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.

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.

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)

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.

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.

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.

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.

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**

Question	Answer	Marks
1(a)(ii)	**Explain the term *working capital*.**	

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 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

Question	Answer	Marks
1(a)(ii)	**AO2 Application** Limited application applies knowledge of working capital to a business context. Developed application - 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 such as high interest on bank loans and avoid liquidation	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 to fund the day-to-day operations such as paying staff salaries .	3	Again, knowledge first, followed by application to business operations (day to day) and includes an example (salaries).
Current assets minus current liabilities to measure the ability to pay day-to-day bills	2	Knowledge and explanation for one application mark.
It is a measure of the cash needed to operate .	1	Not a perfect definition, but enough to award the knowledge mark. No attempt to apply.
The capital the business needs to work.	0	No knowledge of working capital. Tautological.

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**

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

Marks		
3 marks	Correct answer (3) **($)1 750 000 <u>adverse</u> or ($)1.75 m <u>adverse</u>**	**Working and $ and m do not matter**. **Ignore + or -** • **Must be three** ✓ to denote the three marks.
2 marks	**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)	To award two marks, there must be • Two ✓ and a ✗ **OR** • One ✓ , one ✗ and one OFR
1 mark	**One** of the following: • Correct formula • Correct identification of figures in an incorrect formula	To award one mark, there must be: • One ✓ and two ✗
0 marks	No creditable content.	To award zero marks, there must be • One ✗

Question	Answer	Marks
1(b)(ii)	**Explain one drawback to SF of using budgets.** **AO1 Knowledge and understanding – 1 mark** / **AO2 Application – 2 marks** AO1: (no 2-mark level) / AO2: **2 marks** Developed application of **one** relevant point to a business context. AO1: **1 mark** Knowledge of **one** relevant point is used to answer the question. / AO2: **1 mark** Limited application of **one** relevant point to a business context. AO1: **0 marks** No creditable response. / AO2: **0 marks** No creditable response. **Indicative content** **AO1 Knowledge and understanding** Knowledge of a drawback of budgets (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	3

Question	Answer	Marks
1(b)(ii)	**AO2 Application** Explanation of a drawback of budgets (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 (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.	

Question	Answer	Marks
1(b)(ii)	(see exemplar table below)	

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 decision [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-term [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 budget [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.

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

Analyse two 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>

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

Indicative content
AO1 Knowledge and understanding
Knowledge of limitations of investing into capital intensive operations (max 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 for application in the first limitation and max on for application in the second limitation
Application of the limitation of investing into capital intensive operations for SF (max 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

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

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. **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**	

AO1 Knowledge	AO2 Application	AO3 Analysis
The high costs of initial investment -	Which could hinder Bob's wish to retain control -	As decisions will need to be shared as part of the joint venture – but it is a way of generating the additional finance needed –
Obsolescence of fixed assets –	Which could lead to profit reducing to below $0.25 m -	May lead to increased costs each year to update the fixed assets – and make SF less profitable –

<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>

Question	Answer	Marks
1(d)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of joint ventures (max 2 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	

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 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 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.	

Question	Answer	Marks
1(d)	**Exemplars for awarding evaluation**	

L1 EVAL (limited supporting evidence)	**L2 E (developed supporting evidence)**	**L3 EE (developed supporting evidence with context)**
A joint venture is the best way for SF to grow.	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.	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.
A joint venture is not the best way for SF to grow.	A joint venture is not the best way for SF to grow. Bob will lose the ability to make the key decisions.	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.

Question	Answer	Marks
2(a)(i)	**Identify <u>one</u> recruitment method.** **Indicative content** Identification of a method ✓ 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

<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>

Question	Answer	Marks
2(a)(ii)	**AO2 Application** *Limited application applies knowledge of cashflow to a business context.* *Developed application - 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 - measures the business's ability to pay debts and the solvency of the business.	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 - It measures the liquidity of the business.	2	Two marks. The first for knowledge and the second mark for application to liquidity.
The flow of cash receipts and payments –	1	A reasonable definition
The flow of cash -	0	Tautological

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)	

<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>

<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 reliable (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>

Question	Answer	Marks
2(b)(ii)	**AO2 Application** Explanation of one reason for data not being reliable (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** (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	

<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>

<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>

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

AO1 Knowledge and understanding
Knowledge of possible costs of holding inventory (max 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, 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 – candidate shows one link in the chain of analysis.
Developed analysis of cost of holding inventory candidate shows two or more links in the chain of analysis or a two-sided analysis.
</td><td></td></tr>
</table>

Question	Answer	Marks
2(c)	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**	

	AO1 Knowledge	AO2 Application	AO3 Analysis
Exemplar for one cost of holding inventory ***Annotations for the first cost should be placed in the left-hand margin.***	Insurance K	To reduce risk of disruption to operations to maintain PD's 17% market share APP	Insurance will compensate PD if an incident destroys stock so it can maintain sales - AN satisfying customers DEV
Exemplar of a second cost of holding inventory ***Annotations for the second cost should be placed in the right-hand margin.***	Risk of wastage K	Of the unsold mass market fizzy drinks APP .	Could lead to a reduction in profit AN and future expansion DEV .

Question	Answer	Marks
2(d)	**Evaluate the importance of branding to the future success of PD.**	**12**

Level	AO1 Knowledge and understanding 2 marks	AO2 Application 2 marks	AO3 Analysis 2 marks	AO4 Evaluation 6 marks
3				**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.
2	**2 marks** **Developed knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**2 marks** **Developed application** of relevant point(s) to the business context.	**2 marks** **Developed analysis** that identifies connections between causes, impacts and/or consequences.	**3–4 marks** **Developed evaluation** • A developed judgement/conclusion is made. • Developed evaluative comments which balance some key arguments.
1	**1 mark** **Limited knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**1 mark** **Limited application** of relevant point(s) to the business context.	**1 mark** **Limited analysis** that identifies connections between causes, impacts and/or consequences.	**1–2 marks** **Limited evaluation** • A judgement/conclusion is made with limited supporting comment/evidence. • An attempt is made to balance the arguments.

<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 marks), 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>

Question	Answer	Marks
2(d)	**AO2 Application** Application of branding to PD, 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 – candidate shows one link in the chain of analysis. Developed analysis of the importance of branding to PD – 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	

Question	Answer	Marks
2(d)	**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 . • 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**	

L1 EVAL (limited supporting evidence)	**L2 E (developed supporting evidence)**	**L3 EE (developed supporting evidence with context)**
Branding is important to support PD's future success.	Branding is important to support PD's future success. Branding helps customer recognise PD's drinks amongst competing brands.	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.
Branding is not important to the future success of PD.	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.	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.