Solutions

Business answers are marked by **level of response** against the assessment objectives, not with single M/A/B points: award **AO1** knowledge, **AO2** application (to the firm), **AO3** analysis (reasoning chains) and **AO4** evaluation (a supported judgement).

Each answer shows the steps, then the **result**.

2.1

- the amount by which the selling price is greater than the cost of bought-in materials (2 for a clear definition; 1 for a partial idea such as "price minus cost")

2.2

- \$15 − \$6 = \$9 per unit (2; award 1 for a correct method with the wrong figure)

2.3

- any two of: innovative; willing to take (careful) risks; hard-working / determined; self-confident; good decision-maker; good leader (1 + 1)

3.1

- *[3]* **AO1** 1 mark — name a benefit (e.g. helps obtain finance; sets clear goals; lowers the risk of failure). **AO2** up to 2 — develop *why* it helps this business, e.g. a bank can read the cash-flow forecast and the plan to repay, so it is more willing to lend (2 developed / 1 limited)

3.2

- *[8]* For **each** of two qualities: **AO1** 1 (name it) + **AO2** 1 (apply to running the business) + **AO3** up to 2 (developed reasoning chain L2 / limited L1). Example chains — *innovative*: new ideas
- a product rivals do not have
- competitive advantage
- higher sales; *determined*: keeps going through early losses
- survives long enough to reach break-even. Maximum 4 per quality, 8 total

3.3

- *[12]* **AO1** 2 / **AO2** 2 / **AO3** 2 / **AO4** up to 6, awarded by the evaluation band: - **L3 (5–6):** developed, supported judgement set *in context*. - **L2 (3–4):** developed judgement *without context*. - **L1 (1–2):** a limited or weak attempt to balance the arguments. Both sides: a plan guides decisions, helps secure finance and lowers risk — **but** success also depends on a real market, enough finance, good execution and some luck, and a plan built on poor assumptions can mislead. Judgement: a plan helps, yet is rarely *the single* most important factor; it depends on the quality of the idea and the market it enters