Solutions

IGCSE Business answers are marked by **level of response**: award **K** knowledge, **App** application, **An** analysis and **Ev** a justified judgement.

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

2.1

- an **entrepreneur** sets up a business and **takes the risk** of running it (K)

2.2

- any **two** of: number of **employees** / **revenue** / **capital employed** (K, K)

2.3

- a **merger**: two firms **agree to join** (K)
- a **takeover**: one firm **buys control** of another (K)

3.1

- any **two** of: makes the owner **plan ahead** / helps **raise finance** (K, K)

3.2

- for **each** of two benefits: K + An, max 3 each
- e.g. **economies of scale**: bulk buying → lower cost per unit → higher profit or lower prices
- e.g. **market power**: bigger market share → compete more strongly

3.3

- **internal**: lower risk, keeps control, financed from profits — but slow
- **external**: fast growth — but risky, costly, may lose control
- **judgement (Ev)**: internal is usually safer for a small sole trader; external suits a firm that must grow fast — it depends on finance and risk