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CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/32**

Paper 3 Case Study **October/November 2025**

MARK SCHEME

Maximum Mark: 60

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the October/November 2025 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

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Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptions for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently, e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

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GENERIC MARKING PRINCIPLE 5: Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).
GENERIC MARKING PRINCIPLE 6: Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

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Social Science-Specific Marking Principles
(for point-based marking)

1 Components using point-based marking:

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

a DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
b DO credit alternative answers/examples which are not written in the mark scheme if they are correct
c DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons …).
d DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
e DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
f DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
g DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

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3 Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

4 Annotation:

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

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Annotations guidance for centres

Examiners use a system of annotations as a shorthand for communicating their marking decisions to one another. Examiners are trained during the standardisation process on how and when to use annotations. The purpose of annotations is to inform the standard isation and monitoring processes and guide the supervising examiners when they are checking the work of examiners within their team. The meaning of annotations and how they are used is specific to each component and is understood by all examiners who mark the component.

We publish annotations in our mark schemes to help centres understand the annotations they may see on copies of scripts. Note that there may not be a direct correlation between the number of annotations on a script and the mark awarded. Similarly, the use of an annotation may not be an indication of the quality of the response.

The annotations listed below were available to examiners marking this component in this series.

Annotations

Annotation	Meaning
	For objective points that are correct.
	For objective points that are wrong.
TV	When the candidate has attempted something, but the mark/skill has not been awarded as the answer is not sufficiently clear.
Highlighter	To highlight a point or section of an answer that justifies the mark/annotation.
BOD	When the candidate has attempted something, and the mark/skill has been awarded.
SEEN	To show a page/section has been seen/read.
REP	The repetition of a previous point in a response **or** the candidate is copying the case study/data.
OFR	The own figure rule applies – acts as a mark/tick.
K	When AO1 has been awarded. The number of Ks should match the mark awarded.

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Annotation	Meaning
APP	When AO2 has been awarded. The number of APPs should match the mark awarded.
AN	When AO3 at Level 1 has been awarded.
L2 AN	When AO3 at Level 2 has been awarded.
EVAL	When AO4 at Level 1 has been awarded.
L2 EVAL	When AO4 at Level 2 has been awarded.
L2	When AO3 or AO4 has been awarded at Level 2.
L3	When AO4 has been awarded at Level 3.

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Guidance on using levels-based marking
Marking of work should be positive, rewarding achievement where possible, but clearly differentiating across the whole range of marks, where appropriate.
The examiner should look at the work and then make a judgement about which level statement is the best fit. In practice, work does not always match one level statement precisely so a judgement may need to be made between two or more level statements.

Once a best-fit level statement has been identified, use the following guidance to decide on a specific mark:
- If the candidate's work **convincingly** meets the level statement, award the highest mark.
- If the candidate's work **adequately** meets the level statement, award the most appropriate mark in the middle of the range.
- If the candidate's work **just** meets the level statement, award the lowest mark.
- L1, L2 etc. must be clearly annotated on the response at the point where the level is achieved.

Assessment objectives

AO1 Knowledge and understanding
Demonstrate knowledge and understanding of business concepts, terms and theories.

AO2 Application
Apply knowledge and understanding of business concepts, terms and theories to problems and issues in a variety of familiar and unfamiliar business situations and contexts.

AO3 Analysis
Analyse business problems, issues and situations by:
- using appropriate methods and techniques to make sense of qualitative and quantitative business information
- searching for causes, impact and consequences
- distinguishing between factual evidence and opinion or value judgement
- drawing valid inferences and making valid generalisations.

AO4 Evaluation
Evaluate evidence in order to make reasoned judgements, present substantiated conclusions and, where appropriate, make recommendations for action and implementation.

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1</td><td>

Analyse <u>one</u> advantage and <u>one</u> disadvantage to KTJ of delegation.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding 2 marks</th><th>AO2 Application 2 marks</th><th>AO3 Analysis 4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>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.</td></tr>
<tr><td>1</td><td>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.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>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.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Note:
- If more than one advantage and/or more than one disadvantage is identified reward the best advantage and best disadvantage.
- L2AN (3 marks) is possible for just one point made.
- All annotation (K APP AN L2) should be in the left margin.

</td><td>8</td></tr>
</table>

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Question	Answer	Marks
1	**Responses may include** **AO1 Knowledge and understanding** Definition of delegation (max K 1 mark) is passing authority down the organisational hierarchy. Note: Do not reward 'manager giving a task to a subordinate'. Definition needs to include some reference to authority or responsibility. Knowledge of advantage to KTJ of delegation (max K 1 mark) • Motivational impact on employees. • Enables senior management to focus on strategic issues. • Preparation for promotion. • Improves quality and speed of decision making. Knowledge of disadvantage to KTJ of delegation (max K 1 mark) • Poor decision making possible. • Cost of ensuring employees are capable of accepting authority. • Negative impact on consistency of decision making. • May demotivate employees who do not want any further responsibility. **AO2 Application** *Limited application,* APP *applies knowledge to KTJ once. Developed application,* APP APP *applies knowledge to KTJ twice. Max one* APP *for application for the first element and max one* APP *for application for the second element.* Application is making use of relevant case information not just repeating it. • KTJ has won awards for investment in employee training. • KTJ's training investment supports effective delegation. • KTJ has a flat hierarchical structure which supports use of delegation. • Using examples from the case of delegation in action: – Research into use of plastic bottles. – Junior market analyst given task of recommending an important strategic change. – US marketing manager given responsibility for devising and implementing new marketing plan.	

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Question	Answer	Marks
1	**AO2 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* L2 AN *– candidate shows two or more links in the chain of analysis.* Chains of reasoning highlighting likely impacts of delegation: • Delegation will give employees experience of taking responsibility and therefore prepare them for promot AN resulting in more effective senior managers in the futur L2 AN • Employees need to be equipped with the skills necessary for taking authority and therefore KTJ must invest in • training AN thus increasing costs and potentially reducing profit L2 AN • Delegation free up senior management time for strategic growth decisions resulting in more effective management of the long term growth of the busines AN • There is a risk of inconsistent decision-making across markets affecting the brand image of KTJ and thus resulting in a loss of revenue AN Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2</td><td>

Analyse <u>two</u> impacts on KTJ of its commitment towards corporate social responsibility (CSR).

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis 4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>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.</td></tr>
<tr><td>1</td><td>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.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>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.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

• If more than two impacts are identified reward the best two impacts.
• L2AN (3 marks) is possible for just one point made.
• All annotation (K APP AN L2) should be in the left margin.

</td><td>8</td></tr>
</table>

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Question	Answer	Marks
2	**Responses may include** **AO1 Knowledge and understanding** Definition of CSR (max K 1 mark) • When businesses consider the interests of society by taking responsibility for the impact of their decisions and activities on stakeholders. • Benefits of CSR (max K 2 marks) • Can enhance brand image. • Increased sales. • Competitive advantage. • Greater control over prices – make demand more price inelastic. Limitations of CSR (max K 2 marks) • Cost. • Impact on cash flow. **AO2 Application** *Limited application,* APP *applies knowledge to KTJ once. Developed applicatio*APP APP *applies knowledge to KTJ twice. Max one* APP *for application for the first method and max on*APP *for application for the second method.* Application is making use of relevant case information not just repeating it. • Research into plastic bottles to reduce environmental impact of packaging. • Using seasonal fruits in juices with no added sugar. • Purchasing fruit from local farm cooperatives. • Need to audit the farming methods of suppliers. • 'Soft' approach to managing human resources. • KTJ markets juices as premium products. • Seasonal local fruit reinforces KTJ's sustainability strategy. • Linking to mission statement	

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Question	Answer	Marks
2	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* L2 AN *– candidate shows two or more links in the chain of analysis.* • Effective CSR can enhance the branding of KTJ resulting in more loyal custome AN and therefore increase profit L2 AN • Having to change packaging of bottles will increase costs making juices more expensive AN reducing competitiveness against other rival brands leading to a reduction in sales L2 AN • Purchasing fruit from local farm cooperatives may increase costs making juices more expensive AN which will decrease profits L2 AN • KTJ will need to spend more money on auditing its activities which will increase cost AN • Commitment to sustainability can reduce price elasticity of demand and therefore enable KTJ to increase prices AN and therefore increase profi L2 AN Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>3(a)</td><td>Using the data in Table 1.2, calculate the payback of the country C location.

Responses may include

Payback is in the fifth year (1)

<table>
<tr><th>Year</th><th>Net cashflow ($m)</th><th>Cumulative Cashflow</th></tr>
<tr><td>0</td><td>(10)</td><td>(10)</td></tr>
<tr><td>1</td><td>0.5</td><td>(9.5)</td></tr>
<tr><td>2</td><td>1.5</td><td>(8)</td></tr>
<tr><td>3</td><td>3</td><td>(5)</td></tr>
<tr><td>4</td><td>4</td><td>(1)</td></tr>
<tr><td>5</td><td>4</td><td>3</td></tr>
</table>

Payback is 4 years 3 months OR 4.25 years (2) Units required for full marks (Years/months)
Common error
5 years 3 months (1 mark if with evidence of appropriate working e.g. attempt at cumulative cashflow)</td><td>2</td></tr>
<tr><td>3(b)</td><td>Using the data in Table 1.3, calculate the accounting rate of return (ARR) of the country D location.

Responses may include

ARR = Average profit / average investment × 100 (1)
= 2.8 / 12 × 100 = 23.3% (2)
Answer of 23.3 or $23.3 (1 mark only)
Using alternative ARR equation: 2.8 / 20 × 100 = 14% (1)</td><td>2</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>3(c)</td><td>

Evaluate which location KTJ should choose for its new factory.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding 2 marks</th><th>AO2 Application 2 marks</th><th>AO3 Analysis 2 marks</th><th>AO4 Evaluation 6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>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.</td></tr>
<tr><td>2</td><td>2 marks Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks Developed application of relevant point(s) to the business context.</td><td>2 marks Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

</td><td>12</td></tr>
</table>

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Question	Answer	Marks
3(c)	**Responses may include:** **AO1 Knowledge and understanding** Definition of payback / ARR / NPV (max 1 mark for definitions of any or all of these terms) Factors in the decision • Shorter payback. • Higher ARR. • Capital cost. • Revenue expenditure required. • Quality of infrastructure. • Access to labour and utilities. • Political/legal environment. • Quantitative and qualitative factors. **AO2 Application** *Limited application,* APP *applies knowledge to KTJ once. Developed applicatio,* APP APP *applies knowledge to KTJ twice.* Application is making use of relevant case information not just repeating it. Using data from Tables 1.1, 1.2 and 1.3 • Country D location is double the capital cost • Country C has quicker payback by 9 months • Country C has higher ARR by 1.7% points • Country C may have lower wages • Easier to export from Country D • Bigger potential market in Country D • Competition between farmers in country C • Economies of scale in country D farming of fruit • Mission statement regarding sustainability and ethical relationships with farmers.	

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Question	Answer	Marks
3(c)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* L2 AN *– candidate shows two or more links in the chain of analysis or balance of argument.* • Country D is a middle-income country and therefore households will have a higher incom AN this will result in higher sales of juices L2 AN • KTJ juices are a premium product so will be relatively expensive AN so juices may be less affordable in country C • leading to lower sales L2 AN • Seaport in country D will facilitate exports of KTJ's juice resulting in higher sales AN and may therefore increase profit L2 AN • Reliable infrastructure in D could reduce delays and protect brand image resulting in higher sale AN . • Lower fixed costs in C could improve cash flow reducing risk of liquidity problems for K AN • Economies of scale in D may reduce per-unit costs and therefore increase pro AN . **AO4 Evaluation** *Limited evaluation* EVAL *– limited supported judgement and/or a weak attempt at evaluative comment. Developed evaluation* L2 EVAL *– supported judgement and/or reasonable evaluative comment.* *Developed evaluation in context* L3 EVAL *– supported judgement in context and/or reasonable evaluative comment in context.* • Supported judgement as to whether country C or D is better. • Factors that decision might depend on: – Ability of KTJ to raise finance for more expensive option. – Willingness to take risk – electricity supply in country C and additional capital cost in D – Fit with KTJ's CSR – small farms rather than large scale fruit production – Importance of profit. C is marginally more profitable that D. – Depends on KTJ's tolerance for operational risk versus willingness to commit higher capital expenditure – Country D offers greater stability and scalability but requires larger upfront investment – Country C better supports CSR positioning but may compromise operational reliability – A phased investment strategy could balance initial risk with future growth potential – Decision may be influenced by external factors such as currency movements, access to finance and market growth trends • Questioning whether Gudaf has the necessary experience / skill to conduct this investment appraisal. Accept all valid responses.	

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Question	Answer	Marks
4(a)	**Using the data in Table 1.4, calculate the four period centred moving average for Quarter 1 2025.** **Responses may include:** 4 period moving average = 8 period moving total / 8 (1 mark if no relevant calculation) Calculation of one **or** two **relevant** 4 period totals (1) 7 + 5.5 + 4.2 + 6.4 = 23.1 **AND/OR** 5.5 + 4.2 + 6.4 + 7.6 = 23.7 Calculation of relevant 4 period totals **and relevant** 8 period total **OR** calculation of **relevant** 8 period total (2 marks) 8 period total = 23.1 + 23.7 = 46.8 (2) Centred quarterly moving average = 46.8 / 8 (3) = 5.85 **or** $5.85m (4) Other common answers: 23.1 / 4 = 5.775 **OR** 23.7 / 4 = 5.925 (2) Not using the correct sales volume figures. 4 consecutive quarterly sales volumes added together and divided by 4 = 1 mark e.g. (6 + 7 + 5.5 + 4.2) / 4 = 22.7 / 4 = 5.675 (1)	**4**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>4(b)</td><td>Evaluate the usefulness of time series analysis to KTJ in making business decisions.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding 2 marks</th><th>AO2 Application 2 marks</th><th>AO3 Analysis 2 marks</th><th>AO4 Evaluation 6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>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.</td></tr>
<tr><td>2</td><td>2 marks Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks Developed application of relevant point(s) to the business context.</td><td>2 marks Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table></td><td>12</td></tr>
</table>

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Question	Answer	Marks
4(b)	**Responses may include:** **AO1 Knowledge and understanding** *Limited knowledge* K *will be demonstrated through knowledge of TSA.* *Developed knowledge* K + K *will be demonstrated through knowledge of TSA and its usefulness.* **Examiner note:** *Do not reward comments that TSA is time consuming or calculations are complex or that workers require training.* • Sales forecasting involves making a prediction of future sales. • Time series analysis is a method of forecasting based on extrapolation from past data. (maximum of 1 mark for definition of TSA / sales forecasting) • Benefits include: – Contribution to workforce planning. – Planning purchase of resources. – Greater accuracy in cash flow forecasting. – Aids operational decisions such as need to increase capacity. – Aids decisions about pricing. – Improves forecasting accuracy – Identifies both trend and seasonal variation. • Limitations – Based on historical data – Does not account for external changes **AO2 Application** *Limited application,* APP *applies knowledge to KTJ once. Developed applicatio*, APP APP *applies knowledge to KTJ twice.* Application is making use of relevant case information not just repeating it. • Q3 is peak month for sales. • Juice is not produced in the US but is imported. • Helps plan fruit imports. • The US market is very competitive. • Fluctuations in country B's exchange rate.	

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Question	Answer	Marks
4(b)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* L2 AN *– candidate shows two or more links in the chain of analysis.* • Helps ensure efficient use of labour and machinery helping to control costs of producti AN and therefore profit. • L2 AN • Contributes to creating cash flow forecast which will help ensure that KTJ has sufficient finance in place to deal with future needs. AN • Identifying the trend in sales growth will help set realistic marketing objectives in the marketing plan thus ensuring that resources are not waste AN **AO4 Evaluation** *Limited evaluation* EVAL *– limited supported judgement and/or a weak attempt at evaluative comment. Developed evaluation* L2 EVAL *– supported judgement and/or reasonable evaluative comment.* *Developed evaluation in context* L3 EVAL *– supported judgement in context and/or reasonable evaluative comment in context.* • Using 4 period moving average fits the data well as there are clear seasonal variations ensuring that the technique is more likely to give reliable results. • Unexpected changes in the external environment such as entry of a new competitor will result in the predictions being incorrect and therefore less useful in making the best decisions. • TSA relies on future events behaving as in the past so may not be reliable as markets are dynamic • May be advisable to introduce an element of probability to the forecasts – what if analysis • Usefulness depends on stability of seasonal trends over time • Forecasts may be less reliable if market conditions change unexpectedly • Most effective when combined with other forecasting methods • More suitable for short-term operational planning than for long-term strategic decisions • Practical value depends on KTJ's capacity to adjust production and procurement in response to forecasts Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>5</td><td>
Evaluate the likely impact on KTJ of fluctuations in the exchange rate of country B’s currency.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding 2 marks</th><th>AO2 Application 2 marks</th><th>AO3 Analysis 2 marks</th><th>AO4 Evaluation 6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>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.</td></tr>
<tr><td>2</td><td>2 marks Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks Developed application of relevant point(s) to the business context.</td><td>2 marks Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
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</td><td>12</td></tr>
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Question	Answer	Marks
5	**Responses may include:** **AO1 Knowledge and understanding** *Limited knowledge* K *will be demonstrated through knowledge of exchange rate or knowledge of how it impacts KTJ* *Developed knowledge* K + K *will be demonstrated through knowledge of exchange rate and knowledge of how it impacts KTJ* Exchange rate – price of one currency in terms of another. Explanation of fluctuation in exchange rate • depreciation – a decrease in the price of a currency in terms of another OR • appreciation – an increase in the price of a currency in terms of another Knowledge of impact of ER fluctuations • Fluctuations in the exchange increases uncertainty making decision making more difficult for KTJ Impact of depreciation • Beneficial for exporting • Imports more expensive • Imported goods in country B may be less price competitive following depreciation **AO2 Application** *Limited application,* APP *applies knowledge to KTJ once. Developed application,* APP APP *applies knowledge to KTJ twice.* Application is making use of relevant case information not just repeating it. Use of case material to answer question • KTJ exports to US and other countries. • Link to achievement of mission statement. • KTJ imports fruits from West Africa. • Investment in country C or D. • Depreciation makes exports cheaper to US, increasing competitiveness. • Importing fruit becomes more expensive. • Margin squeeze despite higher export volume. • Impact on ARR for C/D investment. • Movements influence pricing strategy and profitability.	

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Question	Answer	Marks
5	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* L2 AN *– candidate shows two or more links in the chain of analysis or balanced argument.* • Depreciation will reduce the price of KTJ juices in international markets such as the US resulting in greater price competitiveness AN and this will increase sales and market share of KT L2 AN • The cost of investing in country C or D will increase which will reduce the ARR of the investme AN and may result • in a delay to opening a new factory L2 AN • As KTJ imports fruit from West Africa its price will increase and therefore KTJ's variable costs will increa AN resulting in a reduction in profi L2 AN **AO4 Evaluation** *Limited evaluation* EVAL *– limited supported judgement and/or a weak attempt at evaluative comment. Developed evaluation* L2 EVAL *– supported judgement and/or reasonable evaluative comment.* *Developed evaluation in context* L3 EVAL *– supported judgement in context and/or reasonable evaluative comment in context.* • Supported judgement as to overall impact of depreciation on KTJ. – KTJ likely to benefit as although imported fruit costs rise this is only a part of KTJ's costs of production so • should still be more price competitive when KTJ exports the final product. – Inflationary impact of depreciation on the economy as a whole – Net impact depends on the balance between export revenue gains and import cost increases – Short-term depreciation may be beneficial but long-term volatility complicates planning • Factors that the impact might depend on: – Extent to which customers are impacted by changes in price – PED • Whether the depreciation is long term • Effects may be mitigated if exports are invoiced in foreign currency or supply sources can be diversified • Hedging strategies can reduce risk from currency volatility • Pricing power in export markets affects KTJ's ability to pass on cost changes	

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