Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/22**

Paper 2 Business Concepts 2 **February/March 2024**

1 hour 30 minutes

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 60.
- The number of marks for each question or part question is shown in brackets [ ].

alpha

This document has **4** pages.

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1 Zoe's Bags (ZB)

Zoe's Bags (ZB) is an online retailer that makes and sells a range of luxury hand-made bags. The business was set up three years ago as a partnership by Zoe and her brother Luis and has grown each year.

The bags are targeted at a niche market and made to customers' orders. The business works closely with its main supplier of raw materials. ZB operates a just in time (JIT) inventory management system. All bags have a lead time of five days from when the customer submits the order. *5*

Following a magazine advertising promotion in January, orders grew by 50% in February to 1400 bags. Zoe and Luis found it difficult to organise the larger production team.

A break-even chart for February is shown in Fig. 1.1. *10*

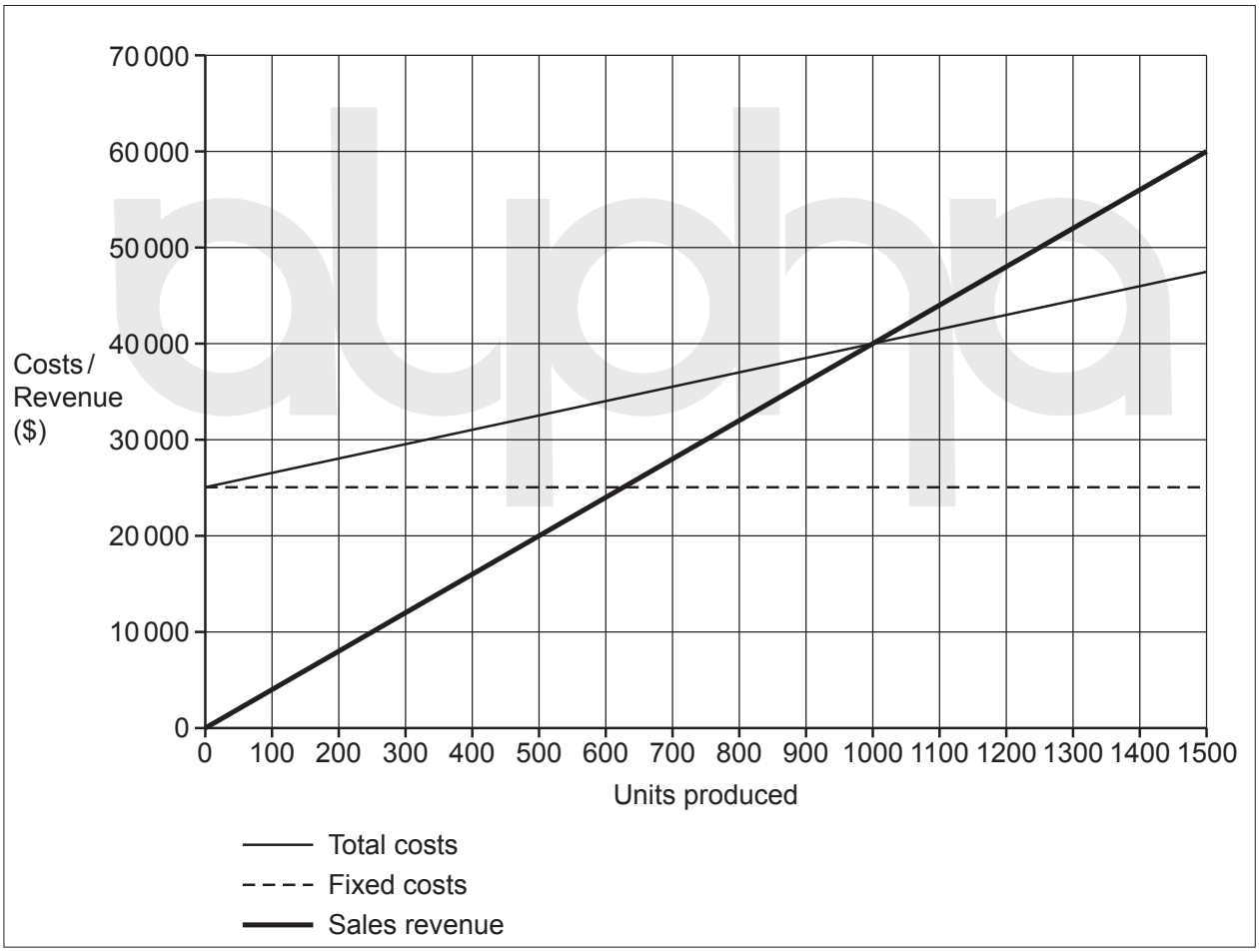

Fig. 1.1 ZB's break-even chart for February

Due to the increase in orders, Zoe and Luis want to focus on developing the business. They recruited 2 supervisors to manage the 15 production employees. To support the new supervisors, Luis organised some off-the-job training.

All production employees are currently paid a salary. However, ZB's labour turnover has increased recently. One of the new supervisors has recommended that ZB should introduce performance-related pay. Zoe and Luis are currently considering this recommendation. *15*

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3

(a) (i) Identify **one** feature of JIT inventory management. [1]

(ii) Explain the term *niche market*. [3]

(b) (i) Refer to Fig. 1.1 and other information. Calculate the margin of safety in February. [3]

(ii) Explain **one** way that Zoe and Luis can use break-even analysis. [3]

(c) Analyse **two** benefits to ZB of providing off-the-job training to the new supervisors. [8]

(d) Evaluate whether ZB should introduce performance-related pay. [12]

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2 ML Computers (MLC)

MLC is a successful private limited company that has been trading for 20 years in country K. The company makes a range of laptop computers. It is the market leader in a highly competitive market.

MLC is developing a new touchscreen computer that will use the latest technology. Initially secondary market research was carried out, followed by primary market research. The market research data suggested a high potential demand for the new touchscreen computer.

The Marketing Manager is planning the launch of the new touchscreen computer using price skimming.

All computers are made in MLC's two factories in country K. Operations are capital intensive. New machinery is needed to manufacture the new touchscreen computer. Maria, the Managing Director, decided to use leasing for the new machinery.

MLC has 350 employees. One of its objectives is to reduce labour turnover to 8% by 2026.

Labour turnover rates currently vary across the two factories. The labour turnover for Factory A is currently 14%. Table 2.1 shows employee data for Factory B.

Table 2.1 Employee data for Factory B

Total number of employees	200
Employees who left during the year	25

Maria is the majority shareholder with 55% of shares. She is concerned about the future growth of the company. Over the next three years she plans to launch five new computers using the latest technology. At a recent board meeting Maria proposed that the company changes the ownership of the business to a public limited company.

(a) (i) Identify **one** secondary market research source. [1]

(ii) Explain the term *leasing*. [3]

(b) (i) Refer to Table 2.1 and other information. Calculate the difference in labour turnover between factory A and factory B. [3]

(ii) Explain **one** advantage to MLC of low labour turnover. [3]

(c) Analyse **one** advantage and **one** disadvantage to MLC of using price skimming to launch the new touchscreen computer. [8]

(d) Evaluate whether MLC should change from a private limited company to a public limited company. [12]

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CAMBRIDGE
International Education

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BUSINESS **9609/22**

Paper 2 Business Concepts 2 **February/March 2024**

MARK SCHEME

Maximum Mark: 60

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 February/March 2024 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

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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.

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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.

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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).

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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.

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Guidance on using levels-based marking

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.

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Question	Answer	Marks
1(a)(i)	**Identify <u>one</u> feature of JIT inventory management** **Indicative content** Responses may include: • Low/no inventory levels • Stock ordered according to production/customer demand • Reduced storage costs • Reduced risk of stock being stolen/damaged/becoming obsolete/wastage • Reduced insurance cost / decreased insurance risk • No/smaller warehouse required • Good relationship with suppliers *Do not allow better customer relationship* *Managing inventory is a tautology* Accept all valid responses.	**1**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(ii)</td><td>

Explain the term *niche market*

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Responses may include:
AO1 Knowledge and understanding
A niche market is a (small) section/part/subset of the market.

No further marks can be gained without knowledge and understanding

AO2 Application
A characteristic of a niche market (or niche marketing), such as:
- High quality/reputation
- USP/clear focus/differentiated
- High profit (margin)
- Loyal customers
- Low economies of scale/high production costs
- High risk/often single product/'all eggs in one basket'
- May be more vulnerable to change than a mass market
- Easier for small business to enter the market (e.g. lower marketing costs)

Example of a niche market (not a business that targets a niche market)

Do not allow specialised/customised as APP
Accept all valid responses.

</td><td>3</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(i)</td><td>Refer to Fig. 1.1 and other information. Calculate the margin of safety in February.
<table>
<tr><td>Answer</td><td>Guidance</td></tr>
<tr><td>Formula to find margin of safety = actual output - break-even output (1)

Read the break-even output correctly from break-even chart = 1000 units (1)

OR

1400 – 1000 (2) OFR

Answer = 400 (units) or 40% (3)</td><td>Award 3 marks for correct answer of 400 (with or without workings)

Award 2 marks for correct answer 400 with dollar sign, e.g. $400 as the margin of safety is not a financial value</td></tr>
</table></td><td>3</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(i)</td><td>

Exemplar and annotations

<table>
<tr><td>Marks</td><td></td><td></td></tr>
<tr><td>3 marks</td><td>Correct answer
400 units or 400 or 40%</td><td>**Working does not matter**.
Must be three ✓ to denote the three marks.</td></tr>
<tr><td>2 marks</td><td>**One** of the following:
• Correct presentation of numbers (1400 – 1000), but no correct answer
• Correct answer with incorrect units (i.e. $400 or 400%)
OR
An incorrect answer with one mistake allowing OFR for final stage.</td><td>To award two marks, there must be
• Two ✓ and a ✗
OR
• One ✓ , one ✗ and one OFR</td></tr>
<tr><td>1 mark</td><td>**One** of the following:
• Correct formula
• Correct identification of the break-even point (1000)</td><td>To award one mark, there must be:
• One ✓ and two ✗</td></tr>
<tr><td>0 marks</td><td>No creditable content.</td><td>To award zero marks, there must be
• One ✗</td></tr>
</table>

</td><td></td></tr>
</table>

PAGE 14

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>

Explain <u>one</u> way that Zoe and Luis can use break-even analysis.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

<table>
<tr><td>Knowledge</td><td>Knowledge of a way to use break-even analysis</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Explanation of a way Luis could use break-even analysis</td><td>1 mark</td></tr>
<tr><td>Context</td><td>Context linked to a way Luis could use break-even analysis</td><td>1 mark</td></tr>
</table>

No marks can be awarded without knowledge.

Responses may include:
AO1 Knowledge and understanding
- To support decision making (i.e. pricing decisions, costing decisions)
- To calculate useful data (i.e. break-even level of output, margin of safety, profit/loss levels at levels of output)

Do not allow calculations that are needed to produce break even analysis (i.e. VC, FC, TR)
- To consider 'what if' scenarios,
- To forecast costs/pricing

No further marks can be gained without knowledge and understanding

</td><td>3</td></tr>
</table>

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Question	Answer	Marks
1(b)(ii)	**AO2 Application** **Explanation may include:** • To support decision making; for example Luis could use the break-even data to decide on an appropriate marketing mix • To calculate useful data; such as the level of output at which ZB will stop making a loss. • To consider 'what if' scenarios; for example the impact of changing factors of production • To forecast costs/pricing when the level of output changes **Context may include:** • Margin of safety of 400 (OFR based on answer to **Q1(b)(i)** • Break-even level of output of 1000 (OFR based on answer to **Q1(b)(i)** • Allow any correct identifications/calculations of the data in Fig 1.1 (i.e. FC = $25 000, VC per unit = $15, TR/P per unit = $40 – *Note: some calculations depend upon the output*) • Business set up three years ago / in 2021 • Business has grown each year • Bags are made to order • ZB uses JIT • Lead time is five days • 50% growth in sales in February due to magazine advertising promotion. • Larger production team (due to sales growth) • Two supervisors recruited • 15 production employees • Supervisors given off-the-job training • Production employees paid a salary (fixed, direct cost) • Increased labour turnover recently • Recommendation to introduce performance-related pay • Luxury hand-made bags Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>

Analyse <u>two</u> benefits to ZB of providing off-the-job training to the new supervisors.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Off-the-job training is training that takes place away from their place of work. Examples of off-the-job training include a college/university course, distance learning (mark only given if no other marks awarded).

</td><td>8</td></tr>
</table>

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Question	Answer	Marks
1(c)	Responses may include: **AO1 Knowledge and understanding** Benefits of off-the-job training include: • Specialist/expert training / higher quality • Fewer interruptions / better concentration • Change of environment • Can lead to recognised qualifications • Less production interruptions / does not impact quality / can be done outside work hours • Can be safer / less risk/ allows practice/mistakes *Knowledge of a benefit must be specific to off-the-job training* **AO2 Application** • Sells products online / online retailer • Luxury hand-made bags • Made to customer's order • 15 employees • ZB works closely with its main supplier of raw materials • Operates a JIT inventory management system • ZB set up three years ago • ZB operates as a partnership • Growing demand following magazine advertising promotion in January • Labour turnover increasing **AO3 Analysis** • Specialist/expert/quality training; less waste in the business – higher profit. • Fewer interruptions / better concentration; supervisors may need less time to be trained, reducing costs – leading to higher profit. • Specialist equipment can be used; which may not be available in the business, so makes supervisors more productive – increased production and revenue. • Change of environment; may motivate workers making them more productive – increased products to sell and revenue. • Valuing employees; makes employees more loyal and less likely to leave the business – reducing recruitment costs.	

PAGE 18

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Question	Answer	Marks
1(c)	• Can lead to recognised qualifications; which may motivate employees to work harder and be more productive – increases revenue. • Fewer production interruptions / does not impact quality; more products produced – decreases average costs. • Can be safer / less risk; less wastage, so lower costs – increased profit. Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>Evaluate whether ZB should introduce performance-related pay.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table></td><td>12</td></tr>
</table>

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Question	Answer	Marks
1(d)	Responses may include: **AO1 Knowledge and understanding** Knowledge of performance related pay and/or salary, including; • Performance-related pay; is where the amount of payment is linked [K] – to the employee's meeting targets/quality/ability [K] • *Do not reward 'performance'* • Salary; a salary is a fixed payment [K] (usually paid monthly) irrespective of number of hours worked and/or productivity [K] *One payment system can gain both AO1 marks, if developed knowledge is shown.* **AO2 Application** • Sells products online / online retailer [APP] • Luxury hand-made bags • Made to customer's order • 15 employees • Operates a JIT inventory management system • ZB set up three years ago • ZB operates as a partnership • Growing demand following magazine advertising promotion in January • Orders increased by 50% • Labour turnover increasing • Five-day lead time • Workers currently paid a salary **AO3 Analysis** Analysis for performance related pay, including; • Performance-related pay offers employees an incentive to work harder [AN] – increased productivity [DEV]. • Performance-related pay offers the employees the opportunity to potentially earn more money than when they were paid a salary. This could reduce labour turnover – decreases costs. • Money as a method of motivation and increased productivity – lower costs. • Challenge of setting fair performance objectives / fair review of performance for all employees, increases productivity – increases sales. • Performance-related pay may encourage some employees to work faster/harder and quicker dispatch of orders may become a source of competitive advantage – increased market share.	

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Question	Answer	Marks
1(d)	Analysis against performance related pay, including; • Money not motivating all employees so may increases costs – and lead to lower profit • Time/administration involved with managing/operating a performance-related pay system increases costs – reduces profit. • Employees may focus on producing a higher quantity under a performance-related pay system, which could have a negative impact on quality - which could affect future sales/brand image. • The change to performance-related pay may lead to less pay stability for employees and could increase labour turnover further – increasing costs. Allow analysis for and against a maintaining salary, including; • Salary payments offer stability for employees as they know how much they will receive each month which may reduce labour turnover – reducing costs. • Salary payments offer no incentive for employees to increase production – no growth. **AO4 Evaluation** • A judgement whether ZB should introduce performance related pay, and/or a judgement that ZB should maintain its system of paying a salary. • What the introduction of performance related pay may depend upon, such as; whether employees are motivated by pay, the local labour market and the employee's reaction to the idea • Whether the benefits of the increased employee effort/motivation outweigh the costs of introducing the system? • What payment systems do other local businesses offer – will ZB continue to lose experienced employees if unhappy about the change? • What impact will the change have on product quality – will this affect future sales/brand image? • Will employees receive a basic payment alongside the performance-related element to provide stability? Accept all valid responses.	

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Question	Answer	Marks
2(a)(i)	**Identify <u>one</u> secondary market research source.** Responses may include: • journal articles • Government data /census • textbooks • dictionaries and encyclopaedias • books • newspapers and magazines • accounts and reports • <u>previous</u> sales/internal data • competitor data • Data collected by other businesses • Feedback found on media / other sources – *do not accept 'internet' unless the source is clear or other named internet source.* Accept all valid responses.	**1**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>

Explain the term *leasing*.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content
Responses may include:
AO1 Knowledge and understanding
- A legal contract to enable the lessee to use an asset in return for a payment.
- The ability to use something for a regular payment/rent.

No further marks can be gained without knowledge and understanding

AO2 Application
A characteristic of leasing, such as;
- The lessee will never own the asset. The asset is always owned by the lessor.
- The lessor is usually responsible for maintenance of the asset.
- The lessor may be responsible for insurance of the asset.
- Allows a business to update their equipment more often.
- An external source of finance.
- Can avoid the finance needed to purchase an asset.

Example of leasing or something that is usually leased by a business.

Accept all valid responses.

</td><td>3</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(i)</td><td>Refer to Table 2.1 and other information. Calculate the difference in labour turnover between factory A and factory B.
<table>
<tr><th>Answer</th><th>Guidance</th></tr>
<tr><td>Formula
$= \frac{\text{Number of employees leaving business}}{\text{Average number of employees within business}} \times 100$ (1)
OR
factory B: 25/200 × 100 (1)

= 12.5% (2)

= 14% – 12.5% (OFR) = 1.5% (3)

Answer = 1.5%</td><td>Award 3 marks for correct answer of 1.5% (with or without percentage sign).

If rounding is used then accept 13% (and an answer of 1%).</td></tr>
</table></td><td>3</td></tr>
</table>

PAGE 25

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(i)</td><td>

Exemplar and annotations

<table>
<tr><td>Marks</td><td></td><td></td></tr>
<tr><td>3 marks</td><td>Correct answer
1.5%</td><td>**Working and % does not matter**.
Must be three ✓ to denote the three marks.</td></tr>
<tr><td>2 marks</td><td>• Correct calculation of labour turnover for Factory B (12.5%)
OR
• An incorrect answer with one mistake allowing OFR for final stage.</td><td>To award two marks, there must be
• Two ✓ and a ✗
OR
• One ✓ , one ✗ and one OFR</td></tr>
<tr><td>1 mark</td><td>• Correct formula (can be assumed from the correct use of figures ie (25/200) X 100</td><td>To award one mark, there must be:
• One ✓ and two ✗</td></tr>
<tr><td>0 marks</td><td>No creditable content.</td><td>To award zero marks, there must be
• One ✗</td></tr>
</table>

</td><td></td></tr>
</table>

PAGE 26

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>
Explain <u>one</u> advantage to MLC of low labour turnover.
<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
<table>
<tr><td>Knowledge</td><td>Knowledge of an advantage of low labour turnover</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Explanation of an advantage to MLC of low labour turnover</td><td>1 mark</td></tr>
<tr><td>Context</td><td>Context linked to an advantage to MLC of low labour turnover</td><td>1 mark</td></tr>
</table>
No marks can be awarded without knowledge.

Responses may include:
AO1 Knowledge and understanding

Reduced costs
Improved motivation/morale
More experienced/efficient employees / higher productivity
Better customer experience
Improved corporate culture
More attractive when recruiting new employees

No further marks can be gained without knowledge and understanding
</td><td>3</td></tr>
</table>

PAGE 27

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Question	Answer	Marks
2(b)(ii)	**AO2 Application** **Explanation may include:** • Reduced costs; such as lower induction costs due to fewer new employees • Improved motivation/morale; because the workers want to stay in the workplace • More experienced/efficient employees / higher productivity – so the business will have more/better/higher quality production. • Better customer experience; because the employees are likely to be more experienced • Improved corporate culture; because the employees want to stay at MLC • More attractive when recruiting new employees; because the new recruits will be joining an experienced and happy team. **Context may include:** • Market leader for laptops • Produces a range of laptop computers • Developing a new touchscreen laptop computer • Secondary and primary market research shows high potential demand for the new product • Private limited company • Trading for 20 years • Two factories in Country K • Capital intensive • Lease new machinery to make the new computer • 350 employees • Objective to reduce labour turnover to 8% by 2026 • Labour turnover is 14% in Factory A • Labour turnover is 12.5% in Factory B (OFR) Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>

Analyse <u>one</u> advantage and <u>one</u> disadvantage to MLC of using price skimming to launch the new touchscreen computer.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Price skimming is a pricing strategy in which a firm charges a high initial price and then gradually lowers the price to attract more price-sensitive customers. The pricing strategy is usually used by a first mover who faces little to no competition.

</td><td>8</td></tr>
</table>

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Question	Answer	Marks
2(c)	Responses may include: **AO1 Knowledge and understanding** **Advantages:** • Quicker return on investment / cover development costs • Supports higher profit margins when the computer is first offered for sale • Can help develop a prestigious brand image / associate product with higher quality • Can help the business target a specific market segment **Disadvantages:** • Relies on low competition in the market/unique product • Customers may wait until the price reduces • Customers who purchase the product at the higher price may feel 'conned' when/if the price reduces • Reduced sales volumes (whilst the price is high) may offer an opportunity for competitors to enter the market **AO2 Application** • Market leader for laptops • Produces a range of laptop computers • Secondary and primary market research shows high potential demand for the new computer • New computer will use the latest technology • Private limited company • Trading for 20 years • Capital intensive • Lease new machinery to make the new computer • Objective to reduce labour turnover to 8% by 2026 • Maria is the majority shareholder / owns 55% of shares	

PAGE 30

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Question	Answer	Marks
2(c)	**AO3 Analysis** **Advantages:** • Quicker return on investment / cover development costs; make a profit more quickly – allows growth of the business. • Supports higher profit margins when the computer is first offered for sale; can be reinvested in the business – allows for profit maximisation in the long term. • Can help develop a prestigious brand image / associate product with higher quality; leading to higher sales revenue – increases profit. • Can help the business target a specific market segment; niche market can have a lower cost of customer acquisition – increases profit margin. **Disadvantages:** • Relies on low competition in the market/unique product; if competitors are cheaper then low sales – low profit margin. • Customers may wait until the price reduces; low initial sales – may lead to business failure. • Customers who purchase the product at the higher price may feel 'conned' when/if the price reduces; poor brand image – low sales. • Reduced sales volumes (whilst the price is high) may offer an opportunity for competitors to enter the market; low sales – leading to a reduced profit. Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>Evaluate whether MLC should change from a private limited company to a public limited company.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table></td><td>12</td></tr>
</table>

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Question	Answer	Marks
2(d)	Responses may include: **AO1 Knowledge and understanding** **Knowledge of differences between a private limited company and a public limited company, including;** • In a private limited company, shares cannot be sold on the stock market / only sold to family and friends (privately) K. Whereas in a public limited company shares can be sold on the stock market K. • Private limited companies can be setup for a relatively low amount, whereas the capital requirements for a public limited company are much higher. • Private limited companies have a limit on the maximum number of shareholders (typically 50), whereas there is no limit to the number of shareholders in a public limited company. • Anyone can purchase shares in a public limited company, whereas only those invited can buy shares in a private limited company. • A private limited company requires fewer directors (typically a minimum of one), whereas a public limited company requires more (typically a minimum of two). • A public limited company can be at risk of a hostile takeover, whereas a private limited company has virtually no risk of a hostile takeover. • A public company must publish its accounts, whereas a private limited company just has to make them available. **AO2 Application** • Market leader for laptops • Produces a range of laptop computers • Developing a new touchscreen laptop product • New computer uses the latest technology • Trading for 20 years • Two factories in country K • Capital intensive • Lease new machinery to make the new product • 350 employees • Objective to reduce labour turnover to 8% by 2026 • Launch five new products over the next three years • Maria is the majority shareholder / owns 55% of shares	

PAGE 33

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Question	Answer	Marks
2(d)	**AO3 Analysis** **Analysis that MLC should change from a private limited company to a public limited company, including;** • MLC (and the shareholders of MLC) could release a large amount of equity by converting to a public limited company – used to develop new products for sale – used to finance the future growth of the company. • Allows MLC to reach a much larger pool of potential investors – can be used to finance expansion in the future. • May provide positive publicity/stability for MLC – increase sales/profit. **Analysis that MLC should not change from a private limited company to a public limited company, including;** • There is the risk of public limited companies being taken over whereas this risk does not apply to private limited companies as permission is required to purchase shares; this means that the owners may lose control of the business – leading to having to sell their shares. • Maria can retain more control over a private limited company – may allow her to reach her objectives for the business (future growth). **AO4 Evaluation** • A judgement whether MLC should or should not change from a private limited company to a public limited company. • What the judgement might depend upon, such as; the objectives of the current shareholders, the likely interest from potential investors, the level of control desired by the current shareholders, the state of the economy in country K, the actions/reactions of competitors in the market (especially those who may look to takeover MLC), the level of capital that exists in MLC. • The most appropriate form of business ownership may depend upon the business's objectives and financial situation – if the company needs more finance to support expansion a public limited company may be appropriate, but due to the drawbacks of lack of control the business should remain a private limited company if it has sufficient financial resources. • The company leases machinery to produce the new laptop computer so may not need significant amounts of finance. • How do the other shareholders feel about the change of ownership – will the change lead to shareholders withdrawing their investment? • Maria is currently the majority shareholder with a 55% share – the change may affect her control of the business. • Will the change help the business to build a stronger brand image with stakeholders – will it lead to new business opportunities? Accept all valid responses.	

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Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/21**

Paper 2 Business Concepts 2 **May/June 2024**

1 hour 30 minutes

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 60.
- The number of marks for each question or part question is shown in brackets [ ].

alpha

This document has **4** pages. Any blank pages are indicated.

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1 Samira's Whiteboards (SW)

Samira left school at the age of 18 in country H. She had a small amount of savings and an idea to create a flexible, removable and reusable whiteboard. Samira created a prototype and received small orders from local retailers.

A local manufacturer batch produces stock when required. There is a two-week lead time for a minimum order of 500 units. Samira started to sell her whiteboards on her website and at trade shows. She has been trading for seven months. She has good cashflow but little working capital as production costs are high.

Samira has heard that OS, a large business that sells office equipment, is planning to sell their own version of Samira's whiteboard. She is keen to increase production quickly to take advantage of being first to market. However, Samira's manufacturer cannot supply enough product to meet the growth in potential demand for whiteboards.

Fig. 1.1 shows an inventory control chart for the first seven months of trade.

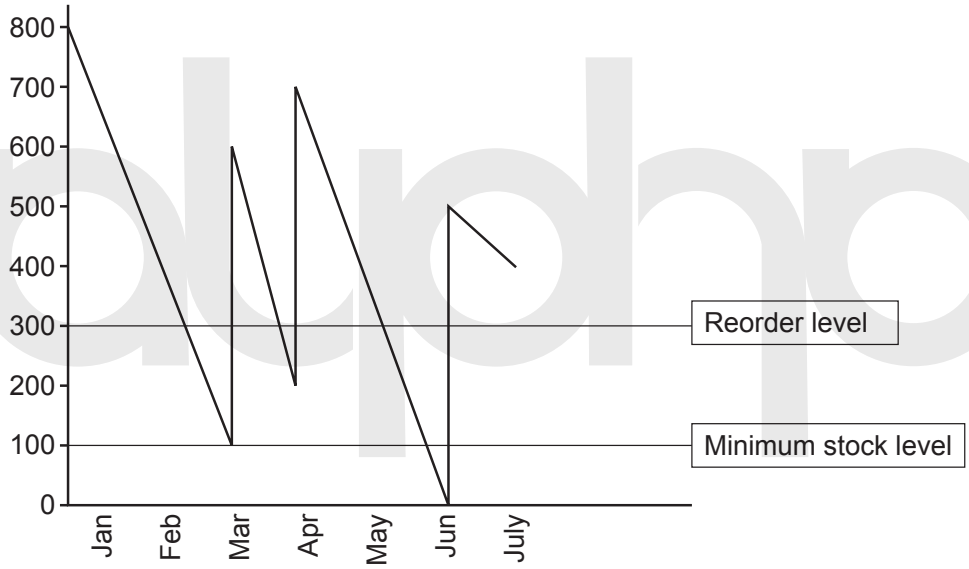

Fig. 1.1 SW Inventory control chart 2023

Lara, a venture capitalist with experience of manufacturing, has approached Samira about making an investment. She would invest $100 000 to build a local mass production facility for SW. The facility would have a maximum output of 50 000 units per month. Lara wants to own 40% of the business.

(a) (i) Identify **one** traditional function of a manager. [1]

(ii) Explain the term *working capital*. [3]

(b) (i) Refer to Fig. 1.1. Calculate the total number of whiteboards sold between January and July. [3]

(ii) Explain **one** cost for SW of holding inventory. [3]

(c) Analyse **two** barriers to entrepreneurship that Samira may have faced when starting up SW. [8]

(d) Evaluate whether Samira should accept Lara's offer to invest venture capital. [12]

2 Fizzy Drinks (FD)

FD is a private sector business that manufactures an international brand of carbonated drinks. Its slogan was 'A premium drink for premium customers'. The market for FD's drinks is very competitive, with 7 national and 12 international brands all competing in the same market. Recently FD lost the title of market leader to TR, one of its largest competitors. TR is a multinational public limited company.

Two years ago, FD produced primary market research on customer preferences in the carbonated drink market. The report identified that FD still had a great brand name, high brand awareness and customer loyalty.

The cost of raw materials has increased in recent years. To keep profit margins stable, FD reduced the quality of ingredients instead of raising the selling price, and reduced its marketing budget. Ted, Finance Director, used the evidence of high customer loyalty to justify the decision.

The change in ingredients led to FD's products tasting similar to their competitors. Customers left feedback highlighting a 'flavourless drink', and demand fell rapidly. FD's good brand name and customer loyalty was lost. Currently FD is operating at 60% of maximum capacity.

Table 2.1 FD financial data 2023

Total fixed costs ($m)	15
Average variable cost per unit ($)	1
Average selling price per unit ($)	4
Maximum capacity (m)	100

Employee morale has dropped as a result of the negative feedback. Key employees have left to work for FD's competitors. The lack of experienced employees has led to a drop in the productivity of the production process.

(a) (i) Identify **one** objective of a private sector business. [1]

(ii) Explain the term *demand*. [3]

(b) (i) Refer to Table 2.1. Calculate FD's margin of safety in 2023. [3]

(ii) Explain **one** intangible attribute of FD's products. [3]

(c) Analyse **two** possible impacts on FD of a fall in productivity. [8]

(d) Evaluate the usefulness to FD of market research methods to inform future marketing decisions. [12]

CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/21**

Paper 2 Business Concepts 2 **May/June 2024**

MARK SCHEME

Maximum Mark: 60

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 May/June 2024 series for most Cambridge IGCSE, Cambridge International A and AS Level and Cambridge Pre-U components, and some Cambridge O Level components.

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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.

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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.

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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).

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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.

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Subject Specific Marking Principles for point-based marking

1 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:

- 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.
- DO credit alternative answers/examples which are not in the mark scheme if they are correct.
- DO credit answers where candidates give more than one correct answer where extended writing is required rather than short/list-type answers.
- DO NOT credit answers simply for using a key term unless that is all that is required. (Check for evidence it is clearly understood and used correctly.)
- DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities. For questions that require *n* reasons, e.g. State two reasons…, mark only the first two answers given, not any two that are correct out of a longer list.
- DO NOT give further credit for what is effectively repetition of a correct point already credited or to 'mirror' statements. For example, a response that includes: 'A business owner would benefit from limited liability as it would protect their personal possessions.' and 'If a business owner did not have limited liability they could lose everything.', cannot both be rewarded in answer to one question.
- DO NOT require spellings to be correct, it is not part of the test. However, spellings of business terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused, e.g. offshore/outsource or effective/efficient.

1 Presentation of mark scheme:

- Questions are in bold text.
- Possible responses are in normal text in a bulleted list.
- Marks are rewarded based on the table provided for each question.
- Possible responses are listed under the appropriate Assessment Objective.
- Slashes (/) separate alternative ways of making the same point.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark.

2 Annotation:

- Every response must have a minimum of one annotation.
- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers.
- For questions where only AO1 and AO2 are rewarded, there is a direct relationship between ticks and marks.
- For levels of response marking, the first time level 1 is achieved, L1 is annotated on the response. If/when level 2 is achieved, L2 should be used, etc.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who mark that paper.

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Guidance on using levels-based marking

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.

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PREPARATION FOR MARKING

1 Make sure that you have completed the relevant training and have access to the *RM Assessor Guide*.
2 Make sure that you have read and understand the question paper, which you can download from https://support.rm.com/ca
3 Log in to RM Assessor then mark and submit the required number of practice and standardisation scripts. You will need to mark the standardisation scripts to the required accuracy in order to be approved for marking live scripts. You may be asked to re-mark them, or to mark a second sample, if you do not meet the required accuracy on your first attempt.

MARKING PROCESS

1 Mark strictly to the FINAL mark scheme, applying the criteria consistently and the general marking principles outlined on the previous page.
2 If you are in doubt about applying the mark scheme, consult your Team Leader.
3 Mark at a steady rate through the marking period. Do not rush, and do not leave too much until the end. If you anticipate a problem in meeting the deadline, contact your Team Leader immediately and the Examiners' Helpdesk.
4 Examiners will prepare a brief report on the performance of candidates to send to their Team Leader via email by the end of the marking period. The Examiner should note strengths seen in answers and common errors or weaknesses. Constructive comments on the question paper, mark scheme or procedures are also appreciated.

MARKING SPECIFICS

Crossed out work

1 **All of a candidate's answers, *crossed out* or not, *optional* or not, must be marked.**
2 The only response not to be marked is one that has been crossed out and replaced by another response for that exact same question.
3 Consequently, if a candidate has crossed out their response to an optional question and gone on to answer a different optional question then both attempts must be marked. The higher mark will be awarded by the system according to the rubric.

0 (zero) marks or NR (no response)

1 Award **NR** if there is nothing at all written in answer to that question (often the case for optional questions).
2 Award **NR** if there is a comment which is not an attempt at the question (e.g. 'can't do it' or 'don't know' etc.)
3 Award **NR** if there is a symbol which is not an attempt at the question, such as a dash or question mark.
4 Award **0** (zero) if there is any attempt at the question which does not score marks. This includes copying the question onto an Answer Booklet.

Annotation

1 Every question must have at least one annotation e.g. <NAQ> if it is an NR and <X> or <seen> if 0 marks are awarded.
2 Every page of a script must have at least one annotation e.g. <BP> for a blank page.

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Annotations for RM Assessor

To award	Annotation	Comment	Use on Paper 2
Correct		For objective points that are right or wrong.	**Q1(a)(i)** and **Q2(a)(i)** (identify) **Q1(b)(i)** and **Q2(b)(i)** (calculate)
Incorrect		For objective points that are wrong.	**Q1(a)(i)** and **Q2(a)(i)** (identify) **Q1(b)(i)** and **Q2(b)(i)** (calculate) Also, incorrect elements of ANY question.
Unclear		When there is a misunderstanding in a response.	Any
Too Vague		When the candidate has attempted something, but the mark/skill has not been awarded.	Any
Highlight	Highlighter Or Underline	To highlight a point or section of an answer that justifies the mark/annotation.	Any
Benefit of doubt		When the candidate has attempted something, and the mark/skill has been awarded.	Any
On page comment	On page comment	Rarely used in live marking. Very useful for practice scripts. To communicate with the supervisor.	Any
Not using text		When the context has not been used.	**Q1(b)(ii), Q1(c), Q1(d), Q2(b)(ii), Q2(c), Q2(d).**
Seen		To show a page/section has been seen/read.	Any
Not answering question		When the response is not focussed on answering the question.	Any

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To award	Annotation	Comment	Use on Paper 2
Repetition	REP	The repetition of a previous point in a response Or Candidate is copying the case study/data.	Any
Own figure rule	OFR	The own figure rule applies – acts as a mark/tick.	**Q1(b)(i)** and **Q2(b)(i)**
Knowledge (AO1) L1	K	When AO1 has been awarded. Number of Ks should match the mark awarded.	**Q1(a)(ii). Q1(b)(ii), Q1(c), Q1(d), Q2(a)(ii), Q2(b)(ii), Q2(c), Q2(d)**
Knowledge (AO1) L2			
Application (AO2) L1	APP	When AO2 has been awarded. Number of APPs should match the mark awarded.	**Q1(a)(ii). Q1(b)(ii), Q1(c), Q1(d), Q2(a)(ii), Q2(b)(ii), Q2(c), Q2(d)**
Application (AO2) L2			
Analysis (AO3) L1	AN	When AO3 at Level 1 has been awarded.	**Q1(c), Q1(d), Q2(c), Q2(d)**
Analysis (AO3) L2	DEV	When AO3 at Level 2 has been awarded.	**Q1(c), Q1(d), Q2(c), Q2(d)**
Evaluation (AO4) L1	EVAL	When AO4 at Level 1 has been awarded.	**Q1(d)** and **Q2(d)**
Evaluation (AO4) L2	E	When AO4 at Level 2 has been awarded.	**Q1(d)** and **Q2(d)**
Evaluation (AO4) L3	EE	When AO4 at Level 3 has been awarded.	**Q1(d)** and **Q2(d)**

PAGE 47

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Question	Answer	Marks
1(a)(i)	**Identify one traditional function of a manager.** Indicative content Responses may include: • Planning/setting objectives • Organising – coordinating activities • Directing – supervising and motivating employees, commanding, leading the business/team • Controlling – measuring performance against targets Do not reward tautological answers e.g. manage employees/resources Do not reward vague answers, e.g. making decisions Accept all valid responses.	**1**

alpha

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(ii)</td><td>
Explain the term ‘working capital’.
<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
Indicative content

Responses may include:
AO1 Knowledge and understanding
• Finance used in day-to-day / trading operations / to enable the business to produce its goods or services / to operate
• Current assets – current liabilities

AO2 Application
Explanation of working capital
• APP can be awarded for a second AO1 point
• To pay for the running costs – bills/expenses such as staff wages
• Finance trade credit periods offered to customers
• Reference to short-term (less than 12 months)
• Sufficient working capital is needed to ensure that the business has enough liquid assets/avoid liquidity problems

Application to a context applied to SW to explain the term working capital
• Examples of <u>current assets</u>, e.g. stock, inventory, debtors; or examples of <u>current liabilities</u>, e.g. bank overdraft, short-term loans, creditors
• Examples of expenses/costs, e.g. staff wages
</td><td>3</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(ii)</td><td>Application can be made to SW or any other scenario/context/business/person.
Allow application to working capital.

Accept all valid responses.

Guidance in awarding marks
<table>
<tr><td>Knowledge & understanding</td><td>Knowledge of working capital</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Explanation of working capital</td><td>1 mark</td></tr>
<tr><td>Context</td><td>Applied to a business context/ business environment</td><td>1 mark</td></tr>
</table></td><td></td></tr>
<tr><td>1(b)(i)</td><td>Refer to Fig. 1.1. Calculate the total number of whiteboards sold between January and July.

Indicative content

1 mark for the formula for the total number of units sold (words or figures)
1 mark for calculating the maximum stock level <u>and</u> the minimum stock level
1 mark for calculating the total number of whiteboards sold (OFR)

• Total number sold = maximum stock level – minimum stock level per month

• Maximum stock level = 800 + 600 + 700 + 500
2600 units

• Minimum stock level = 100 + 200 + 0 + 400
700 units

Answer = 1900 units (3)</td><td>3</td></tr>
</table>

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Question	Answer	Marks

1(b)(i)

Marks		
3 marks	Correct answer **1900 (units)** allow 1900	**Working and units do not matter**. **Must be three** ✓ to denote the three marks.
2 marks	**Both** of the following: • Correct calculation of the maximum stock level AND • Correct calculation of the minimum stock level **OR** • Identifying the number of whiteboards sold in each time period **OR** An incorrect answer with one mistake allowing OFR for final stage.	To award two marks, there must be • Two ✓ and a ✗ **OR** • One ✓, one ✗ and one OFR
1 mark	**One** of the following: • Correct formula for number of units sold (figures or words) **OR** • Correct calculation of the maximum stock level **OR** • Correct calculation of the minimum stock level	To award one mark, there must be: • One ✓ and two ✗
0 marks	No creditable content.	To award zero marks, there must be • One ✗

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>

Explain one cost for SW of holding inventory.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content

AO1 Knowledge and understanding
- Knowledge of an appropriate cost of holding a high level of inventory: opportunity cost, storage costs, risk of wastage and obsolescence
- Costs involved with storing the inventory before it is sold

AO2 Application
Explanation of a cost of holding inventory
- A specific cost of holding a high level of inventory, e.g. increased insurance costs to insure the inventory, security, insuring the inventory, rent of warehouse, salaries/wages of warehouse employees
- Other uses for the space used to store the inventory, e.g. additional production, retail space

</td><td>3</td></tr>
</table>

PAGE 52

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>Context applied to SW of a cost of holding inventory
• Having 500 units in stock means less working capital to spend on marketing at trade shows
• Potential to have 800 units of stock if sales are poor means potential additional cost of storage space
• Technology changes so the whiteboards are obsolete before they are sold
• Quoting data from Fig. 1.1 (SW inventory control chart 2023)
• Developing mass production facility that will increase output

Application must be made to SW and cannot be generic

Accept all valid responses.

Guidance in awarding marks
<table>
<tr><td>Knowledge & understanding</td><td>Knowledge of a cost of holding inventory</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Explanation of a cost of holding inventory</td><td>1 mark</td></tr>
<tr><td>Context</td><td>Applied to a business context/business environment</td><td>1 mark</td></tr>
</table>
</td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>

Analyse two barriers to entrepreneurship that Samira may have faced when starting up SW.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

</td><td>8</td></tr>
</table>

PAGE 54

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Question	Answer	Marks
1(c)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of barriers to entrepreneurship (max 2 marks – annotate first barrier on left and second barrier on right) including: • Lack of business opportunity/lack of differentiation • Knowledge of the market • Ability to obtain sufficient capital/finance • Cost of good locations • Lack of connections/network/guidance and advice • Competition • Lack of a customer base/marketing • Entrepreneur's skills and qualities/inexperience of running a business **AO2 Application** Context applied to a barrier to entrepreneurship (max 2 marks), including: • Samira had a small amount of savings • First to market • Link to own website, trade shows and small independent retailers • Link to specific competition, such as other office stationary suppliers • Link to a lack of working capital due to high production costs • Lack of a customer base / poor marketing as only 400 sales in May.	

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Question	Answer	Marks
1(c)	**AO3 Analysis** *Limited analysis – candidate shows one link in the chain of analysis.* *Developed analysis candidate shows two or more links in the chain of analysis or a two-sided analysis.* Impacts may include: • Poor marketing/knowledge of marketing; low working capital and/or low turnover – may limit the marketing opportunities which in turn may affect the ability to attract new custom and increase purchasing opportunities of scale • Lack of technical knowledge in developing the website may make the buying process difficult which may in turn reduce the number of purchasers • The cost of premium stands at trade shows may reduce working capital as high initial investment costs may mean she has a poor location which may reduce footfall and sales • A small customer base of 400 sales in May could lead to small profits which could in turn mean that banks are reluctant to invest if she asks for a bank loan. • A 2-week lead time means SW could run out of inventory, especially if she has many trade shows scheduled which could decrease the amount of sales and therefore profit. Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>Evaluate whether Samira should accept Lara's offer to invest venture capital.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table></td><td>12</td></tr>
</table>

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Question	Answer	Marks
1(d)	**Indicative content** Responses may include: **AO1 Knowledge and understanding** Knowledge of the features of accepting the venture capital offer (max 2 marks), including: • Venture capitalist will invest equity finance in the business/own a share of the business • Long-term source of finance • Venture capitalist can offer guidance/advice • The impact of venture capital on a business ability to grow • The relationship between sources of finance and business decisions/growth • The need to choose the correct source of finance for the short and long term business aims/growth potential • The impact of funding decisions on stakeholders and their reactions **AO2 Application** Context applied to features of accepting the venture capital offer (max 2 marks), including: • Little working capital • Two-week lead time for a minimum order of 500 units. • Own website, trade shows and independent retailers • She has been trading for seven months. • She has good cashflow but little working capital as production costs are high. • $100 000 VC investment into a mass production facility • A 40% share of the business	

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Question	Answer	Marks
1(d)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *– candidate shows two or more links in the chain of analysis.* Advantages of venture capital to SW may include: • SW will have an experienced partner to find solutions to potential problems which may be cheaper than hiring external business consultants, lowering variable costs and increasing efficiency • SW will have a fixed asset that will be able to accommodate the OS order if the product is successful, which may lower the unit cost and increase future profits Disadvantages of venture capital to SW may include: • Reduce net profits in the short term and reduces ownership stake, lead to a reduction in dividend/financial returns • The mass production facility will need to be built, which will take time; May lose first mover advantage • Contribution of the venture capitalists to decision making **AO4 Evaluation** *Limited evaluation* EVAL *– unsupported judgement and/or a weak attempt at evaluative comment* *Developed evaluation* E *– supported judgement and/or reasonable evaluative comment* *Developed evaluation in context* EE *– supported judgement in context and/or reasonable evaluative comment in context.* • A judgement about whether Samira should accept Lara's offer to invest • What the judgement might depend upon; the timeframe that SW must satisfy their order, Samira's appetite for financial risk, the likelihood of the product being successful in the long term, • Weighing up the arguments for organic growth vs. investment Accept all valid responses.	

PAGE 59

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>Exemplars for awarding evaluation
<table>
<tr><th>L1 (limited supporting evidence)</th><th>L2 E (developed supporting evidence)</th><th>L3 EE (developed supporting evidence with context)</th></tr>
<tr><td>Samira should accept Lara’s offer</td><td>Samira should accept Lara’s offer because it means she will have more capital</td><td>Samira should accept Lara’s offer because it means she will have more capital to build the local mass production facility</td></tr>
<tr><td>No investing venture capital is a bad idea</td><td>No investing venture capital is a bad idea because Samira will no longer have sole responsibility for decisions</td><td>No investing venture capital is a bad idea because Samira will no longer have sole responsibility for decisions such as whether to continue to sell the whiteboards on her website</td></tr>
<tr><td>In the short-term accepting the venture capital will be unwise.</td><td>In the short-term accepting the venture capital will be unwise as Samira will give up part of the ownership of the business.</td><td>In the short-term accepting the venture capital will be unwise as Samira will give up 40% of the ownership of the business.</td></tr>
</table></td><td></td></tr>
</table>

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Question	Answer	Marks
2(a)(i)	**Identify one objective of a private sector business** **Indicative content** Knowledge of a private sector business including: • Profit maximisation or satisficing • Growth • Increased market share/market leader • Survival • CSR • Maximising revenue • Customer satisfaction • New product development/innovation • Diversify into new markets • Increasing shareholder value Do not reward features of private sector businesses that are not related to the objectives Accept all valid responses.	1

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>
Explain the term demand.
<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
Indicative content Responses may include:

AO1 Knowledge and understanding
• A consumer's desire to buy
• Willingness to pay a specific price
• Popularity of a product amongst customers
• The quantity/number of customers looking to buy goods and services at a specific price
• Demand varies with price – the relationship varies depending on the type of good, e.g. normal or inferior
• Demand is at a specific point in time
</td><td>3</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>

AO2 Application

Explanation of demand
- APP can be awarded for a second AO1 point
- Factors affecting demand
- High brand awareness and customer loyalty which increases/maintains demand
- Affected by costs and inputs e.g. reducing the quality of ingredients/raising the selling price/reducing the marketing budget reduces demand
- Consumer incomes
- Price of substitute goods and complementary goods
- Population size and structure
- Fashion and taste
- Quality of the product
- Advertising and promotion changes

Application to a business context
- Demand for the drinks has changed since altering ingredients
- People buy more drinks when the weather is warmer
- FD's products taste similar to competitors after the change in ingredients
- Cost of raw materials increased

Application can be made to FD or any other scenario/context/business/person.
Allow application to demand.

Accept all valid responses.

Guidance in awarding marks

<table>
<tr><td>Knowledge & understanding</td><td>Knowledge of demand</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Explanation of demand</td><td>1 mark</td></tr>
<tr><td>Context</td><td>Applied to a business context / business environment</td><td>1 mark</td></tr>
</table>

</td><td></td></tr>
</table>

PAGE 63

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Question	Answer	Marks
2(b)(i)	**Refer to Table 2.1. Calculate FD's margin of safety in 2023** **Indicative content** **1 mark for the formula for margin of safety (words or figures) OR calculating the break-even quantity or current sales** **1 mark for calculating the break-even quantity and current sales** **1 mark for calculating the margin of safety (OFR)** • Formula = current sales - breakeven point (1) • Calculation of breakeven point • Fixed costs: $15m • Contribution per unit: selling price per unit ($4) – variable cost per unit $1m • = $3m • BE level of output: 5m units • Current sales 100m × 0.6 (60% of maximum capacity) = 60m units • Margin of safety = 60m units – 5m units (1 OFR for 60m units and 5m units) Answer = **55m (units) (3)** Accept all valid responses.	**3**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(i)</td><td>
<table>
<tr><td>Marks</td><td></td><td></td></tr>
<tr><td>3 marks</td><td>Correct answer
55m (units) allow 55</td><td>Working and units do not matter.

Must be three ✓ to denote the three marks.</td></tr>
<tr><td>2 marks</td><td>Both of the following:
• Correct calculation of the break-even quantity
AND
• Correct calculation of current sales
OR
An incorrect answer with one mistake allowing OFR for final stage.</td><td>To award two marks, there must be
• Two ✓ and a ✗
OR
• One ✓ , one ✗ and one OFR</td></tr>
<tr><td>1 mark</td><td>One of the following:
• Correct formula for margin of safety (word or figures)
OR
• Correct calculation of the break-even quantity <u>or</u> current sales</td><td>To award one mark, there must be:
• One ✓ and two ✗</td></tr>
<tr><td>0 marks</td><td>No creditable content.</td><td>To award zero marks, there must be
• One ✗</td></tr>
</table>
</td><td></td></tr>
</table>

PAGE 65

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>
Explain one intangible attribute of FD's products
<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
Indicative content

Responses may include:

AO1 Knowledge and understanding
• Types of intangible attribute, e.g. brand name, customer loyalty, quality, satisfies thirst, taste, reliability, image
</td><td>3</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>
AO2 Application
Explanation of the identified intangible attribute
• Brand name; because it can't be touched
• Brand name; which contributes to the reputation of the business
• Quality; how the customer perceives the drink

Context applied to FD of an intangible attribute
• 'A premium drink for premium customers' reputation/helps become market leader
• Marketing budget reduced/erodes brand awareness
• 'High customer loyalty' ensures market leader status

Application must be made to FD and not generic.

Accept all valid responses.

Guidance in awarding marks
<table>
<tr><td>Knowledge & understanding</td><td>Knowledge of an intangible attribute</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Explanation of an intangible attribute</td><td>1 mark</td></tr>
<tr><td>Context</td><td>Applied to a business context/ business environment</td><td>1 mark</td></tr>
</table>
</td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>Analyse two possible impacts on FD of a fall in productivity.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table></td><td>8</td></tr>
</table>

PAGE 68

Question	Answer	Marks
2(c)	**Indicative content** Responses may include: **AO1 Knowledge and understanding** Knowledge of productivity (max of 1 mark if no impact of a fall in productivity) Knowledge of impacts of a fall in productivity (max 2 marks – annotate first impact on left and second impact on right) including: • Knowledge of productivity – the effectiveness of productive effort • Producing fewer products • Productivity is the ratio of outputs to inputs during production, e.g. labour productivity • Resources are not being utilised to their maximum potential/producing less with the same resources • Measurements of productivity – average output/costs, time or resources incurred in a time period • Producing output at the highest ratio of output to input (more out of less) • Knowledge of possible impacts of a drop in efficiency • Profitability • Average costs of production • Wastage of resources **AO2 Application** Context applied to an impact of a fall in productivity (max 2 marks), including: • Loss of 'market leader' title • Great brand name high brand awareness and customer loyalty lost • Cost of raw materials have increased • Quality of ingredients reduced instead of increasing selling price per unit • Reduced marketing budget • Lack of distinctiveness • Falling demand • Data from table 2.1 • Drop in employee morale and loss of key employees	

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Question	Answer	Marks
2(c)	**AO3 Analysis** *Limited analysis – candidate shows one link in the chain of analysis.* *Developed analysis candidate shows two or more links in the chain of analysis or a two-sided analysis.* • Reduced productivity will increase the average cost of making each unit of output • Lowers output per time period of fizzy drinks, which may lead to an increase in the unit cost which can further reduce the profit margin per unit which may lead to an increase in the selling price • FD may run out of inventory if supply is not equal to demand, which may lead to an increased lead time for the customer order which may further increase consumer dissatisfaction and help the competitor strengthen their market dominance • May lead to KPI's not being achieved which may impact on the financial reward for the employees which may persuade remaining employees to find alternative employment • Unexperienced employees may be pressured to increase productivity, however without the prior manufacturing experience may make further mistakes which may negatively impact on the taste and therefore the already dropping brand name and demand which can affect cashflow and reputation • Employee morale may fall further due to the fall in productivity Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>

Evaluate the usefulness to FD of market research methods to inform future marketing decisions.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

</td><td>12</td></tr>
</table>

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Question	Answer	Marks
2(d)	**Indicative content** Responses may include: **AO1 Knowledge and understanding** Knowledge of the features of marketing research methods to inform future marketing decisions (max 2 marks), including: • Market research is the process of collecting, recording and analysing data about customers, competitors and the market • Market research can be primary and/or secondary • Market research data can be quantitative and/or qualitative • Purposes of market research – understand the market, reduce risk, understand customers, predict trends • Primary market research methods or examples • Secondary market research methods or examples **AO2 Application** Context applied to features of market research methods to inform future marketing decisions (max 2 marks), including: • International brand of carbonated drinks • Research focused on customer preferences • Slogan was 'A premium drink for premium customers'. • 7 national and 12 international brands • FD lost the title of market leader to TR • Reduced its marketing budget. • Evidence of high customer loyalty • Change in ingredients led to FD's products tasting similar to their competitors • Feedback highlighting a 'flavourless drink' and demand fell rapidly • Brand name and customer loyalty was lost	

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Question	Answer	Marks
2(d)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *– candidate shows two or more links in the chain of analysis.* • Primary research data; understand customer needs – so can increase sales • Can help decide whether new business ideas are suitable/relevant; reduces long term costs of a failed product/brand • Identify products customers find appealing; reduces marketing budgets • Make packaging and branding decisions; attract customer interest • May not provide much unknown data; data may already exist so not increase sales • Is there marketing budget suitable; may not have enough finance **AO4 Evaluation** *Limited evaluation* EVAL *– unsupported judgement and/or a weak attempt at evaluative comment* *Developed evaluation* E *– supported judgement and/or reasonable evaluative comment* *Developed evaluation in context* EE *– supported judgement in context and/or reasonable evaluative comment in context.* • A judgement about the likely usefulness to FD of market research methods to inform future marketing decisions. • Elements that the judgement could depend upon, available finance, brand reputation, competitor branding, taste, trust. • Weighing up of the impacts on external factors to the proposed of market research methods to inform future marketing decisions.	

PAGE 73

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>Accept all valid responses.

Exemplars for awarding evaluation
<table>
<tr><th>L1 [Evaluation] (limited supporting evidence)</th><th>L2 [E] (developed supporting evidence)</th><th>L3 [EE] (developed supporting evidence with context)</th></tr>
<tr><td>Market research methods are useful to FD.</td><td>Market research methods are useful to FD because it can help the business make decisions to better meet customer needs.</td><td>Market research methods are useful to FD because it can help the business make decisions to better meet customer needs and therefore regain its position as market leader.</td></tr>
<tr><td>FD should not use market research methods to support future marketing decisions.</td><td>FD should not use market research methods to support future marketing decisions in case the data is misleading.</td><td>FD should not use market research methods to support future marketing decisions, such as reducing the quality of ingredients in its drinks, in case the data is misleading.</td></tr>
<tr><td>In the short-term market research methods are a good way to inform future marketing decisions.</td><td>In the short-term market research methods are a good way to inform future marketing decisions, but in the long-term changes in the external environment may reduce the value of the market research data.</td><td>In the short-term market research methods are a good way to inform future marketing decisions, but in the long-term changes in the external environment may reduce the value of the market research data, especially as the market is competitive with 7 national and 12 international brands.</td></tr>
</table></td><td></td></tr>
</table>

PAGE 74

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Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/22**

Paper 2 Business Concepts 2 **May/June 2024**

1 hour 30 minutes

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 60.
- The number of marks for each question or part question is shown in brackets [ ].

alpha

This document has **8** pages. Any blank pages are indicated.

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1 Post Scent (PS)

PS is a private limited company operating in country H. It sells perfume for men and women using its own website. PS purchases the perfume in large quantities from various manufacturers and then sells it in smaller quantities to its customers. Most of the perfumes are sold in glass bottles.

PS has two main ways in which it sells perfume: *5*

- A website where customers can purchase a range of perfumes. The perfumes are priced to be lower than high street competitors.
- A subscription service where customers pay a monthly fee for a mystery perfume to be delivered each month.

All of PS's products are delivered to customers' homes using the postal service. The packages can be left in a mailbox or in a safe place outside of the home. PS has an aim to improve the sustainability of its operations. *10*

PS uses incremental budgeting. Table 1.1 shows the budgeted and actual cost and revenue data for 2023.

Table 1.1 Budgeted and actual cost and revenue data for 2023 ($000) *15*

	Budgeted	Actual	Variance
Revenue	500	600	**x**
Direct costs	300	350	**y**
Indirect costs	150	125	**z**

The directors of PS have decided that the business needs a Marketing Manager. The role of the Marketing Manager will be: *20*

- to plan the recruitment and training of a new sales team
- to organise the production of digital promotions
- to advise the Board of Directors on changes to the PS product portfolio.

The directors have shortlisted five suitable applicants and plan to invite them all to an assessment centre as part of the recruitment process. *25*

3

(a) (i) Identify **one** feature of a private limited company. [1]

(ii) Explain the term *sustainability*. [3]

(b) (i) Refer to Table 1.1. Calculate the variances in 2023 (**x**, **y** and **z**) and state whether each variance is favourable or adverse. [3]

(ii) Explain **one** benefit to PS of using incremental budgeting. [3]

(c) Analyse **one** advantage and **one** disadvantage to PS of using an assessment centre when selecting a Marketing Manager. [8]

(d) Evaluate the role of effective packaging for PS. [12]

alpha

2 Cobblestone Shoes (CS)

Yazeem is a highly skilled shoemaker. He opened CS in 1975, as a sole trader, to design and repair shoes. When Yazeem set up CS the main target market was professional people who wanted shoes to wear to work or to dress smartly. He produced the shoes using batch production and sold them in his own shop. Each design of shoe was made in a range of sizes and colours.

Recently there has a been an increase in low-priced shoes produced for the mass market, which has reduced Yazeem's sales of new shoes. It has also reduced the demand for shoe repairs.

Yazeem's daughter, Abir, is keen to take over the running of CS. She has been fully trained in making shoes and feels that it is time for Yazeem to retire.

Abir thinks that the business should be targeting niche markets. She would like to design and produce unique shoes and use price skimming to increase the profitability of the business.

Abir is also concerned about the contribution made on each batch of shoes. Table 2.1 shows some break-even data for a recent batch of shoes.

Table 2.1 Break-even data about a recent batch of shoes

Break-even level of output	400 units
Margin of safety	100 units
Total variable costs	$18 750
Total costs	$23 750
Total revenue	$25 000

Abir has suggested that CS should adopt a just in time (JIT) approach to inventory management. By using JIT, she argues, CS would be able to increase its working capital and avoid having money tied up in inventory that might not be used or sold. CS currently has a large number of shoes on display in the shop. There is also a large amount of their main raw material, which is leather and must be kept in a climate-controlled storage area.

Abir has already found a new local supplier which is happy to deliver inventory as required.

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5

(a) (i) Identify **one** type of training. [1]

(ii) Explain the term *mass market*. [3]

(b) (i) Refer to Table 2.1. Calculate the contribution per unit for the recent batch of shoes. [3]

(ii) Explain **one** limitation for CS of using break-even analysis. [3]

(c) Analyse **two** disadvantages to CS of adopting a JIT approach to inventory management. [8]

(d) Evaluate the importance to CS of being a small business. [12]

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CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/22**

Paper 2 Business Concepts 2 **May/June 2024**

MARK SCHEME

Maximum Mark: 60

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 May/June 2024 series for most Cambridge IGCSE, Cambridge International A and AS Level and Cambridge Pre-U components, and some Cambridge O Level components.

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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.

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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.

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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).

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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.

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Subject Specific Marking Principles for point-based marking

1 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:

- 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.
- DO credit alternative answers/examples which are not in the mark scheme if they are correct.
- DO credit answers where candidates give more than one correct answer where extended writing is required rather than short/list-type answers.
- DO NOT credit answers simply for using a key term unless that is all that is required. (Check for evidence it is clearly understood and used correctly.)
- DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities. For questions that require *n* reasons, e.g. State two reasons…, mark only the first two answers given, not any two that are correct out of a longer list.
- DO NOT give further credit for what is effectively repetition of a correct point already credited or to 'mirror' statements. For example, a response that includes: 'A business owner would benefit from limited liability as it would protect their personal possessions.' and 'If a business owner did not have limited liability they could lose everything.', cannot both be rewarded in answer to one question.
- DO NOT require spellings to be correct, it is not part of the test. However, spellings of business terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused, e.g. offshore/outsource or effective/efficient.

1 Presentation of mark scheme:

- Questions are in bold text.
- Possible responses are in normal text in a bulleted list.
- Marks are rewarded based on the table provided for each question.
- Possible responses are listed under the appropriate Assessment Objective.
- Slashes (/) separate alternative ways of making the same point.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark.

2 Annotation:

- Every response must have a minimum of one annotation.
- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers.
- For questions where only AO1 and AO2 are rewarded, there is a direct relationship between ticks and marks.
- For levels of response marking, the first time level 1 is achieved, L1 is annotated on the response. If/when level 2 is achieved, L2 should be used, etc.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who mark that paper.

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Guidance on using levels-based marking

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.

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PREPARATION FOR MARKING

1 Make sure that you have completed the relevant training and have access to the *RM Assessor Guide*.
2 Make sure that you have read and understand the question paper, which you can download from https://support.rm.com/ca
3 Log in to RM Assessor then mark and submit the required number of practice and standardisation scripts. You will need to mark the standardisation scripts to the required accuracy in order to be approved for marking live scripts. You may be asked to re-mark them, or to mark a second sample, if you do not meet the required accuracy on your first attempt.

MARKING PROCESS

1 Mark strictly to the FINAL mark scheme, applying the criteria consistently and the general marking principles outlined on the previous page.
2 If you are in doubt about applying the mark scheme, consult your Team Leader.
3 Mark at a steady rate through the marking period. Do not rush, and do not leave too much until the end. If you anticipate a problem in meeting the deadline, contact your Team Leader immediately and the Examiners' Helpdesk.
4 Examiners will prepare a brief report on the performance of candidates to send to their Team Leader via email by the end of the marking period. The Examiner should note strengths seen in answers and common errors or weaknesses. Constructive comments on the question paper, mark scheme or procedures are also appreciated.

MARKING SPECIFICS

Crossed out work

1 **All of a candidate's answers, *crossed out* or not, *optional* or not, must be marked.**
2 The only response not to be marked is one that has been crossed out and replaced by another response for that exact same question.
3 Consequently, if a candidate has crossed out their response to an optional question and gone on to answer a different optional question then both attempts must be marked. The higher mark will be awarded by the system according to the rubric.

0 (zero) marks or NR (no response)

1 Award **NR** if there is nothing at all written in answer to that question (often the case for optional questions).
2 Award **NR** if there is a comment which is not an attempt at the question (e.g. 'can't do it' or 'don't know' etc.)
3 Award **NR** if there is a symbol which is not an attempt at the question, such as a dash or question mark.
4 Award **0** (zero) if there is any attempt at the question which does not score marks. This includes copying the question onto an Answer Booklet.

Annotation

1 Every question must have at least one annotation e.g. <NAQ> if it is an NR and <X> or <seen> if 0 marks are awarded.
2 Every page of a script must have at least one annotation e.g. <BP> for a blank page.

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Annotations for RM Assessor

To award	Annotation	Comment	Use on Paper 2
Correct		For objective points that are right or wrong.	**Q1(a)(i)** and **Q2(a)(i)** (identify) **Q1(b)(i)** and **Q2(b)(i)** (calculate)
Incorrect		For objective points that are wrong.	**Q1(a)(i)** and **Q2(a)(i)** (identify) **Q1(b)(i)** and **Q2(b)(i)** (calculate) Also, incorrect elements of ANY question.
Unclear		When there is a misunderstanding in a response.	Any
Too Vague		When the candidate has attempted something, but the mark/skill has not been awarded.	Any
Highlight	Highlighter Or Underline	To highlight a point or section of an answer that justifies the mark/annotation.	Any
Benefit of doubt		When the candidate has attempted something, and the mark/skill has been awarded.	Any
On page comment	On page comment	Rarely used in live marking. Very useful for practice scripts. To communicate with the supervisor.	Any
Not using text		When the context has not been used.	**Q1(b)(ii), Q1(c), Q1(d), Q2(b)(ii), Q2(c), Q2(d).**
Seen		To show a page/section has been seen/read.	Any

PAGE 88

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To award	Annotation	Comment	Use on Paper 2
Not answering question	NAQ	When the response is not focussed on answering the question.	Any
Repetition	REP	The repetition of a previous point in a response Or Candidate is copying the case study/data.	Any
Own figure rule	OFR	The own figure rule applies – acts as a mark/tick.	**Q1(b)(i)** and **Q2(b)(i)**
Knowledge (AO1) L1	K	When AO1 has been awarded. Number of Ks should match the mark awarded.	**Q1(a)(ii). Q1(b)(ii), Q1(c), Q1(d), Q2(a)(ii), Q2(b)(ii), Q2(c), Q2(d)**
Knowledge (AO1) L2			
Application (AO2) L1	APP	When AO2 has been awarded. Number of APPs should match the mark awarded.	**Q1(a)(ii). Q1(b)(ii), Q1(c), Q1(d), Q2(a)(ii), Q2(b)(ii), Q2(c), Q2(d)**
Application (AO2) L2			
Analysis (AO3) L1	AN	When AO3 at Level 1 has been awarded.	**Q1(c), Q1(d), Q2(c), Q2(d)**
Analysis (AO3) L2	DEV	When AO3 at Level 2 has been awarded.	**Q1(c), Q1(d), Q2(c), Q2(d)**
Evaluation (AO4) L1	EVAL	When AO4 at Level 1 has been awarded.	**Q1(d)** and **Q2(d)**
Evaluation (AO4) L2	E	When AO4 at Level 2 has been awarded.	**Q1(d)** and **Q2(d)**

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To award	Annotation	Comment	Use on Paper 2
Evaluation (AO4) L3	EE	When AO4 at Level 3 has been awarded.	**Q1(d)** and **Q2(d)**

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Question	Answer	Marks
1(a)(i)	**Identify <u>one</u> feature of a private limited company.** Responses may include: Any feature of a private limited company ✔, including: • limited liability • shareholders • incorporated • shares not traded on stock exchange/publicly • must make accounts publicly available • separate legal identity • continuity • sells shares to people they know (invited). Accept all valid responses.	**1**

alpha

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(ii)</td><td>

Explain the term *sustainability*.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content

AO1 Knowledge and understanding
Knowledge of sustainability may include:
- maintaining operations/production.

Allow (but do not require) knowledge of sustainability from an environmental perspective, which may include:
- environmental balance.
- conserve natural resources.

</td><td>3</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(ii)</td><td>
AO2 Application
Explanation of sustainability may include:
• maintaining operations/production: at the current level
• the ability to maintain an environmental balance: now and in the future for our planet's natural environment
• to conserve natural resources: to support the wellbeing of current and future generations

Context applied to business of how to behave in a sustainable way, including:
• An example of a business behaving in a sustainable way

Application can be made to PS or any other scenario/context/business/person.
Allow application to environmental sustainability.

Accept all valid responses.

Guidance in awarding marks
<table>
<tr><td>Knowledge & understanding</td><td>Knowledge of sustainability</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Explanation of sustainability</td><td>1 mark</td></tr>
<tr><td>Context</td><td>Applied to a business context/ business environment</td><td>1 mark</td></tr>
</table>
</td><td></td></tr>
</table>

PAGE 93

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(ii)</td><td>
<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Keeping the natural environment safe now . So that it is usable in the future, to reduce dependence on single use plastic.</td><td>3</td><td>Sustainability from an environmental perspective – what the business could do now and then explained in terms of how it might help the future – plus an example (single use plastic)</td></tr>
<tr><td>Making sure a business can maintain its current production now and in the future. For example, not relying on fossil fuels.</td><td>3</td><td>Clear knowledge based on now and in the future, with a clear example.</td></tr>
<tr><td>Sustainability involves looking after the environment for example by recycling</td><td>2</td><td>Knowledge and an example – no explanation.</td></tr>
<tr><td>Sustainability is a social goal about the ability of people to co-exist on Earth over a long time..</td><td>1</td><td>A reasonable definition with the idea of now and the future.</td></tr>
<tr><td>Sustainability is about looking to the future.</td><td>0</td><td>Too vague. Some idea of the future, but not about maintaining now.</td></tr>
</table>
</td><td></td></tr>
</table>

PAGE 94

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(i)</td><td>Refer to Table 1.1. Calculate the variances in 2023 (x, y and z) and state whether each variance is favourable or adverse.
<table>
<tr><th></th><th>Budgeted</th><th>Actual</th><th>Variance</th></tr>
<tr><td></td><td>$000</td><td>$000</td><td></td></tr>
<tr><td>Revenue</td><td>500</td><td>600</td><td>100 and Favourable (F)</td></tr>
<tr><td>Direct costs</td><td>300</td><td>350</td><td>50 and Adverse (A)</td></tr>
<tr><td>Indirect costs</td><td>150</td><td>125</td><td>25 and Favourable (F)</td></tr>
</table>
1 mark for each correctly calculated variance ✔ (including favourable or adverse).

Ignore + and – signs.

Allow unfavourable.</td><td>3</td></tr>
</table>

PAGE 95

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>

Explain <u>one</u> benefit to PS of using incremental budgeting.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content
AO1 Knowledge and understanding
Knowledge of a benefit of using incremental budgeting , including:
- Simplicity / easy to adjust
- Speed (quicker)
- Consistency
- Avoids conflict between managers
- Realistic
- Allows business to respond to changes

Must be about incremental budgeting.
As opposed to budgeting in general.
No further marks can be gained without knowledge and understanding of a benefit of incremental budgeting.

</td><td>3</td></tr>
</table>

PAGE 96

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>

AO2 Application

Explanation of a benefit of using incremental budgeting APP, including:

- Simplicity; by adding a small amount to the previous time period, this avoids any complicated preparations
- Speed (quicker); reduced the time needed to prepare a business' budgets
- Consistency; as each budget uses the previous as a base, there is a consistent approach every time
- Avoids conflict between managers; due to the consistent approach
- Realistic; because based on previous data

Context of a benefit of using incremental budgeting APP, including:

- Use of Table 1.1
- Each budget has a variance
- OFR from answer to **Q1(b)(i)**
- PS sells through its own website
- Web sales and subscription available
- PS uses the postal service
- Aim to improve the sustainability of its operations
- New Marketing Manager being recruited

Accept all valid responses.

Guidance in awarding marks

<table>
<tr><td>Knowledge & understanding</td><td>Knowledge of a benefit of using incremental budgeting</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Explanation of a benefit to a business of using incremental budgeting</td><td>1 mark</td></tr>
<tr><td>Context</td><td>Context linked to a benefit to PS of using incremental budgeting</td><td>1 mark</td></tr>
</table>

</td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>
<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>It is quicker than other methods of budgeting ✓ because the Manager just adds on a small amount to budget from last year APP which means they can focus on PS's website APP.</td><td>3</td><td>Speed/quicker is enough for knowledge, which is then explained with context.</td></tr>
<tr><td>Because it is based on past data APP incremental budgeting is more realistic ✓, so that the revenue variance should be less than 100 next year APP.</td><td>3</td><td>Starts with the explanation, followed by the knowledge. Without the knowledge, this would be 0 marks.
The example has OFR based on the answer to Q1(b)(i).</td></tr>
<tr><td>It is easy to use incremental budgeting ✓ because it's based on previous figures APP.</td><td>2</td><td>Knowledge (easy to use) with some explanation, but no context.</td></tr>
<tr><td>It is easier ✓ as they can just add 100 to the revenue budget APP.</td><td>2</td><td>Knowledge and context.</td></tr>
<tr><td>Incremental budgeting is easier ✓ and quicker than other forms of budgeting such as zero budgeting, where the Manager has to start from scratch every year. There is also historical budgeting which is doing it based on what happened in the past. This would take longer and be more complicated than incremental budgeting.</td><td>1</td><td>Knowledge at the start – the rest of the answer is NAQ.</td></tr>
<tr><td>Incremental budgeting involves adding a small amount to each of the budgets for previous years.</td><td>0</td><td>There is knowledge of incremental budgeting, but no knowledge of a benefit.</td></tr>
<tr><td>Incremental budgeting is about guessing how much revenue, cost and profit a business will achieve and then comparing this to what actually happened. PS had a variance on every budget, so they must not have done their budgeting well.</td><td>0</td><td>No knowledge of a benefit of incremental budgeting.</td></tr>
</table>
</td><td></td></tr>
</table>

PAGE 98

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>

Analyse <u>one</u> advantage and <u>one</u> disadvantage to PS of using an assessment centre when selecting a Marketing Manager.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

</td><td>8</td></tr>
</table>

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Question	Answer	Marks
1(c)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of an assessment centre (max 1 mark if no knowledge of advantage or disadvantage), including: • a combination of tasks and activities that test suitability for the job • chance to demonstrate a wider range of skills than during a traditional face-to-face interview. • hosted over anything from an afternoon to two days • often the final stage of the selection process • a group of candidates usually attend together. Knowledge of an advantage (max 1 mark – annotate on left) may include: • More suitable/knowledgeable/skilled recruit • Wider skilled recruit / more skills tested • More detailed process • Useful as final stage of recruitment • Allows direct comparison with other candidates • Less time involved Knowledge of a disadvantage (max 1 mark – annotate on right) may include: • Takes more time • Cost of an assessment centre • Not realistic / not linked to specific employment / may assess unnecessary skills / knowledge **AO2 Application** Context applied to an advantage (max 1 mark) and disadvantage (max 1 mark) of using an assessment centre, including: • To plan the recruitment and training of a new sales team. • To organise the production of digital promotions. • To advise the board of directors on changes to the PS product portfolio. • To do tasks relating to the marketing of PS (e.g. perfume, website sales, subscription sales, importance of packaging). • Five shortlisted applicants. • Use of Table 1.1	

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Question	Answer	Marks
1(c)	**AO3 Analysis** *Limited analysis – candidate shows one link in the chain of analysis.* *Developed analysis candidate shows two or more links in the chain of analysis or a two-sided analysis.* Advantages may include: • More suitable recruit • lower costs of marketing – increase profitability • higher sales – increase profits • Wider skilled recruit • lower costs of marketing – increase profitability • higher sales – increase profits • Longer process than an interview; more likely to find a better candidate – increase sales and growth of PS. • Final stage of recruitment; may be a suitable way to distinguish between qualified and similar candidates – increase chances of getting the best candidate. • Allows direct comparison with other candidates – increases probability of finding the best candidate who can improve the marketing of PS. • Disadvantages may include: • Takes more time; increase costs – reduces profitability. • May assess unnecessary skills and provides an unrealistic image of the candidates and increases the probability of choosing the wrong candidate – increases costs in the long run (more recruitment needed). • Cost of an assessment centre; significantly more expensive than an interview – decreased profitability. Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>Exemplars and annotations
<table>
<tr><th>AO1 Knowledge</th><th>AO2 Application</th><th>AO3 Analysis</th></tr>
<tr><td>Better skilled employees K.</td><td>So that PS can make sure their new manager can organise the production of digital promotions APP.</td><td>Which can help PS to increase their sales revenue AN by selling more perfume and make a greater profit DEV.</td></tr>
<tr><td>Assessment centres have a high cost K</td><td>As all five potential managers APP will be invited.</td><td>Which will reduce the profitability of PS AN and reduce the dividends for the shareholders DEV.</td></tr>
</table></td><td></td></tr>
</table>

alpha

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>

Evaluate the role of effective packaging for PS.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

</td><td>12</td></tr>
</table>

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Question	Answer	Marks
1(d)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of the role of packaging (max 2 marks), including: • information to customers • protection for the product • to attract potential customers • to promote a brand / branding • to enable efficient distribution/portability • to add value • to meet legal requirements (labelling, weight, ingredients etc.) **AO2 Application** Context applied to the role of packaging for PS (max 2 marks), including • website purchases • subscription purchases • Most perfumes sold in glass bottles (fragility) • all products delivered to homes by post • can be left in mailbox • can be left in safe place outside of the home (weatherproof) • PS aim to improve sustainability of operations • use of Table 1.1	

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Question	Answer	Marks
1(d)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *– candidate shows two or more links in the chain of analysis.* • Information to customers; to increase sales of both product lines for PS – increase profits and enable growth of SS. • Protection for the product; • Glass bottles will break if not packaged correctly – PS needs to replace products increasing costs • Packages need to be able to be left outdoors – otherwise poor customer satisfaction and lower repeat sales. • To attract potential customers; good packaging may encourage increased sales from customers – however as the products are sold through the website this may not have a large effect on sales. • To enable efficient distribution/portability; products left in mailbox so packaging needs to be small enough to post and increase speed of delivery – reduces costs of delivering the product. • To add value – sales have been 20% higher than budgeted so poor packaging might discourage customers from repurchasing products – increases sales/profit. • The packaging is not the main product and so may not add much value in a customer's perception – increased costs without an increase in sales. • Balance between importance of packaging and sustainability – more packaging likely to protect the product but also less sustainability. **AO4 Evaluation** *Limited evaluation* EVAL *– unsupported judgement and/or a weak attempt at evaluative comment* *Developed evaluation* E *– supported judgement and/or reasonable evaluative comment* *Developed evaluation in context* EE *– supported judgement in context and/or reasonable evaluative comment in context.* • A judgement over role of effective packaging. • Evaluation of the relative importance of different factors. • Elements that the evaluation/judgement might depend upon – cost of the packaging as a proportion of the total costs of the product, packaging that the perfume is purchased with (from manufacturers), likelihood of products being left outside, likelihood of moving into retail shops in the future, the new Marketing Manager's strategy. Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>Exemplars for awarding evaluation
<table>
<tr><th>L1 (limited supporting evidence)</th><th>L2 E (developed supporting evidence)</th><th>L3 EE (developed supporting evidence with context)</th></tr>
<tr><td>Effective packaging is essential for PS.</td><td>Effective packaging is essential for PS, so that their products are delivered safely to customers.</td><td>Effective packaging is essential for PS, so that the glass bottles are delivered unbroken to customers.</td></tr>
<tr><td>There are many more things that are more important to PS than packaging.</td><td>There are many more things that are more important to PS than packaging. If the price is wrong, then no matter how good the packaging is, no-one will want it.</td><td>There are many more things that are more important to PS than packaging. If the price is wrong, then no matter how good the packaging is, no-one will want it, that is why PS sells its perfume cheaper than high street stores.</td></tr>
<tr><td>The role of packaging depends upon the cost of the packaging.</td><td>The role of packaging depends upon the cost of the packaging. If the packaging increases PS direct costs, then it may be better to spend the money on more promotion.</td><td>The role of packaging depends upon the cost of the packaging. If the packaging increases PS direct costs beyond $350 000, then it may be better to spend the money on more promotion.</td></tr>
<tr><td>In the short term, effective packaging may cost too much.</td><td>In the short term, effective packaging may cost too much, however in the long term it will make the PS brand memorable.</td><td>In the short term, effective packaging may cost too much, however in the long term it will make the PS brand memorable, which is vital to keep customers paying for their subscription.</td></tr>
</table></td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(i)</td><td>Identify <u>one</u> type of training.

Indicative content

Types of training ✔ are:
• Induction
• On the job
• Off the job</td><td>1</td></tr>
<tr><td>2(a)(ii)</td><td>Explain the term mass market.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content

AO1 Knowledge and understanding
Knowledge of mass market ✘ (max 1 mark), including:
• Aiming a product or service at the majority of people.
• Made for the large part of the population
• Made for most of the population/market
Allow ‘not a segment of the market’ or ‘all of the market’ or ‘everyone’.</td><td>3</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>

AO2 Application

Explanation of a characteristic of the mass market (or mass marketing) , including:

<table>
<tr>
<td>

- Many different size/colour products
- One size fits all products /standardised
- Customer wants are more general and less specific
- Associated with high output/quantity (than a segment or niche market)
- Associated with low(er) prices (than a segment or niche market)

</td>
<td>

- May benefit from economies of scale
- Lower risk than niche markets or segmented markets
- High level of competition
- Competition on national/international/global scale.

</td>
</tr>
</table>

Context applied to mass market(s), including:

- Relevant example of mass market(s) (including the shoe market)

Must be an example of the market (the people who might purchase canned drinks) – not a product aimed at the mass market (Coke)
Application can be made to PS or any other scenario/context/business/person.

Accept all valid responses.

Guidance in awarding marks

<table>
<tr><td>Knowledge & understanding</td><td>Knowledge of a/the mass market</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Explanation of a characteristic of the mass market</td><td>1 mark</td></tr>
<tr><td>Context</td><td>Applied to a business context/ business environment</td><td>1 mark</td></tr>
</table>

</td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>
<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Mass markets are aimed at everybody . For example, in the shoe market, this might be plain black shoes that anybody could wear which are all the same .</td><td>3</td><td>An answer which starts with the knowledge and then applies it to mass shoe market, with a characteristic.</td></tr>
<tr><td>CS can sell in high quantity to the whole market . At a low price .</td><td>3</td><td>Two characteristics surrounding the knowledge.</td></tr>
<tr><td>Aiming at the majority of people who might want to buy the product . For example, customers who might buy a blank T-Shirt .</td><td>2</td><td>Clear knowledge. Some application through an example.</td></tr>
<tr><td>A mass market is one that is not focussed on a market segment . Therefore, the product could be bought by anyone. It is likely that a large number of people would be potential customers.</td><td>1</td><td>A reasonable definition but what follows is more of the same knowledge.</td></tr>
<tr><td>Mass markets have high sales revenue and products are likely to have higher price than a niche market ✗. This could give the business access to economies of scale .</td><td>0</td><td>There are two characteristics here, but no knowledge of mass markets. Therefore, no marks can be awarded.</td></tr>
</table>
</td><td></td></tr>
</table>

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Question	Answer	Marks
2(b)(i)	**Refer to Table 2.1. Calculate the contribution per unit for the recent batch of shoes.** Formula: Contribution per unit = price – VC **or** TR – TVC / output **or** Profit (TR – TC) / margin of safety (1) Method 1 $18 750 / 500 = $37.50 and $25 000 / 500 = $50 (1) $50 – $37.50 = $12.50 (1) Method 2 ($25 000 – $18 750) = $6250 (1) $6250 / 500 = $12.50 (1) Method 3 $25 000 – $23 750 = $1250 (1) $1250 / 100 = $12.50 (1) Answer = $12.50 (3)	3

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(i)</td><td>

Exemplar and annotations

<table>
<tr><td>Marks</td><td></td><td></td></tr>
<tr><td>3 marks</td><td>Correct answer
$12.50 or 12.50 or 12.5</td><td>Working and $ do not matter.</td></tr>
<tr><td>2 marks</td><td>Both of the following:
• Formula
• One correct stage of calculation
OR
An incorrect answer with one mistake allowing OFR for final stage.</td><td>To award two marks, there must be
• Two ✓ and a ✗
OR
• One ✓ , one ✗ and one OFR</td></tr>
<tr><td>1 mark</td><td>One of the following:
• Correct formula
• One correct stage of calculation.</td><td>To award one mark, there must be:
• One ✓ and two ✗</td></tr>
<tr><td>0 marks</td><td>No creditable content.</td><td>To award zero marks, there must be
• One ✗</td></tr>
</table>

</td><td></td></tr>
</table>

PAGE 111

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>

Explain <u>one</u> limitation for CS of using break-even analysis.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content

AO1 Knowledge and understanding
Knowledge of a limitation of using break-even analysis, including:
- not all costs and revenue can be split
- assumes all costs are a straight line (constant)
- assumes price is constant
- assumes all output is sold/does not take into account demand/demand fluctuates
- assumes all costs are fixed or variable
- needs to be calculated for each product
- it ignores capacity
- assumes that fixed costs do not change as output increases
- assumes fixed costs can be allocated
- assumes no external influences.

Do not accept that break-even analysis data may be inaccurate/wrong or time consuming. This is not a specific limitation of break-even analysis.

</td><td>3</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>

AO2 Application

Explanation of a limitation if using break-even analysis, including:

- not all costs and revenue can be split: and break-even assumes that all costs can be split.
- assumes all costs are a straight line (constant); whereas costs are likely to fall (on average) as output increases.
- assumes price is constant; whereas most businesses will need to reduce the price to sell more.
- assumes all output is sold; which is unlikely for most businesses – wastage, obsolescence etc.
- assumes all costs are fixed or variable; whereas there are semi-fixed / semi-variable costs.
- needs to be calculated for each product: only really works for a single product business.
- it ignores capacity; if the capacity is below the break-even point, then the business will never break even.
- assumes that fixed costs do not change as output increases; but as output increases most firms will need to source more fixed assets.
- assumes fixed costs can be allocated: which is not always possible for a multi-product business.

Context applied to a limitation of using break-even analysis including:

- Yazeem uses a range of colours and sizes – may be impossible to do break-even for each style of shoe/size/colour.
- Uses batch production – may be impossible to allocate the fixed costs to each style/size/colour.
- At least two employees (Yazeem and Abir) – how can their time be allocated to production/administration etc.
- Increase in low-priced shoes – may make it impossible to sell all the output.
- Use of Table 2.1.
- OFR from **Q2(b)(i)**

Accept all valid responses.

Guidance in awarding marks

<table>
<tr><td>Knowledge & understanding</td><td>Knowledge of a limitation of using break-even analysis</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Explanation of a limitation of using break-even analysis</td><td>1 mark</td></tr>
<tr><td>Context</td><td>Context linked to a limitation of using break-even analysis</td><td>1 mark</td></tr>
</table>

</td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>
<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Break-even analysis assumes average costs do not change K but CS's average variable costs are likely to change APP because CS is using batch production APP.</td><td>3</td><td>Knowledge of a limitation with explanation of why it is a limitation and application to the context of CS.</td></tr>
<tr><td>Abir has suggested using JIT APP, which is likely to mean the transportation costs APP are not constant K.</td><td>3</td><td>A backwards answer. Starts with the context, then the explanation and lastly knowledge. An equally valid approach – as long as there is knowledge somewhere in the answer.</td></tr>
<tr><td>The price may not be the same for every pair of shoes K which could mean that the Total Revenue is not constant APP.</td><td>2</td><td>The knowledge is fine. The explanation refers to a different point of knowledge, but it DOES explain this limitation, so it is valid. No context.</td></tr>
<tr><td>Break even analysis assumes all output produced is sold K.</td><td>1</td><td>Knowledge and no explanation or application to the context.</td></tr>
<tr><td>Break even analysis is a way of calculating the quantity needed to stop making a loss and start making a profit. This is useful to CS because they can calculate how many shoes need to be sold to cover all of the costs which were $23 750 for the recent batch. CON</td><td>0</td><td>Although there is some relevant context, there is no knowledge of a limitation, so no marks can be awarded.</td></tr>
<tr><td>Break even analysis can be wrong. If the Manager miscalculates the break-even point, then any decision made on this will also be wrong. TV</td><td>0</td><td>Being incorrect/wrong/inaccurate, is not a limitation of break-even analysis. It could be said about any calculation, so do not award.</td></tr>
</table>
</td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>
Analyse <u>two</u> disadvantages to CS of adopting a JIT approach to inventory management.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
</td><td>8</td></tr>
</table>

PAGE 115

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Question	Answer	Marks
2(c)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of just in time inventory management (max 1 mark if no knowledge of disadvantage(s)), including: • Orders made from suppliers as needed. • Products produced as required by customers. • Limited or zero inventory required to be held. Knowledge of disadvantages of just in time (max 2 marks – annotate first disadvantage on left and second disadvantage on right), including: • Risk of running out of stock. • Reliance on (new) suppliers – frequency of ordering/deliveries • Requires planning/time. • Limited scope for mass/batch production (little scope for economies of scale) – increased average cost • Finished product inventory cannot be used for promotional purposes. • Difficult to forecast/budget • Cost of infrastructure/capital • Might be difficult to respond to changing demand. **AO2 Application** Context applied to a disadvantage of using JIT (max 2 marks), including: • Currently selling to mass market (professionals for work or smart dress). • Currently using batch production. • Abir has suggested a move towards niche, unique (job produced) shoes. • New local supplier suggested by Abir. • Shoes on display in the shop. • Raw material of leather must be in climate controlled storage. • No current relationship to suggested new supplier. • Range of sizes and colours.	

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Question	Answer	Marks
2(c)	**AO3 Analysis** Analysis of disadvantage(s) of using JIT, including: *Limited analysis – candidate shows one link in the chain of analysis.* *Developed analysis candidate shows two or more links in the chain of analysis or a two-sided analysis.* • Risk of running out of stock; • may dissatisfy customers and lead to bad publicity – lower sales/profit. • May lead Yazeem to be idle increasing costs – lower profitability. • Reliance on suppliers; if the new local supplier is chosen then there is no current relationship, so shoe production may be delayed – decreased sales/profit. • Requires planning/time – If Yazeem/Abir are planning the logistics they may be less productive in producing shoes – lower sales/profit. • Limited scope for mass/batch production (little scope for economies of scale); increased costs – lower profitability. • Finished product inventory cannot be used for promotional purposes; customers may not come into a show shop without any shoes to try on – lower sales/profit. Accept all valid responses. **Exemplars and annotations**	

AO1 Knowledge	AO2 Application	AO3 Analysis
CS may run out of stock.	And since CS is selling to the mass market.	Customers may choose to go elsewhere, reducing CS's revenue leading to less profit.
CS would need a new supplier	Although Abir has already found one who is happy to deliver as required	However, CS do not have a relationship with them and they might not deliver the materials on time leading to customers being dissatisfied and going to a competitor.

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>

Evaluate the importance to CS of being a small business.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

</td><td>12</td></tr>
</table>

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Question	Answer	Marks
2(d)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of the features of being a small business (max 2 marks), including: • Lifestyle • Independence • Opportunities • Creative freedom • Less reliance on other people • Expertise • Unique selling point (USP) • Personal satisfaction • Personal service for customers • Focus • Easy to plan • Easy to control/coordinate/lead • Potential for growth • Encourages innovation/intrapreneurship/entrepreneurship • May struggle obtaining finance / limited finance • Increased risk	

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Question	Answer	Marks
2(d)	**AO2 Application** Context applied to features of being a small business (max 2 marks), including: • Yazeem is a highly skilled shoemaker • Sole trader • Abir is fully trained in making shoes • CS opened in 1975 • Currently targeting a mass market (professional men and women) • Currently produced using batch production • Shoes sold in own shop • Range of sizes and colours • Increase in low-priced mass market shoes – reduced CS sales and repairs • Abir feels it is time for Yazeem to retire • Abir would like to design and produce unique shoes for niche markets • New products would use price skimming • Use of Table 2.1 • Abir suggested adoption of JIT	

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Question	Answer	Marks
2(d)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *– candidate shows two or more links in the chain of analysis.* • Lifestyle/personal satisfaction; Yazeem (and Abir) can choose their own hours which may increase their happiness – likely objective of Yazeem as a sole trader. • Independence; Yazeem does not have to ask anyone's opinion when making decisions which may suit him – increased happiness. • Opportunities; as a small business Yazeem and Abir can more easily take advantage of new trends (such as the niche markets) – increased sales/profit. • Creative freedom; both Yazeem and Abir are skilled and can create shoes which suit the market without having to have decisions agreed by others – increased sales/profit. • Less reliance on other people; less opportunities for wastage – lower costs, increased profitability. • Expertise; both Yazeem and Abir are highly skilled and can focus these on their small customer base – increased customer satisfaction. • Unique selling point (USP); having expert owners may allow CS to sell at a higher price – increased profitability. • Personal service for customers; customers feel like they are being well looked after (as they are dealing with the owners) – increased sales/profit. • Focus; As Yazeem is the owner he is more likely to be motivated – increased productivity. • Easy to plan; few employees mean that CS can adapt their business to meet current demand – increased sales/profit. • Easy to control/coordinate/lead; less customers mean that CS can adapt their business to meet current demand – increased sales/profit. **AO4 Evaluation** *Limited evaluation* EVAL *– unsupported judgement and/or a weak attempt at evaluative comment* *Developed evaluation* E *– supported judgement and/or reasonable evaluative comment* *Developed evaluation in context* EE *– supported judgement in context and/or reasonable evaluative comment in context.* • A judgement the importance of being a small business. • Evaluation of the relative importance of different advantages/factors. • Elements that the evaluation/judgement might depend upon – Yazeem and Abir's personal objectives, whether Yazeem wants to retire (or not), the relative size of competitors in the market, the location of CS, changes in the shoe manufacture and retail market, changes in technology, price elasticity of demand for CS shoes. Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>

Exemplars for awarding evaluation

<table>
<tr><th>L1 (limited supporting evidence)</th><th>L2 E (developed supporting evidence)</th><th>L3 EE (developed supporting evidence with context)</th></tr>
<tr><td>Being a small business is important for CS.</td><td>Being a small business is important for CS because it means Yazeem can retain control of his business.</td><td>Being a small business is important for CS because it means Yazeem can retain control of his sole trader business.</td></tr>
<tr><td>It is not important for CS to be a small business.</td><td>It is not important for CS to be a small business because the business should be allowed to grow to a more efficient size, where costs are lower.</td><td>It is not important for CS to be a small business because the business should be allowed to grow to a more efficient size, where costs are lower, so that it can compete with the mass market retailers who are selling cheaper shoes for people to wear to work or dress smartly.</td></tr>
<tr><td>The importance of CS being a small business depends on the objectives of Yazeem.</td><td>The importance of CS being a small business depends on the objectives of Yazeem. If his objective was to maximise profit, then it is more important for CS to grow.</td><td>The importance of CS being a small business depends on the objectives of Yazeem. If his objective was to give the business to Abir, then maybe she should decide how important the size of CS is.</td></tr>
<tr><td>In the short term being a small business is important.</td><td>In the short term being a small business is important, however in the long term Yazeem may need to grow to take advantage of economies of scale.</td><td>In the short term being a small business is important, however in the long term Yazeem may need to grow to take advantage of economies of scale to reduce the cost of the batch production process used by CS.</td></tr>
</table>

</td><td></td></tr>
</table>

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Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/23**

Paper 2 Business Concepts 2 **May/June 2024**

1 hour 30 minutes

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 60.
- The number of marks for each question or part question is shown in brackets [ ].

alpha

This document has **4** pages. Any blank pages are indicated.

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1 Recruitment Process (RP)

RP is a private limited company based in country Z. RP is an employment agency that operates in a dynamic business environment. To survive in the market RP must be efficient and maintain a good reputation. RP uses social media to attract customers and relies on word-of-mouth recommendations. RP has recently won an award for its diversity and equality practices. *5*

RP's customers provide details of the roles and number of employees required. RP quotes a price to its customer and then agrees a contract to provide its services at the price quoted.

Ray, Managing Director, has asked Adjil, Finance Director, to provide a budget breakdown of a recent customer contract. RP's staff are specialist recruiters who find the appropriate employees for each job role. *10*

Table 1.1 RP's budget for a recent customer contract, March 2024

Job role	Number of employees required	Specialist recruiters required	Cost per specialist recruiter ($000)	Total cost ($000)
Warehouse	70	1	100	100
Sales	225	3	120	360
Technology	145	3	140	420
Management	10	2	190	380
Total	**450**			**1260**

15

Adjil noted that the actual cost per employee recruited showed an adverse variance of $500. *20*

Ray is concerned that the budget does not accurately show the costs to RP. Ray thinks this is because of inefficient practices in the recruitment process.

(a) (i) Identify **one** element of a dynamic business environment. [1]

(ii) Explain the term *employment agency*. [3]

(b) (i) Refer to Table 1.1 and other information. Calculate RP's actual cost per hire for the customer contract in March 2024. [3]

(ii) Explain **one** benefit to RP of using a budget. [3]

(c) Analyse **two** methods RP could use to select sales employees. [8]

(d) Evaluate the impact on RP of diversity and equality in the workplace. [12]

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2 Festival Wear (FW)

FW is a partnership started by two friends, Maz and Jane. FW manufactures and sells high quality T-shirts at $40 each. The business can manufacture 35 000 T-shirts per month using mass customisation. The T-shirts are only sold at music festivals and concerts and are customised to each event. FW has never advertised the T-shirts, relying on a sales team to attend a festival or concert and personally sell the T-shirts. *5*

Current costs:

- variable: $10 per T-shirt
- fixed: $200 000 per month.

Sales average 27 000 T-shirts per month. Currently the sales team is paid a monthly salary, but Maz is proposing a new payment method in order to increase sales volume. This will *10* mean a lower monthly salary but a commission of $2 per T-shirt will be paid. Maz estimates that sales volume would increase to 30 000 per month.

Costs if the new payment method is introduced:

- variable: $12 per T-shirt
- fixed: $182 000 per month. *15*

This proposal has been discussed with the sales team. Some members of the team are enthusiastic about the proposal, but others are not happy with what they see as a reduction in their pay.

The business is expanding and considering moving to a bigger factory. This would require a $4 million investment in new machinery and staff training. *20*

Jane would also like to consider methods to increase sales volume. She has suggested that FW should expand its product portfolio to manufacture other items such as baseball caps.

(a) (i) Identify **one** fixed cost. [1]

(ii) Explain the term *mass customisation*. [3]

(b) (i) Calculate FW's break-even output per month if the new payment method is introduced. [3]

(ii) Explain **one** advantage to FW's employees of the new payment method. [3]

(c) Analyse **two** external sources of finance that FW could use to invest in new machinery. [8]

(d) Evaluate whether FW should expand its product portfolio to increase its sales volume. [12]

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CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/23**

Paper 2 Business Concepts 2 **May/June 2024**

MARK SCHEME

Maximum Mark: 60

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 May/June 2024 series for most Cambridge IGCSE, Cambridge International A and AS Level and Cambridge Pre-U components, and some Cambridge O Level components.

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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.

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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.

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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).

PAGE 129

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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.

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Guidance on using levels-based marking

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.

PAGE 131

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PREPARATION FOR MARKING

1 Make sure that you have completed the relevant training and have access to the *RM Assessor Guide*.
2 Make sure that you have read and understand the question paper, which you can download from https://support.rm.com/ca
3 Log in to RM Assessor then mark and submit the required number of practice and standardisation scripts. You will need to mark the standardisation scripts to the required accuracy in order to be approved for marking live scripts. You may be asked to re-mark them, or to mark a second sample, if you do not meet the required accuracy on your first attempt.

MARKING PROCESS

1 Mark strictly to the FINAL mark scheme, applying the criteria consistently and the general marking principles outlined on the previous page.
2 If you are in doubt about applying the mark scheme, consult your Team Leader.
3 Mark at a steady rate through the marking period. Do not rush, and do not leave too much until the end. If you anticipate a problem in meeting the deadline, contact your Team Leader immediately and the Examiners' Helpdesk.
4 Examiners will prepare a brief report on the performance of candidates to send to their Team Leader via email by the end of the marking period. The Examiner should note strengths seen in answers and common errors or weaknesses. Constructive comments on the question paper, mark scheme or procedures are also appreciated.

MARKING SPECIFICS

Crossed out work

1 All of a candidate's answers, *crossed out* or not, *optional* or not, must be marked.
2 The only response not to be marked is one that has been crossed out and replaced by another response for that exact same question.
3 Consequently, if a candidate has crossed out their response to an optional question and gone on to answer a different optional question then both attempts must be marked. The higher mark will be awarded by the system according to the rubric.

0 (zero) marks or NR (no response)

1 Award **NR** if there is nothing at all written in answer to that question (often the case for optional questions).
2 Award **NR** if there is a comment which is not an attempt at the question (e.g. 'can't do it' or 'don't know' etc.)
3 Award **NR** if there is a symbol which is not an attempt at the question, such as a dash or question mark.
4 Award **0** (zero) if there is any attempt at the question which does not score marks. This includes copying the question onto an Answer Booklet.

Annotation

1 Every question must have at least one annotation e.g. <NAQ> if it is an NR and <X> or <seen> if 0 marks are awarded.
2 Every page of a script must have at least one annotation e.g. <seen> for a blank page.

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Annotations for RM Assessor

To award	Annotation	Comment	Use on Paper 2
Correct		For objective points that are right or wrong.	**Q1(a)(i)** and **Q2(a)(i)** (identify) **Q1(b)(i)** and **Q2(b)(i)** (calculate)
Incorrect		For objective points that are wrong.	**Q1(a)(i)** and **Q2(a)(i)** (identify) **Q1(b)(i)** and **Q2(b)(i)** (calculate) Also, incorrect elements of ANY question.
Unclear		When there is a misunderstanding in a response.	Any
Too Vague		When the candidate has attempted something, but the mark/skill has not been awarded.	Any
Highlight	Highlighter Or Underline	To highlight a point or section of an answer that justifies the mark/annotation.	Any
Benefit of doubt		When the candidate has attempted something, and the mark/skill has been awarded.	Any
On page comment	On page comment	Rarely used in live marking. Very useful for practice scripts. To communicate with the supervisor.	Any
Not using text		When the context has not been used.	**Q1(b)(ii)**, **Q1(c)**, **Q1(d)**, **Q2(b)(ii)**, **Q2(c)**, **Q2(d)**.
Seen		To show a page/section has been seen/read.	Any

PAGE 133

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To award	Annotation	Comment	Use on Paper 2
Not answering question	NAQ	When the response is not focussed on answering the question.	Any
Repetition	REP	The repetition of a previous point in a response Or Candidate is copying the case study/data.	Any
Own figure rule	OFR	The own figure rule applies – acts as a mark/tick.	**Q1(b)(i)** and **Q2(b)(i)**
Knowledge (AO1) L1	K	When AO1 has been awarded. Number of Ks should match the mark awarded.	**Q1(a)(ii)**. **Q1(b)(ii)**, **Q1(c)**, **Q1(d)**, **Q2(a)(ii)**, **Q2(b)(ii)**, **Q2(c)**, **Q2(d)**
Knowledge (AO1) L2			
Application (AO2) L1	APP	When AO2 has been awarded. Number of APPs should match the mark awarded.	**Q1(a)(ii)**. **Q1(b)(ii)**, **Q1(c)**, **Q1(d)**, **Q2(a)(ii)**, **Q2(b)(ii)**, **Q2(c)**, **Q2(d)**
Application (AO2) L2			
Analysis (AO3) L1	AN	When AO3 at Level 1 has been awarded.	**Q1(c)**, **Q1(d)**, **Q2(c)**, **Q2(d)**
Analysis (AO3) L2	DEV	When AO3 at Level 2 has been awarded.	**Q1(c)**, **Q1(d)**, **Q2(c)**, **Q2(d)**
Evaluation (AO4) L1	EVAL	When AO4 at Level 1 has been awarded.	**Q1(d)** and **Q2(d)**
Evaluation (AO4) L2	E	When AO4 at Level 2 has been awarded.	**Q1(d)** and **Q2(d)**
Evaluation (AO4) L3	EE	When AO4 at Level 3 has been awarded.	**Q1(d)** and **Q2(d)**

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Question	Answer	Marks
1(a)(i)	**Identify <u>one</u> element of a dynamic business environment** Responses may include: Any feature of a dynamic business environment ✔, including: • Rapidly/constantly changing • businesses must quickly adapt • very competitive • new competitors • innovative • technological change • changes in the economy • changing regulations/legislation Accept all valid responses.	**1**

alpha

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(ii)</td><td>

Explain the term *employment agency*.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content
AO1 Knowledge and understanding
Knowledge of employment agency may include:
- provides recruitment services to other business
- a business outsources recruitment of employees to another business
- find ideal candidates for a specific job role

AO2 Application
Explanation of employment agency may include:
- customer provides details of job roles and numbers required: the agency selects and recruits employees
- specialist recruiters used: providing expertise which may not exist in a business
- increased efficiency/lower cost: especially where may and varied roles/employees required.
- Can provide training/manuals: reducing costs for other business

Context applied to a business, including:
- An example of a business using an employment agency

Application can be made to RP or any other scenario/context/business/person.
Accept all valid responses.

</td><td>3</td></tr>
</table>

PAGE 136

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(ii)</td><td>Guidance in awarding marks
<table>
<tr><td>Knowledge & understanding</td><td>Knowledge of employment agency</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Explanation of employment agency</td><td>1 mark</td></tr>
<tr><td>Context</td><td>Applied to a business context / business environment</td><td>1 mark</td></tr>
</table></td><td></td></tr>
<tr><td>1(b)(i)</td><td>Refer to Table 1.1 and other information. Calculate RP’s actual cost per hire for the customer contract in March 2024.

Total cost/total hires (1)

or

1 260 000/450 (1) = 2800 (1)

or

1260/450 = 2.8 (OFR)

or

1 260 000/450 (1) +500 (1)

= 2800 +500 = $3 300 (3) OFR

Note: Correct answer 3300 ($ not required) required for full marks.</td><td>3</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>

Explain <u>one</u> benefit to RP of using a budget.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content

AO1 Knowledge and understanding
Knowledge of a benefit of using a budget, including:
- Can plan for the future / forecast revenue/profit/costs
- Allocate resources
- Monitor performance
- Improve decision making

No further marks can be gained without knowledge and understanding of a <u>benefit</u> of a budget.

AO2 Application
Explanation of a benefit of using a budget, including:
- Can use to price work done for other businesses
- Can see variance once work completed/improve future contract pricing

</td><td>3</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>Context of a benefit of using a budget OFR, including:
• Use of Table 1.1
– Reference to any row / numbers required/costs
– OFR from answer to Q1(b)(i)
• Adverse variance of $500
• Concerns that budget is not accurate

Accept all valid responses.

Guidance in awarding marks
<table>
<tr><td>Knowledge & understanding</td><td>Knowledge of a benefit of using a budget</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Explanation of a benefit to a business of using a budget</td><td>1 mark</td></tr>
<tr><td>Context</td><td>Context linked to a benefit to RP of using a budget</td><td>1 mark</td></tr>
</table></td><td></td></tr>
</table>

PAGE 139

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>

Analyse <u>two</u> methods RP could use to select sales employees.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content

AO1 Knowledge and understanding
Knowledge of first selection method ⊡ (max 2 marks – annotate first method on left and second method on right), may include:
• Curriculum vitae

</td><td>8</td></tr>
</table>

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Question	Answer	Marks
1(c)	• Résumé • application forms • interview • references • testing • assessment centres **Note: Must be selection NOT recruitment** **AO2 Application** Context applied to relevance of each selection method to sales employees APP (max 1 mark per method): • Requires customer contact and selling skills so assessment centre • 225 required but only 3 recruiters so simple, quick method best • Most relevant probably application form and references • Sales staff will need to be personable so may interview to make sure character and personality fit with the job role, but could be an inefficient way to recruit for this many employees • Already showing adverse variance • Use of Table 1.1 **AO3 Analysis** *Limited analysis* AS *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *candidate shows two or more links in the chain of analysis or a two-sided analysis.* • High cost of selection – could lower profits • May attract lots of applicants – so need a quick/efficient method • What time scale is required for hiring – may not have time to interview all • Most relevant probably application form and references • Need to ensure equality and diversity in selection **process –** what is best way to do this? Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>
Evaluate the impact on RP of diversity and equality in the workplace.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
</td><td>12</td></tr>
</table>

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Question	Answer	Marks
1(d)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of diversity and equality (max 2 marks), including: • Equality – Ensuring a fair organisation so everyone has the opportunity to fulfil their potential. • Diversity – Creating a mixed workforce, placing a positive value on diversity in the workplace. Knowledge of an impact of diversity and equality in the workplace (max 2 marks), including: • May be required by legislation • Good employer reputation • Easier to attract new employees • May get the best applicants • Introduce new ideas/innovation **AO2 Application** Context applied to an impact of diversity and equality in the workplace (max 2 marks), including • Outsourcing company so other businesses most likely to require a diverse work organisation so better fit with customers • Businesses more likely to use them if good equality practices • Adverse variance of $500 per hire – indicates need to ensure efficiency • Dynamic market environment requires creative employees • Uses social media to attract customers – variety of languages help global expansion • Won an award for good equality and diversity practices • Use of Table 1.1 **AO3 Analysis** *Limited analysis – candidate shows one link in the chain of analysis.* *Developed analysis – candidate shows two or more links in the chain of analysis.* • Change of working culture may be required – increasing costs/unsettled environment • Training in equality and diversity for existing employees – higher costs/lower profit • Costs of recruiting – additional requirement leading to higher costs • Need to employ diverse ways of working and thinking to bring in new ideas and increase competitiveness • Increase productivity – employees motivated by good working practices/leading to increased profit • Better able to operate in a global marketplace – attracting more customers/businesses/– leading to increased sales/revenue	

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Question	Answer	Marks
1(d)	**AO4 Evaluation** *Limited evaluation* [0/4] *- unsupported judgement and/or a weak attempt at evaluative comment* *Developed evaluation* [1] *– supported judgement and/or reasonable evaluative comment* *Developed evaluation in context* [2] *– supported judgement in context and/or reasonable evaluative comment in context.* • Weighing up of risks vs. reward of diversity • Short term costs vs. long term benefits • Judgement of consequences to RP impact on stakeholders it will most likely impact • Challenges posed to company culture Accept all valid responses.	

Question	Answer	Marks
2(a)(i)	**Identify <u>one</u> fixed cost.** **Indicative content** Fixed cost ✔ • rent • interest • salaries • wages Accept all valid responses.	**1**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>

Explain the term *mass customisation*.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content

AO1 Knowledge and understanding
Mass customisation is the use of flexible computer-aided technology on production lines to make products that meet individual customers' requirements for customised products.

Knowledge of mass customisation (max 1 mark), including:
- Bulk production
- Flexible
- Made to order
- Customer preferences

AO2 Application
Explanation of a characteristic of mass customisation, including:
- Lower unit costs combined with personalisation / Increased product choice
- Higher customer retention/loyalty
- Customers prepared to pay a higher price
- Higher profit margins

</td><td>3</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>Context applied to mass market(s), including:
• Relevant example of mass customisation (including the T-shirt market)

Application can be made to FW or any other scenario/context/business/person.

Accept all valid responses.

Guidance in awarding marks
<table>
<tr><td>Knowledge & understanding</td><td>Knowledge of mass customisation</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Explanation of a characteristic of mass customisation</td><td>1 mark</td></tr>
<tr><td>Context</td><td>Applied to a business context/ business environment</td><td>1 mark</td></tr>
</table></td><td></td></tr>
<tr><td>2(b)(i)</td><td>Calculate FW’s break-even output per month if the new payment method is introduced.

FC/contribution = BE (1)
FC = 182 000, VC = 12 (1)
Contribution = 40 – (12) (1) = 28 (1)
182 000/28 = 6500 (3) OFR</td><td>3</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>

Explain <u>one</u> advantage to FW's employees of the new payment method.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content

AO1 Knowledge and understanding – Note: Must be linked to employees NOT FW
Knowledge of an advantage of lower salary + commission, including:
- Payment made according to number of sales – commission
- Possibility of higher monthly pay
- Incentive so motivating

Do not accept disadvantages.

AO2 Application
Explanation of an advantage of lower salary + commission, including:
- If sales forecast correct employees would earn more
- Can choose to work harder/longer for increased pay
- Investment could expand sales possibilities so higher pay
- Rewards successful selling

Context applied to a limitation of using break-even analysis including:
- Maz estimates sales volume to increase to 30 000 per month
- Commission $2 per T-shirt

</td><td>3</td></tr>
</table>

PAGE 147

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>

Business is expanding
Diversification of product portfolio – baseball caps
OFR from Q2(b)(i)

Accept all valid responses.

Guidance in awarding marks
<table>
<tr><td>Knowledge & understanding</td><td>Knowledge of an advantage of the change in payment method</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Explanation of an advantage of the change in payment method</td><td>1 mark</td></tr>
<tr><td>Context</td><td>Context linked to an advantage of the change in payment method</td><td>1 mark</td></tr>
</table>
</td><td></td></tr>
</table>

alpha

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>Analyse <u>two</u> external sources of finance that FW could use to invest in new machinery.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table></td><td>8</td></tr>
</table>

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Question	Answer	Marks
2(c)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of an external source of finance (max 2 marks – annotate first source on left and second source on right), including: • bank loan • another partner • convert to a limited company • venture capital • leasing • hire purchase • bank loans • mortgages • debt factoring • trade credit • micro-finance • crowd funding • government grant **AO2 Application** Context applied to an external source of finance (max 2 marks), including: • $4m needed • Low break-even so good contribution to help get a loan • Good business attractive to shareholders • Required for expansion • New product could be risky • Market research needed to assess viability • Partnership	

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Question	Answer	Marks
2(c)	**AO3 Analysis** Analysis of a relevant external sources of finance, including: *Limited analysis – candidate shows one link in the chain of analysis.* *Developed analysis candidate shows two or more links in the chain of analysis or a two-sided analysis.* • Long term loan may be suitable – would banks lend to a partnership? • Venture capitalist will want quick returns – so less time to make returns • Probably no debts to factor – so unavailable source • Government grant unlikely – unless help available to help (small) businesses to expand • Too much for micro-finance • Loss of ownership if convert – danger of takeover • Effect on liquidity – depending on length of time involved • Cost of finance – could be high interest rates **Note: Analysis must relate to a suitable source for financing machinery. For example, a mortgage is an external source so would get a K mark but not realistic for financing machinery unless linked by, e.g. saying a mortgage on the factory building to get finance to purchase the machinery**. Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>
Evaluate whether FW should expand its product portfolio to increase its sales volume.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
</td><td>12</td></tr>
</table>

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Question	Answer	Marks
2(d)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of product portfolio (max 2 marks), including: • Range of products in one business • Product diversification • Meet customer demand for more product choice Could relate to product life-cycle, Boston matrix Could consider impact on the 4ps/4cs e.g. • Price • Product • Promotion • Place **AO2 Application** Context applied to features of FW (max 2 marks), including: • Reliance on one product is risky so maybe should diversify into baseball caps • May need to change distribution method - sell at music festivals only – maybe could sell elsewhere e.g., other retailers, online • Other products more suitable e.g., posters • Move to a bigger factory provides opportunity • Requires $4m investment • FW is expanding	

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Question	Answer	Marks
2(d)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *– candidate shows two or more links in the chain of analysis.* • Requires research to establish demand • Single product portfolio – is the market saturated? • Satisfy more customers – increasing sales volume and increasing revenue and profit • There is a lack of direction for the future of the business and so there is a risk to the security and stability of FW. • Need for an integrated marketing mix to increase sales volume **AO4 Evaluation** *Limited evaluation* EVAL *- unsupported judgement and/or a weak attempt at evaluative comment* *Developed evaluation* E *– supported judgement and/or reasonable evaluative comment* *Developed evaluation in context* EE *– supported judgement in context and/or reasonable evaluative comment in context.* • An evaluation is likely to come from candidates making a judgment and justification of expanding product portfolio. • Any changes that might need to be made to make it more effective/less risky. • Are there more suitable methods of increasing sales volume? • Business expanding is now the right time to increase products. • High investment in the new factory needs careful consideration of equipment if expand portfolio. Accept all valid responses. . **Note: Developed evaluation in context** EE **should link to sales.**	

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Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/21**

Paper 2 Business Concepts 2 **October/November 2024**

1 hour 30 minutes

T2998255677

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 60.
- The number of marks for each question or part question is shown in brackets [ ].

alpha

This document has **4** pages. Any blank pages are indicated.

DC (LK) 337479/2
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1 Farm Equipment (FE)

FE is a public limited company based in country Z, where the primary sector accounts for 40% of all employees. Farm produce from country Z is sold to many other countries.

FE manufactures a range of farm equipment such as tractors and machinery. It sells its products to large farms. Farmers have remained loyal despite the availability of lower-cost farm equipment. FE's current market share in country Z is 8%. However, the market for farm equipment in country Z is growing and FE forecasts an increase in its market share, as shown in Table 1.1.

Table 1.1 The market for farm equipment in country Z

Year	2023 ($m)	2024 (forecast) ($m)
Market size	285	310
FE's revenue	22.8	29.45

Chuzi, FE's Managing Director, would like to develop new types of farm equipment. Chuzi recently appointed Lin, an intrapreneur tasked with developing new products.

FE's employees would like to join a trade union as they have low morale. They believe that management do not consider the welfare of the workforce. The employees feel that they have a poor work-life balance. FE does not offer any training and development opportunities. The management style is autocratic.

BL, a multinational farm equipment manufacturer, has recently located a factory close to FE. The management at FE is concerned about the impact of this on its human resource management (HRM).

(a) (i) Identify **one** feature of the primary sector. [1]

(ii) Explain the term *intrapreneur*. [3]

(b) (i) Refer to Table 1.1 and other information. Calculate the forecast change in FE's market share between 2023 and 2024. [3]

(ii) Explain **one** benefit to FE of product development. [3]

(c) Analyse **two** roles that FE has in the development of country Z. [8]

(d) Evaluate the likely impact on FE's HRM of the new BL factory. [12]

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2 Coffee Company Local (CCL)

CCL is a family business in country Y. It manufactures and sells coffee powder, which is used to make coffee drinks.

To make coffee powder CCL transforms coffee beans purchased from primary sector businesses into a fine powder. To make the powder, CCL roasts the beans, then grinds them into large pieces. Hot water is added to these large pieces, which transforms them into a liquid. When this liquid is cool, it is frozen and broken into tiny pieces that form the coffee powder. The coffee powder is then put in jars.

CCL uses product differentiation when selling the jars of coffee, as shown in Table 2.1.

Table 2.1 CCL's coffee products

Product	Description	Boston matrix analysis	Forecast proportion of total revenue (2024)
A	CCL's own brand	Cash cow	29%
B	A national supermarket's own label product	Question mark	30%
C	Quality product sold in a niche market	Question mark	15%
D	Non-branded product sold to wholesalers	Cash cow	26%

In 2023 CCL's total revenue was $10 million. Total revenue is forecast to increase by 10% in 2024.

The owners are concerned about CCL's long-term future, given the position of each product within the Boston Matrix.

The market for coffee products in country Y is forecast to grow by 25% over the next five years. CCL would like to increase the added value of its coffee products to benefit from the forecast market growth.

(a) (i) Identify **one** strength of a family business. [1]

(ii) Explain the term *niche market*. [3]

(b) (i) Refer to Table 2.1 and other information. Calculate the forecast total revenue of product C in 2024. [3]

(ii) Explain **one** benefit to CCL of using a budget. [3]

(c) Analyse **one** advantage and **one** disadvantage to CCL of using Boston Matrix analysis. [8]

(d) Evaluate the importance of operations to CCL's added value. [12]

CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/21**

Paper 2 Business Concepts 2 **October/November 2024**

MARK SCHEME

Maximum Mark: 60

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 2024 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

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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.

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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.

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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).

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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.

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Subject Specific Marking Principles for point-based marking

1 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:

- 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.
- DO credit alternative answers/examples which are not in the mark scheme if they are correct.
- DO credit answers where candidates give more than one correct answer where extended writing is required rather than short/list-type answers.
- DO NOT credit answers simply for using a key term unless that is all that is required. (Check for evidence it is clearly understood and used correctly.)
- DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities. For questions that require *n* reasons, e.g. State two reasons…, mark only the first two answers given, not any two that are correct out of a longer list.
- DO NOT give further credit for what is effectively repetition of a correct point already credited or to 'mirror' statements. For example, a response that includes: 'A business owner would benefit from limited liability as it would protect their personal possessions.' and 'If a business owner did not have limited liability they could lose everything.', cannot both be rewarded in answer to one question.
- DO NOT require spellings to be correct, it is not part of the test. However, spellings of business terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused, e.g. offshore/outsource or effective/efficient.

2 Presentation of mark scheme:

- Questions are in bold text.
- Possible responses are in normal text in a bulleted list.
- Marks are rewarded based on the table provided for each question.
- Possible responses are listed under the appropriate Assessment Objective.
- Slashes (/) separate alternative ways of making the same point.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark.

4 Annotation:

- Every response must have a minimum of one annotation.
- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers.
- For questions where only AO1 and AO2 are rewarded, there is a direct relationship between ticks and marks.
- For levels of response marking, the first time level 1 is achieved, L1 is annotated on the response. If/when level 2 is achieved, L2 should be used, etc.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who mark that paper.

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Guidance on using levels-based marking

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.

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Annotations for RM Assessor

To award	Annotation	Comment	Use on Paper 2
Correct		For objective points that are right or wrong.	**Q1(a)(i)** and **Q2(a)(i)** (identify) **Q1(b)(i)** and **Q2(b)(i)** (calculate)
Incorrect		For objective points that are wrong.	**Q1(a)(i)** and **Q2(a)(i)** (identify) **Q1(b)(i)** and **Q2(b)(i)** (calculate) Also, incorrect elements of ANY question.
Unclear		When there is a misunderstanding in a response.	Any
Too Vague		When the candidate has attempted something, but the mark/skill has not been awarded.	Any
Highlight	Highlighter Or Underline	To highlight a point or section of an answer that justifies the mark/annotation.	Any
Benefit of doubt		When the candidate has attempted something, and the mark/skill has been awarded.	Any
On page comment	On page comment	Rarely used in live marking. Very useful for practice scripts. To communicate with the supervisor.	Any
Not using text		When the context has not been used.	**Q1(b)(ii), Q1(c), Q1(d), Q2(b)(ii), Q2(c), Q2(d)**
Seen		To show a page/section has been seen/read.	Any
Not answering question		When the response is not focused on answering the question.	Any

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To award	Annotation	Comment	Use on Paper 2
Repetition	REP	The repetition of a previous point in a response Or Candidate is copying the case study/data.	Any
Own figure rule	OFR	The own figure rule applies – acts as a mark/tick.	**Q1(b)(i) and Q2(b)(i)**
Knowledge (AO1) L1	K	When AO1 has been awarded. Number of Ks should match the mark awarded.	**Q1(a)(ii), Q1(b)(ii), Q1(c), Q1(d), Q2(a)(ii), Q2(b)(ii), Q2(c), Q2(d)**
Knowledge (AO1) L2			
Application (AO2) L1	APP	When AO2 has been awarded. Number of APPs should match the mark awarded.	**Q1(a)(ii), Q1(b)(ii), Q1(c), Q1(d), Q2(a)(ii), Q2(b)(ii), Q2(c), Q2(d)**
Application (AO2) L2			
Analysis (AO3) L1	AN	When AO3 at Level 1 has been awarded.	**Q1(c), Q1(d), Q2(c), Q2(d)**
Analysis (AO3) L2	DEV	When AO3 at Level 2 has been awarded.	**Q1(c), Q1(d), Q2(c), Q2(d)**
Evaluation (AO4) L1	EVAL	When AO4 at Level 1 has been awarded.	**Q1(d) and Q2(d)**
Evaluation (AO4) L2	E	When AO4 at Level 2 has been awarded.	**Q1(d) and Q2(d)**
Evaluation (AO4) L3	EE	When AO4 at Level 3 has been awarded.	**Q1(d) and Q2(d)**

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Question	Answer	Marks
1(a)(i)	**Identify <u>one</u> feature of the primary sector.** **Indicative content** Any feature of the primary sector ✔, including: • extraction/collection of natural resources/raw materials • sell raw materials to the secondary sector • a primary sector industry such as farming, fishing, mining Accept all valid responses.	**1**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(ii)</td><td>

Explain the term *intrapreneur.*

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content

AO1 Knowledge and understanding
Knowledge of intrapreneur K, may include:
- manager who leads a team
- develop ideas/technologies/applications/ways of doing business
- creative/innovative

Note: without K cannot award any marks.

AO2 Application
Explanation of intrapreneur APP may include:
- employee within a business
- product development
- to help improve the company/profits
- to help meet the demand of consumers
- creates a competitive advantage

</td><td>3</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(ii)</td><td>
Context applied to intrapreneur APP, including:

risks stay with the business
takes on an entrepreneurial role within a business
has the characteristics (of) an entrepreneur
specific examples from FE, such as Lin developing new products
specific examples from BL, such as location of the factory

Guidance in awarding marks
<table>
<tr><td>Knowledge & understanding</td><td>Knowledge of intrapreneur</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Develops K point</td><td>1 mark</td></tr>
<tr><td>Context</td><td>Applied to a business context/ business environment/generic example</td><td>1 mark</td></tr>
</table>
Exemplars and annotations
<table>
<tr><th>Exemplars and annotations</th><th>Marks</th><th>Rationale</th></tr>
<tr><td>Creative employee within a business, like Lin for FE</td><td>3</td><td>Creative (K), employee within a business (explanation APP) like Lin for FE (context APP)</td></tr>
<tr><td>Has the characteristics of an entrepreneur developing new ways of doing business</td><td>2</td><td>Has the characteristics of an entrepreneur (context APP), developing new ways of doing business (K)</td></tr>
<tr><td>Manager leading a team</td><td>1</td><td>Only K</td></tr>
<tr><td>Takes on an entrepreneurial role</td><td>0</td><td>Although there is APP, without K no marks can be awarded</td></tr>
</table>
</td><td></td></tr>
</table>

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Question	Answer	Marks
1(b)(i)	**Refer to Table 1.1 and other information. Calculate the forecast change in FE's market share between 2023 and 2024.** Market share/total market × 100 (1) **OR** revenue/market revenue × 100 (1) **OR** FE's forecast market share 2024 =29.45 / 310 × 100 (1) = 9.5% (1) FE's market share 2023 = 8% (given in the case study so no mark for this figure) 9.5% – 8% = 1.5% (3)	3

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(i)</td><td>
<table>
<tr><td>Marks</td><td></td><td></td></tr>
<tr><td>3</td><td>Correct answer
1.5% (accept 1.5)</td><td>Working and % do not matter.</td></tr>
<tr><td>2</td><td>Formula
Market share/total market × 100
OR
Revenue/market revenue × 100
AND
Correct figures identified 29.45 / 310
OR
Inverted 310 / 29.45 × 100 (1 mark for implied formula)= 1052.6 (OFR mark)
OR
Show working for inverted formula (1) and then use this as 1052.6 – 8 = 1044.6 (OFR)</td><td>To award two marks, there must be
• Two ✓ and a ✗
OR
• One ✓ , one ✗ and one OFR</td></tr>
<tr><td>1</td><td>One of the following:
Formula
Market share/total market × 100
OR
Revenue/market revenue × 100
OR
Correct figures identified 29.45 / 310
OR
Inverted 310 / 29.45</td><td>To award one mark, there must be:
• One ✓ and two ✗</td></tr>
<tr><td>0</td><td>No creditable content.</td><td>To award zero marks, there must be
• One ✗</td></tr>
</table>
</td><td></td></tr>
</table>

PAGE 171

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Question	Answer	Marks
1(b)(ii)	**Explain <u>one</u> benefit to FE of product development.**	3

AO1 Knowledge and understanding 1 mark	AO2 Application 2 marks
	2 marks Developed application of **one** relevant point to a business context.
1 mark Knowledge of **one** relevant point is used to answer the question.	**1 mark** Limited application of **one** relevant point to a business context.
0 marks No creditable response.	**0 marks** No creditable response.

Indicative content

AO1 Knowledge and understanding
Knowledge of one benefit of product development K. Responses may include:
- keep up with trends
- stay competitive
- to enter new markets
- increase market share
- increase sales
- increase revenue/profit
- improve the quality of products
- increase customer satisfaction/loyalty
- widen customer base
- increases the range of products

AO2 Application
Explanation of a benefit of product development APP, including:
- innovative product may increase demand
- more accurately meet consumer demand
- may attract new customers

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>

- may be able to charge a premium price/price skimming

Context applied to a benefit to FE of product development APP including:
- market for farm equipment is increasing
- major competitor entered the market
- intrapreneur and project team investment
- developing new machinery
- sells to large farms
- market size increased due to product development/use of answer to **Q1(b)(i)** (OFR)

Accept all valid responses.

Guidance in awarding marks

Knowledge & understanding	Knowledge of a benefit of product development	1 mark
Explanation	Explanation of a benefit of product development	1 mark
Context	Context linked to a benefit of product development	1 mark

Exemplars and annotations	**Marks**	**Rationale**
Firms can enter new markets and widen their customer base and benefit from a growing market.	3	K for benefit, then APP for explaining why a benefit and APP for context from the case study.
Increases range of products to attract new customers	2	K for benefit, then APP for explaining why a benefit but there is no context
To stay competitive	1	K only
Market for farm equipment is increasing	0	No K demonstrated

</td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>

Analyse <u>two</u> roles that FE has in the development of country Z.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content

AO1 Knowledge and understanding
Knowledge of two roles K (max 1 mark each – annotate one on the left and the other on the right) including:
- creation of jobs/attract other foreign businesses
- increased tax revenue
- investment
- encourage growth
- contributes to economic development
- increase exports/earn foreign currency

</td><td>8</td></tr>
</table>

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Question	Answer	Marks
1(c)	**AO2 Application** Context applied to each role, APP (max 1 mark for each role) including: • current market share 8% • forecast to grow to 9.5% (OFR from 1bi) • accounts for 40% employment • FE is in secondary sector • farming produce sold to other countries • secures country Z's food supply • BL a multinational company investing in country Z • public limited company **AO3 Analysis** *Limited analysis* AN *- candidate shows one link in the chain of analysis.* *Developed analysis* DEV *candidate shows two or more links in the chain of analysis or a two-sided analysis.* • farm equipment aids efficiency in farming • farming is an important sector in country Z • may expand and create more employment/reduce unemployment – increasing country's businesses revenue– • could increase investment • helps develop the secondary sector • success of FM may have attracted BL to locate and invest in country Z **Note: Two-sided analysis could mean negative impacts considered such as effect on smaller businesses** Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>
Exemplars and annotations
<table>
<tr><th>AO1 Knowledge</th><th>AO2 Application</th><th>AO3 Analysis</th></tr>
<tr><td>Create more jobs [K].</td><td>As forecast share of total market revenue to increase [APP]</td><td>This helps reduce unemployment [AN] which will boost economic growth [DEV].</td></tr>
<tr><td>Increased government tax revenue [K]</td><td>As attracting multinational companies such as BL [APP]</td><td>Which increases revenue for other businesses in the country [AN] who make higher profits so pay more tax [DEV].</td></tr>
</table>
</td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>

Evaluate the likely impact on FE's HRM of the new BL factory.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

</td><td>12</td></tr>
</table>

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Question	Answer	Marks
1(d)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of the impact on HRM K (max 2 marks), including: • recruit employees • employees leave • increase in labour turnover • pressure on wages • better opportunities • higher welfare • training and development opportunities **AO2 Application** Context applied to the impact on FE's HRM APP (max 2 marks), including: • low morale • poor work-life balance • employees feel management do not prioritise their welfare • autocratic management style • trade unions • no training and development opportunities at FE • BL larger company • multinational companies **AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *– candidate shows two or more links in the chain of analysis.* • a competitor will need local workers so could recruit from FE's workforce • workers may join a competitor if higher wages/better conditions • FE may find increased costs (recruitment, increased wages) • pressure on managers so that they listen to employees • could delay product development if need to recruit replacement employees • lose the skills of current employees who could easily transfer to a competitor	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>

AO4 Evaluation

Limited evaluation EVAL *- unsupported judgement and/or a weak attempt at evaluative comment*
Developed evaluation E *- supported judgement and/or reasonable evaluative comment*
Developed evaluation in context EE *– supported judgement in context and/or reasonable evaluative comment in context.*

- a justified judgement
- identifying that the impact will ultimately depend on a number of unknowns (e.g. unemployment in country Z, BL could transfer employees from other countries)
- could attract workers from other regions of country Z
- discussion of negative v positive impacts
- working conditions may not be better in BL
- wages may be lower
- BL may not want workers who want to unionise
- likely success of BL in country Z unknown – risk to stability of employment
- how skilled are the employees – may not need highly skilled workers

Accept all valid responses.

Exemplars for awarding evaluation

<table>
<tr><th>L1 EVAL (limited supporting evidence)</th><th>L2 E (developed supporting evidence)</th><th>L3 EE (developed supporting evidence with context)</th></tr>
<tr><td>Depends if other companies offer higher wages, labour turnover might increase.</td><td>Depends on whether other companies offer higher wages, then workers leave FE and labour turnover might increase.</td><td>Depends on whether BL, a major competitor, offer higher wages, then workers leave FE, for employment with BL and labour turnover increases.</td></tr>
<tr><td>There may be no impact on HRM.</td><td>There may be no impact on HRM as there may not be better opportunities with other firms.</td><td>There may be no impact on HRM as there may not be better opportunities with other firms and BL is new to country Z so could be risky for workers who go to BL.</td></tr>
</table>

</td><td></td></tr>
</table>

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Question	Answer	Marks
2(a)(i)	**Identify <u>one</u> strength of a family business** **Indicative content** Strengths ✔ may include: • joint personal stake • united sense of purpose • trust • tend to take a long-run view • commitment • can be passed on to future generations • knowledge continuity **Note: Must relate to a family business, for example, continuity on its own not enough** Accept all valid responses.	**1**

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Question	Answer	Marks
2(a)(ii)	**Explain the term *niche market***	3

AO1 Knowledge and understanding 1 mark	AO2 Application 2 marks
	2 marks Developed application of **one** relevant point to a business context.
1 mark Knowledge of **one** relevant point is used to answer the question.	**1 mark** Limited application of **one** relevant point to a business context.
0 marks No creditable response.	**0 marks** No creditable response.

Indicative content

AO1 Knowledge and understanding
Knowledge of a niche market K (max 1 mark), including:
- (small) segment of a large market
- unique/specialised products
- luxury
- high quality

AO2 Application
Explanation of a niche market APP, including:
- often unprofitable for large companies
- profits often higher/can be sold at a premium price
- few competitors
- limited quantities produced
- customers have similar qualities/preferences

Context applied to niche market APP, including:
- examples of niche markets
- CCL sell product C in a niche market

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>Accept all valid responses.

Guidance in awarding marks
<table>
<tr><td>Knowledge & understanding</td><td>Knowledge of a niche market</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Development of the K point/characteristic of a niche market</td><td>1 mark</td></tr>
<tr><td>Context</td><td>Applied to a business context/business environment</td><td>1 mark</td></tr>
</table>
<table>
<tr><th>Exemplars and annotations</th><th>Marks</th><th>Rationale</th></tr>
<tr><td>Segment of a large market that sells luxury items such as the market for Rolex watches</td><td>3</td><td>K for segment of a large market, APP for explaining sells luxury good and APP for the example</td></tr>
<tr><td>Small segment of a market with few competitors</td><td>2</td><td>K for small segment of a market, APP for characteristic. No context APP</td></tr>
<tr><td>Small segment of a mass market</td><td>1</td><td>K only</td></tr>
</table></td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(i)</td><td>

Refer to Table 2.1 and other information. Calculate the forecast total revenue of product C in 2024.

Total revenue x proportion of revenue (1)
Total Revenue 2023 $10 million forecast to increase by 10% = $10 million + $1 million = $11 million (1)
Product C = 15% proportion of revenue = $11 million/100 × 15 (1)
= $1.65 million (3)

Accept all valid responses.

<table>
<tr><td>Marks</td><td></td><td></td></tr>
<tr><td>3 marks</td><td>Correct answer
$1.65 million</td><td>Working, $ and millions (m) do not matter.</td></tr>
<tr><td>2 marks</td><td>Formula
OR
Identifies correct figures
AND
Calculates increase in total revenue – $11m</td><td>To award two marks, there must be
• Two ✓ and a ✗
OR
• One ✓ , one ✗ andone OFR</td></tr>
<tr><td>1 mark</td><td>One of the following:
Formula
OR
Identifies correct figures
OR
Calculates increase in total revenue – $11m</td><td>To award one mark, there must be:
• One ✓ and two ✗</td></tr>
<tr><td>0 marks</td><td>No creditable content.</td><td>To award zero marks, there must be
• One ✗</td></tr>
</table>

</td><td>3</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>

Explain <u>one</u> benefit to CCL of using a budget.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content

AO1 Knowledge and understanding
Knowledge of a benefit K of using a budget, including:
- coordinates activities
- translate objectives into strategy
- translate strategy into tactics
- provide a record of organisational activities
- can improve communication
- improve resource allocation
- improve efficiency
- provides a tool for corrective action
- compare different areas of the business

AO2 Application
Explanation of a benefit of using budgets APP, including:
- coordinates activities; between functional areas of the business
- translate objectives into strategy; to make sure the objective is met
- translate strategy into tactics; to make the strategy is implemented
- provide a record of organisational activities; for later comparison

</td><td>3</td></tr>
</table>

PAGE 184

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>

- can improve communication/coordination; by giving financial targets
- improve resources allocation; by giving a quantitative target
- improve efficiency; by allocating finances to different areas of the organisation
- provides a tool for corrective action; when actual and budgeted are compared

Context applied to a benefit to CCL of using a budget APP including:

- two products at maturity
- two products with low market share
- niche market product has lowest contribution to total revenue
- market forecast of 25% growth

Accept all valid responses.

Guidance in awarding marks

Knowledge & understanding	Knowledge of a benefit of using budgets	1 mark
Explanation	Explanation of a benefit of using budgets	1 mark
Context	Context linked to a benefit of using budgets	1 mark

Exemplar and annotations	**Mark**	**Rationale**
Improve resources allocation by giving a quantitative target to enable CCL to benefit from the forecast market growth	3	K for benefit, then APP for explaining why a benefit and APP for context from the case study
By allocating finances to different areas of the organisation can improve efficiency	2	K for benefit, then APP for explaining why a benefit but there is no context
Improve resource allocation	1	K only
Sets financial targets		No K of a *benefit* demonstrated

</td><td></td></tr>
</table>

PAGE 185

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>

Analyse <u>one</u> advantage and <u>one</u> disadvantage to CCL of using Boston matrix analysis.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content

AO1 Knowledge and understanding

Knowledge of the Boston matrix K (max 1 mark if no knowledge of advantage or disadvantage), including:
- a method of analysing the product portfolio of a business in terms of market share and market growth

Knowledge of an advantage of Boston matrix analysis K (max 1 mark – annotate on left) including:
- to analyse the breadth/specialisation of a business's product portfolio
- to enable business to move ? to stars
- to ensure business to move stars to cash cows

</td><td>8</td></tr>
</table>

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Question	Answer	Marks
2(c)	• to enable business to launch new products • to enable business to avoid dogs Knowledge of a disadvantage of the Boston matrix analysis K (max 1 mark- annotate on right), including: • withdrawal of dogs from the market unlikely to increase revenue • to move ? to stars will need more spending on marketing • to move stars to cash cows will also require more spending/increased costs • sudden changes in demand may not be accounted for • does not consider contribution to total revenue/profit • does not consider other factors affecting products • data can be inaccurate **AO2 Application** Context applied to an advantage APP (max 1 mark) and disadvantage APP (max 1 mark) of Boston matrix analysis, including: • products a and d cash cows • products b and c question marks • no stars • limited portfolio of products • forecast market growth of 25% over the next 5 years • cash cows account for 55% of total revenue **AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *candidate shows two or more links in the chain of analysis or a two-sided analysis.* • product development essential for competition and survival • can inform investment decisions • simple framework to use • only considers market share and market growth so won't be a complete analysis as to why products growing/declining • help eliminate poorly performing products, saving money in the long run • helps businesses understand current and future situations • identify new opportunities to ensure future growth/success • need to consider extension strategies for products • although a product might contribute most to revenue what product will replace this if it declines?	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>Accept all valid responses.

Exemplars and annotations
<table>
<tr><th>AO1 Knowledge</th><th>AO2 Application</th><th>AO3 Analysis</th></tr>
<tr><td>To enable business to move ? to stars K.</td><td>Such as product C APP</td><td>Which is showing high market growth AN so CCL could consider ways to increase product C’s market share DEV</td></tr>
<tr><td>Simple analysis which does not take account of other factors K</td><td>Such as Product B’s forecast contribution to total revenue APP</td><td>Which is higher than either of the two cash cows AN so low market share may not need to be a concern DEV</td></tr>
</table></td><td></td></tr>
</table>

PAGE 188

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>Evaluate the importance of operations to CCL's added value.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table></td><td>12</td></tr>
</table>

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Question	Answer	Marks
2(d)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of operations/added value K (max 2 marks), including: • added value difference between price and costs • value added by the transformation process • produces outputs for customers • inputs used to create outputs • inputs are land, labour, capital and enterprise • outputs created in the manufacturing process • **AO2 Application** Context applied to CCL APP (max 2 marks), including: • coffee a growing market • many (5) processes involved in the transformation process • product differentiation • products in different quadrants in the Boston matrix analysis • same ingredient in differently labelled jars • taste important in coffee consumption • may contribute more to non-branded product **AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *– candidate shows two or more links in the chain of analysis.* • helps to build the brand – increasing revenue/sales/profit • can add product features that customers want – attract new customers/increase customer loyalty • ensure quality – goods suitable for purpose • operate efficiently – cost effective • charge a higher price – increasing profits/value added • flexibility and innovation important – especially in a competitive/dynamic environment • protects market share and can increase it	

PAGE 190

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>

AO4 Evaluation

Limited evaluation EVAL *- unsupported judgement and/or a weak attempt at evaluative comment*
Developed evaluation E *– supported judgement and/or reasonable evaluative comment*
Developed evaluation in context EE *– supported judgement in context and/or reasonable evaluative comment in context.*
A judgement whether operations does contribute to added value.

- evaluation of the relative importance of operations as compared to e.g. marketing
- elements that the evaluation/judgement might depend upon:
  - don't know how efficient production is
  - other factors such as promotion may contribute more to added value
  - quality of the product important
  - design of packaging also contributes
  - convenience to customers important in creating added value
  - branding and product differentiation may be a greater contribution
  - difficult to measure contribution of operations

Accept all valid responses.

Exemplars for awarding evaluation

<table>
<tr><th>L1 EVAL (limited supporting evidence)</th><th>L2 E (developed supporting evidence)</th><th>L3 EE (developed supporting evidence with context)</th></tr>
<tr><td>Operations is very important to CCL's added value.</td><td>Operations is very important to CCL's added value as the quality of a product helps determine the price that can be charged.</td><td>Operations is very important to CCL's added value as the quality of a product helps determine the price that can be charged. Quality must be ensured at each many processes involved in the transformation of coffee beans to ground coffee.</td></tr>
<tr><td>Product differentiation may be more important than operations.</td><td>Product differentiation may be more important than operations as good marketing is required to sell the products.</td><td>Product differentiation may be more important than operations as good marketing is required to sell the products, in the case of CCL each different coffee product has the same ingredients.</td></tr>
</table>

</td><td></td></tr>
</table>

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Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/22**

Paper 2 Business Concepts 2 **October/November 2024**

1 hour 30 minutes

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 60.
- The number of marks for each question or part question is shown in brackets [ ].

alpha

This document has **4** pages. Any blank pages are indicated.

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1 Pot Plants (PP)

PP is a private limited company that grows and sells plants in pots. PP has 12 large shops in country Q and uses a variety of promotion methods. The shops are located in the countryside and PP owns large fields near each shop where the plants are grown. The business is split into two divisions: growing and retail. Table 1.1 shows some human resource data about the divisions.

Table 1.1: Human resource data about PP's divisions

	Growing	Retail
Average workforce for the year	450	120
Number of employees who left in 2023	100	14
Trade union membership	100%	25%
Payment methods	Salary and piece rate	Salary and commission

PP's plants are all sold in plastic or clay pots. The manufacture of these pots is outsourced between two businesses.

- Clay Containers (CC) manufactures clay pots in one size and one colour using flow production. CC is based in country Q. PP would like a larger variety of pots, but CC does not want to pay the capital expenditure that this would require. CC has a lead time of three days for PP's pots.
- Fantastic Flexible (FF) manufactures plastic pots in a large factory in country S. The use of mass customisation means that it can produce any size and colour of pot. The lead time is one month for PP's pots.

(a) (i) Identify **one** promotion method. [1]

(ii) Explain the term *capital expenditure* (line 16). [3]

(b) (i) Refer to Table 1.1. Calculate the labour turnover rate for PP in 2023. [3]

(ii) Explain **one** possible impact on PP of its employees being trade union members. [3]

(c) Analyse **one** advantage and **one** disadvantage to PP of outsourcing the manufacture of pots. [8]

(d) Evaluate the importance to PP of workforce planning. [12]

2 The Drink Company (TDC)

TDC is a multinational carbonated drinks manufacturer with limited liability.

TDC had budgeted that its annual revenue would be $400m for the year ended 2023.

In 2023, TDC commissioned some primary market research to analyse its product portfolio using the Boston Matrix (see Table 2.1).

Table 2.1: Boston Matrix analysis

Market growth %	Market share %	
	High	Low
High	VKola	VTropical
Low	VLemon	VOrange

The Board of Directors has set two objectives for TDC to achieve by the end of 2025:

- to increase TDC's profit margin by reducing the cost of raw materials
- to increase TDC's market share of the business to consumer (B2C) market for carbonated drinks.

As part of its business plan to achieve these objectives, TDC is now merging with one of its main competitors, Harvest Liquids (HL). Table 2.2 shows some data about TDC and HL.

Table 2.2: Data about TDC and HL in 2023

	TDC	HL
Revenue	$340m	$280m
Profit for the year	$23.8m	$14m
Targeted market segment	Teenagers and young adults	Restaurants, events and hotels
Type of market	Consumer market (B2C)	Industrial market (B2B)

(a) (i) Identify **one** stage of the product life cycle. [1]

(ii) Explain the term *limited liability* (line 1). [3]

(b) (i) Refer to Table 2.2 and other information. Calculate the variance between TDC's budgeted revenue and actual revenue for 2023. State whether the variance is favourable or adverse. [3]

(ii) Explain **one** possible benefit to TDC of using budgets. [3]

(c) Analyse **two** ways in which TDC could use the Boston Matrix analysis in Table 2.1. [8]

(d) Evaluate whether the planned merger with HL will enable TDC to achieve its objectives. [12]

CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/22**

Paper 2 Business Concepts **October/November 2024**

MARK SCHEME

Maximum Mark: 60

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 2024 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

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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.

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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.

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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).

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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.

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Guidance on using levels-based marking

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.

PAGE 200

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Annotations for RM Assessor

To award	Annotation	Comment	Use on Paper 2
Correct		For objective points that are right or wrong.	**Q1(a)(i)** and **Q2(a)(i)** (identify) **Q1(b)(i)** and **Q2(b)(i)** (calculate)
Incorrect		For objective points that are wrong.	**Q1(a)(i)** and **Q2(a)(i)** (identify) **Q1(b)(i)** and **Q2(b)(i)** (calculate) Also, incorrect elements of ANY question.
Unclear		When there is a misunderstanding in a response.	Any
Too Vague		When the candidate has attempted something, but the mark/skill has not been awarded.	Any
Highlight	Highlighter Or Underline	To highlight a point or section of an answer that justifies the mark/annotation.	Any
Benefit of doubt		When the candidate has attempted something, and the mark/skill has been awarded.	Any
On page comment	On page comment	Rarely used in live marking. Very useful for practice scripts. To communicate with the supervisor.	Any
Not using text		When the context has not been used.	**Q1(b)(ii), Q1(c), Q1(d), Q2(b)(ii), Q2(c), Q2(d).**
Seen		To show a page/section has been seen/read.	Any
Not answering question		When the response is not focussed on answering the question.	Any

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To award	Annotation	Comment	Use on Paper 2
Repetition	REP	The repetition of a previous point in a response Or Candidate is copying the case study/data.	Any
Own figure rule	OFR	The own figure rule applies – acts as a mark/tick.	**Q1(b)(i)** and **Q2(b)(i)**
Knowledge (AO1) L1	K	When AO1 has been awarded. Number of Ks should match the mark awarded.	**Q1(a)(ii). Q1(b)(ii), Q1(c), Q1(d), Q2(a)(ii), Q2(b)(ii), Q2(c), Q2(d)**
Knowledge (AO1) L2			
Application (AO2) L1	APP	When AO2 has been awarded. Number of APPs should match the mark awarded.	**Q1(a)(ii). Q1(b)(ii), Q1(c), Q1(d), Q2(a)(ii), Q2(b)(ii), Q2(c), Q2(d)**
Application (AO2) L2			
Analysis (AO3) L1	AN	When AO3 at Level 1 has been awarded.	**Q1(c), Q1(d), Q2(c), Q2(d)**
Analysis (AO3) L2	DEV	When AO3 at Level 2 has been awarded.	**Q1(c), Q1(d), Q2(c), Q2(d)**
Evaluation (AO4) L1	EVAL	When AO4 at Level 1 has been awarded.	**Q1(d)** and **Q2(d)**
Evaluation (AO4) L2	E	When AO4 at Level 2 has been awarded.	**Q1(d)** and **Q2(d)**
Evaluation (AO4) L3	EE	When AO4 at Level 3 has been awarded.	**Q1(d)** and **Q2(d)**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(i)</td><td>Identify <u>one</u> promotion method.

Indicative content

Promotion methods ✔:
• advertising/advertisement
• sales
• direct
• digital
• packaging
• branding

Accept only the answers above

Do not accept examples of a method (i.e. social media or social media promotion), unless the method is specified (i.e. social media <u>advertising</u>).

If more than one answer is given, only mark the first, reading from top left to bottom right.</td><td>1</td></tr>
<tr><td>1(a)(ii)</td><td>Explain the term capital expenditure (line 16).

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
</td><td>3</td></tr>
</table>

PAGE 203

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(ii)</td><td>

Indicative content
Definition of capital expenditure:
the purchase of non-current assets that are expected to last for more than one year, such as buildings and machinery.

AO1 Knowledge and understanding
Knowledge of business expenditure K, may include:
- Purchasing
- Buying
- Spending money on
- Investing in

AO2 Application
Explanation of capital expenditure APP may include:
- Non-current assets
- Fixed assets
- Assets expected to last for more than a year/12 months

Context applied to capital expenditure way APP, including:
- Any example of capital expenditure, including:
- Machinery
- Property
- Factories

Accept all valid responses.

Guidance in awarding marks

<table>
<tr><td>Knowledge & understanding</td><td>Knowledge of business expenditure</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Application to capital expenditure</td><td>1 mark</td></tr>
<tr><td>Context</td><td>Applied to a business context/ business environment</td><td>1 mark</td></tr>
</table>

</td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(ii)</td><td>
<table>
<tr><th>Exemplar and annotations</th><th>Marks</th><th>Rationale</th></tr>
<tr><td>Buying K non-current assets APP, like machinery APP</td><td>3</td><td>Knowledge of expenditure with explanation of capital and a valid example of something that can be bought using capital expenditure.</td></tr>
<tr><td>When a business purchases K things that are likely to be used or owned for more than 12 months APP</td><td>2</td><td>Knowledge of expenditure and explanation of what capital is.</td></tr>
<tr><td>A vehicle APP is an example of capital that is purchased K</td><td>2</td><td>An example followed by the knowledge of expenditure. Only award if the K is present.</td></tr>
<tr><td>Capital expenditure is when a business purchases K capital items, such as a vehicle APP</td><td>2</td><td>Knowledge of purchasing and an example.</td></tr>
<tr><td>Buying K day to day things like inventory</td><td>1</td><td>The knowledge mark for understanding of expenditure, but the rest of the answer is incorrect – this is revenue expenditure.</td></tr>
<tr><td>Capital expenditure is when a business has expenditure on capital items, like machinery.</td><td>0</td><td>This is a tautology. Although the example is right, they cannot be awarded without K.</td></tr>
</table>
</td><td></td></tr>
</table>

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Question	Answer	Marks
1(b)(i)	**Refer to Table 1.1. Calculate the labour turnover rate for PP in 2023.** Formula: $\frac{\text{Number of employees who left a business within a time period}}{\text{Total number of employees in a business}} \times 100$ (1) **OR** $\frac{100+14}{450+120} \times 100$ (1) $\frac{114}{570} \times 100$ (1) = 20% (3) If the candidate calculates each division's labour turnover, award one mark for each correct answer, to a maximum of two marks in total. $\frac{100}{450} \times 100$ = 22.22% (1) (accept 22.2 (recurring*), 22.2 and 22 i.e. any correct rounding) $\frac{14}{120} \times 100$ = 11.67% (1) (accept 11.66 (recurring*), 11.67, 11.7 or 12 – i.e. any correct rounding) Do not accept 11.6 or 11.66 (incorrect rounding) Answer of 0.2 should be awarded 2 marks **with working.** *A recurring number can be shown as a dot above the recurring number i.e. 11.6 or three dots after the recurring number i.e. 22.2*	**3**

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Question	Answer	Marks
1(b)(i)	**Examples and annotations**	

Marks		
3 marks	Correct answer **20% or 20**	**Working and % sign do not matter**.
2 marks	**Both** of the following: • Formula • Correctly calculated employees who left (114) AND correctly calculated total employees (570) **OR** An incorrect answer with one mistake allowing OFR for final stage. **OR** Candidate has correctly calculated the labour turnover for **both** divisions (Growing 22.22% and Retail 11.67%) **OR** An answer of 0.2 (candidate did not multiply by 100) with appropriate working.	To award two marks, there must be • Two ✓ and a ✗ **OR** • One ✓, one ✗ and one OFR
1 mark	**One** of the following: • Correct formula • Correctly calculated employees who left (114) AND correctly calculated total employees (570) **OR** Candidate has correctly calculated the labour turnover for **one** division (Growing 22.22% and Retail 11.67%)	To award one mark, there must be: • One ✓ and two ✗
0 marks	No creditable content.	To award zero marks, there must be • One ✗

PAGE 207

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Question	Answer	Marks
1(b)(ii)	**Explain <u>one</u> possible impact on PP of its employees being trade union members.**	3

AO1 Knowledge and understanding 1 mark	AO2 Application 2 marks
	2 marks Developed application of **one** relevant point to a business context.
1 mark Knowledge of **one** relevant point is used to answer the question.	**1 mark** Limited application of **one** relevant point to a business context.
0 marks No creditable response.	**0 marks** No creditable response.

Indicative content

AO1 Knowledge and understanding

Knowledge of trade union involvement K (max 1 mark), including:

Positive, including:
- collective bargaining
- job security
- higher wages
- increased employee welfare
- better working conditions
- communication between employers and employees

Negative, including:
- industrial action (strikes, work to rule etc.)
- loss of productive time
- increased costs

AO2 Application

Explanation of why Trade Union involvement will have an impact on PP APP (max 1 mark), including:
- collective bargaining; may mean higher wages for employees
- job security; workers are less likely to leave
- higher wages; avoid a strike

PAGE 208

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Question	Answer	Marks
1(b)(ii)	• increased employee welfare; which the business has to pay for • better working conditions; because of collective bargaining • communication between employers and employees; improving coordination Negative impacts, including: • industrial action (strikes, work to rule etc.); to improve working conditions • loss of productive time; reducing the businesses ability to manufacture products • increased costs; from increased wages. Context applied to an impact of trade union involvement **at PP** APP (max 1 mark), including: • The growing division has 100% trade union membership – which may mean more impacts (positive and negative) • The retail division has only 25% trade union membership – which may mean employees do not share the same impacts (positive and negative). • 450 employees from the growing division are trade union members – but only 30 employees from the retail division are trade union members. • In total 480 employees are trade union members – which is 84% (rounded) of the entire workforce. • The salary for the growing division may be higher – than the salary for the retail division. • PP is a private limited company • 12 large shops in in countryside within country Q with fields near the shops. • Outsourcing used in retail division, not (as far as is known) in farming division. Accept all valid responses. **Guidance in awarding marks** Knowledge & understanding – Knowledge of trade union involvement – **1 mark** Explanation – Explanation of an impact on PP from trade union involvement – **1 mark** Context – Context linked to an impact on PP of trade union involvement – **1 mark**	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>
<table>
<tr><th>Exemplar and annotations</th><th>Marks</th><th>Rationale</th></tr>
<tr><td>An impact may be from collective bargaining K, which may mean PP has to pay increased wages APP. This will have a big impact on the Growing division which has 100% trade union membership APP</td><td>3</td><td>An impact of trade union membership is collective bargaining, and this impact can increase wages for the explanation. The context is applied to this impact.</td></tr>
<tr><td>One impact is that workers may insist on better working conditions K for the 570 employees APP.</td><td>2</td><td>An impact identified and context applied to this.</td></tr>
<tr><td>Collective bargaining K could lead to higher wages APP.</td><td>2</td><td>Both higher wages and collective bargaining are their own impacts, but the candidate has linked the two together here, so they have identified and explained (but no context).</td></tr>
<tr><td>Impacts include a strike K or workers picketing REP or better wages REP or increased costs REP.</td><td>1</td><td>Four impacts here, but they are not linked at all and so the first is awarded, but the others are REP.</td></tr>
<tr><td>Trade unions are a group of employees representing the interests of its members.</td><td>0</td><td>No impact here, so 0 marks. Not knowledge of Trade Union involvement – only a definition of a Trade Union</td></tr>
</table>
</td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>

Analyse <u>one</u> advantage and <u>one</u> disadvantage to PP of outsourcing the manufacture of pots.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

</td><td>8</td></tr>
</table>

PAGE 211

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Question	Answer	Marks
1(c)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of an advantage of outsourcing K (max 1 mark – annotate on left) including: • Improved focus on the core business activities • Increased efficiency • Controlling/low costs • Increased capacity • Improve quality • Access to specific skills. Knowledge of a disadvantage of outsourcing K (max 1 mark – annotate on right), including: • Loss of control over production process • Lack of control of quality • Reliance on an external stakeholder • Lack of flexibility • Delays/extra transportation may be inevitable. **AO2 Application** Context applied to an advantage APP (max 1 mark) and disadvantage APP (max 1 mark) of outsourcing to PP, including: • PP is a private limited company – limited liability, finance etc. • Sells potted plants in ceramic or clay pots – integral to product. • 12 large shops in countryside within country Q with fields near the shops. • Variety of pricing methods – requires a range of cheap to expensive priced products. • Outsourcing used in retail division, not (as far as is known) in farming division. • Use of Table 1.1 • CC is based in the same country as PP. • PP would like more variety from CC but CC does not want to afford the capital expenditure. • CC has a lead time of three days. • FF makes plastic pots in a large factory in country S (different country to PP). • FF uses mass customisation, producing any size and colour of pot. • FF has a lead time of one month.	

PAGE 212

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Question	Answer	Marks
1(c)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *candidate shows two or more links in the chain of analysis or a two-sided analysis.* Advantages of outsourcing, including: • Improved focus on the core business activities; lower costs – increased profit. • Increased efficiency; higher quantity of products – increased sales revenue. • Controlling costs (with CC); more cash available to overcome labour turnover problems in farming division. • Increased flexibility (with FF); better customer satisfaction – increased sales. • Improve quality; fewer defective pots – improved customer satisfaction. • Access to specific skills; better presentation of PP plants – increased sales. Disadvantages of outsourcing, including: • Loss of control over production process; may lead to poorer quality control – increased costs. • Reliance on an external stakeholder; relatively long lead times – reduced customer satisfaction. • Lack of flexibility; less able to respond to changes in customer demand – lower sales. • Delays may be inevitable (beyond the lead time); poor customer satisfaction – reduced sales revenue. • Likely to have a higher cost (due to having to cover CC or FF's profit margin); increased prices – lower sales, Accept all valid responses. **Exemplars and annotations** **AO1 Knowledge** / **AO2 Application** / **AO3 Analysis** Outsourcing can reduce PPs capital expenditure K / to produce plastic and clay pots APP / This allows PP to spend on other areas of the business such as marketing AN which could increase demand for its pots DEV. The pots will need to be transported to PP K / and FF is in another country APP. / Which could increase PP's costs AN and lead to lower profits DEV.	

PAGE 213

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>Evaluate the importance to PP of workforce planning.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
</table></td><td>12</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>

<table>
<tr><td>1</td><td>1 mark
Limited knowledge
of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application
of relevant point(s) to the business context.</td><td>1 mark
Limited analysis
that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content

AO1 Knowledge and understanding
Knowledge of the use and/or contents of a workforce plan K (max 2 marks).
Uses of a workforce plan, including:
- analysing the current workforce,
- determining future workforce needs,
- identifying the gap between the workforce you will have available and your future needs,
- implementing solutions so that an organisation can accomplish its mission, goals, and strategic plan.

Contents of a workforce plan, including:
- number of workers/employees required
- skills required
- skill gap analysis
- likely future human resource (HR) requirements
- action plan to achieve business human resource objectives
- demographic changes
- talent management

</td><td></td></tr>
</table>

PAGE 215

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Question	Answer	Marks
1(d)	**AO2 Application** Context applied to knowledge of workforce planning to PP APP (max 2 marks), including: • PP is a private limited company. • Both the farming and retail divisions rely on human resources. • 12 large shops in in countryside within country Q with fields near the shops. • Variety of pricing methods – may increase skills needed in retail workers. • Outsourcing used in retail division, not (as far as is known) in farming division. May involve communication skills. • Use of Table 1.1. **AO3 Analysis** *Limited analysis* AN *- candidate shows one link in the chain of analysis.* *Developed analysis* DEV *- candidate shows two or more links in the chain of analysis.* • Analysing the current workforce; both divisions are likely to require skilled workers including; Farming – agricultural, chemicals, managerial, manual – all of which have a cost associated – reduced profitability. Retail – customer services, managerial, marketing – some of which may be in high supply in country Q – reduced wages – increased profitability. • Determining future workforce needs; to maintain market share in what is likely to be a competitive market. • Determining future workforce needs; both divisions are likely to be labour intensive (especially retail) – increases PP's ability to operate in a competitive market. • Identifying the gap between the workforce you will have available and your future needs; farming division may require new product development – increased USP – increased sales. • Implementing solutions so that an organisation can accomplish its mission, goals, and strategic plan; to increase future growth/survival/profitability.	

PAGE 216

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>

AO4 Evaluation

Limited evaluation EVAL *– unsupported judgement and/or a weak attempt at evaluative comment*
Developed evaluation E *– supported judgement and/or reasonable evaluative comment*
Developed evaluation in context EE *– supported judgement in context and/or reasonable evaluative comment in context.*

- A judgement over importance to PP of workforce planning.
- Evaluation of the relative importance of different factors.
- Elements that the evaluation/judgement might depend upon – cost of the labour as a proportion of the total costs of the product/sales, which division is being planned for, the labour market in country Q, dynamism of the potted plant market in country Q, the USP of PP, PP's competitors.

Accept all valid responses.

Exemplars for awarding evaluation

<table>
<tr><th>L1 EVAL (limited supporting evidence)</th><th>L2 E (developed supporting evidence)</th><th>L3 EE (developed supporting evidence with context)</th></tr>
<tr><td>Workforce planning is very important to PP.</td><td>Workforce planning is very important to PP because it is a large business with many employees that are essential to the success of the business.</td><td>Workforce planning is very important to PP because it is a large business with 570 employees that are essential to the success of the business.</td></tr>
<tr><td>The importance of workforce planning depends on the local economy.</td><td>The importance of workforce planning depends on the local economy. For example, if there was high unemployment, then PP might easily replace workers, without the need to plan.</td><td>The importance of workforce planning depends on the local economy. For example if there was high unemployment near PP's 12 retail shops, then PP might easily replace workers, without the need to plan.</td></tr>
</table>

</td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(i)</td><td>Identify <u>one</u> stage of the product life cycle.

Indicative content:
Stages ✔ include:
• Development/research/testing/initial design
• Introduction/launch
• Growth
• Maturity/saturation
• Decline.

Accept only the answers above

If more than one answer is given, only mark the first, reading from top left to bottom right.</td><td>1</td></tr>
<tr><td>2(a)(ii)</td><td>Explain the term limited liability (line 1).
<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table></td><td>3</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>

Indicative content

AO1 Knowledge and understanding
Knowledge of limited liability K (max 1 mark), including:
- Limited liability is a legal status where a person's financial commitment/responsibility is restricted to a fixed sum
- Only a set amount of money invested is at risk
- Personal assets are not at risk
- Only business assets are at risk

AO2 Application
Explanation of limited liability APP (max 1 mark), including:
- Protects shareholders/investors
- Creates a separate legal identity (for a business)
- Most commonly limited to the value of a person's investment
- Can be linked to debt
- Also applies to legal actions (i.e. suing a business)

Context applied to limited liability APP (max 1 mark), including:
- An example of a type of business that has limited liability, including:
  Private limited company (allow Ltd)
  Public limited company (allow PLC, Inc. or Corp)
  Limited liability partnership
  Incorporated business

Accept all valid responses.

Guidance in awarding marks

<table>
<tr><td>Knowledge and understanding</td><td>Knowledge of limited liability</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Explanation of limited liability</td><td>1 mark</td></tr>
<tr><td>Context</td><td>Applied to a business context/business environment</td><td>1 mark</td></tr>
</table>

</td><td></td></tr>
</table>

PAGE 219

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>
<table>
<tr><th>Exemplar and annotations</th><th>Marks</th><th>Rationale</th></tr>
<tr><td>The most an owner could lose is the amount they invested [K] which protects investors [APP] within businesses such as private limited company [APP].</td><td>3</td><td>Clear knowledge of limited liability/risk, with the protection as explanation and a private limited company an example of a type of business that has limited liability.</td></tr>
<tr><td>Shareholders personal wealth is protected [APP] because they can only lose the sum of money that they invested [K], for example McDonalds has limited liability as a public limited company [APP].</td><td>3</td><td>The explanation comes first, followed by the knowledge and an example.</td></tr>
<tr><td>TDC must be either a PLC or Ltd [APP] to have limited liability. Only the amount invested is at risk [K].</td><td>2</td><td>The example comes first, followed by the knowledge.</td></tr>
<tr><td>Only the funds invested are at risk [K].</td><td>1</td><td>Knowledge only.</td></tr>
<tr><td>Limited liability means that shareholders are protected in case of financial difficulty.</td><td>0</td><td>There is no knowledge of limited liability here, so no other marks can be awarded.</td></tr>
</table>
</td><td></td></tr>
</table>

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Question	Answer	Marks
2(b)(i)	**Refer to Table 2.2 and other information. Calculate the variance between TDC's budgeted revenue and actual revenue for 2023. State whether the variance is favourable or adverse.** Variance = actual revenue – budgeted revenue (1) $400m – $340m = $60m (1) Adverse (1) Answer = $60m adverse (3) $60m (award 2 marks – without adverse). **Exemplar and annotations**	3

Marks		
3 marks	Correct answer **$60m adverse (allow 60 adverse or 60 unfavourable or –60 adverse)**	**Working, $ and millions (m) do not matter**. Do not accept a minus sign (–) as adverse.
2 marks	Correct calculation of size of variance (i.e. $60m or –$60m) **OR** An incorrect answer with one mistake allowing OFR for final stage.	To award two marks, there must be • Two ✓ and a ✗ **OR** • One ✓, one ✗ and one OFR
1 mark	**One** of the following: • Correct formula • Identification of numbers (i.e. 400 and 340)	To award one mark, there must be: • One ✓ and two ✗
0 marks	No creditable content.	To award zero marks, there must be • One ✗

PAGE 221

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>
Explain <u>one</u> possible benefit to TDC of using budgets.
<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
Indicative content

AO1 Knowledge and understanding
Knowledge of a benefit K of budgeting (max 1 mark), including:

Coordinates activities
To control finances/spending
To assist with planning
To monitor performance
Translate objectives into strategy.
Translate strategy into tactics.
Provide a record of organisational activities
Can improve communication
Improve resources allocation
Improve efficiency
Provides a tool for corrective action
Compare different areas of the business
To help achieve objectives.

</td><td>3</td></tr>
</table>

PAGE 222

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Question	Answer	Marks
2(b)(ii)	**AO2 Application** Explanation of a benefit of using budgets APP (max 1 mark), including: • Coordinates activities; between functional areas of the business • To control finances/spending; by allocating appropriate resources to different areas of the business • To monitor performance; by doing a variance analysis • Translate objectives into strategy; to make sure the objective is met • Translate strategy into tactics; to make the strategy is implemented • Provide a record of organisational activities; for later comparison • Can improve communication/coordination; by giving financial targets • Improve resources allocation; by giving a quantitative target • Improve efficiency; by allocating finances to different areas of the organisation • Provides a tool for corrective action; when actual and budgeted are compared • Compare different areas of the business; to improve communication/coordination Context applied to a limitation of using **budgets for TDC** APP (max 1 mark) including: • Use of answer to Q2bi ($60m – OFR) • Revenue was $360m in 2023 compared with a budget of $400m. • TDC's objective to reduce the cost of raw materials (by 2025) • TDC's objective to increase market share by 10%.of B2C market (by 2025) • TDC's product areas – VKola, Vtropical, VOrange and VLemon. • Use of Table 2.1 • Possible merger between HL and TDC • Use of Table 2.2 Accept all valid responses. **Guidance in awarding marks** Knowledge and understanding — Knowledge of a benefit of using budgets — **1 mark** Explanation — Explanation of a benefit of using budgets — **1 mark** Context — Context linked to a benefit of using budgets — **1 mark**	

PAGE 223

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>
<table>
<tr><th>Exemplar and annotations</th><th>Marks</th><th>Rationale</th></tr>
<tr><td>A benefit of using a budget is that it allows a business to efficiently allocate its resources K by allocating specific sums of money to different products APP like TDC allocating money to VKola APP.</td><td>3</td><td>A benefit showing knowledge and then explained for the first APP. The example is from the context so APP awarded.</td></tr>
<tr><td>It helps TDC to monitor its own performance K by doing a variance analysis APP to show adverse variances such as the $60m revenue variance APP.</td><td>3</td><td>A benefit showing knowledge and then explained for the first APP. The example is from the context so APP awarded.</td></tr>
<tr><td>Provides a financial plan K for each product like VOrange that TDC produces APP</td><td>2</td><td>Knowledge and context, but no explanation of how a financial plan is a benefit.</td></tr>
<tr><td>Budgets can improve efficiency K, and monitor performance and be used to help TDC achieve its objectives.</td><td>1</td><td>There are three benefits here, but all are only K. None are explained or contextualised.</td></tr>
<tr><td>TDC has a $60m adverse variance when they did the budget. This means that the revenue was lower than expected, which is bad for TDC.</td><td>0</td><td>There is no knowledge of a benefit of budgets here, so the context cannot be awarded.</td></tr>
</table>
</td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>

Analyse <u>two</u> ways in which TDC could use the Boston Matrix analysis in Table 2.1.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

</td><td>8</td></tr>
</table>

PAGE 225

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Question	Answer	Marks
2(c)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of uses of Boston Matrix K, such as: • To analyse the breadth/specialisation of a business's product portfolio • To manage/change its product portfolio • To Identify best/worst performing product • To identify opportunities for growth/investment • To identify opportunities for product development/new products • To allocate resources/budget effectively (between products) • To enable business to move ?/problem child to stars • To ensure business to move stars to cash cows • To enable business to launch new products • To enable business to avoid dogs • To help a business plan for the future sales/product development/achieve objectives *The Boston Matrix is also referred to as the BCG Matrix.* **AO2 Application** Context applied to a use of the Boston Matrix APP (max 2 marks), including: • Vkola – Star (high market growth, high market share) • VTropical – question mark/problem child (high market growth, low market share) • VOrange – Dog (low market growth, low market share) • VLemon – Cash Cow (low market growth, high market share) • Recent commissioned primary market research into TDC's product portfolio • TDC's objectives: to increase TDC's profit margin by reducing the cost of raw materials to increase TDC's market share of the business to consumer (B2C) market for carbonated drinks. • To provide data to HL about the business to facilitate the merger • Use of Table 2.2 • TDC is a multinational business	

PAGE 226

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Question	Answer	Marks
2(c)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *candidate shows two or more links in the chain of analysis or a two-sided analysis.* **Annotate first way on left and second way on right)** Analysis of using the Boston Matrix, including: • To analyse the breadth/specialisation of a business's product portfolio; only four products within TDC's portfolio, may mean the business will need to increase its product portfolio – to increase sales. • To analyse the breadth/specialisation of a business's product portfolio; to identify dogs for withdrawal from the market – unlikely to add to business revenue. • To enable business to move? to stars; to focus marketing spend on increasing VTropical's market share (to a star) – to increase revenue – to increase profit. • To ensure business to move stars to cash cows; to reduce marketing spend on Vkola (to a cash cow) as the market has lower growth – to reduce costs – to increase profitability. • To enable business to launch new products – to replace VTropical as it increases its market share – to increase sales – to increase profit. • To enable business to avoid dogs; suggest that VOrange may be a dog and TDC should reduce marketing spend (or discontinue the product) – to decrease overall costs of TDC – increase profit. Accept all valid responses. **Exemplars and annotations** **AO1 Knowledge** / **AO2 Application** / **AO3 Analysis** To see which products are performing poorly K. / For example VOrange is a dog APP. / Which may lead to TDC discontinuing VOrange AN and replacing it with a product which may have a larger market share DEV To identify stars K / Like VKola APP / Which will require high levels of promotion AN which may mean they develop into a cash cow for TDC. DEV.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>Evaluate whether the planned merger with HL will enable TDC to achieve its objectives.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
</table></td><td>12</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>

<table>
<tr><td>1</td><td>1 mark
Limited knowledge
of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application
of relevant point(s) to the business context.</td><td>1 mark
Limited analysis
that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content

AO1 Knowledge and understanding

Knowledge of mergers K, including:

- A type of business acquisition that describes the consolidation of two or more businesses or the assets of those businesses, including the joining of two firms, acquisition of a firm's assets (including intellectual capital), consolidations, tender offers, purchase of inventory, and management combination.
- Benefits of a merger, including:
  Shared resources
  May reduce costs
  Avoids duplication of resources
  Speedy way to grow
  Removes competition.

Knowledge of business objectives K, including:

- Business objectives are the specific and measurable, achievable, resourced and time-based results that businesses hope to reach. About giving a business a direction. Business strategy enables a business to reach its objectives.

</td><td></td></tr>
</table>

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Question	Answer	Marks
2(d)	**AO2 Application** Context applied to TDC and HL merging APP (max 2 marks), including: • Use of Table 2.1, including: Vkola – Star VTropical – question mark VOrange – Dog VLemon – Cash Cow • Recent commissioned primary market research into TDC's product portfolio • TDC's objectives: To increase TDC's profit margin by reducing the cost of raw materials To increase TDC's market share of the business to consumer (B2C) market for soft drinks. • Table 2.2 data, including: $340m revenue for TDC and $280m for HL – combined revenue of $620m. $23.8m profit (7% profit margin) for TDC and $14m (5% profit margin) for HL – combined $37.8m profit (6.01% combined profit margin– not 12% profit margin) Reduces TDC's end of year profit margin (as a percentage) assuming no cost savings. Likely to be cost savings by merging production facilities. Different target market segments; TDC convenience shops, supermarkets (retail) whereas HL sells to restaurants, events and hotels (commercial). TDC B2C whereas HL B2B. **AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *– candidate shows two or more links in the chain of analysis.* Analysis of the impact of a merger on the objectives of a firm, including: • Objective to increase profit margin: Reduce cost of sales – combining production facilities – shared product of soft drinks – increase profitability. Reduce marketing costs – although different target markets, so may not be possible. Reduce overlap of managerial positions – especially middle management – increase profitability. Combination of brand names – may further reduce marketing costs – increase profitability. Opens up a new market B2B for TDC – increase sales – increase profit (but not profit margin). However, also likely to increase costs, including the actual costs of the merger – reduce profitability (in the short run). Unlikely to increase profit by % by the end of 2024 – year almost over. Do not have information about the product portfolio of HL – likely to be some overlap which may reduce profitability.	

PAGE 230

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Question	Answer	Marks
2(d)	• Objective to increase market share: HL is targeting the B2B market – opens new market opportunities for TDC beyond the B2C market. By focussing on a new target market, TDC is unlikely to increase market share – more likely to reduce market share (as market size increases. Reduces the level of competition within the soft drinks market. **AO4 Evaluation** *Limited evaluation* EVAL *– unsupported judgement and/or a weak attempt at evaluative comment* *Developed evaluation* E *– supported judgement and/or reasonable evaluative comment* *Developed evaluation in context* EE *– supported judgement in context and/or reasonable evaluative comment in context.* • A judgement whether the planned merger with HL will enable TDC to achieve either or both objectives (reduce profit/profit margin and increase market share). Judgement must be linked to objectives and/or TDC's specific objectives). • Evaluation of the likelihood of the merger reaching one of the objectives (over the other). • Elements that the evaluation/judgement might depend upon – external environment, economic conditions, competitive structure of the soft drinks market, timescale of the objectives, strategies already implemented by the Board of Directors, product portfolio of HL etc. Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>Exemplars for awarding evaluation
<table>
<tr><th>L1 EVAL (limited supporting evidence)</th><th>L2 E (developed supporting evidence)</th><th>L3 EE (developed supporting evidence with context)</th></tr>
<tr><td>Yes, the merger will help TDC achieve its objective</td><td>Yes, the merger will help TDC achieve its objective by quickly increasing productive capacity enabling it to increase its sales.</td><td>Yes, the merger will help TDC achieve its objective by quickly increasing productive capacity enabling it to increase its sales and market share.</td></tr>
<tr><td>No, it won’t help TDC achieve its objective</td><td>No, it won’t help TDC achieve its objective because the businesses do not have the same target market.</td><td>No, it won’t help TDC achieve its objective of increasing market share because the businesses do not have the same target market.</td></tr>
<tr><td>Whether the merger will help achieve the objectives depends on TDC having the finance to fund the merger.</td><td>Whether the merger will help achieve the objectives depends on TDC having the finance to fund the merger, such as the money to make some unnecessary employees redundant.</td><td>Whether the merger will help achieve the objectives depends on TDC having the finance to fund the merger, such as the money to make some unnecessary employees redundant, if the combined target market remains B2C, then some of HL’s sales employees might be redundant.</td></tr>
</table></td><td></td></tr>
</table>

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Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/23**

Paper 2 Business Concepts 2 **October/November 2024**

1 hour 30 minutes

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 60.
- The number of marks for each question or part question is shown in brackets [ ].

alpha

This document has **4** pages. Any blank pages are indicated.

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1 Brenda's Bricks (BB)

BB is a newly established social enterprise in country X. It was set up by Brenda. Brenda has no experience of running a national business, but she used all her savings to recruit a team of young intrapreneurs.

Country X specialises in recycling plastic waste from other countries. It has a dynamic business environment and many businesses have recently failed.

Brenda saw an opportunity to recycle low-cost plastic waste into construction bricks. These could be used to help the poorest in society to build waterproof houses.

BB recently featured in a government promotion highlighting successful innovators. BB has trialled the method using job production and needs investment to produce its bricks commercially. A large national business, CC, is keen to invest in community projects to improve their corporate social image. CC needs to see a business plan before making a decision.

Brenda has started to investigate the costs of production for the business plan that CC has requested. (See Table 1.1.)

Table 1.1: Data about BB's costs and methods of production

	Batch production	Flow production
Purchase cost	$100 000 capital cost	$150 000 capital cost
Hire purchase cost	$500 per month over a 20-year period	$600 per month over a 25-year period
Output	A variety of sizes manufactured to customer preferences	One size of brick used in 80% of house construction
Manufacturing time	Average 40 bricks per hour	100 bricks per hour

(a) (i) Identify **one** potential risk to a business. [1]

(ii) Explain the term *national business* (line 2). [3]

(b) (i) Refer to Table 1.1. Calculate the total cost for the 25-year period of using hire purchase if Brenda chooses to use flow production. [3]

(ii) Explain **one** advantage for BB of using hire purchase as a source of finance. [3]

(c) Analyse **two** limitations for BB of creating a business plan. [8]

(d) Evaluate whether BB should use flow production to produce bricks. [12]

2 Vegan Burger (VB)

VB is an established vegan burger chain in country X. Its Unique Selling Point (USP) is high quality, good value vegan meals. Hilda, the Managing Director, grew the business without external investment and within 5 years had 10 restaurants in the north of country X.

VB was featured in a documentary exploring successful entrepreneurs in country X. This boosted VB's national brand awareness. As a result, VB changed its objective from developing brand awareness to increasing market share. VB chose a franchise model to meet this objective. VB sold 25 franchise licenses in country X in 5 years.

Two years ago, primary market research indicated pizza was a popular fast food in country X. VB added vegan pizza to its menu. Each pizza oven had a significant capital cost and required on-the-job training of the employees. VB invested in a six-month national television marketing campaign to promote the new menu item. Table 2.1 shows the financial data for producing pizzas.

Table 2.1 Financial data for producing pizzas

	per restaurant ($)
Fixed costs per month	1 000
Average variable costs per pizza	2
Average selling price per pizza	6

Vegan pizza has been sold by VB for two years. Tony, the Business Development Manager, provided sales data for these two years. Each restaurant sells on average 500 pizzas and 4500 burgers per month. Tony is worried that Patel's Pizza, an established pizza franchise, is more popular.

Tony has suggested removing pizza from the menu and repurposing the pizza ovens to cook hot desserts such as apple pies that complement the main burger meal. Hilda wants to continue marketing vegan pizza, as vegan food is currently very popular and the brand needs time and more marketing to be successful.

(a) (i) Identify **one** feature of a franchise. [1]

(ii) Explain the term *market share* (line 6). [3]

(b) (i) Refer to Table 2.1. Calculate VB's breakeven level of output per month per restaurant. [3]

(ii) Explain **one** reason for VB to have accurate cost information. [3]

(c) Analyse **two** benefits for VB of on-the-job training. [8]

(d) Evaluate whether VB should continue to market vegan pizza. [12]

CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/23**

Paper 2 Business Concepts 2 **October/November 2024**

MARK SCHEME

Maximum Mark: 60

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 2024 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

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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.

PAGE 237

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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.

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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).

PAGE 239

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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.

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Subject Specific Marking Principles for point-based marking

1 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:

- 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.
- DO credit alternative answers/examples which are not in the mark scheme if they are correct.
- DO credit answers where candidates give more than one correct answer where extended writing is required rather than short/list-type answers.
- DO NOT credit answers simply for using a key term unless that is all that is required. (Check for evidence it is clearly understood and used correctly.)
- DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities. For questions that require *n* reasons, e.g. State two reasons…, mark only the first two answers given, not any two that are correct out of a longer list.
- DO NOT give further credit for what is effectively repetition of a correct point already credited or to 'mirror' statements. For example, a response that includes: 'A business owner would benefit from limited liability as it would protect their personal possessions.' and 'If a business owner did not have limited liability they could lose everything.', cannot both be rewarded in answer to one question.
- DO NOT require spellings to be correct, it is not part of the test. However, spellings of business terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused, e.g. offshore/outsource or effective/efficient.

2 Presentation of mark scheme:

- Questions are in bold text.
- Possible responses are in normal text in a bulleted list.
- Marks are rewarded based on the table provided for each question.
- Possible responses are listed under the appropriate Assessment Objective.
- Slashes (/) separate alternative ways of making the same point.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark.

4 Annotation:

- Every response must have a minimum of one annotation.
- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers.
- For questions where only AO1 and AO2 are rewarded, there is a direct relationship between ticks and marks.
- For levels of response marking, the first time level 1 is achieved, L1 is annotated on the response. If/when level 2 is achieved, L2 should be used, etc.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who mark that paper.

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Guidance on using levels-based marking

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.

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Annotations for RM Assessor

To award	Annotation	Comment	Use on Paper 2
Correct		For objective points that are right or wrong.	**Q1(a)(i)** and **Q2(a)(i)** (identify) **Q1(b)(i)** and **Q2(b)(i)** (calculate)
Incorrect		For objective points that are wrong.	**Q1(a)(i)** and **Q2(a)(i)** (identify) **Q1(b)(i)** and **Q2(b)(i)** (calculate) Also, incorrect elements of ANY question.
Unclear		When there is a misunderstanding in a response.	Any
Too Vague		When the candidate has attempted something, but the mark/skill has not been awarded.	Any
Highlight	Highlighter Or Underline	To highlight a point or section of an answer that justifies the mark/annotation.	Any
Benefit of doubt		When the candidate has attempted something, and the mark/skill has been awarded.	Any
On page comment	On page comment	Rarely used in live marking. Very useful for practice scripts. To communicate with the supervisor.	Any
Not using text		When the context has not been used.	**Q1(b)(ii)**, **Q1(c)**, **Q1(d)**, **Q2(b)(ii)**, **Q2(c)**, **Q2(d)**
Seen		To show a page/section has been seen/read.	Any
Not answering question		When the response is not focused on answering the question.	Any

PAGE 243

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To award	Annotation	Comment	Use on Paper 2
Repetition	REP	The repetition of a previous point in a response Or Candidate is copying the case study/data.	Any
Own figure rule	OFR	The own figure rule applies – acts as a mark/tick.	**Q1(b)(i)** and **Q2(b)(i)**
Knowledge (AO1) L1	K	When AO1 has been awarded. Number of Ks should match the mark awarded.	**Q1(a)(ii)**, **Q1(b)(ii)**, **Q1(c)**, **Q1(d)**, **Q2(a)(ii)**, **Q2(b)(ii)**, **Q2(c)**, **Q2(d)**
Knowledge (AO1) L2			
Application (AO2) L1	APP	When AO2 has been awarded. Number of APPs should match the mark awarded.	**Q1(a)(ii)**, **Q1(b)(ii)**, **Q1(c)**, **Q1(d)**, **Q2(a)(ii)**, **Q2(b)(ii)**, **Q2(c)**, **Q2(d)**
Application (AO2) L2			
Analysis (AO3) L1	AN	When AO3 at Level 1 has been awarded.	**Q1(c)**, **Q1(d)**, **Q2(c)**, **Q2(d)**
Analysis (AO3) L2	DEV	When AO3 at Level 2 has been awarded.	**Q1(c)**, **Q1(d)**, **Q2(c)**, **Q2(d)**
Evaluation (AO4) L1	EVAL	When AO4 at Level 1 has been awarded.	**Q1(d)** and **Q2(d)**
Evaluation (AO4) L2	E	When AO4 at Level 2 has been awarded.	**Q1(d)** and **Q2(d)**
Evaluation (AO4) L3	EE	When AO4 at Level 3 has been awarded.	**Q1(d)** and **Q2(d)**

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Question	Answer	Marks
1(a)(i)	**Identify <u>one</u> potential risk to a business** **Indicative content** Responses may include: • lack or loss of customers/demand/reputation/image • financial – poor cashflow management/unexpected costs/low profits • competition – new competitors/new more superior competing products/new substitutes • IT failure/cyber-attack/supply chain disruption/pandemic/economic factors • operational/compliance/legal/strategic risks • changing external factors, e.g. poor economic climate • inexperienced managers • bankruptcy/insolvency/business failure Accept all valid responses.	1

alpha

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(ii)</td><td>

Explain the term *national business* (line 2).

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content

AO1 Knowledge and understanding
Knowledge of national business K, may include:
- in one country
- within a country
- only one country
- only domestic

AO2 Application
Explanation of a national business APP may include:
- the business only sells products (in one country) / sell
- the business only operates (within a country) / trading
- customers from (only one country)
- (only domestic) target market / not worldwide or global

</td><td>3</td></tr>
</table>

PAGE 246

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(ii)</td><td>Context applied to national business APP, including:
• any example of a national business, e.g. retailer with branches in one country
• an example of a benefit or cost of being a national business

Application can be made to BB/CC or any other scenario/context/business/person

Do not reward vague answers, e.g. business that operates nationwide

Accept all valid responses.

Guidance in awarding marks
<table>
<tr><td>Knowledge & understanding</td><td>Knowledge of a national business</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Explanation of a national business</td><td>1 mark</td></tr>
<tr><td>Context</td><td>Applied to a business context/business environment</td><td>1 mark</td></tr>
</table></td><td></td></tr>
</table>

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Question	Answer	Marks
1(b)(i)	**Refer to Table 1.1. Calculate the total cost for the 25-year period of using hire purchase if Brenda chooses to use flow production.** **Indicative content** **1 mark for the formula for calculating the hire purchase cost (words or figures)** **1 mark for calculating the hire purchase cost per year / number of months over the 25-year period** **1 mark for calculating the hire purchase cost over the 25-year period** • Hire purchase cost = (cost per month × 12 months) × 25 years • Hire purchase cost over a 25-year period = \$600 × 12 months = \$7200 = \$7200 × 25 years = \$180 000 Answer = \$180 000 **(3)**	**3**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(i)</td><td>
<table>
<tr><td>Marks</td><td></td><td></td></tr>
<tr><td>3 marks</td><td>Correct answer
$180 000 allow 180 000</td><td>Working and units do not matter.

Must be three ✓ to denote the three marks.</td></tr>
<tr><td>2 marks</td><td>One of the following:
• Correct formula for the hire purchase cost over a <u>25-year period</u> (figures or words)
AND ONE OF
• Correct calculation of the hire purchase cost per <u>year</u> ($7200)
OR
• Correct calculation of the number of months over the 25-year period (12 × 25 = 300 months)

• Incorrect answer with one mistake allowing OFR for the final stage, e.g. 180</td><td>To award two marks, there must be
• Two ✓ and a ✗
OR
• One ✓, one ✗ and one OFR</td></tr>
<tr><td>1 mark</td><td>One of the following:
• Correct formula for the hire purchase cost over a <u>25-year period</u> (figures or words)
OR
• Correct calculation of the hire purchase cost per <u>year</u> ($7200)
OR
• Correct calculation of the number of months over the 25-year period (12 × 25 = 300 months)</td><td>To award one mark, there must be:
• One ✓ and two ✗</td></tr>
<tr><td>0 marks</td><td>No creditable content.</td><td>To award zero marks, there must be
• One ✗</td></tr>
</table>
</td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>
Explain <u>one</u> advantage for BB of using hire purchase as a source of finance.
<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
Indicative content

AO1 Knowledge and understanding
• fixed monthly repayments
• own the product after the final payment is made (unlike leasing)
• can budget as know the fixed monthly repayment
• business does not have to make a large initial cash payment
• long timescale to finance the asset

AO2 Application
• APP can be awarded for a further development of the AO1 point

Use of context/data related to HP as a source of finance for BB:
<table>
<tr><td>Machinery ($)</td><td>$100 000 capital cost – mass production</td><td>$500 per month over a 20-year period</td></tr>
<tr><td></td><td>$150 000 capital cost – batch production</td><td>$600 per month on a 25-year period</td></tr>
</table>
</td><td>3</td></tr>
</table>

PAGE 250

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>

- used all savings
- featured in a government promotion
- dynamic business environment
- new business

Application for the second APP mark must be made to BB and cannot be generic

No reward for reference to interest payments leading to BB paying more than the purchase cost of the asset as it is a disadvantage.

Accept all valid responses.

Guidance in awarding marks

<table>
<tr><td>Knowledge & understanding</td><td>Knowledge of an advantage of the use of hire purchase</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Explanation of an advantage of the use of hire purchase</td><td>1 mark</td></tr>
<tr><td>Context</td><td>Applied to a business context/business environment</td><td>1 mark</td></tr>
</table>

</td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>

Analyse <u>two</u> limitations for BB of creating a business plan.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

</td><td>8</td></tr>
</table>

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Question	Answer	Marks
1(c)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of limitations to BB of creating a business plan K (max 2 marks – annotate first limitation on left and second limitation on right) including: • requires skill to produce a business plan • require experience to produce a business plan • waste/use of resources to create business plan, e.g. time, financial • opportunity cost of producing a business plan • could create a false sense of certainty • based on estimates/predictions • may lead entrepreneurs to be inflexible/reduce creativity – new opportunities may arise that are not in the plan, and could be overlooked/rejected • cannot account for changes in the external environment Do not reward vague answers, e.g. poorly written or inaccurate data. **AO2 Application** Context applied to a limitation of BB creating a business plan APP (max 2 marks), including: • BB is a newly established enterprise • Brenda is inexperienced • no sales data • social enterprise • dynamic business environment • many businesses have recently failed • recycle low-cost waste to help the poorest in society • any financial data from Table 1.1 • CC is keen to invest to improve its own corporate social image	

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Question	Answer	Marks
1(c)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *candidate shows two or more links in the chain of analysis or a two-sided analysis.* Limitations may include: • requires skill, experience and understanding to produce a business plan which Brenda does not have may make errors with the market research/predictions – may lead to CC not investing in the project • waste/use of resources to create business plan, e.g. time, financial; which could be used on other tasks in the business – leading to reduced profits/revenue • could create a false sense of certainty; leading to poor decisions – business failure • based on estimates/predictions which may be inaccurate; leads to a shortfall in funds – banks may not be willing to increase investment • inflexibility; BB may miss out on new opportunities – limit growth potential/profitability Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>Evaluate whether BB should use flow production to produce bricks.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table></td><td>12</td></tr>
</table>

PAGE 255

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Question	Answer	Marks
1(d)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of the features of flow production K (max 2 marks), including: • continuous production/24–7 • mass production • higher productivity • suited to identical/standardised products (no changes/undifferentiated)/lack of flexibility • automation • high purchase cost • use of machinery/technology • machines need to be maintained • large quantities of output **AO2 Application** Context applied to features of flow production APP (max 2 marks), including: • BB is a newly established enterprise • no sales data • social enterprise • dynamic business environment • many businesses have recently failed • recycle low-cost waste • any financial data from Table 1.1 • CC is keen to invest to improve its own corporate social image • BB's target market are the poorest in society/citizens on low incomes • mass production produces one standard brick/batch production creates a variety of sizes of bricks according to customer preferences • one size of brick used in 80% of house construction	

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Question	Answer	Marks
1(d)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *– candidate shows two or more links in the chain of analysis.* • higher productivity; increased efficiency – increase profitability • mass production; higher market share – increased revenue and profits for future growth • the standard brick is used in 80% of house construction – potential for a large share of the market – market leadership • higher productivity; economies of scale/reduced unit cost of production – can lower prices for customers • higher purchase cost; larger source of finance needed to purchase outright – increased cost of borrowing/less funds available for future expansion • higher purchase cost per month; higher monthly expenses – increased cash outflow • cannot change the design of the brick; reduced customer satisfaction – reduced market share as customers move to competitors with more choice **AO4 Evaluation** *Limited evaluation* EVAL *– unsupported judgement and/or a weak attempt at evaluative comment* *Developed evaluation* E *– supported judgement and/or reasonable evaluative comment* *Developed evaluation in context* EE *– supported judgement in context and/or reasonable evaluative comment in context.* • a judgement over whether BB should use flow production to produce bricks • what the judgement might depend upon; the amount of investment and level of risk CC is prepared to accept for a new social enterprise, the likely requirements of the target market, the ability and skill of the end users and the lifespan of the machinery. • weighing up of the arguments for flow production on the success of the social enterprise Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>Exemplars for awarding evaluation
<table>
<tr><th>L1 EVAL (limited supporting evidence)</th><th>L2 E (developed supporting evidence)</th><th>L3 EE (developed supporting evidence with context)</th></tr>
<tr><td>BB should use flow production.</td><td>BB should use flow production because a higher number of bricks can be produced per hour.</td><td>BB should use flow production because 100 bricks can be produced per hour which is 60 more per hour than batch production.</td></tr>
<tr><td>No, batch production is better than flow production.</td><td>No, batch production is better than flow production because a variety of brick sizes can be made leading to greater customer satisfaction.</td><td>No, batch production is better than flow production because a variety of brick sizes can be made leading to greater customer satisfaction. 20% of house construction do not use the standard brick size so these customers' needs would otherwise be unmet.</td></tr>
<tr><td>Flow production should be used by BB.</td><td>Flow production should be used by BB as the higher productivity will enable the business to generate more revenue.</td><td>Flow production should be used by BB as the higher productivity will enable the business to generate more revenue, which can be used to cover the $600 hire purchase cost per month.</td></tr>
</table></td><td></td></tr>
</table>

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Question	Answer	Marks
2(a)(i)	**Identify <u>one</u> feature of a franchise.** **Indicative content** Knowledge of one feature of a franchise including: • the legal right/contract for another business to use the: name; logo; marketing methods • need to follow franchisor's requirements • franchise fee • share of profits (royalty fee) to franchisor • trades under an established brand name • franchisee has access to training/support • franchisee cannot make decisions without franchisor's approval Accept all valid responses.	1

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>

Explain the term *market share* (line 6).

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content
Responses may include:

- formula (2 marks)

$$\text{market share} = \frac{\text{sales of the business/product}}{\text{total market sales}} \times 100$$

AO1 Knowledge and understanding
- the sales of a specific business/product

AO2 Application
- comparison to the sales in the total market

Application to a business context:
- way of comparing the size of a business against its competitors
- shows the amount of 'power/influence' that the business has in the market/market dominance

</td><td>3</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>

- an increased market share gives the business more power, e.g. price setter
- the business with the highest market share is the market leader
- selling 25 franchise licenses helped VB increase its market share in country X
- VB added vegan pizza to its menu to gain a higher market share of the fast-food market
- example of a market leader to illustrate market share, e.g. Tesco is the market leader of the UK supermarket industry so has the highest market share

Application can be made to VB or any other scenario/context/business/person.
Allow application to market share.

Accept all valid responses.

Guidance in awarding marks

<table>
<tr><td>Knowledge & understanding</td><td>Knowledge of market share</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Explanation of market share</td><td>1 mark</td></tr>
<tr><td>Context</td><td>Applied to a business context/ business environment</td><td>1 mark</td></tr>
</table>

</td><td></td></tr>
</table>

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Question	Answer	Marks
2(b)(i)	**Refer to table 2.1. Calculate VB's breakeven level of output per month per restaurant.** **Indicative content** **1 mark for the formula for breakeven (words or figures) OR correct calculation for the contribution per unit** **1 mark for formula for breakeven (words or figures) AND calculating the contribution per unit** **1 mark for calculating the breakeven level of output per month per restaurant (OFR)** • formula: fixed costs / contribution per unit (1) • calculation of fixed costs and contribution per unit (1) – fixed costs: $1000 – contribution per unit: selling price per unit ($6) – variable cost per unit ($2) $4 • calculation of the breakeven level of output per month per restaurant – $1000/$4 – BE level of output: 250 per month (1 OFR) • answer = 250 **(units) (3)** Accept all valid responses.	**3**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(i)</td><td>
<table>
<tr><td>Marks</td><td></td><td></td></tr>
<tr><td>3 marks</td><td>Correct answer
250 (units) allow 250</td><td>Working and units do not matter.

Must be three ✓ to denote the three marks.</td></tr>
<tr><td>2 marks</td><td>Both of the following:
Correct formula for the breakeven output (words or figures)
AND
Correct calculation of the contribution per pizza
OR
An incorrect answer for the breakeven output with one mistake allowing OFR for final stage.</td><td>To award two marks, there must be
• Two ✓ and a ✗
OR
• One ✓ , one ✗ and one OFR</td></tr>
<tr><td>1 mark</td><td>One of the following:
Correct formula for the breakeven output (words or figures)
OR
Correct calculation of the contribution per pizza</td><td>To award one mark, there must be:
• One ✓ and two ✗</td></tr>
<tr><td>0 marks</td><td>No creditable content.</td><td>To award zero marks, there must be
• One ✗</td></tr>
</table>
</td><td></td></tr>
</table>

PAGE 263

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>
Explain <u>one</u> reason for VB to have accurate cost information.
<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
Indicative content

AO1 Knowledge and understanding
• to calculate profit or loss
• to make pricing and business decisions
• to predict cashflow
• to measure performance
• to set budgets
• to allocate resources

AO2 Application
Explanation of a reason for VB to have accurate cost information
• APP can be awarded for development of the AO1 point, e.g.
– to calculate profit or loss; requires a business to know its costs/revenues
– to make pricing and business decisions; so that costs are covered
– to predict cashflow; by considering accurate outflows
– to measure performance; by analysing how costs change over time
– to set budgets; in line with predicted expenditure
– to allocate resources; so that the business knows what it is paying out for
</td><td>3</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>Context applied to VB of a reason for accurate cost information:
• each pizza is sold for $6 with a contribution of $4
• fixed costs per month of $1000
• breakeven output is 250 pizzas per month
• any data from Table 2.1
• objective changed from developing brand awareness to increasing market share
• franchise
• Patel’s Pizza is a competing business
• VB ran a six-month national television marketing campaign to promote the new vegan pizza

Application for the second APP mark must be made to VB and not generic.

Accept all valid responses.

Guidance in awarding marks
<table>
<tr><td>Knowledge and understanding</td><td>Knowledge of a reason for accurate cost information</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Explanation of a reason for accurate cost information</td><td>1 mark</td></tr>
<tr><td>Context</td><td>Applied to a business context/business environment</td><td>1 mark</td></tr>
</table>
</td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>

Analyse <u>two</u> benefits for VB of on-the-job training.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

</td><td>8</td></tr>
</table>

PAGE 266

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Question	Answer	Marks
2(c)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of on-the-job training (max of 1 mark if no benefit of on-the-job training) Knowledge of benefits of on-the-job training K (max 2 marks – annotate first benefit on left and second benefit on right) including: • provided by managers or experienced colleagues – so trainers use first-hand experience to train • methods include demonstration/instruction/coaching/job rotation • low cost/off-the-job training is not needed • learn while doing the actual job • employee will produce output whilst training • training in a live/real situation • training tailored to working at VB • the employee will get to know colleagues • the employee will learn about the organisational culture **AO2 Application** Context applied to a benefit for on-the-job training APP (max 2 marks), including: • breakeven output is 250 pizzas per month • any data from Table 2.1 • objective changed from developing brand awareness to increasing market share • franchise • vegan pizza has been sold by VB for two years • each restaurant sells on average 500 pizzas and 4500 burgers per month • Patel's Pizza is a competing business • VB ran a six-month national television marketing campaign to promote the new vegan pizza	

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Question	Answer	Marks
2(c)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *candidate shows two or more links in the chain of analysis or a two-sided analysis.* • on-the-job training is cheaper than off-the-job training; low risk – increase profits • utilise trainers from within the business; motivates the employees chosen to do the training – increased productivity/reduced labour turnover • increases productivity; employees trained while working – increases revenue/profits • tailored to the needs of VB; trains on the specific machinery used/menu served – less induction training needed • trainee will get to know colleagues whilst training; better team working – better customer service/customer satisfaction Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>

Evaluate whether VB should continue to market vegan pizza.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

</td><td>12</td></tr>
</table>

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Question	Answer	Marks
2(d)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of marketing K (max 2 marks), including: • the marketing mix (four Ps) – getting the right product at the right price to the right place and making customers aware of it using the right promotional methods • market research • the nature of marketing **AO2 Application** Context applied to features of marketing APP (max 2 marks), including: • established vegan burger chain – USP for high quality, good value vegan burger meals • featured on a documentary for successful entrepreneurs in country X • breakeven output is 250 pizzas per month • any data from Table 2.1 • objective changed from developing brand awareness to increasing market share • franchise • primary market research two years ago found pizza was a popular fast food • vegan pizza has been sold by VB for two years • each restaurant sells on average 500 pizzas and 4500 burgers per month • profit for vegan pizza is \$1000 per month (\$500 per month × 4 = \$2000 – \$1000 fixed cost) • Patel's Pizza is a competing business • VB ran a six-month national television marketing campaign to promote the new vegan pizza **AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *– candidate shows two or more links in the chain of analysis.* Possible impacts of continuing to market vegan pizza, including: • pizza is a popular fast food – VB has a USP for high quality, good value vegan meals – may gain a higher market share – increase revenues	

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Question	Answer	Marks
2(d)	• VB restaurants sell 500 pizzas per month – loyal customers – removing the vegan pizza from the menu may upset loyal customers – could reduce overall sales revenue • Patel's Pizza may capitalise on the vegan trend – pizza is their USP – VB may lose market share – reduce overall profits • changing to hot desserts means that the pizza ovens need to be repurposed – expensive to change – reducing profits • demand for hot desserts is unknown whereas two years ago primary market research stated that pizza was a popular fast food – little demand for hot desserts – reduced sales revenue Possible impacts of not continuing to market vegan pizza, including: • VB vegan pizzas need more marketing to be successful – increased cost – reduced profitability (if revenue does not increase by a sufficient amount to offset the increased cost) • 90% of VB's sales are burgers – pizza only accounts for 10% of sales – pizza reduces brand identity – reduced market share • hot desserts complement the main burger meal – increased demand for burgers as customers can enjoy a complete meal – increased market share • market share/investment into marketing campaign for pizza is lost – reduces offering – could lead to a negative impact on entrepreneurial success – impact on personal reputation • new marketing campaign may be needed to support the launch of the hot desserts – may be added to the franchise fee – could lead to loss of franchises – reduction in the number of outlets **AO4 Evaluation** *Limited evaluation* EVAL *- unsupported judgement and/or a weak attempt at evaluative comment* *Developed evaluation* E *– supported judgement and/or reasonable evaluative comment* *Developed evaluation in context* EE *– supported judgement in context and/or reasonable evaluative comment in context.* • a judgement over whether VB should continue to market vegan pizza. • a judgement over the most likely/important impacts of continuing/not continuing to market vegan pizza • what the judgement might depend upon, including the importance of current trends, levels of customer loyalty, impact on USP and reputation, impact of competition, appetite of franchisees for more training costs/increased marketing, impact of potential loss of reputation Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>

Exemplars for awarding evaluation

<table>
<tr><th>L1 EVAL (limited supporting evidence)</th><th>L2 E (developed supporting evidence)</th><th>L3 EE (developed supporting evidence with context)</th></tr>
<tr><td>VB should continue to market vegan pizza.</td><td>VB should continue to market vegan pizza because it has spent money purchasing pizza making equipment in each of its restaurants which would be wasted if it withdrew from the market.</td><td>VB should continue to market vegan pizza because it has spent money purchasing pizza making equipment in each of its restaurants which would be wasted if it withdrew from the market. The business currently sells 500 pizzas per month which is likely to grow as it takes more than two years to become an established pizza seller.</td></tr>
<tr><td>VB should not continue to market vegan pizza.</td><td>VB should not continue to market vegan pizza and sell hot desserts which complement the main burger meal and therefore attract new customers seeking a complete meal to VB.</td><td>VB should not continue to market vegan pizza and sell hot desserts which complement the main burger meal and therefore attract new customers seeking a complete meal to VB. Patel's Pizzas is more popular and VB cannot compete with this business.</td></tr>
<tr><td>Whether VB continues to market vegan pizza depends upon its level of experience.</td><td>Whether VB continues to market vegan pizza depends upon its level of experience. VB is experienced in vegan food.</td><td>Whether VB continues to market vegan pizza depends upon its level of experience. VB is experienced in vegan food. The capital expenditure for pizza making equipment was low so the business will not lose a lot of money by withdrawing from the pizza market.</td></tr>
</table>

</td><td></td></tr>
</table>

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Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/22**

Paper 2 Business Concepts 2 **February/March 2025**

1 hour 30 minutes

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 60.
- The number of marks for each question or part question is shown in brackets [ ].

alpha

This document has **4** pages. Any blank pages are indicated.

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1 Frank's Fruits (FF)

Frank grows fruit, including oranges, on his farm in country J. He sells his fruit at a market in a local city one day a week. Frank is a sole trader and operates in the primary and tertiary sectors. He set up FF using all of his redundancy money from a previous job with a large company.

Frank's business objective is to increase profit by 10% by the end of 2026. He also has a target profitability of 25% by the same date. He uses the data from break-even analysis to make business decisions.

Table 1.1 shows forecast data for the sale of oranges in July 2025.

Table 1.1 Forecast data for FF – July 2025

Sales (number of oranges)	5650
Total allocated fixed costs ($)	1350
Total variable costs ($)	2825
Selling price per orange ($)	0.80

Frank has two main competitors:

- a national supermarket with stores locally
- a shop in the local city selling fruit.

Frank's business is very successful as the fruit he sells is fresher than products sold by his competitors. This is Frank's USP. His fruit is sold only a few hours after it is picked. However, the fruit sold by Frank's competitors is grown hundreds of kilometres away. Customers also enjoy the range of fruit sold by Frank as it varies throughout the year.

Frank currently uses competitive pricing but is thinking of introducing price skimming in the future.

(a) (i) Identify **one** method of measuring the size of a business. [1]

(ii) Explain the term *primary sector*. [3]

(b) (i) Refer to Table 1.1. Calculate the number of oranges that Frank needs to sell to break even in July 2025. [3]

(ii) Explain **one** limitation for Frank of using break-even analysis. [3]

(c) Analyse **two** benefits to Frank of operating as a sole trader. [8]

(d) Evaluate whether Frank should introduce price skimming. [12]

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2 Reliable Car Repairs (RCR)

Reliable Car Repairs (RCR) is owned by Freya and her brother Kye as a partnership. The business was set up five years ago in city B and repairs a wide range of cars.

Freya recently carried out some primary market research. The qualitative data from the market research showed that customers like the speed of RCR's service as many repairs were completed within 24 hours.

RCR's market share has increased annually over the past five years. The total sales in the market in 2023 were $700 000. Table 2.1 shows RCR's data for 2024.

Table 2.1 RCR's market share and sales

	Market share	RCR's total sales
2024	17%	$123 165

The owners are always looking to improve the performance of the business and have an objective of increasing efficiency.

Freya and Kye have no experience of repairing cars and so employ two mechanics to carry out this work. The mechanics have both been employed by the business since it was set up. Kye supervises the mechanics using a democratic management style.

The business holds a large quantity of inventory as different cars need different components. The business buys components from two suppliers which have both supplied RCR since it was set up. The partners are thinking of introducing Just in Time (JIT).

(a) (i) Identify **one** method of primary market research. [1]

(ii) Explain the term *qualitative data*. [3]

(b) (i) Refer to Table 2.1 and other information. Calculate the market growth for car repairs in city B between 2023 and 2024. [3]

(ii) Explain **one** reason why RCR's objectives may change over time. [3]

(c) Analyse **two** advantages to RCR of Kye using a democratic management style. [8]

(d) Evaluate whether RCR should introduce Just in Time (JIT). [12]

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CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/22**

Paper 2 Business Concepts 2 **February/March 2025**

MARK SCHEME

Maximum Mark: 60

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 February/March 2025 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

This document consists of **37** printed pages.

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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.

PAGE 277

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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.

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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).

PAGE 279

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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.

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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

Annotation	Meaning	To award
	For objective points that are correct.	Correct
	For objective points that are wrong.	Incorrect
	When there is a misunderstanding in a response.	Unclear
TV	When the candidate has attempted something, but the mark/skill has not been awarded.	Too Vague
Highlighter	To highlight a point or section of an answer that justifies the mark/annotation.	Highlight
BOD	When the candidate has attempted something, and the mark/skill has been awarded.	Benefit of doubt
NUT	When the context has not been used.	Not using text
SEEN	To show a page/section has been seen/read.	Seen

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Annotation	Meaning	To award
NAQ	When the response is not focussed on answering the question.	Not answering question
REP	The repetition of a previous point in a response **or** the candidate is copying the case study/data.	Repetition
OFR	The own figure rule applies – acts as a mark/tick.	Own figure rule
K	When AO1 has been awarded. The number of Ks should match the mark awarded.	Knowledge (AO1) L1
		Knowledge (AO1) L2
APP	When AO2 has been awarded. The number of APPs should match the mark awarded.	Application (AO2) L1
		Application (AO2) L2
AN	When AO3 at Level 1 has been awarded.	Analysis (AO3) L1
DEV	When AO3 at Level 2 has been awarded.	Analysis (AO3) L2
EVAL	When AO4 at Level 1 has been awarded.	Evaluation (AO4) L1
E	When AO4 at Level 2 has been awarded.	Evaluation (AO4) L2
EE	When AO4 at Level 3 has been awarded.	Evaluation (AO4) L3

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Guidance on using levels-based marking

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.

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PREPARATION FOR MARKING

1 Make sure that you have completed the relevant training and have access to the *RM Assessor Guide*.
2 Make sure that you have read and understand the question paper, which you can download from https://support.rm.com/ca
3 Log in to RM Assessor then mark and submit the required number of practice and standardisation scripts. You will need to mark the standardisation scripts to the required accuracy in order to be approved for marking live scripts. You may be asked to re-mark them, or to mark a second sample, if you do not meet the required accuracy on your first attempt.

MARKING PROCESS

1 Mark strictly to the FINAL mark scheme, applying the criteria consistently and the general marking principles outlined on the previous page.
2 If you are in doubt about applying the mark scheme, consult your Team Leader.
3 Mark at a steady rate through the marking period. Do not rush, and do not leave too much until the end. If you anticipate a problem in meeting the deadline, contact your Team Leader immediately and the Examiners' Helpdesk.
4 Examiners will prepare a brief report on the performance of candidates to send to their Team Leader via email by the end of the marking period. The Examiner should note strengths seen in answers and common errors or weaknesses. Constructive comments on the question paper, mark scheme or procedures are also appreciated.

MARKING SPECIFICS

Crossed out work

1 All a candidate's answers, *crossed out* or not, *optional* or not, must be marked.
2 The only response not to be marked is one that has been crossed out and replaced by another response for that exact same question.
3 Consequently, if a candidate has crossed out their response to an optional question and gone on to answer a different optional question then both attempts must be marked. The higher mark will be awarded by the system according to the rubric.

0 (zero) marks or NR (no response)

1 Award **NR** if there is nothing at all written in answer to that question (often the case for optional questions).
2 Award **NR** if there is a comment which is not an attempt at the question (e.g. 'can't do it' or 'don't know' etc.)
3 Award **NR** if there is a symbol which is not an attempt at the question, such as a dash or question mark.
4 Award **0** (zero) if there is any attempt at the question which does not score marks. This includes copying the question onto an Answer Booklet.

Annotation

1 Every question must have at least one annotation e.g. <NAQ> if it is an NR and <X> or <seen> if 0 marks are awarded.
2 Every page of a script must have at least one annotation e.g. <BP> for a blank page.

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Question	Answer	Marks
1(a)(i)	**Identify <u>one</u> method of measuring the size of a business.** **Indicative content** Identification of a method ✓ may include: • Capital employed • Market capitalisation • Market share • Revenue (allow sales, sales turnover or turnover) • Quantity sold • Value of output • Number of employees • Area/space • Number of outlets • Number of customers Do not allow profit – which is a measure of success or performance, but not size. *If more than one answer is given, only mark the first, reading from top left to bottom right.* Accept all valid responses.	**1**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(ii)</td><td>

Explain the term *primary sector*.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content
AO1 Knowledge and understanding
Knowledge of primary sector K will include (max 1 mark):
- Natural resources / raw materials

OR
- An example of the processes involved in the primary sector, such as extraction/agriculture/farming/growing/fishing/mining etc.

AO2 Application
Explanation of primary sector APP will include (max 1 mark):
- Natural resources / raw materials

AND
- An example of the processes involved in the primary sector, such as extraction/agriculture/farming/growing/fishing/mining etc.

</td><td>3</td></tr>
</table>

PAGE 286

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(ii)</td><td>
Context applied to primary secto APP , including (max 1 mark):
• Any example of primary sector, including:
– A valid example of a primary sector business (do not allow FF as an example, unless it is clear that it is focussed on the farming element of the business (because it is in the primary and tertiary sectors).
– A valid example of a primary sector product, such as ‘fruit’, ‘oil’ or ‘metal’ etc.

Accept all valid responses
<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Businesses in the primary sector are involved in natural resources K. For example, Frank farms APP oranges APP .</td><td>3</td><td>An answer which starts with the knowledge and then has an example of the process and the product.</td></tr>
<tr><td>Businesses that extrac APP raw materials K. For example, growing oranges APP .</td><td>3</td><td></td></tr>
<tr><td>A business could mine K coal APP , which has been dug up from the ground.</td><td>2</td><td></td></tr>
<tr><td>Getting things from nature K , such as farming APP .</td><td>2</td><td>Clear knowledge. Some application.</td></tr>
<tr><td>The extraction K of raw materials. APP</td><td>2</td><td>Not a perfect definition, but enough to award the knowledge mark. No attempt to apply.</td></tr>
<tr><td>It is about producing goods. TV</td><td>0</td><td>No knowledge of the primary sector. Too vague.</td></tr>
</table>
</td><td></td></tr>
</table>

PAGE 287

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Question	Answer	Marks
1(b)(i)	**Refer to Table. 1.1. Calculate the number of oranges that Frank needs to sell to break even in July 2025.** **Indicative content** Formula to find the break-even quantity • $\frac{\text{Fixed costs}}{\text{(price per unit – variable cost per unit)}}$ (1) **OR** • $\frac{\text{Fixed costs}}{\text{Contribution}}$ (1) Variable cost per unit = \$2825 / 5650 = \$0.50 (1) Contribution per unit = \$0.80 – \$0.50 = \$0.30 (1) Final answer = 1350 / (\$0.30) = 4500 (1) **4500 oranges or 4500** (3) **ALT 1** 0.80 × 5650 = 4520 (total revenue) 4520 – 2825 (TVC) = 1695 (total contribution) (1) 1695 / 5650 = 0.30 (contribution per unit) (1) 1350 / 0.3 = 4500 (1) **4500 oranges or 4500** (3) *OFR applies for final answer and contribution per unit*	**3**

PAGE 288

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(i)</td><td>

Exemplar and annotations

<table>
<tr><td>Marks</td><td></td><td></td></tr>
<tr><td>3 marks</td><td>Correct answer
4500 oranges or **4500**</td><td>**Working and oranges/units/percentage sign do not matter**.</td></tr>
<tr><td>2 marks</td><td>**BOTH** of the following:
• Correct formula
• Correct calculation of variable cost per unit ($0.50)

OR
Correct calculation of contribution per unit ($0.30)

OR
An incorrect answer with one mistake allowing OFR for final stage.</td><td>To award two marks, there must be
• Two ✓ and a ✗
OR
• One ✓ , one ✗ and one OFR
OR
• Two OFR and a ✗</td></tr>
<tr><td>1 mark</td><td>**One** of the following:
• Correct formula
• Correct calculation of variable cost per unit</td><td>To award one mark, there must be:
• One ✓ and two ✗</td></tr>
<tr><td>0 marks</td><td>No creditable content.</td><td>To award zero marks, there must be a minimum of one ✗</td></tr>
</table>

</td><td></td></tr>
</table>

PAGE 289

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Question	Answer	Marks
1(b)(ii)	**Explain <u>one</u> limitation for Frank of using break-even analysis.**	3

AO1 Knowledge and understanding 1 mark	AO2 Application 2 marks
	2 marks Developed application of **one** relevant point to a business context.
1 mark Knowledge of **one** relevant point is used to answer the question.	**1 mark** Limited application of **one** relevant point to a business context.
0 marks No creditable response.	**0 marks** No creditable response.

Indicative content

AO1 Knowledge and understanding
Knowledge of a limitation of break-even analysis [K] :
- Fixed costs may not be constant
- Assumption that output equals sales.
- Assumption that unit variable costs remain constant.
- Assumption that price will remain constant.
- Only useful for individual (or limited number of) product lines.
- Does not take into account external changes.
- Only a forecast/estimate.
- Difficult to allocate fixed costs.

AO2 Application
Explanation of a limitation of using break-even analysis [APP] (max 1 mark), including:
- Fixed costs may not be constant – may change in long run
- Assumption that output equals sales – but not all output may be sold
- Assumption that unit variable costs remain constant – but may not be at all output levels
- Assumption that price will remain constant – but may not be at all output levels

PAGE 290

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Question	Answer	Marks
1(b)(ii)	• Only useful for individual (or limited number of) product lines – must be done for each product • Does not take into account external changes – such as social, legal, economic, political, technological • Only a forecast/estimate – so may not be reliable. Context applied to **FF** APP (max 1 mark), including: • Frank is a sole trader • Frank grows the fruit sold on his farm • Frank sells the fruit from a market • Competitors are a national supermarket and fruit seller who sells from a shop • Freshness is Frank's USP / fruit is a perishable product • Competitive pricing • Objective is to increase profit by 10% by the end of 2026 Accept all valid responses.	

Exemplar and annotations	Mark	Rationale
A limitation is that it assumes that only one product is sold K because break-even analysis has to be done for each product APP . Frank sells oranges and lemons on his farm APP .	3	A clear limitation K that is explained APP and has context APP .
Assumes the selling price stays the same K which is not appropriate for Frank as he uses competitive pricing APP .	2	A limitation identified K . The context of Frank's pricing strategy is applied APP , but no explanation.
Assumes no stock of oranges are kept K so it is appropriate for Frank's business to make more profit. NAQ	1	Knowledge of a factor. The rest of the answer is not answering the question, so NAQ (Not Answering Question).
Break-even analysis does not tell Frank the amount of cash generated from selling oranges TV .	0	No valid knowledge is shown, so no marks can be awarded.

PAGE 291

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>

Analyse <u>two</u> benefits to Frank of operating as a sole trader.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Annotate the first benefit in the left-hand margin and the second in the right-hand marking.

</td><td>8</td></tr>
</table>

PAGE 292

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Question	Answer	Marks
1(c)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of the benefits of operating as a sole trader (max K s), may include: • Keep all profit made / no sharing of profit • Can make all business decisions without having to consult other owners / no consultation • Total control • Freedom to choose own work hours • Can employ staff • Relatively low start-up costs • Financial data is private • Easy to set up / less administration **AO2 Application** *Max one APP for application in the first benefit and max one APP for application in the second benefit.* Application of knowledge of benefit of operating as a sole trader to Frank/FF (max APP s), including • Frank grows the fruit sold on his farm • Frank sells the fruit from a market • Frank used all of his redundancy money from his job with large company to set up the business • Competitors are a national supermarket and fruit seller who sells from a shop • Freshness is Frank's USP • Competitive pricing • Objective is to increase profit by 10% by the end of 2026 **AO3 Analysis** *Limited analysis AN – candidate shows one link in the chain of analysis.* *Developed analysis DEV candidate shows two or more links in the chain of analysis or a two-sided analysis.* • Frank is able to make all decisions. No time is wasted consulted with other owners which enables the decisions to be implemented quicker/before competitors and therefore generate more profit. • The sole trader can keep a larger amount of profit as it doesn't have to be shared with other owners. • The costs of setting up a sole trader are typically less than other forms of ownership so less capital will be needed to start the business. • The owner can choose their own working hours and so enjoy a better work-life balance. This can help the sole trader make better business decisions and increase its market share.	

PAGE 293

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>

As a sole trader, there is no separate legal identity for FF. Therefore, any financial impact on the business, is also an imp act on Frank and can be awarded as analysis and developed analysis.

Accept all valid responses.

Exemplar and annotations

<table>
<tr><th>AO1 Knowledge</th><th>AO2 Application</th><th>AO3 Analysis</th></tr>
<tr><td>Frank can keep all of the profit made as a sole trader K ,</td><td>and it was his own redundancy money that he used to set up FF APP .</td><td>Which increases Franks income AN and could lead to a better lifestyle for him DEV .</td></tr>
<tr><td>It is easier and cheaper to set up as a sole trader K ,</td><td>Which is likely to help Frank meet his 25% profitability target by 202(APP .</td><td>This is because he will have lower setup costs AN and therefore increase the profit made from selling his fruit DEV .</td></tr>
</table>

</td><td></td></tr>
</table>

PAGE 294

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>Evaluate whether Frank should introduce price skimming.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table></td><td>12</td></tr>
</table>

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Question	Answer	Marks
1(d)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of price skimming (max 2 [K] s), including: • Price skimming is where a product is priced at a higher price than competitors • Maximises the selling price • May create a luxurious/exclusive product image • Often used for a new product to the market or where a producer has a strong USP (so a high price can be charged) • Price may need to be reduced as the market becomes more competitive • Low price elasticity of demand (inelastic PED, so high price can be charged) **AO2 Application** *Limited application* [APP] *applies knowledge of cost information to OFD once.* *Developed application* [APP] - [APP] *applies knowledge of cost information to OFD twice.* • Frank is a sole trader • Frank grows the fruit sold on his farm • Frank sells the fruit from a market • Frank used all of his redundancy money from his job with large company to set up the business • Competitors are a national supermarket and fruit seller who sells from a shop • Freshness is Frank's USP • Competitive pricing • Objective is to increase profit by 10% by the end of 2026 **AO3 Analysis** *Limited analysis* [AN] *– candidate shows one link in the chain of analysis.* *Developed analysis* [DEV] *– candidate shows two or more links in the chain of analysis.* • Price skimming means that a higher price will be charged for the oranges. Assuming that the costs remain the same, Frank will make a higher profit per orange sold. • Frank has a USP for freshness which gives his products an advantage over competitors. This quality may mean that demand for the product will be retained at current levels despite the increase in price. Customers may be less sensitive to increases in price. • Increase in price may mean that demand reduces by a larger proportion so Frank's profitability will reduce. • Competitive pricing means that Frank's products will not have an advantage/disadvantage compared to the prices charged by competitors. Currently uses competitive pricing so demand will remain the same.	

PAGE 296

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>

- Frank sells his products from a market so overheads likely to be lower than those of the supermarket and shop so Frank's profitability is likely to be higher than his main competitors.

AO4 Evaluation

Limited evaluation EVAL *- unsupported judgement and/or a weak attempt at evaluative comment*
Developed evaluation E *– supported judgement and/or reasonable evaluative comment*
Developed evaluation in context EE *– supported judgement in context and/or reasonable evaluative comment in context.*

- The impact on profitability depends on the price elasticity of demand.
- Frank has a USP for freshness which gives his products an advantage over competitors. This quality may mean that demand for the product will be retained at current levels despite the increase in price. Customers may be less sensitive to increases in price.
- Impact of other external factors
- A judgement that other factors are more important than price alone.

Accept all valid responses.

Exemplars for awarding evaluation

<table>
<tr><th>L1 EVAL (limited supporting evidence)</th><th>L2 E (developed supporting evidence)</th><th>L3 EE (developed supporting evidence with context)</th></tr>
<tr><td>He should introduce price skimming.</td><td>He should introduce price skimming because this will allow him to have a much higher level of profitability for his products.</td><td>He should introduce price skimming because this will allow him to have a much higher level of profitability for his products and meet his objective of increasing profit by 10%</td></tr>
<tr><td>It depends upon the reaction of Frank's customers to the price skimming.</td><td>It depends upon the reaction of Frank's customers to the price skimming. If customers are price elastic, then he should not introduce it.</td><td>It depends upon the reaction of Frank's customers to the price skimming. If customers are price elastic, then he should not introduce it because customers will simply choose to shop at the national supermarket.</td></tr>
</table>

</td><td></td></tr>
</table>

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Question	Answer	Marks
2(a)(i)	**Identify <u>one</u> method of primary market research.** *Primary research is the first-hand collection of data by an organisation for its own needs.* *Award any <u>method</u> that meets this definition.* Identification of a primary market researcl ✓ may include: • Questionnaires/surveys/feedback • Focus groups • Interviews • Observations • Consumer trials/samples	1

alpha

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>

Explain the term *qualitative data*.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content

AO1 Knowledge and understanding
Knowledge of qualitative data K may include:
- Qualitative data describes customer opinions/qualities/characteristics/subjective.

OR
- Qualitative data is not measurable in financial or numerical terms.

AO2 Application
Explanation of qualitative data APP (max 1 mark), including:
- Qualitative data describes customer opinions/qualities/characteristics/subjective.

AND
- Qualitative data is not measurable in financial or numerical terms.

Context applied to qualitative data APP (max 1 mark), including:
- An example of a specific piece of qualitative data
- An example of a use of qualitative data
- An example of a way of presenting/summarising/analysing

</td><td>3</td></tr>
</table>

PAGE 299

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>

Application can be made to RCR or any other scenario/context/business/person.

Accept all valid responses.

<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Qualitative data is not numerical [K]. For example, the owners can obtain data about customers' satisfaction [APP] with the speed of car repairs [APP].</td><td>3</td><td>Both points covered (K and APP) with an example from the context (APP).</td></tr>
<tr><td>Data about customer views and opinions [K] which is not measurable [APP] for example happiness [APP].</td><td>3</td><td>Both points and a generic (but rewardable) example.</td></tr>
<tr><td>Not numbers [K] such as opinions [APP].</td><td>2</td><td>Both points but no further example.</td></tr>
<tr><td>Data which can not be measured [K], such as how much customers like a chocolate bar [APP].</td><td>2</td><td>Can not be measured and an example.</td></tr>
<tr><td>Qualitative data is harder to analyse as it includes information about customer opinions and characteristics [K].</td><td>1</td><td>Opinions and characteristics, but only one point and no context.</td></tr>
<tr><td>Data that can be used to make decisions. [TV]</td><td>0</td><td>Too vague. All data can be used to make decisions. No knowledge of qualitative data specifically.</td></tr>
</table>

</td><td></td></tr>
</table>

PAGE 300

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Question	Answer	Marks
2(b)(i)	**Refer to Table 2.1 and other information. Calculate the market growth for car repairs in city B between 2023 and 2024.** Total value of sales in market (2023) = $700 000 (given in text) Formula: $\frac{\text{New market size}}{\text{Original market size} \times 100}$ (1) OR The percentage change in the total size of a market (1) OR Total value of sales in market (2024) = (123 165 / 17) × 100 = 7245 × 100 = 724 500 (1) Market growth = 724 500 – 700 000 = 24 500 (1) **Answer = $24 500 (3)**	3

PAGE 301

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(i)</td><td>

Exemplar and annotations

<table>
<tr><td>Marks</td><td></td><td></td></tr>
<tr><td>3 marks</td><td>Correct answer
$24 500 or 24 500
OR 3.5% or 3.5</td><td>Working and units do not matter.
Must be three ✓ to denote the three marks.</td></tr>
<tr><td>2 marks</td><td>ONE of the following:
• Correct calculation of 2024 market size (724 500)
OR
An incorrect answer with one mistake allowing OFR for final stage.</td><td>To award two marks, there must be
• Two ✓ and a ✗
OR
• One ✓ , one ✗ and one OFR</td></tr>
<tr><td>1 mark</td><td>One of the following:
• Correct formula</td><td>To award one mark, there must be:
• One ✓ and two ✗</td></tr>
<tr><td>0 marks</td><td>No creditable content.</td><td>To award zero marks, there must be
• Three ✗</td></tr>
</table>

</td><td></td></tr>
</table>

PAGE 302

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>
Explain <u>one</u> reason why RCR's objectives may change over time.
<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
Indicative content

AO1 Knowledge and understanding
Knowledge of a reason why objectives might chang[K] may include:
• changing internal factors
• changing external factors
• the achievement of previous objectives.

AO2 Application
Explanation of a reason why business objectives may change over tim[APP] (max 1 mark), including:
• changing internal factors
– the business might have more resources available
– a significant number of workers may have left
– a new manager employed.
• changing external factors
– new competitors enter the market
– an increase in market size
– customer demand changes
</td><td>3</td></tr>
</table>

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Question	Answer	Marks
2(b)(ii)	• the achievement of previous objectives – if a business has survived then it may now try to be profitable Context applied to a reason why RCR's objectives may change over tim APP (max 1 mark) including: • RCR is a partnership • Business operated for five years • Repair a wide range of cars • Freya carried out primary market research to understand her customer's needs and wants • Collected qualitative data • Customers like the speed of RCR's service • RCR's market share has increased annually over the past five years • RCR has a 17% share of the market • Employ two mechanics • Kye uses a democratic style of management • Experienced mechanics who have worked for the business since it started five years ago • Holds a large quantity of inventory • Each car type needs different parts • Buys parts from two suppliers • Suppliers have supplied RCR since it started five years ago • RCR has an objective of increasing efficiency • Partners thinking of introducing Just in Time (JIT). Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>
<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Once RCR has achieved its business objectives they will need to change [K]. For example RCR may have previously had an objective to have at least a 15% share of the market when it was set up five years ago [APP], but now the business has a 17% share of the market [APP].</td><td>3</td><td>Reasonable knowledge of a reason with two examples of application.</td></tr>
<tr><td>The business may face more competition [K] so may need to change its objective from increasing efficiency [APP].</td><td>2</td><td>Knowledge of a reason (competition is an external influence) and some context.</td></tr>
<tr><td>New objectives may be needed if internal factors change [K].</td><td>1</td><td>The answer is brief, but shows some knowledge of why objectives may change over time</td></tr>
<tr><td>Objectives give owners direction when making business decisions [NAQ].</td><td>0</td><td>There is no knowledge of a reason why objectives may change, so no marks can be awarded.</td></tr>
</table>
</td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>

Analyse <u>two</u> advantages to RCR of Kye using a democratic management style.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Annotate the first advantage in the left-hand margin and the second in the right-hand marking.

</td><td>8</td></tr>
</table>

PAGE 306

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Question	Answer	Marks
2(c)	Indicative content **AO1 Knowledge and understanding** Democratic management style is where the manager actively involves employees in decision making. Knowledge of advantages of using a democratic management style (max K s), may include: • Increased motivation • Low labour turnover • More ideas from workforce • Better ideas from workforce (potentially) • More experiences are considered in decision making • May allows for more efficient problem solving (do not accept 'quicker' unless this is explained) **AO2 Application** *Max one APP for application in one advantage and max tw APP for application in two advantages.* • RCR is a partnership • Business operated for five years • Repair a wide range of cars • Freya carried out primary market research to understand her customer's needs and wants • Collected qualitative data • Customers like the speed of RCR's service • RCR's market share has increased annually over the past five years • RCR has a 17% share of the market • Freya and Kye have no experience of repairing cars • Employ two mechanics • Experienced mechanics who have worked for the business since it started five years ago • Holds a large quantity of inventory • Each car type needs different parts • Buys parts from two suppliers • RCR has an objective of increasing efficiency **AO3 Analysis** *Limited analysis AN – candidate shows one link in the chain of analysis.* *Developed analysis DEV candidate shows two or more links in the chain of analysis or a two-sided analysis.*	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>Analysis of advantages may include:
• RCR's customers like the speed of service offered. The employees are likely to be more motivated as consulted about decisions. Motivated employees are likely to be more productive and offer a quicker work rate.
• Two employees are experienced and worked for RCR since it was launched so contributions are likely to lead to more successful decision making, increasing profitability/customer satisfaction.
• Lower recruitment costs/time to train new employees etc. due to the low level of labour turnover.

Accept all valid responses.

Exemplar and annotations
<table>
<tr><th></th><th>AO1 Knowledge</th><th>AO2 Application</th><th>AO3 Analysis</th></tr>
<tr><td>Exemplar of an advantage</td><td>Better decision making K</td><td>as the opinions of the two mechanics can be considered APP .</td><td>This could help the business to identify other ways of increasing efficiency AN which could help it to operate more profitably DEV .</td></tr>
</table>
</td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>

Evaluate whether RCR should introduce Just in Time (JIT).

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

</td><td>12</td></tr>
</table>

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Question	Answer	Marks
2(d)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of JIT (max 2 K s), including: • JIT is an inventory management system • JIT is where inventory is ordered to be delivered at the time that the part is needed by the business. • Less/zero inventory held • JIT is often used when the customer order initiates the ordering of inventory. **AO2 Application** *Limited application APP applies knowledge of the use of JIT to RCR once.* *Developed application APP - APP applies knowledge of the use of JIT to RCR twice.* • RCR is a partnership • Business operated for five years • Repair a wide range of cars • Freya carried out primary market research to understand her customer's needs and wants • Collected qualitative data • Customers like the speed of RCR's service • RCR's market share has increased annually over the past five years • RCR has a 17% share of the market • Freya and Kye have no experience of repairing cars • Employ two mechanics • Kye uses a democratic style of management • Experienced mechanics who have worked for the business since it started five years ago • Holds a large quantity of inventory • Each car type needs different parts • Buys parts from two suppliers • RCR has an objective of increasing efficiency	

PAGE 310

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Question	Answer	Marks
2(d)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *– candidate shows two or more links in the chain of analysis.* Analysis for the introduction of JIT, including: • Reduces inventory holding costs – increased profitability • May reduce wastage of materials/inventory – reducing total costs • Reduces capital tied up in inventory – which could be spent on extra marketing to increase sales (opportunity cost) • Responsive to changes in demand – reducing costs / increasing efficiency • Improved cash flow – improving RCR's liquidity/ working capital (opportunity cost) • May improve supplier relationship – reduced prices / increased demand Analysis against the introduction of JIT, including: • Business would be vulnerable to supply chain disruptions – lower sales / poor customer satisfaction • May exacerbate poor supplier relationships – need to find a new/ more reliable supplier. • Increased transportation costs (due to more deliveries) – reduced profitability • Increased inefficiency (if inventory is not delivered on time) – reduced productivity • Less control over supply chain – increased costs • May not be suitable for large fluctuations/ unexpected changes in demand – lower sales/revenue • Requires careful coordination of production process and inventory ordering – increased training costs **AO4 Evaluation** *Limited evaluation* EVAL *– unsupported judgement and/or a weak attempt at evaluative comment* *Developed evaluation* E *– supported judgement and/or reasonable evaluative comment* *Developed evaluation in context* EE *– supported judgement in context and/or reasonable evaluative comment in context.* • A judgement whether RCR should introduce JIT, with justification. • A judgement that RCR should continue without using JIT (or continue to use Just in Case – JIC). • What the judgement might depend upon, such as, suppliers, geography, objectives, external environment, actions of competitors, short term vs long term etc. • A discussion of the impact of technology (for example electric cars) on RCR's decision. Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>Exemplars for awarding evaluation
<table>
<tr><th>L1 EVAL (limited supporting evidence)</th><th>L2 E (developed supporting evidence)</th><th>L3 EE (developed supporting evidence with context)</th></tr>
<tr><td>RCR should introduce JIT.</td><td>RCR should introduce JIT to avoid having to have lots of inventory in stock.</td><td>RCR should introduce JIT to avoid having to have lots of car components in stock.</td></tr>
<tr><td>RCR should not introduce JIT.</td><td>RCR should not introduce JIT because most customers want a speedy repairs.</td><td>RCR should not introduce JIT because most customers want a speedy repairs, in 24 hours.</td></tr>
<tr><td>Whether RCR should introduce JIT depends on the relationship with its suppliers.</td><td>Whether RCR should introduce JIT depends on the relationship with its suppliers because they will need regular supplies delivered.</td><td>Whether RCR should introduce JIT depends on the relationship with its suppliers because they will need regular supplies delivered to achieve its objective of increasing efficiency.</td></tr>
</table></td><td></td></tr>
</table>

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Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/21**

Paper 2 Business Concepts 2 **May/June 2025**

1 hour 30 minutes

0546113523

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 60.
- The number of marks for each question or part question is shown in brackets [ ].

alpha

This document has **4** pages. Any blank pages are indicated.

DC (CJ/CT) 344635/2
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1 Natural Shampoos (NS)

NS is a private limited company set up by Saira and Chantal as a social enterprise. NS sells natural hair care products and focuses on customer (market) orientation. The main aims of Saira and Chantal include donating to local charities and improving gender equality in the workplace.

NS began by selling its products to small, independent businesses in country H. NS expanded its range slowly based on customer feedback, specific requests on its blog, and sales data.

NS explored additional finance opportunities required for expansion. NS approached John, who owns manufacturing facilities in country H and has significant marketing experience. He invested into NS in return for ownership of one third of the business. John's main aim is to increase long-term profits in order to maximise the return on his investment.

In the five years since John's investment, NS has become the market leader in country H for natural hair care products. NS products are now sold in major cosmetic retailers.

NS recently analysed its output in 2024 (see Table 1.1).

Table 1.1 NS output data for 2024

	Units
Actual output level	145 000
Capacity	150 000

Saira and Chantal have decided to employ a Marketing Manager for NS. Fig 1.2 shows an extract from the job advertisement.

Marketing Manager

- Experience of growing brand awareness and using online channels of distribution.
- Using budgets to monitor the performance of marketing campaigns.
- Developing and maintaining relationships with external stakeholders.

Fig 1.2 Extract from job advertisement for NS's new Marketing Manager

(a) (i) Identify **one** feature of a private limited company. [1]

(ii) Explain the term *customer (market) orientation*. [3]

(b) (i) Refer to Table 1.1. Calculate NS's capacity utilisation in 2024. [3]

(ii) Explain **one** possible disadvantage to NS of high capacity utilisation. [3]

(c) Analyse **two** selection methods that NS could use to choose a new Marketing Manager. [8]

(d) Evaluate the most likely reason for conflict to arise between the owners of NS. [12]

2 Premium Homes (PH)

PH owns student rental accommodation in all the major cities in country Y. PH used demographic segmentation in its market research. This research identified that university students would pay a premium for high specification rental accommodation.

PH has specialist teams focused on sales, maintenance, customer service and finance. There is little opportunity for internal promotion. PH pays low salaries, however, it offers profit sharing to motivate its 150 employees. This has been effective as PH has had low labour turnover.

In the last two years, profit levels have fallen by 75%. In 2024, 45 employees left PH. Complaints about maintenance and customer service have increased due to the lack of experienced employees in PH.

The Finance Director is reviewing PH's existing sources of finance, shown in Fig 2.1.

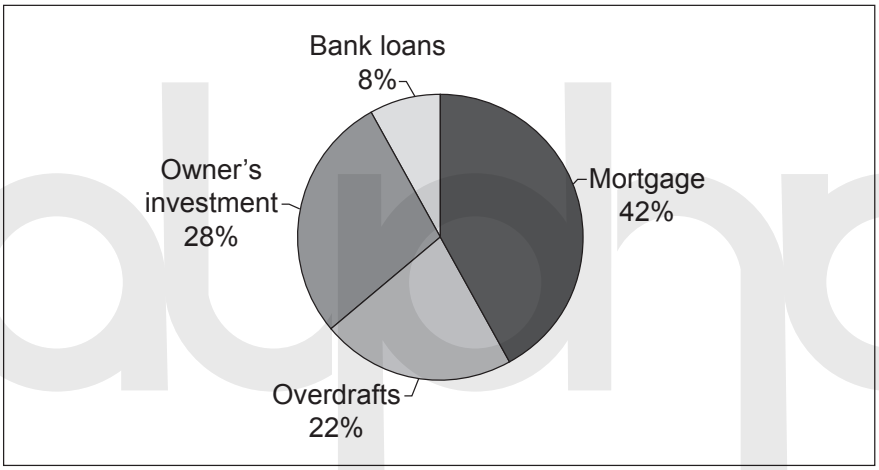

Fig 2.1 PH's sources of finance

Frank, the Operations Director, wants to improve the sustainability of PH's operations. He plans to:

- stop renting out accommodation in some lower-income cities, and sell these buildings
- upgrade accommodation in high-income cities
- reduce the size of the workforce.

(a) (i) Identify **one** way in which business size can be measured. [1]

(ii) Explain the term *demographic segmentation*. [3]

(b) (i) Refer to lines 6–8. Calculate PH's labour turnover in 2024. [3]

(ii) Explain **one** way in which PH could use Maslow's Hierarchy of Needs. [3]

(c) Analyse **one** advantage and **one** disadvantage to PH of using an overdraft as a source of finance. [8]

(d) Evaluate whether Frank's plan will improve the sustainability of PH's operations. [12]

CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/21**

Paper 2 Business Concepts 2 **May/June 2025**

MARK SCHEME

Maximum Mark: 60

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 May/June 2025 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

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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.

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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.

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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).

PAGE 319

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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.

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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

Annotation	Meaning
	For objective points that are right or wrong.
	For objective points that are wrong.
	When there is a misunderstanding in a response.
TV	When the candidate has attempted something, but the mark/skill has not been awarded.
Highlighter Or Underline	To highlight a point or section of an answer that justifies the mark/annotation.
BOD	When the candidate has attempted something, and the mark/skill has been awarded.
On page comment	To communicate with the supervisor.
NUT	When the context has not been used.

PAGE 321

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Annotation	Meaning
SEEN	To show a page/section has been seen/read.
NAQ	When the response is not focussed on answering the question.
REP	The repetition of a previous point in a response **or** candidate is copying the case study/data.
OFR	The own figure rule applies – acts as a mark/tick.
K	When AO1 has been awarded. Number of Ks should match the mark awarded.
APP	When AO2 has been awarded. Number of APPs should match the mark awarded.
AN	When AO3 at Level 1 has been awarded.
DEV	When AO3 at Level 2 has been awarded.
EVAL	When AO4 at Level 1 has been awarded.
E	When AO4 at Level 2 has been awarded.
EE	When AO4 at Level 3 has been awarded.

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Guidance on using levels-based marking

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.

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PREPARATION FOR MARKING

1 Make sure that you have completed the relevant training and have access to the *RM Assessor Guide*.
2 Make sure that you have read and understand the question paper, which you can download from https://support.rm.com/ca
3 Log in to RM Assessor then mark and submit the required number of practice and standardisation scripts. You will need to mark the standardisation scripts to the required accuracy in order to be approved for marking live scripts. You may be asked to re-mark them, or to mark a second sample, if you do not meet the required accuracy on your first attempt.

MARKING PROCESS

1 Mark strictly to the FINAL mark scheme, applying the criteria consistently and the general marking principles outlined on the previous page.
2 If you are in doubt about applying the mark scheme, consult your Team Leader.
3 Mark at a steady rate through the marking period. Do not rush, and do not leave too much until the end. If you anticipate a problem in meeting the deadline, contact your Team Leader immediately and the Examiners' Helpdesk.
4 Examiners will prepare a brief report on the performance of candidates to send to their Team Leader via email by the end of the marking period. The Examiner should note strengths seen in answers and common errors or weaknesses. Constructive comments on the question paper, mark scheme or procedures are also appreciated.

MARKING SPECIFICS

Crossed out work

1 **All a candidate's answers, *crossed out* or not, *optional* or not, must be marked.**
2 The only response not to be marked is one that has been crossed out and replaced by another response for that exact same question.
3 Consequently, if a candidate has crossed out their response to an optional question and gone on to answer a different optional question then both attempts must be marked. The higher mark will be awarded by the system according to the rubric.

0 (zero) marks or NR (no response)

1 Award **NR** if there is nothing at all written in answer to that question (often the case for optional questions).
2 Award **NR** if there is a comment which is not an attempt at the question (e.g. 'can't do it' or 'don't know' etc.)
3 Award **NR** if there is a symbol which is not an attempt at the question, such as a dash or question mark.
4 Award **0** (zero) if there is any attempt at the question which does not score marks. This includes copying the question onto an Answer Booklet.

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Question	Answer	Marks
1(a)(i)	**Identify <u>one</u> feature of a private limited company.** **Indicative content** Identification of a feature ✓ may include: • Owned by shareholders • Cannot sell shares on the open market / stock market • Sell shares for family/friends • Can raise extra capital by selling shares • Limited liability • Continuity of operations • Legal personality • Incorporation *If more than one answer is given, only mark the first, reading from top left to bottom right.* *Do not reward vague points that apply to any private sector organisation, including a private limited company, e.g. not owned by government.*	**1**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(ii)</td><td>

Explain the term *customer (market) orientation*

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content
AO1 Knowledge and understanding
Knowledge of customer orientation K will include (max 1 mark):
- Knowledge of customer, including:
  - Purchaser/buyer (accept consumer/end-user/target audience)
  - Who they sell to
  - Demand-based (accept demand)

OR
- Knowledge of orientation, including:
  - Focused on customer/purchaser/buyer/consumer/end-user/market
  - Customer at the heart/centre
  - Satisfying their needs
  - Outward looking approach

AO2 Application
Explanation of customer orientation APP will include (1 mark):
- Knowledge of customer, including:
  - Purchaser/buyer (accept consumer/end-user/target audience)
  - Who they sell to
  - Demand-based (accept demand)

</td><td>3</td></tr>
</table>

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Question	Answer	Marks
1(a)(ii)	AND • Knowledge of orientation, including: – Focused on customer/purchaser/buyer/consumer/end-user/market – Customer at the heart/centre – Satisfying their needs – Outward looking approach Context applied to customer orientation APP, including (max 1 mark): • Any example of customer orientation, including: – Putting the customer at the centre of decision making – An example of a customer orientated decision – Methods of identifying customer wants/needs, e.g. customer feedback / specific requests on NS's blog / sales data – Benefit of customer orientation, e.g. increased customer satisfaction, market leadership Accept all valid responses.	

Exemplar and annotations	Mark	Rationale
Buyers K are at the centre of operations APP. By responding to customer requests on its blog APP NS was able to decide what products to expand its range with.	3	An answer which starts with the knowledge and then applies it to customer demand and NS.
Basing product decisions K on purchaser demand APP. A business could decide which products to make APP, in response to market research.	3	Again, knowledge first, followed by application to a decision (production) and to the demand (market research data).
Focused K on the buyer APP.	2	Clear knowledge. Some application
Managers think about purchasers' needs K.	1	Not a perfect definition, but enough to award the knowledge mark. No attempt to apply.
It is about choices that have to be made by a business, for example how to allocate resources. TV	0	No knowledge of customer orientation. Too vague.

PAGE 327

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Question	Answer	Marks
1(b)(i)	**Refer to Table 1.1. Calculate NS's capacity utilisation in 2024.** **Indicative content** Rate of capacity utilisation = $\frac{\text{Current output level}}{\text{Maximum output level}} \times 100$ (1 mark – formula only) NS capacity utilisation = $\frac{145\,000}{150\,000} \times 100$ (1 mark – use of correct figures in formula) Answer = **96.67(%)** or **96.7** or **97** (3 marks – correct answer no working or % needed) OFR applies **Exemplar and annotations**	**3**

Marks		
3 marks	Correct answer (including minus) **96.67(%) or 96.7 or 97**	**Working and % do not matter.** **Must be three** ✓ to denote the three marks.
2 marks	**Two** of the following: • Correct formula • Correct identification of figures **OR** An incorrect answer with one mistake allowing OFR for final stage. **OR** Correct workings, but the final answer is incorrectly rounded	To award two marks, there must be • Two ✓ and a ✗ **OR** • One ✓, one ✗ and one OFR

PAGE 328

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(i)</td><td>
<table>
<tr><td>Marks</td><td></td><td></td></tr>
<tr><td>1 mark</td><td>Correct formula</td><td>To award one mark, there must be:
• One ✓ and two ✗</td></tr>
<tr><td>0 marks</td><td>No creditable content.</td><td>To award zero marks, there must be
• One ✗</td></tr>
</table>
</td><td></td></tr>
</table>

PAGE 329

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>

Explain <u>one</u> possible disadvantage to NS of high capacity utilisation.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content
AO1 Knowledge and understanding
Identification of a disadvantage of high capacity utilisation K (max. 1 mark), including:
- Pressure on employees to work at full/near capacity constantly (accept anxiety / stress / need to work overtime)
- Pressure to keep employees motivated
- No margin for production errors / scheduling mistakes
- Cannot accept increased/additional orders
- No time for maintenance of machinery / machines break down a lot
- Over-production (accept inventory going off before it can be sold)
- Low inventory of inputs/raw materials / run out of materials
- No space left for finished product
- Not sustainable in the long-term

AO2 Application
- Explanation of a disadvantage of high capacity utilisation APP (max 1 mark), including:
- Pressure on employees to work at full/near capacity constantly – increased employee absenteeism / demotivation / increased labour turnover – reduced productivity long-term

</td><td>3</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>

- No margin for production errors / scheduling mistakes – may lead to customer dissatisfaction due to lower quality
- Cannot take on increased/additional orders – may lead to customer dissatisfaction / customers may go to competitors who are able to accept increased/additional orders
- Machines break down a lot – no output

Context applied to NS APP (max 1 mark), including:

- Answer to **Q1(b)(i)** (OFR)
- Market leader for natural hair care
- Five years since John's investment
- Sold in major retailer
- Private limited company operated as a social enterprise
- Focuses on customer (market) orientation
- Aim to donate to local charities and improving gender equality in the workplace

Accept all valid responses.

<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>A disadvantage would be high pressure on employees K, due to lack of spare capacity APP because NS is working at 97% capacity APP.</td><td>3</td><td>High pressure is a reasonable factor, explained in the specific context of NS by using the data in Table 1.1.</td></tr>
<tr><td>There is insufficient time for maintenance K, as machines are always working APP which could cost NS the title of market leader APP.</td><td>3</td><td>Lack of maintenance time is K and there are two specific pieces of context based on this so two APP.</td></tr>
<tr><td>NS is market leader APP and capacity utilisation is already at 97% APP so NS may have to refuse other large orders K.</td><td>3</td><td>Although the APP appears first, it cannot be awarded until the K has been found. However, there is obvious K, so you can go back and award the APP.</td></tr>
</table>

</td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>
<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>There is no margin for errors in production [K] to its major retail customers [APP].</td><td>2</td><td>No margin for error is [K]. The context to major retail customers is reasonable [APP], but only one point of application.</td></tr>
<tr><td>Regular customers cannot increase their orders [K] if demand increases which could be a huge opportunity cost in terms of future sales. [NAQ]</td><td>1</td><td>Cannot increase orders is a factor. The rest of the answer is not applying it to the context, so [NAQ] (Not Answering Question).</td></tr>
<tr><td>Capacity utilisation is the proportion of maximum output capacity currently being achieved, currently 97%. It shows the total possible sustained output of a business in a given time period. It is a major factor in determining the operational efficiency of a business which in this case is very high [TV].</td><td>0</td><td>Although there is some relevant context, there is no knowledge of a factor, so no marks can be awarded.</td></tr>
</table>
</td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>

Analyse <u>two</u> selection methods that NS could use to choose a new Marketing Manager.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Annotate Method 1 in the left hand side column, method 2 in the right hand side column

</td><td>8</td></tr>
</table>

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Question	Answer	Marks
1(c)	**Indicative content** **AO1 Knowledge and understanding** Identification of a method of selection (max 2 K s), including: • Curriculum vitae (CV) • Résumé • Application forms • Interviews • References • Testing • Assessment centres • Role play • Presentations • Appraisal records *Note: A selection method is about the candidate, rather than the process the employer uses, e.g. shortlisting, screening or sifting.* **AO2 Application** *Max one APP for application in the first selection method and max one APP for application in the second selection method.* Application of the selection method to NS for the new Marketing Manager (max 2 APP s), including: • Market leader for natural hair care • Five years since John's investment • Sold in major retailer • Private limited company operated as a social enterprise • Focuses on customer (market) orientation • Aim to donate to local charities and improving gender equality in the workplace • Expanded its range slowly based on customer feedback, specific requests on its blog, and sales data. • NS products are now sold in major cosmetic retailers	

PAGE 334

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>

AO3 Analysis

Limited analysis AN *– candidate shows one link in the chain of analysis.*
Developed analysis DEV *candidate shows two or more links in the chain of analysis or a two-sided analysis.*

- Curriculum vitae shows the applicant has required skills; reduces training costs / increases productivity – increasing profitability
- Application forms show required experience; all information is on the form so managers can save time when selecting candidates – this time can be used to make other operational decisions
- Interviews show understanding of aims; candidate understands what the business is aiming to achieve to do – which helps the aims to be met
- References provide proof of experience; improves customer service leading to customer satisfaction – increased market share

Accept all valid responses.

Exemplar and annotations

<table>
<tr><th>AO1 Knowledge</th><th>AO2 Application</th><th>AO3 Analysis</th></tr>
<tr><td>Curriculum vitae K.</td><td>Proves experience of working in a customer orientated industry APP</td><td>Enabled trust in candidates' abilities which can be used in promotion AN to approach more cosmetic retailers DEV.</td></tr>
<tr><td>Assessment centres K</td><td>Can check whether values align with the values of the social enterprise APP</td><td>To continue to improve gender equality and avoid costly AN marketing mistakes from a lack of knowledge and experience. Cost reduction will lead to increased profits DEV.</td></tr>
</table>

</td><td></td></tr>
</table>

PAGE 335

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>

Evaluate the most likely reason for conflict to arise between the owners of NS

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
</table>

</td><td>12</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>1</td><td>1 mark
Limited knowledge
of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application
of relevant point(s) to the business context.</td><td>1 mark
Limited analysis
that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/ conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content

AO1 Knowledge and understanding
Knowledge of likely reasons for conflict to arise (max 2 ✗s), may include:
- Aims / objectives / vision / mission
- Idea / suggestions
- Personal disagreements (brought into the workplace)
- Communication
- Speed of expansion
- Cultures
- Leadership styles / power
- Choice of employees
- Part-ownership / loss of control
- Change of business ownership, e.g. move from private limited to public limited company

</td><td></td></tr>
</table>

PAGE 337

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Question	Answer	Marks
1(d)	• Finance • Personality (clash) / morale • Experience / job roles • Location **AO2 Application** *Limited application* APP *applies knowledge of NS aims and objectives and/or stakeholder groups once.* *Developed application* APP+APP *applies knowledge of NS aims and objectives and/or stakeholder groups twice.* • Market leader for natural hair care • Five years since John's investment • Sold in major retailer • Private limited company operated as a social enterprise • Focuses on customer (market) orientation • Aim to donate to local charities and improving gender equality in the workplace • Use of data from Table 1.1 • NS expanded its range slowly, based on customer feedback, sales data and specific requests on its blog • NS products are now sold in major cosmetic retailers • John's main aim is to increase long-term profits to maximise return on investment **AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *– candidate shows two or more links in the chain of analysis.* • Aims/objectives; differing objectives may lead to fewer charitable donations – reduce marketing opportunities • Idea/suggestions; longer decision making due to disagreements – competitors launch a new product before NS • Communication; employees are given different instructions by different owners causing employee confusion and productivity reductions – leading to less profits • Speed of expansion; one owner wants quicker expansion which the other owner does not want, leading to inefficiency – reducing profits • Cultures; the culture of the two owners differ leading to inefficiency – increasing costs • Choice of employees; the orientation may be lost leading to poor decision making – less profit • Loss of control; the original owners' aims may not be considered in decision making – reducing customer satisfaction *Note: Accept answers about an impact on either the owners or NS.*	

PAGE 338

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>

AO4 Evaluation

Limited evaluation – an unsupported judgement and/or weak attempt at an evaluative comment EVAL
Developed evaluation – supported judgement and/or reasonable evaluative comment E
Developed evaluation in context – supported judgement in context and/or reasonable evaluative comment in context EE .

- Relative importance of aims and objectives – are other issues more important, e.g. potential personal income, the opportunity to take the brand to an international market
- The likely impact on the business's performance / achievement of aims and objectives
- The likely impact on different stakeholders
- A judgement on the most likely reason for conflict between the owners of NS

Accept all valid responses.

Exemplars for awarding evaluation

<table>
<tr><th>L1 EVAL (limited supporting evidence)</th><th>L2 E (developed supporting evidence)</th><th>L3 EE (developed supporting evidence with context)</th></tr>
<tr><td>The most likely reason is the differing aims of the owners.</td><td>The most likely reason is the differing aims of the owners, increasing the time to make decisions.</td><td>The most likely reason is the differing aims of the owners, increasing the time to make decisions, leading to the loss of market leadership.</td></tr>
<tr><td>NS has grown very quickly which could cause the greatest conflict.</td><td>NS has grown very quickly which could cause the greatest conflict. This could lead to diseconomies of scale.</td><td>NS has grown very quickly which could cause the greatest conflict. This could lead to diseconomies of scale which could lead to reduced long-term profits disappointing John.</td></tr>
</table>

</td><td></td></tr>
</table>

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Question	Answer	Marks
2(a)(i)	**Identify <u>one</u> way in which business size can be measured.** **Indicative content** Identification of a method ✓ may include: • Capital employed • Market capitalisation • Market share • Revenue (allow sales, sales turnover or turnover, income) • Quantity sold • Value of output • Number of employees • Area/space • Number of outlets • Number of customers Do not allow profit – which is a measure of success or performance, but not size. *If more than one answer is given, only mark the first, reading from top left to bottom right.* Accept all valid responses.	**1**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>

Explain the term *demographic segmentation*.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content

AO1 Knowledge and understanding
Knowledge of demographic segmentation [K] may include:
- The identification of groups of customers with similar or common needs or characteristics within a market
- Dividing the market according to factors that describe the population
- Specific customer groups / target markets

AO2 Application
Explanation of demographic segmentation [APP] (max 1 mark) including:
- Study of population data/trends
- Examples of demographic factors, e.g. age, gender, race, social class, income

Context applied to demographic segmentation [APP], including (max 1 mark):
- A valid example of a business that uses demographic segmentation to plan how it markets its products, e.g. a luxury car manufacturer may use demographic segmentation to target its advertising at high-income individuals or PH targets its student rental accommodation at university students

</td><td>3</td></tr>
</table>

PAGE 341

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>

- Used for marketing of different products or services to specific consumer groups
- Helps the business to adapt the marketing mix to the needs of the target customer group
- Different marketing decisions for different groups

Accept all valid responses

Application can be made to PH or any other scenario/context/business/person.

<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Dividing the market into groups K according to age or gender APP , for example a clothes retailer has three departments with products for men, women and children APP.</td><td>3</td><td>The answer starts with application but shows knowledge by the reference to age/gender. There is an example of the use of demographic segmentation by a clothes retailer.</td></tr>
<tr><td>Identifying groups of customers with similar needs or characteristics within a market K using population data such as age APP</td><td>2</td><td>Clear knowledge. With some application of how</td></tr>
<tr><td>Used for marketing of different products or services to specific types of customer K</td><td>1</td><td>A reasonable definition</td></tr>
<tr><td>Segmenting using demographics TV</td><td>0</td><td>Tautological</td></tr>
</table>

</td><td></td></tr>
</table>

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Question	Answer	Marks
2(b)(i)	**Refer to lines 6–8. Calculate PH's labour turnover in 2024.** Formula to calculate labour turnover: • $\frac{\text{number of employees leaving in 1 year}}{\text{Average number of people employed}} \times 100$ (1 mark – formula only) Use of figures: • $\frac{45}{150} \times 100$ (1 mark – use of correct figures) Labour turnover: • 30% (1 mark – correct answer – no % necessary) **Exemplar and annotations**	3

Marks	Answer	Rationale
3 marks	Correct answer **30%**	**Working and % do not matter**. **Must be three** ✓ to denote the three marks. Correct rounding must be applied.
2 marks	**Both** of the following: • Correct formula • Correct identification of figures **OR** An incorrect answer with one mistake allowing OFR for final stage. **OR** 0.3 (has not completed final stage to multiply by 100) **OR** A correct answer from an inverted formula (3.3 – OFR)	To award two marks, there must be • Two ✓ and a ✗ **OR** • One ✓, one ✗ and one OFR

PAGE 343

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(i)</td><td>
<table>
<tr><th>Marks</th><th>Answer</th><th>Rationale</th></tr>
<tr><td>1 mark</td><td>One of the following:
• Correct formula</td><td>To award one mark, there must be:
• One ✓ and two ✗</td></tr>
<tr><td>0 marks</td><td>No creditable content.</td><td>To award zero marks, there must be
• One ✗</td></tr>
</table>
</td><td></td></tr>
</table>

alpha

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>

Explain <u>one</u> way in which PH could use Maslow's Hierarchy of Needs

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content

AO1 Knowledge and understanding
Knowledge of a use of a motivational theory K (max 1 mark), including:
- Change the way that employees are treated/managed/motivated at PH or relevant examples
- Make changes to increase motivation to maintain PH's low labour turnover/retain employees
- Understand employee behaviour/employee motivation
- Measuring employee needs

AO2 Application
Explanation of a use of Maslow's hierarchy of needs APP (max 1 mark), including:
- Explain how motivation affects how employees behave, e.g. an employee doing a repetitive job/working alone may have a high absenteeism rate
- Explain the use with reference to one of Maslow's categories of need, e.g. physiological, safety, love and belonging, esteem and self-actualisation needs
- Examples of how PH could change the way that employees are managed/motivated:
- Offer more opportunities for internal promotion
- Increase employee salaries
- Encourage employees to stay in the business
- Change working conditions

</td><td>3</td></tr>
</table>

PAGE 345

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>
Context applied to PH APP (max 1 mark), including:

Use of demographic segmentation in its market research
University students would pay a premium price for high specification rental accommodation
Specialist teams focused on sales, maintenance, customer service and finance.
Little opportunity for internal promotion
Low salaries
Offers profit sharing
150 employees
Low labour turnover
Profit reduced by 75%
In 2024, 45 employees left PH
Increased complaints about maintenance and customer service
Use of data from Fig. 2.1
Operations Director wants to improve the sustainability of PH’s operations

Accept all valid responses.
<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Managers can understand what motivates employees K such as ensuring physiological needs are met APP for the 150 employees APP.</td><td>3</td><td>Use of Maslow’s hierarchy of needs by managers K , with further explanation with reference to Maslow’s hierarchy APP. The third mark is for reference to the context APP.</td></tr>
<tr><td>Helps managers decide how to change their management style K so that less than 45 employees leave this year APP.</td><td>2</td><td>Knowledge of a use and applied to the number of employees.</td></tr>
<tr><td>Identifies the different motivations for human behaviour K</td><td>1</td><td>Knowledge of a use with no application</td></tr>
<tr><td>Maslow’s Hierarchy of needs is a motivational theory is the study of understanding what drives a person to work towards a particular goal or outcome NAQ TV.</td><td>0</td><td>No use of Maslow’s hierarchy of needs. This answer is a definition of the theory and does not answer the question</td></tr>
</table>
</td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>

Analyse <u>one</u> advantage and <u>one</u> disadvantage to PH of using an overdraft as a source of finance.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Advantage in the left hand side column, disadvantage in the right hand side column

</td><td>8</td></tr>
</table>

PAGE 347

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Question	Answer	Marks
2(c)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of one advantage using an overdraft as a source of finance K (max 1 mark), including: • Quick – previously agreed / immediately available • Convenient – can use it as required • Flexible • No repayment schedule • No loss of ownership Knowledge of one disadvantage using an overdraft as a source of finance K (max 1 mark), including: • High interest rates / fees • Can be recalled at any time • Often low limit available • Can only be used for short-term needs • Must be repaid *Note: the advantages/disadvantages have to be true for an overdraft, but not exclusively true to an overdraft (i.e. they may apply to other sources of finance).* **AO2 Application** Application of an advantage or disadvantage to PH APP, including: • Use of demographic segmentation in its market research • University students would pay a premium price for high specification rental accommodation • Specialist teams focused on sales, maintenance, customer service and finance. • Little opportunity for internal promotion • Low salaries • Offers profit sharing • 150 employees • Low labour turnover • Profit reduced by 75% • In 2024, 45 employees left PH • Increased complaints about maintenance and customer service • Use of data from Fig. 2.1	

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Question	Answer	Marks
2(c)	• Operations Director wants to improve the sustainability of PH's operations • Use of data from Fig. 2.1 • Operations Director wants to improve the sustainability of PH's operations **AO3 Analysis** *Limited analysis of an advantage/disadvantage of using an overdraft* AN *– candidate shows one link in the chain of analysis.* *Developed analysis of an advantage/disadvantage of using an overdraft* DEV *candidate shows two or more links in the chain of analysis or a two-sided analysis.* Analysis may include: • Quick – previously agreed / immediately available; the funds can be used for expansion immediately – leading to increased market share • Convenient – can use it as required; no time is wasted with application – can be used for other activities such as marketing • Flexible; can be used for any type of purchase – to meet the business objectives • No repayment schedule; this will reduce cash outflows – This money can be used to better maintain the properties rented, reducing customer complaints. • High interest rates/fees; higher interest rates may increase costs – this will reduce profits • Can be recalled at any time; the business may need to suddenly repay the money leading to cashflow problems – threatening business survival • Often low limit available; The overdraft limit may be low. This will limit the investments that PH can make – therefore the business will not be able to reduce complaints. • Can only be used for short-term needs; limiting the project that the money can be used for – some objectives may not be met • Must be repaid; increasing cash outflows – less funds available for marketing Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>Exemplar and annotations
<table>
<tr><th></th><th>AO1 Knowledge</th><th>AO2 Application</th><th>AO3 Analysis</th></tr>
<tr><td>Exemplar of an advantage
Annotations for the advantage should be placed in the left-hand margin.</td><td>Interest only charged on the overdrawn amount K</td><td>For upgrading accommodation in high-income cities APP.</td><td>Ensures short term cost is minimal AN reducing further pressure on profit levels DEV.</td></tr>
<tr><td>Exemplar of a disadvantage
Annotations for the disadvantage should be placed in the right-hand margin.</td><td>The funds need to be repaid K</td><td>If student accommodation not rented out APP.</td><td>This could lead to a bad credit rating if payments missed AN which may increase cost of future borrowing DEV.</td></tr>
</table></td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>Evaluate whether Frank’s plan will improve the sustainability of PH’s operations
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
</table></td><td>12</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>1</td><td>1 mark
Limited knowledge
of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application
of relevant point(s) to the business context.</td><td>1 mark
Limited analysis
that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content
AO1 Knowledge and understanding
Knowledge of sustainability of operations (max 1), including:
- Operating / surviving / remaining in business for the long-term / future / not running out of money / continuity / stable
- Efficiency
- Productive
- Day-to-day running of the business
- Keeping customers satisfied
- Maintaining profitability – reducing expenses and increasing revenue

Note: The question stem asks about operational sustainability. Therefore, operational sustainability must be the focus of the answer, not environmental sustainability.

</td><td></td></tr>
</table>

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Question	Answer	Marks
2(d)	**AO2 Application** Application of an advantage or disadvantage to PB APP, including: • Use of demographic segmentation in its market research • University students would pay a premium price for high specification rental accommodation • Specialist teams focused on sales, maintenance, customer service and finance. • Little opportunity for internal promotion • Low salaries • Offers profit sharing • 150 employees • Low labour turnover • Profit reduced by 75% • In 2024, 45 employees left PH • Increased complaints about maintenance and customer service • Use of data from Fig. 2.1 **AO3 Analysis** *Limited analysis of whether the plan will improve the sustainability of PH's operations* AN *– candidate shows one link in the chain of analysis.* *Developed analysis of whether the plan will improve the sustainability of PH's operations* DEV *– candidate shows two or more links in the chain of analysis.* • Financial stability; reduce short term cash inflow – reduce debt burden and interest payments • Focus on profit; increase profit margins – focus on core values • Increased efficiency of workforce; may lose excellent employees who take knowledge to competitors – lose market share/customer service may reduce further due to losing more experienced employees • Keeping customers satisfied; increased market share – more market power / ability to increase prices • Business continues for the long-term; increased employee satisfaction from greater job security – reduced labour turnover **AO4 Evaluation** Limited evaluation – an unsupported judgement and/or weak attempt at an evaluative comment EVAL Developed evaluation – supported judgement and/or reasonable evaluative comment E Developed evaluation in context – supported judgement in context and/or reasonable evaluative comment in context EE .	

PAGE 353

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>

- The impact of the plan depends on the timescales, future aims and objectives and financial liquidity of PH. After downsizing the amount of revenue generated may not meet shareholder expectations
- Will demand for premium accommodation increase in the future? What are the demands of students?
- Should PH repurpose its accommodation for a different target audience, create a subsidiary brand and grow market share?
- Is market share and size the most important measure of success, or is profitability more important?
- The extension strategy may generate a short-term boost to sales/market share, but will it be sustained in the long-term?
- A judgement on whether the course of action is suitable for PH.

Accept all valid responses.

Exemplars for awarding evaluation

<table>
<tr><th>L1 EVAL (limited supporting evidence)</th><th>L2 E (developed supporting evidence)</th><th>L3 EE (developed supporting evidence with context)</th></tr>
<tr><td>Frank's plan will improve the sustainability of PH's operations.</td><td>Frank's plan will improve the sustainability of PH's operations. Increased labour efficiency will reduce expenditure on salaries.</td><td>Frank's plan will improve the sustainability of PH's operations. Increased labour efficiency will reduce expenditure on salaries. This will help to reverse the trend of reducing profit levels over the past two years.</td></tr>
<tr><td>I don't think the sustainability of PH's operations will be improved.</td><td>I don't think the sustainability of PH's operations will be improved. Investing in new accommodation will cost a lot of money.</td><td>I don't think the sustainability of PH's operations will be improved. Investing in new accommodation will cost a lot of money, and PH does not have experienced employees to do the work as they have left.</td></tr>
</table>

</td><td></td></tr>
</table>

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Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/22**

Paper 2 Business Concepts 2 **May/June 2025**

1 hour 30 minutes

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 60.
- The number of marks for each question or part question is shown in brackets [ ].

alpha

This document has **4** pages. Any blank pages are indicated.

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1 Town Trucks (TT)

TT is a private limited company in country J. TT has contracts to deliver products to secondary, tertiary and quaternary sector businesses.

QZ is one of the largest manufacturers in country J and plans to outsource its supply chain management. A contract has been agreed between TT and QZ based on the following cost and revenue data (see Table 1.1). TT's Sales Manager has forecast that TT will make 5 000 deliveries with the new contract.

Table 1.1 Cost and revenue forecast for the QZ contract

	$
Direct costs (average per delivery)	5
Total indirect costs	9 000
Total revenue	40 000

TT employs 120 drivers. The majority of these drivers are white men aged between 40 and 60. A national newspaper has recently criticised the truck industry in country J for not having diversity and equality in the workplace.

Klide, the Marketing Manager, has been set an objective to increase TT's revenue. He has decided to target small online retailers. TT will pick up individual products from the small online retailers and deliver them to households. This would require a new fleet of smaller trucks but has the potential to increase TT's revenue. Klide plans to use digital promotion to target these small online retailers.

(a) (i) Identify **one** business activity within the quaternary sector. [1]

(ii) Explain the term *supply chain management*. [3]

(b) (i) Refer to Table 1.1 and other information. Calculate TT's forecast total profit from the QZ contract. [3]

(ii) Explain **one** reason why TT needs accurate cost information. [3]

(c) Analyse **two** advantages to TT of improving diversity and equality in the workplace. [8]

(d) Evaluate the usefulness of digital promotion to TT when targeting small online retailers. [12]

2 Personalised Blankets (PB)

Kaia left university with a degree in textile design. Using her entrepreneurial qualities, Kaia set up PB as a sole trader. Her current objective is to break even.

Kaia uses job production to make blankets which are personalised with a picture. Each customer logs into the PB website and chooses the size of blanket. The customer then uploads a picture that they want printed onto the blanket. *5*

Many of Kaia's customers buy the blankets as gifts for special occasions.

Kaia has employed a social media influencer to promote her blankets. The influencer will be paid a salary of $250 a week and a 5% commission on revenue that comes directly from the influencer. Fig 2.1 shows the revenue that came directly from the social media influencer in February. *10*

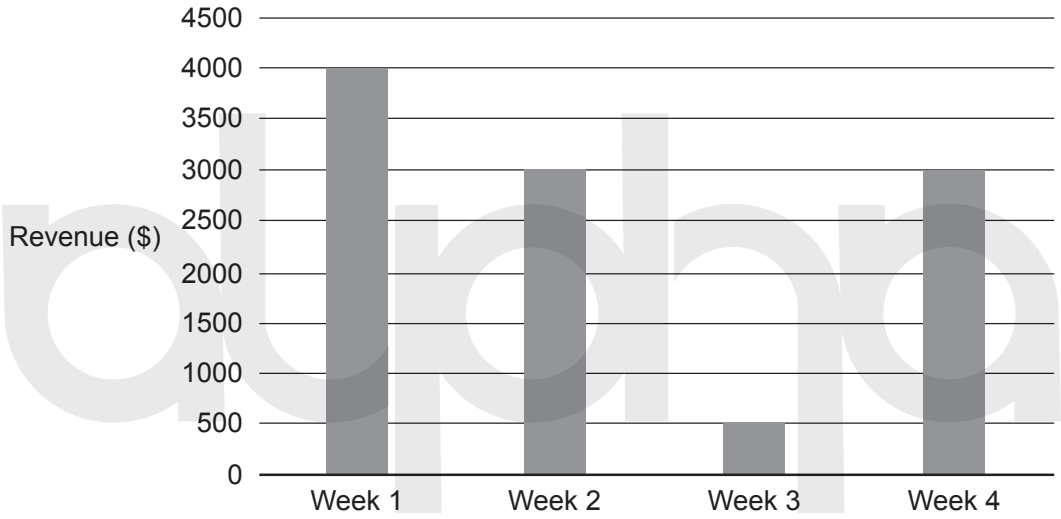

Fig. 2.1 Revenue directly from the social media influencer in February

Kaia would like to relocate PB to larger premises. She is applying for external sources of finance, and she has written a five-year business plan to support her applications.

(a) (i) Identify **one** external source of finance. [1]

(ii) Explain the term *business plan*. [3]

(b) (i) Refer to Fig. 2.1 and other information. Calculate the total payment to the social media influencer in February. [3]

(ii) Explain **one** disadvantage to Kaia of using a commission payment method. [3]

(c) Analyse **one** advantage and **one** disadvantage to Kaia of using job production. [8]

(d) Evaluate the most likely reason for Kaia's objectives to change over the next five years. [12]

CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/22**

Paper 2 Business Concepts 2 **May/June 2025**

MARK SCHEME

Maximum Mark: 60

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 May/June 2025 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

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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.

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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.

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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).

PAGE 361

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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.

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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

Annotation	Meaning
	For objective points that are right or wrong.
	For objective points that are wrong.
	When there is a misunderstanding in a response.
TV	When the candidate has attempted something, but the mark/skill has not been awarded.
Highlighter Or Underline	To highlight a point or section of an answer that justifies the mark/annotation.
BOD	When the candidate has attempted something, and the mark/skill has been awarded.
On page comment	To communicate with the supervisor.
NUT	When the context has not been used.

PAGE 363

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Annotation	Meaning
SEEN	To show a page/section has been seen/read.
NAQ	When the response is not focussed on answering the question.
REP	The repetition of a previous point in a response **or** candidate is copying the case study/data.
OFR	The own figure rule applies – acts as a mark/tick.
K	When AO1 has been awarded. Number of Ks should match the mark awarded.
APP	When AO2 has been awarded. Number of APPs should match the mark awarded.
AN	When AO3 at Level 1 has been awarded.
DEV	When AO3 at Level 2 has been awarded.
EVAL	When AO4 at Level 1 has been awarded.
E	When AO4 at Level 2 has been awarded.
EE	When AO4 at Level 3 has been awarded.

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Guidance on using levels-based marking

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.

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PREPARATION FOR MARKING

1 Make sure that you have completed the relevant training and have access to the *RM Assessor Guide*.
2 Make sure that you have read and understand the question paper, which you can download from https://support.rm.com/ca
3 Log in to RM Assessor then mark and submit the required number of practice and standardisation scripts. You will need to mark the standardisation scripts to the required accuracy in order to be approved for marking live scripts. You may be asked to re-mark them, or to mark a second sample, if you do not meet the required accuracy on your first attempt.

MARKING PROCESS

1 Mark strictly to the FINAL mark scheme, applying the criteria consistently and the general marking principles outlined on the previous page.
2 If you are in doubt about applying the mark scheme, consult your Team Leader.
3 Mark at a steady rate through the marking period. Do not rush, and do not leave too much until the end. If you anticipate a problem in meeting the deadline, contact your Team Leader immediately and the Examiners' Helpdesk.
4 Examiners will prepare a brief report on the performance of candidates to send to their Team Leader via email by the end of the marking period. The Examiner should note strengths seen in answers and common errors or weaknesses. Constructive comments on the question paper, mark scheme or procedures are also appreciated.

MARKING SPECIFICS

Crossed out work

1 **All a candidate's answers, *crossed out* or not, *optional* or not, must be marked.**
2 The only response not to be marked is one that has been crossed out and replaced by another response for that exact same question.
3 Consequently, if a candidate has crossed out their response to an optional question and gone on to answer a different optional question then both attempts must be marked. The higher mark will be awarded by the system according to the rubric.

0 (zero) marks or NR (no response)

1 Award **NR** if there is nothing at all written in answer to that question (often the case for optional questions).
2 Award **NR** if there is a comment which is not an attempt at the question (e.g. 'can't do it' or 'don't know' etc.)
3 Award **NR** if there is a symbol which is not an attempt at the question, such as a dash or question mark.
4 Award **0** (zero) if there is any attempt at the question which does not score marks. This includes copying the question onto an Answer Booklet.

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Question	Answer	Marks
1(a)(i)	**Identify <u>one</u> business activity within the quaternary sector.** Responses may include: The quaternary sector consists of those industries providing **knowledge/communication and information services**, such as • computing • ICT • consultancy • research and development (R&D) • digital marketing • digital recruitment and selection • Intellectual property (copyright, patents) Allow examples of specific business', industries etc. that exist in the quaternary sector, including • web/internet design • Education • Training • Media • Government • Cyber security *Note: – allow any activity that **<u>could</u>** be in the quaternary sector* Accept all valid responses.	**1**

PAGE 367

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Question	Answer	Marks
1(a)(ii)	**Explain the term *supply chain management*.**	3

AO1 Knowledge and understanding 1 mark	AO2 Application 2 marks
	2 marks Developed application of **one** relevant point to a business context.
1 mark Knowledge of **one** relevant point is used to answer the question.	**1 mark** Limited application of **one** relevant point to a business context.
0 marks No creditable response.	**0 marks** No creditable response.

Responses may include:
AO1 Knowledge and understanding
Knowledge of supply chain management K (max 1 mark), including:
The coordination (allow management) of the flow/movement of goods and services.
Allow – management of inventory
–management of raw materials

AO2 Application APP
Limited application APP *applies knowledge of supply chain management from one aspect of the supply chain (ie suppliers to a business, within a business or from the business to customers).*
Developed application APP + APP *applies knowledge of supply chain management in two or more aspects of a business.*

Explanation of supply chain management APP (max 2 marks), including:
From suppliers to business
Within the business
To the customer

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(ii)</td><td>

- **From** suppliers APP – and **to** customers APP.
- Between different parts **within** the business – and **to** the customer.
- Raw materials **within** the business – and **to** distribution channels.
- Involves the complete chain of inventory **from** suppliers – **to** customers.
- Involves inventories, **from** raw materials – **to** finished goods.

Accept all valid responses.

<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Coordination of the movement of products K. For example, how raw materials are delivered to the business APP and how the business delivers products to customers APP.</td><td>3</td><td>Explicit knowledge of supply chain management and explanation of two elements of the supply chain.</td></tr>
<tr><td>The coordination of products K from the suppliers delivering to the business APP and how the business moves these through its production process APP.</td><td>3</td><td>Poorly defined, but there is clear knowledge that the supply chain involves movement. Two elements of the movement, from the supplier to the business and then the business through the production process.</td></tr>
<tr><td>Movement of inventory K around a factory APP, and to the customers APP</td><td>3</td><td>Knowledge of movement with movement around a factory and to customers, so all three marks.</td></tr>
<tr><td>Management of the raw materials being turned into products K which can be sent to customers APP.</td><td>2</td><td>Clear knowledge, but only one type of movement.</td></tr>
<tr><td>Managing the movement of products K.</td><td>1</td><td>Not a perfect definition, but enough to award the knowledge mark. No attempt to apply.</td></tr>
<tr><td>Looking after how products are offered to customers.</td><td>0</td><td>No explicit knowledge of movement. Can not award APP without K.</td></tr>
<tr><td>Managing the supply chain. TV</td><td>0</td><td>Tautology</td></tr>
</table>

</td><td></td></tr>
</table>

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Question	Answer	Marks
1(b)(i)	**Refer to Table 1.1 and other information. Calculate TT's forecast total profit from the QZ contract.** **Formula:** Profit = TR – TC (direct costs + indirect costs) (1) **OR** Calculation of total direct costs = $5 × 5000 = $25 000 (1) **Calculation of TC:** TC = $25 000 + $9000 = $34 000(1) **Answer** $40000 – $34000 = $6000 (1 – OFR rule applies) **Ans = $6000 (3 marks)**	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(i)</td><td>

Exemplars and annotations

<table>
<tr><th>Marks</th><th></th><th></th></tr>
<tr><td>3 marks</td><td>Correct answer
6000</td><td>Working and $ sign do not matter.
An answer of 6 is incorrect.</td></tr>
<tr><td>2 marks</td><td>Correct calculation of total costs (TC) ($34 000 – with working).

OR

Correct calculation of gross profit ($15 000 – with working)

OR

An incorrect answer with one mistake allowing OFR for final stage.</td><td>To award two marks, there must be
• Two ✓ and a ✗
OR
• One ✓, one ✗ and one OFR
OR
• Two OFR and a ✗</td></tr>
<tr><td>1 mark</td><td>One of the following:
• Correct formula
• Correct calculation of total direct costs ($25 000)</td><td>To award one mark, there must be:
• One ✓ and two ✗</td></tr>
<tr><td>0 marks</td><td>No creditable content.</td><td>To award zero marks, there must be a minimum of one ✗</td></tr>
</table>

</td><td></td></tr>
</table>

PAGE 371

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>

Explain <u>one</u> reason why TT needs accurate cost information.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Responses may include:

AO1 Knowledge and understanding

Identification of a reason why a business needs accurate cost information K (max 1 mark), including:

- To calculate the total cost of production
- To make sure a profit is made
- To identify the profit margin
- To identify the break even point / margin of safety / target profit level
- To know how much finance is needed
- To categorise costs
- To forecast sales
- To budget/plan
- To set prices

</td><td>3</td></tr>
</table>

PAGE 372

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Question	Answer	Marks
1(b)(ii)	**AO2 Application** Explanation of a reason why a business needs accurate cost information APP (max 1 mark), including: • To calculate the total cost of production – to calculate profit levels • To make sure a profit is made – which can increase dividends • To identify the profit margin – to benchmark against other businesses • To identify the break-even point / margin of safety / target profit level – to ensure the business sells enough to cover the costs • To know how much finance is needed – so that a bank can see how much profit may be made • To categorise costs – to budget for cost centres • To forecast sales – to estimate the break-even level of sales • To budget – so that the business can plan for future expansion • To set prices – by knowing the total costs which need to be covered. Context applied to **TT** APP (max 1 mark), including: • TT has shareholders • Specialises in supply chain management • Contracts to deliver raw materials • To secondary and tertiary sector businesses • Agreed contract between TT and QZ • Use of Table 1.1 • TT employs 120 drivers • Objective to increase sales • Targeting small, online retail businesses • Requires a new fleet of smaller trucks	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>
<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>To set prices K by calculating the total costs and setting a price higher than the cost per unit APP when delivering 5000 products for QZ APP.</td><td>3</td><td>A reason identified, explained and in context, so all 3 marks.</td></tr>
<tr><td>To set budgets K for the 5000 QZ deliveries APP.</td><td>2</td><td>A reason identified, but not explained. The context about QZ is fine.</td></tr>
<tr><td>So that TT can know how much finance it needs K to cover the QZ order.</td><td>1</td><td>Identification of a reason, but no explanation and the context is TV. Names are not enough for context.</td></tr>
<tr><td>So that TT can survive.</td><td>0</td><td>No specific reason identified.</td></tr>
</table>
• Plans to use digital promotion.

Accept all valid responses.
</td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>

Analyse <u>two</u> advantages to TT of improving diversity and equality in the workplace.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

</td><td>8</td></tr>
</table>

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Question	Answer	Marks
1(c)	*Note: Annotate the first advantage in the left-hand margin and the second advantage in the right-hand margin.* Responses may include: **AO1 Knowledge and understanding** Identification of an advantage of improving diversity and equality K, including: • Increase potential supply of workers • Reduce the chance of being sued • Increase motivation • Improve reputation/ brand image • Attract more diverse employees • Reduce labour turnover **AO2 Application** Application of the advantage to TT APP, including: • TT is a private limited company • Specialises in supply chain management • Contracts to deliver raw materials • To secondary and tertiary sector businesses • Works with one of the largest manufacturers in country J • Agreed contract between TT and QZ • Use of Table 1.1 • TT employs 120 drivers • Objective to increase sales • Targeting small, online retail businesses • Requires a new fleet of smaller trucks • Plans to use digital promotion • Industry has been criticised for not having diversity and equality	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>

AO3 Analysis

- Limited analysis of an advantage of improving diversity and equality to a business AN – developed analysis DEV , including:
- Increase potential supply of workers: reduce labour costs – increase profitability.
- Reduce the chance of being sued – decrease business costs – increase profit.
- Increase motivation – increase efficiency of the business – increase profitability.
- Improve reputation – increase sales / contracts – increase profit.
- Attract more diverse employees – brings new ideas into the business – increase sales / profit.
- Reduce labour turnover – reduce business costs – increase profitability.

Accept all valid responses.

Exemplar and annotations

<table>
<tr><th>AO1 Knowledge</th><th>AO2 Application</th><th>AO3 Analysis</th></tr>
<tr><td>Motivate drivers K,</td><td>as there are 120 of them APP,</td><td>so this might lead to more productive employees AN leading to lower average costs DEV.</td></tr>
<tr><td>Attract better employees K.</td><td>Which will help TT reach its objective to increase sales APP,</td><td>by having more skilled employees, TT can increase the number of deliveries AN and therefore increase the profit DEV.</td></tr>
</table>

</td><td></td></tr>
</table>

PAGE 377

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>

Evaluate the usefulness of digital promotion to TT when targeting small online retailers.

<table>
<tr><th>Level</th><th>AO1
Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

</td><td>12</td></tr>
</table>

PAGE 378

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Question	Answer	Marks
1(d)	Responses may include: **AO1 Knowledge and understanding – knowledge of digital promotion** Knowledge of digital promotion K (max 2 marks), including: • Social media • Email • Using the internet /technology (marketing) • Online (marketing) • Spam • Influencer • Search engine optimisation • Mobile/smartphone/ app-based (marketing) • Viral (marketing) • Pay per click **AO2 Application** Application to TT APP, including: • TT is a private limited company • Specialises in supply chain management • Contracts to deliver raw materials • To secondary and tertiary sector businesses • Works with one of the largest manufacturers in country J • Agreed contract between TT and QZ • Use of Table 1.1 • TT employs 120 drivers • Objective to increase sales • Requires a new fleet of smaller trucks	

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Question	Answer	Marks
1(d)	**AO3 Analysis** **Analysis of the usefulness of digital promotion, including** • Limited analysis of the use of digital promotion AN – developed analysis DEV , including: • To communicate: relatively inexpensive which reduces business costs – increases profit. • To inform: digital promotion can be very fast with messages reaching customers instantly, this is likely to increase customer knowledge of a business and increase sales – increasing profit. • To persuade: people spend vast amounts of time on digital devices so digital promotion is likely to target these customers more than other types of promotion, increasing sales – increasing profit. Always on: especially with the increase in wearable technology, digital promotion increases the chances of customers seeing the promotion and being persuaded to make a purchase – increasing profit. **AO4 Evaluation** Limited evaluation of the usefulness of digital promotion EVAL – developed E – developed in context EE , including: • Relative usefulness of digital promotion in targeting smaller online retailers. • Comparison with non-digital types of promotion • Comparison of different digital promotion methods. • Use of digital methods may depend upon; cost of method, target market of customers for the online retailers, advances in technology (speed, influence etc.), budget available, geographical spread of market etc. • The impact of the chosen digital promotion methods method(s) and the impact of the methods themselves. • The likely response from competitors. • A judgement of the most useful method of digital promotion. Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>

Exemplars for awarding evaluation

Evaluate the usefulness of digital promotion to TT when targeting small online retailers.

<table>
<tr><th>L1 EVAL (limited supporting evidence)</th><th>L2 E (developed supporting evidence)</th><th>L3 EE (developed supporting evidence with context)</th></tr>
<tr><td>Digital promotion is very useful for TT.</td><td>Digital promotion is very useful for TT because it is a low-cost way to change customers opinion about the business.</td><td>Digital promotion is very useful for TT because it is a low-cost way to change customers opinion about the business. Low cost is important so that TT can make the new QZ contract successful.</td></tr>
<tr><td>Digital promotion is not useful for TT.</td><td>Digital promotion is not useful for TT because it is more likely to be ignored by customers as spam.</td><td>Digital promotion is not useful for TT because it is more likely to be ignored by customers as spam because of the newspaper criticism.</td></tr>
</table>

</td><td></td></tr>
</table>

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Question	Answer	Marks
2(a)(i)	**Identify <u>one</u> external source of finance.** Responses may include: Knowledge of an external source of finance: • share capital • debentures • new partners • venture capital • (bank) overdrafts • leasing • hire purchase • (bank) loans • mortgages • debt factoring • trade credit • micro-finance • crowd funding • government grants • peer to peer Accept all valid responses.	1

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>

Explain the term *business plan*.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Responses may include:
AO1 Knowledge and understanding
Knowledge of a business plan K, including:
- formal written document containing the goals of a business.
- the methods for attaining business goals/objectives/targets etc.
- a written document that describes a business and its objectives.
- a document outlining the direction of the business and how to get there.

AO2 Application
Explanation of a business plan APP (max 2 marks), including:
- Any example of a section from a business plan (1 mark for each up to max of 2 marks); HRM plan, marketing plan, operations plan, finance plan.
- Any other relevant data which might be included in a business plan.
- Examples of potential uses of a business; gain finance, find investors etc.
- A business plan may have a specific timeframe for achieving its objectives
- May include internal and external influence data

Accept all valid responses.

</td><td>3</td></tr>
</table>

PAGE 383

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>
<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>A written document showing the objectives for the business K and the functional areas, such as Marketing APP that are involved. Business plans are often used to apply for finance APP.</td><td>3</td><td>Clear knowledge that objectives form part of the business plan. A functional area also identified, as well as a use of a business plan.</td></tr>
<tr><td>Can be used to inform external stakeholders about the business APP. A business plan can be created for a specific time period, such as 5 years APP. It is the details about the business and its environment K</td><td>3</td><td>Some idea of what is in a business plan (details and environment), and a use of a plan. Also the time period.</td></tr>
<tr><td>A document outlining what the business does K for a specific time period APP.</td><td>2</td><td>Knowledge of what is in a business plan and time period.</td></tr>
<tr><td>A future plan for how a business will achieve its objectives K.</td><td>1</td><td>Clear knowledge.</td></tr>
<tr><td>A plan of the business for the future TV.</td><td>0</td><td>Tautology – candidates need to show they know what ‘business’ and ‘plan’ mean.</td></tr>
<tr><td>A forecast of the sales made by a business. TV</td><td>0</td><td>No understanding of a business plan.</td></tr>
</table>
</td><td></td></tr>
</table>

PAGE 384

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Question	Answer	Marks
2(b)(i)	**Refer to Fig 2.1 and other information. Calculate the total payment to the social media influencer in February.** **Formula:** Total payment = salary + commission (% of sales) (1) **OR** Correct calculation of revenue that comes directly from the influencer in Feb = Total sales in four weeks – $4000 + $3000 + $500 + $3000 = $10 500 (1) **OR** Correct calculation of total salary for influencer for Feb = $250 + $250 + $250 + $250 = $1000 (1) **Calculation:** 5% of $10 500 = $525 (1) Total payment = $1000 (salary) + $525 (commission) = $1525 (1 – OFR applies) **Ans = $1525 (3 marks)**	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(i)</td><td>

Exemplar and annotations

<table>
<tr><td>Marks</td><td></td><td></td></tr>
<tr><td>3 marks</td><td>Correct answer
$1525</td><td>**Working and sign do not matter**.
$</td></tr>
<tr><td>2 marks</td><td>Correct calculation of commission based on total revenue that comes directly from the influencer in Feb ($525)

OR
An incorrect answer with one mistake allowing OFR for final stage.

OR
An answer that misses out the commission ($11 500 with working)</td><td>To award two marks, there must be
• Two ✓ and a ✗
OR
• One ✓ , one ✗ and one OFR
OR
• Two OFR and a ✗</td></tr>
<tr><td>1 mark</td><td>**One** of the following:
• Correct formula
• Correct calculation of total revenue that comes directly from the influencer in Feb ($10 500).
• Correct calculation of total salary for FEB ($1000).</td><td>To award one mark, there must be:
• One ✓ and two ✗</td></tr>
<tr><td>0 marks</td><td>No creditable content.</td><td>To award zero marks, there must be a minimum of one ✗</td></tr>
</table>

</td><td></td></tr>
</table>

PAGE 386

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>
Explain <u>one</u> disadvantage to Kaia of using a commission payment method.
<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
Responses may include:
AO1 Knowledge and understanding
Knowledge of a disadvantage of using commission K (max 1 mark), including

Increases business costs
Reduces profit/ profit margin
Difficult to predict / forecast
May lead to aggressive sales techniques
May cause anxiety/stress/demotivation (for the employee)
May prioritise short-term gains, over long-term business objectives
May be difficult to recruit new workers
May cause employees to compete with one another
Paid from revenue, not profit (may need to be paid even if PB does not make a profit)

AO2 Application
Explanation of a disadvantage of using commission payment method APP (max 1 mark), including:

Increases business costs – as the business increases revenue, commission also increases
Difficult to predict / forecast – which can mean that PB may not be able to calculate the break-even point
May lead to aggressive sales techniques – as salespeople push to increase their own income

</td><td>3</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>

- May cause anxiety/stress (for the employee) – leading to lower motivation
- May prioritise short-term gains, over long-term business objectives – as employees focus on increasing short term revenue and not profit margins
- May be difficult to recruit new workers – because of the uncertainty of their likely income
- May cause employees to compete with one another – and work towards their own utility, not the good of the business
- Paid from revenue, not profit – so may need to be paid even if PB does not make a profit

Context applied to PB APP (max 1 mark), including:

- 5% commission on direct sales
- OFR from **Q2(b)(i)**
- Social media influencer gets a salary as well ($250 a week)
- Use of data in chart 2.1

<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>A commission adds to PBs costs K which can reduce the profit available APP to relocate PB to larger premises APP.</td><td>3</td><td>A disadvantage identified and explained with context.</td></tr>
<tr><td>It may lead to competition between workers K which could lead to demotivated employees APP reducing the $10 500 revenue from the influencer APP.</td><td>3</td><td>A disadvantage, which is explained and context used.</td></tr>
<tr><td>May be difficult to recruit new influencers K if 5% commission seems low. APP</td><td>2</td><td>A disadvantage and context. However the disadvantaged is not explained as to how/why recruitment may be more difficult based on commission.</td></tr>
<tr><td>Reduce profit K, and may demotivate the employees.</td><td>1</td><td>There are two pieces of knowledge here, but they are not linked (ie the candidate has not stated that there is less profit because of the demotivation). Only K so max 1 mark.</td></tr>
<tr><td>Paying a 5% commission means that for every $1 of revenue the influencer sells, they get $0.05.</td><td>0</td><td>There is no knowledge of a disadvantage of using commission.</td></tr>
</table>

Accept all valid responses.

</td><td></td></tr>
</table>

PAGE 388

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>

Analyse <u>one</u> advantage and <u>one</u> disadvantage to Kaia of using job production.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Note: Annotate the first advantage in the left-hand margin and the first disadvantage in the right-hand margin.

</td><td>8</td></tr>
</table>

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Question	Answer	Marks
2(c)	Responses may include: **AO1 Knowledge and understanding** Knowledge of an advantage of using job production K (max 1 mark), including: • High quality • High price • Flexibility • Customisation / customer satisfaction • All finished products are sold Knowledge of a disadvantage of using job production K (max 1 mark), including: • High production costs • Long lead time • Requires specialist equipment **AO2 Application** Application of an advantage or disadvantage to PB APP, including: • Kaia has a university degree in textile designs • Kaia thinks she has entrepreneurial qualities • Sole trader • Current objective to break even • Blankets personalised with a picture • Picture supplied by customer • Customers design their own blanket (customisable size and picture) • Many customers buy the blankets as gifts for special occasions (birthdays, holidays etc.) • Being promoted by a social media influencer • Use of data in Chart 2.1 **AO3 Analysis** Limited analysis of an advantage of job production AN – developed analysis DEV, including: • High quality: increases customer satisfaction and leads to sales – increases profit. • Customisation / customer satisfaction; likely to lead to increased sales – increased profit. • All finished products are sold; more likely to have costs lower than revenue – increased profitability.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>
Limited analysis of a disadvantage of job production AN – developed analysis DEV , including:

High production costs: may need to increase price to cover costs – less chance to break even and make a profit.
Long lead time; may irritate customers leading to bad reviews – lower sales and profit.
Requires specialist equipment; may need to purchase expensive capital equipment increasing costs – reducing profitability.

Accept all valid responses.

Exemplars and annotations
<table>
<tr><th>AO1 Knowledge</th><th>AO2 Application</th><th>AO3 Analysis</th></tr>
<tr><td>Higher prices K,</td><td>For individual blankets that are personalised with a picture APP.</td><td>This is likely to lead to higher revenue AN leading to higher profit DEV.</td></tr>
<tr><td>Takes longer to produce K.</td><td>Which may be a issue if customers are purchasing for a special occasion, like a birthday APP,</td><td>So, customers may go to a different business, reducing PBs revenue AN and therefore decrease the profit DEV.</td></tr>
</table>
</td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>

Evaluate the most likely reason for Kaia's objectives to change over the next five years.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

</td><td>12</td></tr>
</table>

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Question	Answer	Marks
2(d)	Responses may include: **AO1 Knowledge and understanding** Knowledge of why business objectives may change over time K (max 1 mark), including: • As the business grows • If the previous objective has been met • As the business declines • As the business maintains • As the market changes • As competitors act / react • When aims / vision / mission changes • As the business environment changes (not required at AS level, but rewarded) – SLEEPT **AO2 Application** Application to PB APP (max 2 marks), including: • Kaia has a university degree in textile designs • Kaia thinks she has entrepreneurial qualities • Sole trader • Current objective to break even • Blankets personalised with a picture • Picture supplied by customer • Customers design their own blanket (customisable size and picture) • Many customers buy the blankets as gifts for special occasions (birthdays, holidays etc.) • Being promoted by a social media influencer • Use of data in Chart 2.1 • Thinking of relocating PB **AO3 Analysis** Limited analysis of **how** the objectives change AN – developed analysis DEV , including: • As the business grows; objectives may change to profit maximisation – so that the owners can start to receive an income for their risk. • As the business declines, objectives may change to survival – and the business may reduce prices in an effort to gain a new market of customers.	

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Question	Answer	Marks
2(d)	• As the business maintains; the business owner may decide not to continue the business – leading to trying to recover as much of the capital invested as possible. • As the market changes, the business will need to adapt to the changing market, perhaps by making significant changes to the type of product being sold or doing some expensive market research into the new customer preferences – leading to an increase in costs and a reduction in profitability. • As competitors act / react; the business may become a price taker and change their marketing mix – so that they can maintain and grow their market share. • When aims / vision / mission changes; if the owner decides to change the mission of the business, then all the functions of the business may also need to be changed. For example, buying new capital items that allow it to make a different product – leading to an increase in business costs and reduced profit. • As the business environment changes (not required at AS level, but rewarded); for example, if the economy goes into recession, then luxury items may not be demanded, reducing customers – leading to a decrease in sales revenue and profit. **AO4 Evaluation** Limited valuation of the most likely reason why objectives may change EVAL – developed E – developed in context EE, including: • A judgement of the most likely reason for Kaia's objectives to change over the next five years. • What the judgement may depend upon; the owners desire to continue / grow the business, the market research, dynamism of the market, competitors' actions / reactions etc. • Kaia has only just started the PB, so the objectives may change significantly over the next five years. Does she have the knowledge / research / experience to judge how the objectives might change over such a long period of time? • To what extent is PB in a growing or declining market and how many of her customers choose to repeat purchase? • Kaia's own objectives – she thinks she has entrepreneurial qualities, so will she be looking at new products / business ideas over the next five years, which may mean that PB might not even exist, or be in a very different format to what it is today. Is it sensible to try and plan for five years with such limited experience? • A judgement about likeliness of the business objectives needing to change over five years. Accept all valid responses.	

PAGE 394

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>Exemplars for awarding evaluation
<table>
<tr><th>L1 EVAL (limited supporting evidence)</th><th>L2 E (developed supporting evidence)</th><th>L3 EE (developed supporting evidence with context)</th></tr>
<tr><td>The most likely reason is because PB has reached its previous objective.</td><td>The most likely reason is because PB has reached its previous objective. This means that Kaia will need a new objective, such as profit maximisation.</td><td>The most likely reason is because PB has reached its previous objective, to break even. This means that Kaia will need a new objective, such as profit maximisation.</td></tr>
<tr><td>It depends on her personal objectives.</td><td>It depends on her personal objectives, because she is the owner, the objectives will need to change to adapt to her needs.</td><td>It depends on her personal objectives, because she is a sole trader, the objectives will need to change to adapt to her needs.</td></tr>
</table></td><td></td></tr>
</table>

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Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/23**

Paper 2 Business Concepts 2 **May/June 2025**

1 hour 30 minutes

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 60.
- The number of marks for each question or part question is shown in brackets [ ].

alpha

This document has **4** pages. Any blank pages are indicated.

DC (PQ) 345883/4
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1 Crafty Toys (CT)

CT is a co-operative that produces and sells a range of wooden toys, such as puzzles, cars and dolls. The co-operative was formed in 2020 by a group of 12 people who share a passion for making toys. They wanted to work together to create quality products that would appeal to children and parents. No one person takes on the role of manager; instead, they share the traditional manager functions between them.

CT operates from a large workshop in a rural area of country Z, making toys using labour-intensive techniques. CT uses locally sourced wood that is certified as eco-friendly. CT also uses natural paints and finishes that are safe and non-toxic for children. Table 1.1 shows CT's output in 2024.

Table 1.1 Output data for CT in 2024

Number of people	Average hours worked per person per year	Output
12	1800	54 000 units

CT sells its products online through its own website and social media platforms, as well as through some independent retailers who specialise in ethical products. The co-operative also attends various trade fairs and exhibitions to showcase its products and network with potential customers and suppliers. CT has never researched customer wants.

CT faces some challenges in its current operations. These challenges include:

- high costs of production
- a long lead time
- a requirement for skilled workers.

CT is considering changing to flow production to overcome these challenges.

(a) (i) Identify **one** feature of a co-operative. [1]

(ii) Explain the term *traditional manager functions*. [3]

(b) (i) Refer to Table 1.1. Calculate the labour productivity for CT in 2024. [3]

(ii) Explain **one** advantage to CT of labour-intensive operations. [3]

(c) Analyse **two** methods of primary market research that CT could use to identify customer wants. [8]

(d) Evaluate whether CT should change to flow production. [12]

2 Fresh Farm (FF)

FF is a partnership in country Q that grows a range of fruits and vegetables, such as apples, carrots and potatoes. FF also provides an advisory service to other farmers. The partnership was established in 2018 by three friends, Amrit, Harry and Sally, who provided the working capital. Their aim was to produce healthy and tasty food for themselves and others.

FF grows crops using natural methods and practices. The produce is free from chemicals and pesticides. It only uses renewable energy sources, such as solar panels and wind turbines. It harvests the crops by hand or using simple machines that minimise damage or waste, but this is labour intensive.

FF sells its products directly to consumers through its own farm shop and online delivery service. It also sells to local restaurants. Table 2.1 shows information on FF's revenue and costs in 2024.

Table 2.1 Extract from FF's financial data for 2024

	$000
Revenue	120
Direct costs	50
Indirect costs	30

FF has gained a loyal customer base who appreciate the quality, flavour and nutrition of its products. However, FF also faces some challenges and risks in the competitive and uncertain food market. FF has limited capacity in producing crops. Weather conditions affect its yield and quality. It also must deal with pests, diseases and natural disasters that could damage or destroy its crops.

Another challenge that FF faces is the high level of demand for its products in the market. The partnership must meet the expectations and requirements of its customers who want fresh, varied and consistent products throughout the year.

(a) (i) Identify **one** feature of a partnership. [1]

(ii) Explain the term *working capital*. [3]

(b) (i) Refer to Table 2.1. Calculate FF's profit in 2024. [3]

(ii) Explain **one** factor influencing the supply of FF's products. [3]

(c) Analyse **two** benefits to FF of product differentiation. [8]

(d) Evaluate whether business growth is a suitable objective for FF. [12]

CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/23**

Paper 2 Business Concepts 2 **May/June 2025**

MARK SCHEME

Maximum Mark: 60

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 May/June 2025 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

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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.

PAGE 400

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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.

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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).

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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.

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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

Annotation	Meaning
	For objective points that are right or wrong.
	For objective points that are wrong.
	When there is a misunderstanding in a response.
TV	When the candidate has attempted something, but the mark/skill has not been awarded.
Highlighter Or Underline	To highlight a point or section of an answer that justifies the mark/annotation.
BOD	When the candidate has attempted something, and the mark/skill has been awarded.
On page comment	To communicate with the supervisor.
NUT	When the context has not been used.

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Annotation	Meaning
SEEN	To show a page/section has been seen/read.
NAQ	When the response is not focussed on answering the question.
REP	The repetition of a previous point in a response **or** candidate is copying the case study/data.
OFR	The own figure rule applies – acts as a mark/tick.
K	When AO1 has been awarded. Number of Ks should match the mark awarded.
APP	When AO2 has been awarded. Number of APPs should match the mark awarded.
AN	When AO3 at Level 1 has been awarded.
DEV	When AO3 at Level 2 has been awarded.
EVAL	When AO4 at Level 1 has been awarded.
E	When AO4 at Level 2 has been awarded.
EE	When AO4 at Level 3 has been awarded.

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Guidance on using levels-based marking

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.

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PREPARATION FOR MARKING

1 Make sure that you have completed the relevant training and have access to the *RM Assessor Guide*.
2 Make sure that you have read and understand the question paper, which you can download from https://support.rm.com/ca
3 Log in to RM Assessor then mark and submit the required number of practice and standardisation scripts. You will need to mark the standardisation scripts to the required accuracy in order to be approved for marking live scripts. You may be asked to re-mark them, or to mark a second sample, if you do not meet the required accuracy on your first attempt.

MARKING PROCESS

1 Mark strictly to the FINAL mark scheme, applying the criteria consistently and the general marking principles outlined on the previous page.
2 If you are in doubt about applying the mark scheme, consult your Team Leader.
3 Mark at a steady rate through the marking period. Do not rush, and do not leave too much until the end. If you anticipate a problem in meeting the deadline, contact your Team Leader immediately and the Examiners' Helpdesk.
4 Examiners will prepare a brief report on the performance of candidates to send to their Team Leader via email by the end of the marking period. The Examiner should note strengths seen in answers and common errors or weaknesses. Constructive comments on the question paper, mark scheme or procedures are also appreciated.

MARKING SPECIFICS

Crossed out work

1 **All a candidate's answers, *crossed out* or not, *optional* or not, must be marked.**
2 The only response not to be marked is one that has been crossed out and replaced by another response for that exact same question.
3 Consequently, if a candidate has crossed out their response to an optional question and gone on to answer a different optional question then both attempts must be marked. The higher mark will be awarded by the system according to the rubric.

0 (zero) marks or NR (no response)

1 Award **NR** if there is nothing at all written in answer to that question (often the case for optional questions).
2 Award **NR** if there is a comment which is not an attempt at the question (e.g. 'can't do it' or 'don't know' etc.)
3 Award **NR** if there is a symbol which is not an attempt at the question, such as a dash or question mark.
4 Award **0** (zero) if there is any attempt at the question which does not score marks. This includes copying the question onto an Answer Booklet.

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Question	Answer	Marks
1(a)(i)	**Identify <u>one</u> feature of a co-operative.** **Indicative content** Identification of a feature ✓ may include: Responses may include: • Owned/controlled by members • Shared decision making • Shared profits/losses • Run for the mutual benefit of members • All members contribute/participate • Mutual objectives Accept all valid responses.	**1**

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Question	Answer	Marks
1(a)(ii)	**Explain the term *traditional manager functions*.**	3

AO1 Knowledge and understanding 1 mark	AO2 Application 2 marks
	2 marks Developed application of **one** relevant point to a business context.
1 mark Knowledge of **one** relevant point is used to answer the question.	**1 mark** Limited application of **one** relevant point to a business context.

Indicative content
Responses may include:
AO1 Knowledge and understanding
Knowledge of traditional manager functions [K] may include (max 1 mark):
- Planning
- Organising
- Directing
- Controlling

AO2 Application
Explanation of traditional manager functions [APP] may include (max 1 mark):
- Planning – involves setting objectives and determining the best course of action to achieve them.
- Organising – the process of arranging resources and tasks to achieve the organisation's goals.
- Directing – leading and motivating employees to achieve organisational goals
- Controlling – the process of monitoring and evaluating performance to ensure that organisational goals are met.

Context applied to traditional manager functions [APP], including (max 1 mark):
- Without these management functions businesses may not survive/thrive/achieve success
- Examples of businesses/types of businesses/types of managers.

Accept all valid responses.

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Question	Answer	Marks
1(b)(i)	**Refer to Table 1.1. Calculate the labour productivity for CT in 2024.** **Indicative content.** Formula for productivity: Output per person per hour Productivity = output / total labour hours (1) Output = 54 000 Labour hours = 12 × 1800 (1) = 21 600 (1) 54 000 / 21 600 (2) = 2.5 OR (54 000 / 1800) / 12 (2) = 2.5 OR (54 000 / 12) / 1800 (2) = 2.5 Answer = **2.5 units or 2.5 (3)** OR Formula for productivity: Productivity = output in a given time period/total workers (1) 54 000 / 12 (1) = 4500 Answer = **4500 (3)** **Note: Correct Formula + 54 000 / 1800 = 30 (2), no formula 1 mark**	**3**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>
Explain <u>one</u> advantage to CT of labour-intensive operations.
<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
Responses may include:

AO1 Knowledge and understanding
Knowledge of an advantage of labour-intensive operations.[K]:

customised products easier to make
less capital investment required
employees can use own initiative
employees can offer new ideas
flexibility/adaptability
high quality products
employees can build up relationship with customers
sustainability

</td><td>3</td></tr>
</table>

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Question	Answer	Marks
1(b)(ii)	**AO2 Application** Explanation of an advantage of labour-intensive operations APP (max 1 mark), including: • customised products easier to make – so can satisfy customer requirements • less capital investment required – lower machinery costs/set-up costs • employees can use own initiative – so employees can problem solve • employees can offer new ideas – help increase growth/demand • flexibility/adaptability – firms can more easily adjust the number of employees/reassign tasks • higher quality products – more attention to detail/quality control • employees can build up relationship with customers – retain customer loyalty • sustainability – less emissions Context applied to **CT** APP (max 1 mark), including: • Use of answer to **1bi** (OFR) • Employee co-operative • Hand-made products • Competitive market • Low level of demand • Aim to produce high quality toys • Ethical/eco-friendly materials Accept all valid responses.	**3**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>

Analyse <u>two</u> methods of primary market research CT could use to identify customer wants.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Annotate the first method in the left-hand margin and the second in the right-hand marking.

</td><td>8</td></tr>
</table>

PAGE 413

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Question	Answer	Marks
1(c)	Responses may include: **AO1 Knowledge and understanding** Knowledge of the methods of primary research used to identify customer wants. • surveys • questionnaires • internet forums • tracking online behaviour/website analytics/e-commerce data • product sampling • focus groups • interviews • observations • social media **Note: Qualitative/quantitative are types of primary research not methods** **AO2 Application** *Max one APP for application in the first method and max one APP for application in the second method.* Application of knowledge of a method of primary research to CT (max 2 APP s), including • CT could use own website/social media to survey customers • Ask for customer ratings/feedback on website • Get feedback at trade fairs / exhibitions • Use loyal customer base e.g. face to face interviews • Ask the independent retailers on trends/best-selling items/how children interact with the toys	**8**

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Question	Answer	Marks
1(c)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *candidate shows two or more links in the chain of analysis or a two-sided analysis.* • Surveys – help gather information on customer preferences, satisfaction levels, and specific needs – to develop products • Questionnaires – can be structured, semi-structured, or unstructured – allowing for detailed feedback • Internet forums/tracking online behaviour/website analytics/e-commerce data – helps understand customer preferences and purchasing patterns – so can satisfy those wants/needs. • Product sampling – immediate feedback from customers about the product's feel, quality, and overall appeal. • Focus groups – provides qualitative insights into customer attitudes, motivations, and perceptions– but are toys suitable for focus group of adults? • Interviews – can be structured, semi-structured, or unstructured, allowing for detailed feedback • Observations – helps identify usage patterns – and areas for improvement • Social media – provides real-time insights into customer opinions and trends – current/up-to-date opinions • Primary research methods – could help identify likely customer wants – but expensive • Niche markets have low demand – less secondary information available • Loyal customers – more likely to provide answers – may give biased answers Accept all valid responses.	**8**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>

Evaluate whether CT should change to flow production.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

</td><td>12</td></tr>
</table>

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Question	Answer	Marks
1(d)	Responses may include: **AO1 Knowledge and understanding** *Knowledge of flow production and/or labour-intensive (handmade) (max 2 K s), including*: Flow production: • continuous/mass production • involves the continuous movement of items through the production process • usually on an assembly line/using repetitive process • capital intensive • fewer workers required/uses less-skilled labour • standardised products Labour-intensive/handmade production: • artisanal or craft production • involves the creation of products by hand • minimal use of machinery • requires skilled labour **AO2 Application** *Limited application APP applies knowledge of production method to CT once. Developed application APP+APP applies knowledge of production method to CT twice* • Reputation for ethical products • Long lead time • Requires skilled workers • High costs of production • 4500 per year per worker/2.5 units produced per worker per hour • Quality products	**12**

PAGE 417

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Question	Answer	Marks
1(d)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis. Developed analysis* DEV *– candidate shows two or more links in the chain of analysis* • Change of working practices –De-skilling • Long term futures assured – can increase productivity/reduce lead time • Business expands – increase profitability • Increased ability to compete – through lower costs/could lower prices • Lose USP – customers go to other businesses • Low level of demand – change will not impact this unless lower prices • Reduce costs – lower skilled labour required/paid less • Requires investment – finance might be difficult to source • Lower quality – less attention to detail • Some members may be unhappy with the change – could cause conflict **AO4 Evaluation** *Limited evaluation* EVAL *– unsupported judgement and/or a weak attempt at evaluative comment* *Developed evaluation* E *– supported judgement and/or reasonable evaluative comment* *Developed evaluation in context* EE *– supported judgement in context and/or reasonable evaluative comment in context.* Whether CT should use flow production depends on several factors: • Scale of production – If CT needs to produce large quantities of standardised products, flow production is highly beneficial due to its efficiency and economies of scale. • Investment capacity – Can CT afford the high initial setup costs and ongoing maintenance of automated systems? • Product type – Flow production is ideal for products that do not require customisation and can be produced in large volumes, which is not CT's current situation. • Market demand – If there is consistent high demand for the product, flow production can meet this demand effectively, but CT faces low demand • Member considerations – CT should consider the impact on member motivation and find ways to mitigate the negative effects of repetitive tasks.	**12**

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Question	Answer	Marks
1(d)	• Market competition – CT will face higher competition than in a niche market • Expensive – Will require investment in capital/machinery which CT may not have the finance to do • Costs increase – Initial costs very high but in the long-run could lower unit costs • Brand reputation – Might damage the brand reputation for ethical, high quality toys • Loyal customers – Might lose loyal customer base including the independent retailers • A recommendation whether CT should change to flow production In conclusion, flow production is advantageous for large-scale, standardised production with high demand and sufficient investment capacity. However, CT must weigh these benefits against the potential drawbacks, such as high setup costs and low member motivation, to determine if it aligns with their specific needs and goals. Accept all valid responses.	12

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Question	Answer	Marks
2(a)(i)	**Identify <u>one</u> feature of a partnership.** **Indicative content** Identification of a feature of a partnership ✓ may include: • Two or more people join but the exact number can vary depending on the type of partnership and legal regulations • Unlimited liability • Share profits / losses / risks • Must have mutual trust and confidence in each other • Formalised through a legal agreement • Decisions usually made collaboratively / each partner has a say in the business operations	1

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>

Explain the term *working capital.*

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Responses may include:
AO1 Knowledge and understanding
Knowledge of working capital K (max 1 mark), may include:
- Financial measure
- Difference between current assets and current liabilities
- A measure of a company's liquidity and short-term financial health
- Day-to-day finance required

AO2 Application
Explanation of working capital APP (max 1 mark), including:
- ensures firm can meet short-term liabilities
- indicates liquidity
- assesses how efficiently a company is using its resources to generate revenue
- can be used as a source of finance
- Context applied to working capital APP (max 1 mark), including:
- companies with positive working capital can invest in growth opportunities and expansion
- example/calculation

Accept all valid responses.

</td><td>3</td></tr>
</table>

PAGE 421

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Question	Answer	Marks
2(b)(i)	**Refer to Table 2.1. Calculate FF's profit in 2024.** **Indicative content** • Formula: price = revenue – (direct costs + fixed costs) (1) • Calculation of total costs $50 000 + $30 000 = $80 000 (1) • Calculation of profit = $120 000 – $80 000 (2) = $40 000 (3) 40 (with working) = 2 Answer = $**40 000 (3)**	**3**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>
Explain <u>one</u> factor influencing the supply of FF's products.
<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
Responses may include:
AO1 Knowledge and understanding
Knowledge of a factor influencing supply K may include:
• Price of the product
• Production costs
• Technology/capacity
• Number of suppliers
• Government policies
• Season/harvest/weather conditions
• Prices of substitutes/complements
• Future expectations
• Productivity of workers

AO2 Application
Explanation of a factor influencing supply APP (max 1 mark), including
• Price of the product – When the price of a product increases, producers are generally willing to supply more because they can achieve higher revenue/vice-versa
• Production costs – A decrease in production costs (e.g., lower wages, cheaper raw materials) can increase supply as it becomes more profitable to produce/opposite for an increase in costs
</td><td>3</td></tr>
</table>

PUBLISHED

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Question	Answer	Marks
2(b)(ii)	• Technology/capacity – Improvements in technology can enhance production efficiency, leading to an increase in supply/availability of spare capacity • Number of suppliers – An increase/decrease in the number of suppliers in the market can lead to a higher/lower overall supply • Government policies – effect of subsidies/taxes • Season/harvest/weather conditions – good harvest/weather conditions can increase the supply of agricultural products. Poor harvest/weather conditions can reduce supply • Prices/availability of substitutes/complements – If the price of a substitute good rises, producers might switch to producing that good, reducing the supply of the original product. An increase in the supply of a complementary good can also increase the supply of the original product • Future expectations – If producers expect higher prices in the future, they might reduce current supply to sell more later at higher prices/if lower prices are expected, producers might increase current supply to sell more before prices drop • Productivity of workers – Increased worker productivity can lead to higher supply as more goods are produced in the same amount of time/decreased productivity can reduce supply Context applied to FF's supply of products APP (max 1 mark) including: • Low level of supply • Can only grow a limited number of crops • Seasonal produce • Yield and quality affected by weather conditions • Labour intensive • Competitive market • Customers require fresh, varied and consistent products Accept all valid responses.	3

PAGE 424

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>
Analyse <u>two</u> benefits to FF of product differentiation.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
</td><td>8</td></tr>
</table>

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Question	Answer	Marks
2(c)	*Annotate the first benefit in the left-hand margin and the second in the right-hand marking.* **AO1 Knowledge and understanding** Knowledge of benefits of product differentiation (max 2 K s), may include: • Greater choice • Responsive to customer wants • Meets customer requirements • Reduce the impact of seasonal products. • Create a strong brand image • Spread risk • Increase price/revenue/profit/added value • Expand customer base/loyalty • Improve competitiveness **AO2 Application** *Max one APP for application in one benefit and max two APP for application in two benefits* • Loyal customers • Customers want fresh and varied products throughout the year • FF a reliable brand • Appeals to customers who want natural products • Customers appreciate quality, flavour and nutrition of products • High demand • Competitive market **AO3 Analysis** *Limited analysis AN – candidate shows one link in the chain of analysis.* *Developed analysis DEV candidate shows two or more links in the chain of analysis or a two-sided analysis.* • FF can expand market share – differentiation can attract a specific segment of the market, increasing the FF's overall market share/help it to grow • Seasonal products – could ensure year around production • Increase finance – able to re-invest in the business • Competitive Advantage – helps create a unique selling proposition, making the product stand out from competitors • Brand loyalty – highlighting unique features, FF can build brand loyalty and encourage repeat purchases	**8**

PAGE 426

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Question	Answer	Marks
2(c)	• Price flexibility – differentiated products can often command higher prices because consumers perceive them as offering greater value • Reduced price sensitivity – customers may be less sensitive to price changes if they believe the product offers unique benefits • Niche markets – allows FF to target niche markets with specific needs and preferences • Customer satisfaction – meet specific customer needs, leading to higher customer satisfaction • Brand Identity – strong differentiation helps in building a distinct brand identity that is hard for competitors to copy Accept all valid responses.	**8**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>

Evaluate whether business growth is a suitable objective for FF.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

</td><td>12</td></tr>
</table>

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Question	Answer	Marks
2(d)	**Indicative content** **AO1 Knowledge and understanding** *Knowledge of business growth/methods of business growth/objectives (max 2 K s), including:* • The process of improving some measure of an enterprise's success. • Can be achieved through various strategies • The increase in the size, revenue, market share, or profitability of a business over time. • Can be measured in different ways • External/internal growth • Organic growth • Mergers / joint ventures • Strategic alliance Objectives • Business objectives are specific, measurable goals that an organisation aims to achieve within a certain timeframe • Provide direction and a clear focus for the company's efforts and resources. • Guide decision-making • Help allocate resources effectively • Used to measure the success of various initiatives. **AO2 Application** *Limited application APP applies knowledge of growth/methods of business growth to FF once. Developed application APP+APP applies knowledge of growth/methods of business growth to FF twice* • Limited production capacity • High level of demand • Labour-intensive • Ethical approach – organic methods / renewable energy sources • Highly competitive market • Impacted by weather conditions • Affected by pests, diseases and natural disasters Expectations of customers for fresh, varied and consistent products/quality, flavour and nutrition	**12**

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Question	Answer	Marks
2(d)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *– candidate shows two or more links in the chain of analysis.* • allows a business to increase profits – reduce costs by using external resources • can improve quality, efficiency or productivity – using experienced providers • reduce risks or liabilities – share with other firms • compromise the quality and consistency of FF's products – lose customers • expose FF to more risks and uncertainties – such as reliability, delivery delays, contractual disputes etc • increase costs – may not be able to afford internal growth • increased market share – growth can help FF capture a larger share of the market, enhancing its competitive position • economies of scale – as businesses grow, they can achieve economies of scale, reducing the cost per unit of production and increasing profitability • diversification – growth often allows businesses to diversify their product lines or enter new markets, spreading risk and creating new sources of revenue • resource constraints – rapid growth can strain an organisation's resources, including finances, personnel, and infrastructure • quality control – maintaining product or service quality can be more challenging as the business grows **AO4 Evaluation** *Limited evaluation* EVAL *– unsupported judgement and/or a weak attempt at evaluative comment* *Developed evaluation* E *– supported judgement and/or reasonable evaluative comment* *Developed evaluation in context* EE *– supported judgement in context and/or reasonable evaluative comment in context.* • A recommendation whether growth is a suitable objective • Elements that the recommendation could depend upon, including such as losing control over the quality and consistency of the products, compromising on the natural / organic approach • A consideration of the implications for cost and ability to attract other firms • Weighing up of the factors and their relative influence on growth. • Depends upon the type of growth/how growth is achieved. • FF should evaluate their strategic goals, market conditions, and internal capabilities to determine if growth is a suitable objective. **Note: Only accept judgements about growth but reward alternative objectives if growth discussed.** Accept all valid responses.	**12**

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Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/21**

Paper 2 Business Concepts 2 **October/November 2025**

1 hour 30 minutes

9538100963

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 60.
- The number of marks for each question or part question is shown in brackets [ ].

alpha

This document has **4** pages. Any blank pages are indicated.

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1 Clever Bean (CB)

CB is a public limited company that operates a chain of coffee shops in several countries. The company was founded in 2010 by two friends, Shopra and Ben. They share a passion for coffee and want to offer high-quality products to customers.

CB started with one coffee shop in country Q and gradually expanded, always locating in high-income areas of major cities. CB operates in a dynamic business environment. There is a high level of competition from other well-known coffee shop chains.

The company sources its coffee beans from fair trade suppliers who grow their coffee in an environmentally friendly way. CB offers a wide range of coffee products to the mass market. CB also offers other drinks and a variety of food items, such as sandwiches and cakes. Recent research shows that customers are now looking for healthy food options.

CB's customers are mainly young professionals, students and tourists. Customers enjoy CB's inviting atmosphere, comfortable seating areas, free Wi-Fi access and music. Its staff are trained to be friendly, helpful and knowledgeable.

Table 1.1 shows some financial data for CB for 2023 and 2024.

Table 1.1 CB's costs and revenue for 2023 and 2024

	2024 ($m)	2023 ($m)
Revenue	50	44
Direct costs	10	6
Indirect costs	20	16

Shopra believes that CB should continue to focus on the mass market. However, Ben thinks that greater use of market segmentation will be more successful.

(a) (i) Identify **one** feature of a public limited company. [1]

(ii) Explain the term *dynamic business environment*. [3]

(b) (i) Refer to Table 1.1. Calculate the change in profit from 2023 to 2024. [3]

(ii) Explain **one** use to CB of cost information. [3]

(c) Analyse **two** benefits to CB of training its employees. [8]

(d) Evaluate whether CB should make greater use of market segmentation to be more successful. [12]

2 Natalia's Naturals (NN)

NN is a small business owned by Natalia. NN produces and sells a range of natural skincare products.

In 2020, Natalia started making her own skincare products at home using natural ingredients. She realised that there was a demand for her products among her friends and family. Natalia then decided to turn her hobby into a business and launched NN in 2021.

Natalia operates her business from a rented workshop with limited space, where she makes her products by hand. She buys her ingredients from local suppliers who share her values of environmentally friendly production.

NN has been growing steadily and has gained a loyal customer base. NN has received positive reviews from beauty magazines. Natalia's skincare products are sold through her own website, social media platforms and local retailers who specialise in selling natural products.

Natalia is developing a new face cream. Table 2.1 shows price and cost estimates for the new face cream.

Table 2.1 Price and cost estimates

Product	Price	Allocated fixed costs	Variable costs per unit
Face cream	$5	$12 000	$2

The skincare market is very competitive. There are many established brands that offer similar products to NN, but with wider distribution channels.

Natalia needs to balance her time between production, managing orders, delivery, marketing and other administrative tasks. She works long hours and is stressed and exhausted.

Natalia is considering outsourcing to increase NN's production capacity.

(a) (i) Identify **one** internal stakeholder of a business. [1]

(ii) Explain the term *distribution channels*. [3]

(b) (i) Refer to Table 2.1. Calculate the break-even level of output of the new face cream. [3]

(ii) Explain **one** limitation to NN of break-even analysis. [3]

(c) Analyse **one** advantage and **one** disadvantage to NN of being a small business. [8]

(d) Evaluate whether outsourcing is the most suitable way to increase NN's production capacity. [12]

CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/21**

Paper 2 Data Response **October/November 2025**

MARK SCHEME

Maximum Mark: 60

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.

This document consists of **30** printed pages.

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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.

PAGE 435

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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.

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)

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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).

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.

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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

Annotation	Meaning
	For objective points that are right or wrong.
	For objective points that are wrong.
	When there is a misunderstanding in a response.
	When the candidate has attempted something, but the mark/skill has not been awarded.
Highlighter Or Underline	To highlight a point or section of an answer that justifies the mark/annotation.
	When the candidate has attempted something, and the mark/skill has been awarded.
On page comment	To communicate with the supervisor.
	When the context has not been used.

PAGE 438

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Annotation	Meaning
SEEN	To show a page/section has been seen/read.
NAQ	When the response is not focussed on answering the question.
REP	The repetition of a previous point in a response **or** candidate is copying the case study/data.
OFR	The own figure rule applies – acts as a mark/tick.
K	When AO1 has been awarded. Number of Ks should match the mark awarded.
APP	When AO2 has been awarded. Number of APPs should match the mark awarded.
AN	When AO3 at Level 1 has been awarded.
DEV	When AO3 at Level 2 has been awarded.
EVAL	When AO4 at Level 1 has been awarded.
E	When AO4 at Level 2 has been awarded.
EE	When AO4 at Level 3 has been awarded.

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Guidance on using levels-based marking

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.

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PREPARATION FOR MARKING

1 Make sure that you have completed the relevant training and have access to the *RM Assessor Guide*.
2 Make sure that you have read and understand the question paper, which you can download from https://support.rm.com/ca
3 Log in to RM Assessor then mark and submit the required number of practice and standardisation scripts. You will need to mark the standardisation scripts to the required accuracy in order to be approved for marking live scripts. You may be asked to re-mark them, or to mark a second sample, if you do not meet the required accuracy on your first attempt.

MARKING PROCESS

1 Mark strictly to the FINAL mark scheme, applying the criteria consistently and the general marking principles outlined on the previous page.
2 If you are in doubt about applying the mark scheme, consult your Team Leader.
3 Mark at a steady rate through the marking period. Do not rush, and do not leave too much until the end. If you anticipate a problem in meeting the deadline, contact your Team Leader immediately and the Examiners' Helpdesk.
4 Examiners will prepare a brief report on the performance of candidates to send to their Team Leader via email by the end of the marking period. The Examiner should note strengths seen in answers and common errors or weaknesses. Constructive comments on the question paper, mark scheme or procedures are also appreciated.

MARKING SPECIFICS

Crossed out work

1 **All a candidate's answers, *crossed out* or not, *optional* or not, must be marked.**
2 The only response not to be marked is one that has been crossed out and replaced by another response for that exact same question.
3 Consequently, if a candidate has crossed out their response to an optional question and gone on to answer a different optional question then both attempts must be marked. The higher mark will be awarded by the system according to the rubric.

0 (zero) marks or NR (no response)

1 Award **NR** if there is nothing at all written in answer to that question (often the case for optional questions).
2 Award **NR** if there is a comment which is not an attempt at the question (e.g. 'can't do it' or 'don't know' etc.)
3 Award **NR** if there is a symbol which is not an attempt at the question, such as a dash or question mark.
4 Award **0** (zero) if there is any attempt at the question which does not score marks. This includes copying the question onto an Answer Booklet.

Annotation

1 Every question must have at least one annotation e.g. <NAQ> if it is an NR and <X> or <seen> if 0 marks are awarded.
2 Every page of a script must have at least one annotation e.g. <BP> for a blank page.

PAGE 441

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Question	Answer	Marks
1(a)(i)	**Identify <u>one</u> feature of a public limited company.** **AO1 Knowledge and understanding** **Indicative content** Identification of a feature ✓ may include: • can sell shares • has shareholders • limited liability • separate legal identity from its owners • must publish its accounts and report to its shareholders	**1**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(ii)</td><td>

Explain the term *dynamic business environment*.

<table>
<tr><td>AO1 Knowledge and understanding
1 mark</td><td>AO2 Application
2 marks</td></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content

Responses may include:

AO1 Knowledge and understanding K (max 1 mark), including:
- rapid / fast changing market
- requires businesses to quickly adapt / be flexible.
- changes may be internal or external

AO2 Application
Explanation of internal changes APP (max 1 mark), including:
- leadership or management changes
- organisational restructuring
- investment in technology

Application for internal changes APP (max 1 mark), including:
- a new manager may bring a different vision or management style.
- merging departments
- upgrading equipment

</td><td>3</td></tr>
</table>

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Question	Answer	Marks
1(a)(ii)	Explanation of external changes APF (max 1 mark), including: • technological advancements • economic shifts • political and legal changes • social trends • environmental factors • new products /ideas/entrants • consumer tastes Application for external changes APF (max 1 mark), including: • AI, automation • inflation, recession • new regulations, trade policies • consumer preferences, demographics • climate change, sustainability pressures • examples of dynamic markets • examples of factors meaning markets are dynamic e.g. competition Accept all valid responses.	

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Question	Answer	Marks
1(b)(i)	**Refer to Table 1.1. Calculate the change in profit from 2023 to 2024.** **Indicative content.** Profit = Revenue – Total costs (1) Profit in 2023 = $44m – ($6m + $16m) = $22m (1) **OR** Profit in 2024 = $50m – ($10m + $20m) = $20m (1) Change in profit = Profit in 2024 – Profit in 2023 = $20m – $22m = –$2m (OFR applies) Answer = **–$2** (3), $ not required. Accept text explanation, such as decreases, instead of minus sign. In brackets indicates a minus figure **No minus sign or other indication of decrease 2 marks** **OFR applies**	**3**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>

Explain <u>one</u> use to CB of cost information.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Responses may include:

AO1 Knowledge and understanding K (max 1 mark), including:
Uses may include:
- helps determine the price/set prices
- ensure it makes a profit/improve profitability
- ensures the business covers its costs and earns a margin on each sale.
- respond to rising costs
- reduce unnecessary costs
- help identify profitable/loss making products
- set budgets

AO2 Application
Explanation APP (max 1 mark), including:
- respond to rising costs by adjusting prices
- identifying high-cost/profitable items allows the business to streamline operations or reduce waste.
- accurate cost data helps the owner decide whether to introduce new products, offer discounts, or invest in equipment
- can be used to help obtain external finance

</td><td>3</td></tr>
</table>

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Question	Answer	Marks
1(b)(ii)	Context APP (max 1 mark), including: • example of price-setting – e.g. CB calculates that the total cost of ingredients, labour, and overheads for one latte is $1.50. To make a profit, CB decides to sell the latte for $3.00. • if milk prices increase, the shop might adjust its pricing or switch suppliers. • operate in mass market • use of answer to **1(b)(i)** (OFR)/reduction in profit (OFR)/profit change between 2023 and 2024 • use of information in Table 1.1 – direct costs increased by $4m (to $10m) and indirect costs increased by $4m (to $20m) • competitive market • considering market segmentation • demand for healthy food **Accept all valid responses.**	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>

Analyse <u>two</u> benefits to CB of training its employees.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Annotate the first benefit in the left-hand margin and the second in the right-hand margin.

</td><td>8</td></tr>
</table>

PAGE 448

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Question	Answer	Marks
1(c)	Responses may include: **AO1 Knowledge and understanding** (max K s) • improve the quality and consistency of its products and services • increase productivity • increase efficiency • motivate staff • develop new skills and knowledge **AO2 Application** *Max one APP for application in the first benefit and max one APP for application in the second benefit.* • working in a coffee shop is labour intensive work. • highly paid employees would like to improve skills • mission statement refers to a unique experience for customers • CB face very high costs that they need to control • train staff to be helpful, friendly and knowledgeable • offers food as well as coffee • located in high-income areas of major cities • competitive/dynamic business environment • operate in several countries **AO3 Analysis** *Limited analysis AN – candidate shows one link in the chain of analysis.* *Developed analysis DEV candidate shows two or more links in the chain of analysis or a two-sided analysis.* Analysis may include: • training improves the skills of employees – greater efficiency/productivity more customers served/more sales/ profit. • empowerment – may improve motivation by allowing employees to feel more knowledgeable e.g., advising customers on different products • can increase customer satisfaction and loyalty – enhance its reputation/revenue/profits • improve staff morale and retention – reduce turnover/absenteeism/recruitment costs • increased efficiency – reducing costs and increasing profits • build its customer base – attracting customers from the competition **Accept all valid responses**	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>Evaluate whether CB should make greater use of market segmentation to be more successful.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table></td><td>12</td></tr>
</table>

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Question	Answer	Marks
1(d)	Responses may include: **AO1 Knowledge and understanding (max [K] s)** • market has smaller groups/sub-groups • used to better target marketing efforts • methods include geographic, demographic and psychographic **Do not award K for product differentiation, must be market segmentation** **AO2 Application** *Limited applicatio[APP] applies knowledge of market segmentation to CB once.* *Developed application[APP] -[APP] applies knowledge of market segmentation to CB twice.* • customers are becoming more aware of the health effects of consuming too much caffeine or sugar in their drinks. • operates in prime areas • use fair trade coffee beans • customers environmentally conscious. • highly competitive/dynamic business environment • currently operates in the mass market. • target young professionals, students and tourists • research shows customers want healthy food options • use of answer from **1(b)(i)**/decreasing profit • use of information from table 1.1 – e.g. rising costs/increasing revenue **AO3 Analysis** *Limited analysis[AN] – candidate shows one link in the chain of analysis.* *Developed analysis[DEV] – candidate shows two or more links in the chain of analysis.* **Arguments for greater use of market segmentation:** • Better targeting of customer needs – tailor products and marketing more effectively. • Improved marketing efficiency – marketing campaigns can be more cost-effective and impactful when aimed at specific segments. • Become more competitive – attracting a wider customer base	

PAGE 451

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Question	Answer	Marks
1(d)	**Arguments against greater use of market segmentation:** • increased complexity and costs – may require changes in product lines, marketing strategies, and store layouts, increasing operational complexity and costs. • further investment required – causing a strain on resources. • risk of alienating existing customers – might confuse or alienate loyal customers who value the current broad appeal. • maintaining a consistent brand image across – marketing becomes expensive and challenging • limited capacity to implement segmentation – may lack the data analytics capabilities or marketing expertise needed to effectively identify and serve distinct segments. **AO4 Evaluation** *Limited evaluation* EVAL *– unsupported judgement and/or a weak attempt at evaluative comment* *Developed evaluation* E *– supported judgement and/or reasonable evaluative comment* *Developed evaluation in context* EE *– supported judgement in context and/or reasonable evaluative comment in context.* While market segmentation offers opportunities for CB to better meet customer needs and stand out in a competitive market, it also introduces risks and costs. A balanced approach may be most suitable – CB could begin with light segmentation (e.g. offering healthier food options) while maintaining its mass market appeal. This would allow CB to test the effectiveness of segmentation without overcommitting resources. Other evaluative arguments may include: • target market – how to identify and attract a different market segment and costs involved • selling at a lower price might damage the brand reputation. • choice depends on operating costs, and customer preferences • CB would need to conduct market research to determine which method would be more effective in increasing demand for its products • a recommendation which could be that related to one method or could be that a combination is better. this helps CB to appeal to customers with different needs. • yes, it should/should not with justification *Evaluation must be clearly related to market segmentation* Accept all valid responses.	

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Question	Answer	Marks
2(a)(i)	**Identify <u>one</u> internal stakeholder of a business.** **AO1 Knowledge and understandin** **Indicative content** Responses may include: • employees • owners • shareholders • managers • directors • investors Accept all valid responses.	1

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>
Explain the term 'distribution channels.
<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
Responses may include:

AO1 Knowledge and understanding K (max 1 mark), including:
• stages/routes/path a good/service passes through to the final buyer/customer/consumer
• how a product or service gets from the producer to the final customer/from supplier to consumer

AO2 Application
Explanation of distribution channels APP (max 1 mark), including:
• can be direct/indirect/digital
• help businesses access wider markets
• efficient for getting products to customers
• convenient for customers
• reduce costs through specialisation
• help gain brand recognition
</td><td>3</td></tr>
</table>

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Question	Answer	Marks
2(a)(ii)	Application for distribution channels APP (max 1 mark), including: • vary according to business type • business can use more than one channel such as selling through website and retail shop • examples of distribution channels such as: producer sells direct to the consumer involves intermediaries such as wholesalers/retailers/agents digital platforms/websites/apps/social media • example of a business distribution channel **Accept all valid responses**	
2(b)(i)	**Refer to Table 2.1. Calculate the break-even level of output of the new face cream.** **Indicative content** formula: break-even output = fixed costs / selling price-variable costs (contribution per unit) (1) calculation of contribution per unit = $5 – $2 = $3 (1) calculation of output = 12 000/3 (1) = 4000 units Answer = **4000 (3)** **OFR applies**	**3**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>
Explain <u>one</u> limitation to NN of break-even analysis.
<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
Responses may include:

AO1 Knowledge and understanding – Knowledge of a <u>limitation</u> (max 1 mark), including:

may be based on unrealistic assumptions
price can change
fixed costs can change
variable costs do not always stay the same
some costs semi-fixed/variable
sales not the same as output
hard to calculate for a single product in a business.
does not take account of changes in the external environment

</td><td>3</td></tr>
</table>

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Question	Answer	Marks
2(b)(ii)	Dis **AO2 Application** Explanation of a limitation APP (max 1 mark), including: • leads to inaccurate analysis • assumes all units produced are sold • example of changing fixed costs such as rent/salaries/investments • example of changing variable costs • example of semi-fixed/variable costs • example of difference between sales and output such as unsold inventory/returns/discounts • products may have different profit margins Context applied to a limitation APP (max 1 mark), including: • answer to **2(b)(i)** (OFR) • price of $5 • sells other products that contribute to fixed costs • use of table 2.2 • rents workshop • competitive market **Accept all valid response**	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>

Analyse <u>one</u> advantage and <u>one</u> disadvantage to NN of being a small business.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Annotate the advantage in the left-hand margin and the disadvantage in the right-hand margin.

</td><td>8</td></tr>
</table>

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Question	Answer	Marks
2(c)	Responses may include: **AO1 Knowledge and understanding** Knowledge of an advantage (max 1 mark), including: • more flexible and adaptable to changing customer needs or market conditions • more personal and responsive customer service • lower overheads and operating costs • easier to control and manage • able to target niche markets or segments Knowledge of a disadvantage (max 1 mark), including: • lower economies of scale • high unit costs. • low bargaining power • difficult to be competitive • may not be able to fulfil all orders • smaller customer base • fewer distribution channels • limited funding opportunities **AO2 Application** *Max one for application to an advantage and Max one for application to a disadvantage* • needs to sell 4000 units of new product to break even (OFR from **2(b)(i)**) • high fixed costs of one product such as the new face cream $12 000 • niche market for natural ingredients in skincare • competitive market with large chains/established brands • can quickly adapt products for different skin types • hand-made products • Natalia manages all tasks/no employees • Natalia works long hours/stressed and exhausted	

PAGE 459

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Question	Answer	Marks
2(c)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *candidate shows two or more links in the chain of analysis or a two-sided analysis.* Advantages, including: • can be more flexible and adaptable as a small business – such as by being able to modify its products/prices/promotions/places quickly and easily according to customer feedback or market trends. • increase customer satisfaction – leading to customer loyalty/retention. • reduced fixed costs – more profit Disadvantages, including: • small market and high costs – lead to a lower profit margin • less potential for growth – limited access to capital • difficult to compete in the market – less brand recognition • limited sources of finance – difficult to attract investors/obtain loans **Accept all valid responses**	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>Evaluate whether outsourcing is the most suitable way to increase NN’s production capacity.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table></td><td>12</td></tr>
</table>

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Question	Answer	Marks
2(d)	Responses may include: **AO1 Knowledge and understanding** – of outsourcing (ma[K] s), including: • the process of contracting out a business activity or function to another business/organisation • pay other businesses to take on some tasks • can help reduce unit costs • a business can concentrate on what it does best • can reduce risks • specialists skilled in function • specialist facilities **AO2 Application** *Limited applicatio*[APP] *applies knowledge of outsourcing to NN once.* *Developed application*[APP] -[APP] *applies knowledge of outsourcing to NN twice.* • growing demand for its products • small business • Natalia works long hours/stressed and exhausted • NN's values/standards • Natalia's passion and satisfaction as an entrepreneur • competitive market • loyal customer base • narrow distribution channels • organic ingredients • natural, handmade products • local suppliers • small, rented workshop • answer to **2(b)(i)**, required output/sales to break-even	

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Question	Answer	Marks
2(d)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *candidate shows two or more links in the chain of analysis or a two-sided analysis.* **Arguments for outsourcing:** • outsourcing allows a business to scale up production – no need to invest in larger premises or equipment. • would free up time to focus on other tasks – like product development/marketing. • external manufacturers may have better equipment and processes – leading to improved efficiency/product consistency. • this could enhance reputation – supporting growth/sales **Arguments against outsourcing:** • could compromise product quality – resulting on dissatisfied customers • customers may perceive outsourced products as less personal – reducing demand • may conflict with values – especially if the external firm does not share the same environmental standards. • may involve high initial costs or long-term contracts- risky for a small business with limited financial resources. **AO4 Evaluation** *Limited evaluation* EVAL *– unsupported judgement and/or a weak attempt at evaluative comment* *Developed evaluation* E *– supported judgement and/or reasonable evaluative comment* *Developed evaluation in context* EE *– supported judgement in context and/or reasonable evaluative comment in context.* Outsourcing could help NN expand production and reduce Natalia's workload, but it also poses risks to quality, brand identity, and cost control. A hybrid approach may be more suitable – Natalia could outsource part of the production while maintaining control over key processes. This would allow NN to grow sustainably while preserving its unique brand values. Other points might include: • depends on various factors – such as her objectives, resources, capabilities, market conditions • judgement over the most important/influential factor affecting growth of NN • elements that the judgement could depend upon, such as losing control over the quality and consistency of the products, compromising on the natural and organic ingredients used in the products, or damaging the reputation and image of NN • judgement on the implications for cost and NN's ability to compete with big brands • weighing up of the factors and their relative influence on NN's options **Accept all valid responses**	

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Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/22**

Paper 2 Business Concepts 2 **October/November 2025**

1 hour 30 minutes

8014525610

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 60.
- The number of marks for each question or part question is shown in brackets [ ].

alpha

This document has **4** pages. Any blank pages are indicated.

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[Turn over

1 The Research Agency (TRA)

TRA is a quaternary sector business. It is the market leader in providing social media data to food manufacturers in country F. TRA's market has grown by 40% over the last year.

DF is a multinational business that specialises in non-alcoholic drinks. DF has asked TRA for data about a new bottle of water with pod attachments. The pods give a fruity flavour which is combined with sparkling water. TRA has sampled 8000 potential consumers on social media to identify their favourite fruity flavour (see Fig. 1.1).

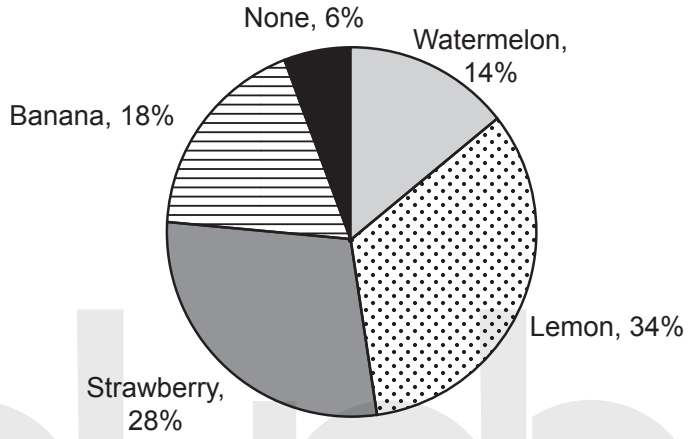

Fig. 1.1 Data about consumer flavour preferences for DF

TRA employs 65 researchers. Since 2020, all of these employees work from home. They are provided with all the necessary IT equipment and a high-speed internet connection. However, motivation is poor, and this has led to high labour turnover. The Human Resource Director has received some feedback from employees. Fig. 1.2 shows some of this feedback.

- I hate being so isolated – I never get to speak to any other employees.
- I have to use my own electricity, and the cost has doubled in the last two years.
- I know some employees are not working very hard, but they get paid the same as me. It's not fair!

Fig. 1.2 summary of feedback from employees at TRA

(a) (i) Identify **one** stage of the transformational process. [1]

(ii) Explain the term *multinational business*. [3]

(b) (i) Refer to Fig 1.1 and other information. Calculate the combined total number of potential consumers who would prefer lemon or strawberry flavoured water. [3]

(ii) Explain **one** reason why TRA uses sampling. [3]

(c) Refer to Fig 1.1 and other information. Analyse **two** reasons why the data collected for DF may not be reliable. [8]

(d) Evaluate the most effective way for TRA to improve the motivation of the home working employees. [12]

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2 Law Advice Forum (LAF)

Drake has a law degree and works for a partnership of lawyers during the day. Drake owns a website that gives free legal advice. He works on the website in the evenings and at the weekend.

He started the website as a hobby, but the website has grown to over 20 000 users and he now sells advertising on his videos and on the website.

Drake uses outsourcing for some areas of his website. He has recently been sent a report showing variances in the budget from the previous month (see Table 2.1).

Table 2.1 Budget report for Drake's website in the previous month

	Budget	Actual
Total revenue	$4500	$4000
Total costs	$600	$750
Profit	$3900	$3250

Drake has now left his job and is focusing full time on the website. He rebranded the website as Law Advice Forum (LAF). Drake's business plan for LAF included:

- Operating as a sole trader.
- Continuing to develop and expand the website to provide legal advice and paid legal services.
- Renting an office in city G where all employees would work.
- Hiring five fully qualified lawyers.
- Hiring three administrators.
- Leasing IT equipment.

However, Drake is concerned about the limitations LAF will face as a labour intensive operation.

(a) (i) Identify **one** external stakeholder of a business partnership. [1]

(ii) Explain the term *outsourcing*. [3]

(b) (i) Refer to Table 2.1. Calculate the profit variance for Drake's website in the previous month. State whether the variance is favourable or adverse. [3]

(ii) Explain **one** way Drake could use the budget data in Table 2.1. [3]

(c) Analyse **two** possible limitations for LAF as a labour intensive operation. [8]

(d) Evaluate the most important responsibility that Drake has as the owner of LAF. [12]

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CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/22**

Paper 2 Data Response **October/November 2025**

MARK SCHEME

Maximum Mark: 60

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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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.

PAGE 468

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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.

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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).

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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.

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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

Annotation	Meaning
	For objective points that are right or wrong.
	For objective points that are wrong.
	When there is a misunderstanding in a response.
	When the candidate has attempted something, but the mark/skill has not been awarded.
Highlighter Or Underline	To highlight a point or section of an answer that justifies the mark/annotation.
	When the candidate has attempted something, and the mark/skill has been awarded.
On page comment	To communicate with the supervisor.
	When the context has not been used.

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Annotation	Meaning
SEEN	To show a page/section has been seen/read.
NAQ	When the response is not focussed on answering the question.
REP	The repetition of a previous point in a response **or** candidate is copying the case study/data.
OFR	The own figure rule applies – acts as a mark/tick.
K	When AO1 has been awarded. Number of Ks should match the mark awarded.
APP	When AO2 has been awarded. Number of APPs should match the mark awarded.
AN	When AO3 at Level 1 has been awarded.
DEV	When AO3 at Level 2 has been awarded.
EVAL	When AO4 at Level 1 has been awarded.
E	When AO4 at Level 2 has been awarded.
EE	When AO4 at Level 3 has been awarded.

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Guidance on using levels-based marking

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.

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(i)</td><td>Identify <u>one</u> stage of the transformational process.

Responses include:
The stages of the transformational process:

• Inputs
• Adding value / production / manufacturing / operations / process
• Outputs

Do not accept examples of inputs and outputs</td><td>1</td></tr>
<tr><td>1(a)(ii)</td><td>Explain the term multinational business.
<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
Responses may include:

AO1 Knowledge and understanding
Knowledge of a multinational businesses (max 1 mark).
Must be knowledge that shows clear distinction between a national and international business including:
• Capital in more than one country
• Operates in more than one country</td><td>3</td></tr>
</table>

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Question	Answer	Marks
1(a)(ii)	**AO2 Application** APP *Limited applicatio*[APP] *applies knowledge of a multinational business to a business context.* *Developed applicatio*[APP] -[APP] *applies knowledge of a multinational business to a business context.* • Any exemplification of a multinational business (not just naming a MNC) • A business might have production factories in country F and another country • Can take advantage of lower cost production in low-income countries • Benefits of lower transport costs and better market information about consumer tastes etc • Can bring the business closer to their main markets • Can take advantage of relatively weak government restrictions. • May avoid import restrictions by producing in the local country. • Gain access to natural resources which might not be available in their base country. • Communication links with headquarters may be poor. • Language, legal and culture differences could make communications difficult. • Coordination with other plants in the multinational group will become more difficult. • Skill levels of the local employees may be low, requiring substantial investment in training programmes. Do not expect, but reward • Can take advantage of comparative/absolute advantage in countries • To gain economies of scale Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(ii)</td><td>
<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>A business with capital in more than one country K . For example, a business that has factories in two countries APP to take advantage of lower production costs abroac APP .</td><td>3</td><td>Clear distinction between MN and international/national business. Example of factories in two countries and a benefit.</td></tr>
<tr><td>Headquarters in one country, but with operating branches in another K . This can allow the business to operate within other markets APP to reduce transportation cost APP .</td><td>3</td><td>Knowledge of an MNC and a reason and a benefit.</td></tr>
<tr><td>Own shops in two or more countries K so that it can take advantage of lower transportation cost APP .</td><td>2</td><td>Distinction shown by shops in more than one country (capital) and understanding of a feature of MN.</td></tr>
<tr><td>Operating in different countries K by selling goods abroad.</td><td>1</td><td>A definition, but ‘selling abroad’ is an international business, not a multi-national.</td></tr>
<tr><td>A business that sells in other countries.</td><td>0</td><td>No credit – this is an international business.</td></tr>
</table>
</td><td></td></tr>
</table>

PAGE 477

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Question	Answer	Marks
1(b)(i)	**Refer to Fig 1.1 and other information. Calculate the combined total number of potential consumers who would prefer lemon or strawberry flavoured water.** **Formula:** Number of potential customers = number who prefer lemon + number who prefer strawberry (1 – formula may be inferred by correct use of numbers) **Calculation:** 34% of 8000 = 2720 (1) 28% of 8000 = 2240 (1) 2720 + 2240 = 4960 (1 – OFR applies) OR 34% + 28% = 62(%) (1) 62% of 8000 (1) = 4960 (1) **Ans = 4960 (3 marks)**	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(i)</td><td>

Examples and annotations

<table>
<tr><th>Marks Awarded</th><th>Explanation</th><th>Annotations</th></tr>
<tr><td>3 marks</td><td>Correct answer
4960</td><td>Working and $ do not matter.
Allow one ✓ to denote the three marks next to correct answer.</td></tr>
<tr><td>2 marks</td><td>Two of the following:
• Correct formula
• Correct calculation of number who prefer lemon (2720)
• Correct calculation of number who prefer strawberry (2240)
OR
An incorrect answer with one mistake allowing OFR for final stage.</td><td>To award two marks, there must be
• Two ✓ and a ✗
OR
• One ✓ , one ✗ and one OFR</td></tr>
<tr><td>1 mark</td><td>One of the following:
• Correct formula
• Correct calculation of number who prefer lemon (2720)
• Correct calculation of number who prefer strawberry (2240)</td><td>To award one mark, there must be:
• One ✓ and two ✗</td></tr>
<tr><td>0 marks</td><td>No creditable content.</td><td>To award zero marks, there must be
• One ✗</td></tr>
</table>

</td><td></td></tr>
</table>

PAGE 479

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>

Explain <u>one</u> reason why TRA uses sampling.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Responses may include:
AO1 Knowledge and understanding
Identification of a reason why a business uses sampling K (max 1 mark), including:
- Cheaper/low cost
- Quicker/less time
- More representative

AO2 Application
Explanation of a reason why a business uses sampling APP (max 1 mark), including:
- Explanation of how this affects market research
- More practical, for example than asking the entire population
- Opportunity cost

</td><td></td></tr>
</table>

PAGE 480

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>
Context applied to TRA APP (max 1 mark), including:

Quaternary sector business
Market is to provide social media data (vast amounts of data)
To food manufacturers in country F (large industry)
TRA is the market leader in country F to provide this data
Market has grown by over 40% over the last year
Sample size is 8000 potential consumers
65 researchers
All work from home
Use of Fig 1.1

Accept all valid responses.
<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Cheaper K which keeps the cost of market research lov APP by only asking 8000 potential consumers APP .</td><td>3</td><td>A reason identified, explained and in context, so all 3 marks.</td></tr>
<tr><td>Faster K to find out Lemon is the most preferred flavou APP .</td><td>2</td><td>A reason identified, but not explained. The context about TRA/DF is fine.</td></tr>
<tr><td>Makes it cheap K for TRA.</td><td>1</td><td>Identification of a reason, but no explanation or context. Names are not enough for context.</td></tr>
<tr><td>It allows TRA to find out information about the market. This means that it can let DF know that Lemon is the most preferred flavour and DF is likely to be able to sell more products.</td><td>0</td><td>This is a reason to use market research – not sampling.</td></tr>
</table>
</td><td></td></tr>
</table>

PAGE 481

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>

Refer to Fig 1.1 and other information. Analyse <u>two</u> reasons why the data collected for DF may not be reliable.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Annotate the first reason in the left-hand margin and the second reason in the right-hand margin

</td><td>8</td></tr>
</table>

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Question	Answer	Marks
1(c)	Responses may include: **AO1 Knowledge and understanding – reasons why data collected may not be reliable, including:** Identification of a reason why market research data may not be reliable [K] , including: • Bias • Sample size • Sample not representative of the market • Wrong/poor questions • Wrong media used • Human error • Poorly defined objectives • Time lag between research and implementation *This is not secondary market research, so do not credit answers about why secondary market research may not be reliable. However, answers which suggest the data may have changed (time lag) are acceptable.* **AO2 Application** Application of the reason to DF [APP] , including: • TRA is the market leader in providing social media data to food manufacturers in country F • Market has grown by over 40% over the last year • DF specialises in non-alcoholic drinks • DF is a multinational business • TRA sampled 8000 potential customers • Sampled on social media • Asked about favourite fruity flavours • Use of data in Fig 1.1 • TRA employs 65 researchers • All of TRA's researchers work from home • TRA's workers have poor motivation • TRA has high labour turnover • Suggestion that some TRA employees are not working very hard.	

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Question	Answer	Marks
1(c)	**AO3 Analysis** Limited analysis of a reason why market research data may not be reliable AN – developed analysi DEV , including: • Bias; may mean that potential customers are persuaded to give a wrong answer leading to launching the wrong product – low sales. • Sample size; not enough people asked which may mean it launches the product with few sales – leading to a loss. • Sample representation; not enough different views sought leading to the wrong product being launched – no profit. • Wrong/poor questions; potential customers may not know what is being asked, leading to the product not being purchased – makes a loss. • Wrong media used; if the customers do not tend to use that medium then the results will not transform into sales – leading to it not making a profit. • Human error; if the results are inaccurate this could lead to the wrong products being launched – ruining the brand image of the business. • Poorly defined objectives; if the reason for the research is unclear this can lead to the questions not representing what the business needs to know – leading to launch of the wrong product and weak sales. Accept all valid responses. **Exemplar and annotations**	

AO1 Knowledge	AO2 Application	AO3 Analysis
The wrong questions were asked K,	Of the 8000 potential customers APP ,	Which could lead to DF launching the wrong flavour AN leading to lower sales DEV .
Sampling bias K.	By only asking young people about their favourite fruity flavou APP ,	So the flavours only appeal to the young, which may lead to lower sales of the drink AN and therefore decrease DF's profit DEV .

PAGE 484

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>

Evaluate the most effective way for TRA to improve the motivation of the home working employees.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
</table>

</td><td>12</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>1</td><td>1 mark
Limited knowledge
of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application
of relevant point(s) to the business context.</td><td>1 mark
Limited analysis
that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
</td><td></td></tr>
</table>

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Question	Answer	Marks
1(d)	Responses may include: **AO1 Knowledge and understanding** Knowledge of ways to improve motivation K (max 2 marks), including: • Payment (financial) methods: time based, salary, piece rates, commission, bonuses, profit sharing, performance-related pay, fringe benefits • Non-financial motivators: training, opportunities for promotion, development, status, job re-design, team working, empowerment, participation, job enrichment • Use of the main motivation content theories (Taylor, Mayo, Maslow, Herzberg and McClelland) and motivation process theory (Vroom). **AO2 Application** Application to TRA APP, including: • TRA is the market leader in providing social media data to food manufacturers in country F • Market has grown by over 40% over the last year • Samples using social media • TRA employs 65 researchers • High speed internet connection • TRA's workers have poor motivation • TRA has high labour turnover • Suggestion that some TRA employees are not working very hard. • Data from Fig 1.2 – I hate being so isolated – I never get to speak to any other employees. – I have to use my own electricity, and the cost has doubled in the last two years. – I know some employees are not working very hard, but they get paid the same as me. It's not fair!	

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Question	Answer	Marks
1(d)	**AO3 Analysis** Limited analysis of ways to improve motivation AN – developed analysi DEV , including: • Payment methods: may increase costs – however may make employees work harder for higher pay, leading to improved productivity. • Non-financial methods; may be less cost or free – leading to higher productivity without impacting the costs of the business. • Content theories: likely to improve working conditions for the employees leading to increased productivity – however may have a significant cost increase leading to lower profit. • Process theory: increased productivity for workers who expect increased rewards – however if the employees do not believe the promises, then this may increase costs for no benefit. **AO4 Evaluation** Limited evaluation of the most effective way to improve motivation EVAL – develope E – developed in conte EE , including: • Relative importance of motivation to TRA – how important is the productivity of employees – likely to be highly important due to the quaternary nature of the business. • Choice of method depends on; cost of method, likely increases in productivity, finance available, future forecasts in market changes, how skilled the researchers job actually is and what training is involved. • The impact of the chosen motivation method(s) and the impact of poor motivation / high labour turnover. • The extent to which this is a matter of working from home and is inherent in the whole country, as opposed to just TRA employees. • A judgement that other issues may be more important than motivation of the employees. *A valid judgement must identify one way to motivate the employees (a 'depends upon' may include more than one because it is not a judgement as such). If the candidate gives more than one judgement, only reward the best judgement and put SEEN next to the other(s).* Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>

Exemplars for awarding evaluation

Evaluate the most effective way for TRA to improve the motivation of the home working employees.

<table>
<tr><th>L1 EVAL (limited supporting evidence)</th><th>L2 E (developed supporting evidence)</th><th>L3 EE (developed supporting evidence with context)</th></tr>
<tr><td>Money is the most effective way.</td><td>Money is the most effective way, because it will allow all of TRA's employees to fix the issues which they are complaining about.</td><td>Money is the most effective way, because it will allow all of TRA's employees to fix the issues which they are complaining about, such as their rising electricity bills.</td></tr>
<tr><td>TRA should use teamworking as it is the best solution.</td><td>TRA should use teamworking as it is the best solution because it will motivate the employees, without adding significantly to the costs of the business.</td><td>TRA should use teamworking as it is the best solution because it will motivate the isolated employees, without adding significantly to the costs of the business.</td></tr>
<tr><td>The most effective way depends on the type of employees at TRA.</td><td>The most effective way depends on the type of employees at TRA. If the employees are Theory X, then money is more likely to be the best way. However, if they are Theory Y, then teamworking may be better.</td><td>The most effective way depends on the type of employees at TRA. If the employees are more concerned about their electricity bills, then money is more likely to be the best way. However, if they are more concerned about being isolated, then teamworking may be better.</td></tr>
</table>

</td><td></td></tr>
</table>

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Question	Answer	Marks
2(a)(i)	**Identify <u>one</u> external stakeholder of a business partnership.** Responses may include: Knowledge of an external stakeholder of a partnership • Customers / consumers • Suppliers • Competitors • Government • Local community • <u>Potential</u> investors/owners • Banks *Do not accept owners, investors or shareholders, as these are internal stakeholders.* Accept all valid responses.	1

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>

Explain the term *outsourcing*.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Responses may include:
AO1 Knowledge and understanding
Knowledge of outsourcing K (max 1 mark), including:
- Using another business (a third party) to undertake a business function
- Using an external business/producer to undertake a business function

AO2 Application
*Limited applicatio*n APP *applies knowledge of outsourcing to a business context*
*Developed applicatio*n APP - APP *applies knowledge of outsourcing to a business context*

- Examples of an outsourcing function; manufacturing, accounting and finance, HRM etc.
- Allow explanations of reasons for outsourcing; lack of skills, cost advantage, increasing capacity etc.
- Not using the business's own resources; employees, machines etc.

Accept all valid responses.

</td><td>3</td></tr>
</table>

PAGE 491

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>
<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Another business producing for you K . To increase capacity APP by using the other business's facilities APP .</td><td>3</td><td>Knowledge of outsourcing, a reason to outsource and explanation of how this might happen.</td></tr>
<tr><td>Using a third party to do tasks for your busines K , such as outsourcing HR tasks APP if they can do it cheape APP .</td><td>3</td><td>Knowledge of outsourcing, with an example of an outsourced task and a reason.</td></tr>
<tr><td>Contracting another business to do a job K such as marketing K</td><td>2</td><td>Knowledge of outsourcing and an example of an outsourced task.</td></tr>
<tr><td>Using another business to do a business function K . Drake uses outsourcing for some areas of his website.</td><td>1</td><td>Knowledge of outsourcing. Do not credit copied sections from the case.</td></tr>
<tr><td>Partnering with another business to sell goods.</td><td>0</td><td>This is not outsourcing – this could be a distribution agreement.</td></tr>
<tr><td>Drake uses another business for some areas of his website, such as keeping it up to date.</td><td>0</td><td>No knowledge of outsourcing. Do not credit copying of the case material.</td></tr>
</table>
</td><td></td></tr>
</table>

PAGE 492

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(i)</td><td>

Refer to Table 2.1. Calculate the profit variance for Drake's website in the previous month. State whether the variance is favourable or adverse.

Formula:
Actual – Budget = Variance (1) OR Budget – Actual (1)

Calculation:

Variance = $3250 – $3900 = $650 (1)

Adverse (1) – only award if this is evidenced by the working/answer

Ans = $650 adverse (3 marks)
Accept 16.67% (must include % sign and be correctly rounded, i.e. 17%, 16.7% etc.) adverse as a correct answer

Examples and annotations

<table>
<tr><th>Marks</th><th>Answer</th><th>Rationale</th></tr>
<tr><td>3 marks</td><td>Correct answer
$650 adverse
Accept 16.67% adverse</td><td>**Working and $ do not matter**.
Award one ✓ to denote the three marks.
Do not award the minus sign as adverse.</td></tr>
<tr><td>2 marks</td><td>• A correct answer with incorrect or missing variance (650)</td><td>To award two marks, there must be
• Two ✓ and a ✗
OR
• One ✓ , one ✗ and one OFR</td></tr>
<tr><td>1 mark</td><td>**One** of the following:
• Correct formula (can be implied)</td><td>To award one mark, there must be:
• One ✓ and two ✗</td></tr>
<tr><td>0 marks</td><td>No creditable content.</td><td>To award zero marks, there must be
• One ✗</td></tr>
</table>

</td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>

Explain <u>one</u> way Drake could use the budget data in Table 2.1.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Responses may include:

AO1 Knowledge and understanding

Identification of a way to use budget data (K) (max 1 mark), including:

- measuring performance
- allocating resources
- controlling
- monitoring a business
- decision making (or examples of decision making, e.g. pricing, costing)
- planning.

AO2 Application

Explanation of a way to use budget data (APP) (max 1 mark), including:

- measuring performance; by comparing actual data with budgeted data
- allocating resources; by allocating more budget to priorities
- controlling; by allocating less budget to low priority functions
- monitoring a business; to see areas of a business with greater variances.

</td><td>3</td></tr>
</table>

PAGE 494

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Question	Answer	Marks
2(b)(ii)	Context applied to Drake/LAF APP (max 1 mark), including: • Drake ran his website in the weekends and evenings • Drake gave free legal advice • LAF still provides free legal advice but paid legal services • Drake was the only internal stakeholder of his website • Drake uses outsourcing • Use of data in Table 2.1 • Drake has expanded LAF • Will employ five lawyers • Will employ three administrators • Labour intensive business • Sole trader Accept all valid responses.	

Exemplar and annotations	Mark	Rationale
To identify variances K of areas where LAF is overspending APP leading to the adverse profit variance of $65(APP .	3	A way identified, explained and in context, so all 3 marks.
To monitor the business K to decide if Drake should continue outsourcing APP .	2	A way identified, and in context for Drake/LAF.
To know how much money is lef K	1	Identification of a way.
To grow the business	0	No specific way identified.

PAGE 495

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>

Analyse <u>two</u> possible limitations for LAF as a labour intensive operation.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
</table>

</td><td>8</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Annotate the first reason in the left-hand margin and the second reason in the right-hand margin

Answers must be about the limitations of operating as a labour intensive business, not simply the limitations of managing/having labour.

Responses may include:

AO1 Knowledge and understanding
Identification of a limitation of operating as a labour intensive operation , including:
• High labour cost
• Ongoing costs of labour (wages, salary, health care, training, induction etc.)
• Inconsistent quality – human error
• Labour relations problems
• Potential shortage of skilled employees
• Slower production

</td><td></td></tr>
</table>

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Question	Answer	Marks
2(c)	**AO2 Application** Application of the advantage to LAF APP , including: • Drake ran his website in the weekends and evenings • Drake gave free legal advice • LAF still provides free legal advice but paid legal services • Drake was the only internal stakeholder of his website • Drake uses outsourcing • Use of data in Table 2.1 • Drake has expanded LAF • Will employ five lawyers • Will employ three administrators • Developed a business plan • All employees would work in the same office in city G • Employees will need to be able to use IT equipment • Sole trader **AO3 Analysis** Limited analysis of a limitation of operating as a labour intensive busines AN – developed analys DEV , including: • High labour cost: increasing the pressure on the business to increase revenue – so that it does not make a loss. • Ongoing costs of labour (wages, salary, health care etc.); which may make the business unprofitable – leading to bankruptcy. • Inconsistent quality: leading to customer dissatisfaction and being sued in court – increasing business costs. • Labour relations problems: workers may not get on together leading to high labour turnover – which may increase the business costs of recruitment and training and reduce profit / lead to loss. • Potential shortage of skilled employees; so, the business is unable to meet demand and loses sales – reduced profitability. Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>Exemplar and annotations
<table>
<tr><th>AO1 Knowledge</th><th>AO2 Application</th><th>AO3 Analysis</th></tr>
<tr><td>High wage costs K ,</td><td>of the five lawyers APP ,</td><td>Which will increase the <u>total costs</u> of the business AN leading to lower profit DEV .</td></tr>
<tr><td>A slower service K .</td><td>Because LAF will be using five human lawyers APP ,</td><td>Which may reduce demand for LAF's services AN and therefore decrease the profit DEV .</td></tr>
</table></td><td></td></tr>
</table>

PAGE 499

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>Evaluate the most important responsibility that Drake has as the owner of LAF.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2
•</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
</table></td><td>12</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
Responsibility is the duty or state of being accountable for something, meaning Drake has the obligation to take care of it or to ensure this is done.

Do not reward characteristics/qualities of an entrepreneur – it must be something that an owner/manager is responsible for in a business.
</td><td></td></tr>
</table>

PAGE 501

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Question	Answer	Marks
2(d)	Responses may include: **AO1 Knowledge and understanding** Knowledge of owner responsibilities K (max 2 marks), including: • To create a business plan • To develop aims, objectives, strategy and tactics • To keep track of finances and accounting • To manage marketing and sales • To make sure the business is operating legally and compliantly • Ensure excellent customer service • To employ and co-ordinate human resources • Manage day-to-day operations • Plan new initiatives • To train the employees • To facilitate operations • To oversee purchasing **AO2 Application** Application to Drake/LAF APP , including: • Drake ran his website in the weekends and evenings • Drake gave free legal advice • LAF still provides free legal advice but paid legal services • Drake was the only internal stakeholder of his website • Drake uses outsourcing • Use of data in Table 2.1 • Drake has expanded LAF • Will employ five lawyers • Will employ three administrators • Labour intensive business • Developed a business plan • All employees would work in the same office in city G • Employees will need to be able to use IT equipment • Sole trader.	

PAGE 502

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Question	Answer	Marks
2(d)	**AO3 Analysis** Limited analysis of owner responsibilities AN – developed analysis DEV , including: • To create a business plan; to give the business direction so that it can operate efficiently – reduce costs / increase revenue. • To develop aims, objectives, strategy and tactics – to give the business direction so that it can operate efficiently – reduce costs / increase revenue. • To keep track of finances and accounting; so that the business does not go into debt – and go bankrupt. • To manage marketing and sales; so that the business can gain revenue – to increase profit. • To make sure the business is operating legally and compliantly; so that the business is not sued – which could increase the costs. • Ensure excellent customer service; so that customers return – increasing revenue. • To employ and co-ordinate human resources; so that the business can operate efficiently – reducing costs and increasing profitability. • Manage day-to-day operations; to enable to business to meet its customers' needs – increasing revenue and repeat purchases. • Plan new initiatives; to expand the business – increasing revenue. • To train the employees; to increase customer satisfaction – increasing profit. • To facilitate operations; to enable revenue to be created – increasing profitability. • To oversee purchasing; to enable efficient operations – reducing average costs and increasing profitability. **AO4 Evaluation** Limited evaluation of the most important owner responsibility EVAL – developed E – developed in context EE , including: • A judgement of the most important responsibility of Drake as the owner of LAF. • What the judgement may depend upon; Drake's own objectives/skills, the likely success of LAF as it expands, the finances available to Drake etc. • It is unknown what the legal structure of LAF is – as a shareholder, Drake would have different responsibilities than a sole trader. • Whether Drake is able to expand LAF as he plans to – his responsibilities as a 'one-person' business are different than his responsibilities as LAF grows and employs more people. • The type of legal advice that Drake may be providing and the laws pertaining to legal advice in the countries where LAF operates. • A judgement about the importance of one responsibility or a weighing up of the comparative importance of more than one responsibility. Accept all valid responses	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>

Exemplars for awarding evaluation

Evaluate the most important responsibility that Drake has as the owner of LAF.

<table>
<tr><th>L1 EVAL (limited supporting evidence)</th><th>L2 E (developed supporting evidence)</th><th>L3 EE (developed supporting evidence with context)</th></tr>
<tr><td>The most important responsibility is to pay the lawyers.</td><td>The most important responsibility is to pay the lawyers because without them, the business has no service to provide and will go bankrupt.</td><td>The most important responsibility is to pay the five lawyers because without them, the business has no service to provide and will go bankrupt.</td></tr>
<tr><td>The most important depends on the size of the business.</td><td>The most important depends on the size of the business. As a small business, Drake might need to focus on making sure there is enough finance. When the business grows, this might change to customer satisfaction.</td><td>The most important depends on the size of the business. As a sole trader, Drake might need to focus on making sure there is enough finance. When the business grows, this might change to customer satisfaction.</td></tr>
</table>

</td><td></td></tr>
</table>

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Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/23**

Paper 2 Business Concepts 2 **October/November 2025**

1 hour 30 minutes

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 60.
- The number of marks for each question or part question is shown in brackets [ ].

alpha

This document has **4** pages. Any blank pages are indicated.

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1 Solar Farms (SF)

SF is a private limited company that develops and maintains large-scale solar farms in country X. SF operates as a capital intensive business.

Bob is an entrepreneur and the majority shareholder of SF. He invested into SF's first solar farm. SF took out high-interest bank loans to cover initial cash flow problems and provide working capital. SF used internal (organic) growth over the next 10 years.

SF rents fields from farmers. Its main capital expenditure is solar panels, which are installed on the rented fields. The solar panels generate electricity, which SF sells to energy providers. Solar panel technology is constantly improving.

SF operates five solar farms in country X. A team of seven engineers maintain all of SF's solar farms.

Table 1.1 shows SF's budgeted and actual data for 2024.

Table 1.1 SF's annual budgeted and actual data for 2024

	Budget ($m)	Actual ($m)
Revenue	5	4
Total costs	3	3.75
Profit	2	0.25

Bob has identified that SF can increase its revenue by using batteries to store electricity generated by the solar panels. This electricity can then be sold at peak times for premium prices. This will require significant investment into battery technology.

Bob wants to retain control of SF but is concerned about the investment required for further growth. In 2024 the cost of renting new farmland and purchasing solar panels increased significantly.

ZB is a multinational battery manufacturer that is keen to start a joint venture with SF. If the joint venture goes ahead, ZB will insist that SF uses ZB batteries in all future solar farms.

(a) (i) Identify **one** quality an entrepreneur needs for success. [1]

(ii) Explain the term *working capital*. [3]

(b) (i) Refer to Table 1.1. Calculate the profit variance for SF in 2024. State whether the variance is favourable or adverse. [3]

(ii) Explain **one** drawback to SF of using budgets. [3]

(c) Analyse **two** limitations to SF of operating as a capital intensive business. [8]

(d) Evaluate whether a joint venture is the most appropriate way for SF to grow. [12]

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2 Popular Drinks (PD)

PD is a mass market fizzy drinks manufacturer in country Z. The fizzy drinks market in country Z is dominated by a few well-known brands. The total market value is $5.3bn and the PD brand has a 17% share of this market.

Pablo was recruited to be the Marketing Director of PD in 2022. He launched a new promotional campaign based on trending music on social media. He decided to use social media influencers to focus on this market. *5*

Online feedback of the campaign was poor. Many of PD's customers did not want to be associated with trending music. National news highlighted the negative feedback and PD's sales volume decreased by 20% within a week and continued falling. This led to excess inventory in PD's warehouses. The bad publicity also caused a drop in PD's share price and a negative impact on cash flow. *10*

Fig. 2.1 shows feedback from a recent questionnaire where previous PD customers were asked what they thought about the promotional campaign.

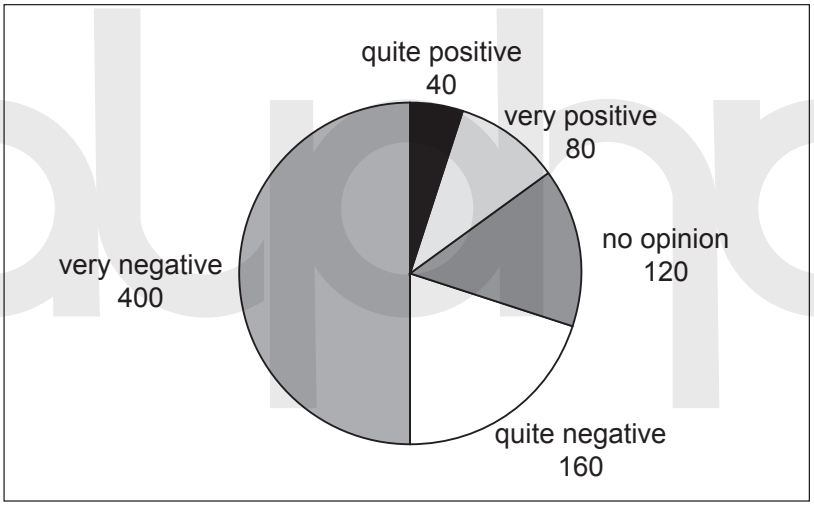

Fig. 2.1 Market analysis data of a sample of PD's customers

Pablo has called an emergency meeting of PD's marketing managers to repair the damage done to the PD brand from this recent promotional campaign. *15*

(a) (i) Identify **one** recruitment method. [1]

(ii) Explain the term *cash flow*. [3]

(b) (i) Refer to Fig. 2.1. Calculate the percentage of PD's customers with positive feedback. [3]

(ii) Refer to Fig. 2.1 and other information. Explain **one** reason why this data collected for PD may not be reliable. [3]

(c) Analyse **two** possible costs to PD of holding inventory. [8]

(d) Evaluate the importance of branding to the future success of PD. [12]

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CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/23**

Paper 2 Data Response **October/November 2025**

MARK SCHEME

Maximum Mark: 60

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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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.

PAGE 509

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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.

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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).

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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.

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Guidance on using levels-based marking

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.

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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

Annotation	Meaning
	For objective points that are right or wrong.
	For objective points that are wrong.
	When there is a misunderstanding in a response.
	When the candidate has attempted something, but the mark/skill has not been awarded.
Highlighter Or Underline	To highlight a point or section of an answer that justifies the mark/annotation.
	When the candidate has attempted something, and the mark/skill has been awarded.
On page comment	To communicate with the supervisor.
	When the context has not been used.

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Annotation	Meaning
SEEN	To show a page/section has been seen/read.
NAQ	When the response is not focussed on answering the question.
REP	The repetition of a previous point in a response **or** candidate is copying the case study/data.
OFR	The own figure rule applies – acts as a mark/tick.
K	When AO1 has been awarded. Number of Ks should match the mark awarded.
APP	When AO2 has been awarded. Number of APPs should match the mark awarded.
AN	When AO3 at Level 1 has been awarded.
DEV	When AO3 at Level 2 has been awarded.
EVAL	When AO4 at Level 1 has been awarded.
E	When AO4 at Level 2 has been awarded.
EE	When AO4 at Level 3 has been awarded.

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Question	Answer	Marks
1(a)(i)	**Identify <u>one</u> quality an entrepreneur needs for success.** **Indicative content** Identification of a quality ✓ may include: • Ambitious / inner drive • Risk taker • Confident • Inquisitive • Adaptability / flexible • Resilience / persistence / determination • Innovative / creative • Communication • Leadership • Decision making • Builds trust If more than one answer is given, only mark the first, reading from top left to bottom right. Accept all valid responses.	1

PAGE 516

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(ii)</td><td>
Explain the term working capital.
<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
Indicative content

AO1 Knowledge and understanding
Knowledge of working capital will include (max 1 mark):

Current assets minus current liabilities
Money / cash / funds / finance (to run the business)
Ability to run the business
Day-to-day / general operations / current / short-term / immediate / trading

</td><td></td></tr>
</table>

PAGE 517

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Question	Answer	Marks
1(a)(ii)	**AO2 Application** Limited application [APP] applies knowledge of working capital to a business context. Developed application [APP] - [APP] applies knowledge of working capital to a business context. • Examples of short-term financial commitments, e.g. stock, salaries, utilities, suppliers, debts, financial obligations, bills etc. • Reference to current ratio and/or acid test ratio (ideals of 2:1 or 1:1) • Benefit of maintaining sufficient working capital, e.g. survival, avoid liquidation • Ways to improve working capital, e.g. use of a bank overdraft • Managing trade receivables, e.g. stopping/reducing trade credit to customers, debt factoring • Managing trade payables, e.g. taking/prolonging trade credit from suppliers • Example from a business concept Accept all valid responses.	

Exemplar and annotations	Mark	Rationale
The ability to pay short-term financial obligations [K] such as high interest on bank loans [APP] and avoid liquidation [APP]	3	An answer which starts with the knowledge and then applies it to SF (case mentions high-interest bank loans). Avoid liquidation (survival) is the second application.
Cash needed [K] to fund the day-to-day operations [APP] such as paying staff salaries [APP].	3	Again, knowledge first, followed by application to business operations (day to day) and includes an example (salaries).
Current assets minus current liabilities [K] to measure the ability to pay day-to-day bills [APP]	2	Knowledge and explanation for one application mark.
It is a measure of the cash needed to operate [K].	1	Not a perfect definition, but enough to award the knowledge mark. No attempt to apply.
The capital the business needs to work. [TV]	0	No knowledge of working capital. Tautological.

PAGE 518

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Question	Answer	Marks
1(b)(i)	**Refer to Table 1.1. Calculate the profit variance for SF in 2024. State whether the variance is favourable or adverse.** **Indicative content** Profit variance = actual profit–budgeted profit (1 mark – formula only) Profit variance = 250 000–2 000 000 (1 mark – use of correct figures in formula) Profit variance = ($) 1 750 000 adverse variance (1 mark – correct answer (must include adverse)) Answer = ($) **1 750 000 adverse variance / 1.75 m adverse variance** (3 marks – correct answer no working or $ needed) must include adverse OFR applies	3

alpha

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(i)</td><td>

Exemplar and annotations

<table>
<tr><td>Marks</td><td></td><td></td></tr>
<tr><td>3 marks</td><td>Correct answer (3)
($)1 750 000 <u>adverse</u> or ($)1.75 m <u>adverse</u></td><td>**Working and $ and m do not matter.**

Ignore + or -

• **Must be three** ✓ to denote the three marks.</td></tr>
<tr><td>2 marks</td><td>**EITHER**
• Correct formula AND
• Correct identification of figures
OR
• An incorrect answer with one mistake allowing OFR for final stage. Must have the correct variance stated for the answer given.
OR
• A correct variance (1.75 m) with no adverse (or incorrectly states favourable)</td><td>To award two marks, there must be
• Two ✓ and a ✗
OR
• One ✓ , one ✗ and one OFR</td></tr>
<tr><td>1 mark</td><td>**One** of the following:
• Correct formula
• Correct identification of figures in an incorrect formula</td><td>To award one mark, there must be:
• One ✓ and two ✗</td></tr>
<tr><td>0 marks</td><td>No creditable content.</td><td>To award zero marks, there must be
• One ✗</td></tr>
</table>

</td><td></td></tr>
</table>

PAGE 520

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>

Explain <u>one</u> drawback to SF of using budgets.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content

AO1 Knowledge and understanding
Knowledge of a drawback of budgets K (max. 1 mark), including:
- Only as good as the figures used
- Do not take into account actual market conditions / external factors
- Ignores qualitative factors
- Can be manipulated to show desired rather than realistic outcomes / bias
- Time consuming to research / predict data
- Can hinder flexibility / innovation
- Less accurate in unstable times / long-term predictions
- Risk of internal conflict / managers competing for resources

</td><td>3</td></tr>
</table>

PAGE 521

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Question	Answer	Marks
1(b)(ii)	**AO2 Application** Explanation of a drawback of budgets APP (max 1 mark), including: • Only as good as the figures used–inaccurate data may lead to poor decision making • Do not take into account actual market conditions–competitiveness • Ignores qualitative factors–such as new managers/leaders/competitors • Can be manipulated to show desired rather than realistic outcomes – biased • Time consuming to research / predict data–opportunity cost of lost time which could be spent on more profitable tasks • Can hinder flexibility–missed opportunities to increase market share / differentiate • Less accurate in unstable times / long-term predictions–more suited to the short-term • Risk of internal conflict / managers competing for resources–hindering teamworking Context applied to SF APP (max 1 mark), including: • Private limited company • Capital intensive business • Bob is majority shareholder of SF • Used internal (organic) growth • The use of high interest loans to cover initial cashflow problems • Rents fields from farmers • Cost of maintenance team / 7 engineers salaries • Data from Table 1.1 • Can increase revenue by using batteries to store electricity generated by solar panels • Can sell electricity at peak times for premium prices • Needs investment into battery technology • Bob wants to retain control of SF • Cost of renting new farmland and purchasing solar panels increased significantly in 2024 • ZB is a multinational battery manufacturer • ZB wants to start a joint venture with SF • ZB will insist that SF uses ZB batteries in all future solar farms if joint venture goes ahead Accept all valid responses.	

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Question	Answer	Marks

1(b)(ii)

Exemplar and annotations	Mark	Rationale
A drawback is that the use of a budget is only as good as the figures used [K] , which could lead to inappropriate decisior [APP] regarding SF's five solar farms [APP] .	3	Accurate of data is a reasonable drawback, explained in the specific context of SF by using data from the context.
Budgeted figures are less accurate in the long-terr [K] , as conditions are more likely to change which could affect SF's plans [APP] to form a joint venture [APP] .	3	Reduction in accuracy over the long term [K] which could affect the business's plans [APP] . This answer is then applied to SF for three marks in total.
Future opportunities may be missed [APP] as budgets may hinder flexibility [K] such as using batteries to store electricity [APP] .	3	Although the [APP] appears first, it cannot be awarded until the [K] has been found. However, there is obvious [K] , so you can go back and award the [APP] .
The budget ignores qualitative factors [K] such as new competitors who may affect future sales [APP] .	2	Ignoring qualitative factors is [K] . The answer includes a relevant example which is used to explain the drawback [APP], but only one mark as no application to SF's context.
It is time consuming to forecast data to produce the budge [K] .	1	Time consuming is a relevant drawback for [K], but it hasn't been explained.
SF has taken out high-interest bank loans to cover initial cash flow problems and so needs to use budgets [TV] .	0	Although there is some relevant context, there is no knowledge of a drawback to SF of using budgets, so no marks can be awarded.

PAGE 523

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>
Analyse <u>two</u> limitations to SF of operating as a capital-intensive business.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
Limitation 1 in the left-hand side column, Limitation 2 in the right-hand side column
</td><td>8</td></tr>
</table>

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Question	Answer	Marks
1(c)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of limitations of investing into capital intensive operations (max K s), including: • High cost / expensive • Cost of financing • High maintenance costs • The need for skilled workers for maintenance • Need to train workers to use / maintain the capital equipment • The quick pace of technological change • Obsolescence of equipment • Reliance on machines that might break-down • Reduced employee motivation due to repetitive work • Lack of flexibility **AO2 Application** Max one APP for application in the first limitation and max on APP for application in the second limitation Application of the limitation of investing into capital intensive operations for SF (max APP s), including: • Private limited company • Bob is majority shareholder of SF • Used internal (organic) growth • The use of high interest loans to cover initial cashflow problems • Rents fields from farmers • Cost of maintenance team / 7 engineers salaries • Data from Table 1.1 • Can increase revenue by using batteries to store electricity generated by solar panels • Can sell electricity at peak times for premium prices • Needs investment into battery technology • Bob wants to retain control of SF • Cost of renting new farmland and purchasing solar panels increased significantly in 2024 • ZB is a multinational battery manufacturer • ZB wants to start a joint venture with SF • ZB will insist that SF uses ZB batteries in all future solar farms if joint venture goes ahead	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>

AO3 Analysis
Limited analysis AN – candidate shows one link in the chain of analysis.
Developed analysis DEV candidate shows two or more links in the chain of analysis or a two-sided analysis.

Limitations
- High fixed costs–[the 25% increase in solar panels] may require unplanned sources of possibly expensive finance–may reduce capital for future investment
- Cost of financing the equipment–high interest payments will increase expenses–reducing profits
- High maintenance costs–increase cash outflows–threaten liquidity/survival
- Need for skilled maintenance staff–[7 engineers] may require above average wages to travel across country X–add to fixed costs and reduce profitability
- Solar panels may be inefficient in 10 years compared to newest products–higher costs of operation in comparison to competition – make SF less competitive
- Need to train workers to use the machinery / capital equipment–cost of training–reduced profits
- The quick pace of technological change–need to purchase upgraded machinery to maintain competitiveness–high cost
- Obsolescence of equipment–competitors may have newer equipment giving them a competitive advantage–reduced market share
- Reliance on machines that might break down–disruption / delays to production–dissatisfied customers
- Reduced employee motivation due to repetitive work–reducing efficiency–reducing profitability
- Lack of flexibility–production stopped whilst machines are reset to produce different products–inefficiency

Accept all valid responses.

Exemplar and annotations

<table>
<tr><th>AO1 Knowledge</th><th>AO2 Application</th><th>AO3 Analysis</th></tr>
<tr><td>The high costs of initial investment K -</td><td>Which could hinder Bob's wish to retain control APP -</td><td>As decisions will need to be shared as part of the joint venture AN – but it is a way of generating the additional finance needed DEV –</td></tr>
<tr><td>Obsolescence of fixed assets K –</td><td>Which could lead to profit reducing to below $0.25 m APP -</td><td>May lead to increased costs each year to update the fixed assets AN – and make SF less profitable DEV –</td></tr>
</table>

</td><td></td></tr>
</table>

PAGE 526

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>Evaluate whether a joint venture is the most appropriate way for SF to grow.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table></td><td>12</td></tr>
</table>

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Question	Answer	Marks
1(d)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of joint ventures (max [K] s), may include: • Two (or more) parties • Work towards a shared task/objective • Maintain distinct identities • Can be equity or non-equity based • Shared profits/losses/responsibilities • Pool resources/skills/experience/capabilities **AO2 Application** Limited applicatior [APP] applies knowledge of growth to SF once Developed application [APP] + [APP] applies knowledge of growth to SF twice. • Private limited company • Capital intensive business • Bob is majority shareholder of SF • Used internal (organic) growth • The use of high interest loans to cover initial cashflow problems • Rents fields from farmers • Cost of maintenance team / 7 engineers salaries • Data from Table 1.1 • Can increase revenue by using batteries to store electricity generated by solar panels • Can sell electricity at peak times for premium prices • Needs investment into battery technology • Bob wants to retain control of SF • Cost of renting new farmland and purchasing solar panels increased significantly in 2024 • ZB is a multinational battery manufacturer • ZB will insist that SF uses ZB batteries in all future solar farms if joint venture goes ahead	

PAGE 528

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Question	Answer	Marks
1(d)	**AO3 Analysis** Limited analysis AN – candidate shows one link in the chain of analysis. Developed analysis DEV – candidate shows two or more links in the chain of analysis. **Is appropriate** • Pool resources/skills/experience/capabilities–increased efficiency–improving overall profitability • Fast growth–generates more finance–less risk/cost of borrowing / interest • Maintain distinct identities–maintain brand/business name and reputation–support future growth **Is not appropriate** • Share profit/losses–lower profit than if worked on project alone–reduced funds for future growth • Loss of control of operations–may have to change aims and objectives–affecting decision making • Condition of joint venture if that SF uses ZB batteries–may not be the most appropriate type of battery–increase long term costs / decrease long term profit potential **AO4 Evaluation** Limited evaluation – an unsupported judgement and/or weak attempt at an evaluative commen EVAL Developed evaluation–supported judgement and/or reasonable evaluative commer E Developed evaluation in context–supported judgement in context and/or reasonable evaluative comment in conte EE • Relative importance of control–are other issues more important, e.g. market share, economies of scale, specific industry/technology experience, ability to source batteries by SF • Choice depends on SF/Bob's long-term goals. Does he want to remain in sole control, does Bob want a partner to share the workload/risk. • Comparison with other ways to grow, e.g. merger. • The impact of external influences • Choice of partner • A judgement on whether a joint venture is the most appropriate way for SF to grow Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>Exemplars for awarding evaluation
<table>
<tr><th>L1 EVAL (limited supporting evidence)</th><th>L2 E (developed supporting evidence)</th><th>L3 EE (developed supporting evidence with context)</th></tr>
<tr><td>A joint venture is the best way for SF to grow.</td><td>A joint venture is the best way for SF to grow. It will help Bob to quickly generate the extra capital needed to buy the battery technology.</td><td>A joint venture is the best way for SF to grow. It will help Bob to quickly generate the extra capital needed to buy the battery technology, and increase profitability by selling electricity at peak times for premium prices.</td></tr>
<tr><td>A joint venture is not the best way for SF to grow.</td><td>A joint venture is not the best way for SF to grow. Bob will lose the ability to make the key decisions.</td><td>A joint venture is not the best way for SF to grow. Bob will lose the ability to make the key decisions. Bob can retain control of SF as he wishes.</td></tr>
</table></td><td></td></tr>
</table>

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Question	Answer	Marks
2(a)(i)	**Identify <u>one</u> recruitment method.** **Indicative content** Identification of a metho✓ may include: • job advertisements • employment agencies • online recruitment • internal / external recruitment • job description • person specification • headhunting • advertising media for recruitment, e.g. newspapers, websites, word of mouth, internal noticeboard, intranet Do not allow selection methods, e.g. curriculum vitae, résumé, application forms, interviews, references, testing, assessment centres. *If more than one answer is given, only mark the first, reading from top left to bottom right.* Accept all valid responses.	1

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>
Explain the term cash flow.
<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
AO1 Knowledge and understanding
Knowledge of cash flow may include:

The sum of cash payments into a business less the sum of cash payments out of a business
Inflows and outflows
Into and out of the business
Receipts and payments
Money / notes / coins / funds / finance

</td><td>3</td></tr>
</table>

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Question	Answer	Marks
2(a)(ii)	**AO2 Application** *Limited application* APP *applies knowledge of cashflow to a business context.* *Developed application* APP + APP *applies knowledge of cashflow to a business context.* • Who the cash flow is from / to, e.g. customers, suppliers, lenders • Liquidity / solvency • Working capital • Prediction / forecast • Opening / closing balance • Different to profit • Benefits of producing a cash flow forecast, e.g. take preventative action • Uses of a cash flow forecast, e.g. predict shortfalls, apply for finance, business plans • Examples of what cash may be used for, e.g. bills, staff wages, electricity, pay debts • Example from a business context Accept all valid responses.	

Exemplar and annotations	Mark	Rationale
Cash in and out K measures the business's ability to pay debts APP and the solvency of the business APP .	3	The answer shows knowledge by the reference to cash in and out. There is an explanation of how it measures the ability to pay debts which is developed by the reference to solvency.
Money into and out of the business K - It measures the liquidity of the business. APP	2	Two marks. The first for knowledge and the second mark for application to liquidity.
The flow of cash receipts and payments K –	1	A reasonable definition
The flow of cash TV –	0	Tautological

PAGE 533

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Question	Answer	Marks
2(b)(i)	**Refer to Fig 2.1. Calculate the percentage of PD's customers with positive feedback** Formula to calculate percentage: Positive Respondents = $\frac{\text{Positive feedback}}{\text{Total feedback}} \times 100$ (1 mark – formula only) Positive Respondents = $\frac{80+40}{800} \times 100$ (1 mark – use of correct figures) Positive Respondents = 15 (%) (1 mark – correct answer (no % necessary) Answer = 15 (%) (3 marks – correct answer (no working or % necessary)	

PAGE 534

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(i)</td><td>

Exemplar and annotations

<table>
<tr><th>Marks</th><th>Answer</th><th>Rationale</th></tr>
<tr><td>3 marks</td><td>Correct answer
15%</td><td>Working and % do not matter.
Must be three ✓ to denote the three marks.
Correct rounding must be applied.</td></tr>
<tr><td>2 marks</td><td>Both of the following:
• Correct calculation of total respondents (800)
• Correct calculation of positive respondents (120)
OR
• An incorrect answer with one mistake allowing OFR for final stage.
OR
• A correct answer from an inverted formula (6.67 – OFR)</td><td>To award two marks, there must be
• Two ✓ and a ✗
OR
• One ✓ , one ✗ and one OFR</td></tr>
<tr><td>1 mark</td><td>One of the following:
• Correct formula
• Correct calculation of total respondents (800)
• Correct calculation of positive respondents (120)</td><td>To award one mark, there must be:
• One ✓ and two ✗</td></tr>
<tr><td>0 marks</td><td>No creditable content.</td><td>To award zero marks, there must be
• One ✗</td></tr>
</table>

</td><td></td></tr>
</table>

PAGE 535

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>
Refer to Fig. 2.1 and other information. Explain one reason why this data collected for PD may not be reliable.
<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
Indicative content
AO1 Knowledge and understanding
Knowledge of one reason for data not being reliabl (max 1 mark), including:

Human error
Lack of data standards
Incomplete / outdated data
Poor questionnaire design / poorly written questions / question construction
Incorrect sampling
Data collection issues
Low response rates

</td><td>3</td></tr>
</table>

PAGE 536

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Question	Answer	Marks
2(b)(ii)	**AO2 Application** Explanation of one reason for data not being reliabl APP (max 1 mark), including: • Human error–untrained employees enter the data incorrectly / different teams with inconsistent methods • Lack of data standards–no rules of formatting / classifying data • Incomplete / outdated data–data no longer reflects current opinions • Poor questionnaire design / poorly written questions–leading questions / confusion • Incorrect sampling–sample doesn't represent target customers • Data collection issues–timing • Low response rates–bias / length of questionnaire Context applied to **PD** APP (max 1 mark), including: • Mass market • Market dominated by a few well-known brands • Total market value is $5.3bn • 17% share of market • Pablo became Marketing Director in 2022 • Launched promotional campaign based on trending music on social media • Used social media influencers • Poor online feedback • Sales volume decreased by 20% in a week and continued to fall • Excess inventory in warehouses • Drop in PD's share price • Negative impact on cashflow • Questionnaire completed by previous PD customers • Data from Fig. 2.1 • 800 respondents	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>
<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Low response rates K may lead to biased data APP affecting decisions to repair the damage to PD's brand APP .</td><td>3</td><td>Low response rates K , with further explanation to how it may affect the data APP The third mark is for reference to the context APP .</td></tr>
<tr><td>An incorrect sample size K of 800 customers APP .</td><td>2</td><td>Knowledge of a use and applied to the number of customers who completed the questionnaire.</td></tr>
<tr><td>Problems collecting the data K</td><td>1</td><td>Knowledge of a reason with no application</td></tr>
<tr><td>The data will be inaccurate, incomplete and misleading NAQ TV.</td><td>0</td><td>No reason why the data collected may not be reliable. This answer is a description of unreliable data and does not answer the question</td></tr>
</table>
Accept all valid responses.
</td><td></td></tr>
</table>

PAGE 538

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>

Analyse <u>two</u> possible costs to PD of holding inventory.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

First cost in the left-hand side column, second cost in the right-hand side column

</td><td>8</td></tr>
</table>

PAGE 539

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Question	Answer	Marks
2(c)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of possible costs of holding inventory (max K s), may include: • Opportunity cost of holding stock • Impact on working capital • Labour cost • Storage costs • Risk of wastage / damage • Depreciation • Insurance **AO2 Application** Application of cost to PD APP , including: • Mass market • Market dominated by a few well-known brands • Total market value is $5.3bn • 17% share of market • Pablo became Marketing Director in 2022 • Launched promotional campaign based on trending music on social media • Used social media influencers • Poor online feedback • Sales volume decreased by 20% in a week and continued to fall • Excess inventory in warehouses • Drop in PD's share price • Negative impact on cashflow • Data from Fig. 2.1 • 800 respondents **AO3 Analysis** Limited analysis of cost of holding inventory AN – candidate shows one link in the chain of analysis. Developed analysis of cost of holding inventory DEV candidate shows two or more links in the chain of analysis or a two-sided analysis.	

PAGE 540

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>
Analysis may include:

Opportunity cost of holding stock–space used to store stock could be used for production reducing potential output–lower revenue
Impact on working capital–money / cash will be tied up in the stock–cannot pay suppliers
Labour cost–reduced profit–lower shareholder dividends
Increase storage costs–reduction in profit margins–reduction in share price
Increase risk of wastage–spend time disposing of the waste–inefficiency
Depreciation–reduces profits to reinvest–less future growth
Insurance–increased expenses–reduced working capital

Accept all valid responses.

Exemplar and annotations
<table>
<tr><th></th><th>AO1 Knowledge</th><th>AO2 Application</th><th>AO3 Analysis</th></tr>
<tr><td>Exemplar for one cost of holding inventory
Annotations for the first cost should be placed in the left-hand margin.</td><td>Insurance K .</td><td>To reduce risk of disruption to operations to maintain PD's 17% market share APP .</td><td>Insurance will compensate PD if an incident destroys stock so it can maintain sales AN satisfying customers DEV .</td></tr>
<tr><td>Exemplar of a second cost of holding inventory
Annotations for the second cost should be placed in the right-hand margin.</td><td>Risk of wastage K</td><td>Of the unsold mass market fizzy drinks APP .</td><td>Could lead to a reduction in profit AN and future expansion DEV .</td></tr>
</table>
</td><td></td></tr>
</table>

PAGE 541

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>Evaluate the importance of branding to the future success of PD.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
</table></td><td>12</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>
<table>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
Indicative content

AO1 Knowledge and understanding
Knowledge of branding (max 2 s), including:
• Creating a distinct identity / image
• Brand values
• A company's name and logo, visual design, slogan, jingle
• Making consumers feel good about supporting a company and establishing an emotional connection.
• Differentiates from competitors
• Influence purchasing decisions
• Customers identify with business / brand
• Brand personality
• Build trust / relationships
</td><td></td></tr>
</table>

PAGE 543

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Question	Answer	Marks
2(d)	**AO2 Application** Application of branding to PD APP , including: • Mass market • Market dominated by a few well-known brands • Total market value is $5.3 bn • 17% share of market • Pablo became Marketing Director in 2022 • Launched promotional campaign based on trending music on social media • Used social media influencers • Poor online feedback • Sales volume decreased by 20% in a week and continued to fall • Excess inventory in warehouses • Drop in PD's share price • Negative impact on cashflow • Data from Fig. 2.1 • 800 respondents • Need to repair damaged PD brand from promotional campaign **AO3 Analysis** Limited analysis of the importance of branding to PD AN – candidate shows one link in the chain of analysis. Developed analysis of the importance of branding to PD DEV – candidate shows two or more links in the chain of analysis. • Create distinct identity/image – maintaining customer base and repeat sales/loyalty–long term profitability • Name and logo conjure brand values–can attract/deter new customers–increase/decrease market share • Customers buy the brand regardless of quality–repeat customers–increased market share • Differentiates from competitors–attracts customers–increased market dominance • Influence purchasing decisions–increase revenue–increased profits • Customers identify with business / brand–building brand loyalty–long-term profitability • Brand personality–helps to differentiate and create a USP–customers pay a higher price • Build trust / relationships–increased reputation–increased market share	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>

AO4 Evaluation

Limited evaluation – an unsupported judgement and/or weak attempt at an evaluative commen EVAL
Developed evaluation–supported judgement and/or reasonable evaluative commer E
Developed evaluation in context–supported judgement in context and/or reasonable evaluative comment in conte... EE

- The external impacts that affect the future brand image, e.g. new competitors or social trends
- The relative importance of other elements of the marketing mix
- Other factors that affect future success, e.g. financial management, competition, social trends
- An evaluation on whether branding is important to PD's future success.

Accept all valid responses.

Exemplars for awarding evaluation

<table>
<tr><th>L1 EVAL (limited supporting evidence)</th><th>L2 E (developed supporting evidence)</th><th>L3 EE (developed supporting evidence with context)</th></tr>
<tr><td>Branding is important to support PD's future success.</td><td>Branding is important to support PD's future success. Branding helps customer recognise PD's drinks amongst competing brands.</td><td>Branding is important to support PD's future success. Branding helps customer recognise PD's drinks amongst competing brands and therefore maintain a 17% share of the market.</td></tr>
<tr><td>Branding is not important to the future success of PD.</td><td>Branding is not important to the future success of PD. The taste of the drink is more important because customers will not buy a drink that they dislike the taste of, even if attractively branded.</td><td>Branding is not important to the future success of PD. The taste of the drink is more important because customers will not buy a drink that they dislike the taste of, even if attractively branded in the mass market.</td></tr>
</table>

</td><td></td></tr>
</table>

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CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/22**

Paper 2 Business Concepts 2 **February/March 2026**

1 hour 30 minutes

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 60.
- The number of marks for each question or part question is shown in brackets [ ].

alpha

This document has **4** pages.

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1 Influencer Xperience (IX)

Kamal is a successful social media influencer. In 2020, Kamal launched his own social media platform, called Influencer Xperience (IX), operating in the quaternary sector of the economy.

Kamal targeted other social media influencers with IX's promotion. IX allows influencers to manage and publish videos on its platform. The unique selling point of IX is that it provides the influencers with better and more detailed information than any other platform.

IX is a free-to-use service for social media influencers. IX charges other businesses to advertise on the platform. The price of advertising space is set each month, using dynamic pricing, based on how many users click on an advertisement (price per click).

Table 1.1 shows some data about advertising on IX's platform.

Table 1.1 Data about advertising on IX's platform

	January 2026		February 2026	
influencer	**price per click ($)**	**number of followers**	**price per click ($)**	**number of followers**
A	0.20	0.7 m	0.40	0.9 m
B	0.30	1.1 m	0.25	1.0 m
C	0.25	0.5 m	0.25	0.5 m

IX's operations are labour intensive and Kamal describes his management style as laissez-faire. IX has 30 employees who are all managed by Kamal (see Table 1.2).

Table 1.2 IX's employees

	number employed	payment method
marketing department	5	profit sharing
advertising sales department	10	commission
technical department	8	time-based
maintenance department (including cleaners and catering)	7	time-based

(a) (i) Identify **one** limitation to a business of labour-intensive operations. [1]

(ii) Explain the term 'quaternary sector of the economy'. [3]

(b) (i) Refer to Table 1.1. Calculate how much it would have cost a business to advertise with influencer A in January 2026 if 10% of influencer A's followers clicked on the advertisement. [3]

(ii) Explain **one** way IX adds value to its services. [3]

(c) Analyse **one** advantage and **one** disadvantage to IX of using dynamic pricing. [8]

(d) Evaluate whether laissez-faire is the most appropriate management style for IX. [12]

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2 Yvette's Vet (YV)

Yvette is the managing partner of YV, a veterinary (vet) practice in city P. There are four partners of YV, each of whom is a fully qualified and experienced veterinary surgeon. Each partner specialises in the care of different types of animals. Yvette specialises in the care of small animals, including dogs, cats and rodents.

Table 2.1 shows a cash flow forecast that Yvette has created for the next three months. *5*

Table 2.1 YV's cash flow forecast for next three months

	March	**April**	**May**
	$000 s	**$000 s**	**$000 s**
cash inflow			
cash sales	8	8	9
credit sales	12	11	12
total inflow	20	19	21
cash outflow			
salaries and wages	10	10	10
inventory	12	0	0
rent	2	2	2
other expenses	3	3	3
total outflow	27	15	15
net cash flow	(7)	4	6
opening balance	(3)	(10)	(6)
closing balance	(10)	(6)	0

10 *15* *20*

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4

Yvette is proposing a merger between YV and AV, which is YV's main competitor in city P.
Figure 2.1 shows sales revenue data for the vet services market in city P.

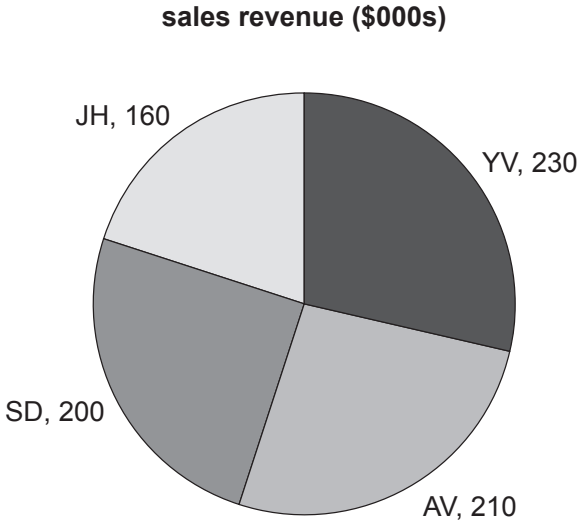

Figure 2.1 Sales revenue data for vet services market in city P *25*

(a) (i) Identify **one** feature of a partnership. [1]

(ii) Explain the term 'inventory'. [3]

(b) (i) Refer to Figure 2.1. Calculate the combined market share of YV and AV vets in city P. [3]

(ii) Explain **one** factor influencing the supply of vet services in city P. [3]

(c) Analyse **two** methods Yvette could use to improve YV's cash flow. [8]

(d) Evaluate the most likely impact of the proposed merger on **one** stakeholder of YV. [12]

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CAMBRIDGE
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BUSINESS **9609/22**

Paper 2 Business Concepts 2 **February/March 2026**

MARK SCHEME

Maximum Mark: 60

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 February/March 2026 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

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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.

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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.

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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).

PAGE 553

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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.

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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

Annotation	Meaning
	For objective points that are right or wrong.
	For objective points that are wrong.
	When there is a misunderstanding in a response.
TV	When the candidate has attempted something, but the mark/skill has not been awarded.
Highlighter Or Underline	To highlight a point or section of an answer that justifies the mark/annotation.
BOD	When the candidate has attempted something, and the mark/skill has been awarded.
On page comment	To communicate with the supervisor.
NUT	When the context has not been used.

PAGE 555

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Annotation	Meaning
SEEN	To show a page/section has been seen/read.
NAQ	When the response is not focussed on answering the question.
REP	The repetition of a previous point in a response **or** candidate is copying the case study/data.
OFR	The own figure rule applies – acts as a mark/tick.
K	When AO1 has been awarded. Number of Ks should match the mark awarded.
APP	When AO2 has been awarded. Number of APPs should match the mark awarded.
AN	When AO3 at Level 1 has been awarded.
DEV	When AO3 at Level 2 has been awarded.
EVAL	When AO4 at Level 1 has been awarded.
E	When AO4 at Level 2 has been awarded.
EE	When AO4 at Level 3 has been awarded.

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Question	Answer	Marks
1(a)(i)	**Identify <u>one</u> limitation to a business of labour-intensive operations.** **Indicative content** • Absenteeism • Lateness • Different experience levels • Different skill levels • Need for holiday/time off/breaks • Reliability of people in contrast to machines • High labour/wage cost • Ongoing costs of labour (wages, salary, health care, training, induction etc.) • Inconsistent quality – human error • Labour relations problems • Potential shortage of skilled employees • Slower production Accept all valid responses.	**1**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(ii)</td><td>
Explain the term ‘quaternary sector of the economy’.
<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
Responses may include:
AO1 Knowledge and understanding
Award one mark for recognising that the quaternary sector involves information, knowledge or data based economic activity.
No further marks can be gained without knowledge and understanding

AO2 Application
Award for describing a valid activity involved in the quaternary sector, including:

• Analysing
• Storing
• Developing
• Researching
</td><td>3</td></tr>
</table>

PAGE 558

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Question	Answer	Marks
1(a)(ii)	An example of a real-world instance, including a specific type of operation or specific example, such as: • pharmaceutical R&D • software development • university research • market research firms • AI data analytics Accept all valid responses.	

Exemplar and annotations	Mark	Rationale
The sector that deals with information K. And processing of that information APP for example a market research firm APP.	3	Clear identification of 'information', an activity (processing) and a real world instance (market research).
Businesses that analyse APP data K such as universities APP.	3	All three elements
Where information is created K through R&D APP.	2	AO1 and an activity (accept R&D)
Sector involving turning data into information K such as using AI analytics APP.	2	AO1 and a real-world instance.
The knowledge based K sector which involves the use of data and information.	1	REP of AO1, but no AO2
The sector involving research, development, computing and technology, such as AI and pharmaceutical companies.	0	No credit without AO1.

PAGE 559

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(i)</td><td>Refer to Table 1.1. Calculate how much it would have cost a business to advertise with influencer A in January 2026 if 10% of influencer A's followers clicked on the advertisement.
<table>
<tr><td>Answer</td><td>Guidance</td></tr>
<tr><td>Formula to find commission = 'sales'/clicks X price/cost
OR
0.20 – price per click in April 2026 for A
0.7m – number of followers for A (1)

(0.7m X10%) X $0.20)

=0.07m (1) X $0.20 = $0.014m or $14 000 (1 OFR)

Answer = $0.014m or $14 000 (3)</td><td>Award 3 marks for correct answer of 0.014m or 14 000 (with or without workings or $)</td></tr>
</table></td><td>3</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(i)</td><td>

Exemplar and annotations

<table>
<tr><td>Marks</td><td></td><td></td></tr>
<tr><td>3 marks</td><td>Correct answer
$0.014m or $14 000</td><td>Working and $ does not matter.</td></tr>
<tr><td>2 marks</td><td>Two of the following:
• Correct formula
• Correct identification of numbers (0.20 and 0.7m)
• Correct calculation of 10% of followers (0.07m)
OR
An incorrect answer with one mistake allowing OFR for final stage.</td><td>To award two marks, there must be
• Two ✓ and a ✗
OR
• One ✓ , one ✗ and one OFR</td></tr>
<tr><td>1 mark</td><td>One of the following:
• Correct formula
• Correct identification of numbers (0.20 and 0.7)
• Correct calculation of 10% of followers (0.07m)</td><td>To award one mark, there must be:
• One ✓ and two ✗</td></tr>
<tr><td>0 marks</td><td>No creditable content.</td><td>To award zero marks, there must be
• One ✗</td></tr>
</table>

</td><td></td></tr>
</table>

PAGE 561

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>
Explain <u>one</u> way IX adds value to its services.
<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
<table>
<tr><td>Knowledge</td><td>Knowledge of a way to add value</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Explanation of a way to add value to add value to a service</td><td>1 mark</td></tr>
<tr><td>Context</td><td>Context linked to a way IX adds value to its services</td><td>1 mark</td></tr>
</table>
No marks can be awarded without knowledge.

Responses may include:

AO1 Knowledge and understanding
• Convenience
• Branding
• Quality
• Design
• USP
• Manufacturing
</td><td>3</td></tr>
</table>

PAGE 562

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Question	Answer	Marks
1(b)(ii)	*No further marks can be gained without knowledge and understanding* *Note: Allow answers which refer to increasing added value (revenue-costs)* **AO2 Application** **Explanation of the way in which this may add value, may include:** • Convenience – customers may be willing to pay more if a service is easier to purchase. • Branding – customers may be willing to pay more for a well-known brand, than an unknown brand due to trust. • Quality – services which have higher quality are likely to be worth a higher price in a customer's eyes. • Design – the way a service is performed (for example the order of the process) may mean that customers are willing to pay more. • USP – if a customer cannot purchase the service anywhere else, then a customer may be willing to pay more. **Context may include:** • Kamal was a successful music artist • Kamal is a successful social media influencer • Kamal launched his own social media platform in 2020 • IX platform allows posts to be managed and published on other platforms • USP for IX is provides the influencers with better and more detailed data than any other platform. • IX is free to use for social media influencers. • IX uses dynamic pricing. • Table 1.1 • IX's operations are labour intensive – 30 employees, all managed by Kamal. • Eight technical employees • Kamal's management style is Theory X. Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>

Analyse <u>one</u> advantage and <u>one</u> disadvantage to IX of using dynamic pricing.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Dynamic pricing is a pricing method in which businesses set flexible prices for products or services based on demand. It usually entails raising prices during periods of peak demand and lowering prices during periods of low demand.

</td><td>8</td></tr>
</table>

PAGE 564

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Question	Answer	Marks
1(c)	Responses may include: **AO1 Knowledge and understanding** Advantages of dynamic pricing include: • Higher prices can be charged if demand increases • Increased flexibility • Price can be adjusted to the competition • Price can be adjusted to meet demand Disadvantages of dynamic pricing include: • May dissatisfy customers / may be seen as unfair • Customers can use dynamic pricing to pay less • May lead to a price war with a competitor • Increased complexity for staff and customers **AO2 Application** • USP for IX is provides the influencers with better and more detailed data than any other platform. • IX is free to use for social media influencers. • Customers are other businesses. • Table 1.1 100% ($0.20) increase in influencer A's price per click 17% ($0.05) decrease in influencer B's price per click No change in influencer C's price per click. • IX's operations are labour intensive – 30 employees, all managed by Kamal. • Table 1.2. 10 people work in the advertising sales department **AO3 Analysis** Advantages of dynamic pricing include: • Higher/maximise profit: allows IX to expand and take on larger competitors – higher dividends for Kamal. • Increased flexibility: price can be changed when necessary leading to a higher profit margin – more income for Kamal. • Price can be adjusted to the competition: in a competitive market, may allow business to drive competition out of the market – increasing IX's market share. • Price can be adjusted to meet demand: reduces consumer surplus – higher profit.	

PAGE 565

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>
Disadvantages of dynamic pricing include:

May dissatisfy customers / may be seen as unfair: customers may discuss price they paid leading to a bad reputation for IX – fewer people visiting site/less advertising revenue.
Customers can use dynamic pricing to pay less: customers can track price changes and find optimal time to buy reducing revenue – reducing profit.
May lead to a price war with a competitor: competitors may use market share to drive IX out of market – liquidation.
Increased complexity for staff and customers: employees will need to be trained to manage prices – increased employment/training costs.

Accept all valid responses.

Exemplar and annotations
<table>
<tr><th>AO1 Knowledge</th><th>AO2 Application</th><th>AO3 Analysis</th></tr>
<tr><td>Price can be changed based on demand K,</td><td>For example, as influencer A's followers increased by 0.2m, the price per click increased by $0.20 APP,</td><td>Which could lead to higher revenue for IX AN and increased profit DEV.</td></tr>
<tr><td>Customers might see the price change as unfair K.</td><td>For example, the increase in price of $0.20, for influencer A APP,</td><td>Leading to less customers choosing to advertise with influencer A AN and therefore decrease IX's profit DEV.</td></tr>
</table>
</td><td></td></tr>
</table>

PAGE 566

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>

Evaluate whether laissez-faire is the most appropriate management style for IX.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

</td><td>12</td></tr>
</table>

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Question	Answer	Marks
1(d)	Responses may include: **AO1 Knowledge and understanding** Knowledge of laissez-faire management style (max 2 marks), including; Laissez-faire Takes a hands-off approach to leadership and gives others the freedom to make decisions. While leaders still provide their teams with the resources and tools they need to succeed, they remain largely uninvolved in the day-to-day work. Allow knowledge of other management styles (max 1 mark): Autocratic Where a manager makes decisions independently with little or no input from employees. Democratic Where a manager involves employees in decision-making. Paternalistic Where a manager makes decisions in what they believe to be the best interests of employees. *Without AO1 knowledge, no further marks can be awarded.* **AO2 Application** • Use of Table 1.2: 5 employees in marketing department paid using profit sharing 10 employees in advertising sales department paid on commission 8 employees in technical department on time based payment 7 employees in maintenance department on time based payment. • 30 employees at IX in total – all managed by Kamal. • IX is a labour intensive business • IX uses dynamic pricing • Use of Table 1.1	

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Question	Answer	Marks
1(d)	**AO3 Analysis** Analysis of laissez-faire management style, including; • Faster decision making as it is being done by front line employees – likely to mean more efficient with lower costs. • Develops employees to work better/harder – increased efficiency. • Better use of expertise in the business – may lead to increased sales/profit. • Better motivated employees because they can control their work life which may increase productivity – increased added value/profit margin. • Decision may lack overview/ strategic management, leading to poor decision being made – increased costs. • Some employees may need more direction and be unable to manage themselves, leading to decreased productivity – lower added value/profit. • May lead to conflict if employees differ in opinion, leading to lower productivity – less sales revenue. **AO4 Evaluation** • A judgement whether laissez-faire is the most appropriate management style for IX. • What the management style may depend upon, such as; the level of ability of the employees, the tasks that need completing, the extent of price changes, Kamal's ability to change etc. • Whether the benefits of a different management style outweigh the costs of introducing a new style? • What impact will any change have on IX – will this affect future sales/brand image/motivation? • How are the employees likely to react to any change in management style? Accept all valid responses.	

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Question	Answer	Marks
2(a)(i)	**Identify <u>one</u> feature of a partnership.** Responses may include: • Unlimited liability • Unincorporated • No separation between owners and business legal personality • May include a deed of partnership • Must have a minimum of 2 partners/owners • Equal profit sharing if no agreement • Lack of continuity (if partner dies). Accept all valid responses.	**1**

alpha

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>
Explain the term ‘inventory’.
<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
Indicative content
Responses may include:
AO1 Knowledge and understanding
• Inventory or stock refers to the goods and materials that a business holds to sell or use in production.

No further marks can be gained without knowledge and understanding

AO2 Application
A characteristic of inventory, such as;
• Raw materials, work in progress, finished goods
• The order/flow of production
• Required to ensure constant production
• Required to ensure customers can make purchases
• A current asset
• May become obsolete over time
• May affect the cashflow of the business – cash tied up in inventory
• Typically stored in a warehouse.
</td><td>3</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>Example of inventory, including examples of YV's inventory (medicine etc)

Accept all valid responses.

<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Stock held by a business K. So that it can keep producing APP such as medicine APP.</td><td>3</td><td>Knowledge, with a characteristic and an example suitable for a vet.</td></tr>
<tr><td>The raw materials/work in progress/finished goods APP that a business hold for future use K such as steel for a car manufacturer APP.</td><td>3</td><td>A characteristic, followed by knowledge and an example – the example does not need to be for a vet as this is not a contextual question.</td></tr>
<tr><td>The goods and materials a business stores so that it can produce products and services K such as animal food APP.</td><td>2</td><td>Knowledge and an example.</td></tr>
<tr><td>Everything that a business holds to make its products K such as raw materials APP.</td><td>2</td><td>Knowledge and a characteristic – treat 'raw materials' as a characteristic, not an example.</td></tr>
<tr><td>Stock held by a business K.</td><td>1</td><td>Only knowledge – no characteristics or examples</td></tr>
<tr><td>Inventory is the raw materials, work in progress and finished products, such as the medicine used in YV.</td><td>0</td><td>No credit without AO1.</td></tr>
</table>
</td><td></td></tr>
</table>

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Question	Answer	Marks
2(b)(i)	**Refer to Figure 2.1. Calculate the combined market share of YV and AV vets in City P.**	**3**

Answer	Guidance
Formula $\frac{\text{Business revenue}}{\text{Total market revenue}} \times 100$ (1) 230 + 210 = 440 OR 230 + 210 + 200 + 160 = 800 (1) $\frac{440}{800} \times 100 = 55\%$ (1 – OFR) **Answer = 55%**	Award 3 marks for correct answer of 55% (with or without percentage sign).

Exemplar and annotations

Marks		
3 marks	Correct answer **55(%)**	**Working and % does not matter**.
2 marks	Both of the following: • Correct calculation of YV and AV combined market share (440) • Correct calculation of total market revenue (800) **OR** • An incorrect answer with one mistake allowing OFR for final stage. • An answer of 0.55 (with or without working)	To award two marks, there must be • Two ✓ and a ✗ **OR** • One ✓, one ✗ and one OFR

PAGE 573

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(i)</td><td>
<table>
<tr><td>Marks</td><td></td><td></td></tr>
<tr><td>1 mark</td><td>One of the following:
• Correct formula
• Correct calculation of YV and AV combined market share (440)
• Correct calculation of total market revenue (800)</td><td>To award one mark, there must be:
• One ✓ and two ✗</td></tr>
<tr><td>0 marks</td><td>No creditable content.</td><td>To award zero marks, there must be
• One ✗</td></tr>
</table>
</td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>
Explain <u>one</u> factor influencing the supply of vet services in city P.
<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
<table>
<tr><td>Knowledge</td><td>Knowledge of a factor influencing supply</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Explanation of a factor influencing supply</td><td>1 mark</td></tr>
<tr><td>Context</td><td>Context linked to a factor influencing supply of vet services to city P.</td><td>1 mark</td></tr>
</table>
No marks can be awarded without knowledge.

Responses may include:
AO1 Knowledge and understanding
Knowledge of factors influencing supply, including:

Price
Costs of production
Number of firms in market
Investment in capital
Alternative products
Actions of competitors
Related/joint supply

</td><td>3</td></tr>
</table>

PAGE 575

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Question	Answer	Marks
2(b)(ii)	• Weather • Productivity (capital and labour) • Technology • Taxation and subsidies • Business objectives • Availability of factors of production *No further marks can be gained without knowledge and understanding* **AO2 Application** **Explanation may include:** • Price: as the price increases the business may choose to increase supply to gain more profit • Costs of production: as costs decrease more firms are likely to enter the market • Number of firms in market: more firms supplying, equals a greater quantity supplied • Investment in capital: may increase the capacity of the business and therefore supply • Alternative products: if another product has greater profitability, then a business may switch production, reducing supply • Actions of competitors: competitors may reduce prices to drive firms out of the market • Related supply: if the supply of raw materials decreases, then the supply will also decrease • Weather: good weather is likely to increase the supply of agricultural products • Productivity (capital and labour): can lead to an increase in capacity for the firm • Technology: automation may increase productivity, increasing supply • Taxation and subsidies: taxation is likely to increase business costs and decrease supply. Subsidies are likely to have the opposite effect. • Business objectives: if a firm is not seeking profit, then they may decide to continue supplying to the market, even if it is not profitable, or costs rise. **Context may include:** • YV is a partnership • YV is a veterinary practice (vets) – care of animals • Use of Table 2.1, cashflow forecast • Yvette considering a merger between YV and AV	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>• AV is YV's main competitor
• Use of Fig 2.1 (including YV revenue of $230 000, AB revenue of $210 000 and combined revenue of $440 000)
• Use of answer to Q2(b)(i) (OFR)

Accept all valid responses.</td><td></td></tr>
<tr><td>2(c)</td><td>Analyse <u>two</u> methods Yvette could use to improve YV's cash flow.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table></td><td>8</td></tr>
</table>

PAGE 577

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Question	Answer	Marks
2(c)	Responses may include: **AO1 Knowledge and understanding** Knowledge of methods to improve cashflow, including: • Use/improve cashflow forecasting • Improve speed of payment • Increase cash sales • Delay payment • Use historical data • Use sales forecasting • Manage working capital (current assets and current liabilities) • Improve inventory management • Improve trade payables • Improve trade receivables • Debt factoring • Use sources of finance Overdraft Sale and leaseback Bank loan Trade credit **AO2 Application** • YV is a partnership • YV is a veterinary practice (vets) – care of animals • Use of Table 2.1, cashflow forecast • Yvette considering a merger between YV and AV • AV is YV's main competitor • Use of Figure 2.1 (including YV revenue of $230 000, AV revenue of $210 000 and combined revenue of $440 000) • Use of answer to **Q2(b)(i)** (OFR) **AO3 Analysis** • Use/improve cashflow forecasting: cash flow forecasting over a longer period may help the business not to have a negative cashflow – however it may also lose accuracy over time, reducing the reliability of the data and decisions based on this.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>

- Delay payment: by delaying payment to suppliers, YV can get paid by their customers and increase their cashflow before having to pay for the inventory – however, customers may expect a discount for quick payment or go to another firm who offer better payment terms.
- Use historical data: can improve the accuracy of a cashflow forecast, reducing the chances of a negative cashflow – however only an established business would be able to do this.
- Use sales forecasting: which would allow YV to buy inventory matching their likely sales – however, an unexpected sale may not be possible.
- Manage working capital (current assets and current liabilities): allow for money coming into the business to be greater than money leaving the business, improving cashflow – however, the customers may expect better credit terms and go elsewhere.
- Improve inventory management: to avoid money tied up in inventory, which may increase costs – although cashflow may be improved, profitability may decrease.
- Use sources of finance: allows YV to meet its current liabilities – however likely to increase costs and reduce profitability.
- Discount prices – a quick method to turn stock into a liquid asset – however reduces profitability.

Accept all valid responses.

Exemplar and annotations

AO1 Knowledge	AO2 Application	AO3 Analysis
YV can encourage earlier payment K,	This will decrease the credit sales of $12 000 in March APP,	Leading to the majority of customers paying for their vet services when they occur, so YV do not need to use an overdraft which may have a high interest rate AN and reduce profit DEV.
YV could delay payment K.	For example, the $12 000 inventory could be delivered in March, but not paid for until May APP,	Which would avoid YV having a negative closing balance and reduce bank fees AN and therefore improve YV's profit DEV.

</td><td></td></tr>
</table>

PAGE 579

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>

Evaluate the most likely impact of the proposed merger on <u>one</u> stakeholder of YV.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

</td><td>12</td></tr>
</table>

PAGE 580

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Question	Answer	Marks
2(d)	Responses may include: **AO1 Knowledge and understanding** Knowledge of a stakeholder (max one mark), including: • Any person or group who has an interest in a business • Any internal stakeholder • Any external stakeholder Knowledge of a merger (max one mark), including: • Two businesses joining together • Form a new business entity • Usually not hostile, but with agreement from both parties • Usually businesses of similar size **AO2 Application** • YV is a partnership • YV is a veterinary practice (vets) – care of animals • Use of Table 2.1, cashflow forecast • Yvette considering a merger between YV and AV • AV is YV's main competitor • AV has a smaller market share • Use of Fig 2.1 (including YV revenue of $230 000, AB revenue of $210 000 and combined revenue of $440 000) • Use of answer to **Q2(b)(i)** (OFR) **AO3 Analysis** Analysis of the likely effects of a merger, may include: • Less competition • Increased market share • Increased possibility of economies of scale • Increased possibility of diseconomies of scale • Loss of control of the business • Possibility of redundancies	

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Question	Answer	Marks
2(d)	Analysis will depend on the stakeholder chosen: • Customers: less choice in the market may lead to higher prices – lower disposable income. • Partners/owners (including Yvette) of YV: less control over the business (may lose majority ownership) – may receive an increase in value of business • Owners of AV: less control over the business (may lose majority ownership) – may receive an increase in value of business • Competitors: Less quantity of competitors – however may face more price competition. • Lenders – may feel that a merged business has more security – more likely to lend. **AO4 Evaluation** • A judgement over the impact of the proposed merger on one stakeholder of YV. • What the judgement might depend upon – this will be dependent on the stakeholder chosen. • The judgement may also depend on the specific groups within the stakeholder group; for example, not all customers may have the same perspective. Not all owners may have the same perspective. Accept all valid responses.	

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CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/21**

Paper 2 Business Concepts 2 **May/June 2026**

1 hour 30 minutes

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 60.
- The number of marks for each question or part question is shown in brackets [ ].

alpha

This document has **4** pages. Any blank pages are indicated.

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1 Chilled Cola (CC)

CC manufactures a range of cola drinks aimed at the mass market. The company is the market leader for cola drinks in country N.

CC produces four variants of its cola drink:

- Original cola
- Sugar-free cola
- Caffeine-free cola
- Cherry cola

The company uses market segmentation to plan the marketing of each of the four variants.

CC uses cost-based pricing by adding 80% to the cost when calculating the price of all products. CC sells 50 000 bottles of Sugar-free cola each month. Table 1.1 shows the cost information for one bottle of Sugar-free cola.

Table 1.1 Cost information for one bottle of Sugar-free cola

share of fixed costs	$0.20
ingredients	$0.35
packaging	$0.10

CC's sales of Cherry cola have decreased by 12% over the past year. The marketing manager is planning to carry out market research to investigate the reason for this decrease. The research will collect qualitative data. The marketing manager will use this data to make decisions about a marketing campaign to increase sales.

CC has 4 factories in country N and employs 1750 employees. All employees are paid using a time-based payment method and the work is repetitive. Operations are capital intensive. The human resource manager is concerned that employees lack motivation, leading to high labour turnover. Labour turnover has increased by 8% over the past year. The human resource manager is considering changing the employee payment method from time-based to piece rate.

(a) (i) Identify **one** feature of a mass market. [1]

(ii) Explain the term 'market segmentation'. [3]

(b) (i) Refer to Table 1.1 and other information. Calculate the price of **one** bottle of Sugar-free cola. [3]

(ii) Explain **one** limitation for CC of using qualitative data to make marketing decisions. [3]

(c) Analyse **two** benefits to CC of capital intensive operations. [8]

(d) Evaluate whether CC should change the employee payment method from time-based to piece rate. [12]

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2 Drive Wise (DW)

DW operates a franchise as a franchisor. Driving instructors can become a franchisee and sell driving lessons under the DW brand. DW has grown very quickly, gaining a 25% share of the market in three years.

Driving instructors must prepare a business plan when applying to become a DW franchisee. To prepare the business plan, the driving instructor must carry out primary market research to assess potential customer demand for driving lessons in their area.

DW sets budgets each year. The budget for advertising was $25 500 in 2025. However, DW actually spent $31 800 on advertising in 2025.

The prices for DW driving lessons are set by DW's finance manager, who uses break-even analysis to make pricing decisions.

In addition to driving lessons, DW sells a 'learn to drive' book which customers can buy from its website with next day delivery. The book is very popular, and the business uses JIC (Just in Case) inventory management.

DW's website generates over $28 000 of revenue each year from sales of the 'learn to drive' book. The website is updated by the website manager and an IT assistant. The website manager designs the website and resolves any technical problems. The IT assistant helps the manager with simple programming and administrative tasks.

The website manager will retire in two months' time. A new website manager will need to be recruited. The human resource manager needs to decide whether the new website manager should be recruited internally or externally.

(a) (i) Identify **one** feature of JIC (Just in Case) inventory management. [1]

(ii) Explain the term 'primary market research'. [3]

(b) (i) Calculate the budget variance for advertising in 2025. State whether it is favourable or adverse. [3]

(ii) Explain **one** limitation to DW of using break-even analysis to make pricing decisions. [3]

(c) Analyse **two** advantages to DW of operating as a franchisor. [8]

(d) Evaluate whether external recruitment would be the best method for DW to use to recruit the new website manager. [12]

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CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/21**

Paper 2 Business Concepts 2 **May/June 2026**

MARK SCHEME

Maximum Mark: 60

Published

This mark scheme contains the instructions and marking guidance that our examiners used to mark candidate responses for this component.

Before they start marking, examiners complete a standardisation process. They review a range of candidate responses and discuss the mark scheme in detail to agree which answers can and cannot be accepted. Examiners award marks where it is clear that candidate responses have met the requirements of the mark scheme. These requirements may vary between different components or different versions of the same component, depending on the exact requirements of the question and the candidate responses seen during the standardisation process.

Sometimes, our mark schemes may allow marks to be awarded to responses which contain elements that are factually incorrect or for content not covered by the syllabus. We do this in response to the demands of a specific question to support candidates and make sure that our assessments are fair. However, these allowances should not be used as a guide for teaching and learning.

We cannot discuss the mark scheme with schools, and we recommend that schools read the mark scheme together with the assessment material and the Principal Examiner Report for Teachers.

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General marking principles

All examiners must apply these marking principles when marking candidate responses.

1	Examiners must award marks for each response in line with: • the specific **content** defined in the mark scheme • the specific **skills** defined in the mark scheme or in the level descriptions • the **standard of response** required as exemplified by the standardisation scripts.
2	Examiners must award **whole marks** (not half marks, or other fractions).
3	Examiners must award marks **positively**. This means that: • marks are not deducted for errors or omissions • marks are awarded for correct/valid answers as defined in the mark scheme and also for **other valid answers** which go beyond the scope of the syllabus and mark scheme referring to your team leader as appropriate • the quality of spelling, punctuation and grammar are judged **only** when the mark scheme indicates that these features are **specifically assessed** in the question. However, the meaning of all responses must be unambiguous.
4	Examiners must **consistently** apply the requirements of the mark scheme and any rules for what to do when candidates have not followed instructions correctly.
5	Examiners must use the **full range of marks** defined in the mark scheme, unless limited by the quality of the candidate responses seen.
6	Examiners must award marks according to the mark scheme and **must not** award marks with grade thresholds or grade descriptions in mind.

PAGE 587

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Social Sciences-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).

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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.

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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

Annotation	Meaning
	For objective points that are right or wrong.
	For objective points that are wrong.
	When there is a misunderstanding in a response.
TV	When the candidate has attempted something, but the mark/skill has not been awarded.
Highlighter Or Underline	To highlight a point or section of an answer that justifies the mark/annotation.
BOD	When the candidate has attempted something, and the mark/skill has been awarded.
On page comment	To communicate with the supervisor.
NUT	When the context has not been used.

PAGE 590

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Annotation	Meaning
SEEN	To show a page/section has been seen/read.
NAQ	When the response is not focussed on answering the question.
REP	The repetition of a previous point in a response **or** candidate is copying the case study/data.
OFR	The own figure rule applies – acts as a mark/tick.
K	When AO1 has been awarded. Number of Ks should match the mark awarded.
APP	When AO2 has been awarded. Number of APPs should match the mark awarded.
AN	When AO3 at Level 1 has been awarded.
DEV	When AO3 at Level 2 has been awarded.
EVAL	When AO4 at Level 1 has been awarded.
E	When AO4 at Level 2 has been awarded.
EE	When AO4 at Level 3 has been awarded.

PUBLISHED

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Question	Answer	Marks
1(a)(i)	**Identify <u>one</u> feature of a mass market.** **Indicative content** Identification of a feature of a mass market ✓ may include: • A large market / number of customers • Standardised (undifferentiated) product • High level of sales/production • Large scale • High competition • Low price is often a key element in selling the product • Selling to the whole market (opposite of a niche market) • Customers from a wide variety of backgrounds • Product likely to be produced using flow/mass production using automation Do not reward tautological answers, e.g. market for the masses Do not reward answers that simply state that it is the 'opposite of a niche market' as it does not identify a feature of a mass market *If more than one answer is given, only mark the first, reading from top left to bottom right.* Accept all valid responses	1

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(ii)</td><td>
Explain the term ‘market segmentation’.
<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
Indicative content

AO1 Knowledge and understanding
Knowledge of market segmentation will include (max 1 mark):
• Dividing a market
• Different groups of customers (who share common needs/characteristics/behaviours)
• Part of a market / subset of customers
</td><td>3</td></tr>
</table>

PAGE 593

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Question	Answer	Marks

1(a)(ii)	**AO2 Application**
	Limited application APP *applies knowledge of market segmentation to a business context.*
	Developed application APP + APP *applies knowledge of market segmentation to a business context.*
	• Differentiated marketing
	• Aim to not sell just one product to the whole market, but different products to different market segments (customer groups)
	• Identifying a way(s) to segment the market, e.g. geographic, demographic and psychographic
	• A different marketing mix/marketing decisions (for each market segment)
	• Examples of market segmentation:
	  ○ Examples of geographic differences, e.g. culture or climatic differences
	  ○ Examples of demographic differences, e.g. age, gender, income, social class, income or ethnic background
	  ○ Examples of psychographic factors, e.g. lifestyle, personality, values and attitudes
	  ○ Examples of businesses/products, e.g. Volkswagen sells different car models which are aimed at different groups of customers, e.g. executive cars, family cars, electric and commercial vehicles such as vans.
	
	Application can be made to CC or any other scenario/context/business/person.
	
	Accept all valid responses.	

Exemplar and annotations	Mark	Rationale
Dividing the market K so that a specific marketing mix can be used for each group of customers APP according to lifestyle APP	3	An answer which starts with the knowledge and then applies it to the use of a different marketing mix for each customer group. An example is used for the second application mark.
Different products APP sold to different customer groups K such as CC selling Cherry Cola to one group and Sugar-free Cola to another APP .	3	This answer starts with application, followed by knowledge (different customer groups). The candidate applies knowledge to a business context.
Part of a market K such as a group of teenagers or customers aged 20–29 years APP	2	Knowledge and explanation for one application mark.

PAGE 594

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(ii)</td><td>
<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Where the market is divided K.</td><td>1</td><td>Not a perfect definition, but enough to award the knowledge mark. No attempt to apply.</td></tr>
<tr><td>Segmenting the market. TV</td><td>0</td><td>No knowledge of market segmentation. Tautological.</td></tr>
</table>
</td><td></td></tr>
<tr><td>1(b)(i)</td><td>Refer to Table. 1.1 and other information. Calculate the price of <u>one</u> bottle of Sugar-free cola.

Indicative content
1 mark for calculating the total cost of making one bottle of cola
1 mark for calculating the % mark-up (i.e. 80% of the cost) (OFR)
1 mark for calculating the price of one bottle of Sugar-free cola (OFR)

Price = total cost + 80%

• Total cost of making one bottle = $0.20 + $0.35 + $0.10

$0.65 (1 mark)

• 80% of cost = 80% x $0.65

$0.52 (1 mark) (OFR)

Answer = $0.65 + $0.52
= $1.17 (3 marks) (OFR) (No working or $ sign needed for 3 marks)</td><td>3</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(i)</td><td>
<table>
<tr><td>Marks</td><td></td><td></td></tr>
<tr><td>3 marks</td><td>Correct answer
$1.17 allow 1.17</td><td>Full marks can be given even without working and units.

Must be three ✓ to denote the three marks.</td></tr>
<tr><td>2 marks</td><td>Both of the following:
• Correct calculation of the total cost ($0.65)
AND
• Correct calculation of 80% of cost ($0.52)
OR
An incorrect answer with one mistake allowing OFR for final stage.</td><td>To award two marks, there must be:
• Two ✓ and a ✗
OR
• One ✓, one ✗ and one OFR</td></tr>
<tr><td>1 mark</td><td>One of the following:
• Correct calculation of the total cost ($0.65)
OR
• Correct calculation of 80% of cost ($0.52)</td><td>To award one mark, there must be:
• One ✓ and two ✗</td></tr>
<tr><td>0 marks</td><td>No creditable content.</td><td>To award zero marks, there must be:
• One ✗</td></tr>
</table>
</td><td></td></tr>
</table>

PAGE 596

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>

Explain <u>one</u> limitation for CC of using qualitative data to make marketing decisions.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content

AO1 Knowledge and understanding

Knowledge of a limitation of using qualitative data K (max. 1 mark), including:

- Variety of responses (difficult to standardise responses)
- Time consuming / challenging to analyse
- Cannot use statistical analysis/charts/graphs
- Subjective / unscientific
- Risk of bias / unrepresentative / unreliable
- Open-ended
- Smaller sample size

Do not reward answers that simply state the ‘opposite of quantitative data’ as it does not show knowledge/understanding

</td><td>3</td></tr>
</table>

PAGE 597

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Question	Answer	Marks
1(b)(ii)	**AO2 Application** Explanation of a limitation of using qualitative data to make marketing decisions APP (max 1 mark), including: • Non-numerical / narrative / descriptive data • Opinions, emotions and views • Detailed information • Examples of methods to collect qualitative data, e.g. interviews, focus groups, observations • Examples of ways to record qualitative data, e.g. transcripts, content analysis to condense raw data into categories or themes Context applied to CC APP (max 1 mark), including: • Sales of Cherry cola reduced by 12% over past year • Using market research data to investigate the reasons for the decline in sales • Aim to increase sales • Market leader in country N • Manufactures four variants of cola drink • Four factories in country N *Application must be made to CC and cannot be generic* Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>
<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>A limitation is that the data may be time consuming to analyse K, due to the variety of different responses APP delaying the manager's decision about a marketing campaign APP.</td><td>3</td><td>Time consuming to analyse is a reasonable limitation K, explained in relating to the variety of responses APP and in the context of CC APP.</td></tr>
<tr><td>The sample size is often smaller K, so data collected may unrepresentative APP to find out why Cherry cola sales are fallen by 12% APP.</td><td>3</td><td>Small sample size K so data may unrepresentative is a second AO1 point for APP. This answer is then applied to CC for three marks in total.</td></tr>
<tr><td>Non-numerical data about opinions/views APP which are subjective K.</td><td>2</td><td>Subjectivity is K. The answer includes a relevant example of a feature of qualitative data APP, but only one mark as no application to CC's context.</td></tr>
<tr><td>Graphs and charts cannot be produced K .</td><td>1</td><td>Inability to create graphs/charts is a relevant limitation for K, but it hasn't been explained.</td></tr>
<tr><td>As market leader CC has a high marketing budget TV.</td><td>0</td><td>Although there is some relevant context, there is no knowledge of a limitation of using qualitative data, so no marks can be awarded.</td></tr>
</table>
</td><td></td></tr>
</table>

PAGE 599

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>

Analyse <u>two</u> benefits to CC of capital intensive operations.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

</td><td>8</td></tr>
</table>

PAGE 600

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Question	Answer	Marks
1(c)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of benefits of capital intensive operations (max 2 K s), including: including: • Economies of scale from large scale • Consistent quality • Low labour costs • High volume of output • Efficiency from use of technology / machinery / robots • 24/7 operations • High barriers to entry • Specialisation of labour • Faster / quick • No human error / mistakes **AO2 Application** *Max one APP for application in the first benefit and max one APP for application in the second benefit* Application of the benefit of capital intensive operations to CC (max 2 APP s), including: • Sells cola drinks to the mass market • Market leader • Sells four variants of cola drink • Use cost-based pricing • Adds 80% to the cost of making the cola drink to calculate the price • Sells 50 000 bottles of Sugar-free cola each month • Four factories • Employs 1750 employees • Work is repetitive • Labour turnover has increased by 8% over the past year	

PAGE 601

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Question	Answer	Marks
1(c)	**AO3 Analysis** Limited analysis AN – candidate shows one link in the chain of analysis. Developed analysis DEV candidate shows two or more links in the chain of analysis or a two-sided analysis. Impacts may include: • Economies of scale from large scale – reduces the average cost of producing one bottle of cola – increased profitability/ability to offer cheaper prices than competitors • Consistent quality – increased customer satisfaction – higher market share • Low labour costs – increased profitability – higher growth • High volume of output – economies of scale – increased efficiency • Efficiency from use of technology/machinery/robots – less affected by employee absenteeism/labour turnover – increased profitability • 24/7 operations – higher output – ability to satisfy customer demand/orders • High barriers to entry – reducing risks of new entrants/competitors – power/ability to dominate market, e.g. price setting • Fast/quick – reducing the time to produce a product which enables CC to satisfy customer demand – positive ratings/reviews • No human errors – leading to increased customer satisfaction – higher market share Accept all valid responses. **Exemplar and annotations** **AO1 Knowledge** / **AO2 Application** / **AO3 Analysis** Labour costs tend to be lower K. / As capital intensive operations limits employee numbers to 1750 APP / This reduces total costs AN increasing profits DEV. The high cost of the machinery creates a barrier to entry K / Which helps CC maintain market leadership APP / The cost barrier reduces the number of new competitors AN which gives CC more power to increase prices DEV.	

PAGE 602

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>

Evaluate whether CC should change the employee payment method from time-based to piece rate.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

</td><td>12</td></tr>
</table>

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Question	Answer	Marks
1(d)	**Indicative content** Responses may include: **AO1 Knowledge and understanding** Knowledge of time-based and piece rate payment systems (max 2 K s), may include: • Time-based payment systems reward employees for the time that they are working, e.g. number of hours, days The payment is the same irrespective of the amount of output/performance • Piece rate payment system is where the employee is paid an amount for each item of output The greater the quantity produced, the more the employee will be paid **AO2 Application** Limited application APP applies knowledge of payment systems to CC once Developed application APP+APP applies knowledge of payment systems to CC twice. • Sells cola drinks to the mass market • Market leader • Sells four variants of cola drink • Four factories • Employs 1750 employees • Lack motivation • Repetitive work • High labour turnover • Labour turnover increased by 8% over the past year **AO3 Analysis** Limited analysis AN – candidate shows one link in the chain of analysis. Developed analysis DEV – candidate shows two or more links in the chain of analysis. Advantages of changing to a piece rate payment system to CC may include: • Increased productivity – ability to meet higher sales • Employees may feel that it is fairer that employees who work harder receive a higher payment – increased employee loyalty • Labour costs linked to output – improved cost control • Employees may earn their desired income from working fewer hours – aiding recruitment of new employees	

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Question	Answer	Marks
1(d)	Disadvantages of changing to a piece rate payment system to CC may include: • Reduced product quality – increased product defects / lower reputation • Increased administration to manage the system – higher costs • Reduced teamwork – reduced efficiency • Unstable/fluctuating income may increase labour turnover further – increased recruitment costs • Employee dissatisfaction if the payment offered per bottle produced is considered too low – increased labour turnover • Risk of employee 'burn out' – higher employee absenteeism **AO4 Evaluation** Limited evaluation – an unsupported judgement and/or weak attempt at an evaluative comment EVAL Developed evaluation – supported judgement and/or reasonable evaluative comment E Developed evaluation in context – supported judgement in context and/or reasonable evaluative comment in context EE. • A judgement about whether CC should change the payment system to piece rate. • What the judgement might depend upon; the timeframe for the change, consultation with employees, is payment the source of the employee lack of motivation, skills of employees • Weighing up the arguments for time-based vs piece rate payment system • Changing the payment system will not address the repetitive nature of the work. This may be cause of the lack of motivation rather than dissatisfaction with the payment system. • Employees may not be motivated by financial factors (pay) and may value non-financial motivators more. Accept all valid responses.	

PAGE 605

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>
Exemplars for awarding evaluation
<table>
<tr><th>L1 EVAL (limited supporting evidence)</th><th>L2 E (developed supporting evidence)</th><th>L3 EE (developed supporting evidence with context)</th></tr>
<tr><td>CC should continue with the time-based payment system.</td><td>CC should continue with the time-based payment system as employees are not incentivised to work quicker which could reduce quality.</td><td>CC should continue with the time-based payment system as employees are not incentivised to work quicker which could reduce quality. This is important as reduced quality may lead to Cherry cola sales reducing by another 12% next year.</td></tr>
<tr><td>A piece rate payment system should be introduced.</td><td>A piece rate payment system should be introduced. Employee motivation will increase as they may feel it is fairer to reward hard workers more.</td><td>A piece rate payment system should be introduced. Employee motivation will increase as they may feel it is fairer to reward hard workers more. Increased motivation will help CC to reduce the high level of labour turnover.</td></tr>
</table>
</td><td></td></tr>
</table>

PAGE 606

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Question	Answer	Marks
2(a)(i)	**Identify <u>one</u> feature of JIC (Just in Case) inventory management.** **Indicative content** Identification of a feature ✓ may include: • Buffer stock • Back-up product / inventory (stock) • Takes a lot of space • High inventory (stock) levels / hold extra inventory (stock) / hold more inventory (stock) than needed • Prepared for unexpected large order / increase in sales or demand • Less risk of running out of stock • High storage costs • Risks of inventory wasting/obsolescence/damage • High insurance costs Do not reward tautological answers e.g. holding inventory just in case. No reward for just stating that JIC is the opposite of JIT, unless the answer explains this using reference to a feature of JIT *If more than one answer is given, only mark the first, reading from top left to bottom right.* Accept all valid responses.	**1**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>
Explain the term ‘primary market research’.
<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
Indicative content Responses may include:
AO1 Knowledge and understanding
Knowledge of primary market research may include:
• First-hand data
• New research / data not been collected before
• Collected for a specific purpose
• Undertaken/commissioned by business
• Field research
</td><td>3</td></tr>
</table>

PAGE 608

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>
AO2 Application
Limited application APP applies knowledge of primary market research to a business context.
Developed application APP + APP applies knowledge of primary market research to a business context.
• Can collect quantitative and qualitative data
• Advantage of primary market research, e.g. data not available to competitors, up to date
• Disadvantage of primary market research, e.g. high cost, time consuming
• Primary market research methods
Questionnaire/survey
Interview
Focus group
Observation
• Example from a business

Application can be made to DW or any other scenario/context/business/person.
Allow application to primary market research.

Accept all valid responses.
</td><td></td></tr>
<tr><td>2(a)(ii)</td><td>
<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Market research that has not been carried out before K so up to date APP and reflects the number of potential customers currently thinking about learning to drive APP.</td><td>3</td><td>The answer shows knowledge by the reference to the research not being carried out before. There is an explanation of how the data is up to date and then applied to DW.</td></tr>
<tr><td>Research carried out by the business K so not available to competitors. APP</td><td>2</td><td>Two marks. The first for knowledge and the second mark for application of feature to a business.</td></tr>
<tr><td>Field research K</td><td>1</td><td>A reasonable definition</td></tr>
<tr><td>Research about the market TV</td><td>~~0~~</td><td>Tautological and not specific to primary</td></tr>
</table>
</td><td></td></tr>
</table>

PAGE 609

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Question	Answer	Marks
2(b)(i)	**Calculate the budget variance for advertising in 2025. State if it is favourable or adverse.** **Indicative content** **1 mark for the formula for calculating the budget variance (words or figures)** **1 mark for calculating the difference between the budget and actual expenditure on advertising** **1 mark for identifying an adverse variance** • Formula = budget – actual expenditure on advertising = $25 500 – $31 800 (1 mark) • Budget for advertising = $25 500 • Actual expenditure on advertising = $31 800 • Variance = $25 500 – $31 800 = ($6300) (1 marks) Answer = **$6300 adverse** **(3 marks – correct answer (no working or $ sign needed)** Accept all valid responses.	**3**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(i)</td><td>

Exemplar and annotations

<table>
<tr><td>Marks</td><td></td><td></td></tr>
<tr><td>3 marks</td><td>Correct answer
$6300 adverse allow 6300 adverse</td><td>**Answer must state ‘adverse’**

The answer must state adverse.

A minus sign, brackets or ‘negative’ is not sufficient for the third mark.

Must be three ✓ to denote the three marks.</td></tr>
<tr><td>2 marks</td><td>Correct calculation of the budget variance, but no reference to whether it is adverse or favourable
= $25 500 – $31 800 = ($6300)</td><td>To award two marks, there must be
• $6300

The answer must include a minus sign or brackets.

Two marks can be given even without working and units.</td></tr>
<tr><td>1 mark</td><td>Correct formula for calculating the budget variance (words or figures)</td><td>To award one mark, there must be:
• One ✓ and two ✗</td></tr>
<tr><td>0 marks</td><td>No creditable content, e.g. word ‘adverse’ on its own.</td><td>To award zero marks, there must be
• One ✗</td></tr>
</table>

</td><td></td></tr>
</table>

PAGE 611

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>

Explain <u>one</u> limitation to DW of using break-even analysis to make pricing decisions.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content

AO1 Knowledge and understanding

Knowledge of one limitation of using break-even analysis K (max 1 mark), including:

- Assumes cost and revenues change directly with output
- Not all costs can be classified into fixed and variable costs
- Costs are shown as straight lines which is inaccurate
- Can only include data for one product
- Stock is excluded from break-even / assumes all stock is sold
- Fixed costs may change and different output levels
- Ignores external factors

AO2 Application

Explanation of one limitation of using break-even analysis to make pricing decisions APP (max 1 mark), including:

- Examples of external factors that may affect price, e.g. consumer income, inflation and competitor prices
- Costs may change over time
- Reference to break-even terms such as margin of safety or contribution used accurately

</td><td>3</td></tr>
</table>

PAGE 612

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>

Context applied to **DW** APP (max 1 mark), including:

- DW operates as a franchise
- DW gained a 25% share of the market in three years
- Offers lessons and a ‘learn to drive’ book
- Book is sold via its website
- Uses a JIC system of inventory management
- Budget for advertising was $25 500 in 2025
- $31 800 was actually spent on advertising in 2025
- Prices set by DW’s finance manager

Application must be made to DW and not generic.

<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Break-even analysis ignores external factors K such as competition APP leading to unrealistic pricing decisions which may reduce demand for driving lessons APP.</td><td>3</td><td>Ignoring external factors K, with further explanation with an example of a relevant external factor APP. The third mark is for reference to the context APP.</td></tr>
<tr><td>Assumes all stock of books are sold K which is unrealistic for a JIC inventory management system APP.</td><td>2</td><td>Knowledge of a limitation and applied to DW’s context.</td></tr>
<tr><td>Assumes cost and revenues change directly with output K</td><td>1</td><td>Knowledge of a limitation with no application</td></tr>
<tr><td>The data may be inaccurate, incomplete and misleading NAQ TV.</td><td>0</td><td>No limitation of using break-even analysis to make pricing decisions. This answer is about the quality of the data rather than the use of break-even analysis.</td></tr>
</table>

Accept all valid responses.

</td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>

Analyse <u>two</u> advantages to DW of operating as a franchisor.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

</td><td></td></tr>
</table>

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Question	Answer	Marks
2(c)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of advantage of operating as a franchisor (max 2 Ks), may include: • Franchisor can expand without a high capital cost • Expand its market geographically / new locations • Fast way to expand • Not responsible for the day-to-day operations, e.g. creating a staff rota • Generate cash inflow from royalty payments received (receive a percentage of the profits made by the franchisee) • Generate cash inflow from franchisee's initial franchise fee • Ability to maintain consistency and quality to maintain a positive brand image • Benefit from franchisee's knowledge • Franchisor maintains control over key business decisions No marks for advantages to the franchisee as this does not answer the question. **AO2 Application** Application of cost to DW APP, including: • DW operates as a franchise • DW gained a 25% share of the market in three years • Offers lessons and a 'learn to drive' book • Book is sold via its website • Uses a JIC system of inventory management • $25 500 advertising budget in 2025 • $31 800 spent on advertising in 2025 • Prices set by DW's finance manager • Driving instructors prepare a business plan to apply to become a DW franchisee • Business plan includes market research to assess customer demand for driving lessons in their area	

PAGE 615

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Question	Answer	Marks
2(c)	**AO3 Analysis** Limited analysis of advantage of operating as a franchisor AN – candidate shows one link in the chain of analysis. Developed analysis of advantage of operating as a franchisor DEV candidate shows two or more links in the chain of analysis or a two-sided analysis. • Franchisor can expand without a high capital cost – reducing the need to raise additional finance such as a loan – reducing expenses by avoiding interest payments/opportunity cost • Fast way to expand – able to beat competitors to a new market opportunity (market gap) – increasing market share • Not responsible for the day-to-day operations, e.g. creating a staff rota – saving time – opportunity cost • Generate cash inflow from royalty payments received – increasing revenue – higher profits • Generate cash inflow from franchisee's initial franchise fee – increasing funds for further growth – economies of scale • Ability to maintain consistency and quality to maintain a positive brand image – increase brand image – better reputation • Benefit from franchisee's knowledge – ability to make good decisions for each local area – increasing sales **Exemplar and annotations** **AO1 Knowledge** / **AO2 Application** / **AO3 Analysis** It is a fast way to grow K. / And increase the current market share of 25% APP / This enables DW to further increase its sales AN increasing profits DEV. DW can benefit from the franchisee's local knowledge K / That they will use to create a business plan when they apply to become a franchisee APP / The increases the chance of the franchisee satisfying customer needs/wants AN which will lead to improved customer reviews/recommendations DEV.	

PAGE 616

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>Evaluate whether external recruitment would be the best method for DW to use to recruit the new website manager.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table></td><td>12</td></tr>
</table>

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Question	Answer	Marks
2(d)	**Indicative content** Responses may include: **AO1 Knowledge and understanding** Knowledge of external recruitment (max 2 Ks), including: • Internal recruitment is appointing a new website manager from the pool of DW's existing employees / within the business • External recruitment is appointing a new website manager from people who currently do not work for DW / outside of business **AO2 Application** Application of external recruitment to DW APP, including: • DW operates as a franchise • DW gained a 25% share of the market in three years • Offers lessons and a 'learn to drive' book • Book is sold via its website • Website manager retires in two months' time • IT assistant helps the website manager with simple programming and administrative tasks • Website generates over $28 000 of revenue each year from book sales • Website is updated by the website manager and an IT assistant • Website Manager designs the website and resolves any technical problems • IT assistant helps the manager with simple programming and administrative tasks **AO3 Analysis** Limited analysis of the use of external recruitment AN – candidate shows one link in the chain of analysis. Developed analysis of the use of external recruitment DEV – candidate shows two or more links in the chain of analysis. Advantages of recruiting externally may include: • Only one other employee (the IT assistant) reducing the pool of suitable candidates – increasing the risk of not finding a suitable employee – reducing the quality of future website development • Open the job vacancy to more potential applicants – increasing the chance of finding a suitably qualified website manager • New ideas / perspectives – innovative developments to the website – increasing revenue • Knowledge/skills from training/development from last employer – increasing efficiency – increasing profitability	

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Question	Answer	Marks
2(d)	Advantages of recruiting internally may include: • A replacement may start quicker – reducing the time without website manager • Lower cost/cheaper – reducing expenses – increasing profitability • Less induction will be needed as the employee will already be familiar with DW – reducing expenses – opportunity cost to spend money elsewhere • The IT assistant may be unhappy about not being offered the job role and not work well with an externally appointed website manager – poor teamwork from conflict – increased labour turnover **AO4 Evaluation** Limited evaluation – an unsupported judgement and/or weak attempt at an evaluative comment EVAL Developed evaluation – supported judgement and/or reasonable evaluative comment E Developed evaluation in context – supported judgement in context and/or reasonable evaluative comment in context EE. • A judgement about whether the new website manager should be recruited externally • Elements that the judgement could depend upon, available finance, time to find replacement, importance of the website to sales of the book, how the new website manager will work with the IT assistant • Weighing up if the IT assistant has sufficient experience and skills to be promoted to the website manager • Suitability compared to internal recruitment Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>
Exemplars for awarding evaluation
<table>
<tr><th>L1 EVAL (limited supporting evidence)</th><th>L2 E (developed supporting evidence)</th><th>L3 EE (developed supporting evidence with context)</th></tr>
<tr><td>External recruitment is the best method to recruit the new website manager.</td><td>External recruitment is the best method to recruit the new website manager. The business can appoint someone who has worked in a similar role in another business, and so benefit from their skills and experience.</td><td>External recruitment is the best method to recruit the new website manager. The business can appoint someone who has worked in a similar role in another business, and so benefit from their skills and experience. The IT assistant is unlikely to have the same level of skills and experience.</td></tr>
<tr><td>DW should not use external recruitment to recruit the new website manager.</td><td>DW should not use external recruitment to recruit the new website manager. It will take a long time as the business will need to wait for the new employee to start. DW need the new website manager to start quickly.</td><td>DW should not use external recruitment to recruit the new website manager. It will take a long time as the business will need to wait for the new employee to start. DW need the new website manager to start quickly so that DW can continue to earn $28 000 of revenue each year from book sales.</td></tr>
</table>
</td><td></td></tr>
</table>

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CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/22**

Paper 2 Business Concepts 2 **May/June 2026**

1 hour 30 minutes

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 60.
- The number of marks for each question or part question is shown in brackets [ ].

alpha

This document has **4** pages. Any blank pages are indicated.

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1 Public Television (PT)

PT is based in country A and is a public sector business. PT broadcasts television programmes, as well as operating an online streaming service throughout country A.

PT's mission statement is:

'Our vision is to target the mass market to strengthen the welfare and cultural health of our country'. *5*

The government of country A has introduced a law to improve diversity and equality in the workplace. PT has been criticised for a lack of diversity and equality in terms of its female employees, who make up 40% of its 20 000 employees (see Table 1.1).

Table 1.1 Employment statistics for PT in 2025

	salary	**job satisfaction**	**labour turnover**
average for all employees	$30 000	76%	12%
average for female employees	$23 500	41%	20%

10

The directors of PT have agreed to implement a plan to improve diversity and equality, which includes:

- Encouraging male employees to take parental leave. *15*
- Offering free childcare for all employees with children under the age of five.
- Setting targets for the selection of female employees for all positions in PT, including higher managerial positions.
- Ensuring all female employees are given equal access to training and development, especially for the qualities intrapreneurs need for success. *20*

(a) (i) Identify **one** method of employee selection. [1]

(ii) Explain the term *public sector*. [3]

(b) (i) Refer to Table 1.1 and other information. Calculate the number of female employees who left PT in 2025. [3]

(ii) Explain **one** reason why PT is important to the development of country A. [3]

(c) Analyse **one** advantage and **one** disadvantage to PT of targeting the mass market. [8]

(d) Evaluate the most likely impact on PT of implementing its plan to improve diversity and equality in the workplace. [12]

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2 Zorba's Flowers (ZF)

Zorba had always had a passion for flower arranging. When he was made redundant from his job as an engineer last year, he decided to use all of his savings to set up a flower shop called ZF.

Although Zorba did not require any additional finance, he decided to write a business plan before setting up ZF. Table 2.1 shows an extract from his business plan, showing the planned expenditure for ZF.

Table 2.1 Planned expenditure for ZF

expenditure	$
fixtures and fittings for the shop	10 000
rent (per month)	5 000
employees (per month)	3 000
inventory (per month)	7 000
delivery van (one needed)	20 000

Zorba opened ZF at the start of January 2026. However, Zorba encountered a number of problems with Supply Chain Management during the first three months of ZF's trading. These included:

- Changeable weather conditions meant that Zorba could not always guarantee which types of flowers would be available.
- ZF was often forced to work over-capacity at times of high demand.
- The inventory is perishable and can be easily damaged when transported.

At the end of the first three months of trading, Zorba realised that he had no working capital left. The problem was that he had not been effectively managing his trade payables.

(a) (i) Identify **one** type of inventory for a business. [1]

(ii) Explain the term *redundancy*. [3]

(b) (i) Refer to Table 2.1. Calculate Zorba's capital expenditure when he set up ZF. [3]

(ii) Explain **one** way that Zorba could manage his trade payables more effectively. [3]

(c) Analyse **one** benefit and **one** limitation to Zorba of using a business plan when setting up ZF. [8]

(d) Evaluate the importance of improved Supply Chain Management to ZF's future success. [12]

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CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/22**

Paper 2 Business Concepts 2 **May/June 2026**

MARK SCHEME

Maximum Mark: 60

Published

This mark scheme contains the instructions and marking guidance that our examiners used to mark candidate responses for this component.

Before they start marking, examiners complete a standardisation process. They review a range of candidate responses and discuss the mark scheme in detail to agree which answers can and cannot be accepted. Examiners award marks where it is clear that candidate responses have met the requirements of the mark scheme. These requirements may vary between different components or different versions of the same component, depending on the exact requirements of the question and the candidate responses seen during the standardisation process.

Sometimes, our mark schemes may allow marks to be awarded to responses which contain elements that are factually incorrect or for content not covered by the syllabus. We do this in response to the demands of a specific question to support candidates and make sure that our assessments are fair. However, these allowances should not be used as a guide for teaching and learning.

We cannot discuss the mark scheme with schools, and we recommend that schools read the mark scheme together with the assessment material and the Principal Examiner Report for Teachers.

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General marking principles

All examiners must apply these marking principles when marking candidate responses.

1	Examiners must award marks for each response in line with: • the specific **content** defined in the mark scheme • the specific **skills** defined in the mark scheme or in the level descriptions • the **standard of response** required as exemplified by the standardisation scripts.
2	Examiners must award **whole marks** (not half marks, or other fractions).
3	Examiners must award marks **positively**. This means that: • marks are not deducted for errors or omissions • marks are awarded for correct/valid answers as defined in the mark scheme and also for **other valid answers** which go beyond the scope of the syllabus and mark scheme referring to your team leader as appropriate • the quality of spelling, punctuation and grammar are judged **only** when the mark scheme indicates that these features are **specifically assessed** in the question. However, the meaning of all responses must be unambiguous.
4	Examiners must **consistently** apply the requirements of the mark scheme and any rules for what to do when candidates have not followed instructions correctly.
5	Examiners must use the **full range of marks** defined in the mark scheme, unless limited by the quality of the candidate responses seen.
6	Examiners must award marks according to the mark scheme and **must not** award marks with grade thresholds or grade descriptions in mind.

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Social Sciences-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).

PAGE 626

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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.

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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

Annotation	Meaning
	For objective points that are right or wrong.
	For objective points that are wrong.
	When there is a misunderstanding in a response.
	When the candidate has attempted something, but the mark/skill has not been awarded.
Highlighter Or Underline	To highlight a point or section of an answer that justifies the mark/annotation.
	When the candidate has attempted something, and the mark/skill has been awarded.
On page comment	To communicate with the supervisor.
	When the context has not been used.

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Annotation	Meaning
SEEN	To show a page/section has been seen/read.
NAQ	When the response is not focussed on answering the question.
REP	The repetition of a previous point in a response **or** candidate is copying the case study/data.
OFR	The own figure rule applies – acts as a mark/tick.
K	When AO1 has been awarded. Number of Ks should match the mark awarded.
APP	When AO2 has been awarded. Number of APPs should match the mark awarded.
AN	When AO3 at Level 1 has been awarded.
DEV	When AO3 at Level 2 has been awarded.
EVAL	When AO4 at Level 1 has been awarded.
E	When AO4 at Level 2 has been awarded.
EE	When AO4 at Level 3 has been awarded.

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Guidance on using levels-based marking

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.

PAGE 630

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PREPARATION FOR MARKING

1 Make sure that you have completed the relevant training and have access to the *RM Assessor Guide*.
2 Make sure that you have read and understand the question paper, which you can download from https://support.rm.com/ca
3 Log in to RM Assessor then mark and submit the required number of practice and standardisation scripts. You will need to mark the standardisation scripts to the required accuracy in order to be approved for marking live scripts. You may be asked to re-mark them, or to mark a second sample, if you do not meet the required accuracy on your first attempt.

MARKING PROCESS

1 Mark strictly to the FINAL mark scheme, applying the criteria consistently and the general marking principles outlined on the previous page.
2 If you are in doubt about applying the mark scheme, consult your Team Leader.
3 Mark at a steady rate through the marking period. Do not rush, and do not leave too much until the end. If you anticipate a problem in meeting the deadline, contact your Team Leader immediately and the Examiners' Helpdesk.
4 Examiners will prepare a brief report on the performance of candidates to send to their Team Leader via email by the end of the marking period. The Examiner should note strengths seen in answers and common errors or weaknesses. Constructive comments on the question paper, mark scheme or procedures are also appreciated.

MARKING SPECIFICS

Crossed out work

1 **All of a candidate's answers, *crossed out* or not, *optional* or not, must be marked.**
2 The only response not to be marked is one that has been crossed out and replaced by another response for that exact same question.
3 Consequently, if a candidate has crossed out their response to an optional question and gone on to answer a different optional question then both attempts must be marked. The higher mark will be awarded by the system according to the rubric.

0 (zero) marks or NR (no response)

1 Award **NR** if there is nothing at all written in answer to that question (often the case for optional questions).
2 Award **NR** if there is a comment which is not an attempt at the question (e.g. 'can't do it' or 'don't know' etc.)
3 Award **NR** if there is a symbol which is not an attempt at the question, such as a dash or question mark.
4 Award **0** (zero) if there is any attempt at the question which does not score marks. This includes copying the question onto an Answer Booklet.

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Question	Answer	Marks
1(a)(i)	**Identify <u>one</u> method of employee selection.** **Indicative content** • curriculum vitae (CV) • résumé • application forms/letters • interviews • references / background checks • testing/screening • assessment centres. *Only accept the above list – or specific examples of these methods*	**1**

alpha

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(ii)</td><td>

Explain the term *public sector*.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Responses may include:
AO1 Knowledge and understanding
Knowledge of the public sector K (max 1 mark), including:
- The public sector are businesses that are owned/controlled/run/funded by the government/state.

No further marks can be gained without knowledge and understanding

AO2 Application
Limited application APP.
Developed application APP + APP.
Characteristics of a public sector business, such as:
- Often paid for through taxation
- Often not profit seeking organisations
- Aims to meet a social need / provide 'public goods'
- Often provide merit goods
- May be free (at point of need)
- Example of a business often found in the public sector, such as police, defence, healthcare, NHS, BBC

Do not accept that PT is an example of a public sector business as this is REP from the data.

</td><td>3</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(ii)</td><td>Accept all valid responses.
<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Government owned [K] to provide merit goods [APP], such as healthcare [APP].</td><td>3</td><td>Knowledge, a characteristic and an example.</td></tr>
<tr><td>Run by the state [K]. To provide public goods [APP] for free [APP].</td><td>3</td><td>Knowledge and two characteristics.</td></tr>
<tr><td>A business that does not aim to make a profit [APP] because it is owned by the government [K].</td><td>2</td><td>A characteristic and then knowledge.</td></tr>
<tr><td>Owned by the government [K] and not privately owned.</td><td>1</td><td>Knowledge – not being privately owned is too similar to government owned.</td></tr>
<tr><td>Provides public goods, such as the police and NHS.</td><td>0</td><td>No credit – there is no knowledge shown, so 0 marks.</td></tr>
</table></td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(i)</td><td>Refer to Table 1.1 and other information. Calculate the number of female employees who left PT in 2025.
<table>
<tr><th>Answer</th><th>Guidance</th></tr>
<tr><td>Labour turnover formula:
Employees who left
Total number of employees × 100 = Labour turnover (1)

40% of 20 000 employees = 8 000 total female employees (1)

20% of 8 000 = 1 600 female employees left (1 OFR)

Answer = 1 600 (3)</td><td>Award 3 marks for correct answer of 1 600 (with or without workings or units)</td></tr>
</table></td><td>3</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(i)</td><td>

Exemplar and annotations

<table>
<tr><td>Marks</td><td></td><td></td></tr>
<tr><td>3 marks</td><td>Correct answer
1 600</td><td>Working and units do not matter.
One ✓ next to correct answer to denote the three marks.</td></tr>
<tr><td>2 marks</td><td>Both of the following:
• Correct formula
• Correct calculation of total number of female employees (8 000)
OR
An incorrect answer with one mistake allowing OFR for final stage.</td><td>To award two marks, there must be
• Two ✓ and a ✗
OR
• One ✓ , one ✗ and one OFR</td></tr>
<tr><td>1 mark</td><td>One of the following:
• Correct formula
• Correct identification of numbers
• Correct calculation of total number of female employees (8 000)</td><td>To award one mark, there must be:
• One ✓ and two ✗</td></tr>
<tr><td>0 marks</td><td>No creditable content.</td><td>To award zero marks, there must be
• One ✗</td></tr>
</table>

</td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>

Explain <u>one</u> reason why PT is important to the development of country A.

AO1 Knowledge and understanding 1 mark	AO2 Application 2 marks
	2 marks Developed application of **one** relevant point to a business context.
1 mark Knowledge of **one** relevant point is used to answer the question.	**1 mark** Limited application of **one** relevant point to a business context.
0 marks No creditable response.	**0 marks** No creditable response.

Knowledge	Knowledge of a reason why a business is important to the development of a country	1 mark
Explanation	Explanation of a reason why a business is important to the development of a country	1 mark
Context	Context linked to a reason why PT is important to the development of a country	1 mark

No marks can be awarded without knowledge.

Responses may include:
AO1 Knowledge and understanding
Knowledge of a reason why a business may be important to the development of a country, including:
- Provides employment / reduces unemployment
- Provides education/news/information
- May encourage intrapreneurship/entrepreneurship
- Training and development
- Contributes to tax revenue
- Improves economic growth/GDP

No further marks can be gained without knowledge and understanding

</td><td>3</td></tr>
</table>

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Question	Answer	Marks
1(b)(ii)	**AO2 Application** Explanation of a reason why a business may be important to the development of a country APP (max 1 mark), including: • Provides employment / reduces unemployment; by employing residents of country A and giving them an income. • Provides education/news: to inform the public / programmes which are not just for entertainment. • May encourage intrapreneurship/entrepreneurship: through its programming and also by training workers and skilling them. • Training and development; giving workers new skills that can be used in other industries (transferable skills) • Contributes to tax revenue: to pay for other public services. • Improves economic growth/GDP: by increasing AD Context linked to a reason why PT may be important to the development of country A APP (max 1 mark), including: • Public sector business • Broadcasts television programmes / streaming services. • Mission statement – to strengthen the welfare and cultural health of country A. • New law to improve diversity and equality • PT employs 20 000 people • Use of Table 1.1 • Encouraging male employees to take parental leave • Offering free childcare for all employees with children under 5 • Positive discrimination of female employees • Developing intrapreneurial skills.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>
<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>PT gives jobs to people K which provides them income APP and meets their mission statement to strengthen the welfare of country A APP.</td><td>3</td><td>A reason identified, explained and in context, so all 3 marks.</td></tr>
<tr><td>PT is a public sector business APP which may help educate the population K through its programmes APP.</td><td>3</td><td>Context followed by knowledge of a reason and its explanation.</td></tr>
<tr><td>Pays tax K which can fund other public services APP.</td><td>2</td><td>Identification of a reason, with explanation, but no context.</td></tr>
<tr><td>Encourages entrepreneurship K and intrapreneurship opportunities to the residents of country A.</td><td>1</td><td>A reason, but not explained and no use of context (names are not content).</td></tr>
<tr><td>PT is a public sector business that plans to improve diversity and equality.</td><td>0</td><td>No reason given.</td></tr>
</table>
Accept all valid responses.
</td><td></td></tr>
</table>

PAGE 639

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>
Analyse <u>one</u> advantage and <u>one</u> disadvantage to PT of targeting the mass market.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
</td><td>8</td></tr>
</table>

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Question	Answer	Marks
1(c)	*Annotate the advantage in the left-hand margin and the disadvantage in the right-hand margin* Responses may include: **AO1 Knowledge and understanding** Identification of an advantage to a business of targeting a mass market K, including: • Large(r) number of customers • Standardised products / lower cost to produce • Opportunities for economies of scale • Less market research needed • Lower risk Identification of a disadvantage to a business of targeting a mass market K, including: • High level of competition • Need for more marketing • Difficult to establish a brand • Difficult to add value / prices may be lower • Lack of customisation **AO2 Application** Application to PT APP, including: • Public sector business • Broadcasts television programmes / streaming services. • Mission statement – to strengthen the welfare and cultural health of country A. • New law to improve diversity and equality • Use of Table 1.1 • Encouraging male employees to take parental leave • Offering free childcare for all employees with children under 5 • Positive discrimination of female employees • Developing intrapreneurial skills.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>

AO3 Analysis

Limited analysis of an advantage AN - developed analysis DEV , including:

- Large(r) number of customers; higher sales revenue – higher profit.
- Standardised products: lower cost to produce – higher profitability.
- Opportunities for economies of scale – lower costs – higher profit
- Less market research needed – can be spent elsewhere in the business – more growth in the future.
- Lower risk: the business will be less susceptible to changes in parts of the market – more likely for business survival.

Limited analysis of a disadvantage AN - developed analysis DEV , including:

- High level of competition: increased costs of marketing to become well-known – decreased profitability.
- Need for more marketing: need to market to the whole market which increases costs – reduce profit.
- Difficult to establish a brand: reduced sales with an unknown brand – lower profit to reinvest.
- Difficult to add value / prices may be lower: leading to lower revenue – lower profit.

Exemplar and annotations

AO1 Knowledge	AO2 Application	AO3 Analysis
More customers K,	For PT as a public sector business APP,	Which could lead to a more revenue AN and increased profit DEV.
More competition K.	Because it is competing with broadcasting and streaming services throughout country A APP,	Which may increase PT's marketing costs AN and therefore decrease its profit DEV.

Accept all valid responses.

</td><td></td></tr>
</table>

PAGE 642

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>

Evaluate the most likely impact on PT of implementing its plan to improve diversity and equality in the workplace.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

</td><td>12</td></tr>
</table>

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Question	Answer	Marks
1(d)	Responses may include: **AO1 Knowledge and understanding** Knowledge of equality K (max 1 mark) including: Equality refers to providing equal opportunities to <u>everyone</u> and <u>protecting people</u> from being <u>discriminated</u> against. Knowledge of diversity K (max 1 mark), including: Diversity refers to recognising and respecting and valuing <u>differences</u> in people. *Candidates must show knowledge of diversity <u>and</u> equality to be awarded both marks.* *Knowledge can be implied – award K if candidate has some understanding of either term.* **AO2 Application** Application to PT APP, including: • Public sector business • Broadcasts television programmes / streaming services. • Mission statement – to strengthen the welfare and cultural health of country A. • <u>New law</u> to improve diversity and equality • <u>PT has been criticised</u> for poor diversity and equality • Use of Table 1.1 • Encouraging male employees to take parental leave • Offering free childcare for all employees with children under 5 • Positive discrimination of female employees • Developing intrapreneurial skills. **AO3 Analysis** Limited analysis of the impact of improving diversity and equality AN – developed analysis DEV , including: • A larger pool of potential employees which leads to better employees are employed – increases productivity. • Adds different perspectives may lead to improved decision making – increases profitability. • May increase productivity – increased profit. • More innovation increases chances of finding a new, successful products – increases sales. • Increased retention / lower labour turnover - lower employment costs – increased profits. • More diverse ideas leading to improved marketing (better targeted) – increased sales. • Become an employer of choice - increased applications for positions – reduced recruitment costs. • Improved reputation – increased sales – increased profit.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>

AO4 Evaluation
Limited evaluation of the most likely impact on PT of implementing its plan to improve diversity and equality in the workplace EVAL – developed E – developed in context EE, including:

- A judgement over the most likely impact on PT of implementing its plan to improve diversity and equality in the workplace.
- What the impact may depend upon, such as; the ability of the directors to implement the plan, the take-up of parental leave by men, the take-up of childcare for all employees, the trust between the employees and PT etc.
- Whether the positive impact(s) outweigh the negative impact(s).
- How might the impacts differ in the short-term compared to the long-term.
- How are the employees likely to react the plan.

Accept all valid responses.

Exemplars for awarding evaluation
Evaluate the most likely impact on PT of implementing its plan to improve diversity and equality in the workplace.

<table>
<tr><th>L1 EVAL (limited supporting evidence)</th><th>L2 E (developed supporting evidence)</th><th>L3 EE (developed supporting evidence with context)</th></tr>
<tr><td>The most likely impact is an increase in costs.</td><td>The most likely impact is an increase in costs because offering additional employees benefits will add to the employment costs of PT significantly.</td><td>The most likely impact is an increase in costs because offering free childcare will add to the employment costs of PT significantly.</td></tr>
<tr><td>The most likely impact depends upon the availability of suitable female employees.</td><td>The most likely impact depends upon the availability of suitable female employees. If country A has lots of women who want to be trained and work in these positions, then PT will find it easy to implement the plan.</td><td>The most likely impact depends upon the availability of suitable female employees. If country A has lots of women who want to be trained and work in higher managerial positions, then PT will find it easy to implement the plan.</td></tr>
</table>

</td><td></td></tr>
</table>

PAGE 645

Question	Answer	Marks
2(a)(i)	**Identify <u>one</u> type of inventory for a business.** Responses include: • raw materials /components • work in progress/process • finished products • maintenance repair and operations • spare parts *Only accept <u>types</u> on the list above, not ways of managing inventory.* *Do not allow examples of types of inventory, eg flowers.*	**1**

alpha

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>

Explain the term *redundancy*.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Responses may include:

AO1 Knowledge and understanding
Knowledge of redundancy K (max 1 mark), including:
- Redundancy is when an employee's role or job is no longer needed/required.

No further marks can be gained without knowledge and understanding

AO2 Application
Limited application APP
Developed application APP + APP
- Redundancy is a form of dismissal
- May involve a payment (redundancy pay) based on wage/salary and time spent working at the business.
- May lead to a business reducing its costs
- May involve consultation with employer to move into a different job
- May involve time off to find a new job
- Must be selected for redundancy in a fair way (i.e. experience or capability to do job)
- May not be selected because of age, gender, (dis)ability, or pregnancy.

</td><td>3</td></tr>
</table>

PAGE 647

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>

• Example or some other way of showing good understanding.

Accept all valid responses.

Do not accept Zorba being made redundant as an example of redundancy.

<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>When a job is no longer required K. And the worker is dismissed APP in a fair way APP.</td><td>3</td><td>Knowledge of redundancy, and two pieces of explanation.</td></tr>
<tr><td>A form of dismissal APP when a particular role is no longer required K, and the employee may be given redundancy pay to compensate them APP.</td><td>3</td><td>Dismissal is APP, which can be awarded as long as there is K in the answer. Redundancy pay is another APP.</td></tr>
<tr><td>A job no longer needs to be done K and the worker is dismissed APP, through no fault of their own.</td><td>2</td><td>Knowledge of redundancy and a point of explanation. No fault of their own is not a point of explanation.</td></tr>
<tr><td>It is not like being sacked, when an employee has done something wrong. It is when the job no longer needs to be done K.</td><td>1</td><td>Do not credit knowledge of other forms of dismissal – only redundancy.</td></tr>
<tr><td>When an employee is dismissed through no fault of their own.</td><td>0</td><td>Not an explanation of redundancy.</td></tr>
</table>

</td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(i)</td><td>

Refer to Table 2.1. Calculate Zorba's capital expenditure when he set up ZF.

Capital expenditure is the money a business spends to buy, maintain, or improve its non-current assets, such as buildings, vehicles, equipment, or land

<table>
<tr><th>Answer</th><th>Guidance</th></tr>
<tr><td>Knowledge of capital expenditure (1)

<table><tr><th>Expenditure</th><th>Amount ($)</th></tr><tr><td>Fixtures and fittings for the shop</td><td>10 000</td></tr><tr><td>Delivery vans (each)</td><td>20 000</td></tr></table>(1)

$10 000 + $20 000 = $30 000 (1)

Answer = $30 000</td><td>Award 3 marks for correct answer of $30 000 (with or without $ sign).</td></tr>
</table>

</td><td>3</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(i)</td><td>

Exemplar and annotations

<table>
<tr><td>Marks</td><td></td><td></td></tr>
<tr><td>3 marks</td><td>Correct answer
$30 000</td><td>**Working and $ does not matter**.
Must be three ✓ to denote the three marks.</td></tr>
<tr><td>2 marks</td><td>Both of the following:
• Correct knowledge of capital expenditure (explanation)
• Correct identification of both capital expenditures
OR
• An incorrect answer with both capital expenditures and **ONE** revenue expenditure, correctly added up for **OFR**.</td><td>To award two marks, there must be
• Two ✓ and a ✗
OR
• One ✓ , one ✗ and one OFR</td></tr>
<tr><td>1 mark</td><td>One of the following:
• Correct knowledge of capital expenditure (explanation)
• Correct identification of both capital expenditures
OR
• An incorrect answer with both capital expenditures and **TWO** revenue expenditure, correctly added up for **OFR**.</td><td>To award one mark, there must be:
• One ✓ and two ✗
• Two ✗ and one OFR</td></tr>
<tr><td>0 marks</td><td>No creditable content.</td><td>To award zero marks, there must be
• One ✗</td></tr>
</table>

</td><td></td></tr>
</table>

PAGE 650

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(i)</td><td>
<table>
<tr><th>Examples of incorrect responses</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>10 000 + 5 000 + 20 000 = 35 000</td><td>2</td><td>Two capital expenditures have been identified with one revenue expenditure also included (one error). The answer is correct based on OFR.</td></tr>
<tr><td>10 000 + 3 000 + 7 000 + 20 000 = 40 000</td><td>1</td><td>The two capital expenditures have been identified. However, there are two revenue expenditures also included (two errors). The answer is correct based on OFR.</td></tr>
<tr><td>Spending on long-term assets.</td><td>1</td><td>Knowledge of capital expenditure shown.</td></tr>
<tr><td>10 000 + 5 000 + 3 000 + 7 000 + 20 000 = 45 000</td><td>0</td><td>Although the two capital expenditures have been identified, there are three errors here (three revenue expenditures added), so this must be 0 marks.</td></tr>
<tr><td>10 000 + 5 000 =15 000</td><td>0</td><td>Both capital expenditures have not been identified, and no knowledge of capital expenditure shown.</td></tr>
</table>
</td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>

Explain <u>one</u> way that Zorba could manage his trade payables more effectively.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Trade payables are short-term expenses incurred by businesses when they use products or services from a supplier. Also known as debtors.

<table>
<tr><td>Knowledge</td><td>Knowledge of a way to manage trade payables</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Explanation of a way to manage trade payables</td><td>1 mark</td></tr>
<tr><td>Context</td><td>Context linked to way for Zorba to manage trade payables</td><td>1 mark</td></tr>
</table>

No marks can be awarded without knowledge.

Responses may include:
AO1 Knowledge and understanding
Knowledge of ways to manage trade payables K (max 1 mark), including:
- Use a source of finance
- Refinance / use a different source of finance
- Delay / reduce payment

</td><td>3</td></tr>
</table>

PAGE 652

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Question	Answer	Marks
2(b)(ii)	• Negotiate better terms • Return items (get a refund) • Sell item • Budgeting/forecasting *No further marks can be gained without knowledge and understanding* **AO2 Application** Explanation of a way to manage trade payables APP (max 1 mark), including: • Use a source of finance: such as an overdraft • Refinance/ use a different source of finance: such as sale and leaseback • Delay/reduce payment: to allow the business to sell inventory before having to pay for it. • Negotiate better terms: if creditors are charging interest • Return items (get a refund): but this might affect ZF's ability to operate. • Sell item: may affect ability to operate / could use sale and leaseback. • Budgeting/forecasting: to know when to best time to pay suppliers Context applied to ZF APP (max 1 mark), including: • Zorba used all of his savings/redundancy to set up ZF • Zorba wrote a business plan • Use of specific contextual data from Table 2.1 • ZF opened at the start of January 2026 (new business) • Changeable weather conditions – no guarantee of which flowers will be available • ZF often forced to work over-capacity at time of high demand (allow any reasonable time of high demand) • No working capital at the end of three months. Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>
<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Ask suppliers for more time to pay [K] so that Zorba can sell the flowers before he has to pay for [APP] the $7 000 of inventory [APP].</td><td>3</td><td>A way identified, explained and in context, so all 3 marks.</td></tr>
<tr><td>Take out an overdraft [K] because he does not have any savings left [APP].</td><td>2</td><td>A way identified, and in context for ZF.</td></tr>
<tr><td>Zorba could return some of the flowers to the supplier [K] but he may not have enough to sell [APP]</td><td>2</td><td>A way identified and explained.</td></tr>
<tr><td>Delay payment [K] so he can check the flowers for any damage</td><td>1</td><td>A way identified – however the context has nothing to do with managing trade payables.</td></tr>
</table>
</td><td></td></tr>
</table>

PAGE 654

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>

Analyse <u>one</u> benefit and <u>one</u> limitation to Zorba of using a business plan when setting up ZF.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Annotate the benefit in the left-hand margin and the limitation in the right-hand margin

</td><td>8</td></tr>
</table>

PAGE 655

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Question	Answer	Marks
2(c)	Responses may include: **AO1 Knowledge and understanding** Knowledge of a benefit of using a business plan K, including: • To review ideas • To get an overview of the business • Reduces risk • Allows the owner to measure success • To gain finance • To set objectives • To quantify success • Helps to plan strategically Knowledge of a limitation of using a business plan K, including: • Uncertainty of the future • Lack of experience • Does not account for change • Does not take into account external influences • Does not guarantee success • Takes time and effort (costly) • May miss new opportunities • Too prescriptive **AO2 Application** Application to ZF APP, including: • Zorba used all of his savings/redundancy to set up ZF • ZF does not require any additional finance • Zorba wrote a business plan • Use of Table 2.1 • ZF opened at the start of January 2026 • Changeable weather conditions – no guarantee of which flowers will be available • ZF often forced to work over-capacity at time of high demand (allow any reasonable time of high demand) • Perishable (flowers) inventory – easily damaged • No working capital at the end of three months.	

PAGE 656

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Question	Answer	Marks
2(c)	**AO3 Analysis** Limited analysis of a benefit of using a business plan AN, – developed analysis DEV , including: • To review ideas: allows the owner to see their ideas as a whole and make better business decisions – increase chances of success. • To get an overview of the business: to be able to plan better for the future and increase sales revenue – increasing profit. • Reduces risk: by identifying possible risks, ZF can make better decisions – increases profitability. • Allows the owner to measure success: gives specific quantitative and qualitative benchmarks for the owner to measure the success of the business – allows owners to decide whether to continuing investing or not. • To gain finance: most lenders require the owner to have planned for the future and therefore more likely to gain finance – increased chances of success. • To set objectives: better SMART objectives leading to better chance of success – more profit. • To quantify success: gives benchmarks for the owner to measure the success of the business – allows owners to decide whether to continuing investing or not. Limited analysis of a limitation of using a business plan AN, – developed analysis DEV , including: • Uncertainty of the future: a plan written at a certain point in time cannot cover every eventuality, making the plan useless – poor decision making in the future. • Lack of experience: the less established a business is, the less chance of a business plan being correct – unlikely to be successful. • Does not account for change: uncertain future events may affect sales – reduce profits. • Does not take into account external influences: changing factors outside of the business' control can mean the plan is out of date – poor decision making. • Does not guarantee success: some entrepreneurs assume a well-written plan ensures success, however it gives no guarantee and can lead to poor decision making – lower sales. • Takes time and effort: increases business costs – reduces profitability. • Costly: leading to an increase in operating costs – reduced profitability. • May miss new opportunities: reduces potential sales – lower profit. Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>
Exemplar and annotations
<table>
<tr><th>AO1 Knowledge</th><th>AO2 Application</th><th>AO3 Analysis</th></tr>
<tr><td>To plan finances [K],</td><td>Because Zorba has used all of his savings [APP],</td><td>So he makes better business decisions [AN] leading to more profit [DEV].</td></tr>
<tr><td>Circumstances change [K].</td><td>Such as the weather affecting what flowers are available [APP],</td><td>Which may mean he has planned for the wrong inventory [AN] and cannot fulfil customer orders [DEV].</td></tr>
</table>
</td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>Evaluate the importance of improved Supply Chain Management to ZF's future success.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table></td><td>12</td></tr>
</table>

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Question	Answer	Marks
2(d)	Responses may include: **AO1 Knowledge and understanding** • Knowledge of supply chain management K (max 2 marks), including: • The management and flow of products, services and data • Sourcing and delivery of raw materials **to the business** • Organisation of the movement of inventory **within the business** • The sales and delivery of products **from the business** to the customer **AO2 Application** Application to ZF APP, including: • Zorba used all of his savings/redundancy to set up ZF • Zorba wrote a business plan • Use of Table 2.1 • ZF opened at the start of January 2026 / first three months trading • Changeable weather conditions – no guarantee of which flowers will be available • ZF often forced to work over-capacity at time of high demand (allow any reasonable time of high demand) • Perishable (flowers) inventory – easily damaged • No working capital at the end of three months. **AO3 Analysis** Limited analysis of the impact of supply chain management on a business AN – developed analysis DEV , including: • Reduced cost of raw materials – increased profitability. • Better relationships with suppliers which lower costs – increased profit. • Quicker deliveries from suppliers / lower lead time – increased sales. • More efficient movement of inventory within the business – builds a better reputation for the business. • Less bottlenecks in production which lower costs – increased profit. • Better communication with customers which improves reputation – increased revenue. • Quicker deliveries to customers which improves reputation – increased sales. • Use of best/cheapest suppliers which lower costs of production – increased profit.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>

AO4 Evaluation

Limited evaluation of the importance of improved supply chain management to ZF's future success EVAL – developed E – developed in context EE , including:

- A judgement over the level of importance to ZF of supply chain management to ZF's future success.
- What the judgement might depend upon, including: relationship with suppliers/customers/ other stakeholders, objectives of the business, objectives of the owner, distance from suppliers/customers etc.
- The level of importance compared with other aspects/functions of the business, such as marketing, HRM, operations, finance.

Accept all valid responses.

<table>
<tr><th>L1 EVAL (limited supporting evidence)</th><th>L2 E (developed supporting evidence)</th><th>L3 EE (developed supporting evidence with context)</th></tr>
<tr><td>Supply Chain Management is vital to ZF's future success because of the nature of the product.</td><td>Supply Chain Management is vital to ZF's future success because of the nature of the product. Since the flowers have to be sold quickly it is vital that Zorba orders the right inventory and gets it to the right customers on time.</td><td>Supply Chain Management is vital to ZF's future success because of the nature of the product. Since the flowers have to be sold quickly because they are perishable it is vital that Zorba orders the right inventory and gets it to the right customers on time.</td></tr>
<tr><td>It depends on his relationship with ZF's suppliers.</td><td>It depends on his relationship with ZF's suppliers because if this is a good relationship, then improving his supply chain management is not important. However, if it is a bad relationship then it becomes very important to ZF's future success.</td><td>It depends on his relationship with ZF's suppliers because if this is a good relationship, then improving his supply chain management is not important. However, if it is a bad relationship then it becomes very important to ZF's future success especially due to his lack of working capital.</td></tr>
</table>

</td><td></td></tr>
</table>

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CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/23**

Paper 2 Business Concepts 2 **May/June 2026**

1 hour 30 minutes

7706104773

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 60.
- The number of marks for each question or part question is shown in brackets [ ].

alpha

This document has **4** pages. Any blank pages are indicated.

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1 Jo's Transport (JT)

JT is owned by Jo as a sole trader business that provides school bus services to local public sector schools in city K. JT's main customer is the local government. Established in 2015, JT is building a brand reputation as a safe and reliable transportation method for school children in city K.

JT offers a range of services: *5*

- Daily school bus transportation
- Field trip transportation
- After-school activity transportation

JT receives payments for the services from the local government in city K but there is a three-month time lag between providing the service and receiving payment. JT has to use its overdraft to cover payments during the three-month period. Table 1.1 shows some of JT's financial information for 2025. *10*

Table 1.1 Financial information for JT in 2025

	$m
total revenue	5
total direct cost	1
total indirect cost	2

15

JT has 50 buses and 100 employees. Jo encourages employee participation at all levels of the business operation.

Jo would like to implement customer relationship marketing (CRM) at JT, to improve its relationship with the local government. To set up a CRM system will require $3m investment in computer systems, software and staff training. Jo believes that CRM could help JT become the leader in a very competitive school transport market. *20*

(a) (i) Identify **one** feature of a sole trader. [1]

(ii) Explain the term 'public sector'. [3]

(b) (i) Refer to Table 1.1 and other information. Calculate JT's profit per bus in 2025. [3]

(ii) Explain **one** benefit to JT of motivating its employees using participation. [3]

(c) Analyse **one** advantage and **one** disadvantage to JT of using an overdraft. [8]

(d) Evaluate the importance to JT of implementing customer relationship marketing (CRM). [12]

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2 Lucky Candles (LC)

LC is a private limited company based in country J, specialising in the manufacture of high-quality, eco-friendly candles. Founded in 2018, LC has grown quickly by using a highly effective approach to place (distribution channels).

LC sources raw materials from local and international suppliers. LC's customers are mainly specialist retail shops (B2B) and online shoppers (B2C). LC operates in a dynamic market but is committed to supporting communities through job creation and sustainability. LC is seen by the local community as a valuable contributor to the local economy.

LC has the production capacity to manufacture 500 000 candles per year and has 50 employees. LC has two products: 'Plain Candles', at a price of $7 each, and 'Luxury Candles', at a price of $8 each. LC sells twice as many Plain Candles compared to Luxury Candles.

When allocating costs to each product, LC uses a full costing approach. Table 2.1 shows some key data for LC in 2025.

Table 2.1 Key data for LC in 2025

	Plain Candles	**Luxury Candles**
direct cost	$0.75m	$0.25m
allocated indirect cost	$1.00m	$1.00m
total cost	$1.75m	$1.25m
output per year	300 000	150 000
average cost	$5.83	$8.33

The owners have decided to convert LC to a public limited company. This will likely increase the value of their shares. However, the directors are concerned about this decision.

(a) (i) Identify **one** feature of a private limited company. [1]

(ii) Explain the term 'place (distribution channels)'. [3]

(b) (i) Refer to Table 2.1 and other information. Calculate LC's capacity utilisation in 2025. [3]

(ii) Explain **one** benefit to LC of operating under maximum capacity. [3]

(c) Analyse **two** limitations to LC of using a full costing approach. [8]

(d) Evaluate whether stakeholder conflict will be caused by the decision to convert LC to a public limited company. [12]

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CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/23**

Paper 2 Business Concepts 2 **May/June 2026**

MARK SCHEME

Maximum Mark: 60

Published

This mark scheme contains the instructions and marking guidance that our examiners used to mark candidate responses for this component.

Before they start marking, examiners complete a standardisation process. They review a range of candidate responses and discuss the mark scheme in detail to agree which answers can and cannot be accepted. Examiners award marks where it is clear that candidate responses have met the requirements of the mark scheme. These requirements may vary between different components or different versions of the same component, depending on the exact requirements of the question and the candidate responses seen during the standardisation process.

Sometimes, our mark schemes may allow marks to be awarded to responses which contain elements that are factually incorrect or for content not covered by the syllabus. We do this in response to the demands of a specific question to support candidates and make sure that our assessments are fair. However, these allowances should not be used as a guide for teaching and learning.

We cannot discuss the mark scheme with schools, and we recommend that schools read the mark scheme together with the assessment material and the Principal Examiner Report for Teachers.

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General marking principles

All examiners must apply these marking principles when marking candidate responses.

1	Examiners must award marks for each response in line with: • the specific **content** defined in the mark scheme • the specific **skills** defined in the mark scheme or in the level descriptions • the **standard of response** required as exemplified by the standardisation scripts.
2	Examiners must award **whole marks** (not half marks, or other fractions).
3	Examiners must award marks **positively**. This means that: • marks are not deducted for errors or omissions • marks are awarded for correct/valid answers as defined in the mark scheme and also for **other valid answers** which go beyond the scope of the syllabus and mark scheme referring to your team leader as appropriate • the quality of spelling, punctuation and grammar are judged **only** when the mark scheme indicates that these features are **specifically assessed** in the question. However, the meaning of all responses must be unambiguous.
4	Examiners must **consistently** apply the requirements of the mark scheme and any rules for what to do when candidates have not followed instructions correctly.
5	Examiners must use the **full range of marks** defined in the mark scheme, unless limited by the quality of the candidate responses seen.
6	Examiners must award marks according to the mark scheme and **must not** award marks with grade thresholds or grade descriptions in mind.

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Social Sciences-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).

PAGE 667

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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.

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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

Annotation	Meaning
	For objective points that are right or wrong.
	For objective points that are wrong.
	When there is a misunderstanding in a response.
	When the candidate has attempted something, but the mark/skill has not been awarded.
Highlighter Or Underline	To highlight a point or section of an answer that justifies the mark/annotation.
	When the candidate has attempted something, and the mark/skill has been awarded.
On page comment	To communicate with the supervisor.
	When the context has not been used.

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Annotation	Meaning
SEEN	To show a page/section has been seen/read.
NAQ	When the response is not focussed on answering the question.
REP	The repetition of a previous point in a response **or** candidate is copying the case study/data.
OFR	The own figure rule applies – acts as a mark/tick.
K	When AO1 has been awarded. Number of Ks should match the mark awarded.
APP	When AO2 has been awarded. Number of APPs should match the mark awarded.
AN	When AO3 at Level 1 has been awarded.
DEV	When AO3 at Level 2 has been awarded.
EVAL	When AO4 at Level 1 has been awarded.
E	When AO4 at Level 2 has been awarded.
EE	When AO4 at Level 3 has been awarded.

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Guidance on using levels-based marking

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.

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PREPARATION FOR MARKING

1 Make sure that you have completed the relevant training and have access to the *RM Assessor Guide*.
2 Make sure that you have read and understand the question paper, which you can download from https://support.rm.com/ca
3 Log in to RM Assessor then mark and submit the required number of practice and standardisation scripts. You will need to mark the standardisation scripts to the required accuracy in order to be approved for marking live scripts. You may be asked to re-mark them, or to mark a second sample, if you do not meet the required accuracy on your first attempt.

MARKING PROCESS

1 Mark strictly to the FINAL mark scheme, applying the criteria consistently and the general marking principles outlined on the previous page.
2 If you are in doubt about applying the mark scheme, consult your Team Leader.
3 Mark at a steady rate through the marking period. Do not rush, and do not leave too much until the end. If you anticipate a problem in meeting the deadline, contact your Team Leader immediately and the Examiners' Helpdesk.
4 Examiners will prepare a brief report on the performance of candidates to send to their Team Leader via email by the end of the marking period. The Examiner should note strengths seen in answers and common errors or weaknesses. Constructive comments on the question paper, mark scheme or procedures are also appreciated.

MARKING SPECIFICS

Crossed out work

1 **All of a candidate's answers, *crossed out* or not, *optional* or not, must be marked.**
2 The only response not to be marked is one that has been crossed out and replaced by another response for that exact same question.
3 Consequently, if a candidate has crossed out their response to an optional question and gone on to answer a different optional question then both attempts must be marked. The higher mark will be awarded by the system according to the rubric.

0 (zero) marks or NR (no response)

1 Award **NR** if there is nothing at all written in answer to that question (often the case for optional questions).
2 Award **NR** if there is a comment which is not an attempt at the question (e.g. 'can't do it' or 'don't know' etc.)
3 Award **NR** if there is a symbol which is not an attempt at the question, such as a dash or question mark.
4 Award **0** (zero) if there is any attempt at the question which does not score marks. This includes copying the question onto an Answer Booklet.

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Question	Answer	Marks
1(a)(i)	**Identify <u>one</u> feature of a sole trader.** Responses may include: Any feature of a sole trader ✔, including: • Single owner • Unlimited liability • Owner has full control • Owner gets all the profits • Owner bears all the losses • Owner provides all the finance Accept all valid responses.	**1**

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Question	Answer	Marks
1(a)(ii)	**Explain the term *public sector*.** **AO1 Knowledge and understanding 1 mark** / **AO2 Application 2 marks** **2 marks** Developed application of **one** relevant point to a business context. **1 mark** Knowledge of **one** relevant point is used to answer the question. / **1 mark** Limited application of **one** relevant point to a business context. **0 marks** No creditable response. / **0 marks** No creditable response. **Indicative content** **AO1 Knowledge and understanding** Knowledge of the public sector K (max 1 mark), including: • The public sector are businesses that are owned/controlled/run/funded by the government/state. ***No further marks can be gained without knowledge and understanding*** **AO2 Application** *Limited application* APP. *Developed application* APP + APP. Characteristics of a public sector business, such as: • Often paid for through taxation • Often not profit seeking organisations • Aims to meet a social need / provide 'public goods' • Often provide merit goods • May be free (at point of need) • Example of a business often found in the public sector, such as police, defence, healthcare, NHS, BBC *Application can be made to JTS or any other scenario/context/business/person.* Accept all valid responses.	3

PAGE 674

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Question	Answer	Marks
1(b)(i)	**Refer to Table 1.1 and other information. Calculate JT's profit per bus in 2025.** Profit/number of buses (1) OR Profit = \$5 m – (\$1 m + \$2 m) = \$2 m (1) 2 000 000/50 (1) = \$40 000 (3) or \$0.04 m OFR **Note:** Full marks for a correct answer 40 000/0.04 m (\$ not required).	**3**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>
Explain <u>one</u> benefit to JT of motivating its employees using participation.
<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
Indicative content
AO1 Knowledge and understanding
Knowledge of a benefit of employee participation K, including:
• Non-financial motivator
• Improved job satisfaction
• Greater loyalty of employees/reduces staff turnover
• Employees share responsibility
• Employees can give useful advice/suggestions
No further marks can be gained without knowledge and understanding of a <u>benefit</u> to JT of employee participation.

AO2 Application
Explanation of a benefit of employee participation. APP, including:
• Job enrichment/increased productivity/revenue/customer satisfaction
• Can improve decision making
• Employees have in-depth knowledge of operations/improves innovation/quality
• Improve workplace wellbeing

Context of a benefit of employee participation APP, including:
• Good customer relations important
• Safety important
• 100 employees
• Participation encouraged at all levels
</td><td>3</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>Accept all valid responses.

Guidance in awarding marks
<table>
<tr><td>Knowledge and understanding</td><td>Knowledge of a benefit of employee participation.</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Explanation of a benefit to a business of employee participation.</td><td>1 mark</td></tr>
<tr><td>Context</td><td>Context linked to a benefit to JT of employee participation.</td><td>1 mark</td></tr>
</table></td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>
Analyse <u>one</u> advantage and <u>one</u> disadvantage to JT of using an overdraft.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
</td><td>8</td></tr>
</table>

PAGE 678

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Question	Answer	Marks
1(c)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of an advantage K (max 2 marks – annotate an advantage on the left and a disadvantage on the right), may include: • Flexible/quick • No fixed repayments • No early repayment charges • Helps manage cashflow • Cover unexpected expenses • Covering gaps between income and outgoings • Only borrow what is needed • Can repay as soon as funds are available • Maybe a cheaper option in the short-term • No need to state purpose • Helps keep production/business running Knowledge of a disadvantage • High interest rates • Cost of borrowing high • May become over-reliant • Additional fees for exceeding an overdraft • Interest rate can change • Repayment on demand • Risky • Limited amount **AO2 Application** Context applied to both an advantage and a disadvantage APP (max 2 marks), including: • $3 m needed • 40% profits in 2025 • $2 m profits made in 2025 • Required to improve customer relationships • Jo wants JT to become a market leader • Sole trader • 3-month time lag in payments from local government	

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Question	Answer	Marks
1(c)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *candidate shows two or more links in the chain of analysis or a two-sided analysis.* Advantage: • Allows the business to borrow only what is needed at the time – so helps manage short-term cash needs • Quick to arrange and access – convenient way to cover unexpected expenses • Repaying as soon as funds available – can manage cashflow more effectively • Clearing the overdraft quickly – can be a less expensive option for borrowing • Useful for timing mismatches in cash flow – such as when expenses due to be paid before income is received • Improves liquidity – so can maintain sales Disadvantage: • Expensive form of borrowing – if not repaid quickly • Can lead to a cycle of debt – where permanently overdrawn • Exceeding overdraft limit leads to additional fees – so becomes more expensive • Can have a variable interest rate – so difficult to predict exact cost of borrowing • Repayment on demand can be challenging – especially if not prepared • Increases business costs – lowers profit • If used often can damage credit rating – making it difficult to get future loans Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>
Evaluate the importance to JT of implementing customer relationship marketing (CRM).
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
</td><td>12</td></tr>
</table>

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Question	Answer	Marks
1(d)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of Customer relationship marketing (CRM) K (max 2 marks) – focuses on building relationships with customers instead of transactions. It is supported by customer relationship management, which is the process of collecting and analysing customer data to manage relationships. Knowledge of benefits/costs of CRM K (max 2 marks), including: • Improved communication • Personalised services • Customer feedback • Build customer loyalty • Improve reputation • Can be a USP • Increase customer satisfaction • More training required • Cost of investment **AO2 Application** Context applied to a benefit/cost of CRM APP (max 2 marks), including • updates on bus schedules, route changes, and any delays. • can adjust routes based on student needs, ensuring that pick-up and drop-off points are convenient for families. • gather feedback from parents and schools. • track and manage safety records. • schedule regular maintenance for buses. • monitor driver performance. • ensure compliance with safety regulations. • automated scheduling, billing, and reporting. • Competitive market • $3 m investment • Focus on safety • Aim to be the market leader • Local government/schools/parents • Transport to schools/field trips/after school activities	

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Question	Answer	Marks
1(d)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *– candidate shows two or more links in the chain of analysis.* • maintain regular communication with schools and parents – this transparency builds trust and ensures that all stakeholders are well-informed. • By analysing data collected through CRM – can offer personalised services. • feedback is crucial for continuous improvement – helps address any issues promptly. • focus on safety – reassures parents and schools. • efficiency reduces administrative costs - allows focus on delivering high-quality services. • Can increase demand – leading to higher profits/revenue • Increased training required – increases costs/reduces profit **AO4 Evaluation** *Limited evaluation* EVAL *– unsupported judgement and/or a weak attempt at evaluative comment* *Developed evaluation* E *– supported judgement and/or reasonable evaluative comment* *Developed evaluation in context* EE *– supported judgement in context and/or reasonable evaluative comment in context.* • Yes it is important/no it is not the most important • Weighing up of short term costs v long term benefits • Judgement of likelihood of getting all employees, especially drivers and support staff, to fully adopt and effectively use the CRM system. • Challenges posed to company culture • May be problems integrating with existing systems • Time constraints – requires a significant investment in time. • Judgement on if it can help JT become market leader • 'Depends upon' e.g. what is important to the customers, enough finance, opportunity costs Accept all valid responses.	

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Question	Answer	Marks
2(a)(i)	**Identify <u>one</u> feature of a private limited company.** **Indicative content** Any feature of a private limited company ✔, including: • Owned by shareholders • Limited liability • Shareholders often family members • Separate legal identity • Continuity • Incorporated • Cannot sell shares on the stock exchange/to the general public Accept all valid responses.	**1**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>
Explain the term place (distribution channels).
<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
Indicative content
AO1 Knowledge and understanding
Knowledge of place K (max 1 mark), including:
• Products/services delivered to the final customer
• Ensuring products are available at convenient locations
• Products delivered on time
• An element of the marketing mix/one of the 4Ps
AO2 Application

Explanation of place APP, including:

• How and where the product reaches the final consumer
• Planning and management of the supply chain
• Can be intensive, selective or exclusive distribution
• May involve intermediaries
• Involves logistics such as transport, warehousing
</td><td>3</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>Context applied to place APP, including:
• Examples of common channels e.g. B2B, B2C
• Available where demand is high e.g. local stores, chain stores, online
• Impacts the customer experience/convenience
• Examples of distribution channels e.g. wholesale/retail/digital/direct/indirect
• LC uses a highly effective approach to place

Application can be made to LC or any other scenario/context/business/person.

Accept all valid responses.

Guidance in awarding marks
<table>
<tr><td>Knowledge and understanding</td><td>Knowledge of place</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Explanation of a characteristic of place</td><td>1 mark</td></tr>
<tr><td>Context</td><td>Applied to a business context/ business environment</td><td>1 mark</td></tr>
</table></td><td></td></tr>
<tr><td>2(b)(i)</td><td>Refer to Table 2.1 and other information. Calculate LC’s capacity utilisation in 2025.

Current output level/maximum output level × 100 = capacity utilisation rate (1)
Current output = 300 000 + 150 000 = 450 000 (1)
450 000/500 000 × 100 (2) = 90% (3) or 0.9 (3)
OFR applies

Note: Full marks for 90 or 0.9, % not required, working not required</td><td>3</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>
Explain <u>one</u> benefit to LC of operating under maximum capacity.
<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
Indicative content
AO1 Knowledge and understanding
Knowledge of a benefit of operating under capacity K, including:
• Flexibility/spare capacity
• No delay meeting increased orders
• Reduced risk of interrupted production
• Maintenance/repair time
• Reduced employee stress
• Opportunity for growth
• Quality control
• Training/development time
Do not accept disadvantages.

AO2 Application
Explanation of a benefit of operating under capacity APP, including:
• Can react quickly to unexpected increases in demand
• Essential maintenance task on equipment help prevent future breakdowns
• Reduced stress lowers levels of burnout
</td><td>3</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>

Room for future expansion without need for immediate capital investment
Without pressure of 100% capacity can ensure quality standards
Excess time can be used for employee skills development improving productivity
Ensures continued production

Context applied to a benefit of operating under capacity APP including:

at 90% (OFR) capacity
50 employees
dynamic market
specialises in high-quality
plans to convert to a public limited company

Accept all valid responses.

Guidance in awarding marks
<table>
<tr><td>Knowledge and understanding</td><td>Knowledge of a benefit of operating under capacity</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Explanation of a benefit of operating under capacity</td><td>1 mark</td></tr>
<tr><td>Context</td><td>Context linked to a benefit of operating under capacity</td><td>1 mark</td></tr>
</table>
</td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>
Analyse <u>two</u> limitations to LC of using a full costing approach.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
Indicative content
AO1 Knowledge and understanding
Knowledge of a limitation of using a full costing approach (max 2 marks – annotate first limitation on the left and second limitation on the right), including:
• Does not allocate indirect costs on the basis of actual costs incurred
• Inappropriate method of indirect cost allocation
• Risky
</td><td>8</td></tr>
</table>

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Question	Answer	Marks
2(c)	• Needs to be consistent over time • Only accurate if actual level of output same as used in the calculation • Maybe inaccurate as costs can change quickly **AO2 Application** Context applied to a limitation of using a full costing approach APP (max 2 marks), including: • Produce two types of candles, Plain and Luxury • Luxury candles $0.25 m direct costs • Plain candles $0.75 m direct costs • Indirect costs $2 m • Allocated $1 m to each product • Output of Plain candles 300 000 • Output of Luxury candles 150 000 • Luxury candles $1.25 m full cost • Plain candles $1.75 m full cost • Luxury candles $8.33 average full cost • Luxury candles priced at $8 • Plain candles $5.85 average full cost • Plain candles priced at $7 **AO3 Analysis** Analysis of a limitation of using a full costing approach, including: *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *candidate shows two or more links in the chain of analysis or a two-sided analysis.* • A product may take up a lot of space but use low-cost machinery – should overheads be allocated on the amount of space • Luxury candles only account for 25% of direct costs – Plain candles 75% • Twice as many Plain candles produced – is it fair to allocate indirect costs 50/50 • Cost figures misleading – risky for decision making • Have to allocate indirect costs on same basis every year – otherwise difficult to make comparisons • A fall in actual output will increase allocated indirect costs per unit – so calculation will be inaccurate • Luxury candles appear to cost $8.33 – at a price of $8 appear to make a loss of $0.33. Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>

Evaluate whether stakeholder conflict will be caused by the decision to convert LC to a public limited company.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

</td><td>12</td></tr>
</table>

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Question	Answer	Marks
2(d)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of stakeholders K (max 1 mark), including: • Individuals/groups affected by/interested in business decisions • Shareholders • Directors • Employees • Local community • Suppliers • Customers Knowledge of stakeholder conflict K (max 1 mark), including: • Dividends v reinvestment • Control v dilution • Shareholders v directors/management • Management v employees • Shareholders v lenders • Risk v security • Conflicts within one stakeholder group such as previous shareholders v new shareholders, between different departments/managers Knowledge of a public limited company (PLC) K (max 1 mark) – Business that offer its shares to the general public/sells shares on the stock exchange. **AO2 Application** Context applied to stakeholders of LC APP (max 2 marks), including: • Private limited company • High capacity utilisation – 90% OFR • Supports local community through job creation/sustainable practices • Eco-friendly • Online sales • Specialist retail shops • B2B and B2C • Dynamic market	

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Question	Answer	Marks
2(d)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *– candidate shows two or more links in the chain of analysis.* • High costs of converting – reduce profits for shareholders • Loss of control for shareholders/directors – threat of a takeover • Strong current link with local community – could be weakened • Pressure on employees of working at high capacity – should increase capacity before converting • Could be pressure on directors to make higher profits – cost cuts could affect quality • Separation of ownership and control – increased agency conflicts between management and shareholders. **AO4 Evaluation** *Limited evaluation* EVAL *– unsupported judgement and/or a weak attempt at evaluative comment* *Developed evaluation* E *– supported judgement and/or reasonable evaluative comment* *Developed evaluation in context* EE *- supported judgement in context and/or reasonable evaluative comment in context.* • Simple judgement – yes, it is likely/no it is not likely • Weighing up of short-term costs v long term benefits • An evaluation is likely to come from candidates making a judgment and justification of the impacts/conflicts • Any changes that it might need to make to the culture/organisation/employees to reduce conflict impacts • Are there more suitable methods of expanding and growing so less impact on stakeholders? • Weighting of the conflicts between various stakeholders • Consideration of conflict risks • 'Depends upon' e.g. Type of stakeholder, mitigation etc. Accept all valid responses.	

PAGE 693

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