A-Level Business: **w25 13**

3(a)	**Define the term *hostile takeover.*** **Indicative content** Responses may include: **AO1 Knowledge and understanding** **CLEAR UNDERSTANDING (2 marks)** • Buying another business against the company's wishes/consent (2) Clear understanding of the term *hostile takeover* is worth 2 marks. This is indicated by 2 tic . **PARTIAL UNDERSTANDING (1 mark)** • taking control of another business (1) Partial understanding of the term *hostile takeover* is worth 1 mark. This is indicated by 1 ti . Accept all valid responses.
3(b)	**Explain <u>one</u> importance to a business of having objectives.** **Indicative content** Responses may include: **AO1 Knowledge and understanding - 1 mark for identifying ONE importance to a business of having objectives** • set out what the business wants to achieve / gives direction • gives a clear sense of direction to all in the business / improves decision making • sets out clearly what the business wants to achieve • provide a focus for all decisions • motivated employees know exactly what is expected of them • these objectives allow work to be defined, measured, and monitored • measures business performance • increases efficiency / enables better resource allocation **AO2 Application** **2 marks for DEVELOPED application/explanation of ONE importance to a business of having objectives** **1 mark for LIMITED application/explanation of ONE importance to a business of having objectives** • when the objective is clear there can be a plan on how to achieve it • all relevant parts of the business can be co-ordinated to work towards the same objective • employees can be given achievable individual targets which help motivate them to meet the objectives • SMART objectives can be assessed in several ways to check that progress towards achieving them is going to plan Accept all valid responses.

A-Level Business: **s25 12**

1(a)	**Define the term *mission statement.*** **Indicative content** Responses may include: **AO1 Knowledge and understanding** Clear understanding (2 marks) • A business statement/sentence/document (1) that sets out the purpose/goals/aims/values of a business (1), an example is often given – 'To be carbon neutral by 2030' (1) Partial understanding (1 mark) • What a business stands for (1) • The goals/values of a business (1) Accept all valid responses.

A-Level Business: **s25 12**

1(b)	**Explain <u>one</u> disadvantage to a business of having corporate social responsibility (CSR) as a business objective.** There are 3 marks for this question – 1 mark for knowledge and understanding and 2 marks for application/explanation **Indicative content** Responses may include: **AO1 Knowledge and understanding –** 1 mark for identifying one disadvantage of CSR as a business objective • May add to business costs • May reduce profits • May result in stakeholder conflict • Business operations more transparent • Business may be deflected from bottom line objective • Competitors may take advantage **AO2 Application** 2 marks for a **developed** APP of **one disadvantage** of CSR as a business objective 1 mark for a **limited** APP of **one disadvantage** of CSR as a business objective • CSR objectives may well involve additional costs for a business – profit not the sole objective. • CSR objectives may well mean stakeholder conflicts – shareholders concern for maximum dividends versus management commitment to ethical suppliers. • CSR businesses are in the public eye and likely to be scrutinised for all that they do – subject to criticism over the smallest acts or operations. • CSR implies more accountability and responsibility and requires sustainable actions – rather than 'window dressing' PR campaigns. • Sustainable resources may be more expensive • CSR companies may lose sight of their fundamental commercial/economic role as business organisation Accept all valid responses.

A-Level Business: **s25 22**

2(a)(i)	**Identify <u>one</u> external source of finance.** Responses may include: Knowledge of an external source of finance: • share capital • debentures • new partners • venture capital • (bank) overdrafts • leasing • hire purchase • (bank) loans • mortgages • debt factoring • trade credit • micro-finance • crowd funding • government grants • peer to peer Accept all valid responses.

2(a)(ii) **Explain the term *business plan*.**

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.

Responses may include:
AO1 Knowledge and understanding
Knowledge of a business plan K, including:
- formal written document containing the goals of a business.
- the methods for attaining business goals/objectives/targets etc.
- a written document that describes a business and its objectives.
- a document outlining the direction of the business and how to get there.

AO2 Application
Explanation of a business plan APP (max 2 marks), including:
- Any example of a section from a business plan (1 mark for each up to max of 2 marks); HRM plan, marketing plan, operations plan, finance plan.
- Any other relevant data which might be included in a business plan.
- Examples of potential uses of a business; gain finance, find investors etc.
- A business plan may have a specific timeframe for achieving its objectives
- May include internal and external influence data

Accept all valid responses.

2(a)(ii)

Exemplar and annotations	Mark	Rationale
A written document showing the objectives for the business K and the functional areas, such as Marketing APP that are involved. Business plans are often used to apply for finance APP.	3	Clear knowledge that objectives form part of the business plan. A functional area also identified, as well as a use of a business plan.
Can be used to inform external stakeholders about the business APP. A business plan can be created for a specific time period, such as 5 years APP. It is the details about the business and its environment K	3	Some idea of what is in a business plan (details and environment), and a use of a plan. Also the time period.
A document outlining what the business does K for a specific time period APP.	2	Knowledge of what is in a business plan and time period.
A future plan for how a business will achieve its objectives K.	1	Clear knowledge.
A plan of the business for the future TV.	0	Tautology – candidates need to show they know what 'business' and 'plan' mean.
A forecast of the sales made by a business. TV	0	No understanding of a business plan.

2(b)(i) **Refer to Fig 2.1 and other information. Calculate the total payment to the social media influencer in February.**

Formula:
Total payment = salary + commission (% of sales) (1)
OR
Correct calculation of revenue that comes directly from the influencer in Feb
= Total sales in four weeks – $4000 + $3000 + $500 + $3000 = $10 500 (1)
OR
Correct calculation of total salary for influencer for Feb = $250 + $250 + $250 + $250 = $1000 (1)

Calculation:

5% of $10 500 = $525 (1)

Total payment = $1000 (salary) + $525 (commission) = $1525 (1 – OFR applies)

Ans = $1525 (3 marks)

2(b)(i) **Exemplar and annotations**

Marks		
3 marks	Correct answer **$1525**	**Working and sign do not matter**. $
2 marks	Correct calculation of commission based on total revenue that comes directly from the influencer in Feb ($525) **OR** An incorrect answer with one mistake allowing OFR for final stage. **OR** An answer that misses out the commission ($11 500 with working)	To award two marks, there must be • Two ✓ and a ✗ **OR** • One ✓ , one ✗ and one OFR **OR** • Two OFR and a ✗
1 mark	**One** of the following: • Correct formula • Correct calculation of total revenue that comes directly from the influencer in Feb ($10 500). • Correct calculation of total salary for FEB ($1000).	To award one mark, there must be: • One ✓ and two ✗
0 marks	No creditable content.	To award zero marks, there must be a minimum of one ✗

2(b)(ii)

Explain <u>one</u> disadvantage to Kaia of using a commission payment method.

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.

Responses may include:

AO1 Knowledge and understanding

Knowledge of a disadvantage of using commission (max 1 mark), including
- Increases business costs
- Reduces profit/ profit margin
- Difficult to predict / forecast
- May lead to aggressive sales techniques
- May cause anxiety/stress/demotivation (for the employee)
- May prioritise short-term gains, over long-term business objectives
- May be difficult to recruit new workers
- May cause employees to compete with one another
- Paid from revenue, not profit (may need to be paid even if PB does not make a profit)

AO2 Application

Explanation of a disadvantage of using commission payment method (max 1 mark), including:
- Increases business costs – as the business increases revenue, commission also increases
- Difficult to predict / forecast – which can mean that PB may not be able to calculate the break-even point
- May lead to aggressive sales techniques – as salespeople push to increase their own income

2(b)(ii)

- May cause anxiety/stress (for the employee) – leading to lower motivation
- May prioritise short-term gains, over long-term business objectives – as employees focus on increasing short term revenue and not profit margins
- May be difficult to recruit new workers – because of the uncertainty of their likely income
- May cause employees to compete with one another – and work towards their own utility, not the good of the business
- Paid from revenue, not profit – so may need to be paid even if PB does not make a profit

Context applied to PB (max 1 mark), including:
- 5% commission on direct sales
- OFR from **Q2(b)(i)**
- Social media influencer gets a salary as well ($250 a week)
- Use of data in chart 2.1

Exemplar and annotations	Mark	Rationale
A commission adds to PBs costs which can reduce the profit available to relocate PB to larger premises.	3	A disadvantage identified and explained with context.
It may lead to competition between workers which could lead to demotivated employees reducing the $10 500 revenue from the influencer.	3	A disadvantage, which is explained and context used.
May be difficult to recruit new influencers if 5% commission seems low.	2	A disadvantage and context. However the disadvantaged is not explained as to how/why recruitment may be more difficult based on commission.
Reduce profit, and may demotivate the employees.	1	There are two pieces of knowledge here, but they are not linked (ie the candidate has not stated that there is less profit because of the demotivation). Only K so max 1 mark.
Paying a 5% commission means that for every $1 of revenue the influencer sells, they get $0.05.	0	There is no knowledge of a disadvantage of using commission.

Accept all valid responses.

2(c)

Analyse <u>one</u> advantage and <u>one</u> disadvantage to Kaia of using job production.

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.

Note: Annotate the first advantage in the left-hand margin and the first disadvantage in the right-hand margin.

2(c)

Responses may include:

AO1 Knowledge and understanding

Knowledge of an advantage of using job production (max 1 mark), including:
- High quality
- High price
- Flexibility
- Customisation / customer satisfaction
- All finished products are sold

Knowledge of a disadvantage of using job production (max 1 mark), including:
- High production costs
- Long lead time
- Requires specialist equipment

AO2 Application

Application of an advantage or disadvantage to PB, including:
- Kaia has a university degree in textile designs
- Kaia thinks she has entrepreneurial qualities
- Sole trader
- Current objective to break even
- Blankets personalised with a picture
- Picture supplied by customer
- Customers design their own blanket (customisable size and picture)
- Many customers buy the blankets as gifts for special occasions (birthdays, holidays etc.)
- Being promoted by a social media influencer
- Use of data in Chart 2.1

AO3 Analysis

Limited analysis of an advantage of job production – developed analysis, including:
- High quality: increases customer satisfaction and leads to sales – increases profit.
- Customisation / customer satisfaction; likely to lead to increased sales – increased profit.
- All finished products are sold; more likely to have costs lower than revenue – increased profitability.

2(c)

Limited analysis of a disadvantage of job production – developed analysis , including:

- High production costs: may need to increase price to cover costs – less chance to break even and make a profit.
- Long lead time; may irritate customers leading to bad reviews – lower sales and profit.
- Requires specialist equipment; may need to purchase expensive capital equipment increasing costs – reducing profitability.

Accept all valid responses.

Exemplars and annotations

AO1 Knowledge	AO2 Application	AO3 Analysis
Higher prices ,	For individual blankets that are personalised with a picture .	This is likely to lead to higher revenue leading to higher profit .
Takes longer to produce .	Which may be a issue if customers are purchasing for a special occasion, like a birthday ,	So, customers may go to a different business, reducing PBs revenue and therefore decrease the profit .

2(d)

Evaluate the most likely reason for Kaia's objectives to change over the next five years.

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.

2(d)

Responses may include:

AO1 Knowledge and understanding

Knowledge of why business objectives may change over time (max 1 mark), including:

- As the business grows
- If the previous objective has been met
- As the business declines
- As the business maintains
- As the market changes
- As competitors act / react
- When aims / vision / mission changes
- As the business environment changes (not required at AS level, but rewarded) – SLEEPT

AO2 Application

Application to PB (max 2 marks), including:

- Kaia has a university degree in textile designs
- Kaia thinks she has entrepreneurial qualities
- Sole trader
- Current objective to break even
- Blankets personalised with a picture
- Picture supplied by customer
- Customers design their own blanket (customisable size and picture)
- Many customers buy the blankets as gifts for special occasions (birthdays, holidays etc.)
- Being promoted by a social media influencer
- Use of data in Chart 2.1
- Thinking of relocating PB

AO3 Analysis

Limited analysis of **how** the objectives change – developed analysis , including:

- As the business grows; objectives may change to profit maximisation – so that the owners can start to receive an income for their risk.
- As the business declines, objectives may change to survival – and the business may reduce prices in an effort to gain a new market of customers.

2(d)

- As the business maintains; the business owner may decide not to continue the business – leading to trying to recover as much of the capital invested as possible.
- As the market changes, the business will need to adapt to the changing market, perhaps by making significant changes to the type of product being sold or doing some expensive market research into the new customer preferences – leading to an increase in costs and a reduction in profitability.
- As competitors act / react; the business may become a price taker and change their marketing mix – so that they can maintain and grow their market share.
- When aims / vision / mission changes; if the owner decides to change the mission of the business, then all the functions of the business may also need to be changed. For example, buying new capital items that allow it to make a different product – leading to an increase in business costs and reduced profit.
- As the business environment changes (not required at AS level, but rewarded); for example, if the economy goes into recession, then luxury items may not be demanded, reducing customers – leading to a decrease in sales revenue and profit.

AO4 Evaluation

Limited valuation of the most likely reason why objectives may change – developed – developed in context , including:

- A judgement of the most likely reason for Kaia's objectives to change over the next five years.
- What the judgement may depend upon; the owners desire to continue / grow the business, the market research, dynamism of the market, competitors' actions / reactions etc.
- Kaia has only just started the PB, so the objectives may change significantly over the next five years. Does she have the knowledge / research / experience to judge how the objectives might change over such a long period of time?
- To what extent is PB in a growing or declining market and how many of her customers choose to repeat purchase?
- Kaia's own objectives – she thinks she has entrepreneurial qualities, so will she be looking at new products / business ideas over the next five years, which may mean that PB might not even exist, or be in a very different format to what it is today. Is it sensible to try and plan for five years with such limited experience?
- A judgement about likeliness of the business objectives needing to change over five years.

Accept all valid responses.

2(d)	**Exemplars for awarding evaluation**

L1 (limited supporting evidence)	**L2 (developed supporting evidence)**	**L3 (developed supporting evidence with context)**
The most likely reason is because PB has reached its previous objective.	The most likely reason is because PB has reached its previous objective. This means that Kaia will need a new objective, such as profit maximisation.	The most likely reason is because PB has reached its previous objective, to break even. This means that Kaia will need a new objective, such as profit maximisation.
It depends on her personal objectives.	It depends on her personal objectives, because she is the owner, the objectives will need to change to adapt to her needs.	It depends on her personal objectives, because she is a sole trader, the objectives will need to change to adapt to her needs.

Answer	Marks
AO2 Application • The objectives of a business may include survival, growth, market domination, profit and the pursuit of any of these may well involve ethical dilemmas. • Ethical decisions will be required when pressures or demands develop which suggest that business performance can be improved through unethical actions. **AO3 Analysis** • A business may decide not to engage in unethical practices such as employing child labour, using inferior raw materials, engaging in questionable advertising or promotion activities. • A business could reject cheap production methods that pollute the environment and add to social costs. • A business could decide to be more responsible and avoid locating in countries with low inferior employment conditions. • A business could avoid supplying or promoting products that might damage health. • A business could avoid exploiting suppliers and develop strong, more trusting partnerships. • A business could subscribe to corporate socially responsible practices and objectives. • Such ethical decisions and practices will likely build and maintain a positive reputation and prevent financial and legal problems. • A commitment to ethical business activities will enrich the business culture and encourage more productive relations between customers, managers, and employees. Accept all valid responses.	
AO1	1
AO2	2
AO3	2