AQA

GCSE
BUSINESS
8132/2

Paper 2 Influences of marketing and finance on business activity

Mark scheme

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Mark schemes are prepared by the Lead Assessment Writer and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation events which all associates participate in and is the scheme which was used by them in this examination. The standardisation process ensures that the mark scheme covers the students' responses to questions and that every associate understands and applies it in the same correct way. As preparation for standardisation each associate analyses a number of students' scripts. Alternative answers not already covered by the mark scheme are discussed and legislated for. If, after the standardisation process, associates encounter unusual answers which have not been raised they are required to refer these to the Lead Examiner.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of students' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

No student should be disadvantaged on the basis of their gender identity and/or how they refer to the gender identity of others in their exam responses.

A consistent use of 'they/them' as a singular and pronouns beyond 'she/her' or 'he/him' will be credited in exam responses in line with existing mark scheme criteria.

Further copies of this mark scheme are available from aqa.org.uk

Level of response marking instructions

Level of response mark schemes are broken down into levels, each of which has a descriptor. The descriptor for the level shows the average performance for the level. There are marks in each level.

Before you apply the mark scheme to a student's answer read through the answer and annotate it (as instructed) to show the qualities that are being looked for. You can then apply the mark scheme.

Step 1 Determine a level

Start at the lowest level of the mark scheme and use it as a ladder to see whether the answer meets the descriptor for that level. The descriptor for the level indicates the different qualities that might be seen in the student's answer for that level. If it meets the lowest level then go to the next one and decide if it meets this level, and so on, until you have a match between the level descriptor and the answer. With practice and familiarity you will find that for better answers you will be able to quickly skip through the lower levels of the mark scheme.

When assigning a level you should look at the overall quality of the answer and not look to pick holes in small and specific parts of the answer where the student has not performed quite as well as the rest. If the answer covers different aspects of different levels of the mark scheme you should use a best fit approach for defining the level and then use the variability of the response to help decide the mark within the level, ie if the response is predominantly level 3 with a small amount of level 4 material it would be placed in level 3 but be awarded a mark near the top of the level because of the level 4 content.

Step 2 Determine a mark

Once you have assigned a level you need to decide on the mark. The descriptors on how to allocate marks can help with this. The exemplar materials used during standardisation will help. There will be an answer in the standardising materials which will correspond with each level of the mark scheme. This answer will have been awarded a mark by the Lead Examiner. You can compare the student's answer with the example to determine if it is the same standard, better or worse than the example. You can then use this to allocate a mark for the answer based on the Lead Examiner's mark on the example.

You may well need to read back through the answer as you apply the mark scheme to clarify points and assure yourself that the level and the mark are appropriate.

Indicative content in the mark scheme is provided as a guide for examiners. It is not intended to be exhaustive and you must credit other valid points. Students do not have to cover all of the points mentioned in the Indicative content to reach the highest level of the mark scheme.

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

The own figure rule

General principle: The own figure rule is designed to ensure that students are only penalised once for a particular error at the point at which that error is made and suffer no further penalty as consequence of the error. Where the own figure rule is to be applied in a mark scheme, the symbol OFR is used.

Section A

Total for this section: 20 marks

Multiple Choice Questions

Question number	Answer	
1.1	C	Point of sale displays
1.2	D	Treating suppliers fairly
1.3	C	Introduction
1.4	D	Payment of government fines
1.5	D	Setting a low price for a product when it enters the market
1.6	C	Average annual profit

1.1–1.6 = AO1 × 6 **[1 mark for each correct answer]**

1.7	Identify **two** ways a business might solve its cash flow problems. **[2 marks]**

Marks for this question: AO1 – 2 marks

1 mark for identifying possible solutions to cash flow problems × 2.

Answers may include:
- re-scheduling payments - delaying supplier payments, persuade customers to pay quicker
- reducing cash outflows - cut costs, cut down on wages, cheaper raw materials
- increasing cash inflows - increase prices
- new sources of finance - overdraft, trade credit, loan, sell current assets, owner's funds.

Marker's note
Only accept one solution from each bullet point e.g. overdraft and loan 1 mark only to be awarded.

Only accept answers that are quick to implement and do not involve further cash outputs, e.g. selling shares and redundancy would not solve cash flow problems quickly.

The first answer/solution on each line must be accepted.

1.8	Explain **one** reason why a business would choose a newspaper as a method of advertisement. **[2 marks]**

Marks for this question: AO1 – 2 marks

1 mark for identifying a reason for choosing a newspaper
1 mark for explaining why the newspaper is a better choice of advertising

Answers may include:
- can choose to advertise locally or nationally
- targeting the market segment through the choice of newspaper
- the choice of the size of advertisement is flexible.

Examples of a developed answer:
Newspaper adverts can be used to target a local market (1). This means that people who live near the business will be targeted with the advertisement (1).

Targeting the market segment through the choice of a newspaper (1). Adverts can be targeted at older people as they are more likely to buy and read a newspaper (1).

By using newspaper advertising businesses can choose the size of the advertisement they place (1). Depending on how much they want to spend they can have a bigger or smaller advertisement (1).

Marker’s Note
‘Cheap’ on its own is insufficient, it needs to be compared with an alternative to be awarded a mark.

1.9	Identify **one** extension strategy a business can use **and** explain how it can increase sales. **[2 marks]**

Marks for this question: AO1 – 2 marks

1 mark for identifying an extension strategy.
1 mark for explaining how the extension strategy can increase sales.

Answers may include:
- updating packaging
- adding more or different features
- changing the target market
- advertising
- price reduction
- rebranding.

Examples of a developed answer
Updating the packaging of a product (1) can make it appeal to new customers (1).

A reduction in price (1) would make a product more competitive and encourage customers to switch brands (1).

Marker’s note
Do not award methods of increasing sales e.g. creating a website.

1.10	Explain **one** advantage of using retained profits as a source of business finance. **[2 marks]**

Marks for this question: AO1 – 2 marks

1 mark for identifying a feature of retained profits.
1 mark for explaining the advantage of the feature.

Answers may include:
- no interest is payable
- available immediately to successful businesses
- does not need to be repaid
- the business will not be in debt
- it does not dilute the ownership of the business.

Examples of developed answers
Retained profits are available immediately to successful businesses (1). The business does not have to wait for the finance like it would with a bank loan (1).

No interest is payable (1) which means the business does not pay more than the amount used (1).

1.11	Use the break-even chart below to calculate the margin of safety if the actual number of units sold was 60. Show all workings. **[2 marks]**

Marks for this question: AO1 – 2 marks

Answer = 20 units (2) 30 units (1) 20 (1) £400 (1)

Method 1
60 – 40 (1) = 20 units (1)

Method 2 (if the candidate has calculated from the break-even point to max units sold)
70 – 40 (0) = 30 units (1)

Marker's note
Candidates must indicate the answer is in units to gain full marks.

Accept an attempt to calculate margin of safety in revenue, e.g. £1200 – £800 = £400 (1). A maximum of one mark can be achieved and the £ sign must be on the final answer.

1.12	State and explain **two** factors that influence pricing decisions for a business. **[4 marks]**

Marks for this question: AO1 – 4 marks

1 mark for identifying a factor × 2.
1 mark for explaining how the factor influences the pricing decision × 2.

Answers may include:
- cost
- level of demand
- degree of competition
- nature of the market – competition pricing, location, brand image, segmentation
- product life cycle
- quality of product.

Examples of developed answers
Cost (1) Using job production to make higher quality products will allow the business to charge a higher price (1).

Cost (1) Lower raw material costs would allow the business to charge lower prices but still maintain a profit (1).

Level of demand (1), if this is high then a business can charge higher prices for its products (1).

Nature of the market (1). If a market has many businesses selling the same products, then the price will need to be competitive (1).

Marker's note
Only accept one factor from each bullet point e.g. cost of raw materials and paying staff 1 mark only to be awarded.

Factors identified in the explanation can be awarded, e.g. if inflation is identified as a factor and then the explains how inflation affects costs which influence pricing decisions, full marks can be awarded.

Section B

Total for this section: 33 marks

2.1	Explain **one** factor influencing the location of a business. **[2 marks]**

Marks for this question: AO1 – 2 marks

1 mark for identifying a factor of location.
1 mark for explaining how or why the factor influences location.

Answers may include:
- proximity to the market, footfall
- availability of labour
- level of competition
- costs – premises, labour
- availability of raw materials
- transport links
- technology
- type of business.

Examples of developed answers
The level of competition (1). A business may choose to set up in an area with little competition as it will be easier to develop a customer base (1).

Availability of labour (1). This is important if a business needs high numbers of employees (1).

The cost of premises (1) will be a factor. A start-up business will have a limited budget so may decide to locate in a cheaper area (1).

2.2	Interest rates in the UK have increased significantly in the past. Analyse **one** impact that a change in interest rates could have on GCC. **[6 marks]**

Marks for this question: AO2 – 3 marks AO3 – 3 marks

Level	Marks	Description
3	**5–6**	**Detailed analysis of topics based on the context** • Business areas are fully analysed. • Applies knowledge and understanding to the context sufficiently.
2	**3–4**	**Sound analysis of topics based on the context** • Business areas are partially analysed. • Applies some knowledge and understanding to the context.
1	**1–2**	**Basic analysis of topics based on the context** • Basic analysis of business areas. • Basic knowledge and understanding is applied to the context.
0	**0**	Nothing written worthy of credit.

Application:
Possible answers include:

- **interest rates in the UK have increased significantly in the past –** rising costs mean consumers are more likely to save and spend less on non-essential goods and services
- **GCC tents are expensive to hire, but festival organisers can then charge a high price –** less disposable income means people will look for cheaper alternatives
- **GCC relies on an overdraft to help cover cashflow –** overdrafts have interest added so business costs will increase.

Example of a Level 3 developed answer
Higher interest rates means that GCC will incur higher overdraft charges. As GCC allows festival organisers to pay their bill after the festival has taken place GCC relies on an overdraft to help with its cashflow while it waits for payment. Higher interest will mean that cash outflow increase and this could result in the business being unable to afford to pay its other costs. GCC may have to insist that the festival organisers pay when booking the tents to boost net cashflow. This could affect its ability to secure future bookings.

2.3	The questionnaire produced by GCC will contain many questions asking for customers' opinions. Recommend whether GCC should use a questionnaire to find out what customers want. Give reasons for your recommendation. **[9 marks]**

Marks for this question: AO2 – 3 marks AO3 – 6 marks

Level	Marks	Description
3	**7–9**	**Detailed analysis and evaluation of topics based on the context** • Sustained line of reasoning, which is coherent, relevant and substantiated with a focused conclusion that is fully justified. • Business areas are fully analysed. • Applies knowledge and understanding to the context sufficiently.
2	**4–6**	**Sound analysis and evaluation of topics based on the context** • A line of reasoning, with a conclusion that has some justification. • Business areas are partially analysed. • Applies some knowledge and understanding to the context.
1	**1–3**	**Basic analysis and evaluation of topics based on the context** • Basic line of reasoning with a conclusion. • Basic analysis of business areas. • Basic knowledge and understanding is applied to the context.
0	**0**	Nothing written worthy of credit.

Indicative content:

Application	**Analysis**
Yes Questionnaire created by GCC to gather specific information about luxury tents. Questionnaire will contain many questions asking for customers' opinions. Handed out to people who go to festivals.	The questionnaire will be created by GCC, therefore it will allow the business to ask the right questions to gather the specific information it needs to improve the luxury tent hire service for festival customers and stay competitive. Gathering opinions will allow GCC to collect qualitative data as people are able to provide detailed responses. This will give the business a deep insight into exactly what potential customers want. This is particularly important as GCC needs to stay competitive. As the questionnaire will be handed out by GCC at festivals, it will be given directly to the target market of festival goers. This will increase the reliability of the responses.
No GCC will send two employees to hand the questionnaire out at big festivals.	GCC plan on distributing the questionnaire results in person which will be very time consuming. The business plans on sending two of its employees to the festivals to hand out the questionnaires. This is half

Data will be analysed by the existing employees. Questionnaire will ask many questions to gather customers' opinions.	of GCC's full time staff, and as each employee specialises in a specific area of the business it could cause problems. If no-one is around to respond to customer enquiries, bookings could be lost. GCC also plans to analyse the questionnaire results itself. If employees have no training or experience in data analysis the results may be inaccurate and staff would be spending extra time away from their specific job. This means that GCC could be making the wrong decisions for the business.

Evaluation:
- depends on how the questionnaire is collected once it is handed out to festival goers
- depends on whether people at a festival will complete the questionnaire/complete it honestly
- the type of festival will have an impact on the demographics of the respondents so results might not be reliable
- depends on whether staff receive training on how to create and distribute questionnaires.

2.4	Explain **one** reason why cash is important to a business. **[2 marks]**

Marks for this question: AO1 – 2 marks

1 mark for identifying a reason why cash is important to a business.
1 mark for an explanation or consequence of the reason why cash is important.

Answers may include:
- to pay suppliers
- to pay employees
- to pay overheads – e.g. rent, electricity
- business survival
- no need for debt / no negative cashflow.

Examples of developed answers
Cash is important to pay suppliers (1). Without raw materials from suppliers a business would be unable to make and sell products (1).

A business needs cash to pay employees (1). If it is late paying employees, they are likely to leave the business (1).

2.5	Using the information in **Item B** and **Figure 1**, calculate the average number of tents that were hired each month in the summer season. Show your workings. **[2 marks]**

Marks for this question: AO2 – 2 marks

Answer = 858 (2) 747.5 or 748 (1) 643.5 or 644 (1)

Method 1 (summer season June to August)
Total tents hired = 874 + 1196 + 504 = 2574 (1)
Average = 2574 OFR/3 = 858 (1)

Method 2 (if the candidate has incorrectly calculated the average for May to August)
Total tents hired = 416+ 874 + 1196 + 504 = 2990 (0)
Average = 2990/4 = 747.5 or 748 (1)

Method 3 (if the candidate has incorrectly divided by four months)
Total tents hired = 874 + 1196 + 504 = 2574 (1)
Average = 2574/4 = 643.5 or 644

2.6	GCC will receive £4000 from the sale of an old tent in September. Using the information in **Table 1**, calculate the net cash flow for GCC for September taking into account the sale of the tent. Show your workings. **[3 marks]**

Marks for this question: AO2 – 3 marks

Answer = £22 100 (3) £22.1 (2)

Method 1
Total cash inflows = £36 000 + £4000 = £40 000 (1)
Net cash flow = £40 000 OFR - £17 900 (1) = £22 100 (1)

Method 2
Original net cash flow = £36 000 - £17 900 = 18 100 (1)
New net cash flow = 18 100 OFR + £4000 (1) = £22 100 (1)

Marker’s note
Full marks can only be awarded if the final answer has an indication of thousands.

2.7	GCC will offer the discount for 2 weeks after launching the sales promotion. Bookings made after this will not receive the discount. Recommend whether GCC should go ahead with the sales promotion. **[9 marks]**

Marks for this question: AO2 – 3 marks AO3 – 6 marks

Level	Marks	Description
3	7–9	**Detailed analysis and evaluation of topics based on the context** • Sustained line of reasoning, which is coherent, relevant and substantiated with a focused conclusion that is fully justified. • Business areas are fully analysed. • Applies knowledge and understanding to the context sufficiently.
2	4–6	**Sound analysis and evaluation of topics based on the context** • A line of reasoning, with a conclusion that has some justification. • Business areas are partially analysed. • Applies some knowledge and understanding to the context.
1	1–3	**Basic analysis and evaluation of topics based on the context** • Basic line of reasoning with a conclusion. • Basic analysis of business areas. • Basic knowledge and understanding is applied to the context.
0	0	Nothing written worthy of credit.

Indicative content:

Application	Analysis
Yes 25% price discount on bookings. Discount will only be available for two weeks. Advertised on the GCC social media pages.	Offering a large discount of 25% will make GCC's expensive tents more affordable and a possibility for people who would not be able to pay the full price. 25% is a significant reduction in the selling price and therefore as more people with a lower budget will now be able to afford the tents for their weddings this will increase demand for the business. This will lead to an increase in the number of tents sold and as social media will allow the promotion to be shared easily other costs will not increase. Therefore this increase in sales volume should cover the reduction in profit margin and overall sales revenue will increase.
No 25% discount for all bookings. Discount is only on bookings made outside of the summer season.	The discount may not be affective in boosting sales, as the discount is only available for booking made outside the summer season. This may not attract customers as the summer season is the most popular months for people to get married and an important event such as a wedding then price may not be the main consideration. For example, July when most bookings occur for GCC is often nicer weather and this

Competition would only have three prizes.	could be a major selling point for the tents for a wedding. The main reason for sales promotions is to give short term incentives for customers to buy and try the product in the hope they become repeat customers. Therefore, as GCC is using this to promote the new service for a wedding unless wedding guests also go to festivals this is not likely to be as effective for this type of business.

Evaluation:
- people might expect discounts in future and delay bookings for this
- 25% is a large discount – how much are GCC cutting profit margins by? Could the amount of discount be reduced?
- how far into the future can people book wedding tents?
- would the competitions put people off making a booking while they wait to see if they have won?

Section C

Total for this section: 37 marks

3.1	Explain **one** negative impact a business may have on the environment. **[2 marks]**

Marks for this question: AO1 – 2 marks

1 mark for identifying a negative impact on the environment.
1 mark for explaining the negative impact on the environment *or* how the business activity causes it

Answers may include:

- traffic congestion
- using non sustainable resources
- disposal of waste / produce a large amount of waste
- pollution e.g. air, noise
- lack of recycling.

Examples of developed answers

A business can produce lots of waste (1). This can add to landfill and damage the environment (1).

Pollution (1) is created if a business uses cars and lorries to transport goods which can damage the air quality (1).

3.2	Telesales staff at Solar Scene Ltd have excellent technical knowledge of the solar panels and can address concerns immediately. Explain **one** reason why Solar Scene Ltd uses telesales to distribute solar panels. **[4 marks]**

Marks for this question: AO1 – 2 marks AO2 – 2 marks

Level	Marks	Description
2	**3–4**	**Sound understanding and application of the topics** • Applies knowledge and understanding to the context sufficiently. • A sound understanding of one or more business concepts and issues.
1	**1–2**	**Basic understanding and application of the topics** • Applies basic knowledge and understanding to the context. • A basic understanding of one or more business concepts.
0	**0**	Nothing written worthy of credit.

Knowledge and application:
Answers may include:

- **follow up telesales calls / calls made within 24 hours** – can act quickly on queries from potential / interested customers
- **telesales staff can spend time finding out exactly what each customer wants to create the best design** – convenient way to sell products from home, using the phone to directly sell to customers and convince them to buy
- **telesales staff have excellent technical knowledge –** control the advice that customers are receiving from the business
- **do not have stores that customers can visit** – direct distribution save the cost of intermediaries.

Example of a Level 2 developed answer
Telesales allows Solar Scene to take orders immediately over the telephone rather than selling in a shop. This sales process of direct selling of the solar panels will enable staff to discuss individual customers wants and needs which is necessary as it is a technical product. As a phone call is made within 24 hours of a potential customer registering their interest on the website this final push using telesales is more likely to convince them to buy the product.

3.3	The solar panel market is a growing market and in 2024 grew by 40%. The average sales revenue growth of competitors is 35%. Analyse **one** way that the information in Solar Scene Ltd's income statements would help potential investors decide whether to invest in the company. **[6 marks]**

Marks for this question: AO2 – 3 marks AO3 – 3 marks

Level	Marks	Description
3	**5–6**	**Detailed analysis of topics based on the context** • Business areas are fully analysed. • Applies knowledge and understanding to the context sufficiently.
2	**3–4**	**Sound analysis of topics based on the context** • Business areas are partially analysed. • Applies some knowledge and understanding to the context.
1	**1–2**	**Basic analysis of topics based on the context** • Basic analysis of business areas. • Basic knowledge and understanding is applied to the context.
0	**0**	Nothing written worthy of credit.

Application:
Possible answers include:
- **income statements show that sales revenue has increased on average 50% each year** – an increase in revenue will encourage investors as it shows a business can attract customers. The income statement allows business performance to be judged by potential investors against previous years.
- **the solar panel market is a growing market and in 2024 grew by 40%. The average sales revenue growth of competitors is 35%** – the income statement allows potential investors to judge business performance against competitors.
- **net profit has increased by 30% per year** – may suggest to investors that there may be future profit for future dividends to be paid as a return on investment. Profit is the main business performance measure for shareholders.
- **Solar Scene Ltd has paid half of this as dividends to shareholders** – may suggest to investors that there will be significant dividends paid on their investment.

Example of a Level 3 developed answer
The income statement allows potential investors to judge performance against previous years. Investors can use revenue data from Solar Scene Ltd's income statements to help make a decision about whether to invest in the business. As revenue has increased on average 50% each year this will allow investors to make judgements on the potential future growth of the business. This may mean that their investment is secure as the business is growing faster than the market as a whole.

3.4	Explain **one** benefit for a business of using market segmentation. **[2 marks]**

Marks for this question: AO1 – 2 marks

1 mark for identifying a benefit of segmentation
1 mark for explaining the benefit of segmentation.

Answers may include:
- to target promotion at specific customers
- to develop products to meet customer needs
- to set appropriate prices
- advertising can be aimed at specific customers.

Examples of developed answers
To develop products to meet customer needs (1) which will lead an increase in brand image (1).

A business can target promotion at specific customers (1) so that customers interested in specific products are more likely to see them being advertised (1).

3.5	Solar Scene Ltd has placed an order with its supplier for 8 solar panels. The total cost of the order is £12 000. Using the information in **Item D**, calculate the cost of the order once the discount has been applied. Show all workings. **[2 marks]**

Marks for this question: AO2 – 2 marks

Answer = £11 400 (2) £600 (1)

Method 1
Discount = £12 000 / 100 × 5 = £600 (1)
Cost of order = £12 000 – £600 OFR = £11 400 (1)

Method 2
Discount = £12 000 × 0.95 = (1)
Cost of order = £11 400 (1)

3.6	Using the information in **Table 2**, calculate the gross profit margin for Solar Scene Ltd for 2024. Show all workings. **[3 marks]**

Marks for this question: AO2 – 3 marks

Answer = 30% (3) 23.72% or 23.7% or 24% (2)

Method 1
Gross Profit = £860 – £602 = £258 (1)

$$\text{GPM} = \frac{\text{£258 OFR}}{\text{£860 (1)}} = 0.3 \text{ x}100 \text{ (1)} = 30\%$$

Method 2 (If the candidate calculates the net profit margin)
Net Profit = £860 – £656 = £204 (0)

$$\text{NPM} = \frac{\text{£204 OFR}}{\text{£860 (1)}} = 0.237 \text{ x } 100 \text{ (1)} = 23.72\% \text{ or } 23.7\ \% \text{ or } 24\%$$

3.7	Whilst the business grows, Karl will communicate with staff through monthly, instead of weekly, meetings. Analyse **one** type of diseconomies of scale that may occur if Solar Scene Ltd expands quickly. **[6 marks]**

Marks for this question: AO2 – 3 marks AO3 – 3 marks

Level	Marks	Description
3	**5–6**	**Detailed analysis of topics based on the context** • Business areas are fully analysed. • Applies knowledge and understanding to the context sufficiently.
2	**3–4**	**Sound analysis of topics based on the context** • Business areas are partially analysed. • Applies some knowledge and understanding to the context.
1	**1–2**	**Basic analysis of topics based on the context** • Basic analysis of business areas. • Basic knowledge and understanding is applied to the context.
0	**0**	Nothing written worthy of credit.

Application:
Possible answers include:
- **Karl will manage all offices himself** – co-ordination diseconomies – business will become harder to manage as it is based in different locations
- **Karl will communicate with staff through monthly instead of weekly meetings –** communication diseconomies – employees may no longer feel like an important part of the business
- **current employees will complete any extra administration tasks on top of their current workload** – reduced motivation diseconomies – adding extra tasks will leave staff feeling overworked and frustrated.

Example of a Level 3 developed answer
Solar Scene Ltd is likely to experience communication diseconomies of scale which will make staff feel like they are no longer an important part of the business. Karl is planning to hold staff meetings monthly instead of weekly. This will mean that staff are not updated on new developments in the industry, which means that staff are less effective at their jobs and may not sell as many solar panels. This will lead to staff time not being used effectively and staff wages being wasted, which will increase unit costs.

3.8	Karl wants Solar Scene Ltd to expand into the business segment of the market. He is considering **two** options: 1. Apply for a government grant to build a factory in the UK 2. Merge with a manufacturer in China Analyse the effect of **each** of these **two** options for Solar Scene Ltd. Evaluate which of these **two** options will have the biggest **impact** on the ability of Solar Scene Ltd to be competitive in the business segment of the market. **[12 marks]**

Marks for this question: AO1 – 3 marks AO2 – 3 marks AO3 – 6 marks

Level	Marks	Description
4	**10–12**	**Developed, integrated analysis and evaluation of topics with sustained judgement based on context** • An integrated line of reasoning, which is coherent, relevant, with a conclusion where the area which has been impacted on the most has been fully justified. • Interdependent nature of business areas is fully analysed. • Applies knowledge and understanding to the context and successfully draws together several functional areas of business.
3	**7–9**	**Detailed analysis and evaluation of topics based on the context** • A line of reasoning, which is coherent, relevant, with a conclusion that is justified. • Different business areas are analysed independently, or the interdependent nature of business areas is partially analysed. • Applies knowledge and understanding to the context and starts to draw together several functional areas of business.
2	**4–6**	**Sound analysis and evaluation of topics in isolation of their interdependence based on the context** • A line of reasoning, with a conclusion that has some justification. • One business area is analysed independently. • Applies some knowledge and understanding to the context.
1	**1–3**	**Basic generic discussion of topics** • A basic understanding of business concepts in isolation. • A basic understanding of one or more business concepts. • Partial relevance to the question.
0	**0**	Nothing written worthy of credit.

Indicative content:

Understanding	**Application**	**Analysis/Evaluation**
A Government grant is a fixed amount of money given to a business if it meets certain criteria such as providing jobs in areas of high unemployment.	Can take up to nine months for a decision. Grant does not need to be repaid. Must locate in area of high unemployment to meet conditions. Cost of land and wages are low in this area.	The Government grant would allow Solar Scene Ltd to obtain the funding it needs to expand and manufacture the solar panels in the UK. The area also has low land and wage costs. Therefore, start-up and running costs would be low and Karl could pass these savings on and lower solar panel prices to attract new business customers and gain market share. Although Karl would need to wait up to nine months to find out if the application has been successful, the money would cover the huge cost of building the new factory and would not need to be repaid unlike other sources of finance.
A merger is when two or more businesses join to form a new business.	China manufacturer has expertise and 10 years' experience. Manufacturer has a poor health and safety record. Manufacturer is a well-known brand and has won awards. Delivery to the UK can take 8 weeks.	Merging would allow Solar Scene Ltd to expand quickly as the manufacturer in China has been producing solar panels for 10 years. Solar Scene Ltd has no experience in manufacturing, only in installation, so merging will give it access to expertise which would allow it to gain market share with business customers quickly. This is important as businesses have already made enquiries about solar panels. However, although they have the experience, the long delivery times could be an issue if business customers were not prepared to wait.

Evaluation and integration:
What does it depend on?
- delivery times from China are much longer than in the UK. Are business customers prepared to wait?
- will Solar Scene Ltd aim to improve the health and safety issues and closely monitor production in China?
- with the Government grant can Solar Scene Ltd afford the latest equipment to compete with the manufacturer in China?