

OXFORD

INTERNATIONAL
AQA EXAMINATIONS

INTERNATIONAL GCSE **BUSINESS**

9225/2

Paper 2 Influences of Marketing and Finance on Business Activity

Mark scheme

November 2020

Version: 1.0 Final Mark Scheme

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

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

Further copies of this mark scheme are available from oxfordaqaexams.org.uk

Copyright Information

OxfordAQA retains the copyright on all its publications. However, registered schools/colleges for OxfordAQA are permitted to copy material from this booklet for their own internal use, with the following important exception: OxfordAQA cannot give permission to schools/colleges to photocopy any material that is acknowledged to a third party even for internal use within the centre.

Copyright © 2020 Oxford International AQA Examinations and its licensors. All rights reserved.

Level of response marking instructions

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

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

Step 1 Determine a level

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

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

Step 2 Determine a mark

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

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

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

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

Marking guidance

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

Standard annotations:

Annotation	Skill being evidenced
Uses context	AO2 – application to context
Analysed in depth	AO3 - analysis
Partial analysis	
Simplistic analysis	
Evaluation fully justified	AO4 - evaluation
Evaluation with some justification	
Evaluation with limited justification	
Evaluation with no justification	

Section A

Total for this section: 15 marks

Question	Part	Marking guidance	Total marks
1		Which one of the following is the main purpose of business activity? Answer: D (Satisfying needs and wants)	1 AO1=1
2		Which one of the following is an example of a business operating in the tertiary sector? Answer: B (Men's hairdresser)	1 AO1=1
3		Which one of the following might cause a business to fail? Answer: C (Changes in consumer tastes and preferences)	1 AO1=1
4		The Gross profit for the business is: Answer: D (\$240,000)	1 AO1=1
5		Which one of the following stakeholders would have an objective to maximise profits? Answer: C (Owners of a business)	1 AO1=1
6		Explain what is meant by 'fixed costs'. Specimen response: Fixed costs are costs that do not vary with output or the level of sales (1) such as rent or interest expenses. (1)	2 AO1=2

7	<p>Identify and explain one stage of the product life cycle.</p> <p>One mark for identifying a correct stage, plus one mark for offering some explanation or development.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • research and development • introduction • growth • maturity • decline <p>Specimen response:</p> <p>The introduction stage (1) is when the product is first released into the market and marketing/promotion to consumers is high (1).</p>	<p>2</p> <p>AO1=2</p>
8	<p>Identify and explain two factors that a new manufacturing business might need to consider when deciding where to locate.</p> <p>One mark for identifying a relevant factor plus one mark for offering some explanation or development.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • distance to the market • availability of raw materials • transport costs • availability of land • availability of labour • communications • the degree of competition • government influence <p>Specimen response:</p> <p>The business may locate near to the raw materials, (1) if the raw materials are bulky and expensive to transport which will reduce costs. (1)</p>	<p>4</p> <p>AO1=2 AO2=2</p>
9	<p>Explain what is meant by market segmentation.</p> <p>One mark for identifying a relevant aspect plus one mark for offering some explanation or development.</p> <p>Specimen response:</p> <p>Market segmentation is the process of dividing up a market into different groups of customers (1) by identifying common/similar characteristics of these groups (1).</p>	<p>2</p> <p>AO1=2</p>

Section B

Total for this section: 36 marks

Question	Part	Marking guidance	Total marks
10	1	<p>Identify and explain two possible benefits to Barbato of providing free Wi-Fi to its customers.</p> <p>One mark for identifying a valid benefit, plus one mark for offering some explanation or development. (2x2)</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • increased footfall and exposure to customers bringing more customers through the door, resulting in customers buying more • potential increase in sales and profit • increase in Barbato's competitive edge by matching the free Wi-Fi being offered by its competitors • attracting business people by enabling them to get work done, whilst relaxing with a coffee, thus increasing sales. • to provide better customer service and attract positive customer reviews <p>Specimen response:</p> <p>Barbato providing free Wi-Fi to its customers may increase customer footfall, which will bring more customers into the store (1), who are likely to buy more products that will increase Barbato's sales and profit. (1)</p> <p>X2</p>	<p>4</p> <p>AO1=2 AO2=2</p>
10	2	<p>Identify and explain two possible effects on the business of giving 25% of its net profits to charities for the deaf.</p> <p>One mark for identifying a valid effect, plus one mark for offering some explanation or development, third mark for clear use of context (2x3)</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • 25% is a significant amount of revenue going out of the business. This could reduce dividends to shareholders • could reduce funds available for investment thus restricting the growth of the business • could hinder business innovation and development • will demonstrate Barbato's commitment to inclusivity and diversity which will enhance the brand and increase the reputation of the business • will demonstrate that Barbato is one of the world's most ethical companies which could attract a diverse range of customers, thus boosting sales and profit. 	<p>6</p> <p>AO1=2 AO2=4</p>

		Specimen response: This will demonstrate Barbato's commitment to inclusivity and diversity which will enhance the brand (1). This will attract a greater range of customers (1) which will increase the sales and profitability of the company (1). X2	
--	--	---	--

10	3	<p>Identify and explain two ways in which Barbato might be affected by an increased demand for healthy food.</p> <p>One mark for identifying a valid way, plus one mark for offering some explanation or development, third mark for clear use of context (2x3)</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • will need to become increasingly health-conscious in its product offer, or lose customers • will be forced into launching new products • will need to increase promotion on any new food offer to counter the perceptions of 'their products as being unhealthy • will need to diversify and take risks <p>Specimen Response: Barbato will need to diversify and take risks with their product range. (1) They will need to increase promotion on any new products in order to counter the negative perceptions of their current products, as being unhealthy (1), so that they retain their dominance in the market. (1) X2</p>	6 AO1=2 AO2=4
----	---	---	---------------------------------------

10	4	<p>Calculate the expected value of Barbato's yearly revenue in 2020</p> <p>€17,900 x 1.05 (1) = €18,795(1)</p>	2 AO1=1 AO2=1
----	---	--	---------------------------------------

10	5	<p>Analyse the possible effects on Barbato of continuing to charge high prices for its products.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • Barbato has a strong brand image which ensures that the demand for its products remains high and customers are therefore willing to pay premium prices. 	6 AO2=2 AO3=4
----	---	--	---------------------------------------

		<ul style="list-style-type: none"> • Barbato offers products of the highest quality, which enables it to charge high prices resulting in increased profitability because of customer loyalty. With increased competition Barbato may find that it starts to lose some of its customers • customers will continue to receive excellent customer services which is a key element of Barbato's competitive advantage and which increases its attractiveness to customers. This enables it to continue charging high prices for its products, but it may not be sufficient to ward off the threats posed by the increasing competition. • Barbato prides itself on using the best organic imported coffee in its products. Whilst this will benefit Barbato's brand image, it may not be sufficient to meet the needs of consumers who are demanding healthier options and more choice. • The high prices and strong brand will allow Barbato to continue making excessive profits. This will allow Barbato to continue to have well designed stores that are welcoming and comfortable for customers. • Increasing competition and consumers demand for healthier options, could result in falling sales and profitability if customers decide to go elsewhere <p>Specimen Response:</p> <p>Barbato's business strategy is based on product differentiation. The emphasis is on the quality of its products and a reliance on customers being willing to pay premium prices for high quality. This is likely to please customers who are likely to remain loyal to Barbato and provide them with repeat custom. This is a benefit for the business who knows that it can sell a luxury, high quality, top of the range product at premium prices. As a consequence of this, Barbato will continue to make high profits.</p> <p>In addition to this, Barbato has a strong brand image which ensures that the demand for its products remains high. Because customers willingly pay premium prices, the business continues to prosper. This will ensure that Barbato remains profitable.</p> <p>L3 Response</p>	
--	--	--	--

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

Level	Marks	Descriptor
3	5–6 AO3×2	<p>Detailed analysis of topics based on the context</p> <ul style="list-style-type: none"> • Business areas are analysed in depth. • Applies knowledge and understanding to the context sufficiently, throughout the answer.

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

10	6	<p>Analyse the advantages and disadvantages of continuing with its limited menu.</p> <p>Recommend whether Barbato should increase the range of products on the menu.</p> <p>Use information from items A, B, C and D to support your answer.</p> <p>Areas of consideration:</p> <ul style="list-style-type: none"> Barbato's traditional business model based on standardised products, has been very successful customer increasing awareness of and demand for healthy food has been addressed by competitors which could impact negatively on Barbato. Barbato may be facing a situation of market saturation because it may have opened too many stores. So closing some stores could increase business efficiency. the closure of the stores may simply be down to the fact that consumption has reached its peak. the nature of the coffee market is changing as consumers are demanding more choice and variety Barbato's marketing strategy is now outdated Barbato's customers may have changed and may no longer be 'professionals.' In recent years, Barbato has been attracting customers from all walks of life, including pensioners and families with young children previously, competitors couldn't match Barbato's business model. Now many competitors may have copied Barbato's business model and added to the product choice. the competition has been particularly fierce from both established and new companies premium pricing no longer provides the opportunity to increase the selling price, resulting in more profit. 	12 AO2=4 AO3=8
-----------	----------	---	---

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

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

Section C

Total for this section: 39 marks

11	1	<p>Calculate SEL's forecast closing balance for 2020.</p> <p>Total outflows = 400,00 + 52,000 + 20,000 = 472,000 (1)</p> <p>Net cash flow = 785,000 - 472,000 = 313,000 (1)</p> <p>Closing balance = 313,000 + 55,000 = 368,000 (1)</p>	<p>3</p> <p>AO1=1 AO2=2</p>
11	2	<p>Identify and explain two possible effects resulting from SEL's advertising spending shown in Table 2.</p> <p>One mark for identifying a valid effect plus one mark for offering some explanation or development. (2x2)</p>	<p>4</p> <p>AO1=2 AO2=2</p>

		<p>Possible answers include:</p> <ul style="list-style-type: none"> • increased sales • raised awareness of the product • customers persuaded to buy the products • established SEL's brand • increased costs <p>Specimen response: Increased advertising provided information to consumers about the nature of the product (1), which encouraged them to purchase the solar panels thus increasing sales (1) X2</p>	
--	--	---	--

11	3	<p>Analyse the benefits to SEL of selling a high-quality product.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • will satisfy customers and retain their loyalty • will result in establishing the brand and increase SEL's reputation • affects purchasing decisions and profitability. • can sell products at a higher price • will open opportunities for added value and will offer future sales • builds trust with the customers • fewer customer complaints and returns which will increase profits • provides positive publicity which will affect the company image • the higher the product quality, the faster the return on investment <p>Specimen response:</p> <p>Selling a high-quality product will satisfy customers and gain their approval which could lead to an increase in word of mouth recommendations ensuring that new, potential customers buy solar panels from SEL in the future. This will ensure that SEL receives consistent and long-term revenue as well as help to establish the brand. This will enable SEL to charge and maintain higher prices, which will increase SEL's profitability.</p> <p>L3 Response</p>	<p>6</p> <p>AO2=2 AO3=4</p>
----	---	---	---

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

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

11	4	<p>Analyse the possible benefits to SEL of buying the specialist machine.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> cost advantages that SEL can exploit by expanding its scale of production SEL will be able to split the complex production processes into separate tasks to boost productivity. SEL will be able to achieve a higher output of solar panels – investing in specialist machinery will allow for large production volumes which in turn, will increase profitability. Technical economies of scale specialist machines will be able to do the work much faster. There will be a reduction in production time because having automated machines will speed up production. specialist machinery will result in more accurate work <p>Specimen response:</p> <p>There are many benefits to SEL of being able to invest in specialist machinery. SEL will be able to gain cost advantages by using the machinery to expand its scale of production. SEL will be able to achieve a higher output of solar panels at a lower unit costs, which will increase SEL's profitability. Furthermore, there will be a reduction in production time because having automated machines will speed up production of solar panels, which means that SEL will be able to take on more orders and increase its consultancy and advice. This will bring more money into the business and allow for further expansion.</p> <p>Furthermore, the specialist machinery will result in more accurate work and will be less likely to make mistakes than an employee.</p>	6 AO2=2 AO3=4
----	---	---	-------------------------

		As a consequence, there will be more consistency, and fewer faulty solar panels. This will maintain the quality of the products and help to establish the brand. In addition to this, SEL is likely to gain an enhanced reputation for quality which will result in increased sales and profitability.	
		L3 Response	

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

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

11	5	Explain what is meant by non-current liabilities. One mark for identifying a relevant aspect plus one mark for offering some explanation or development. Possible answers include: Non-current liabilities are a business's debts owing in the period of more than one year (1) such as long-term loans and lease obligations, (1).	2 AO1=2
----	---	---	-----------------------

11	6	Analyse the benefits to SEL of using external finance to fund the plan to provide solar panel systems for people's homes. Possible answers include: <ul style="list-style-type: none"> SEL will have a wide range of choice as there are many different types of external finance that SEL can choose to fit its circumstances 	6 AO2=2 AO3=4
----	---	---	---------------------------------

		<ul style="list-style-type: none"> • SEL will be able to gain a very large sum of money quickly to fund the expansion, which will allow it to gain entry and expand into the residential home market immediately. • allows SEL to use its own internal financial resources for other purposes. • will allow SEL to obtain the finance to fully fund all aspects of the expansion, including being able to buy large capital equipment purchases. • SEL will be able to use its own internal financial resources for cash payments to suppliers, which will improve SEL's financial position and financial status • having immediate access to borrowing large sums of money, will enable SEL to grow, innovate and have the resources for long-term success • It may be better for SEL to continue producing commercial solar panels in the medium to long term and finance developments with retained profits instead, as the company grows. There will be no extra charges to pay, so this could be a safer form of expansion. <p>Specimen response:</p> <p>By using external finance SEL will be able to acquire a very large sum of money quickly to fund the expansion, which will allow it to enter into the residential home market instantly. As a consequence, SEL will be able to achieve a sizeable proportion of market share based on its reputation for supplying quality solar panels, and through having established a successful track record in the commercial sector.</p> <p>In the long run, having immediate access to borrowing large sums of money, will enable SEL to grow rapidly as well as provide technical innovation in the market, which should ensure its long-term success and eventually allow SEL to become the dominant firm in the residential housing market.</p> <p>L3 Response</p>	
--	--	---	--

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

Level	Marks	Descriptor
3	5–6 AO3×2	Detailed analysis of topics based on the context <ul style="list-style-type: none"> • Business areas are analysed in depth. • Applies knowledge and understanding to the context sufficiently, throughout the answer.
2	3–4 AO3	Sound analysis of topics based on the context <ul style="list-style-type: none"> • Business areas are partially analysed.

	AO2	<ul style="list-style-type: none"> • Applies knowledge and understanding to the context sufficiently, in most areas.
1	1–2 AO3 AO2	Basic analysis of topics based on the context <ul style="list-style-type: none"> • Analysis of business areas is simplistic. • Knowledge and understanding is applied to the context, but may be fragmented.
0	0	Nothing worthy of credit.

<p>11</p>	<p>7</p>	<p>Hammad is keen to expand into the growing residential solar panel home market. Mansour believes that they should continue to specialise in providing solar systems for businesses.</p> <p>Recommend whether SEL</p> <ul style="list-style-type: none"> • should expand into the residential home market or • continue to specialise in providing solar systems for commercial businesses <p>Use items E, F, G and H to support your answer.</p> <p>Areas for consideration:</p> <p>In favour of expanding:</p> <ul style="list-style-type: none"> • SEL has been very successful in supplying commercial businesses. The demand for solar panels for the residential home market has been increasing and it would be very profitable for SEL to enter this market at an early stage. • SEL are well known for producing a quality product. It has also built up a strong brand that is well respected in the commercial sector. It would not be too difficult for it to transfer this experience to the residential home market. • Consumers are demanding clean and renewable energy which in the long run will be cheaper than the traditional non-renewable market. • SEL's cash flow forecast indicates that the company could make good profits, with the sales of solar panels expected to treble every month, generating huge profits for the company. • To delay entering the residential home market could allow other businesses to achieve market dominance. It would then be very difficult in the future for SEL to gain a foothold. <p>Against expanding:</p> <ul style="list-style-type: none"> • SEL is a relatively new business, which is now profitable because of increased expenditure on advertising. Should consumer tastes and preferences change this could cause cash flow problems for SEL. • providing solar systems for commercial businesses is SEL's core business which has been very successful. Expansion will require borrowing a large amount of finance, which will make expanding extremely risky and expensive. • the amount of borrowing will take time to repay based on SEL's cash flow forecast. The current cash flows are not guaranteed to continue into the future. • residential homes may discontinue their demand for clean energy if the economic environment changes. This would decrease the demand for solar panels and SEL may find itself with a huge amount of money that it cannot pay back. This could jeopardise the company's existence. 	<p>12</p> <p>AO2=4 AO3=8</p>
------------------	-----------------	---	---

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

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