

**OXFORD**

INTERNATIONAL  
AQA EXAMINATIONS

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# INTERNATIONAL GCSE **BUSINESS**

## **9225/2**

Paper 2 Influences of Marketing and Finance on Business Activity

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Mark scheme

June 2022

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Version: 1.0 Final Mark Scheme



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Mark schemes are prepared by the Lead Assessment Writer and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation events which all associates participate in and is the scheme which was used by them in this examination. The standardisation process ensures that the mark scheme covers the students' responses to questions and that every associate understands and applies it in the same correct way. As preparation for standardisation each associate analyses a number of students' scripts. Alternative answers not already covered by the mark scheme are discussed and legislated for. If, after the standardisation process, associates encounter unusual answers which have not been raised they are required to refer these to the Lead Examiner.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of students' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

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## Level of response marking instructions

Level of response mark schemes are broken down into levels, each of which has a descriptor. The descriptor for the level shows the average performance for the level. There are marks in each level.

Before you apply the mark scheme to a student's answer read through the answer and annotate it (as instructed) to show the qualities that are being looked for. You can then apply the mark scheme.

### Step 1 Determine a level

Start at the lowest level of the mark scheme and use it as a ladder to see whether the answer meets the descriptor for that level. The descriptor for the level indicates the different qualities that might be seen in the student's answer for that level. If it meets the lowest level then go to the next one and decide if it meets this level, and so on, until you have a match between the level descriptor and the answer. With practice and familiarity you will find that for better answers you will be able to quickly skip through the lower levels of the mark scheme.

When assigning a level you should look at the overall quality of the answer and not look to pick holes in small and specific parts of the answer where the student has not performed quite as well as the rest. If the answer covers different aspects of different levels of the mark scheme you should use a best fit approach for defining the level and then use the variability of the response to help decide the mark within the level, ie if the response is predominantly level 3 with a small amount of level 4 material it would be placed in level 3 but be awarded a mark near the top of the level because of the level 4 content.

### Step 2 Determine a mark

Once you have assigned a level you need to decide on the mark. The descriptors on how to allocate marks can help with this. The exemplar materials used during standardisation will help. There will be an answer in the standardising materials which will correspond with each level of the mark scheme. This answer will have been awarded a mark by the Lead Examiner. You can compare the student's answer with the example to determine if it is the same standard, better or worse than the example. You can then use this to allocate a mark for the answer based on the Lead Examiner's mark on the example.

You may well need to read back through the answer as you apply the mark scheme to clarify points and assure yourself that the level and the mark are appropriate.

Indicative content in the mark scheme is provided as a guide for examiners. It is not intended to be exhaustive and you must credit other valid points. Students do not have to cover all of the points mentioned in the Indicative content to reach the highest level of the mark scheme.

An answer which contains nothing of relevance to the question must be awarded no marks.

**Marking guidance**

- Read the response as a whole; follow the flow of reasoning as a whole.
- Remember that the indicative content provides possible lines of argument but there may be others that are equally valid. Be willing to credit other lines of argument.
- Annotate the script as you read using the annotations for application, analysis and evaluation shown below.
- Refer back to the standardisation scripts and guidance to help you benchmark. Marking must be in line with the standard agreed at standardisation. Refer back to standardisation scripts regularly.
- Summarise your findings briefly at the end of the response. This will help you decide on the overall level and is helpful for others to understand the mark given. Make sure the comments fit with the level awarded.
- Within your comment put the level awarded, eg L4, and any further explanation of that decision needed most commonly where performance has varied across the answer.
- If in doubt about an approach contact your Team Leader, so that we can ensure we have a standardised approach across all marking.
- Be positive in your marking. Look to reward what is there.

Standard annotations:

<b>Annotation</b>	<b>Skill being evidenced</b>
Uses context	AO2 – application to context
Analysed in depth	AO3 - analysis
Partial analysis	
Simplistic analysis	
Evaluation fully justified	AO3 - evaluation
Evaluation with some justification	
Evaluation with limited justification	
Evaluation with no justification	

Section A

Total for this section: 15 marks

Question	Part	Marking guidance	Total marks
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01		Which <b>one</b> of the following is an advantage of being a sole trader? Answer: <b>B</b> (Does not have to share profits)	1 AO1=1
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Question	Part	Marking guidance	Total marks
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02		Which <b>one</b> of the following stakeholders will benefit from a business closing down? Answer: <b>A</b> (Competitors)	1 AO1=1
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Question	Part	Marking guidance	Total marks
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03		Which one of the following is a variable cost? Answer: <b>C</b> (Raw materials)	1 AO1=1
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Question	Part	Marking guidance	Total marks
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04		The four elements of product, price, promotion and place are known as: Answer: <b>D</b> (Marketing mix)	1 AO1=1
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Question	Part	Marking guidance	Total marks
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05		Which <b>one</b> of the following is a pricing strategy that sets a high price for a new product at first and then lowers this over time? Answer: <b>D</b> (Price skimming)	1 AO1=1
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Question	Part	Marking guidance	Total marks
06		<p>Explain what is meant by ‘quantitative market research’.</p> <p>One mark for identifying research that can be measured, plus one mark for development such as involving large samples.</p> <p><b>Possible answers include:</b></p> <ul style="list-style-type: none"> <li>• research dealing with large samples</li> <li>• research that generates results that can be measured or counted</li> <li>• research that uses closed questions or limited options</li> <li>• collection of numerical data.</li> </ul> <p><b>Specimen response:</b></p> <p>Quantitative research generates results that can be measured or counted (1) and usually involves very large samples (1).</p>	<p>2</p> <p><b>AO1=2</b></p>

Question	Part	Marking guidance	Total marks
07		<p>Explain why it is important for a business to satisfy customers’ expectations.</p> <p>One mark for identifying a valid reason, plus one mark for offering some explanation or development.</p> <p><b>Possible answers include:</b></p> <ul style="list-style-type: none"> <li>• will attract more customers leading to increased sales</li> <li>• will improve the name and brand of the business</li> <li>• promotes consumer loyalty and retention</li> <li>• can act as a USP</li> <li>• will increase the competitive edge of the business</li> <li>• will lead to positive customer reviews.</li> </ul> <p><b>Specimen response:</b></p> <p>Satisfying customers’ expectations will attract more customers (1). This is likely to lead to an increase in sales and profits (1).</p>	<p>2</p> <p><b>AO1=2</b></p>

Question	Part	Marking guidance	Total marks
08		<p>Explain <b>one</b> way a business can minimise risk.</p> <p>One mark for identifying a valid way, plus one mark for offering some explanation or development.</p> <p><b>Possible answers include:</b></p> <ul style="list-style-type: none"> <li>• ensure that products or services are of high quality</li> <li>• limited liability to reduce owner’s risk</li> <li>• market research</li> <li>• have a range of diversified products or services</li> <li>• careful business planning</li> <li>• continuous cash flow management</li> <li>• purchase insurance</li> <li>• manage loans effectively</li> <li>• develop the business reputation and brand.</li> </ul> <p><b>Specimen response:</b></p> <p>A business can minimise risk by making sure that products are of a high quality (1). This will build the reputation of the business, win the trust of consumers and ensure ongoing sales and profit (1).</p>	<p><b>2</b></p> <p><b>AO1=2</b></p>

Question	Part	Marking guidance	Total marks
09		<p>Identify and explain <b>two</b> ways in which a business might be affected by an increase in the number of unemployed people in the country.</p> <p>One mark for identifying a valid way, plus one mark for offering some explanation or development. (2x2)</p> <p><b>Possible answers include:</b></p> <ul style="list-style-type: none"> <li>• lower sales because consumers will have less income, so will spend less</li> <li>• profits could fall as consumers may choose to shop at other businesses where goods are cheaper</li> <li>• less staff turnover as employees are less likely to be able to find other jobs or want to move</li> <li>• recruiting new staff becomes easier - there will be more applicants for each vacancy</li> <li>• greater supply of labour means potentially lower wage/salary levels</li> <li>• possibility of a high-quality field of applicants.</li> </ul> <p>Markers note: award – sales/profit increase if the answer talks about a fall in income resulting in consumers purchasing more goods that are cheap(er).</p> <p><b>Specimen response:</b></p> <p>The business will have fewer sales (1) because consumers will have less money to spend (1).</p>	<p><b>4</b></p> <p><b>AO1=4</b></p>

Section B

Total for this section: 75 marks

Question	Part	Marking guidance	Total marks
10	1	<p>Identify and explain <b>one</b> disadvantage of using a loan to start-up RRC.</p> <p>One mark for identifying a valid disadvantage, plus one mark for offering development related to RRC/start-up.</p> <p><b>Possible answers include:</b></p> <ul style="list-style-type: none"> <li>• as a start-up it may be difficult to acquire a loan</li> <li>• will not cover all the funding needed</li> <li>• has to be paid back</li> <li>• interest payments have to be met whether RRC is making a profit or not</li> <li>• interest rate rises.</li> </ul> <p><b>Specimen answer:</b></p> <p>It may be difficult for RRC to acquire a loan (1) because it is a start-up business (1).</p>	<p>2</p> <p><b>AO1=1</b> <b>AO2=1</b></p>

Question	Part	Marking guidance	Total marks
10	2	<p>RRC took a loan and sold shares in the business when it started.</p> <p>Identify and explain <b>two other</b> sources of finance that RRC could have used when starting up.</p> <p>One mark for identifying a valid source, plus one mark for offering some context related to starting a business. (2x2)</p> <p><b>Possible answers include:</b></p> <ul style="list-style-type: none"> <li>• family and friends</li> <li>• government grant</li> <li>• charitable grant</li> <li>• crowdfunding</li> <li>• overdraft</li> <li>• mortgage</li> <li>• owner's personal capital/savings.</li> </ul> <p><b>Specimen response:</b></p>	<p>4</p> <p><b>AO1=2</b> <b>AO2=2</b></p>

		RRC could use a government grant. (1) This is because the government may wish to encourage start-ups such as RRC to create new jobs (1).	
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Question	Part	Marking guidance	Total marks
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<b>10</b>	<b>3</b>	<p>Identify and explain <b>two</b> benefits to RRC of being a limited liability business.</p> <p>1 mark for identifying a suitable benefit, 1 mark for providing some valid development and 1 mark for incorporating the context. (2x3)</p> <p><b>Possible answers include:</b></p> <ul style="list-style-type: none"> <li>• recognised as a separate legal entity</li> <li>• owners not responsible for company debts</li> <li>• easier for RRC to secure business finance to grow the business</li> <li>• can issue shares to raise additional finance</li> <li>• increased credibility and recognition.</li> </ul> <p><b>Specimen response:</b></p> <p>As a limited company RRC is recognised as a separate legal entity (1). If RRC gets into financial trouble and cannot pay back the 60 000 SGD (1), there is no personal liability to shareholders for any financial losses (1).</p>	<p><b>6</b></p> <p><b>AO1=2</b> <b>AO2=4</b></p>
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Question	Part	Marking guidance	Total marks
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<b>10</b>	<b>4</b>	<p>Using <b>Table 1</b>, calculate the percentage increase in basic wage costs from 2019 to 2021. Show your calculations.</p> <p style="text-align: center;"> <math>1.5 - 0.8 = 0.7</math> (1)  <math>0.7 / 0.8 \times 100 = 87.5\%</math> (1) OFR                 </p>	<p><b>2</b></p> <p><b>AO1=1</b> <b>AO2=1</b></p>
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Question	Part	Marking guidance	Total marks
10	5	<p>Explain <b>two</b> problems that RRC could experience from its decision to reduce the number of office-based staff.</p> <p>1 mark for identifying a valid problem, 1 mark for providing some valid development and 1 mark for incorporating the context. (2x3)</p> <p><b>Possible answers include:</b></p> <ul style="list-style-type: none"> <li>• poor communication</li> <li>• coordination issues</li> <li>• reduced staff motivation/well-being</li> <li>• security of data</li> <li>• management issues</li> <li>• quality issues</li> <li>• problem solving issues</li> <li>• lack of teamwork.</li> </ul> <p><b>Specimen response:</b>                      Department managers may become demotivated and feel devalued by the business (1). They may feel that they are no longer valued as much as they were before as most of their staff are now working from home (1). As a result, they may underperform and be less efficient in their work (1).</p>	<p><b>6</b>                      AO1=2                      AO2=4</p>

Question	Part	Marking guidance	Total marks
10	6	<p>Analyse the benefits to RRC of using franchising to expand the business.</p> <p><b>Possible answers include:</b></p> <ul style="list-style-type: none"> <li>• enables RRC to grow rapidly which will increase sales and receive profits from the franchisee</li> <li>• will reduce overheads</li> <li>• franchisees are responsible for their company's success, so they are likely to be highly motivated</li> <li>• only have to invest a limited amount of capital in each franchise.</li> </ul> <p><b>Specimen response:</b>                      RRC will only have to invest a limited amount of capital in each franchise and not have to risk their capital. In addition, franchisees are responsible for their company's success, so they are likely to be highly motivated. This will enable RRC to grow rapidly which is likely to increase sales and profit. Furthermore, RRC will not have to expand by recruiting more staff or opening more offices. This will reduce both the cost and the risks to RRC and will also</p>	<p><b>6</b>                      AO2=2                      AO3=4</p>

		increase RRC’s competitiveness. Franchising will also reduce overheads, improve cash flow and RRC’s profitability. RRC’s reputation and brand will also grow which will ensure repeat business. (L3).	
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Examiners are reminded that AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives. Due to the greater number of marks available for AO3, answers at level 3 will have a greater depth of analysis (AO3) but may show similar levels of application of knowledge and understanding (AO2) to a level 2 answer.

Level	Marks	Descriptor
3	5–6 AO3×2	<b>Detailed analysis of topics based on the context</b> <ul style="list-style-type: none"> <li>• Business areas are analysed in depth.</li> <li>• Applies knowledge and understanding to the context sufficiently, throughout the answer.</li> </ul>
2	3–4 AO3 AO2	<b>Sound analysis of topics based on the context</b> <ul style="list-style-type: none"> <li>• Business areas are partially analysed.</li> <li>• Applies knowledge and understanding to the context sufficiently, in most areas.</li> </ul>
1	1–2 AO3 AO2	<b>Basic analysis of topics based on the context</b> <ul style="list-style-type: none"> <li>• Analysis of business areas is simplistic.</li> <li>• Knowledge and understanding is applied to the context, but may be fragmented.</li> </ul>
0	0	Nothing worthy of credit.

Question	Part	Marking guidance	Total marks
10	7	<p>RRC is considering changing its current pricing strategy.</p> <p>Using information from <b>Items A, B, C and D</b>:</p> <ul style="list-style-type: none"> <li>• analyse the arguments for and against RRC changing its current pricing strategy</li> <li>• use your analysis to recommend whether RRC should change its current pricing strategy.</li> </ul> <p><b>Possible answers include:</b></p> <p>Arguments for:</p> <ul style="list-style-type: none"> <li>• RRC has the largest market share and could lower its prices to drive out competitors thereby countering their price advantage</li> <li>• RRC could focus on competitive pricing simply to maintain its market share and leadership</li> <li>• RRC has the resources that will enable it to set prices that its competitors cannot match</li> <li>• RRC is already established in the market with a good reputation which will make it easier to change prices in order to retain sales and revenue</li> <li>• the demand for RRC services is high which would allow it to charge prices based on the level of service provided.</li> </ul> <p>Arguments against:</p> <ul style="list-style-type: none"> <li>• competitors have yet to gain a foothold in the market</li> <li>• existing businesses are happy with RRC's current pricing model as demand for their services is greater than RRC can supply</li> <li>• lowering prices could increase sales but revenue could fall</li> <li>• RRC has time to review its pricing model and does not need to react immediately to the competitive threat</li> <li>• setting prices equal to or lower than competitors' prices, could be risky.</li> </ul> <p><b>Possible themes for evaluation</b></p> <p>RRC has not previously needed to focus on pricing. This could be a good opportunity for them to explore different pricing strategies.</p> <p>RRC is already established with a high demand for its services. Existing customers may not be motivated by lower prices but could be influenced by other factors such as more service provision offers.</p> <p>Focusing on pricing strategies may not be the answer. RRC could choose to focus on differentiating their service from competitors' services. For example, RRC could offer dedicated customer service reps to answer questions and resolve issues within a very short timeframe as part of a premium service package.</p>	<p><b>12</b></p> <p><b>AO2=4</b> <b>AO3=8</b></p>

		RRC is an established company with a good reputation and could simply respond by using promotional pricing to boost sales and revenue. Changing its pricing strategy may give RRC more power in the market but it could be a costly and risky venture.	
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Examiners are reminded that AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives. More weight should therefore be given to AO3 than AO2.

Level	Marks	Descriptor
4	10–12 AO3 AO3 AO2	<b>Detailed analysis and evaluation of topics based on the context</b> <ul style="list-style-type: none"> <li>• Coherent line of reasoning followed, which is sustained, relevant and substantiated. There is a focused conclusion that is fully justified and follows clearly from the analysis.</li> <li>• Business areas are analysed in depth.</li> <li>• Knowledge and understanding is consistently detailed and appropriately applied within context.</li> </ul>
3	7–9 AO3 AO3 AO2	<b>Sound analysis and evaluation of topics based on the context</b> <ul style="list-style-type: none"> <li>• Coherent line of reasoning given and the conclusion is appropriate and related to the preceding analysis.</li> <li>• Business areas are partially analysed.</li> <li>• Knowledge and understanding is detailed and appropriately applied within context.</li> </ul>
2	4–6 AO3 AO3 AO2	<b>Limited attempt made to analyse the topics based on the context</b> <ul style="list-style-type: none"> <li>• Evidence of some line of reasoning, with a conclusion that has limited justification.</li> <li>• Analysis of business areas is simplistic.</li> <li>• Some knowledge and understanding is applied within context.</li> </ul>
1	1–3 AO3 AO3 AO2	<b>Basic evaluation of topics but without any real support or analysis</b> <ul style="list-style-type: none"> <li>• A conclusion is present but without any reasoned support.</li> <li>• No discernible or relevant analysis.</li> <li>• A clear attempt to apply knowledge and understanding, but context may be lacking.</li> </ul>
0	0	Nothing worthy of credit.

Question	Part	Marking guidance	Total marks
11	1	<p>Calculate SDL's net profit margin in 2021. Give your answer to <b>one</b> decimal place.</p> $\frac{9}{49} \times 100 (1) = 18.37\%$ <p>18.4 %(1)</p> <p>Answer = 18.4% (% sign not required)</p> <p>2 marks for correct answer without working shown 1 mark for 18.37</p> <p>OR</p> <p>2 marks for rounding to 0.2 1 mark for 0.1836.. (1)</p>	<p>2</p> <p>AO1=1 AO2=1</p>

Question	Part	Marking guidance	Total marks
11	2	<p>Analyse how conducting market research may have led to the success of SDL.</p> <p><b>Possible answers include:</b></p> <ul style="list-style-type: none"> <li>• can gain insight into potential customers and attract them to SDL's products</li> <li>• can listen to customers and provide SDL with what it wants thereby increasing customer loyalty</li> <li>• identify new market opportunities through understanding which of SDL's products are attractive to customers</li> <li>• finding out what other companies are doing and offering better</li> <li>• understanding the current market conditions</li> <li>• testing the feasibility of SDL's products before bringing them to market.</li> </ul> <p><b>Specimen response:</b></p> <p>SDL was able to gain an understanding of whether its ethical objectives were likely to attract customers. They would have been able to test whether the emphasis on producing clothes in an ethical and sustainable way would be attractive to customers. This enabled SDL to successfully launch its products which built the company's reputation and established its brand. SDL was able to listen to customers and provide them with what they desired, resulting in increased customer satisfaction and loyalty. This ensured repeat purchases, which in turn, boosted sales and profit. (L3).</p>	<p>6</p> <p>AO2=2 AO3=4</p>

Examiners are reminded that AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives. Due to the greater number of marks available for AO3, answers at level 3 will have a greater depth of analysis (AO3) but may show similar levels of application of knowledge and understanding (AO2) to a level 2 answer.

Level	Marks	Descriptor
3	5–6 AO3×2	<b>Detailed analysis of topics based on the context</b> <ul style="list-style-type: none"> <li>Business areas are analysed in depth.</li> <li>Applies knowledge and understanding to the context sufficiently, throughout the answer.</li> </ul>
2	3–4 AO3 AO2	<b>Sound analysis of topics based on the context</b> <ul style="list-style-type: none"> <li>Business areas are partially analysed.</li> <li>Applies knowledge and understanding to the context sufficiently, in most areas.</li> </ul>
1	1–2 AO3 AO2	<b>Basic analysis of topics based on the context</b> <ul style="list-style-type: none"> <li>Analysis of business areas is simplistic.</li> <li>Knowledge and understanding is applied to the context, but may be fragmented.</li> </ul>
0	0	Nothing worthy of credit.

Question	Part	Marking guidance	Total marks
11	3	<p>Explain what is meant by ‘non-current assets’.</p> <p>One mark for making a valid point, plus one mark for offering some explanation or appropriate examples.</p> <p><b>Possible answers include:</b></p> <ul style="list-style-type: none"> <li>items owned by a business that it expects to keep in the business for more than one year</li> <li>Items owned by a business such as buildings</li> <li>investments that will be used for a long time</li> <li>IT equipment and machinery.</li> </ul> <p><b>Specimen response:</b></p> <p>Non-current assets are items owned by a business (1) that it expects to keep in the business for more than one year (1).</p>	<p>2</p> <p><b>AO1=2</b></p>

Question	Part	Marking guidance	Total marks
11	4	<p>Using the information in <b>Tables 2 and Table 3</b>, analyse how SDL's financial position has changed during 2021.</p> <p><b>NB</b> - no credit will be given to answers that just describe the data changes without any attempt to analyse them.</p> <p><b>Possible answers include:</b></p> <ul style="list-style-type: none"> <li>• SDL's liquidity (ability to pay short term debts) has reduced, but there are just enough current assets to cover the current liabilities</li> <li>• SDL has invested in non-current assets (fixed assets) but this seems to have been mostly funded by loans/mortgages (non-current liabilities) which is a long-term commitment for the business</li> <li>• Share capital has remained the same so SDL has not issued more shares to fund its expansion relying on retained profit and loans which carries a risk as the loans need regular repayments and interest</li> <li>• Retained profits have fallen which could be because net profits have fallen, or dividend payments have increased.</li> </ul> <p><b>Specimen response:</b></p> <p>Some aspects of SDL's financial position at the end of 2021 are good and others are not so good. Whilst total assets have increased, it is worrying that SDL's liquidity has gone down.</p> <p>In 2020 SDL was able to comfortably pay its current liabilities with its current assets. This liquidity fell a lot in 2021 and left SDL with slightly more current assets than liabilities. This means that if any of its debtors failed to pay on time, SDL might not be able to pay its own debts. This could lead to SDL getting a poor credit rating and having to take out expensive overdrafts.</p> <p>SDL made net profits of 7m EGP in 2020 and 9m EGP in 2021 (Table 2) and put 5m EGP and 4m EGP back into the business in these years. This means that shareholders received much higher dividends in 2021 than they did in 2020. The shareholders would be happy with this but it does mean SDL probably had to borrow money from banks to pay for the increase in non-current assets. Borrowing money from banks is expensive because interest has to be paid which is not the case with retained profits. (L3)</p>	<p><b>6</b></p> <p><b>AO2=2</b> <b>AO3=4</b></p>

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Level	Marks	Descriptor
3	5–6 AO3×2	<b>Detailed analysis of topics based on the context</b> <ul style="list-style-type: none"> <li>Business areas are analysed in depth.</li> <li>Applies knowledge and understanding to the context sufficiently, throughout the answer.</li> </ul>
2	3–4 AO3 AO2	<b>Sound analysis of topics based on the context</b> <ul style="list-style-type: none"> <li>Business areas are partially analysed.</li> <li>Applies knowledge and understanding to the context sufficiently, in most areas.</li> </ul>
1	1–2 AO3 AO2	<b>Basic analysis of topics based on the context</b> <ul style="list-style-type: none"> <li>Analysis of business areas is simplistic.</li> <li>Knowledge and understanding is applied to the context, but may be fragmented.</li> </ul>
0	0	Nothing worthy of credit.

Question	Part	Marking guidance	Total marks
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11	5	<p>Explain how having a unique selling point (USP) may affect SDL's profits.</p> <p>One mark for making a valid point, plus one mark for offering some explanation or development and one mark for incorporating the context.</p> <p><b>Possible answers include:</b></p> <ul style="list-style-type: none"> <li>enables SDL to distinguish itself from other competitors</li> <li>greater potential revenue</li> <li>loyal customers and repeat purchases</li> <li>boosts SDL's reputation which in turn, can boost sales</li> <li>increase costs may reduce profit.</li> </ul> <p><b>Specimen response:</b></p> <p>SDL's ethical unique selling point (USP) enables SDL to distinguish itself from other clothes producers in the market. (1) This can give SDL a competitive edge over its competitors (1) which can boost SDL's sales and increase its profit (1).</p>	<b>3</b> AO1=1 AO2=2
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Question	Part	Marking guidance	Total marks
11	6	<p>Analyse how shareholders might be affected by SDL's commitment to producing clothes in a sustainable way.</p> <p><b>Possible answers include:</b></p> <ul style="list-style-type: none"> <li>shareholders expect a high rate of return on their capital</li> <li>shareholder dividends may be less than they are used to</li> <li>maximising profits for shareholders may no longer be the main focus of the business</li> <li>shareholders may find customers are prioritised over them</li> <li>customers like SDL's ethical stance so sales could increase, shareholders will be pleased as dividends may increase.</li> </ul> <p><b>Specimen response:</b></p> <p>Maximising profits for shareholders may no longer be the focus for SDL because fulfilling their ethical responsibility is a priority. Shareholders invest in the business and expect a high rate of return on their capital. As a consequence of the emphasis on sustainability shareholders' dividends are likely to be less than they are used to. They may become disgruntled and remove their investment from the business. This could affect the long-term growth and profitability of SDL's sustainable clothing business.</p>	<p>6</p> <p>AO2=2 AO3=4</p>

Examiners are reminded that AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives. Due to the greater number of marks available for AO3, answers at level 3 will have a greater depth of analysis (AO3) but may show similar levels of application of knowledge and understanding (AO2) to a level 2 answer.

Level	Marks	Descriptor
3	5–6 AO3×2	<p><b>Detailed analysis of topics based on the context</b></p> <ul style="list-style-type: none"> <li>Business areas are analysed in depth.</li> <li>Applies knowledge and understanding to the context sufficiently, throughout the answer.</li> </ul>
2	3–4 AO3 AO2	<p><b>Sound analysis of topics based on the context</b></p> <ul style="list-style-type: none"> <li>Business areas are partially analysed.</li> <li>Applies knowledge and understanding to the context sufficiently, in most areas.</li> </ul>
1	1–2 AO3 AO2	<p><b>Basic analysis of topics based on the context</b></p> <ul style="list-style-type: none"> <li>Analysis of business areas is simplistic.</li> <li>Knowledge and understanding is applied to the context, but may be fragmented.</li> </ul>
0	0	Nothing worthy of credit.

Question	Part	Marking guidance	Total marks
11	7	<p>Zahra would like to improve SDL’s profitability. She is considering two possible ways to do this.</p> <p>Using information from <b>Items E, F, G and H</b>, analyse the advantages of:</p> <ul style="list-style-type: none"> <li>• increasing the price of SDL’s clothing</li> <li>• reducing SDL’s production costs.</li> </ul> <p>Use your analysis to recommend which of these two options SDL should choose.</p> <p>Issues for consideration include:</p> <p>Increasing prices:</p> <ul style="list-style-type: none"> <li>• revenue has been increasing</li> <li>• raising prices could increase revenue</li> <li>• raising prices could reduce sales and profit.</li> </ul> <p>Reducing costs:</p> <ul style="list-style-type: none"> <li>• it is expensive to produce the clothes sustainably</li> <li>• cheaper supplies are likely to reduce costs</li> <li>• cheaper materials could lead to lower prices and greater sales</li> <li>• cutting costs could affect the quality of the clothes</li> <li>• unethical sources could damage SDL’s sustainability credentials.</li> </ul> <p><b>Possible themes for evaluation</b></p> <p>Consumers are increasingly demanding that goods are produced more ethically and would be willing to pay higher prices. Increasing prices could reduce sales and could further worsen the situation but could also increase revenue.</p> <p>Costs are rising so something has to be done. Cutting costs saves money for SDL but it could also damage SDL’s reputation. SDL could lose customers as a result.</p> <p>SDL could cut costs by investing in cost-effective machinery. SDL has the resources to be able to do this. It would not damage SDL’s sustainability credentials.</p> <p>Inventory levels are high. Do they need to be this high given that the emphasis is on sustainability?</p> <p>SDL’s current net assets are high so could focus on reducing costs.</p>	<p><b>12</b></p> <p><b>AO2=4</b> <b>AO3=8</b></p>

Examiners are reminded that AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives. More weight should therefore be given to AO3 than AO2.

Level	Marks	Descriptor
4	10–12 AO3 AO3 AO2	<p><b>Detailed analysis and evaluation of topics based on the context</b></p> <ul style="list-style-type: none"> <li>• Coherent line of reasoning followed, which is sustained, relevant and substantiated. There is a focused conclusion that is fully justified and follows clearly from the analysis.</li> <li>• Business areas are analysed in depth.</li> <li>• Knowledge and understanding is consistently detailed and appropriately applied within context.</li> </ul>
3	7–9 AO3 AO3 AO2	<p><b>Sound analysis and evaluation of topics based on the context</b></p> <ul style="list-style-type: none"> <li>• Coherent line of reasoning given and the conclusion is appropriate and related to the preceding analysis.</li> <li>• Business areas are partially analysed.</li> <li>• Knowledge and understanding is detailed and appropriately applied within context.</li> </ul>
2	4–6 AO3 AO3 AO2	<p><b>Limited attempt made to analyse the topics based on the context</b></p> <ul style="list-style-type: none"> <li>• Evidence of some line of reasoning, with a conclusion that has limited justification.</li> <li>• Analysis of business areas is simplistic.</li> <li>• Some knowledge and understanding is applied within context.</li> </ul>
1	1–3 AO3 AO3 AO2	<p><b>Basic evaluation of topics but without any real support or analysis</b></p> <ul style="list-style-type: none"> <li>• A conclusion is present but without any reasoned support.</li> <li>• No discernible or relevant analysis.</li> <li>• A clear attempt to apply knowledge and understanding, but context may be lacking.</li> </ul>
0	0	Nothing worthy of credit.