costs but reduce by paying the other business</li> <li>• errors in lower quality outsourcing may affect quality and customer loyalty</li> <li>• knowledge and processes are available to other businesses</li> </ul> <p><b>AO3 Analysis</b>            2 marks for <b>DEVELOPED</b> analysis of <b>ONE</b> impact on a business of outsourcing            1 mark for <b>LIMITED</b> analysis of <b>ONE</b> impact on a business of outsourcing</p> <ul style="list-style-type: none"> <li>• increase output, more sales, more revenue, potential for profit, increased market share, competitive advantage</li> <li>• more efficient to focus on core strengths e.g. school on teaching and learning not catering or maintenance. Outsource to specialist catering firms to get economies of scale and better service</li> <li>• free up space, equipment and staff within the business to be better used on key activities, so more productive overall</li> <li>• employees may be positively or negatively affected. Could concentrate on tasks which they are good at or could feel demotivated due to job insecurity. Will affect HR activities</li> <li>• effect on costs and profits could be beneficial or detrimental, but business should benefit overall even if final profits are less than previously</li> <li>• no in-house quality assurance/visiting team may need to be set up, associated costs</li> <li>• customers may stop purchasing and move to competitors so reducing market share</li> <li>• security risk especially involving IT and innovative techniques, business ideas may be stolen</li> <li>• any impact must be logically developed as a consequence to the business</li> </ul> <p>Accept all valid responses.</p>	

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Question	Answer	Marks
5(a)	<p><b>Analyse <u>two</u> limitations for a business of sampling during market research.</b></p> <p><b>Indicative content</b></p> <p>Responses may include:</p> <p><b>AO1 Knowledge and understanding</b>  <b>1 mark for identifying ONE limitation for a business of sampling during market research</b></p> <ul style="list-style-type: none"> <li>• sampling methods used may not be appropriate for a given situation</li> <li>• researchers may be inexperienced/incompetent</li> <li>• sample size too small</li> <li>• sample may not be representative of the population</li> <li>• may be very time-consuming</li> <li>• may be very expensive</li> <li>• questions asked may be ambiguous or biased</li> </ul> <p>Customer responses may not be honest</p> <p><b>AO2 Application</b>  <b>1 mark for application / explanation of ONE limitation for a business of sampling during market research</b></p> <ul style="list-style-type: none"> <li>• sample may not have been chosen correctly for a particular situation</li> <li>• efficient sampling / choice of correct method</li> <li>• may not be suitable for niche markets (already small)</li> <li>• not everyone in the target population is questioned</li> <li>• random, stratified and quota sampling must be chosen appropriately</li> <li>• biased responses due to dishonesty / ignorance / biased questions / lack of understanding by respondents</li> <li>• not all sampling techniques are truly random</li> <li>• researchers will require payment</li> </ul>	8

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Question	Answer	Marks
5(a)	<p><b>AO3 Analysis</b>  <b>Up to 2 marks for analysis of ONE limitation</b>  <b>2 marks for DEVELOPED analysis of ONE limitation for a business of sampling during market research (L2 AN)</b>  <b>or</b>  <b>1 mark for LIMITED analysis of ONE limitation for a business of sampling during market research (L1 AN)</b></p> <ul style="list-style-type: none"> <li>• the business cannot be totally confident in the results as they may not be 100% reliable</li> <li>• results and decisions based on a badly chosen sample may damage the business</li> <li>• if employees are not experienced in sampling, the results of the research will be biased and unreliable</li> <li>• a trained employee may require higher pay, or an external agency may need paying to carry out the sampling</li> <li>• opportunity cost of paying for specialised sampling as part of market research</li> <li>• good knowledge of the target population is needed to decide which method of sampling is appropriate based on ease of research, reliability, time available, representation etc</li> </ul> <p>Accept all valid responses.</p>	

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Question	Answer	Marks
5(b)	<p><b>Evaluate the view that new product development is the most important activity for the success of a toy manufacturer.</b></p> <p><b>Indicative content</b></p> <p>Responses may include:</p> <p><b>AO1 Knowledge and understanding</b>  <b>2 marks for DEVELOPED knowledge and understanding (L2 K)</b>  <b>1 mark for LIMITED knowledge and understanding (L1 K)</b></p> <ul style="list-style-type: none"> <li>• new product development - ideation to market-stages of idea to design to market research to testing to marketing etc</li> <li>• business success - achieve business goals through financial performance profits and growth - customer satisfaction - meeting needs and building customer loyalty - operational efficiency - efficient processes and innovation and stakeholder impact - positive long term social and environmental contribution</li> <li>• making toys that are engaging, durable, sturdy, entertaining, safe,</li> </ul> <p><b>AO2 Application</b>  <b>2 marks for DEVELOPED application (L2 APP)</b>  <b>1 mark for LIMITED application (L1 APP)</b></p> <ul style="list-style-type: none"> <li>• toy manufacturer – children, brands, types of toys, soft fabric, plastic, educational</li> <li>• Barbie, Hot Wheels, Matchbox</li> <li>• Mattel global manufacturer, Lego, Fisher Price</li> </ul> <p><b>AO3 Analysis</b>  <b>2 marks for DEVELOPED analysis (L2 AN)</b>  <b>1 mark for LIMITED analysis (L1 AN)</b></p> <ul style="list-style-type: none"> <li>• advantages and disadvantages of new product development – very competitive market; gives competitive advantage; meets ever changing needs of children; high cost; innovation; market research; consumer interest</li> <li>• use of Boston Matrix information – toys currently in their product portfolio</li> <li>• stage of the product lifecycle of current products – cost of new product development</li> </ul>	<b>12</b>

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Question	Answer	Marks																		
5(b)	<p><b>AO4 Evaluation</b>  <b>Up to 6 marks for EVALUATION - USE THE FOLLOWING TABLE:</b></p> <table border="1" data-bbox="338 320 1872 711"> <tbody> <tr> <td data-bbox="338 320 1384 384">Developed / Supported judgement in context</td> <td data-bbox="1384 320 1666 384">L3 EVAL</td> <td data-bbox="1666 320 1872 384">6 marks</td> </tr> <tr> <td data-bbox="338 384 1384 448">Developed / Reasonable evaluative comments in context</td> <td data-bbox="1384 384 1666 448">L3 EVAL</td> <td data-bbox="1666 384 1872 448">5 marks</td> </tr> <tr> <td data-bbox="338 448 1384 512">Developed / Supported judgement without context</td> <td data-bbox="1384 448 1666 512">L2 EVAL</td> <td data-bbox="1666 448 1872 512">4 marks</td> </tr> <tr> <td data-bbox="338 512 1384 576">Developed / Reasonable evaluative comments without context</td> <td data-bbox="1384 512 1666 576">L2 EVAL</td> <td data-bbox="1666 512 1872 576">3 marks</td> </tr> <tr> <td data-bbox="338 576 1384 639">Limited supported judgement</td> <td data-bbox="1384 576 1666 639">L1 EVAL</td> <td data-bbox="1666 576 1872 639">2 marks</td> </tr> <tr> <td data-bbox="338 639 1384 703">An attempt to balance the arguments / Weak attempt at evaluative comments</td> <td data-bbox="1384 639 1666 703">L1 EVAL</td> <td data-bbox="1666 639 1872 703">1 mark</td> </tr> </tbody> </table> <p><i>A judgement / conclusion is made as to whether new product development is more important than extension strategies for a toy manufacturer.</i>  <i>These judgements / conclusions may be made at any point in the essay, not only in a concluding section.</i></p> <ul style="list-style-type: none"> <li>• toy manufacturing is a competitive market with many large and established manufacturers, but there are also niche markets</li> <li>• is the toy manufacturer trying to compete in the mass market or in a niche market? Might this affect how much money is available to fund product development?</li> <li>• how affordable is product development for the manufacturer? Is it new to the market and focussed on survival rather than growth, market share and production of a range of different toys?</li> <li>• is it possible for operations to produce additional products?</li> <li>• if the business is small, it may be labour intensive, and production of a new product may take time and slow down production of current toys. Can the business allow this to happen?</li> <li>• is there consumer demand for new products? Can the business afford to carry out the appropriate market research to find out?</li> </ul>	Developed / Supported judgement in context	L3 EVAL	6 marks	Developed / Reasonable evaluative comments in context	L3 EVAL	5 marks	Developed / Supported judgement without context	L2 EVAL	4 marks	Developed / Reasonable evaluative comments without context	L2 EVAL	3 marks	Limited supported judgement	L1 EVAL	2 marks	An attempt to balance the arguments / Weak attempt at evaluative comments	L1 EVAL	1 mark	
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Question	Answer	Marks
5(b)	<ul style="list-style-type: none"> <li>• would it be better to focus on promoting toys to retailers, adults and children in different ways to create maximum demand for the product portfolio that it already has (extension strategy)?</li> <li>• is spending more money on promotion more appropriate in a mass market where brand might be established?</li> <li>• in a niche market might spending more money to develop a new product with a distinct USP be more suitable to build on reputation for quality?</li> <li>• are extension strategies better as an alternative to new product development?</li> <li>• is it possible for new markets to be targeted rather than focussing on new product development for the existing market?</li> </ul> <p>Accept all valid responses.</p>	
6(a)	<p><b>Analyse <u>two</u> uses of cost information for a business.</b></p> <p><b>Indicative content</b></p> <p>Responses may include:</p> <p><b>AO1 Knowledge and understanding</b>  <b>1 mark for identifying ONE use (K)</b></p> <ul style="list-style-type: none"> <li>• provides vital information for effective decision-making- such as cash flow management</li> <li>• cost information can be used to monitor business performance - identifying which products are most profitable</li> <li>• can be used to reduce costs - take out high-cost centres</li> <li>• role in selecting price strategy - cost based pricing</li> <li>• calculating profits</li> <li>• constructing break-even</li> <li>• setting budgets</li> <li>• financial reporting</li> <li>• choosing suitable location</li> <li>• choosing appropriate method of production</li> </ul>	<b>8</b>

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Question	Answer	Marks
6(a)	<p><b>AO2 Application</b>  <b>1 mark for application of ONE use (APP)</b></p> <ul style="list-style-type: none"> <li>• decision-making – start-up; expand; cost reduction</li> <li>• measurement of performance – profit / loss; comparisons</li> <li>• setting prices - cost plus pricing, contribution pricing</li> <li>• whether to accept special orders – additional cost of order</li> <li>• supports review of how areas of business contribute to overall business performance</li> <li>• may be used as evidence to support business rationalisation</li> </ul> <p><b>AO3 Analysis - up to 2 marks for analysis of each use</b>  <b>2 marks for DEVELOPED analysis of each use (L2 AN)</b>  <b>1 mark for LIMITED analysis of each use (L1 AN)</b></p> <ul style="list-style-type: none"> <li>• decision-making – can produce break even, budgets, cashflow forecasts, variances accurately and make informed decisions</li> <li>• measurement of performance – knowing revenue minus total costs (fixed and variable) means profit or loss can be calculated</li> <li>• identify cost centres – allocate costs to different departments / products and monitor</li> <li>• comparing costs with previous years, predictions, competitors or different parts of the business is vital to assess and improve performance – more profitable / competitive</li> <li>• cutting costs increases profits as long as revenue stays the same</li> <li>• prices must cover all costs of the business to make a profit</li> <li>• special orders – contribution of one product</li> </ul> <p>Accept all valid responses.</p>	

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Question	Answer	Marks
6(b)	<p><b>‘A large bank loan is the most appropriate source of finance for the expansion of a furniture retailer.’</b></p> <p><b>Evaluate this view.</b></p> <p><b>Indicative content</b></p> <p>Responses may include:</p> <p><b>AO1 Knowledge and understanding - 2 marks for DEVELOPED knowledge and understanding (L2 K) 1 mark for LIMITED knowledge &amp; understanding (L1 K)</b></p> <ul style="list-style-type: none"> <li>• sources of finance – internal and / or external – retained profit; share capital; debentures; venture capital; bank overdraft; leasing; hire purchase; bank loan; mortgage; debt factoring; trade credit; crowd funding; government grant</li> <li>• types of expansion - buying new premises / extending current premises; employing more staff; increasing product range; buying outlets in different areas</li> <li>• furniture manufacture – type of retailer – mass market or bespoke selling physically or online and / or online</li> </ul> <p><b>AO2 Application - 2 marks for DEVELOPED application (L2 APP) - 1 mark for LIMITED application (L1 APP)</b></p> <ul style="list-style-type: none"> <li>• furniture retailers – a range from high end to self-assembly</li> <li>• furniture retailer needs a show room to exhibit the furniture</li> <li>• sofas, beds, tables, and chairs, home décor items</li> <li>• Ikea, Lazy Boy, DFS, John Lewis, Furniture World, Furniture Village – accept local examples</li> </ul> <p><b>AO3 Analysis - 2 marks for DEVELOPED analysis (L2 AN) - 1 mark for LIMITED analysis (L1 AN)</b></p> <ul style="list-style-type: none"> <li>• strengths and weaknesses of relevant sources of finance – availability, interest payments, amount required, short or long term, investor confidence, loss of control, input of new ideas,</li> <li>• consideration of internal and / or external finance, long term and / or short term</li> <li>• some types of finance may not be available / suitable / enough for expansion – crowdfunding, venture capital, micro-finance, overdraft, debt-factoring, trade credit</li> <li>• consideration of different types of expansion and what finance method may be appropriate e.g. mortgage for buildings or land, leasing or hire purchase for buying new tills, shelving (is a retailer, not a manufacturer), becoming a plc for large scale expansion of an already recognised business</li> </ul>	12

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Question	Answer	Marks																		
6(b)	<p><b>AO4 Evaluation – Up to 6 marks for EVALUATION - USE THE FOLLOWING TABLE:</b></p> <table border="1" data-bbox="338 284 1872 667"> <tbody> <tr> <td data-bbox="338 284 1384 339">Developed / Supported judgement in context</td> <td data-bbox="1384 284 1666 339">L3 EVAL</td> <td data-bbox="1666 284 1872 339">6 marks</td> </tr> <tr> <td data-bbox="338 339 1384 395">Developed / Reasonable evaluative comments in context</td> <td data-bbox="1384 339 1666 395">L3 EVAL</td> <td data-bbox="1666 339 1872 395">5 marks</td> </tr> <tr> <td data-bbox="338 395 1384 451">Developed / Supported judgement without context</td> <td data-bbox="1384 395 1666 451">L2 EVAL</td> <td data-bbox="1666 395 1872 451">4 marks</td> </tr> <tr> <td data-bbox="338 451 1384 507">Developed / Reasonable evaluative comments without context</td> <td data-bbox="1384 451 1666 507">L2 EVAL</td> <td data-bbox="1666 451 1872 507">3 marks</td> </tr> <tr> <td data-bbox="338 507 1384 563">Limited supported judgement</td> <td data-bbox="1384 507 1666 563">L1 EVAL</td> <td data-bbox="1666 507 1872 563">2 marks</td> </tr> <tr> <td data-bbox="338 563 1384 667">An attempt to balance the arguments / Weak attempt at evaluative comments</td> <td data-bbox="1384 563 1666 667">L1 EVAL</td> <td data-bbox="1666 563 1872 667">1 mark</td> </tr> </tbody> </table> <p><i>A judgement / conclusion is made as to whether a large bank loan is the most appropriate source of finance for the expansion of a furniture retailer.</i>  <i>These judgements / conclusions may be made at any point in the essay, not only in a concluding section.</i>            Appropriateness of finance may depend on:</p> <ul data-bbox="338 842 1906 1082" style="list-style-type: none"> <li>• the type / extent of expansion being undertaken</li> <li>• size and type of business ownership</li> <li>• the amount of retained earnings, non-current liabilities, need to retain control of the business and make decisions, interest rate levels and stability, opinions of current shareholders</li> <li>• government grant may only be possible if expansion benefits the area and / or meets governments objectives and criteria.</li> <li>• could be more appropriate to use a variety of sources to finance the full amount, rather than just a large bank loan</li> </ul> <p>Accept all valid responses.</p> <p><b>NOTE: The marks for 5(b) and 6(b) are recorded in the following way. The marks are entered in the mark input column on the right-hand side of the screen</b></p> <p><b>The K marks are entered in the 5b / 6b AO1 box</b>  <b>The APP marks are entered in the 5b / 6b AO2 box</b>  <b>The AN marks are entered in the 5b / 6b AO3 box</b>  <b>The EVAL marks are entered in the 5b / 6b AO4 box</b></p>	Developed / Supported judgement in context	L3 EVAL	6 marks	Developed / Reasonable evaluative comments in context	L3 EVAL	5 marks	Developed / Supported judgement without context	L2 EVAL	4 marks	Developed / Reasonable evaluative comments without context	L2 EVAL	3 marks	Limited supported judgement	L1 EVAL	2 marks	An attempt to balance the arguments / Weak attempt at evaluative comments	L1 EVAL	1 mark	
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**Mark Grids for Section B****Used for Q5(a) and Q6(a)**

<b>Level</b>	<b>AO1 Knowledge and understanding 2 marks</b>	<b>AO2 Application 2 marks</b>	<b>AO3 Analysis 4 marks</b>
<b>2</b>			<b>3–4 marks</b> <b>Developed analysis</b> <ul style="list-style-type: none"> <li>Developed analysis that identifies connections between causes, impacts and / or consequences of <b>two</b> points.</li> <li>Developed analysis that identifies connections between causes, impacts and / or consequences of <b>one</b> point.</li> </ul>
<b>1</b>	<b>1–2 marks</b> <ul style="list-style-type: none"> <li>Knowledge of <b>two</b> relevant points is used to answer the question.</li> <li>Knowledge of <b>one</b> relevant point is used to answer the question.</li> </ul>	<b>1–2 marks</b> <ul style="list-style-type: none"> <li>Application of <b>two</b> relevant points to a business context.</li> <li>Application of <b>one</b> relevant point to a business context.</li> </ul>	<b>1–2 marks</b> <b>Limited analysis</b> <ul style="list-style-type: none"> <li>Limited analysis that identifies connections between causes, impacts and / or consequences of <b>two</b> points.</li> <li>Limited analysis that identifies connections between causes, impacts and / or consequences of <b>one</b> point.</li> </ul>
<b>0</b>	<b>0 marks</b> No creditable response.	<b>0 marks</b> No creditable response.	<b>0 marks</b> No creditable response.

**Mark Grids for Section B****Used for Q5(b) and Q6(b)**

<b>Level</b>	<b>AO1 Knowledge and understanding 2 marks</b>	<b>AO2 Application 2 marks</b>	<b>AO3 Analysis 2 marks</b>	<b>AO4 Evaluation 6 marks</b>
<b>3</b>				<b>5–6 marks</b> <b>Developed evaluation in context</b> <ul style="list-style-type: none"> <li>• A developed judgement / conclusion is made in the business context.</li> <li>• Developed evaluative comments which balance some key arguments in the business context.</li> </ul>
<b>2</b>	<b>2 marks</b> <b>Developed knowledge</b> of relevant key term(s) and / or factor(s) is used to answer the question.	<b>2 marks</b> <b>Developed application</b> of relevant point(s) to the business context.	<b>2 marks</b> <b>Developed analysis</b> that identifies connections between causes, impacts and / or consequences.	<b>3–4 marks</b> <b>Developed evaluation</b> <ul style="list-style-type: none"> <li>• A developed judgement / conclusion is made.</li> <li>• Developed evaluative comments which balance some key arguments.</li> </ul>
<b>1</b>	<b>1 mark</b> <b>Limited knowledge</b> of relevant key term(s) and / or factor(s) is used to answer the question.	<b>1 mark</b> <b>Limited application</b> of relevant point(s) to the business context.	<b>1 mark</b> <b>Limited analysis</b> that identifies connections between causes, impacts and / or consequences.	<b>1–2 marks</b> <b>Limited evaluation</b> <ul style="list-style-type: none"> <li>• A judgement / conclusion is made with limited supporting comment/evidence.</li> <li>• An attempt is made to balance the arguments.</li> </ul>
<b>0</b>	<b>0 marks</b> No creditable response.	<b>0 marks</b> No creditable response.	<b>0 marks</b> No creditable response.	<b>0 marks</b> No creditable response.