CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/42**

Paper 4 Business Strategy **February/March 2026**

MARK SCHEME

Maximum Mark: 40

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the February/March 2026 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

This document consists of **21** printed pages.

Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptions for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1: Marks must be awarded in line with: • the specific content of the mark scheme or the generic level descriptors for the question • the specific skills defined in the mark scheme or in the generic level descriptors for the question • the standard of response required by a candidate as exemplified by the standardisation scripts.
GENERIC MARKING PRINCIPLE 2: Marks awarded are always **whole marks** (not half marks, or other fractions).
GENERIC MARKING PRINCIPLE 3: Marks must be awarded **positively**: • marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate • marks are awarded when candidates clearly demonstrate what they know and can do • marks are not deducted for errors • marks are not deducted for omissions • answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.
GENERIC MARKING PRINCIPLE 4: Rules must be applied consistently, e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

GENERIC MARKING PRINCIPLE 5: Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).
GENERIC MARKING PRINCIPLE 6: Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

Social Science-Specific Marking Principles
(for point-based marking)

1 Components using point-based marking:

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

a DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
b DO credit alternative answers/examples which are not written in the mark scheme if they are correct
c DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons …).
d DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
e DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
f DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
g DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

3 Calculation questions: • The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer • If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown. • Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages. • Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.
4 Annotation: • For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking. • For levels of response marking, the level awarded should be annotated on the script. • Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

Annotations guidance for centres

Examiners use a system of annotations as a shorthand for communicating their marking decisions to one another. Examiners are trained during the standardisation process on how and when to use annotations. The purpose of annotations is to inform the standardisation and monitoring processes and guide the supervising examiners when they are checking the work of examiners within their team. The meaning of annotations and how they are used is specific to each component and is understood by all examiners who mark the component.

We publish annotations in our mark schemes to help centres understand the annotations they may see on copies of scripts. Note that there may not be a direct correlation between the number of annotations on a script and the mark awarded. Similarly, the use of an annotation may not be an indication of the quality of the response.

The annotations listed below were available to examiners marking this component in this series.

Annotations

Annotation	Meaning
✓	For objective points that are correct.
✗	For objective points that are wrong.
? and TV	When the candidate has attempted something, but the mark/skill has not been awarded.
Highlighter	To highlight a point or section of an answer that justifies the mark/annotation.
BOD	When the candidate has attempted something, and the mark/skill has been awarded.
NUT	When the context has not been used.
SEEN	To show a page/section has been seen/read.
NAQ	When the response is not focused on answering the question.
REP	The repetition of a previous point in a response **or** candidate is copying the case study/data.

Annotation	Meaning
OFR	The own figure rule applies – acts as a mark/tick.
K	When limited knowledge (AO1) has been awarded.
DEV	When developed knowledge (AO1) has been awarded.
APP	When AO2 has been awarded. Number of APPs should match the mark awarded.
A1	When AO3 at Level 1 has been awarded.
A2	When AO3 at Level 2 has been awarded.
A3	When AO3 at Level 3 has been awarded.
N1	When AO4 at Level 1 has been awarded.
N2	When AO4 at Level 2 has been awarded.
N3	When AO4 at Level 3 has been awarded.

Assessment objectives

AO1 Knowledge and understanding
Demonstrate knowledge and understanding of business concepts, terms and theories.

AO2 Application
Apply knowledge and understanding of business concepts, terms and theories to problems and issues in a variety of familiar and unfamiliar business situations and contexts.

AO3 Analysis
Analyse business problems, issues and situations by:

- using appropriate methods and techniques to make sense of qualitative and quantitative business information
- searching for causes, impact and consequences
- distinguishing between factual evidence and opinion or value judgement
- drawing valid inferences and making valid generalisations.

AO4 Evaluation
Evaluate evidence in order to make reasoned judgements, present substantiated conclusions and, where appropriate, make recommendations for action and implementation.

Question	Answer	Marks
1	**Evaluate the effectiveness of PF's strategic management between 2020 and 2025.**	20

Level	AO1 Knowledge and understanding 3 marks	AO2 Application 2 marks	AO3 Analysis 8 marks	AO4 Evaluation 7 marks
	Description	**Description**	**Description**	**Description**
3			**7–8 marks** **Developed analysis of the overall strategy** that identifies connections between causes, impacts and/or consequences.	**6–7 marks** **Effective evaluation** A developed judgement/conclusion is made in the business context that draws together developed evaluative comments which balance some key arguments in the business context.
2	**2–3 marks** **Developed knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**2 marks** **Developed application** of relevant point(s) to the business context.	**4–6 marks** **Developed analysis of individual strategic element(s)** that identifies connections between causes, impacts and/or consequences.	**3–5 marks** **Developed evaluation** • A developed judgement/conclusion is made. • Developed evaluative comments which balance some key arguments.
1	**1 mark** **Limited knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**1 mark** **Limited application** of relevant point(s) to the business context.	**1–3 marks** **Limited analysis** that identifies connections between causes, impacts and/or consequences.	**1–2 marks** **Limited evaluation** • A judgement/conclusion is made with limited supporting comment/evidence. • An attempt is made to balance the arguments.
0	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1</td><td>
Evaluate the effectiveness of PF's strategic management between 2020 and 2025.

Responses may include:

AO1 Knowledge and understanding of strategic management
No other AO2, AO3 or AO4 marks can be awarded without AO1
Knowledge K (max 1 mark) can be awarded for knowledge about strategic management including approaches, DEV can be awarded for understanding of strategic management up to two marks including:

• Strategic management – the role of management in analysing the market/context, setting long-term goals/objectives and implementing cross-functional decisions as part of the overall strategy.
• Strategic management consists of:
Strategic analysis – researching the business environment to help form future strategies. Assessing the current position of the company in relation to its market, competitors and the external environment.
Strategic choice – making decisions about which strategies to implement that will push the business towards the objectives set. Strategic choice analyses the benefits and limitations of different strategic options and decides between them.
Strategic implementation – allocating and controlling resources to support the chosen strategies.
• Strategic management is the management of the long-term activities of a business, and this includes the careful integration of: strategic analysis (where is the business now?), strategic choice (identifying and deciding between options) and strategic implementation (planning for and managing change)
• Allow knowledge of approaches used within strategic management, including:
blue ocean strategy
scenario planning
SWOT analysis
PEST analysis
Porter's five forces
core competence framework
Ansoff matrix
force field analysis
decision trees

• Blue ocean strategy aims to combine product differentiation with low-cost to develop new markets and demand. It is about finding uncontested markets to gain a competitive advantage. Comparison with red ocean strategy awardable.
</td><td></td></tr>
</table>

Question	Answer	Marks
1	• **Scenario planning** – Managers consider the main risks and uncertainties and adopt different strategies for different scenarios. Flexible approach. • **SWOT analysis**: Strengths, weaknesses, opportunities, threats. SWOT is very easy to construct so can be subjective. It identifies internal and external factors. • **PEST analysis** – It focuses on the macro environment including Political, Economic, social, and technological. Limitation is that it only looks at the external factors and not internal factors. • **Porter's five forces** – threats of substitutes, supplier power, threat of entry, buyer power, competitive rivalry • **Core competence framework** – core competencies lead to the development of core products. Core products are not necessarily sold to final consumers. Instead, they are used to produce many end-user products. • **Ansoff matrix** – Market penetration, market development, diversification, product development. Different options open to a marketing manager when considering new opportunities for sales growth. It includes thinking of the market in which the business is going to operate and the product(s) it plans to sell. Business decides whether to remain in the existing market or to enter new ones along with whether to sell existing products or develop new ones. • **Force field analysis** – It weighs up the potential advantages and disadvantages of a decision before a choice is made. It gives managers an insight that will allow them to strengthen the forces supporting a decision and reduce the forces that oppose it. • **Decision trees** – considers the options open to a manager, the different possible outcomes resulting from these options, the chances of these outcomes occurring, and the economic returns from these outcomes.	

Strategic management refers to the use of strategic analysis, strategic choice and implementation K.	Some basic knowledge about strategic management, so only K.
Strategic management refers to the use of strategic analysis, strategic choice and implementation K.Strategic management helps analyse the current position of the business in relation to the market. DEV.	1 K for identification and 1 DEV for a point of explanation
Strategic management refers to the use of strategic analysis, strategic choice and implementation K.Strategic management helps analyse the current position of the business in relation to the market. DEV. Strategic choice helps the business take long term decisions by choosing between the different strategy options. DEV.	1 K for identification and 2 DEVs for two points of explanation

Question	Answer	Marks
1	Note: Candidates can gain full marks for AO*1 from one term that is explained (* K + DEV + DEV *) or from two terms partially explained (* K + DEV *and* K + DEV *).* **Note: Mentioning PEST, SWOT, force field and scenario analysis is not K as they are mentioned in the case. Defining them is required for K.** **AO2 Application** Application APP (max 2 marks) can be awarded for **applying knowledge, analysis or evaluation of strategic management and its effectiveness for PF.** Allow any use of the data that is linked to another AO. Context that is used, but not linked to another AO is REP. • PF is biggest potato farm in country B • PF supplies the majority of supermarkets and shops in country B • PF converted into a private limited company in 2019 • Farouk retained 40% of the shares • Mission statement: Fulfilling customer needs Tastiest potato products Tailored to country B market • First AGM in 2020. • Appendix 1 PF ratio analysis in 2020: gross profit margin 85% operating profit margin 4% return on capital employed (ROCE) 18% gearing 80% current ratio 1:1 acid test ratio 0.3:1 • Management consultant strategically analyses PF's market SWOT analysis PEST analysis Force Field analysis Scenario planning (found in the timeline) • Management consultant presents findings to BoD (Appendix 3):	

Question	Answer	Marks
1	**Option 1** • Internal (organic) growth • Purchase low-cost land in country B and neighbouring countries • Increase potato growth • Target international market with PF's current products **Option 2** • Forward vertical integration to takeover ZF • ZF manufacturers potato products • Increase PF's revenue • Increased economies of scale • PF chooses option 2 in 2022 • Farouk's strategic implementation plan (Appendix 4): Objectives set by Farouk (MD) by January 2024 Roles and responsibilities assigned by Farouk by February 2024 Workforce planning after takeover to be done by HR Director by February 2024 New marketing strategy done by Marketing Director by June 2024 Operations Director assigned to implement lean production by June 2024 Finance Director responsible for integrating ZF and PF accounting and finance systems by December 2024 • PF finalises purchase of ZF in 2024 • Combined PF and ZF trade under the PF brand in 2024 • Revenue increases by 15% in 2025 • Profit increases by 7% in 2025. **AO3 Analysis (A1 and A2 and A3)** Analysis should be about PF/Farouk's strategic management including: Strategic analysis • Loss of crops in 2018 – not within timeline but will have had an effect on PF's situation – led to PF becoming a private limited company and loss of 60% of the ownership to a private equity firm.	

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1</td><td>

Analysis of the ratios in 2020, including:
85% GPM – seems high, but impossible to know without some industry or time comparisons.
4% operating profit margin – seems low, but again difficult to analyse without comparisons. Suggests high expenses, since GPM is 85%.
ROCE of 18% – likely to please investors
Gearing of 80% – highly geared, may struggle to find future borrowings and to repay long term debts/interest.
Current ratio of 1:1 – reasonable level to be able to repay current liabilities with current assets.
Acid test of 0.3:1 – shows that PF may be holding too much inventory. Also issues over inventory storage and spoilage.
Analysis of the strategic analysis techniques, including; SWOT, PEST, force field analysis.
Strategic choice
Analysis of Option 1, including:
Internal (organic) growth is likely to be cheaper than external growth
Focus on country B market – likely to have lower cost of research as it is PF's market
Existing product and existing market (market penetration on Ansoff's market) – for expanding domestic market
Potential of international market with existing product
Analysis of Option 2, including:
External growth is likely to have higher risk, but more potential for growth
PF (primary) growing by taking over ZF (secondary) likely to increase revenue and economies of scale – increased profit and lower cost.
Analysis of strategic choice techniques, including: Ansoff's matrix, Decision trees, scenario planning.
Strategic implementation
Analysis of the approaches used – SWOT, PEST, Force field and scenario planning
Analysis of the application of the approaches used – SWOT, PEST, Force field and scenario planning
Analysis of Appendix 4, including:
Roles and responsibilities – were the Directors capable of achieving these deadlines – increased costs – lower profit.
Deadlines – are these reasonable and would there have been consequences of not achieving these deadlines – increased cost.

<u>Candidates need to provide developed analysis to get to L2, this then needs to be counterbalanced to get to L3. If a candidate does this twice, they will gain 8 marks.</u>
<u>The counterbalanced points can be two separate points as long as candidate shows a two-sided response that is developed</u>
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Question	Answer	Marks
1	**AO4 Evaluation** **Evaluate the effectiveness of PF's strategic management between 2020 and 2025.** Evaluation (N1 and N2 and N3) including: **L1** N1 **limited supporting evidence – answering the question with a brief explanation** **L2** N2 **developed supporting evidence – Reason is developed further** **L3** N3 **developed supporting evidence with context – Level 1 and 2 is answered in context.** • A judgement over the effectiveness of strategic management of PF between 2020 and 2025 • A judgement over the elements of strategic management (analysis, choice, implementation) that were done well and those which were done badly. • What the judgement(s) may depend upon; other stakeholders of PF (and ZF), the actions of competitors, the external environment (social, legal, economic, political, technological), the objectives of PF (and ZF), the funding/finance/cashflow of PF, the potato market in country B and internationally, etc. • Weighing up of the relative arguments about the effectiveness of PF's strategic management. Accept all valid responses.	

Question	Answer	Marks
2	**Advise Farouk on the usefulness of financial statements when developing a new strategy for PF's growth.**	**20**

Level	AO1 Knowledge and understanding 3 marks	AO2 Application 2 marks	AO3 Analysis 8 marks	AO4 Evaluation 7 marks
	Description	**Description**	**Description**	**Description**
3			**7–8 marks** **Developed analysis of the overall strategy** that identifies connections between causes, impacts and/or consequences.	**6–7 marks** **Effective evaluation** A developed judgement/conclusion is made in the business context that draws together developed evaluative comments which balance some key arguments in the business context.
2	**2–3 marks** **Developed knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**2 marks** **Developed application** of relevant point(s) to the business context.	**4–6 marks** **Developed analysis of individual strategic element(s)** that identifies connections between causes, impacts and/or consequences.	**3–5 marks** **Developed evaluation** • A developed judgement/conclusion is made. • Developed evaluative comments which balance some key arguments.
1	**1 mark** **Limited knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**1 mark** **Limited application** of relevant point(s) to the business context.	**1–3 marks** **Limited analysis** that identifies connections between causes, impacts and/or consequences.	**1–2 marks** **Limited evaluation** • A judgement/conclusion is made with limited supporting comment/evidence. • An attempt is made to balance the arguments.
0	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.

Question	Answer	Marks
2	**Advise Farouk on the usefulness of financial statements when developing a new strategy for PF's growth.** Responses may include: **AO1 Knowledge and understanding** **No other AO2, AO3 or AO4 marks can be awarded without AO1** Knowledge K (max 1 mark) can be awarded for **knowledge of the use of financial statements** DEV can be awarded for further understanding of use of financial statements up to two marks including: • Statement of profit or loss: to evaluate the profitability of a business over a period of time (usually one year) shows the income and expenses for a business statutory requirement for companies actual profit data can be compared with the budgeted profit levels used to calculate tax owed to government available to all stakeholders of a business Bankers and creditors need the information to help decide whether to lend money to the business. Potential investors will use the profit performance of the business to help decide to whether to buy shares in it or not. • Statement of financial position to evaluate the worth of a business overview of what a business owns and owes on one particular date statutory requirement for companies can be used by stakeholders to value a business available to all stakeholders of a business To find ways to increase shareholder equity through share capital and/or retained earnings • Allow knowledge of cashflow statements to be included. They show negative closing cash flows. This means that plans can be made to source additional finance, such as a bank overdraft or the injection of more capital from the owner. essential to all business plans. A business start-up has better chance of gaining finance if investors and bankers have access to a cash flow **NOTE: A maximum of 1 mark – K – can be given for knowledge of ratios only.**	

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2</td><td>
<table>
<tr><td>Financial statements such as profit and loss statement is useful as it shows the revenue, cost of sales and expenses of the year K.</td><td>Some basic knowledge about strategic management, so only K.</td></tr>
<tr><td>Financial statements such as profit and loss statement is useful as it shows the revenue, cost of sales and expenses of the year K. This means we can evaluate the profitability of the business DEV.</td><td>1 K for identification and 1 DEV for a point of explanation</td></tr>
<tr><td>Financial statements such as profit and loss statement is useful as it shows the revenue, cost of sales and expenses of the year K. This means we can evaluate the profitability of the business DEV. A business can use this statement to calculate profitability ratios such as gross profit margin which is gross profit/revenue x100. DEV.</td><td>1 K for identification and 2 DEVs for two points of explanation</td></tr>
</table>
Note: Candidates can gain full marks for AO1 from one term that is explained (K+DEV+DEV) or from two terms partially explained (K+DEV and K+DEV).
AO2 Application
Application APP (max 2 marks) can be awarded for applying knowledge, analysis or evaluation of usefulness of financial statements.
Allow any use of the data that is linked to another AO. Context that is used, but not linked to another AO is REP.

PF is biggest potato farm in country B
PF supplies the majority of supermarkets and shops in country B
PF converted into a private limited company in 2019
Farouk retained 40% of the shares
Mission statement:
Fulfilling customer needs
Tastiest potato products
Tailored to country B market
First AGM in 2020.

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Question	Answer	Marks
2	• Appendix 1 PF ratio analysis: 85% GPM – seems high, but impossible to know without some industry or time comparisons. 4% operating profit margin – seems low, but again difficult to analyse without comparisons. Suggests high expenses, since GPM is 85%. ROCE of 18% – likely to please investors Gearing of 80% – highly geared, may struggle to find future borrowings and to repay long term debts/interest. Current ratio of 1:1 – reasonable level to be able to repay current liabilities with current assets. Acid test of 0.3:1 – shows that PF may be holding too much inventory. Also issues over inventory storage and spoilage. • Management consultant strategically analyses PF's market SWOT analysis PEST analysis Force Field analysis Scenario planning (found in the timeline) • Management consultant presents findings to BoD (Appendix 3): **Option 1** • Internal (organic) growth • Purchase low-cost land in country B and neighbouring countries • Increase potato growth • Target international market with PF's current products **Option 2** • Forward vertical integration to takeover ZF • ZF manufactures potato products • Increase PF's revenue • Increased economies of scale • PF chooses option 2 in 2022 • Farouk's strategic implementation plan (Appendix 4): Objectives and KPIs set by Farouk (MD) by January 2024 Roles and responsibilities assigned by Farouk by February 2024 Workforce planning after takeover to be done by HR Director by February 2024 New marketing strategy done by Marketing Director by June 2024 Operations Director assigned to implement lean production by June 2024 Finance Director responsible for integrating ZF and PF accounting and finance systems by December 2024	

Question	Answer	Marks
2	• PF finalises purchase of ZF in 2024 • Combined PF and ZF trade under the PF brand in 2024 • Revenue increases by 15% in 2025 • Profit increases by 7% in 2025. **AO3 Analysis (A1 and A2 and A3)** Analysis will depend on the element(s) chosen by the candidate, including: • Statement of profit or loss: to evaluate the profitability of a business – 'bottom line' and used by most/all businesses, so can be compared. However, may need comparison to be useful, or use of ratio analysis, so that comparison can be made with competitors, similar businesses etc. over a period of time (usually one year) – most statements of financial position include previous years for comparison – shows trends in revenue/profit etc. – allows stakeholders to make decisions about PF. Likely to be important for growth as PF may require more finance. Shows the income and expenses for a business – useful to stakeholders, gaining finance etc. statutory requirement for companies – avoids being fined and making the Directors responsible. can be used to calculate tax owed to government – tax evasion is illegal and failure to accurately report profit or loss is illegal. available to all stakeholders of a business – including PF's competitors and can be used to judge the financial 'health' of PF. • Statement of financial position to evaluate the worth of a business (what it owes and what it owns) – important if finance is needed to grow – can tell investors/borrowers the gearing and value of PF. at one specific date (as at) – can be manipulated, depending on when the statement is completed – window dressing – in a primary market the timing of this may be very important. overview of what a business owns and owes on one particular date statutory requirement for companies – avoids being fined and making the Directors responsible. can be used by stakeholders to value a business and to judge the risk of investment or even of being their customer. Supermarkets may want to know this data to decide whether to use PF and whether it can trust the business. available to all stakeholders of a business – including PF's competitors and can be used to judge the financial 'health' of PF.	

Question	Answer	Marks
2	• Analysis of ratios Gearing ratio is high which informs us that PF cannot borrow any more loans and needs to find other ways to finance the business such as share capital? Operating profit is a lot lower than gross profit margin suggesting that expenses are high and therefore retained profit is low therefore reducing chances of finance for growth. *Candidates need to provide developed analysis to get to L2, this then needs to be **counterbalanced** to get to L3. If a candidate does this twice, they will gain 8 marks.* *The counterbalanced points can be two separate points as long as candidate shows a two-sided response that is developed* **AO4 Evaluation** Evaluation (N1 and N2 and N3) including: **L1** N1 **limited supporting evidence – answering the question with a brief explanation** **L2** N2 **developed supporting evidence – Reason is developed further** **L3** N3 **developed supporting evidence with context – Level 1 and 2 is answered in context.** • A judgement over the usefulness of the financial statements when developing a new strategy for PF's growth • A judgement over the most useful financial statements when developing a new strategy for PF's financial growth • A judgement over the different uses financial statements may be used for by PF and their stakeholders • What the judgement(s) may depend upon; the reactions of competitors, the external environment (social, legal, economic, environmental, political, technological), the reactions of stakeholders, the reactions of customers to PF's growth, the nature of ZF's potato products • Weighing up of the likely usefulness of different financial statements to PF in the future. Accept all valid responses.	