

1 A company makes wooden jigsaw puzzles.

By law, the company must:

- A buy its wood from local suppliers
- B deliver the jigsaw puzzles in electric vans
- C replace any pieces that customers lose
- D use paint that is non-toxic and safe

Your answer

[1]

2 Which of the following is **least** likely to be a reason for a business to need finance?

- A To decrease the size of the workforce
- B To extend a marketing campaign
- C To increase the size of its factory
- D To reduce the amount of stock it purchases

Your answer

[1]

3 Which of the following would be fixed costs of a fruit farm?

- A Farm workers' wages
- B Plant food and fertiliser
- C Rent and rates
- D Seeds and seedlings

Your answer

[1]

4 Four years ago an entrepreneur invested £200 000 to start up their own business. The business is making an average profit of £53 000 per year.

The entrepreneur's average rate of return is:

- A 6.6%
- B 26.5%
- C 73.5%
- D 106%

Your answer

[1]

- 5 Emma and Henry are in a partnership that runs a small building firm. Despite being profitable, the business is having difficulty paying all its expenses.

Which of the following would help Emma and Henry deal with this problem?

- A Holding larger stocks of raw materials
- B Increasing the labourers' wages
- C Issuing shares
- D Taking on a new partner

Your answer

[1]

- 6 Financial data for Pilti plc in 2022 is shown below.

- Revenue £44 million
- Expenses £12 million
- Net profit £14 million

Pilti plc's gross profit in 2022 was:

- A £18 million
- B £26 million
- C £32 million
- D £58 million

Your answer

[1]

- 7 An extract from Yoshi's Sweet Shop's cash flow forecast for November is shown below.

	November
	£
Total inflow	28 000
Total outflow	18 500
Net cash flow	9 500
Opening balance	-4 700

Yoshi's Sweet Shop's opening balance for December is expected to be:

- A £4700
- B £4800
- C £14 200
- D £14 300

Your answer

[1]

- 8 Which of the following is an advantage of receiving trade credit?

- A It can be used to pay wages and salaries
- B It encourages production operatives to work harder
- C It is often interest free
- D It may bring new skills into the business

Your answer

[1]

- 9 A manufacturer of diamond rings employs sales staff to visit jewellery stores across the UK to encourage them to purchase its products.

Which of the following is an advantage to the manufacturer of selling face to face to jewellery stores?

- A The cut and colour of the diamonds can be clearly demonstrated
- B The jewellery stores have the opportunity to negotiate very low prices
- C The risk of the rings being stolen is kept as low as possible
- D The sales staff can give out lots of free samples

Your answer

[1]

10 Globalisation refers to:

- A the financial data used to measure the success of a multinational company
- B the interconnected nature of business activities across the world
- C the interdependencies that underpin decision-making in a large organisation
- D the relationships that exist between the functional areas of a business

Your answer

[1]

11 Riley runs his own cleaning business. He wishes to keep supply costs as low as possible.

The table below shows the price of cleaning fluid at four possible suppliers.

	Supplier 1	Supplier 2	Supplier 3	Supplier 4
Quantity	100 litre barrels	200 litre barrels	1000 litre barrels	2000 litre barrels
Price	£80	£100	£600	£800

The lowest cost that Riley can obtain 1200 litres of cleaning fluid from one supplier is:

- A £480
- B £600
- C £700
- D £800

Your answer

[1]

12 The net profit margin of a business has increased from 6% in 2021 to 9% in 2022.

Which of the following **must** be true for this business?

- A Expenses have fallen by 50%
- B Net profit has increased by 3%
- C Profitability has increased by 50%
- D Revenue has increased by 3%

Your answer

[1]

13 A health centre wishes to improve its environmental sustainability.

Which of the following would help achieve this?

- A Asking doctors to wash their hands more frequently
- B Encouraging nurses to go out walking during their lunch break
- C Giving out free fruit to health centre staff and patients
- D Installing sensors to switch off lights when not needed

Your answer

[1]

14 A cash flow forecast can help a business:

- A calculate net profit
- B identify changes in the market
- C predict liquidity problems
- D understand the concept of break-even

Your answer

[1]

- 15 Amir runs a market stall that sells bread. His most popular product, the Farmhouse Loaf, is currently priced at £2.00.

Amir is considering changing the price he charges for the Farmhouse Loaf.

The table below shows Amir's expected weekly sales of the Farmhouse Loaf at various prices.

Farmhouse Loaf	
Price	Expected weekly sales
£1.50	350
£1.75	250
£2.00	150
£2.25	50

This data is useful to Amir when making this pricing decision because it shows that:

- A changing the price charged for each loaf will have little effect on total revenue
- B charging a relatively high price for each loaf is likely to increase total revenue
- C reducing the price charged for each loaf is likely to increase total revenue
- D the current price should not be changed because it maximises total revenue

Your answer

[1]

16(a) Zara

Zara is a global fashion brand based in Spain. Zara is best known for the speed and frequency it can get its new clothing ranges into its online shop and 2270 stores. Approximately 50% of Zara's clothes are manufactured in Spain; the rest come from other European countries, or from Asia and Africa. Like most firms in 2020, Zara experienced a fall in sales. Zara's global sales revenues in 2019 were €19 954 million, but in 2020 these fell to €14 129 million. However, during this period Zara's online sales increased by approximately 75%, as consumer buying habits changed in favour of e-commerce.

Zara can get new clothing designed, manufactured and delivered to its stores within 15 days. It does this by buying fabric in large quantities from suppliers in Europe, which helps keep its variable costs low. This means that it is delivered quickly to its factory in Spain, where it can then be made up into the new designs.

Zara's highly responsive supply chain is central to its business success. This means it can change its clothing designs on average every two weeks, while competitors change their designs every two or three months.

- i. Explain **one** production process a business may use when making its products.

[2]

- ii. Explain **one** method that a business could use to ensure the quality of its products.

[2]

- (b) Analyse one reason why keeping variable costs low may reward Zara's owners.

[3]

[3]

(c)

- i. Calculate the percentage decrease in Zara's sales revenue between 2019 and 2020.

Show your workings

Answer

[2]

- ii. Explain **one** possible advantage to a business of selling its products via e-commerce.

[2]

(d)

- i. Identify **two** roles of the procurement function in a business.

1

2

[2]

- ii. Evaluate the importance to Zara of having reliable suppliers in the supply chain for its clothing.

[7]

17(a) AstraZeneca plc

AstraZeneca plc (AZ) is a multinational pharmaceutical company that operates in over 100 countries around the world. AZ develops treatments for a range of diseases. It sells its medicines and vaccines worldwide. Its headquarters are in Cambridge, England. In 2021 AZ's sales revenue was £37 417m, from which it made £24 980m gross profit.

AZ has a code of ethics, which is at the centre of everything that it does. The company has approximately 75 000 employees worldwide; 10 000 of these work in its three research and development centres.

AZ uses technology throughout its operations to provide high quality products for its customers. These customers include doctors, hospitals and governments from around the globe.

In the UK, AZ has changed the way it sells its products. Previously, sales staff would visit medical professionals; now it uses a call centre and website where medical professionals can order products and samples. AZ says this means it can now provide a high quality service that meets the needs of its customers at a lower cost.

Identify **two** ethical considerations a business may have.

1

2

[2]

(b) State **two** reasons why quality in the production of goods is important to a business.

1

2

[2]

- (c) Analyse one reason why it is important to AZ that its call centre employees have good product knowledge.

[3]

[3]

- (d) Calculate AZ's gross profit margin for 2021.

Show your workings

Answer

[2]

(e) Explain **one** way technology might affect production at AZ.

[2]

(f)

- i. Analyse **one** advantage and **one** disadvantage to AZ of operating as a multinational company.

Advantage

Disadvantage

[6]

- ii. Recommend whether AZ should continue to operate as a multinational company.

[3]

Glorious Kitchens (GK) is a private limited company based in Brighton. The company makes and fits high-quality, luxury wooden kitchens throughout the south-east of England. Its most popular range is the Deluxe.

The average price of a Deluxe kitchen is £15 000 including fitting. GK calculates its fixed costs for the year to be £250 000 and its variable costs for the Deluxe to be £6380, which means they need to sell 29 kitchens to break even.

GK is concerned about the future economic climate and its possible impact on the company's sales. It is predicted that there will be a fall in consumer incomes in the south-east of England until 2025. Unemployment in the south-east of England is forecast to follow the trend shown in **Table 1**.

Table 1

	Unemployment rate
2022	4.0%
2023 (forecast)	3.7%
2024 (forecast)	3.4%
2025 (forecast)	3.1%

Financial data for GK at the end of 2022 is shown in **Table 2**.

Table 2

Net profit	£425 000
Cash at the bank	£60 000
Loans taken out by GK	£1 500 000
Donations to food banks in Brighton	£8 500

State one reason why cash is important to a business.

[1]

(b)

- i. Analyse how GK can use the break-even level of output for its Deluxe range.

[3]

[3]

- ii. Analyse one limitation to GK of using break-even when making decisions about its Deluxe range.

[3]

(c)

- i. Analyse one impact on GK of the predicted fall in consumer incomes.

[3]

[3]

- ii. Analyse one impact on GK of the forecast change in the unemployment rate shown in Table 1.

[3]

- iii. Recommend whether the predicted fall in consumer incomes or the forecast change in the unemployment rate will have the greatest impact on GK.

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[3]

- (d) Evaluate how useful the financial data in **Table 2** is to GK's stakeholders.

[9]

END OF QUESTION PAPER

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
1		D	1	2
		Total	1	
2		D	1	<p>1a</p> <p><u>Examiner's Comments</u></p> <p>This question required candidates to know what a business may not need finance for. Just under half of the candidates selected the correct answer of D – if stock is being reduced then less finance would be needed to purchase it. However, a significant number of candidates selected A as their answer. This suggests that they were less familiar with the need for finance when making staff redundant.</p>
		Total	1	
3		C	1	2
		Total	1	
4		B	1	2Q
		Total	1	
5		D	1	2PS
		Total	1	
6		B	1	<p>2Q</p> <p><u>Examiner's Comments</u></p> <p>The concept and calculation of gross profit is a financial topic. However, less than one in five candidates selected the correct answer of B. An answer of C proved to be the most popular wrong answer chosen. This shows a lack of knowledge about the difference between gross and net profit. If $\text{Net profit} = \text{Gross profit} - \text{Expenses}$, by rearranging the formula, $\text{Gross profit} = \text{Net profit} + \text{Expenses}$. An answer of C suggests that candidates wrongly believed expenses to be the same as cost of sales.</p>
		Total	1	
7		B	1	2Q
		Total	1	
8		C	1	1b

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
		Total	1	
9		A	1	2
		Total	1	
10		B	1	1a
		Total	1	
11		B	1	<p>2Q</p> <p><u>Examiner's Comments</u></p> <p>This is a quantitative question which around half of candidates answered correctly. If Riley is trying to buy the cleaning fluid as cheaply as possible then he would buy 6x200 litre barrels at a cost of £600 – answer B.</p> <p>An answer of A was the most common wrong answer. As it is not possible to buy 1200 litres using any combination for this cost, it is assumed that candidates 'guessed' and chose the lowest number.</p>
		Total	1	

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
12		C	1	<p>2Q</p> <p><u>Examiner's Comments</u></p> <p>This was the least well answered multiple-choice question. Net profit margin is a measure of profitability. If it has increased from 6% to 9% this is an increase of 50% (an increase of 3 from a starting point of 6 is a 50% increase).</p> <p>Although each of the other three answers were popular, the most common wrong answer was B. This suggests that candidates did not know the difference between 'net profit' and 'net profit margin'.</p>
		Total	1	
13		D	1	2
		Total	1	
14		C	1	1b
		Total	1	
15		C	1	2Q
		Total	1	

Mark Scheme

Question			Answer/Indicative content	Marks	Guidance
16	a	i	<p>Explain one production process a business may use when making its products.</p> <p>Answers may include:</p> <ul style="list-style-type: none"> • Batch – groups of a product made together. • Flow / Mass – continuous / production line. • Job – one at a time / individually made. <p>Exemplar response Batch production (1) which is when a group of similar products are made together (1).</p>	2 (AO1a) 1 (AO1b) 1	<p>One mark for identifying the production process.</p> <p>One further mark for explaining the process.</p> <p><i>Answers do not need to relate to Zara.</i></p> <p>Examiner's Comments</p> <p>Most candidates were able to name one of the three main production methods. Occasionally the term was not well explained.</p> <p>Some candidates only explained the process without naming it and therefore did not gain any credit. Flow and job production were more accurately explained than batch.</p>  
		ii	<p>Explain one method that a business could use to ensure the quality of its products.</p> <p>Answers may include:</p> <ul style="list-style-type: none"> • Quality control – end of the production process / inspection / before being sold • Quality assurance – during the production process / by the production workers (whole business) <p>Exemplar response Quality control (1) which is where an inspector would check a sample of the finished goods (1).</p>	2 (AO1a) 1 (AO1b) 1	<p>One mark for identifying a method to ensure quality.</p> <p>One further mark for explaining the method.</p> <p><i>Answers do not need to relate to Zara.</i></p> <p>Examiner's Comments</p> <p>Some answers did not name a specific method for ensuring quality, as required by the question. This prevented any marks from being given. There was also some confusion about the difference between quality control and quality assurance, with some candidates' explanations being for the wrong term. This all meant that less than half of the candidates gained both marks on this question.</p> <p>Misconception</p>  <p>Many candidates continue to mix up quality assurance and quality control or are unaware of the precise titles used in the specification. This misconception can be addressed through key terms lists, etc. in lessons.</p>

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
b		<p>Analyse one reason why keeping variable costs low may reward Zara's owners.</p> <p>Understanding may include:</p> <ul style="list-style-type: none"> Lower costs could lead to lower <u>total</u> costs / better profits / margins. Lower costs could enable a reduction in price. Leaves more money available for other needs. Lowers the break-even level of output. <p>Application may include:</p> <ul style="list-style-type: none"> <u>Large quantities</u> of fabric Suppliers in Europe / factories in Europe, Asia & Africa 2,270 stores Online sales increased Fast delivery / lead time of 15 days <p>Analysis may include:</p> <ul style="list-style-type: none"> May lead to owners receiving more money / dividends. Allows the business to expand / investment in growth / improve the stores. <p>Exemplar response It may lead to better profit margins (1) if Zara reduces variable costs from buying large quantities of fabric (APP). This may mean that Zara's owners receive more dividends (1).</p>	3 (AO1b) 1 (AO2) 1 (AO3a) 1	<p>One mark for understanding a reason why lower costs reward an owner.</p> <p><i>No further marks can be gained without understanding.</i></p> <p>One <u>further</u> mark for application of understanding to Zara, using evidence from the text.</p> <p>One <u>further</u> mark for an analysis of how lower variable costs help reward an owner.</p> <p>No reward for answers which suggest that controlling variable costs helps to increase sales revenue.</p> <p>A change in profits is part of understanding – any analysis comes from what the business does with that profit.</p> <p>Examiner's Comments</p> <p>This was the first question on the paper which required a contextual answer. Without this context, the answer is limited to 2 marks (see exemplar 1).</p> <p>Another weakness in many answers was that they were not focused on how keeping variable costs low would <u>reward Zara's owners</u>. Many answers wrongly focused on the benefit to customers or employees.</p> <p>Ultimately, keeping variable costs low may help to reduce prices or increase profits, but the owner receives no reward for this unless it affects dividends or the value of the business (through expansion).</p> <p>A number of candidates also wrongly tried to suggest that revenue would be affected by having lower costs.</p> <p>Exemplar 1</p>

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
				<p><i>By keeping variable costs low Zara are aiming that they will have less total to costs leading to both a lower break-even point as well as increased revenue. This is good as it can help the to owners get a higher profit as well as them being able to use this profit to expand and grow their business.</i></p> <p>This response contains clear understanding by referring to 'less total costs' and shows analysis by identifying the impact of Zara's owners ('able to use this profit to expand and grow there [sic] business').</p> <p>However, it is ultimately a generic response, as it could apply to any business. Responses needed to be specific to Zara. For example, reference could have been made to '2270 stores', 'online sales increased by approximately 70%' or 'buying fabric in large quantities' to support the response.</p>
c	i	<p>Calculate the percentage decrease in Zara's sales revenue between 2019 and 2020. Show your workings.</p> $19,954m - 14,129m = 5,825m \quad (1)$ $5,825m / 19,954m \times 100 = (-)29.2\% \quad (1)$ <p>[OFR]</p>	2 (AO2) 2	<p>Two marks for correct answer (with ✓✓ or without workings).</p> <p>Negative sign is not required as question states it is a decrease. Percentage sign not required.</p> <p>Accept 29% or any other level of accuracy.</p> <p><u>Examiner's Comments</u></p> <p>This question was generally well answered with more than half of candidates gaining full marks. However, many candidates after calculating the change in revenue of €5,825m did not know what to do. Some used the wrong denominator or inverted the formula. As long as working was clearly seen to arrive at a figure of €5,825m this answer was still given 1 mark.</p>

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
	ii	<p>Explain one possible advantage to a business of selling its products via e-commerce.</p> <p>Answers may include:</p> <ul style="list-style-type: none"> • Sell worldwide / wider audience. • Open all the time. • Professional look at little cost / easier to display products online. • Lower operating costs. <p>Exemplar response A business selling online may have lower operating costs (1) because it does not need to have an expensive location to sell from (1).</p> <p style="text-align: right;">ARA</p>	2 (AO1b) 2	<p>One mark for identifying an advantage of selling via e-commerce.</p> <p>One further mark for explaining the advantage.</p> <p><i>Answers do not need to relate to Zara.</i></p> <p>An answer of 'selling more products' without any link to e-commerce is TV.</p> <p>Examiner's Comments</p> <p>Generally well answered, with most answers focused on the 24/7 nature of e-commerce or the wider audience. It was necessary for candidates to show that their answer was clearly linked to e-commerce so that answers of 'being able to sell more products' gained no reward without this link.</p> <p>Some answers were from the customer's point of view, rather than a business. Candidates need to make sure they read the question carefully.</p>
d	i	<p>Identify two roles of the procurement function in a business.</p> <p>Answers may include:</p> <ul style="list-style-type: none"> • identifying goods and services to buy / finding materials • ordering or purchasing goods and services • identifying or choosing suppliers • receiving deliveries from suppliers 	2 (AO1a) 2	<p>One mark for each correct role of the procurement function.</p> <p><i>Answers do not need to relate to Zara.</i></p> <p>Examiner's Comments</p> <p>Around one in five candidates gained these 2 marks. However, a similar number did not attempt the question.</p> <p>More than half of candidates did not know what was meant by the 'procurement function' with many answers linked to finance or marketing.</p>
	ii	<p>Evaluate the importance to Zara of having reliable suppliers in the supply chain for its clothing.</p> <p>Application may include:</p> <ul style="list-style-type: none"> • Global fashion brand • Best known for speed and frequency • <u>Large quantities</u> of fabric ordered 	7 (AO2) 2 (AO3a) 2 (AO3b) 3	<p>Use the level of response marking grid to assess skill levels.</p> <p>Annotate as: Up to two marks for application to Zara</p> <p>Up to two marks for analysis</p>

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
		<ul style="list-style-type: none"> • Suppliers from Europe, Asia, Africa • Sales fell by 29% [OFR] in 2020 • 2270 stores and online shop • Changing clothing designs every two weeks/15 days. • Delivered to Spain/Spanish factories. • Highly responsive supply chain. <p>Analysis may include:</p> <ul style="list-style-type: none"> • Reliable suppliers ensure products are made to the expected quality and distributed to its shops/online distribution centres within the expected time frame. • Without reliable suppliers sales/profits would go down as they do not have the clothing to sell to its customers. • Zara's reputation (brand image) may suffer if there are delays to online purchases, shops not being stocked. • If supplies are not of appropriate quality, this will negatively impact sales and profits. <p>Evaluation may include:</p> <ul style="list-style-type: none"> • Essential for Zara as a leader in 'fast fashion'. • The relative influence/impact of different factors, e.g., incomes may be lower therefore no matter how reliable Zara's suppliers are if customers do not have a lot of money sales will be lower regardless. • Reliable suppliers are important but so is branding, and the businesses ability to ensure each of the 4Ps of the marketing mix complement each other. <p>Exemplar response Given that Zara has 2270 stores (APP) it is important that it has reliable suppliers to ensure products are available in every shop, otherwise the business will miss out on sales (AN).</p> <p>If suppliers are not reliable, Zara will be unable to launch new designs every 2 weeks (APP) so that it will lose its USP (AN).</p> <p>Having reliable suppliers is important to Zara (EVAL). Without reliable suppliers</p>		<p>Up to three marks for evaluation EVAL</p> <p>NB: Context must be <u>used</u> to be awarded as application. Analysis must be a business facing impact.</p> <p>For strong evaluation i.e., the full three marks, the evaluation must be contextual.</p> <p>Examiner's Comments</p> <p>This is one of two questions on the paper which requires an extended response and assesses the skills of application, analysis, and evaluation. There were some excellent answers which made good use of the context provided about Zara's reputation for speed and frequency, changing designs every two weeks, and having suppliers across the world.</p> <p>Weaker answers were often very brief and about a third of answers did not contain any context. Many candidates also made no attempt to evaluate, with very few gaining all 3 marks for evaluation. An answer needs to come to a supported decision which makes use of the context <u>in the evaluation</u> to gain all 3 of these marks.</p> <p>Assessment for learning</p>  <p>Centres are reminded that there are only 2 marks in this question for both analysis and for application. This means that candidates are advised to only consider two points about the need for reliable suppliers. Some better candidates wasted time by considering three or more points which, although correct and well written, could gain no more than 2 marks each for analysis and application.</p>

Mark Scheme

Question		Answer/Indicative content			Marks	Guidance															
		<p>they will not be able to provide the service which they are known for (EVAL). Zara's competitors change designs every 2 to 3 months and so Zara needs to be better than that to maintain its competitive advantage (EVAL).</p> <p style="text-align: center;">ARA</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>Application (2 marks)</th> <th>Analysis (2 marks)</th> <th>Evaluation (3 marks)</th> </tr> </thead> <tbody> <tr> <td>Strong</td> <td>2 marks Two <u>uses</u> of context [APP] [APP]</td> <td>2 marks Two (business-facing) pieces of analysis of having reliable suppliers. [AN] [AN]</td> <td>A justified judgement about the importance to Zara of having reliable suppliers, using the evidence. [EVAL] [EVAL] [EVAL]</td> </tr> <tr> <td>Good</td> <td></td> <td></td> <td>2 marks A justified judgement as to the importance of having reliable suppliers. [EVAL] [EVAL]</td> </tr> <tr> <td>Limited</td> <td>1 mark One <u>use</u> of context [APP]</td> <td>1 mark One (business-facing) piece of analysis of having reliable suppliers. [AN]</td> <td>1 mark A judgement about the importance of reliable suppliers. [EVAL]</td> </tr> </tbody> </table>		Application (2 marks)	Analysis (2 marks)	Evaluation (3 marks)	Strong	2 marks Two <u>uses</u> of context [APP] [APP]	2 marks Two (business-facing) pieces of analysis of having reliable suppliers. [AN] [AN]	A justified judgement about the importance to Zara of having reliable suppliers, using the evidence . [EVAL] [EVAL] [EVAL]	Good			2 marks A justified judgement as to the importance of having reliable suppliers. [EVAL] [EVAL]	Limited	1 mark One <u>use</u> of context [APP]	1 mark One (business-facing) piece of analysis of having reliable suppliers. [AN]	1 mark A judgement about the importance of reliable suppliers. [EVAL]			
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		Total			20																

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
17	a	<p>Identify two ethical considerations a business may have.</p> <p>Answers may include:</p> <ul style="list-style-type: none"> • Treatment of workers (e.g., fair wage, child labour, modern slavery) • Treatment of suppliers (e.g., fair prices, payment terms) • Treatment of customers • Ethical marketing factors • How to source materials (e.g., ethical credentials, fair trade, sustainability). <p style="text-align: right;">ARA</p>	<p>2 (AO1a) 2</p>	<p>One mark for each correct ethical consideration, up to a maximum of two.</p> <p><i>Answers do not need to relate to AZ.</i></p> <p>No reward for environmental considerations (e.g., less use of fertilisers) or issues which are legal requirements (e.g., pay the minimum wage, discrimination, working conditions, illegal advertising).</p> <p><u>Examiner's Comments</u></p> <p>Although there were plenty of correct answers to this question, around three quarters of candidates gave at least one answer which is a legal requirement (e.g., minimum wage, discrimination, or making a safe product) or an environmental issue (e.g., recycling or fossil fuels). This confusion about what constitutes ethics has been raised in previous reports and centres need to make sure the topic is better understood by candidates.</p> <p> Misconception</p> <p>Candidates continue to mistake legal, environmental, or social issues for ethics. Ethics considers what is the 'right' or 'fair' thing to do, rather than what is legally required.</p>
	b	<p>State two reasons why quality in the production of goods is important to a business.</p> <p>Answers may include:</p> <ul style="list-style-type: none"> • Reputation. • Brand image. • Competitiveness. • To satisfy customer needs (sell more). • Repeat purchasing. • Able to set a higher price. • Making products desirable. • No need to recall / return / waste products. • To satisfy any legal requirement. <p style="text-align: right;">ARA</p>	<p>2 (AO1a) 2</p>	<p>One mark for each correct reason, up to a maximum of two.</p> <p><i>Answers do not need to relate to AZ.</i></p> <p>No reward for references to profit</p> <p><u>Examiner's Comments</u></p> <p>This question was well answered with most candidates being given full marks for both of their answers.</p>

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
	c	<p>Analyse one reason why it is important to AZ that its call centre employees have good product knowledge.</p> <p>Understanding may include:</p> <ul style="list-style-type: none"> • They can offer correct advice about products. • They can deal with customer queries. • Can increase customer satisfaction. • The customer trusts the business / product. <p>Application may include:</p> <ul style="list-style-type: none"> • Operates in over 100 countries. • Develops treatments for a range of diseases. • Code of ethics is important to AZ. • Provides high quality products / service. • Sells to doctors (medical professionals), hospitals, and governments. • Switched from salespeople visiting doctors to sell its products to using employees working at a call centre. <p>Analysis may include:</p> <ul style="list-style-type: none"> • If employees can / cannot answer questions sales / profits will increase / decrease. • Could affect reputation. • May affect the money available to research and develop new medicines. <p>Exemplar response The call centre employees need to be able to advise on what is best for customers to buy (1). The products are being sold to qualified medical professionals (APP) therefore if they cannot answer questions sales and profits may be reduced (1).</p> <p style="text-align: right;">ARA</p>	3 (AO1b) 1 (AO2) 1 (AO3a) 1	<p>One mark for the identification of a reason why call centre employees need good product knowledge. </p> <p><i>No further marks can be gained without understanding.</i></p> <p>One <u>further</u> mark for application of APP understanding to AZ, using evidence from the text.</p> <p>One <u>further</u> mark for analysis of why good product knowledge is important to a business. </p> <p>Accept an answer which implies that the customer may be an individual patient, but only award APP if it is correct for AZ.</p> <p>A basic reference to the product (medicines and vaccines) is not enough for APP.</p> <p>Examiner's Comments</p> <p>This question was generally well answered, although many answers did not contain any use of the evidence provided in Text 2 (other than naming the product), so limiting the mark that could be given to 2.</p>

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
	d	<p>Calculate AZ's gross profit margin for 2021.</p> <p>$\text{£24,980} / \text{£37,417} \times 100 = \underline{\text{66.8\%}}$</p>	2 (AO2) 2	<p>Two marks for correct answer (with or without working). </p> <p>One mark for setting out the correct calculation.</p> <p>Accept 67%, 66.76%, 66.7% (or the full number)</p> <p>Maximum one mark if incorrect or no units.</p> <p><u>Examiner's Comments</u></p> <p>Although nearly half of candidates gained the correct answer and full marks, this second calculation in Section B was less well answered than Question 16 (c) (i). Mistakes were made with regards to rounding of the answer and including the wrong or no units.</p>
	e	<p>Explain one way technology might affect production at AZ.</p> <p>Answers may include:</p> <ul style="list-style-type: none"> • Any reference to automation, ICT, robotics etc. • Increased production / productivity / can work 24/7. • Lower unit costs. • Fewer mistakes / higher quality levels. • Can slow production down if training is needed. • Increased chance of breakdowns. <p><u>Exemplar response</u></p> <ul style="list-style-type: none"> • Automation can increase productivity (1) in the production of vaccines (APP). <p style="text-align: right;">ARA</p>	2 (AO1b) 1 (AO2) 1	<p>One mark for a way technology can influence <u>production</u>. </p> <p><i>No further mark can be gained without understanding.</i></p> <p>One <u>further</u> mark for applying to AZ. </p> <p>No reward for answers which are NOT about production (e.g., use of e-commerce.)</p> <p><u>Examiner's Comments</u></p> <p>Some candidates did not read this question carefully enough, giving answers that were not about production. For example, many answers considered how technology would help with selling online. This ultimately led to less than a quarter of candidates being given full.</p> <p>Otherwise, most candidates were able to provide a way in which technology could affect a business, but many did not say how it would specifically help AZ.</p>

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
f	i	<p>Analyse one advantage and one disadvantage to AZ of operating as a multinational company.</p> <p>Application may include:</p> <ul style="list-style-type: none"> • Operates in over 100 countries. • Sells its products worldwide. • Has a code of ethics at the centre of everything. • 75,000 employees worldwide. • Three research and development centres. • Develops treatments for ranges of diseases. • Meets needs of customers at a lower cost. <p><u>Advantages of operating as a multinational</u></p> <p>Understanding may include:</p> <ul style="list-style-type: none"> • Higher sales (revenue) • Spread risk. • Access to skilled workers in other countries. • Lower costs labour / land/ technology. • Benefits of competition. • Lower legal or ethical standards in other countries. <p>Analysis may include:</p> <ul style="list-style-type: none"> • Setting up where there is demand for the products making distribution easier. • Higher profits • Larger dividends for shareholders. • Higher market share. • More money to invest (make the business more competitive). • Growth of ideas and innovation. • Increased efficiency. <p><u>Disadvantages of operating as a multinational</u></p> <p>Understanding may include:</p> <ul style="list-style-type: none"> • Various legal differences / regulatory requirements in each country • May become too large – difficult to manage. • Transport costs increase moving the product around the globe to markets. • Costs of operating across a large number of countries. 	6 (AO1b) 2 (AO2) 2 (AO3a) 2	<p>Advantage One mark for understanding of a possible advantage of operating as a multinational. </p> <p><i>No further marks can be gained without understanding.</i></p> <p>One <u>further</u> mark for application of understanding to AZ, using evidence from the text. </p> <p>One <u>further</u> mark for analysis of the given advantage for a business. </p> <p>Do not reward answers which consider being an MNC to be only about selling internationally.</p> <p>Disadvantage One mark for understanding of a possible disadvantage of operating as a multinational. </p> <p><i>No further marks can be gained without understanding.</i></p> <p>One <u>further</u> mark for application of understanding to AZ, using evidence from the text. </p> <p>One <u>further</u> mark for analysis of the given disadvantage for a business. </p> <p>Do not reward answers which consider being an MNC to be only about selling internationally.</p> <p>Examiner's Comments Many answers about the advantages and disadvantages were narrow in their scope. Being a multinational company is more than just being able to sell abroad. Any business can sell to more countries without being a multinational (especially nowadays with platforms provided by online marketplaces, such as Amazon). What makes a business a multinational is that it <u>operates</u> (not just sells) in more than one country. This means that advantages should be focused on the ability to spread risk, take advantage of costs in low-cost</p>

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
		<ul style="list-style-type: none"> • Worldwide opposition to multinational businesses. • Communication – could be difficult due to language / cultural / time differences. • Will face more competition. • Will have to deal with currencies / exchange rate fluctuations. <p>Analysis may include:</p> <ul style="list-style-type: none"> • May have an impact on quality control due to co-ordination around the globe. • May lead to decreased profits / margins. • Effect on brand identity while at the same time customizing the brand message to appeal to the local cultures. <p>Exemplar response</p> <p>One advantage is that AZ is likely to achieve higher sales (1) as AZ sells its medicines worldwide (APP). This should mean larger profits which can be used to reinvest in developing new medicines (1).</p> <p>One disadvantage is that AZ might experience communication problems (1). This is because they operate in over 100 countries (APP) in different time zones. This may reduce efficiency and have an impact on profit margins (1).</p>	ARA	<p>countries, or benefit from lower tax levels or ethical standards in a host country. The stronger performing candidates took this route in their answers.</p> <p>Answers about disadvantages were often better linked specifically to being a multinational, including legal differences (especially an issue in the pharmaceutical industry) and the specific communication issues of operating a large organisation spread around the world.</p> <p> Assessment for learning</p> <p>The topic of multinationals needs careful consideration by many centres. The focus needs to be less on the ability to increase sales or profits and more on the specific benefits or problems of operating in many countries and the issues surrounding the coordination of this.</p> <p>It is hoped that when this topic is next assessed that candidates are better prepared to write answers about 'being a multinational' rather than the 'benefits of selling abroad' – the latter can be done by any business, large or small.</p>

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
	ii	<p>Recommend whether AZ should continue to operate as a multinational company.</p> <p>A full answer needs a justified judgement based on the context.</p> <p>Further analysis of the advantages / disadvantages should not be rewarded but can form part of a candidate's justification.</p> <p>Exemplar response AZ should continue to operate as a multinational (1). If AZ do not operate globally, they would be restricted on how much profit they can make and therefore how much they can reinvest (1). This would restrict AZ's ability to develop new medicines (1) at its 3 research and development centres (APP).</p> <p style="text-align: right;">ARA</p>	3 (AO3b) 3	<p>One mark for a basic judgement whether AZ should continue to operate as a multinational company.</p> <p>Plus One <u>further</u> mark for justification of whether AZ should continue to operate as a multinational with no use of context.</p> <p>or Two <u>further</u> marks for justification of whether AZ should continue to operate as a multinational with use of context.</p> <p>Examiner's Comments The majority of candidates scored at least 2 marks on this evaluation question. Most candidates decided that it was best for AZ to continue as a multinational, although this was not always justified and often did not contain context.</p>
		Total	20	

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
18	a	<p>State one reason why cash is important to a business.</p> <p>Answers may include:</p> <ul style="list-style-type: none"> • To be able to pay short term debts / loans / finances. • To pay short-term expenses, e.g., heating / lighting / rent / raw materials / supplies / wages. • To help with liquidity. • To ease cash-flow problems. 	1 (AO1a) 1	<p>One mark for a correct reason why cash is important. </p> <p>No reward for answers which linked to long-term issues (e.g., expansion).</p> <p><u>Examiner's Comments</u></p> <p>The use of cash by a business is, to be fair, significantly different in the modern world than many textbooks suggest. However, half of the candidates did not know how to answer this question and either left it out or answered generally how cash was needed to 'run the business' which gained no credit.</p> <p>Correct answers recognised that cash was needed for <u>short-term</u> funding issues (some candidates did refer to liquidity or cash-flow) as opposed to long-term issues, such as expansion.</p>

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
b	i	<p>Analyse how GK can use the break-even level of output for its Deluxe range.</p> <p>Understanding may include:</p> <ul style="list-style-type: none"> • To identify when total costs equal total revenue. • To identify when there is no profit or loss made / how many you need to sell at the current price. • To know when a loss turns into a profit situation. • Can use break-even diagrams. • Can set sales targets. <p>Application may include:</p> <ul style="list-style-type: none"> • Fixed costs = £250,000; Price = £15,000; Variable cost = £6,380 per unit • 29 kitchens to break even. • Concerns about future economic climate. • Fall in consumer incomes & unemployment forecast. <p>Analysis may include:</p> <ul style="list-style-type: none"> • Can calculate the margin of safety. • Can calculate profit levels at different outputs. • May be used when attracting finance or investors. • Will allow business to make decisions about changing price and/or costs. • May encourage the business to spend more on advertising / promotion. <p>Exemplar response Break-even shows when the business has covered all of its costs but has not yet made a profit (1). GK has a break-even output of 29 kitchens a year (APP) which can be used to set a target for the sales team to sell more than this number (1).</p>	3 (AO1b) 1 (AO2) 1 (AO3a) 1	<p>One mark for understanding how break-even output can be used. </p> <p><i>No further marks can be gained without understanding.</i></p> <p>One <u>further</u> mark for application of APP understanding to GK, using evidence from the text.</p> <p>One <u>further</u> mark for analysis of the use of the break-even level of output for a business. </p> <p>An answer may achieve understanding and application together. For example, "Break-even output means that GK needs to sell 29 kitchens to cover their costs." This shows understanding of revenue equalling costs and contains application with reference to 29 being the break-even output for this product.</p> <p>An answer of "it shows how many a business needs to sell to break-even" does not show understanding as it is tautological.</p> <p>Examiner's Comments</p> <p>There were a small number of very good answers to this question which recognised that break-even was used to identify when loss turns to profit and that by knowing GK needed to sell at least 29 kitchens it could calculate margin of safety or make decisions about marketing or pricing.</p> <p>Many of the weaker answers were limited by using the phrase 'break-even' in their attempt to show understanding (for example, 'it helps the business know when it reaches break-even'). A term cannot be explained by using the same term. The inability to show any understanding of what break-even is meant that a majority of candidates gained no marks.</p> <p style="text-align: right;">ARA</p>

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
	ii	<p>Analyse one limitation to GK of using break-even when making decisions about its Deluxe range.</p> <p>Understanding may include:</p> <ul style="list-style-type: none"> • Data is estimated. • Number of competitors may change. • The business may make promotional offers. • Costs may change. • External factors are ignored / may change. • Qualitative / non-quantifiable issues are not considered. • Takes no account of whether customers will buy the product. <p>Application may include:</p> <ul style="list-style-type: none"> • Reference to the cost/price data provided. • Concerns about the economic climate. • Forecast fall in consumer incomes. • Unemployment likely to fall (from 4% to 3.1%). • GK sells a high-quality luxury product. <p>Analysis may include:</p> <ul style="list-style-type: none"> • May need to make decisions about costs and / or prices to overcome any uncertainty in the data. • May find that targets must be constantly changed. • Price changes may not lead to a change in revenue. <p>Exemplar response GK's suppliers of wood may increase their prices (1). As GK makes luxury (APP) kitchens this may have a significant effect on the break-even output so that GK will have to increase its sales targets (1).</p> <p style="text-align: right;">ARA</p>	3 (AO1b) 1 (AO2) 1 (AO3a) 1	<p>One mark for understanding a limitation of using break-even. </p> <p><i>No further marks can be gained without understanding.</i></p> <p>One <u>further</u> mark for application of APP understanding to GK, using evidence from the text.</p> <p>One <u>further</u> mark for analysis of the limitation of using break-even for decision-making for a business. </p> <p>Answers which suggest the data is wrong or not specific enough are TV.</p> <p>Examiner's Comments</p> <p>Most of the few correct answers focused on the fact that data would be estimated when calculating break-even (although answers which suggested this data was wrong or inaccurate did not gain any credit). However, fewer answers made use of the context or were able to consider the impact of this on GK (such as the need to change sales targets). This all led to less than half of candidates gaining at least 1 mark on this question.</p>

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
c	i	<p>Analyse one impact on GK of the predicted fall in consumer incomes.</p> <p>Understanding may include:</p> <ul style="list-style-type: none"> • Lower consumer spending / cannot afford products. • Customers have less money to spend. • Less disposable income / spare money. • Spend more on necessities. <p>Application may include:</p> <ul style="list-style-type: none"> • The range is £15,000. • Kitchens are luxury items / expensive. • Cannot sell 29 kitchens. • GK sells in south-east (where consumer incomes are falling). <p>Analysis may include:</p> <ul style="list-style-type: none"> • Decreased demand / revenue / profits. • May not achieve break-even. • Less money available for wages, investment, etc. • Need to reduce prices. • Cannot buy stock. <p>Exemplar response Customers have less income to spend (1) and given GK's kitchens are priced at £15,000 (APP) it is likely sales will decrease (1).</p>	3 (AO1b) 1 (AO2) 1 (AO3a) 1	<p>One mark for understanding about a fall in consumer incomes. </p> <p><i>No further marks can be gained without understanding.</i></p> <p>One <u>further</u> mark for application of understanding to GK, using evidence from the text. </p> <p>One <u>further</u> mark for analysis of an impact on a business of a decrease in consumer income. </p> <p>Examiner's Comments</p> <p>This question was answered well, with more than half candidates gaining 2 or 3 marks. Better performing candidates were able to gain all 3 marks very quickly by recognising that lower disposable income will mean that consumers cannot afford to buy luxury kitchens.</p> <p>Some potentially good answers to this question gained no credit as they did not first show understanding of the fall in consumer income. [The mark scheme sets out the fact that in many questions no marks for application or analysis, even if shown correctly, can be given if the understanding is not shown]. This was common in this question, as answers proceeded to refer to the fall in sales of luxury kitchens without saying why this would occur – in this case, the understanding is that a fall in consumer incomes means that those consumers will not have as much money to spend.</p> <p> OCR support</p> <p>The published mark scheme is a vital source of information to centres. In particular, in the 3-mark analysis questions, it explains the need to show understanding before any further marks can be given.</p>

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
	ii	<p>Analyse one impact on GK of the forecast change in the unemployment rate shown in Table 1.</p> <p>Understanding may include:</p> <ul style="list-style-type: none"> • Less easy to recruit employees. • More consumers have an income. <p>Application may include:</p> <ul style="list-style-type: none"> • Unemployment rate expected to fall (by 0.9% over 3 years). • Any use of individual data comparing the rate to 2022. <p>Analysis may include:</p> <ul style="list-style-type: none"> • Wages may increase. • Higher recruitment costs. • Unable to complete jobs (on time). • Increased demand / revenue / profits. • Get closer to (or exceed) break-even. <p>Exemplar response Forecasted decrease in the unemployment rate by 0.9% (APP) may mean consumers have more income (1). This may lead to an increase in demand (1).</p> <p style="text-align: right;">ARA</p>	3 (AO1b) 1 (AO2) 1 (AO3a) 1	<p>One mark for understanding about a fall in the unemployment rate. </p> <p><i>No further marks can be gained without understanding.</i></p> <p>One <u>further</u> mark for application of understanding to GK, using Table 1. (APP) </p> <p>One <u>further</u> mark for analysis of an impact on a business of a fall in the unemployment rate. </p> <p>Answers MUST consider the fall in the unemployment rate</p> <p>Examiner's Comments</p> <p>Many candidates mixed up employment and unemployment, and proceeded to answer the question the wrong way around. Some candidates suggested that a fall in unemployment would mean that GK would now have less employees. This led to nearly half of all candidates gaining no credit for their answer.</p> <p>Better answers recognised that falling unemployment would make it more expensive to employ more staff and this increase in wages would be bad for the business.</p>
	iii	<p>Recommend whether the predicted fall in consumer incomes or the forecast change in the unemployment rate will have the greatest impact on GK.</p> <p>A full answer needs a supported judgement.</p> <p>Further analysis of the two variables should not be rewarded but can form part of a candidate's justification.</p> <p>Exemplar responses Consumer incomes falling will have a bigger impact (1). As GK sells expensive non-essential products (APP) a fall in consumer incomes will reduce demand whereas the decrease in unemployment may mean people only have low-paid jobs so still cannot afford GK's kitchens (1).</p> <p>The fall in unemployment rate will have</p>	3 (AO3b) 3	<p>One mark for a basic judgement whether the fall in the unemployment rate or the fall in consumer incomes will have the greatest impact. </p> <p>Plus One further mark for justification by contrasting the impact of the fall in the unemployment rate and the fall in consumer incomes, with no use of context. </p> <p>or Two further marks for justification by (APP) contrasting the impact of the fall in the unemployment rate and the fall in consumer incomes, with use of context. </p> <p>Examiner's Comments</p>

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
		<p>little impact immediately (1) as it will take 3 years and only fall by 0.9% (APP). Therefore, a fall in consumer incomes for 2 years will have the greater impact (1).</p> <p style="text-align: right;">ARA</p>		<p>This 3-mark evaluation question requires the candidate to make a justified choice <u>between two options</u>. If an answer did not make a comparison between the two options, it could not score more than 1 mark. For example, many candidates decided that consumer incomes would have the greatest impact and provided a justification for this (often in context). However, no attempt was then made to say why it was more significant than lower unemployment.</p> <p>Better answers did make this comparison (often in quite a sophisticated way) as shown in exemplar 2.</p> <p>Exemplar 2</p> <p><i>The forecasted rate of unemployment shows that it is to decrease. An input of this would be that GK may gain a larger audience of potential customers. This is due to more people having salaries and incomes, so therefore it is more financially viable for them to buy a kitchen from Genius Kitchens. This could increase revenue and potentially profits for GK.</i></p> <p>This response starts by making the simple decision (1 mark) but then makes a comparison as to why the fall in unemployment is less significant. Suggesting that a newly employed person would be less likely to buy a £15,000 kitchen was a common response (along with many newly employed people still potentially being on very low wages). By making this comparison (1 mark) along with context to support it (1 mark for reference to £15,000) the candidate quickly moves to a full mark response.</p>

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
d		<p>Evaluate how useful the financial data in Table 2 is to GK's stakeholders.</p> <p>Knowledge may include:</p> <ul style="list-style-type: none"> • Financial data includes financial statements, cash flow forecasts, break-even predictions, ARR, profit & loss / margins etc. • Any item of financial data <u>not</u> mentioned in Table 2 (excludes net profit, cash at bank, loans.) <p>Understanding may include:</p> <ul style="list-style-type: none"> • Cost and revenue data is used for cash flow forecasting. • Profit and loss data is used to judge success. • Profit margins and ARR used to help understand the profitability of the business. • Financial data can be used to assess the stability or success or long-term future of a business. • Business decisions need financial data to help understand if they will be successful or not. <p>Application may include:</p> <ul style="list-style-type: none"> • Owners / shareholders • Employees • Managers • Customers • Suppliers • Banks / lenders • Local community • Government <p>Analysis may include:</p> <ul style="list-style-type: none"> • Employees will want to know if their job is safe/secure and if profitable negotiate higher wages. • Managers will use financial information to make decisions about the future direction of the business, e.g., expansion or new products. • Customers will want to make sure they are getting a fair price and that the business will not go out of business. • Suppliers will want to make sure that they get paid, and the business will continue as a customer. 	9 (AO1a) 1 (AO1b) 1 (AO2) 2 (AO3a) 2 (AO3b) 3	<p>Use the level of response marking grid to assess skill levels.</p> <p>Annotate as: One mark for knowledge of financial data K</p> <p>One mark for understanding of financial data U</p> <p>Up to two marks for synoptic application* APP</p> <p>Up to two marks for analysis AN</p> <p>Up to three marks for evaluation EVAL</p> <p>*Application refers to synoptic application only.</p> <p>For strong evaluation i.e., the full three marks, the evaluation must be contextual.</p> <p>No reward for discussions which simply refer to 'stakeholders' – they need naming.</p> <p>Examiner's Comments</p> <p>The final question on this paper was, as always, a synoptic question linking a topic from J204/2 (financial data) to one from J204/1 (stakeholders).</p> <p>Many candidates did not attempt to show specific 'knowledge' (AO1a) or 'understanding' (AO1b) of the J204/2 topic within their answer. Knowledge of financial data could be about what it shows (other than what was contained in Table 2), such as profit & loss or cash-flow.</p> <p>Understanding is about what financial data is used for. Approximately only a third of answers achieved each of these marks.</p> <p>The application marks for this question are application to the synoptic content (stakeholders) not the business. However, many candidates wrote their whole answer referring to how 'stakeholders' would benefit, as opposed to considering how named stakeholders would use the data. This prevented the crediting of marks both for application and analysis. Many candidates also confused stakeholders</p>

Mark Scheme

Question		Answer/Indicative content		Marks	Guidance					
		<ul style="list-style-type: none"> Local community will be interested in the donations to the foodbanks. Banks / lenders will want to know how safe it is to lend money to the business. The government will want to know that GK is paying the right amount of taxes. <p>Evaluation may include:</p> <ul style="list-style-type: none"> Financial information is / is not useful when making business decisions or judging performance. Other factors may be more or just as important, such as competition, shareholder views, work practices. External factors, such as UK income and employment levels, may affect the financial data or how it is interpreted. A judgement about why a named stakeholder may find the data particularly useful or why one named stakeholder will find it more useful than another. <p>Exemplar response</p> <p>Financial data includes financial statements and forecasts (K). These can be used to help judge the performance of a business (U).</p> <p>Employees (APP) may find the financial information useful as they will be concerned that GK is making able to pay their wages in the future (AN).</p> <p>Another stakeholder who might find the financial information useful is the local community (APP) who will be interested whether the donations GK make to the food bank may stop if profits fall (AN).</p> <p>GK's stakeholders will find the financial information useful (EVAL). Although this may be limited, as most financial information is published more than a year after the period it occurred (EVAL). A lot may have changed since GK donated £8,500 to the Brighton food banks in 2022 (EVAL).</p> <p style="text-align: right;">ARA</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td></td><td>Kno</td><td>Understa</td><td>Appli</td><td>Analy</td><td>Evalu</td></tr> </table>		Kno	Understa	Appli	Analy	Evalu		<p>with shareholders. Candidates who did consider at least two <u>named stakeholders</u> very quickly gained the 2 marks for application and the 2 marks for analysis.</p> <p>About two thirds of candidates attempted to evaluate the usefulness of the financial data. Even a simple statement that 'the financial data is very important to stakeholders of GK' would gain 1 of the evaluation marks.</p> <p>Better answers were rare, with many answers gaining only application and analysis marks, and others only gaining knowledge and evaluation marks.</p> <p>Exemplar 3 (below) shows excerpts from one of the better answers.</p>
	Kno	Understa	Appli	Analy	Evalu					



OCR support

The final page of the mark scheme sets out the marking grid used by examiners for this question. It sets out how each separate mark is given and is a vital resource to use in centres. In addition, further examples of answers to this question will be found in the candidate exemplar materials which will be published later in the year.

Exemplar 3

The financial data in Table 2 could potentially be very useful to a range of GK's stakeholders. This data, such as their net profit of \$1625,000, is an indication of the success and performance of GK. This is useful to potential investors and lenders as it shows the risk of investing in the business. It could also be useful to GK's stakeholders as it can be put into their business plan and help them raise finance in order to grow or expand leading to improved profits! Overall, this data is useful to all of GK's stakeholders, mainly the potential investors, shareholders and owners. This is because it shows whether the company's current performance and could potentially be used to raise money from banks. However, it's useful as it does not show how performance has changed over time, it only shows figures for the end of 2022. It's usefulness could be improved, for example, costs, sales and even a range of statistics.

The first paragraph of this exemplar shows how quickly marks can be gained. Understanding is shown in the fourth line, by saying that financial data 'is an indication of the success...of GK.' The response then identifies two named

Mark Scheme

Question		Answer/Indicative content					Marks	Guidance
		wled ge (1 mark)	nding (1 mark)	catio n (2 ma rks)	sis (2 ma rks)	ation (3 marks)		
		Strong mark Knowledge of financial data [K]	1 mark Understanding of financial data [U]	2 marks Two examples of stakeholders [APP] [APP]	2 marks Two business-facing pieces of analysis which show how two different stakeholders find financial data useful. [AN] [AN]	3 marks A justified contextual judgement about the usefulness of the financial data to GK's stakeholders. [EVAL] [EVAL] [EVAL] [AN] 2 marks A justified non-contextual judgement about the usefulness of financial data to a stakeholder. [EVAL]		<p>stakeholders (banks and shareholders) for both application marks and how they each will be interested in the data (the risk of investing and the ability to raise finance, respectively) for the two analysis marks.</p> <p>The middle part of the response (not reproduced here) slightly lost its way but did gain the knowledge mark.</p> <p>The final paragraph of the response gains 2 of the 3 evaluation marks. It concludes that 'this data is useful to GK's stakeholders' and justifies this by stating that 'however, its use is limited as it does not show how performance has changed overtime [sic]'. The third evaluation mark could not be given as the evaluation was not written in context. For example, it could have referred to specific data found in Table 2 (this context <u>must</u> be contained within the evaluation, rather than elsewhere in the response.)</p>
		Good						

Mark Scheme

Question		Answer/Indicative content			Marks		Guidance	
			Li mit ed		1 mark	1 mark	[EVAL]	
		<p>One example of a stakeholder [APP] analysis which shows how a stakeholder finds financial data useful.</p> <p>[AN]</p>			One (business-facing) piece of an analysis which shows how a stakeholder finds financial data useful.	A judgement of how useful financial data is.	[EVAL]	
		Total			25			