GradeMax

Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/23**

Paper 2 Business Concepts 2 **October/November 2025**

1 hour 30 minutes

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You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 60.
- The number of marks for each question or part question is shown in brackets [ ].

This document has **4** pages. Any blank pages are indicated.

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1 Solar Farms (SF)

SF is a private limited company that develops and maintains large-scale solar farms in country X. SF operates as a capital intensive business.

Bob is an entrepreneur and the majority shareholder of SF. He invested into SF's first solar farm. SF took out high-interest bank loans to cover initial cash flow problems and provide working capital. SF used internal (organic) growth over the next 10 years.

SF rents fields from farmers. Its main capital expenditure is solar panels, which are installed on the rented fields. The solar panels generate electricity, which SF sells to energy providers. Solar panel technology is constantly improving.

SF operates five solar farms in country X. A team of seven engineers maintain all of SF's solar farms.

Table 1.1 shows SF's budgeted and actual data for 2024.

Table 1.1 SF's annual budgeted and actual data for 2024

	Budget ($m)	Actual ($m)
Revenue	5	4
Total costs	3	3.75
Profit	2	0.25

Bob has identified that SF can increase its revenue by using batteries to store electricity generated by the solar panels. This electricity can then be sold at peak times for premium prices. This will require significant investment into battery technology.

Bob wants to retain control of SF but is concerned about the investment required for further growth. In 2024 the cost of renting new farmland and purchasing solar panels increased significantly.

ZB is a multinational battery manufacturer that is keen to start a joint venture with SF. If the joint venture goes ahead, ZB will insist that SF uses ZB batteries in all future solar farms.

(a) (i) Identify **one** quality an entrepreneur needs for success. [1]

(ii) Explain the term *working capital*. [3]

(b) (i) Refer to Table 1.1. Calculate the profit variance for SF in 2024. State whether the variance is favourable or adverse. [3]

(ii) Explain **one** drawback to SF of using budgets. [3]

(c) Analyse **two** limitations to SF of operating as a capital intensive business. [8]

(d) Evaluate whether a joint venture is the most appropriate way for SF to grow. [12]

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2 Popular Drinks (PD)

PD is a mass market fizzy drinks manufacturer in country Z. The fizzy drinks market in country Z is dominated by a few well-known brands. The total market value is $5.3bn and the PD brand has a 17% share of this market.

Pablo was recruited to be the Marketing Director of PD in 2022. He launched a new promotional campaign based on trending music on social media. He decided to use social media influencers to focus on this market.

Online feedback of the campaign was poor. Many of PD's customers did not want to be associated with trending music. National news highlighted the negative feedback and PD's sales volume decreased by 20% within a week and continued falling. This led to excess inventory in PD's warehouses. The bad publicity also caused a drop in PD's share price and a negative impact on cash flow.

Fig. 2.1 shows feedback from a recent questionnaire where previous PD customers were asked what they thought about the promotional campaign.

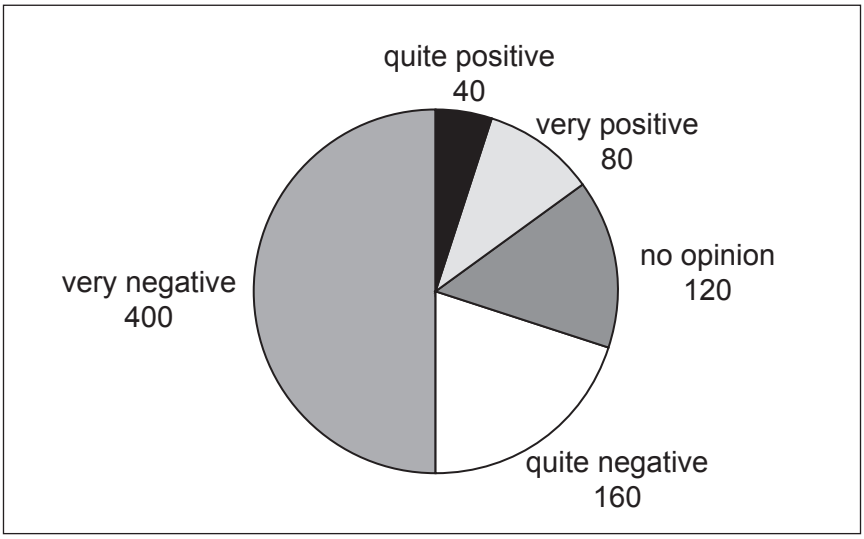


Fig. 2.1 Market analysis data of a sample of PD's customers

Pablo has called an emergency meeting of PD's marketing managers to repair the damage done to the PD brand from this recent promotional campaign.

(a) (i) Identify **one** recruitment method. [1]

(ii) Explain the term *cash flow*. [3]

(b) (i) Refer to Fig. 2.1. Calculate the percentage of PD's customers with positive feedback. [3]

(ii) Refer to Fig. 2.1 and other information. Explain **one** reason why this data collected for PD may not be reliable. [3]

(c) Analyse **two** possible costs to PD of holding inventory. [8]

(d) Evaluate the importance of branding to the future success of PD. [12]

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