

# INTERNATIONAL AS & A-LEVEL **BUSINESS**

## **BSS3**

Unit 3 Business analysis

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Mark scheme

Specimen

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Version: 1.0

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 [oxfordaqa.com](http://oxfordaqa.com)

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## How to mark

### Aims

When you are marking your allocation of scripts your main aims should be to:

- recognise and identify the achievements of students
- place students in the appropriate mark band and in the appropriate part of that mark band (high, low, middle)
- record your judgements with brief notes, annotations and comments that are relevant to the mark scheme and make it clear to other examiners how you have arrived at the numerical mark awarded
- put into a rank order the achievements of students (not to grade them – that is done later using the rank order that your marking has produced)
- ensure comparability of assessment for all students, regardless of question or examiner.

### Approach

It is important to be **open-minded** and **positive** when marking scripts.

The specification recognises the variety of experiences and knowledge that students will have. It encourages them to study business in a way that is relevant to them. The questions have been designed to give them opportunities to discuss what they have found out about business. It is important to assess the quality of **what the student offers**.

### Assessment Objectives

This component requires students to:

AO1	Demonstrate knowledge and understanding of business terms, concepts, theories, methods and models.
AO2	Apply knowledge and understanding to various business contexts.
AO3	Analyse business issues, showing an understanding of the impact on individuals and organisations of external and internal influences.
AO4	Evaluate quantitative and qualitative information to make informed judgements on business issues.

## **The marking grids**

The specification has generic marking grids for each Assessment Objective that is customised with indicative content for individual tasks. These have been designed to allow assessment of the range of knowledge, understanding and skills that the specification demands.

Within each Assessment Objective there are three or four broad levels representing different levels of achievement. Do not think of levels as equivalent to grade boundaries.

The indicative content gives examples of the kind of things students might do that would exemplify the level. They are neither exhaustive nor required – they are simply indicative of what would appear at this level. You will find that they sometimes indicate areas of content that can be handled with increasing sophistication and subtlety. You will also find statements which only characterise work at the bottom or top of the range.

Depending on the part of the examination, the levels will have different mark ranges assigned to them. This will reflect the different weighting of Assessment Objectives in particular tasks and across the examination as a whole. You may be required to give different marks to bands for different Assessment Objectives.

## **Using the grids**

These levels of response mark schemes are broken down into levels, each of which has descriptors. The descriptors for the level show the performance characteristics of the level. There is the same number of marks in each level for an individual Assessment Objective. The number of marks per level will vary depending upon the number of marks allocated to the various Assessment Objectives covered by a particular question.

Having familiarised yourself with the descriptors and indicative content, read through the answer and annotate it (as instructed below) to identify the qualities that are being looked for and that it shows. You can now check the levels and award a mark.

## **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 descriptors for that level. The descriptors for the level indicate the different qualities that might be seen in the student's answer for that level.

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 in 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; eg if the response fulfils most but not all of 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.

It is often best to start in the middle of the level's mark range and then check and adjust. If there is a lot of indicative content fully identifiable in the work you need to give the highest mark in the level. If only some is identifiable or it is only partially fulfilled, then give the lower mark.

The exemplar materials used during standardisation will also help. There will be an answer in the standardising materials that 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 of 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.

In addition to the generic descriptors (presented in bold text), paper-specific indicative descriptors (presented in plain text) are provided as a guide for examiners. These are not intended to be exhaustive and you must credit other valid points.

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

Examiners are required to assign each of the students' responses to the most appropriate level according to its overall quality, then allocate a single mark within the level. When deciding upon a mark in a level examiners should bear in mind the relative weightings of the Assessment Objectives and be careful not to over/under credit a particular skill. For example, in questions 1.4, 1.5, 2.4 and 2.5 more weight should be given to AO3 and AO4 than to AO1 and AO2. This will be exemplified and reinforced as part of examiner training.

## Annotating scripts

You should write a summative comment at the end for each Assessment Objective and indicate the marks for each Assessment Objective being tested at the end of the answer in the margin in sequence. It is vital that the way you arrive at a mark should be recorded on the script. This will help you with making accurate judgements and it will help any subsequent markers to identify how you are thinking. Please do not write negative comments about students' work; this is unprofessional and it impedes a positive marking approach.

Section A

Total for this section: 40 marks

Question	Part	Marking guidance	Total marks
1	1	<p>Using the data in <b>Table 1</b>, calculate the missing three period moving average (point <b>X</b>) for CC plc.</p> <p><b>Indicative content:</b>  <b>Answer \$2 800 000 (4)</b>                      Three period total: 2 900 000 + 2 800 000 + 2 700 000 =                      8 400 000 (1)                      8 400 000 / 3 (1)                      = 2 800 000 (1)                      = \$2 800 000 (1)</p> <p>For an answer of 2 800 000 award 3 marks</p> <p>Own figure rule applies.</p>	<p><b>4</b></p> <p><b>AO1 = 2</b>  <b>AO2 = 2</b></p>

Question	Part	Marking guidance	Total marks																		
1	2	<p>Explain <b>one</b> difficulty of sales forecasting for CC plc.</p> <table><tr><th>Level</th><th>Mark</th><th>Descriptor</th></tr><tr><td>4</td><td>4</td><td>Demonstrates accurate and relevant knowledge and clear application to a business context, with a fully explained point that is directly relevant and logically structured.</td></tr><tr><td>3</td><td>3</td><td>Good knowledge and mostly relevant application. The explanation is mostly clear but may lack some precision or minor contextual links.</td></tr><tr><td>2</td><td>2</td><td>Basic knowledge with limited or generic application. Some understanding shown but the response is underdeveloped.</td></tr><tr><td>1</td><td>1</td><td>Some relevant knowledge, but no meaningful application or explanation. Likely a simple statement or definition.</td></tr><tr><td></td><td>0</td><td>No credit worthy material</td></tr></table> <p><b>Indicative content:</b></p> <ul style="list-style-type: none"><li>• Sales forecasting involves predicting future sales, often based on past sales data.</li><li>• CC plc works in a dynamic market. As a result, there is likely to be rapid changes in the industry in terms of technological advancements etc. This could make it hard to predict future sales because customer requirements, competitors' actions etc are shifting quickly.</li><li>• There is a lot of uncertainty within CC plc, causing conflict. This means any sales forecasts may not accurately reflect the business if poor decisions are made or conflict slows down decision making (such as whether AI should be implemented or not).</li><li>• The business has data to base the sales forecast on; however, this is only from last year. Basing future predictions on only 6 months of data means that it is unlikely to be completely reflective of the sales that the business is likely to achieve next year.</li></ul> <p>Credit all relevant knowledge and understanding and application.</p>	Level	Mark	Descriptor	4	4	Demonstrates accurate and relevant knowledge and clear application to a business context, with a fully explained point that is directly relevant and logically structured.	3	3	Good knowledge and mostly relevant application. The explanation is mostly clear but may lack some precision or minor contextual links.	2	2	Basic knowledge with limited or generic application. Some understanding shown but the response is underdeveloped.	1	1	Some relevant knowledge, but no meaningful application or explanation. Likely a simple statement or definition.		0	No credit worthy material	4  AO1 = 2 AO2 = 2
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Question	Part	Marking guidance	Total marks																		
1	3	<p>Analyse <b>two</b> influences on the business culture at CC plc.</p> <p>Examiners are reminded to award up to 4 marks per point, using the level-based descriptors below. The two points may differ in quality. You should apply a best-fit approach for each point independently.</p> <p>Max 4 marks per point x2 = 8 marks total</p> <table><tr><th>Level</th><th>Mark</th><th>Descriptor</th></tr><tr><td>4</td><td>4</td><td><p><b>An excellent response meeting all the demands of the question</b></p><p>A response at this level is likely to demonstrate:</p><p>Knowledge and understanding of a relevant point, applied to the context with a developed chain of reasoning</p></td></tr><tr><td>3</td><td>3</td><td><p><b>A good response meeting most of the demands of the question</b></p><p>A response at this level is likely to demonstrate:</p><p>Knowledge and understanding of relevant point, applied to the context with a basic chain of reasoning</p></td></tr><tr><td>2</td><td>2</td><td><p><b>A reasonable response meeting some of the demands of the question</b></p><p>A response at this level is likely to demonstrate:</p><p>Knowledge and understanding of relevant point applied to the context</p><p>or</p><p>A basic chain of reasoning built on relevant knowledge and understanding</p></td></tr><tr><td>1</td><td>1</td><td><p><b>A limited response meeting a few of the demands of the question</b></p><p>A response at this level is likely to demonstrate:</p><p>Knowledge and understanding of relevant point</p></td></tr><tr><td></td><td>0</td><td>No credit worthy material</td></tr></table>	Level	Mark	Descriptor	4	4	<p><b>An excellent response meeting all the demands of the question</b></p> <p>A response at this level is likely to demonstrate:</p> <p>Knowledge and understanding of a relevant point, applied to the context with a developed chain of reasoning</p>	3	3	<p><b>A good response meeting most of the demands of the question</b></p> <p>A response at this level is likely to demonstrate:</p> <p>Knowledge and understanding of relevant point, applied to the context with a basic chain of reasoning</p>	2	2	<p><b>A reasonable response meeting some of the demands of the question</b></p> <p>A response at this level is likely to demonstrate:</p> <p>Knowledge and understanding of relevant point applied to the context</p> <p>or</p> <p>A basic chain of reasoning built on relevant knowledge and understanding</p>	1	1	<p><b>A limited response meeting a few of the demands of the question</b></p> <p>A response at this level is likely to demonstrate:</p> <p>Knowledge and understanding of relevant point</p>		0	No credit worthy material	<p>8</p> <p><b>AO1 = 2</b> <b>AO2 = 2</b> <b>AO3 = 4</b></p>
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		<p><b>The demands of the question are:</b></p> <ul style="list-style-type: none"> <li>• Knowledge and understanding of two influences on business culture (AO1)</li> <li>• Applied to the context of CC plc (AO2)</li> <li>• Analysis of two influences on the business culture at CC plc (AO3)</li> </ul> <p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• Leadership/employee values: shared values are likely in a technology business such as CC plc. Employees are likely to come from similar backgrounds, be innovative and creative. These shared values and beliefs are likely to create a strong culture.</li> <li>• Leadership style: the leader and the style of leadership will have an influence over the culture. CC plc is a public limited company with many owners. The leadership is likely to place pressure on achieving high revenue and profits to satisfy shareholders. This can affect the culture of CC.</li> <li>• Business size: CC is a plc therefore is likely to be a large business. This means that the culture of CC plc could be weaker as there will be many employees and therefore it could be difficult to maintain a strong culture.</li> <li>• Organisational structure: the layout of the organisation is likely to have an impact on the culture. In a creative industry such as this one, it is likely that CC plc will have a wide span of control, as employees are highly skilled. This can lead to a culture of creativity and innovation.</li> <li>• Customer expectations: for a business such as CC plc working in the technology sphere, there will be an expectation that the culture will be creative, hardworking and innovative. As a result, the owners of CC plc are likely to ensure that the culture inside the business is in line with customer expectations.</li> </ul> <p>Credit all relevant knowledge and understanding, application and analysis.</p>	
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Question	Part	Marking guidance	Total marks												
1	4	<p>The directors of CC plc believe the shareholders should be prioritised over other stakeholder groups when making decisions.</p> <p>Do you agree?</p> <p>Assess the arguments for and against and make a judgement.</p> <p>Examiners are reminded that AO1, AO2, AO3 and AO4 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 for this question. More weight should therefore be given to AO3 and AO4 than AO1 and AO2.</p> <table><tr><th>Level</th><th>Mark</th><th>Descriptor</th></tr><tr><td>4</td><td>10-12</td><td><p><b>An excellent response meeting all the demands of the question</b></p><p>A response at this level is likely to demonstrate:</p><ul style="list-style-type: none"><li>Knowledge explained to show relevant understanding.</li><li>Application of knowledge and understanding to the context.</li><li>Well-developed analysis overall covering both sides of the argument.</li><li>Well-supported evaluation with balanced, logical overall judgement.</li></ul></td></tr><tr><td>3</td><td>7-9</td><td><p><b>A good response meeting most of the demands of the question</b></p><p>A response at this level is likely to demonstrate:</p><ul style="list-style-type: none"><li>Knowledge explained to show relevant understanding.</li><li>Application of knowledge and understanding to the context.</li><li>Good analysis with developed chains of reasoning.</li><li>Evaluation with some support but may not address the question as a whole effectively.</li></ul></td></tr><tr><td>2</td><td>4-6</td><td><p><b>A reasonable response meeting some of the demands of the question</b></p><p>A response at this level is likely to demonstrate</p><ul style="list-style-type: none"><li>Knowledge explained to show relevant understanding.</li></ul></td></tr></table>	Level	Mark	Descriptor	4	10-12	<p><b>An excellent response meeting all the demands of the question</b></p> <p>A response at this level is likely to demonstrate:</p> <ul style="list-style-type: none"><li>Knowledge explained to show relevant understanding.</li><li>Application of knowledge and understanding to the context.</li><li>Well-developed analysis overall covering both sides of the argument.</li><li>Well-supported evaluation with balanced, logical overall judgement.</li></ul>	3	7-9	<p><b>A good response meeting most of the demands of the question</b></p> <p>A response at this level is likely to demonstrate:</p> <ul style="list-style-type: none"><li>Knowledge explained to show relevant understanding.</li><li>Application of knowledge and understanding to the context.</li><li>Good analysis with developed chains of reasoning.</li><li>Evaluation with some support but may not address the question as a whole effectively.</li></ul>	2	4-6	<p><b>A reasonable response meeting some of the demands of the question</b></p> <p>A response at this level is likely to demonstrate</p> <ul style="list-style-type: none"><li>Knowledge explained to show relevant understanding.</li></ul>	<p>2</p> <p>AO1 = 2 AO2 = 2 AO3 = 4 AO4 = 4</p>
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4	10-12	<p><b>An excellent response meeting all the demands of the question</b></p> <p>A response at this level is likely to demonstrate:</p> <ul style="list-style-type: none"><li>Knowledge explained to show relevant understanding.</li><li>Application of knowledge and understanding to the context.</li><li>Well-developed analysis overall covering both sides of the argument.</li><li>Well-supported evaluation with balanced, logical overall judgement.</li></ul>													
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1	1-3	<p><b>A limited response meeting a few of the demands of the question</b></p> <p>A response at this level is likely to demonstrate</p> <ul style="list-style-type: none"> <li>• Knowledge explained to show relevant understanding.</li> <li>• Limited application of knowledge and understanding to the context.</li> <li>• Lack of relevant analysis.</li> <li>• No evaluation, judgements based on assertion.</li> </ul>	
	0	No credit worthy material	
<p><b>The demands of the question are:</b></p> <p>The directors of CC plc believe the shareholders should be prioritised over other stakeholder groups when making decisions.</p> <ul style="list-style-type: none"> <li>• Knowledge and understanding of the arguments for and against prioritising shareholders over other stakeholder groups when making decisions (AO1)</li> <li>• Applied to the context of CC plc (AO2)</li> <li>• Analysis of the arguments for and against CC plc prioritising shareholders over other stakeholder groups when making decisions (AO3)</li> <li>• Evaluation of the arguments for and against CC plc prioritising shareholders over other stakeholder groups when making decisions (AO4)</li> </ul> <p><b>Indicative content:</b></p> <p><b>Arguments for:</b></p> <ul style="list-style-type: none"> <li>• CC plc may need to raise more money in future to invest in new technology such as AI. Prioritising shareholders is likely to involve paying high dividends to shareholders, which can increase share value. This will help to retain existing shareholders and attract new investment as CC plc adapts to a more competitive and technologically advanced market.</li> <li>• Focusing on shareholders when making decisions could force CC plc to focus on maximising profits to ensure it can pay dividends regularly to make shareholders happy. This could</li> </ul>			

		<p>ensure CC plc makes sensible financial decisions to reduce costs, which could help the business to survive long term.</p> <p><b>Arguments against:</b></p> <ul style="list-style-type: none"> <li>• Focusing only on shareholder returns could lead to short term decision making. This could lead to things such as cutting costs in terms of staff training or development, which could reduce creativity, innovation and productivity in the business. This could make CC plc less competitive in the future.</li> <li>• Prioritising shareholders could make employees feel like less of priority. This could make the situation even worse in terms of staff morale, especially if job losses occur due to AI, which may reduce service quality and hurt the company's reputation.</li> <li>• Cutting costs could reduce the quality of the code that is produced. This could be due to the business finding short cuts or sacrificing training etc in order to maximise profits This could drive clients away, damaging long-term relationships and brand loyalty.</li> </ul> <p><b>Potential judgement:</b></p> <ul style="list-style-type: none"> <li>• While shareholder value is important, CC plc also depends on its employees and customers for long-term success, so decisions should consider all stakeholders to ensure sustainable growth.</li> <li>• As a plc, CC plc is likely to be reliant on its share value being high, to allow for future investments to be made into the business.</li> </ul> <p>Credit all relevant knowledge and understanding, application, analysis and evaluation.</p>	
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Question	Part	Marking guidance	Total marks									
1	5	<p>The directors of CC plc are considering investing into artificial intelligence to increase profitability.</p> <p>Is this likely to increase CC plc's profitability?</p> <p>Assess the arguments for and against and make a judgement.</p> <p>Examiners are reminded that AO1, AO2, AO3 and AO4 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 for this question. More weight should therefore be given to AO3 and AO4 than AO1 and AO2.</p> <table><tr><th>Level</th><th>Mark</th><th>Descriptor</th></tr><tr><td>4</td><td>10-12</td><td><p><b>An excellent response meeting all the demands of the question</b></p><p>A response at this level is likely to demonstrate:</p><ul style="list-style-type: none"><li>Knowledge explained to show relevant understanding.</li><li>Application of knowledge and understanding to the context.</li><li>Well-developed analysis overall covering both sides of the argument.</li><li>Well-supported evaluation with balanced, logical overall judgement.</li></ul></td></tr><tr><td>3</td><td>7-9</td><td><p><b>A good response meeting most of the demands of the question</b></p><p>A response at this level is likely to demonstrate:</p><ul style="list-style-type: none"><li>Knowledge explained to show relevant understanding.</li><li>Application of knowledge and understanding to the context.</li><li>Good analysis with developed chains of reasoning.</li><li>Evaluation with some support but may not address the question as a whole effectively.</li></ul></td></tr></table>	Level	Mark	Descriptor	4	10-12	<p><b>An excellent response meeting all the demands of the question</b></p> <p>A response at this level is likely to demonstrate:</p> <ul style="list-style-type: none"><li>Knowledge explained to show relevant understanding.</li><li>Application of knowledge and understanding to the context.</li><li>Well-developed analysis overall covering both sides of the argument.</li><li>Well-supported evaluation with balanced, logical overall judgement.</li></ul>	3	7-9	<p><b>A good response meeting most of the demands of the question</b></p> <p>A response at this level is likely to demonstrate:</p> <ul style="list-style-type: none"><li>Knowledge explained to show relevant understanding.</li><li>Application of knowledge and understanding to the context.</li><li>Good analysis with developed chains of reasoning.</li><li>Evaluation with some support but may not address the question as a whole effectively.</li></ul>	<p><b>12</b></p> <p><b>AO1 = 2</b> <b>AO2 = 2</b> <b>AO3 = 4</b> <b>AO4 = 4</b></p>
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2	4-6	<b>A reasonable response meeting some of the demands of the question</b> A response at this level is likely to demonstrate <ul style="list-style-type: none"> <li>• Knowledge explained to show relevant understanding.</li> <li>• Application of knowledge and understanding to the context.</li> <li>• Basic analysis with limited development of chains of reasoning.</li> <li>• Limited evaluation.</li> </ul>
1	1-3	<b>A limited response meeting a few of the demands of the question</b> A response at this level is likely to demonstrate <ul style="list-style-type: none"> <li>• Knowledge explained to show relevant understanding.</li> <li>• Limited application of knowledge and understanding to the context.</li> <li>• Lack of relevant analysis.</li> <li>• No evaluation, judgements based on assertion.</li> </ul>
	0	No credit worthy material

**The demands of the question are:**

- Knowledge and understanding of the arguments for and against investing into artificial intelligence to increase profitability (AO1)
- Applied to the context of CC plc (AO2)
- Analysis of the arguments for and against whether investing into artificial intelligence will increase profitability. (AO3)
- Evaluation of the arguments for and against whether investing into artificial intelligence will increase profitability. (AO4)

**Indicative content:**

**Arguments for:**

- AI could reduce labour costs for CC plc. It could reduce the need for workers if artificial intelligence could be used to automate tasks such as code generation or testing. This means fewer staff hours would be needed per project, but prices could be kept the same. This could increase profit margins.
- AI could be used to increase output per hour. AI can often complete tasks and projects in a quicker period, allowing CC plc to complete more projects in less time, generating higher levels

		<p>of revenue but costs are unlikely to increase, increasing profit margins.</p> <ul style="list-style-type: none"> <li>• If CC plc does not invest in AI, it could lose more clients to faster and cheaper competitors. This could force CC plc to have to reduce its prices, leading to lower profitability.</li> </ul> <p><b>Arguments against:</b></p> <ul style="list-style-type: none"> <li>• Investing in AI could reduce profitability in the short term. AI tools are often quite expensive. New software often comes with a high price and requires staff training. There are other competitors in the market, meaning CC plc is unlikely to be able to increase prices. This will reduce the profitability of CC plc.</li> <li>• Employees may feel threatened by the investment into AI, as their jobs may be at risk. This means that productivity in the short term could fall. Lower output per unit of labour could increase the cost of each project, reducing CC plc profit margins.</li> </ul> <p><b>Potential judgement:</b></p> <ul style="list-style-type: none"> <li>• Investing in AI could be essential for long-term survival. In such a competitive environment, being able to meet clients' needs efficiently is essential to ensure they do not lose sales.</li> <li>• AI may not be required just yet. It may still have limitation compared to what humans are able to do, for example being responsive to customer needs and communicating with them.</li> </ul> <p>Credit all relevant knowledge and understanding, application, analysis and evaluation.</p>	
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## Section B

Total for this section: 40 marks

Question	Part	Marking guidance	Total marks
<b>2</b>	<b>1</b>	<p>Calculate the gearing ratio for Swift Wheels using the data in <b>Table 2</b>.</p> <p><b>Answer: 81.63% or 82% (4) with or without the %</b></p> <p>Formula: <math>(\text{Non-current liabilities} \div \text{Capital employed}) \times 100</math> (1)</p> <p>Capital employed = £4 900 000 (1)</p> <p><math>4,000 \div 4,900 \times 100</math> (1)</p>	<p><b>4</b></p> <p><b>AO1 = 2</b></p> <p><b>AO2 = 2</b></p>



Question	Part	Marking guidance	Total marks																		
2	2	<p>Explain <b>one</b> benefit to Swift Wheels of conducting a SWOT analysis.</p> <table border="1"><thead><tr><th>Level</th><th>Mark</th><th>Descriptor</th></tr></thead><tbody><tr><td>4</td><td>4</td><td>Demonstrates accurate and relevant knowledge and clear application to a business context, with a fully explained point that is directly relevant and logically structured.</td></tr><tr><td>3</td><td>3</td><td>Good knowledge and mostly relevant application. The explanation is mostly clear but may lack some precision or minor contextual links.</td></tr><tr><td>2</td><td>2</td><td>Basic knowledge with limited or generic application. Some understanding shown but the response is underdeveloped.</td></tr><tr><td>1</td><td>1</td><td>Some relevant knowledge, but no meaningful application or explanation. Likely a simple statement or definition.</td></tr><tr><td></td><td>0</td><td>No credit worthy material</td></tr></tbody></table> <p><b>Indicative content:</b></p> <ul style="list-style-type: none"><li>• SWOT analysis is a tool looking at the internal and external factors of a business to help make decisions. SWOT stands for strengths, weaknesses, opportunities and threats.</li><li>• SWOT analysis could help Swift Wheels identify its internal strengths, such as its brand reputation in the luxury e-bike market. Once Swift Wheels understands its strengths, it can use this to protect these strengths or use them in adverts to ensure its business is strong.</li><li>• It will also help the business to identify its weaknesses, such as a high gearing of 82% (OFR), which could mean it is less feasible for Swift Wheels to borrow to fund any future expansion. By identifying these weaknesses, Swift Wheels could take steps to improve them.</li><li>• Identifying external opportunities, such as growing international markets for e-bikes, may help Swift Wheels decide which countries could be good for international expansion.</li><li>• Swift Wheels could identify threats, such as rising interest rates and reduced consumer spending. This could help Swift Wheels prepare plans or postpone investments which could be risky.</li></ul> <p>Credit all relevant knowledge and understanding and application.</p>	Level	Mark	Descriptor	4	4	Demonstrates accurate and relevant knowledge and clear application to a business context, with a fully explained point that is directly relevant and logically structured.	3	3	Good knowledge and mostly relevant application. The explanation is mostly clear but may lack some precision or minor contextual links.	2	2	Basic knowledge with limited or generic application. Some understanding shown but the response is underdeveloped.	1	1	Some relevant knowledge, but no meaningful application or explanation. Likely a simple statement or definition.		0	No credit worthy material	4  AO1 = 2 AO2 = 2
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2	3	<p>Analyse <b>two</b> possible effects of a fall in interest rates for Swift Wheels.</p> <p>Examiners are reminded to award up to 4 marks per point, using the level-based descriptors below. The two points may differ in quality. You should apply a best-fit approach for each point independently.</p> <p>Max 4 marks per point x2 = 8 marks total</p> <table><tr><th>Level</th><th>Mark</th><th>Descriptor</th></tr><tr><td>4</td><td>4</td><td><p><b>An excellent response meeting all the demands of the question</b></p><p>A response at this level is likely to demonstrate:</p><p>Knowledge and understanding of a relevant point, applied to the context with a developed chain of reasoning</p></td></tr><tr><td>3</td><td>3</td><td><p><b>A good response meeting most of the demands of the question</b></p><p>A response at this level is likely to demonstrate:</p><p>Knowledge and understanding of relevant point, applied to the context with a basic chain of reasoning</p></td></tr><tr><td>2</td><td>2</td><td><p><b>A reasonable response meeting some of the demands of the question</b></p><p>A response at this level is likely to demonstrate:</p><p>Knowledge and understanding of relevant point applied to the context</p><p>or</p><p>A basic chain of reasoning built on relevant knowledge and understanding</p></td></tr><tr><td>1</td><td>1</td><td><p><b>A limited response meeting a few of the demands of the question</b></p><p>A response at this level is likely to demonstrate:</p><p>Knowledge and understanding of relevant point</p></td></tr><tr><td></td><td>0</td><td>No credit worthy material</td></tr></table>	Level	Mark	Descriptor	4	4	<p><b>An excellent response meeting all the demands of the question</b></p> <p>A response at this level is likely to demonstrate:</p> <p>Knowledge and understanding of a relevant point, applied to the context with a developed chain of reasoning</p>	3	3	<p><b>A good response meeting most of the demands of the question</b></p> <p>A response at this level is likely to demonstrate:</p> <p>Knowledge and understanding of relevant point, applied to the context with a basic chain of reasoning</p>	2	2	<p><b>A reasonable response meeting some of the demands of the question</b></p> <p>A response at this level is likely to demonstrate:</p> <p>Knowledge and understanding of relevant point applied to the context</p> <p>or</p> <p>A basic chain of reasoning built on relevant knowledge and understanding</p>	1	1	<p><b>A limited response meeting a few of the demands of the question</b></p> <p>A response at this level is likely to demonstrate:</p> <p>Knowledge and understanding of relevant point</p>		0	No credit worthy material	<p>8</p> <p>AO1 = 2 AO2 = 2 AO3 = 4</p>
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		<p><b>The demands of the question are:</b></p> <ul style="list-style-type: none"> <li>• Knowledge and understanding of two effects of a fall in interest rates (AO1)</li> <li>• Applied to the context of Swift Wheels(AO2)</li> <li>• Analysis of two possible effects of a fall in interest rates for Swift Wheels (AO3)</li> </ul> <p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• A fall in interest rates would decrease the cost of borrowing, making it more affordable for Swift Wheels to fund investment in new strategies or product development. This could accelerate expansion or reduce innovation.</li> <li>• Lower interest payments may help to reduce Swift Wheels' high gearing. A gearing ratio of over 80% poses a threat to a business. A lower interest rate could make it easier to reduce the non-current liabilities of the business and therefore the gearing ratio. This could reduce the financial risk of investing into the business, potentially increase investor confidence and making it easier to raise additional equity.</li> <li>• Consumer demand may increase. Lower interest rates could reduce mortgage payments and make additional borrowing more affordable. For a business selling luxury e-bikes, it is likely that the prices will be high. Many customers may therefore need to borrow to be able to afford to purchase one.</li> <li>• Retailers that stock Swift Wheels' products may increase the quantity of orders they are placing due to increasing consumer confidence and disposable income, leading to higher revenue for the business.</li> </ul> <p>Credit all relevant knowledge and understanding, application and analysis.</p>	
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Question	Part	Marking guidance	Total marks									
2	4	<p>Swift Wheels needs to raise more funds. It is considering either selling shares to fund this, rather than borrowing the money.</p> <p>Is this a good idea?</p> <p>Assess the arguments for and against and make a judgement.</p> <p>Examiners are reminded that AO1, AO2, AO3 and AO4 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 for this question. More weight should therefore be given to AO3 and AO4 than AO1 and AO2.</p> <table><tr><th>Level</th><th>Mark</th><th>Descriptor</th></tr><tr><td>4</td><td>10-12</td><td><p><b>An excellent response meeting all the demands of the question</b></p><p>A response at this level is likely to demonstrate:</p><ul style="list-style-type: none"><li>Knowledge explained to show relevant understanding.</li><li>Application of knowledge and understanding to the context.</li><li>Well-developed analysis overall covering both sides of the argument.</li><li>Well-supported evaluation with balanced, logical overall judgement.</li></ul></td></tr><tr><td>3</td><td>7-9</td><td><p><b>A good response meeting most of the demands of the question</b></p><p>A response at this level is likely to demonstrate:</p><ul style="list-style-type: none"><li>Knowledge explained to show relevant understanding.</li><li>Application of knowledge and understanding to the context.</li><li>Good analysis with developed chains of reasoning.</li><li>Evaluation with some support but may not address the question as a whole effectively.</li></ul></td></tr></table>	Level	Mark	Descriptor	4	10-12	<p><b>An excellent response meeting all the demands of the question</b></p> <p>A response at this level is likely to demonstrate:</p> <ul style="list-style-type: none"><li>Knowledge explained to show relevant understanding.</li><li>Application of knowledge and understanding to the context.</li><li>Well-developed analysis overall covering both sides of the argument.</li><li>Well-supported evaluation with balanced, logical overall judgement.</li></ul>	3	7-9	<p><b>A good response meeting most of the demands of the question</b></p> <p>A response at this level is likely to demonstrate:</p> <ul style="list-style-type: none"><li>Knowledge explained to show relevant understanding.</li><li>Application of knowledge and understanding to the context.</li><li>Good analysis with developed chains of reasoning.</li><li>Evaluation with some support but may not address the question as a whole effectively.</li></ul>	<p><b>12</b></p> <p><b>AO1 = 2</b> <b>AO2 = 2</b> <b>AO3 = 4</b> <b>AO4 = 4</b></p>
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2	4-6	<b>A reasonable response meeting some of the demands of the question</b>  A response at this level is likely to demonstrate <ul style="list-style-type: none"> <li>• Knowledge explained to show relevant understanding.</li> <li>• Application of knowledge and understanding to the context.</li> <li>• Basic analysis with limited development of chains of reasoning.</li> <li>• Limited evaluation.</li> </ul>
1	1-3	<b>A limited response meeting a few of the demands of the question</b>  A response at this level is likely to demonstrate <ul style="list-style-type: none"> <li>• Knowledge explained to show relevant understanding.</li> <li>• Limited application of knowledge and understanding to the context.</li> <li>• Lack of relevant analysis.</li> <li>• No evaluation, judgements based on assertion.</li> </ul>
	0	No credit worthy material

**The demands of the question are:**

- Knowledge and understanding of the arguments for and against selling shares and borrowing money to raise funds (AO1)
- Applied to the context of Swift Wheels (AO2)
- Analysis of the arguments for and against Swift Wheels selling shares instead of borrowing money to raise funds (AO3)
- Evaluation of the arguments for and against Swift Wheels selling shares instead of borrowing money to raise funds (AO4)

**Indicative content:**

**Arguments for:**

- The business already has a high gearing ratio of over 80% (OFR), suggesting it is highly reliant on debt. Selling shares may therefore be a safer option than borrowing more money, as it does not have to be repaid.
- The business has performed well since 2007, meaning that potential investors may be prepared to buy shares for a high price, making it easy to raise the money that Louis will need to raise to fund a new strategy.

		<ul style="list-style-type: none"> <li>• As a Ltd, Louis could choose to convert to a plc and sell shares on the stock market or sell to a private investor. An investor may be able to bring new ideas and help to develop a strategy for the business to get through the tough economic climate.</li> <li>• Interest rates are likely to rise soon. This could increase the cost of loan repayments, placing a further strain on cash flow. It is likely that banks would be aware of the impending interest rate rises, therefore they are less likely to offer a fixed, lower rate to Swift Wheels (especially with its high gearing).</li> </ul> <p><b>Arguments against:</b></p> <ul style="list-style-type: none"> <li>• Increasing long-term borrowing will reduce the need for any shares to be sold in the business. This means that Louis can maintain full control over the business and decision making.</li> <li>• Louis may be able to borrow at a cheap rate and fix interest prior to rates rising. The business has received significant government support, meaning a bank may be prepared to loan to the business at a lower rate. This could be more cost effective than paying dividends to shareholders.</li> <li>• Swift Wheels has non-current assets of €1,000,000. These could be used as collateral and loans secured against these assets, allowing for a lower rate of interest to be charged. This would avoid the need to bring in external shareholders who are likely to expect dividends.</li> </ul> <p><b>Potential judgement:</b></p> <ul style="list-style-type: none"> <li>• If Swift Wheels has a clear vision and strong business plan, it may be better to attract shareholder investment. This would avoid the need for future borrowing but also allow for high share prices.</li> <li>• Long term borrowing will allow Louis to expand or invest in the strategy without sacrificing ownership. Louis has owned the completely alone for a long time, therefore he may find it difficult to balance shareholder needs with the needs of the business.</li> </ul> <p>Credit all relevant knowledge and understanding, application, analysis and evaluation.</p>	
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Question	Part	Marking guidance	Total marks									
2	5	<p>Louis is considering focusing less on corporate social responsibility.</p> <p>Is this a good idea?</p> <p>Assess the arguments for and against and make a judgement.</p> <p>Examiners are reminded that AO1, AO2, AO3 and AO4 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 for this question. More weight should therefore be given to AO3 and AO4 than AO1 and AO2.</p> <table><tr><th>Level</th><th>Mark</th><th>Descriptor</th></tr><tr><td>4</td><td>10-12</td><td><p><b>An excellent response meeting all the demands of the question</b></p><p>A response at this level is likely to demonstrate:</p><ul style="list-style-type: none"><li>Knowledge explained to show relevant understanding.</li><li>Application of knowledge and understanding to the context.</li><li>Well-developed analysis overall covering both sides of the argument.</li><li>Well-supported evaluation with balanced, logical overall judgement.</li></ul></td></tr><tr><td>3</td><td>7-9</td><td><p><b>A good response meeting most of the demands of the question</b></p><p>A response at this level is likely to demonstrate:</p><ul style="list-style-type: none"><li>Knowledge explained to show relevant understanding.</li><li>Application of knowledge and understanding to the context.</li><li>Good analysis with developed chains of reasoning.</li><li>Evaluation with some support but may not address the question as a whole effectively.</li></ul></td></tr></table>	Level	Mark	Descriptor	4	10-12	<p><b>An excellent response meeting all the demands of the question</b></p> <p>A response at this level is likely to demonstrate:</p> <ul style="list-style-type: none"><li>Knowledge explained to show relevant understanding.</li><li>Application of knowledge and understanding to the context.</li><li>Well-developed analysis overall covering both sides of the argument.</li><li>Well-supported evaluation with balanced, logical overall judgement.</li></ul>	3	7-9	<p><b>A good response meeting most of the demands of the question</b></p> <p>A response at this level is likely to demonstrate:</p> <ul style="list-style-type: none"><li>Knowledge explained to show relevant understanding.</li><li>Application of knowledge and understanding to the context.</li><li>Good analysis with developed chains of reasoning.</li><li>Evaluation with some support but may not address the question as a whole effectively.</li></ul>	<p><b>12</b></p> <p><b>AO1 = 2</b> <b>AO2 = 2</b> <b>AO3 = 4</b> <b>AO4 = 4</b></p>
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2	4-6	<b>A reasonable response meeting some of the demands of the question</b>  A response at this level is likely to demonstrate <ul style="list-style-type: none"><li>• Knowledge explained to show relevant understanding.</li><li>• Application of knowledge and understanding to the context.</li><li>• Basic analysis with limited development of chains of reasoning.</li><li>• Limited evaluation.</li></ul>
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	0	No credit worthy material

**The demands of the question are:**

- Knowledge and understanding of the arguments for and against focusing less on corporate social responsibility (AO1)
- Applied to the context of Swift Wheels (AO2)
- Analysis of the arguments for and against Swift Wheels focusing less on corporate social responsibility (AO3)
- Evaluation of the arguments for and against Swift Wheels focusing less on corporate social responsibility (AO4)

**Indicative content:**

**Arguments for:**

- Corporate social responsibility can be expensive. During a period of inflation, consumers are likely to have less disposable income. By being able to reduce costs, Swift Wheels could lower prices and be more appealing to customers.
- Corporate social responsibility is less likely to be crucial to the success of a business during periods of economic uncertainty. Consumers are less likely to value a commitment to being 'environmentally friendly' if it comes at a premium price.



		<p><b>Arguments against:</b></p> <ul style="list-style-type: none"> <li>• The business was founded on these values. Moving away from this could reduce the sales for the business if consumers feel this is a crucial reason for buying from Swift Wheels.</li> </ul> <p><b>Potential judgement:</b></p> <ul style="list-style-type: none"> <li>• While the decision could boost short-term sales, it may undermine Swift Wheels' long-term position in the growing sustainable transport sector.</li> </ul> <p>Credit all relevant knowledge and understanding, application, analysis and evaluation.</p>	
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**Assessment Objective Grid**

	<b>AO1</b>	<b>AO2</b>	<b>AO3</b>	<b>AO4</b>	<b>Total</b>
<b>Section A</b>					
<b>1.1</b>	2	2			<b>4</b>
<b>1.2</b>	2	2			<b>4</b>
<b>1.3</b>	2	2	4		<b>8</b>
<b>1.4</b>	2	2	4	4	<b>12</b>
<b>1.5</b>	2	2	4	4	<b>12</b>
<b>Section B</b>					
<b>2.1</b>	2	2			<b>4</b>
<b>2.2</b>	2	2			<b>4</b>
<b>2.3</b>	2	2	4		<b>8</b>
<b>2.4</b>	2	2	4	4	<b>12</b>
<b>2.5</b>	2	2	4	4	<b>12</b>
<b>Unit Total</b>	<b>20</b>	<b>20</b>	<b>24</b>	<b>16</b>	<b>80</b>