Principal examiner reports for teachers

Principal examiner reports for teachers summarise what candidates did well and what candidates needed to improve for this examination series only.

This report is to be used in conjunction with the question paper and mark scheme.

For guidance on teaching and learning we provide resources for many of our syllabuses.

Resource	**Where to find it**
Grade descriptions – Grade descriptions describe the level of performance typically demonstrated by candidates achieving the different grades awarded for a qualification.	School support hub Select: Subject > Resource finder > Syllabus and specimen materials
Schemes of work – Schemes of work are designed to support you in your teaching and lesson planning.	School support hub Select: Subject > Resource finder > Teaching and learning
Lesson planning – Guidance on how to plan a lesson.	Lesson planning
Resource plus – There may be additional resources such as teaching packs containing lesson plans, resources and worksheets and videos for aspects of your syllabus.	School support hub Select: Subject > Resource finder > Teaching and learning
Teaching tools	Teaching Tools
Exemplar candidate responses	School support hub Select: Subject > Resource finder > Teaching and learning
Learner guide – A guide for students to help them understand what the course involves.	School support hub Select: Subject > Resource finder > Teaching and learning
Community forums – Do you have a question or something to share? Our online forums are great way to keep up to date with your subject and the global Cambridge community.	Community forum on the school support hub
Access to scripts for this series.	Access to scripts service
Results analysis is available for some syllabuses.	Results analysis
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BUSINESS

Paper 9609/12
Business Concepts 1

Key messages

What candidates did well

- Candidates generally demonstrated good subject knowledge across a range of syllabus concepts.
- Candidates also showed good analytical skills.

What candidates needed to improve

- Some candidates need to improve their understanding and interpretation of the examination questions. A question that asks for the impact of a factor on the employees of a business should focus on employees and not drift into a general discussion of organisation impacts.
- Candidates need to focus their answers on Part B of the paper on the specific context of the question and avoid presenting generic and/or theoretical business answers. Application skills need to be improved.
- Many candidates also need to improve their skills of evaluation. There is often a reluctance to draw conclusions and make judgements from the analysis in an essay. Candidates should produce a well-supported and evaluative decision or judgement that clearly relates to the proposition or assertion made in a question. A one-line statement is insufficient, and a substantial evaluative and contextualised conclusion is required.

Comments on specific questions

Question 1

(a) **Comprehensive responses**

- Most candidates provided a clear and accurate definition of the public sector, making reference to public sector organisations being owned, controlled and managed by local or national governments.

Limited responses

- Some candidates confused public sector organisations with public limited companies.

(b) **Comprehensive responses**

- Most candidates clearly explained one key element of a business plan, with many giving the example of clear corporate objectives or financial forecasts as key elements which can provide business direction and cash flow management.

Limited responses

- Some candidates spent time on giving comprehensive definitions of a business plan leaving them with insufficient time to explain the chosen key element.

Question 2

(a) **Comprehensive responses**

- Most candidates clearly defined a channel of distribution referencing some intermediaries a product passes through moving from producer to final consumer.

Limited responses
- A small group of candidates did not understand the term and were not able to identify relevant business context information.

(b) **Comprehensive responses**
- Most candidates were able to identify and explain a stage of the product life cycle—such as research and development, introduction, growth, maturity, or decline—and make two linked explanatory points to support the chosen stage.

Limited responses
- More limited responses identified a relevant stage in the product life cycle and gave only limited or inaccurate explanation of the characteristics of the chosen stage.

Question 3

(a) **Comprehensive responses**
- Most answers provided a correct definition referencing an inventory management method that keeps extra inventory to allow a response to unexpected events.

Limited responses
- A small number of candidates referred to an inventory management method and confused Just in Case with Just in Time inventory management.

(b) **Comprehensive responses**
- Comprehensive explanations to improve capacity utilisation included:
  - Rationalisation to remove inefficient parts of the production process.
  - Increased marketing activities to increase sales and demand.
  - Subcontracting to other businesses to improve capacity utilisation.

Limited responses
- Some responses focused on reducing waste without any explanation of how this could improve capacity utilisation.
- Some responses suggested hiring more skilled employees or purchasing more efficient machinery. Neither of these suggestions would improve capacity utilisation in the short term.

Question 4

Comprehensive responses
- Most candidates identified and explained how status could be an employee motivator and cited motivation theorists such as Maslow to contextualise status.
- Reference was made to issues such as power, influence, authority, being valued, which can promote a willingness to work hard and contribute more to a business.

Limited responses
- Some candidates gave too much descriptive information relating to motivation and motivation theorists.
- Insufficient explanation and analysis were given to how an employee might be motivated by status.
- Analysis was often applied to the business rather than to the employee.

Question 5

(a) **Comprehensive responses**
- Most candidates were able to identify, apply, and analyse two reasons why a lack of finance might lead to business failure.
- The most common reasons given included a lack of working capital and the inability to finance growth. A low level of working capital could mean that a business is unable to pay suppliers. This could lead to an inability to produce enough to satisfy customer, causing reputational damage and sales loss to competitors.
- Such an approach allowed candidates to demonstrate their knowledge, application, and analytical skills.

Limited responses

- Some candidates gave very limited application or analysis content to identified reasons.
- Some candidates identified and discussed just one reason.

(b) **Comprehensive responses**

- Most answers approached this question with good knowledge and understanding of internal sources of finance and how a business such as a pharmaceutical business could use internal sources of finance to fund growth.
- Analysis often identified potential weaknesses in such a business relying only on internal sources of finance (being a capital-intensive business with high research and development costs) suggesting a potential need to use external sources of finance to support growth.
- These answers also provided a good understanding of the context of a pharmaceutical business that deals with medicines, drugs, and health care.
- These answers also presented a clear evaluative response to the question often concluding with analytical justification that external sources of finance might be more appropriate.

Limited responses

- Some responses were able to present only limited knowledge and analysis of internal and external sources of finance and developed to a more theoretical business evaluative judgement of the question.
- Such answers did not contain any substantial application reference to the specific features and activity of a pharmaceutical business.
- Some answers did not produce any evaluative comment relating to the question or attempt an evaluative judgement.

Question 6

(a) **Comprehensive responses**

- Most candidates were able to identify, explain, and analyse two potential disadvantages to a franchisee of buying into a franchise.
- References were made to disadvantages such as the initial high cost of purchasing the franchise, the continual requirement to share profits, and the high degree of control over operational management decisions.
- Examples were given in relation to the limited franchisee level of independence over operational decisions such as product pricing and purchasing of raw material supplies.
- Analytical consequences were discussed such as low-level franchisee motivation and job satisfaction.

Limited responses

- Candidates were able to identify relevant disadvantages to a franchisee.
- The application and analysis were either missing or was very limited.

(b) **Comprehensive responses**

- Most candidates had clear knowledge and understanding of the various internal and external stakeholders associated with a private school.
- Examples of owners, teachers, students, and parents were given as the most common and influential stakeholders. These candidates often provided some developed analysis of the relative importance of these stakeholders.
- Reference was made to the different objectives of private school stakeholders.
- It was suggested that owners were primarily concerned with profit and financial sustainability, while parents, teachers, and students were more concerned with the level and quality of education. These answers were able to use such developed analysis to produce evaluative judgements in relation to the importance of stakeholder owners in a private school.

Limited responses

- Some responses focused only on owners as stakeholders in a private school and did not discuss the role of other stakeholders.
- This limited opportunities to make a judgement between different stakeholder roles and activities.
- This often meant that there was insufficient relevant analysis to support any meaningful evaluative judgement or conclusion.

BUSINESS

Paper 9609/22
Business Concepts 2

Key messages

What candidates did well

- Many candidates demonstrated secure knowledge of core business concepts and terminology. This was particularly evident in shorter questions on topics such as labour-intensive operations, partnerships and inventory, where many responses identified accurate definitions or features.
- Calculation questions were generally completed well. Many candidates showed clear working, which made their methods easy to follow.
- Comprehensive responses used context effectively to support analysis. This included qualitative context, such as the different departments at IX, and quantitative context, such as pricing data in Table 1.1 and cash flow data in Table 2.1.
- Many candidates developed clear chains of analysis by explaining how an issue would affect a business or stakeholder over time. This was particularly evident in responses to questions on dynamic pricing, cash flow and mergers.
- The most effective evaluative responses answered the specific question set and made clear judgements that were supported by relevant contextual evidence.

What candidates needed to improve

- Responses were often more effective when candidates demonstrated application and explained why a piece of contextual information was relevant to the business decision being discussed.
- Numerical data often provided clear and accessible context, although many responses did not make full use of this information. Tables and figures frequently provide some of the most effective opportunities for application.
- Some responses moved away from the specific focus of the question. For example, responses occasionally explained demand factors instead of supply factors, methods to increase profit instead of improving cash flow, or the impact of a merger on a business rather than on a stakeholder.
- Analysis was more effective when candidates explained each stage of an impact. Some responses identified an outcome without explaining how that outcome was reached.
- Evaluation was most effective when it directly answered the question. In extended responses, some conclusions moved away from the focus of the question or repeated earlier analysis rather than making a supported judgement.

Comments on specific questions

Section A

Question 1

(a) (i) **Comprehensive responses**

- Comprehensive responses identified a clear limitation of labour-intensive operations and often referred specifically to increased labour costs, such as wages, training costs or other ongoing employment costs.

Limited responses

- Limited responses often referred only to increased costs without making clear that these were specifically related to labour.
- Some responses confused labour-intensive operations with capital-intensive operations and discussed machinery or automation instead of identifying a limitation of labour-intensive production.

(ii) Comprehensive responses

- Comprehensive responses identified the quaternary sector as being focused on knowledge, information or data-based activity and explained how this information is processed, analysed or developed.
- Relevant examples such as information technology, research or data analysis were often used effectively when they supported a clear understanding of the sector.

Limited responses

- Limited responses often described activities that were more closely linked to the tertiary sector, such as general services, without identifying the knowledge and information focus of the quaternary sector.
- Some responses used examples such as information technology without first demonstrating an understanding of why these activities are part of the quaternary sector.

(b) (i) Comprehensive responses

- Comprehensive responses used the correct data from Table 1.1 and accurately calculated 10% of Influencer A's followers before multiplying this figure by the price per click.
- Most responses showed clear working, which made the stages of the calculation easy to follow.

Limited responses

- Limited responses often omitted the stage of calculating 10% of followers and instead used the total number of followers.
- Some responses made simple calculation errors when working with large numbers or decimal places.

(ii) Comprehensive responses

- Comprehensive responses identified a valid way IX could add value to its services, with many focusing on its unique selling point of providing influencers with better and more detailed information than competing platforms.
- Some responses also used branding and convenience effectively by linking these features to why customers may be willing to pay more for IX's services.

Limited responses

- Limited responses often used examples from the case material without identifying the business concept that created the added value. For example, some responses referred to IX's detailed information without recognising that this was part of its unique selling point.
- Some responses defined value added rather than identifying a way IX could increase value. Responses were more effective when they linked this definition to a valid method of increasing the difference between cost and price.

(c) Comprehensive responses

- Comprehensive responses identified a clear advantage of dynamic pricing, with many explaining that IX could charge higher prices when demand increased. These responses often linked rising follower numbers to higher prices and explained how this could increase sales revenue and profit.
- A wide range of disadvantages were seen, including customers viewing pricing as unfair, customers delaying purchases and the complexity of changing prices. Effective responses developed a clear chain of analysis to show the likely impact on IX.
- Many responses identified both an advantage and a disadvantage, which allowed candidates to address the full focus of the question.

Limited responses

- Limited responses sometimes confused dynamic pricing with other pricing methods such as price skimming or penetration pricing. These responses often analysed pricing in general rather than demonstrating knowledge of dynamic pricing.
- Some responses jumped straight to a final outcome, such as lower profit, without explaining the stages that led to this impact. Other responses identified an impact, such as lower sales, without developing this further.
- Numerical data from Table 1.1 provided clear contextual support and was used effectively in some responses. Many responses relied on more general context instead.

(d) **Comprehensive responses**

- Comprehensive responses showed clear understanding of laissez-faire as a management style in which employees have freedom to make decisions and manage aspects of their own work.
- Effective responses focused on the appropriateness of laissez-faire for IX and developed analysis of how this management style could affect the business. These responses usually explained each stage of the chain of analysis, such as how employee autonomy could affect motivation, productivity, sales revenue or profit.
- Comprehensive evaluative responses answered the question directly by judging whether laissez-faire was the most appropriate management style for IX. Some of the most effective judgements recognised that appropriateness may depend on the role or department. For example, laissez-faire may be more suitable for marketing employees paid through profit sharing than for maintenance employees on time-based pay.

Limited responses

- Limited responses sometimes confused laissez-faire with democratic management.
- Some responses gave generic analysis of laissez-faire with little application to IX, such as limited reference to its 30 employees, different departments or different payment methods.
- Some responses gave extended analysis of other management styles, such as autocratic or democratic management. Other styles could be used to support evaluation, although the focus of the response needed to remain on whether laissez-faire was appropriate for IX.
- Limited evaluation sometimes identified another management style as appropriate without first making a clear judgement on whether laissez-faire was appropriate. Other responses repeated earlier analysis rather than reaching a supported judgement.

Question 2

(a) (i) **Comprehensive responses**

- Comprehensive responses identified clear features of a partnership, with common answers including unlimited liability and a minimum of two partners.
- Some responses also accurately referred to features such as being unincorporated or having no separate legal identity.

Limited responses

- Limited responses often stated that partners share profits or losses. This was more effective when responses explained that profits may be shared equally in the absence of a deed of partnership.
- Some responses focused on less precise features when more clearly defined characteristics of partnerships were available.

(ii) **Comprehensive responses**

- Comprehensive responses showed clear understanding that inventory refers to stock held by a business and often developed this by referring to different types of inventory, such as raw materials, work in progress and finished goods.
- Some responses used relevant examples linked to a veterinary business, such as medicine or animal-related products.

Limited responses

- Limited responses sometimes described inventory as the physical place where products are stored rather than the stock itself.
- Some of these responses included relevant points about stock and were able to develop their explanation more effectively.

(b) (i) Comprehensive responses

- Comprehensive responses correctly calculated the combined sales revenue of YV and AV and then used the total market revenue to calculate market share.
- Working was often clearly set out, making the stages of the calculation easy to follow.

Limited responses

- Limited responses often stopped after calculating the combined sales revenue of $440,000 and did not complete the final stage of calculating market share.

(ii) Comprehensive responses

- Comprehensive responses identified clear factors that influence supply, such as the availability of qualified veterinary staff or access to medication. These responses often used relevant context and explained how changes in these factors could increase or decrease the ability of firms to supply veterinary services.

Limited responses

- Limited responses often identified demand factors rather than supply factors. Common examples included the number of pets or pet owners in city P, which relate to demand for veterinary services rather than the ability of firms to supply them.
- Some responses identified a valid factor and did not explain how it would affect supply.

(c) Comprehensive responses

- Comprehensive responses identified methods that directly improved cash flow, often by bringing cash into the business more quickly or delaying cash leaving the business. Common examples included encouraging customers to pay more quickly, reducing the use of credit sales and delaying payments to suppliers.
- Most responses identified two methods. The most effective responses used data from Table 2.1 to support their analysis, such as the level of credit sales or the large inventory payment in March.

Limited responses

- Limited responses often focused on methods to increase revenue or reduce costs rather than methods to improve cash flow. These responses often showed confusion between profit and cash flow.
- Table 2.1 provided clear contextual support for this question and was not always used effectively.

(d) Comprehensive responses

- Comprehensive responses identified one stakeholder and applied this clearly to the context of YV. These responses analysed the likely impact of the merger on that stakeholder and developed clear chains of analysis. Both positive and negative impacts were seen and either approach could be effective when supported by relevant reasoning.
- Effective evaluative responses remained focused on the likely impact on the chosen stakeholder and reached a clear judgement that answered the question.

Limited responses

- Limited responses often discussed more than one stakeholder. This frequently shifted the focus towards deciding which stakeholder would be most affected rather than analysing the impact on one stakeholder.
- Some responses analysed the impact of the merger on YV rather than on the chosen stakeholder. These responses often included developed analysis, although the focus of the question was on stakeholder impact.
- Some judgements moved away from the focus of the question and did not clearly address the likely impact on the chosen stakeholder.

BUSINESS

Paper 9609/32
Business Decision-Making

Key messages

What candidates did well

- Many candidates demonstrated accurate knowledge of the business concepts that were assessed.
- Most candidates used the context of PP to develop application in their answers.
- Candidates generally showed working for calculations and stated the business formulae being used.

What candidates needed to improve

- Candidates need to be selective in using data from the text to ensure that application is relevant.
- Candidates need to interpret and apply data from the text rather than repeating it. References from the case should be used to support the point being made.
- Evaluation on business decisions or approaches to operations should be balanced, and supported judgements should be made based on the analytical points made. A conclusion should add something new to previous argument to support the final judgement.
- Many candidates need to improve their evaluation skills as they need to provide more developed support for their judgement and balanced argument which clearly demonstrates application to the case.
- For financial ratio and investment appraisal calculations, candidates should always use the syllabus specified formula and clearly state the appropriate unit such as days.

Comments on specific questions

Section A

Question 1

Comprehensive responses

- Many candidates provided an accurate definition of suppliers and linked this to the case with reference to PP purchasing clay from its suppliers.
- Most candidates structured their answers into two paragraphs providing one impact of suppliers on PP in each paragraph. For example, arguing that the monopoly power of the supplier could result in PP having to pay a higher price for its clay.
- Some candidates developed chains of reasoning linking the impact of suppliers to decision-making by PP. For example, arguing that PP might have to increase the price of its pottery in response to an increase in the cost of supplies of clay.

Limited responses

- Many candidates repeated information from the case without using it to develop an answer demonstrating how suppliers might impact PP and/or its decision making. There were many references to the supplier having no control over the quality of the clay. Candidates needed to use that information to consider the impact of this on PP, for example, the decisions PP could take regarding quality assurance or control.
- Some candidates stated an impact without developing a chain of reasoning showing cause and effect.
- Most candidates needed to give greater focus to the specific question of how suppliers impact PP's decision making.
- Some candidates included evaluative comments in their answers when the question only required analysis.

Question 2

Comprehensive responses

- Candidates integrated context into chains of reasoning that considered an advantage of information technology and then, separately, considered a disadvantage of information technology in marketing, thus providing a comprehensive answer to the question.
- Many candidates linked the opportunities for promotion using social media to increase awareness of PP's products and therefore enable PP to potentially achieve its growth objectives.
- Some candidates highlighted the inexperience of Fiza and questioned whether she had the skills necessary to develop AI for use in customer service. This context and interpretation were used by candidates to argue that there would be a significant cost to PP in using IT in marketing.

Limited responses

- A few candidates included unnecessary repetition of the case in their opening paragraph. Candidates should link each paragraph directly back to the question to ensure relevance of comment.
- Some candidate focused only on the advantages to PP of the changing role of information technology whilst others analysed only the disadvantages.
- Some candidates referred to the role of IT in operations commenting on computer aided design. This was not relevant to the question as the focus should be on the changing role of IT in PP's marketing.

Question 3

(a) **Comprehensive responses**

- Most candidates calculated the correct answer.
- Many candidates stated the correct formula and showed full working of their answer.

Limited responses

- Some candidates did not use the syllabus specified formula.
- A few candidates needed to use the correct units (days) in their answer.

(b) **Comprehensive responses**

- Most candidates provided the correct answer.

Limited responses

- A few candidates needed to learn the correct formula.

(c) **Comprehensive responses**

- A few candidates demonstrated a thorough understanding of financial efficiency as relating to the ability of a business to generate revenue from the efficient use of its resources.
- Candidates often commented on the difference between the trade receivables turnover and the trade payables turnover, and some argued that this could impact PP's cash flow and consequently its plans for growth. This effectively linked different parts of the case by referencing the proposed investment in the kiln.
- Many candidates understood that decreasing the rate of inventory turnover would increase the cash tied up in stock and that this was an inefficient use of resources.
- Balanced answers were sometimes evidenced through showing an understanding that there were benefits to PP in paying creditors quickly rather than delaying payments to conserve cash.

Limited responses

- Many candidates needed to provide a more accurate explanation of financial efficiency. Some candidates thought that it was only about profitability, other that it was about liquidity. Although financial efficiency will impact profitability and liquidity, it is about the efficient use of resources to generate revenue.
- Balance was often provided by referring to other factors that contribute towards growth. These answers, typically, showed only limited understanding of the role of financial efficiency.

Question 4

(a) **Comprehensive responses**

- Many candidates accurately showed the stages involved in calculating the accounting rate of return (ARR).
- Many candidates gave the correct answer.

Limited responses

- Some candidates used the incorrect formula for ARR.
- A few candidates did not give the answer as a percentage.
- Some candidates needed to be more methodical in their working to demonstrate an understanding of profit and average profit.

(b) **Comprehensive responses**

- Candidates commented on both qualitative and quantitative factors affecting the investment decision. The answer to **Question 4(a)** was frequently compared to the ARR of option B as a means of making a recommendation.
- Candidates provided arguments for and against each option making effective use of the data before making a final supported recommendation.

Limited responses

- Many candidates repeated the data from Table 1.3 asserting that one option was better than another. Candidates needed to analyse by developing a chain of reasoning how the data supports one option rather than another.
- Evaluation was often superficial. Candidates should aim to consider long versus short term factors or weight the different factors to support the final recommendation. For example, the ARR for option A was significantly higher than option B and this could be linked to PP's overall objective of market growth and profit. In contrast, although option B had a quicker payback, candidates could have observed that the difference in payback was relatively small between the options.
- Conclusions were often just a repetition of previous points, and an assertion was made as to which option was better without appropriate supporting argument.
- Frequently, answers considered many factors rather than focusing on just two or three key points. This resulted in superficial analysis and evaluation.

Question 5

Comprehensive responses

- A few candidates made the necessary link between delegation and intrapreneurship arguing that empowering the two potters would enhance their creativity and thus result in new ideas for pottery designs and exemplify the nature of intrapreneurship. These candidates effectively integrated application into their answers and demonstrated a clear understanding of the two concepts in the question.
- Balance was provided by some candidates by arguing that the success of delegation might depend on the training offered to employees. Contextual judgement was developed by a few candidates who argued that the potters were experienced and highly skilled and therefore delegation was more likely to be effective at encouraging intrapreneurship especially as PP supported the development of new ideas by giving paid time to the potters.

Limited responses

- Many candidates defined delegation as giving tasks to employees. Candidates should recognise delegation is much more than giving a task; it involves passing authority down the organisational structure.
- Most answers did not make any link between delegation and intrapreneurship and thus only partially answered the question. These candidates analysed the advantages and disadvantages of delegation. As the focus of the answer was not on the question asked, relevant evaluation as missing.

BUSINESS

Paper 9609/42
Business Strategy

Key messages

What candidates did well
- Many candidates showed good knowledge and understanding specifically of strategic management.
- Many candidates applied their answers to the context of PF supporting their response to the case.

What candidates needed to improve
- Some candidates had minimal understanding of some topics such as financial statements.
- Each question should be read carefully to ensure answers are appropriate and clearly address the question asked, such as answering about the usefulness of financial statements rather than ratios.
- The recommendation should also be applied to the case.
- It is important to show detailed knowledge of what the question is asking.
- It is advisable to focus answers on a small number of aspects – two or three is typically sufficient. This allows time to develop better chains of reasoned analysis.
- It is required to demonstrate a developed chain of reasoning of benefits and a counter-balanced argument that is also developed.
- Candidates need to include a clear decision and provide a supporting reason for their decision based on the points discussed in context.
- Candidates should consider the consequences, implications, long term, short term, or balance issues of their decisions to produce a well-written conclusion or recommendation.
- Some candidates evaluated their answers for the 'advise' question or provided suggestions for the 'evaluate' question. It is important to distinguish between the 'evaluate' and 'advise' questions. 'Evaluate' question requires candidates to discuss what has already happened in the case whereas 'advise' question requires suggesting what can be done by answering the question.

Comments on specific questions

Question 1

AO1 **Comprehensive responses**
- Most candidates had a clear understanding of strategic management, often defining analysis, choice and implementation and linking this to PF timeline. For example, strategic management refers to the use of strategic analysis, strategic choice and implementation. Strategic management helps analyse the current position of the business in relation to the market while strategic choice helps the business take long term decisions by choosing between the different strategy options.
- Most candidates defined SWOT and PEST analysis by expanding on the acronyms and many were able to develop the knowledge through describing SWOT as covering both internal and external factors whereas PEST describing the macroenvironment or external environment.
- Many responses utilised the introduction paragraph of their response to provide definitions of the key terms of the question specifically strategic management. SWOT and PEST analysis were linked as relevant strategic models and were often defined later in the response.

Limited responses
- Some responses only defined SWOT and PEST analysis by listing what they stand for. Candidates need to develop the definition further.
- Few candidates' responses were based off story telling the case study therefore missing out on linking the response to the key assessment objectives.

AO2 **Comprehensive responses**

- Most candidates made good use of context from the case study and used it appropriately such as takeover of ZF, hiring a consultant.
- Many used the numerical data effectively to support their points.

Limited responses

- Some responses merely copied the case material without applying it to the theory, analysis or evaluation.

AO3 **Comprehensive responses**

- Many responses demonstrated developed chains of reasoning linking causes, impacts and consequences; comparison of growth options.
- Many candidates were able to clearly analyse positive impacts on the business such as the SWOT showed that the strength of PF is the implementation of lean production leading to lower costs and higher profits.
- Some candidates demonstrated analysis by counter arguing their points. These impacts were developed and explained in detail linking to PF. For example, developed explanation could have been that the takeover led to a decrease in average costs and therefore more profit as PF expanded into country B allowing for economies of scale. On the other hand, the takeover may be costly and require training for the employees to understand the manufacturing aspect of the forward integration leading to higher expenses and lower profits.

Limited responses

- Some responses showed limited impact on PF by making general points about how strategic management may affect the business such as reduction in costs. These points did not develop further.
- Some candidates listed advantages and disadvantages of strategic tools.

AO4 **Comprehensive responses**

- Some candidates presented a clear evaluation of the business situation on strategic management effectiveness by saying whether it was effective or not, using case material to justify their point.

Limited responses

- Many responses demonstrated a judgement about the effectiveness of the strategic management with a simple justification as to why it was or was not effective. Response needs to clearly show whether PF's strategic management was effective overall such as PFs strategic management was effective as it achieved higher revenue and profit. This means that the takeover was successful and allowed PF to expand and gain new customers which increased revenue by 15%.
- Many candidates stated what PF should do rather than evaluate the effectiveness of strategic management (what they already did).
- Some candidates merely repeated earlier points in responses and just provided a simple sentence of the effectiveness without justification.

Comments on specific questions

Question 2

AO1 **Comprehensive responses**

- Few candidates showed clear understanding of financial statements and their purpose. Many went on to explain what the statements are and distinguish between them. For example, the difference between an income statement and a balance sheet.

Limited responses

- Many responses tended to rely on an understanding of ratios to answer this question. A full definition included what financial statements are and further development of this point. For example, financial statements are documents that are created by accountants in a business every financial year. These can include income statements, statement of financial position and cash flow. Income statements show the revenue, cost and profitability of the business and statement of financial position show the assets, liabilities and equity of the business at a point in time.
- Some candidates gave the knowledge from **Question 1** such as definitions of strategic analysis tools.

AO2 **Comprehensive responses**

- Most candidates were able to quote and use data from the case material to demonstrate their understanding or to use it in analysis or evaluative statements such as profit margins and gearing to support strategy.

Limited responses

- Few candidates linked the ratios and often did not link them to another assessment objective, so this was repetition of the case.

AO3 **Comprehensive responses**

- Some candidates were able to analyse the usefulness of financial statements to the business for their future strategy. This was often one sided and thus only gained limited analysis band.
- Few responses demonstrated balanced arguments about the benefits and disadvantages of the use of financial statements.
- Few candidates showed the usefulness of financial statements in gaining loans or in calculating ratios specifically the gearing ratio and how it will be difficult to gain more loans from the bank as PF is highly geared 80% increasing interest costs reducing profits.

Limited responses

- Few candidates discussed advise on the use of financial statements and rather discussed financial statements in terms of ratios with limited impact.
- Few candidates incorrectly answered this question like **Question 1** stating the outcome of the actions of PF such as increase profits if they bought land in country B rather than suggest how financial statements may be used and analyse that impact of the use.

AO4 **Comprehensive responses**

- Few candidates demonstrated well-supported recommendations with balanced evaluation specifically answering on the usefulness of the financial statements. Many also questioned whether relying solely on financial statements was appropriate.

Limited responses

- Many responses included what PF should do and how they should grow and little on usefulness of the financial statements. They often contained other factors that should be considered, e.g. marketing.