CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/23**

Paper 2 Business Concepts 2 **May/June 2026**

MARK SCHEME

Maximum Mark: 60

Published

This mark scheme contains the instructions and marking guidance that our examiners used to mark candidate responses for this component.

Before they start marking, examiners complete a standardisation process. They review a range of candidate responses and discuss the mark scheme in detail to agree which answers can and cannot be accepted. Examiners award marks where it is clear that candidate responses have met the requirements of the mark scheme. These requirements may vary between different components or different versions of the same component, depending on the exact requirements of the question and the candidate responses seen during the standardisation process.

Sometimes, our mark schemes may allow marks to be awarded to responses which contain elements that are factually incorrect or for content not covered by the syllabus. We do this in response to the demands of a specific question to support candidates and make sure that our assessments are fair. However, these allowances should not be used as a guide for teaching and learning.

We cannot discuss the mark scheme with schools, and we recommend that schools read the mark scheme together with the assessment material and the Principal Examiner Report for Teachers.

This document consists of **29** printed pages.

General marking principles

All examiners must apply these marking principles when marking candidate responses.

1	Examiners must award marks for each response in line with: • the specific **content** defined in the mark scheme • the specific **skills** defined in the mark scheme or in the level descriptions • the **standard of response** required as exemplified by the standardisation scripts.
2	Examiners must award **whole marks** (not half marks, or other fractions).
3	Examiners must award marks **positively**. This means that: • marks are not deducted for errors or omissions • marks are awarded for correct/valid answers as defined in the mark scheme and also for **other valid answers** which go beyond the scope of the syllabus and mark scheme referring to your team leader as appropriate • the quality of spelling, punctuation and grammar are judged **only** when the mark scheme indicates that these features are **specifically assessed** in the question. However, the meaning of all responses must be unambiguous.
4	Examiners must **consistently** apply the requirements of the mark scheme and any rules for what to do when candidates have not followed instructions correctly.
5	Examiners must use the **full range of marks** defined in the mark scheme, unless limited by the quality of the candidate responses seen.
6	Examiners must award marks according to the mark scheme and **must not** award marks with grade thresholds or grade descriptions in mind.

Social Sciences-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 right or wrong.
✗	For objective points that are wrong.
?	When there is a misunderstanding in a response.
TV	When the candidate has attempted something, but the mark/skill has not been awarded.
Highlighter Or Underline	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.
On page comment	To communicate with the supervisor.
NUT	When the context has not been used.

Annotation	Meaning
SEEN	To show a page/section has been seen/read.
NAQ	When the response is not focussed on answering the question.
REP	The repetition of a previous point in a response **or** candidate is copying the case study/data.
OFR	The own figure rule applies – acts as a mark/tick.
K	When AO1 has been awarded. Number of Ks should match the mark awarded.
APP	When AO2 has been awarded. Number of APPs should match the mark awarded.
AN	When AO3 at Level 1 has been awarded.
DEV	When AO3 at Level 2 has been awarded.
EVAL	When AO4 at Level 1 has been awarded.
E	When AO4 at Level 2 has been awarded.
EE	When AO4 at Level 3 has been awarded.

Guidance on using levels-based marking

Marking of work should be positive, rewarding achievement where possible, but clearly differentiating across the whole range of marks, where appropriate.

The examiner should look at the work and then make a judgement about which level statement is the best fit. In practice, work does not always match one level statement precisely so a judgement may need to be made between two or more level statements.

Once a best-fit level statement has been identified, use the following guidance to decide on a specific mark:

- If the candidate's work **convincingly** meets the level statement, award the highest mark.
- If the candidate's work **adequately** meets the level statement, award the most appropriate mark in the middle of the range.
- If the candidate's work **just** meets the level statement, award the lowest mark.
- L1, L2 etc. must be clearly annotated on the response at the point where the level is achieved.

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.

PREPARATION FOR MARKING

1 Make sure that you have completed the relevant training and have access to the *RM Assessor Guide*.
2 Make sure that you have read and understand the question paper, which you can download from https://support.rm.com/ca
3 Log in to RM Assessor then mark and submit the required number of practice and standardisation scripts. You will need to mark the standardisation scripts to the required accuracy in order to be approved for marking live scripts. You may be asked to re-mark them, or to mark a second sample, if you do not meet the required accuracy on your first attempt.

MARKING PROCESS

1 Mark strictly to the FINAL mark scheme, applying the criteria consistently and the general marking principles outlined on the previous page.
2 If you are in doubt about applying the mark scheme, consult your Team Leader.
3 Mark at a steady rate through the marking period. Do not rush, and do not leave too much until the end. If you anticipate a problem in meeting the deadline, contact your Team Leader immediately and the Examiners' Helpdesk.
4 Examiners will prepare a brief report on the performance of candidates to send to their Team Leader via email by the end of the marking period. The Examiner should note strengths seen in answers and common errors or weaknesses. Constructive comments on the question paper, mark scheme or procedures are also appreciated.

MARKING SPECIFICS
Crossed out work

1 **All of a candidate's answers, *crossed out* or not, *optional* or not, must be marked.**
2 The only response not to be marked is one that has been crossed out and replaced by another response for that exact same question.
3 Consequently, if a candidate has crossed out their response to an optional question and gone on to answer a different optional question then both attempts must be marked. The higher mark will be awarded by the system according to the rubric.

0 (zero) marks or NR (no response)

1 Award **NR** if there is nothing at all written in answer to that question (often the case for optional questions).
2 Award **NR** if there is a comment which is not an attempt at the question (e.g. 'can't do it' or 'don't know' etc.)
3 Award **NR** if there is a symbol which is not an attempt at the question, such as a dash or question mark.
4 Award **0** (zero) if there is any attempt at the question which does not score marks. This includes copying the question onto an Answer Booklet.

Question	Answer	Marks
1(a)(i)	**Identify <u>one</u> feature of a sole trader.** Responses may include: Any feature of a sole trader ✔, including: • Single owner • Unlimited liability • Owner has full control • Owner gets all the profits • Owner bears all the losses • Owner provides all the finance Accept all valid responses.	**1**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(ii)</td><td>

Explain the term *public sector*.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content
AO1 Knowledge and understanding
Knowledge of the public sector (max 1 mark), including:

- The public sector are businesses that are <u>owned/controlled/run/funded by the government/state.</u>

No further marks can be gained without knowledge and understanding

AO2 Application
Limited application.
Developed application + .
Characteristics of a public sector business, such as:

- Often paid for through taxation
- Often not profit seeking organisations
- Aims to meet a social need / provide ‘public goods’
- Often provide merit goods
- May be free (at point of need)
- Example of a business often found in the public sector, such as police, defence, healthcare, NHS, BBC

Application can be made to JTS or any other scenario/context/business/person.

Accept all valid responses.

</td><td>3</td></tr>
</table>

Question	Answer	Marks
1(b)(i)	**Refer to Table 1.1 and other information. Calculate JT's profit per bus in 2025.** Profit/number of buses (1) OR Profit = \$5 m – (\$1 m + \$2 m) = \$2 m (1) 2 000 000/50 (1) = \$40 000 (3) or \$0.04 m OFR **Note:** Full marks for a correct answer 40 000/0.04 m (\$ not required).	**3**

Question	Answer	Marks
1(b)(ii)	**Explain <u>one</u> benefit to JT of motivating its employees using participation.**	3

AO1 Knowledge and understanding **1 mark**	**AO2 Application** **2 marks**
	2 marks Developed application of **one** relevant point to a business context.
1 mark Knowledge of **one** relevant point is used to answer the question.	**1 mark** Limited application of **one** relevant point to a business context.
0 marks No creditable response.	**0 marks** No creditable response.

Indicative content
AO1 Knowledge and understanding
Knowledge of a benefit of employee participation, including:
- Non-financial motivator
- Improved job satisfaction
- Greater loyalty of employees/reduces staff turnover
- Employees share responsibility
- Employees can give useful advice/suggestions

No further marks can be gained without knowledge and understanding of a <u>benefit</u> to JT of employee participation.

AO2 Application
Explanation of a benefit of employee participation., including:
- Job enrichment/increased productivity/revenue/customer satisfaction
- Can improve decision making
- Employees have in-depth knowledge of operations/improves innovation/quality
- Improve workplace wellbeing

Context of a benefit of employee participation, including:
- Good customer relations important
- Safety important
- 100 employees
- Participation encouraged at all levels

Question	Answer	Marks
1(b)(ii)	Accept all valid responses. **Guidance in awarding marks** Knowledge and understanding — Knowledge of a benefit of employee participation. — 1 mark Explanation — Explanation of a benefit to a business of employee participation. — 1 mark Context — Context linked to a benefit to JT of employee participation. — 1 mark	

Question	Answer	Marks
1(c)	**Analyse one advantage and one disadvantage to JT of using an overdraft.**	**8**

Level	AO1 Knowledge and understanding 2 marks	AO2 Application 2 marks	AO3 Analysis 4 marks
2			**3–4 marks** **Developed analysis** • Developed analysis that identifies connections between causes, impacts and/or consequences of **two** points. • Developed analysis that identifies connections between causes, impacts and/or consequences of **one** point.
1	**1–2 marks** • Knowledge of **two** relevant points is used to answer the question. • Knowledge of **one** relevant point is used to answer the question.	**1–2 marks** • Application of **two** relevant points to a business context. • Application of **one** relevant point to a business context.	**1–2 marks** **Limited analysis** • Limited analysis that identifies connections between causes, impacts and/or consequences of **two** points. • Limited analysis that identifies connections between causes, impacts and/or consequences of **one** point.
0	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.

Question	Answer	Marks
1(c)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of an advantage (max 2 marks – annotate an advantage on the left and a disadvantage on the right), may include: • Flexible/quick • No fixed repayments • No early repayment charges • Helps manage cashflow • Cover unexpected expenses • Covering gaps between income and outgoings • Only borrow what is needed • Can repay as soon as funds are available • Maybe a cheaper option in the short-term • No need to state purpose • Helps keep production/business running Knowledge of a disadvantage • High interest rates • Cost of borrowing high • May become over-reliant • Additional fees for exceeding an overdraft • Interest rate can change • Repayment on demand • Risky • Limited amount **AO2 Application** Context applied to both an advantage and a disadvantage (max 2 marks), including: • $3 m needed • 40% profits in 2025 • $2 m profits made in 2025 • Required to improve customer relationships • Jo wants JT to become a market leader • Sole trader • 3-month time lag in payments from local government	

Question	Answer	Marks
1(c)	**AO3 Analysis** *Limited analysis – candidate shows one link in the chain of analysis.* *Developed analysis candidate shows two or more links in the chain of analysis or a two-sided analysis.* Advantage: • Allows the business to borrow only what is needed at the time – so helps manage short-term cash needs • Quick to arrange and access – convenient way to cover unexpected expenses • Repaying as soon as funds available – can manage cashflow more effectively • Clearing the overdraft quickly – can be a less expensive option for borrowing • Useful for timing mismatches in cash flow – such as when expenses due to be paid before income is received • Improves liquidity – so can maintain sales Disadvantage: • Expensive form of borrowing – if not repaid quickly • Can lead to a cycle of debt – where permanently overdrawn • Exceeding overdraft limit leads to additional fees – so becomes more expensive • Can have a variable interest rate – so difficult to predict exact cost of borrowing • Repayment on demand can be challenging – especially if not prepared • Increases business costs – lowers profit • If used often can damage credit rating – making it difficult to get future loans Accept all valid responses.	

Question	Answer					Marks
1(d)	**Evaluate the importance to JT of implementing customer relationship marketing (CRM).**					12
	Level	**AO1 Knowledge and understanding 2 marks**	**AO2 Application 2 marks**	**AO3 Analysis 2 marks**	**AO4 Evaluation 6 marks**	
	3				**5–6 marks** **Developed evaluation in context** • A developed judgement/conclusion is made in the business context. • Developed evaluative comments which balance some key arguments in the business context.	
	2	**2 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.	**2 marks** **Developed analysis** that identifies connections between causes, impacts and/or consequences.	**3–4 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 mark** **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
1(d)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of Customer relationship marketing (CRM) (max 2 marks) – focuses on building relationships with customers instead of transactions. It is supported by customer relationship management, which is the process of collecting and analysing customer data to manage relationships. Knowledge of benefits/costs of CRM (max 2 marks), including: • Improved communication • Personalised services • Customer feedback • Build customer loyalty • Improve reputation • Can be a USP • Increase customer satisfaction • More training required • Cost of investment **AO2 Application** Context applied to a benefit/cost of CRM (max 2 marks), including • updates on bus schedules, route changes, and any delays. • can adjust routes based on student needs, ensuring that pick-up and drop-off points are convenient for families. • gather feedback from parents and schools. • track and manage safety records. • schedule regular maintenance for buses. • monitor driver performance. • ensure compliance with safety regulations. • automated scheduling, billing, and reporting. • Competitive market • $3 m investment • Focus on safety • Aim to be the market leader • Local government/schools/parents • Transport to schools/field trips/after school activities	

Question	Answer	Marks
1(d)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *– candidate shows two or more links in the chain of analysis.* • maintain regular communication with schools and parents – this transparency builds trust and ensures that all stakeholders are well-informed. • By analysing data collected through CRM – can offer personalised services. • feedback is crucial for continuous improvement – helps address any issues promptly. • focus on safety – reassures parents and schools. • efficiency reduces administrative costs - allows focus on delivering high-quality services. • Can increase demand – leading to higher profits/revenue • Increased training required – increases costs/reduces profit **AO4 Evaluation** *Limited evaluation* EVAL *– unsupported judgement and/or a weak attempt at evaluative comment* *Developed evaluation* E *– supported judgement and/or reasonable evaluative comment* *Developed evaluation in context* EE *– supported judgement in context and/or reasonable evaluative comment in context.* • Yes it is important/no it is not the most important • Weighing up of short term costs v long term benefits • Judgement of likelihood of getting all employees, especially drivers and support staff, to fully adopt and effectively use the CRM system. • Challenges posed to company culture • May be problems integrating with existing systems • Time constraints – requires a significant investment in time. • Judgement on if it can help JT become market leader • 'Depends upon' e.g. what is important to the customers, enough finance, opportunity costs Accept all valid responses.	

Question	Answer	Marks
2(a)(i)	**Identify one feature of a private limited company.** **Indicative content** Any feature of a private limited company ✔, including: • Owned by shareholders • Limited liability • Shareholders often family members • Separate legal identity • Continuity • Incorporated • Cannot sell shares on the stock exchange/to the general public Accept all valid responses.	1

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>

Explain the term *place (distribution channels).*

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content
AO1 Knowledge and understanding
Knowledge of place (max 1 mark), including:

- Products/services delivered to the final customer
- Ensuring products are available at convenient locations
- Products delivered on time
- An element of the marketing mix/one of the 4Ps

AO2 Application

Explanation of place, including:

- How and where the product reaches the final consumer
- Planning and management of the supply chain
- Can be intensive, selective or exclusive distribution
- May involve intermediaries
- Involves logistics such as transport, warehousing

</td><td>3</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>Context applied to place, including:
Examples of common channels e.g. B2B, B2C
Available where demand is high e.g. local stores, chain stores, online
Impacts the customer experience/convenience
Examples of distribution channels e.g. wholesale/retail/digital/direct/indirect
LC uses a highly effective approach to place
Application can be made to LC or any other scenario/context/business/person.

Accept all valid responses.

Guidance in awarding marks
<table>
<tr><td>Knowledge and understanding</td><td>Knowledge of place</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Explanation of a characteristic of place</td><td>1 mark</td></tr>
<tr><td>Context</td><td>Applied to a business context/ business environment</td><td>1 mark</td></tr>
</table></td><td></td></tr>
<tr><td>2(b)(i)</td><td>Refer to Table 2.1 and other information. Calculate LC’s capacity utilisation in 2025.

Current output level/maximum output level × 100 = capacity utilisation rate (1)
Current output = 300 000 + 150 000 = 450 000 (1)
450 000/500 000 × 100 (2) = 90% (3) or 0.9 (3)
OFR applies

Note: Full marks for 90 or 0.9, % not required, working not required</td><td>3</td></tr>
</table>

Question	Answer	Marks
2(b)(ii)	**Explain <u>one</u> benefit to LC of operating under maximum capacity.**	3

AO1 Knowledge and understanding 1 mark	AO2 Application 2 marks
	2 marks Developed application of **one** relevant point to a business context.
1 mark Knowledge of **one** relevant point is used to answer the question.	**1 mark** Limited application of **one** relevant point to a business context.
0 marks No creditable response.	**0 marks** No creditable response.

Indicative content
AO1 Knowledge and understanding
Knowledge of a benefit of operating under capacity, including:
- Flexibility/spare capacity
- No delay meeting increased orders
- Reduced risk of interrupted production
- Maintenance/repair time
- Reduced employee stress
- Opportunity for growth
- Quality control
- Training/development time

Do not accept disadvantages.

AO2 Application
Explanation of a benefit of operating under capacity, including:
- Can react quickly to unexpected increases in demand
- Essential maintenance task on equipment help prevent future breakdowns
- Reduced stress lowers levels of burnout

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>

Room for future expansion without need for immediate capital investment
Without pressure of 100% capacity can ensure quality standards
Excess time can be used for employee skills development improving productivity
Ensures continued production

Context applied to a benefit of operating under capacity including:

at 90% (OFR) capacity
50 employees
dynamic market
specialises in high-quality
plans to convert to a public limited company

Accept all valid responses.

Guidance in awarding marks
<table>
<tr><td>Knowledge and understanding</td><td>Knowledge of a benefit of operating under capacity</td><td>1 mark</td></tr>
<tr><td>Explanation</td><td>Explanation of a benefit of operating under capacity</td><td>1 mark</td></tr>
<tr><td>Context</td><td>Context linked to a benefit of operating under capacity</td><td>1 mark</td></tr>
</table>
</td><td></td></tr>
</table>

Question	Answer	Marks
2(c)	**Analyse <u>two</u> limitations to LC of using a full costing approach.**	8

Level	AO1 Knowledge and understanding 2 marks	AO2 Application 2 marks	AO3 Analysis 4 marks
2			**3–4 marks** **Developed analysis** • Developed analysis that identifies connections between causes, impacts and/or consequences of **two** points. • Developed analysis that identifies connections between causes, impacts and/or consequences of **one** point.
1	**1–2 marks** • Knowledge of **two** relevant points is used to answer the question. • Knowledge of **one** relevant point is used to answer the question.	**1–2 marks** • Application of **two** relevant points to a business context. • Application of **one** relevant point to a business context.	**1–2 marks** **Limited analysis** • Limited analysis that identifies connections between causes, impacts and/or consequences of **two** points. • Limited analysis that identifies connections between causes, impacts and/or consequences of **one** point.
0	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.

Indicative content

AO1 Knowledge and understanding

Knowledge of a limitation of using a full costing approach (max 2 marks – annotate first limitation on the left and second limitation on the right), including:

- Does not allocate indirect costs on the basis of actual costs incurred
- Inappropriate method of indirect cost allocation
- Risky

Question	Answer	Marks
2(c)	• Needs to be consistent over time • Only accurate if actual level of output same as used in the calculation • Maybe inaccurate as costs can change quickly **AO2 Application** Context applied to a limitation of using a full costing approach (max 2 marks), including: • Produce two types of candles, Plain and Luxury • Luxury candles \$0.25 m direct costs • Plain candles \$0.75 m direct costs • Indirect costs \$2 m • Allocated \$1 m to each product • Output of Plain candles 300 000 • Output of Luxury candles 150 000 • Luxury candles \$1.25 m full cost • Plain candles \$1.75 m full cost • Luxury candles \$8.33 average full cost • Luxury candles priced at \$8 • Plain candles \$5.85 average full cost • Plain candles priced at \$7 **AO3 Analysis** Analysis of a limitation of using a full costing approach, including: *Limited analysis – candidate shows one link in the chain of analysis.* *Developed analysis candidate shows two or more links in the chain of analysis or a two-sided analysis.* • A product may take up a lot of space but use low-cost machinery – should overheads be allocated on the amount of space • Luxury candles only account for 25% of direct costs – Plain candles 75% • Twice as many Plain candles produced – is it fair to allocate indirect costs 50/50 • Cost figures misleading – risky for decision making • Have to allocate indirect costs on same basis every year – otherwise difficult to make comparisons • A fall in actual output will increase allocated indirect costs per unit – so calculation will be inaccurate • Luxury candles appear to cost \$8.33 – at a price of \$8 appear to make a loss of \$0.33. Accept all valid responses.	

Question	Answer	Marks
2(d)	**Evaluate whether stakeholder conflict will be caused by the decision to convert LC to a public limited company.**	12

Level	AO1 Knowledge and understanding 2 marks	AO2 Application 2 marks	AO3 Analysis 2 marks	AO4 Evaluation 6 marks
3				**5–6 marks** **Developed evaluation in context** • A developed judgement/conclusion is made in the business context. • Developed evaluative comments which balance some key arguments in the business context.
2	**2 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.	**2 marks** **Developed analysis** that identifies connections between causes, impacts and/or consequences.	**3–4 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 mark** **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(d)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of stakeholders (max 1 mark), including: • Individuals/groups affected by/interested in business decisions • Shareholders • Directors • Employees • Local community • Suppliers • Customers Knowledge of stakeholder conflict (max 1 mark), including: • Dividends v reinvestment • Control v dilution • Shareholders v directors/management • Management v employees • Shareholders v lenders • Risk v security • Conflicts within one stakeholder group such as previous shareholders v new shareholders, between different departments/managers Knowledge of a public limited company (PLC) (max 1 mark) – Business that offer its shares to the general public/sells shares on the stock exchange. **AO2 Application** Context applied to stakeholders of LC (max 2 marks), including: • Private limited company • High capacity utilisation – 90% OFR • Supports local community through job creation/sustainable practices • Eco-friendly • Online sales • Specialist retail shops • B2B and B2C • Dynamic market	

Question	Answer	Marks
2(d)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *– candidate shows two or more links in the chain of analysis.* • High costs of converting – reduce profits for shareholders • Loss of control for shareholders/directors – threat of a takeover • Strong current link with local community – could be weakened • Pressure on employees of working at high capacity – should increase capacity before converting • Could be pressure on directors to make higher profits – cost cuts could affect quality • Separation of ownership and control – increased agency conflicts between management and shareholders. **AO4 Evaluation** *Limited evaluation* EVAL *– unsupported judgement and/or a weak attempt at evaluative comment* *Developed evaluation* E *– supported judgement and/or reasonable evaluative comment* *Developed evaluation in context* EE *- supported judgement in context and/or reasonable evaluative comment in context.* • Simple judgement – yes, it is likely/no it is not likely • Weighing up of short-term costs v long term benefits • An evaluation is likely to come from candidates making a judgment and justification of the impacts/conflicts • Any changes that it might need to make to the culture/organisation/employees to reduce conflict impacts • Are there more suitable methods of expanding and growing so less impact on stakeholders? • Weighting of the conflicts between various stakeholders • Consideration of conflict risks • ‘Depends upon’ e.g. Type of stakeholder, mitigation etc. Accept all valid responses.	