

INTERNATIONAL AS BUSINESS

BU02

Unit 2: Managing Operations, Human Resources and Finance

Mark scheme

January 2025

Version: 1.0 Final



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

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 © 2025 OxfordAQA International Examinations and its licensors. All rights reserved.

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 of terms, concepts, theories, methods and models to show an understanding of how individuals and organisations are affected by and respond to business issues.
AO2	Apply knowledge and understanding to various business contexts to show how individuals and organisations are affected by and respond to issues.
AO3	Analyse issues within business, 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 and propose evidence-based solutions to 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 question 12, 13 and 14 more weight should be given to AO4 than to AO1, AO2 and AO3. This will be exemplified and reinforced as part of examiner training.

Annotating scripts

You should summarise your judgement briefly at the end of each response. This will help you decide on the overall level and is helpful for others to understand the mark given. Ensure the comments fit with the level awarded and the language of the level descriptors used in the mark scheme. Next to your comment put the level awarded, eg L4. 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: 17 marks

Question	Part	Marking guidance	Total marks
1		Simultaneous engineering is part of the production process. It refers to the: Answer key: C – order of events.	1 AO1 = 1

Question	Part	Marking guidance	Total marks
2		Which of the following is the correct formula for calculating break-even output? Answer key: A – Fixed costs divided by contribution per unit	1 AO1 = 1

Question	Part	Marking guidance	Total marks						
3		Table 1 <table><tr><td>Budget profit</td><td>\$450 000</td></tr><tr><td>Actual revenue</td><td>\$710 000</td></tr><tr><td>Actual costs</td><td>\$270 000</td></tr></table> Table 1: Budget and actual data for Business X According to Table 1, what is the profit variance for Business X? Answer key: A – \$10 000 adverse	Budget profit	\$450 000	Actual revenue	\$710 000	Actual costs	\$270 000	1 AO1 = 1
Budget profit	\$450 000								
Actual revenue	\$710 000								
Actual costs	\$270 000								

Question	Part	Marking guidance	Total marks
4		A car salesperson is paid 7% commission on all sales. This month, they sold 6 cars for \$47 000 each. How much commission did the car salesperson earn this month? \$19 740 or 19 740 (2) Total sales = \$282 000 Commission = \$19 740 OR $\\$47\,000 \times 0.07 = \\$3290$ (1) $\\$3290 \times 6 = \\$19\,740$ (2)	2 AO1 = 1 AO2 = 1

Question	Part	Marking guidance	Total marks
5		Explain one advantage to a business facing seasonal demand of using agency employees. Indicative content • Agency employees are used by the business as and when they are needed. • A seasonal business will have certain times of the year which are busier and others which are quieter. • Using agency staff avoids the need for permanent staff who would need to be paid even during quieter periods. • This could reduce costs for the business and, therefore, make the business more profitable or allow for lower prices and, therefore, make it more competitive in the market. • Some agencies will have a wide pool of talent, ensuring the best candidate is found for the job. • Some staff prefer this type of working because it is flexible for them. They may be more motivated. Credit valid alternative content. Good response (3 marks) Explains one advantage of using agency employees to a seasonal business. Reasonable response (2 marks) Explains one advantage of using agency employees, but fails to link to a seasonal business. Limited response (1 mark) Shows knowledge of agency employees such as a definition.	3 AO1 = 1 AO2 = 2

Question	Part	Marking guidance	Total marks
6		Labour turnover data for a business: 2023: 25% 2024: 32% Explain one advantage to this business of appointing a worker director. Indicative content • A worker director is an employee who sits on the board of directors and has input into the strategic decisions of the business. • Labour turnover has increased by 7%, which could suggest low levels of motivation or employee engagement. • Employing a worker director can help this business to understand some of the issues within the business and correct them. • This could reduce labour turnover and, therefore, reduce costs or help the business improve quality through retaining skills. • Appointing a worker director shows that the business values the views of employees. This could reduce labour turnover by making employees feel more appreciated and listened to. Credit valid alternative content. Good response (3 marks) Explains the advantage of having a worker director in the context of a business needing to reduce labour turnover. Reasonable response (2 marks) Explains the advantage of having a worker director but fails to explain how this could reduce labour turnover. Limited response (1 mark) Shows knowledge of either worker directors or labour turnover.	3 AO1 = 1 AO2 = 2

Question	Part	Marking guidance	Total marks
7		Explain one way a restaurant could improve its profitability. Indicative content • Profitability is profit expressed as a percentage of revenue. • Variable cost could need to be reduced, for example finding a cheaper supplier for ingredients. • Fixed costs could be reduced for example no longer having a restaurant manager, or moving to a cheaper location. • The restaurant could increase prices, which could increase the profit margin. • Increasing customer numbers would spread out the fixed costs over more units, improving profitability. Credit valid alternative content. Good response (3 marks) Explains one way a restaurant could improve profitability. Reasonable response (2 marks) Identifies an appropriate way that profitability could be improved. Limited response (1 mark) Shows knowledge of profitability such as a definition.	3 AO1 = 1 AO2 = 2

Question	Part	Marking guidance	Total marks
8		Explain one advantage to a start-up business of leasing equipment instead of buying it. Indicative content - Leasing equipment means renting it and paying a smaller amount more regularly rather than buying it outright. - This could mean the leasing company (as the owners) incur any costs if the equipment breaks etc. A start-up business may not have money put aside to be able to deal with unexpected costs. - It reduces the need to pay out large sums of money to buy an expensive piece of equipment. Survival/breaking even is likely to be a target for a start-up. This could release cash to pay other bills and keep the business running. - A start-up business may have limited access to cash or want to keep cash aside for other bills it may need to pay as it may not be able to utilise trade credit etc. Leasing would minimise the amount of cash tied up in assets. Credit valid alternative content. Good response (3 marks) Explains one advantage to a start-up business of leasing rather than buying. Reasonable response (2 marks) Explains one advantage of leasing, but fails to link to a start-up business. Limited response (1 mark) Shows knowledge of leasing or a start-up business.	3 AO1 = 1 AO2 = 2

Section B

Total for this section: 27 marks

Question	Part	Marking guidance	Total marks
9		A business is considering changing from a salary scheme to performance-related pay for its employees. Analyse, with reference to Maslow's theory of motivation, how this change could impact the motivation of its employees.	9 AO1 = 3 AO2 = 3 AO3 = 3

Examiners are reminded that AO1, 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 for this question.

Level	Marks	Descriptor
3	7 – 9	A good response that focuses on many of the demands of the question - includes well-focused analysis with logical chains of reasoning - includes well-focused application to the given context - shows sound knowledge and understanding of business terminology and concepts with few, if any, errors - is well-structured.
2	4 – 6	A reasonable response which focuses on some of the demands of the question - includes reasonable analysis but the analysis might not be fully developed or may lack some accuracy in places - includes reasonable application to the given context - focuses on issues that are relevant to the question, showing satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present.
1	1 – 3	A limited response that has little focus on the demands of the question A limited response with some understanding that may: - include some limited analysis but lacks focus and development - include some limited application to the given context - include some limited knowledge and understanding of business terminology and concepts but some errors are likely.
	0	No credit worthy material.

The demands of the question are:

- to analyse how switching from a salary to performance related pay,
- would impact the motivation of employees,
- with reference to Maslow's theory of motivation.

Indicative content

- Maslow's hierarchy of needs contains five levels: basic, safety, love and belonging, esteem and self-actualisation (accept valid variations).
- Performance related pay could allow workers to earn more money, making them more likely to achieve the physiological level of the theory.
- Safety/security needs are not being met as employees don't have a salary which guarantees a certain amount of pay each month.
- Love and belonging needs may not be met because employees may compete against each other to improve performance.

Credit valid alternative content.

Question	Part	Marking guidance	Total marks
10		A business operates in a highly competitive market. Analyse one advantage and one disadvantage of a Just in case (JIC) system of inventory control for this business.	9 AO1 = 3 AO2 = 3 AO3 = 3

Examiners are reminded that AO1, 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 for this question.

Level	Marks	Descriptor
3	7 – 9	A good response that focuses on many of the demands of the question • includes well-focused analysis with logical chains of reasoning • includes well-focused application to the given context • shows sound knowledge and understanding of business terminology and concepts with few, if any, errors • is well-structured.
2	4 – 6	A reasonable response which focuses on some of the demands of the question • includes reasonable analysis but the analysis might not be fully developed or may lack some accuracy in places • includes reasonable application to the given context • focuses on issues that are relevant to the question, showing satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present.
1	1 – 3	A limited response that has little focus on the demands of the question A limited response with some understanding that may: • include some limited analysis but lacks focus and development • include some limited application to the given context • include some limited knowledge and understanding of business terminology and concepts but some errors are likely.
	0	No credit worthy material.

The demands of the question are:

- to analyse one advantage and one disadvantage,
- for a business operating in a highly competitive environment,
- of implementing a Just in case system of stock control.

Indicative content

- An advantage could be that this business will have buffer stock. If there is an increase in demand, it could respond quickly, giving the business an advantage over other competitors in the market.
- JIC allows for economies of scale. This could help the business to lower unit costs. This could either enable it to charge lower prices (PED is likely to be elastic in a competitive market) or increase margins. Higher profit could be reinvested to help the business develop a USP/brand etc.
- When using JIC, storage costs are higher as there will be buffer stock being held. This could increase total/average costs and force the business to increase prices. In a competitive market, with PED elastic demand, this could result in lower sales.
- Holding lots of stock is riskier in case of damage/perishable stock. In a competitive market, it is possible that businesses compete with new designs/products. This could be difficult to keep up with using JIC.
- This has been selected over JIT – credit any responses which consider the benefits of JIC over JIT.

Credit valid alternative content.

Question	Part	Marking guidance	Total marks
11		A business is planning to increase its spending on employees' training. Analyse two ways this could impact the break-even output for this business.	9 AO1 = 3 AO2 = 3 AO3 = 3

Examiners are reminded that AO1, 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 for this question.

Level	Marks	Descriptor
3	7 – 9	A good response that focuses on many of the demands of the question • includes well-focused analysis with logical chains of reasoning • includes well-focused application to the given context • shows sound knowledge and understanding of business terminology and concepts with few, if any, errors • is well-structured.
2	4 – 6	A reasonable response which focuses on some of the demands of the question • includes reasonable analysis but the analysis might not be fully developed or may lack some accuracy in places • includes reasonable application to the given context • focuses on issues that are relevant to the question, showing satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present.
1	1 – 3	A limited response that has little focus on the demands of the question A limited response with some understanding that may: • include some limited analysis but lacks focus and development • include some limited application to the given context • include some limited knowledge and understanding of business terminology and concepts but some errors are likely.
	0	No credit worthy material.

The demands of the question are:

- to analyse two ways,
- how increasing spending on employees' training,
- could impact the breakeven level of output of a business.

Indicative content

- Break-even: $\text{Fixed costs} / \text{Contribution per unit (selling price – variable cost per unit)}$
- Training is a fixed cost. Higher spending would, therefore, increase fixed costs and increase the number of sales required to break even.
- It would improve the quality of the product/service, making demand more inelastic. The business could, therefore, be able to charge higher prices, reducing the breakeven.
- Training could make employees more productive/motivated. This could mean higher output and, therefore, lower unit costs. This could reduce the breakeven level of output.
- Training could disrupt the pattern of working, taking people away from their day-to-day tasks. This could increase costs and, therefore, the breakeven level of output.
- Training could impact the rate of labour turnover. It is likely that it will reduce labour turnover as employees will feel more valued. This could reduce fixed costs and the breakeven level of output.

Credit valid alternative content.

Section C

Total for this section: 36 marks

Question	Part	Marking guidance	Total marks
12		The manager of a large manufacturer is considering making the production process more capital intensive. This would involve reducing employee numbers by 50%. Assess the arguments for and against this decision and make a judgement.	12 AO1 = 2 AO2 = 2 AO3 = 3 AO4 = 5

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 AO4 than AO1, AO2 and AO3.

Level	Marks	Descriptor
4	10 – 12	An excellent response that focuses fully on the demands of the question Likely to demonstrate sound, focused analysis and well-supported evaluation: • includes supported evaluation in a final conclusion and within response • includes well-focused analysis with clear, logical chains of reasoning • includes well-focused application to the given context • shows sound knowledge and understanding of business terminology and with few, if any, errors • is well-structured and well-focused on the question. A complete and coherent overall argument with a clear conclusion. The conclusion is arrived at through a balancing of arguments, with appropriate weight given to each argument and to the argument overall. Where there are crucial arguments, these are distinguished from less crucial ones.

3	7 – 9	A good response that focuses on many of the demands of the question Likely to demonstrate sound, focused analysis and some supported evaluation: • includes some reasonable, supported evaluation • includes analysis with some logical chains of reasoning • includes some good application to the given context • shows sound knowledge and understanding of business terminology and concepts with relatively few errors • is relatively well-structured and generally focused on the question. A relatively complete and coherent argument leading to an attempt to conclude. The content is detailed and correct and most of it is integrated. There is recognition of arguments and counter-arguments, but balance is not always present and the weight to be given to each argument is not always fully clear.
2	4 – 6	A reasonable response which focuses on some of the demands of the question Some reasonable analysis but generally unsupported evaluation: • there is likely to be some attempt to make relevant evaluation but this has little support from arguments or does not address the question as a whole • includes some reasonable analysis but which might not be adequately developed or becomes confused in places • includes reasonable application to the given context • shows satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present. There is an attempt to answer the question. There is likely to be a conclusion but it has little support and response may lack balance. The content is largely correct, though there may be some gaps and lack of detail.
1	1 – 3	A limited response that has little focus on the demands of the question A limited response with some understanding: • includes no evaluation or attempts evaluation but this is unsupported • includes some limited analysis but it may lack focus and/or become confused • includes some limited application to the given context • includes some limited knowledge and understanding of business terminology and concepts but errors are likely.
	0	No credit worthy material.

The demands of the question are:

- to analyse the arguments for and against,
- reducing employee numbers by 50% to make the process more capital intensive,
- in the context of a large manufacturer,
- and make a judgement.

Indicative content

Arguments for

- Replacing employees with machines could allow the business to reduce salary costs. This could allow it to reduce prices and be more competitive in the market.
- As the business is large, it is likely to employ many employees. Becoming more capital intensive could represent a significant cost saving in terms of salaries, sick pay etc.
- Higher profits could be achieved due to the lower costs. This could allow the business to invest in new products or services to be more competitive.
- Employees need time off, sick pay etc which is not needed with machinery.
- Utilising more capital equipment could act as a USP, for example by improving the quality of products and services.

Arguments against

- The initial cost of the machinery could be high, resulting in a reduction in profits for the business.
- Customer service may suffer if employees are replaced with machinery, as machines couldn't deal with complaints or returns as well.
- The cost of redundancy could be high, particularly due to the large number of employees. It could also damage the reputation of the business.

Potential judgement

- If the business can easily integrate machines into the process, this could help reduce unit costs.
- It depends which roles are being replaced and how effective the machinery would be, as some jobs cannot be completed by a machine.

Credit valid alternative content.

No decision is right or wrong but should be assessed on the quality of the argument.

Question	Part	Marking guidance	Total marks
13		The Chief Executive of a global business believes it is important to have diversity in the workforce. Do you agree? Assess the arguments for and against and make a judgement.	12 AO1 = 2 AO2 = 2 AO3 = 3 AO4 = 5

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 AO4 than AO1, AO2 and AO3.

Level	Marks	Descriptor
4	10 – 12	An excellent response that focuses fully on the demands of the question Likely to demonstrate sound, focused analysis and well-supported evaluation: • includes supported evaluation in a final conclusion and within response • includes well-focused analysis with clear, logical chains of reasoning • includes well-focused application to the given context • shows sound knowledge and understanding of business terminology and with few, if any, errors • is well-structured and well-focused on the question. A complete and coherent overall argument with a clear conclusion. The conclusion is arrived at through a balancing of arguments, with appropriate weight given to each argument and to the argument overall. Where there are crucial arguments, these are distinguished from less crucial ones.

3	7 – 9	A good response that focuses on many of the demands of the question Likely to demonstrate sound, focused analysis and some supported evaluation: • includes some reasonable, supported evaluation • includes analysis with some logical chains of reasoning • includes some good application to the given context • shows sound knowledge and understanding of business terminology and concepts with relatively few errors • is relatively well-structured and generally focused on the question. A relatively complete and coherent argument leading to an attempt to conclude. The content is detailed and correct and most of it is integrated. There is recognition of arguments and counter-arguments, but balance is not always present and the weight to be given to each argument is not always fully clear.
2	4 – 6	A reasonable response which focuses on some of the demands of the question Some reasonable analysis but generally unsupported evaluation: • there is likely to be some attempt to make relevant evaluation but this has little support from arguments or does not address the question as a whole • includes some reasonable analysis but which might not be adequately developed or becomes confused in places • includes reasonable application to the given context • shows satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present. There is an attempt to answer the question. There is likely to be a conclusion but it has little support and response may lack balance. The content is largely correct, though there may be some gaps and lack of detail.
1	1 – 3	A limited response that has little focus on the demands of the question A limited response with some understanding: • includes no evaluation or attempts evaluation but this is unsupported • includes some limited analysis but it may lack focus and/or become confused • includes some limited application to the given context • includes some limited knowledge and understanding of business terminology and concepts but errors are likely.
	0	No credit worthy material.

The demands of the question are:

- to analyse the arguments for and against the importance of diversity,
- in the context of a global business,
- and make a judgement.

Indicative content

Arguments for

- Diversity in the workforce means employees coming from a range of backgrounds, different genders, age groups etc.
- Diversity could allow for different product ideas. Selling products to a range of different global markets may require them to be different for men, women, people of different ethnicities etc.
- Having a range of backgrounds could help develop products which appeal to a wider range of people. This could help the business to increase profits.
- This is increasingly important when expanding across a range of different countries to ensure products are tailored accordingly.

Arguments against

- Focusing on diversity may result in the person who is employed not being the best for the job role.
- It could be complicated for the business to try and achieve a balance of different genders, ethnicities etc.
- This could be expensive at the recruitment process could be more complicated and time consuming. As the business is seeking global expansion, there will be many other costs associated.
- The product range could still be tailored without diversity with primary marketing research, meaning diversity in the workforce isn't necessary.

Potential judgement

- Diversity could be essential due to fact that the business sells a wide range of products and is seeking to go global. Without being able to reflect different cultures, the products may not have as much appeal.
- If the business and its current workforce is experienced there may be no need for diversity.

Credit valid alternative content.

No decision is right or wrong but should be assessed on the quality of the argument.

Question	Part	Marking guidance	Total marks
14		A rapidly growing plc operates in a competitive market. It has two main financial objectives: 1. Improve cash flow 2. Increase profits The finance director believes cash flow should be prioritised. Do you agree? Assess the arguments for and against and make a judgement.	12 AO1 = 2 AO2 = 2 AO3 = 3 AO4 = 5

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 AO4 than AO1, AO2 and AO3.

Level	Marks	Descriptor
4	10 – 12	An excellent response that focuses fully on the demands of the question Likely to demonstrate sound, focused analysis and well-supported evaluation: • includes supported evaluation in a final conclusion and within response • includes well-focused analysis with clear, logical chains of reasoning • includes well-focused application to the given context • shows sound knowledge and understanding of business terminology and with few, if any, errors • is well-structured and well-focused on the question. A complete and coherent overall argument with a clear conclusion. The conclusion is arrived at through a balancing of arguments, with appropriate weight given to each argument and to the argument overall. Where there are crucial arguments, these are distinguished from less crucial ones.

3	7 – 9	A good response that focuses on many of the demands of the question Likely to demonstrate sound, focused analysis and some supported evaluation: • includes some reasonable, supported evaluation • includes analysis with some logical chains of reasoning • includes some good application to the given context • shows sound knowledge and understanding of business terminology and concepts with relatively few errors • is relatively well-structured and generally focused on the question. A relatively complete and coherent argument leading to an attempt to conclude. The content is detailed and correct and most of it is integrated. There is recognition of arguments and counter-arguments, but balance is not always present and the weight to be given to each argument is not always fully clear.
2	4 – 6	A reasonable response which focuses on some of the demands of the question Some reasonable analysis but generally unsupported evaluation: • there is likely to be some attempt to make relevant evaluation but this has little support from arguments or does not address the question as a whole • includes some reasonable analysis but which might not be adequately developed or becomes confused in places • includes reasonable application to the given context • shows satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present. There is an attempt to answer the question. There is likely to be a conclusion but it has little support and response may lack balance. The content is largely correct, though there may be some gaps and lack of detail.
1	1 – 3	A limited response that has little focus on the demands of the question A limited response with some understanding: • includes no evaluation or attempts evaluation but this is unsupported • includes some limited analysis but it may lack focus and/or become confused • includes some limited application to the given context • includes some limited knowledge and understanding of business terminology and concepts but errors are likely.
	0	No credit worthy material.

The demands of the question are:

- to analyse the arguments for and against,
- cash flow being prioritised over profit,
- for a rapidly growing plc,
- and make a judgement.

Indicative content

Arguments for

- The business is experiencing rapid growth, so cash will be crucial in order to pay for the expansion costs.
- With rapid growth, it is possible that cash will run out. By effectively planning its cash flow, it will be able to ensure this doesn't happen
- The business may struggle to access finance as it is new in the market, therefore the bank may be unwilling to lend as it is more risky. It needs to be self-reliant in terms of cash on that basis.

Arguments against

- It might be better to concentrate on higher profits. This could mean the business can then use this as a source of finance to fund its growth.
- In such a competitive market, higher profits could be needed to invest into innovation/marketing etc in order to gain an advantage in the market.
- Cash flow may be less important as the business is a plc, so could generate a large amount of cash by selling more sold shares.

Potential judgement

- Cash flow is crucial to this business, because it can be extremely difficult to access sources of finance to be able to get through periods of negative cash flow. a It does depend on whether issuing more shares would raise a large amount of cash.
- Cash flow isn't as important. Despite it being a new market, the business is already a plc and therefore, likely to be established enough to raise cash if it needed to.

Credit valid alternative content.

No decision is right or wrong but should be assessed on the quality of the argument.

Assessment Objective Grid

	AO1	AO2	AO3	AO4	Total
Section A					
1	1				1
2	1				1
3	1				1
4	1	1			2
5	1	2			3
6	1	2			3
7	1	2			3
8	1	2			3
Section B					
9	3	3	3		9
10	3	3	3		9
11	3	3	3		9
Section C					
12	2	2	3	5	12
13	2	2	3	5	12
14	2	2	3	5	12
Unit Total	23	24	18	15	80