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CAMBRIDGE
International Education

Cambridge IGCSE™

BUSINESS STUDIES **0450/12**

Paper 1 Short Answer/Data Response **February/March 2026**

MARK SCHEME

Maximum Mark: 80

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 February/March 2026 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

This document consists of **25** printed pages.

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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 standardisation 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
	Correct point.
	Incorrect point.
BOD	Used when the benefit of the doubt is given in order to reward a response.
TV	Used when parts of the answer are considered to be too vague to be given credit.
REP	Indicates where content has been repeated.
NAQ	Used when the answer or parts of the answer do not answer the question asked.
K	Indicates knowledge and understanding of the concepts and issues relating to the question.
APP	Indicates appropriate reference to the information in the stem.
AN	Indicates where the answer has demonstrated analysis.
EVAL	Indicates where the answer has demonstrated evaluation (part (e) questions only).

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Annotation	Meaning
OFR	If a mistake is made in a calculation, and the incorrect figure that results from the mistake is used for subsequent calculations.
SEEN	Indicates that the page or content has been seen by examiner, but no credit given.

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Question	Answer	Marks	Guidance
1(a)	**Define 'private limited company'.** Award 2 marks for a full definition. Award 1 mark for a partial definition. • Businesses owned by shareholders but can only be sold to friends and family/people they know. [2] • Businesses owned by shareholders but shares cannot be sold to the public / on the stock exchange. [2] Partial definition, e.g. • Business owned by shareholders [1] • Business that can sell shares. [1]	**2**	
1(b)	**Define 'sustainable development'.** Award 2 marks for a full definition. Award 1 mark for a partial definition. • When a business activity has a positive overall impact on the environment (and its stakeholders) ensuring its survival in the future. [2] • Using environmentally friendly methods of manufacturing that do not put future generations at risk. [2] Partial definition, e.g. • Business activities that do not damage or harm the environment / pollute the environment [1] • Using methods/resources of manufacturing that do not put future generations at risk [1] • Development that does not put future generations at risk. [1]	**2**	

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Question	Answer	Marks	Guidance
1(c)	**Outline <u>one</u> advantage and <u>one</u> disadvantage to MCL of using primary market research.** Award 1 mark for relevant advantage / disadvantage (max 2). Award 1 mark for each relevant reference to this business (max 2). Points might include: Advantages: • Up to date information [k] about toys [app] • Relevant / specific / tailored to MCL [k] of this private limited company • Information is not available to other businesses / unique [k] as uses recycled plastic [app]. Disadvantages: • Expensive / increases costs [k] which may add to its cash flow problem [app] • Takes time [k] so not able to ask people's views about sustainable development [app] • May not have the skills / expertise to carry out the research [k] • Bias [k]. Other appropriate responses should be credited.	**4**	To use words from the stem as application, the reference must be appropriate (i.e. make sense) in relation to the point being made. The following words are likely to be appropriate for this question: • Toys • Private limited company • Cash flow problem • Recycled materials / plastic • Sustainable (development) • Retailers. Other appropriate examples can be credited.

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Question	Answer	Marks	Guidance
1(d)	**Explain <u>two</u> ways MCL could overcome its cash flow problem.** Award 1 mark for each relevant way (max 2). Award 1 mark for each relevant reference to this business (max 2). Award 1 mark for each relevant explanation (max 2). Points might include: • Delay payment to suppliers / ask suppliers for more time to pay [k] as the private limited company [app] can keep cash inside the business for longer [an] • Find new or cheaper suppliers / ask suppliers for discounts [k] for the toys [app] which could reduce cash outflows [an] • Ask trade receivables/customers to pay more quickly / offer discounts for prompt/early payments [k] so receive cash sooner [an] from retailers [app] • Delay/cancel purchases of equipment/non-current assets [k] for making products from plastic [app] to decrease cash outflows [an] • Bank loan [k] so more cash enters the business [an] • Overdraft [k] as this could allow the business to spend more than it has in its current account [an]. Other appropriate responses should be credited.	**6**	To use words from the stem as application, the reference must be appropriate (i.e. make sense) in relation to the point being made. The following words are likely to be appropriate for this question: • Private limited company • Toys • Recycled materials / plastic • Retailers/channel of distribution • Sustainable (development) • (Primary) market research. Other appropriate examples can be credited. Analysis must show effect of method on cash inflow / outflow.

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Question	Answer	Marks	Guidance
1(e)	**Do you think retailers are the best channel of distribution for a manufacturing business to use? Justify your answer.** Award 1 mark for each relevant point (max 2). Award 1 mark for each relevant explanation (max 2). Award up to 2 marks for justified decision as to whether retailers are the best channel of distribution for a manufacturing business to use (max 2). Points might include: Advantages of using retailers: • Producer can sell in large quantities/in bulk [k] which increases revenue [an] • Retailer pays for storage [k] so more funds to use elsewhere in the business [an] • Retailer may carry out (some of) the advertising / pays part of the cost of advertising [k]. Disadvantages of using retailers: • Retailer takes some of the profit [k] which could lead to higher price [an] • May lose some control over the marketing mix / price / promotion decisions [k] damaging its brand image [an] • No direct customer contact [k] so difficult to gain feedback [an] • Retailer may sell competitors' products [k] which could lower potential sales [an] • Business has to coordinate with several retailers [k]. Alternative channels of distribution: Direct to consumer / ecommerce [k] • Manufacturer keeps all the profit / not share profit [an] • Full control over the marketing mix [an] • Can have direct contact with customers [an] • Can be expensive to send products to customers [an] which could decrease its profit margin [an].	**6**	Notes: • This is a general question so there are no marks for application. • Some points can be awarded for different channels of distribution but only award point once. • Some [an] can be used for different points but only award once. • Do not award mirror arguments. • For evaluation to be awarded justification will usually follow on from relevant analysis of points. • To access evaluation the answer must include reference to retailers.

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Question	Answer	Marks	Guidance
1(e)	Wholesaler [k] • Will buy in large quantities / buy in bulk from manufacturer [an] • Will advertise the product to retailers [an] reducing marketing costs [an] • Can offer advice [an] • Takes part of producer's profit [an] • Producer loses some control over marketing mix [an]. Agent [k] • Has specialist knowledge [an] • Aware of local market conditions [an] • Takes part of producer's profit [an]. Other appropriate responses should be credited. **1(e)** Justification might include: Retailers pay part of the cost of holding inventories [k] so more funds can be used elsewhere in the business [an]. Whereas selling direct to consumers [k] is likely to mean the manufacturing business can sell its products at a lower price [an]. Direct to consumer is the best method as the lower price could result in higher sales [eval] which could cover the higher cost of holding inventories if a retailer is not used. [eval]		

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Question	Answer	Marks	Guidance
2(a)	**Define 'public sector business'.** Award 2 marks for a full definition. Award 1 mark for a partial definition. • State/government owned (and controlled) business(es) [2] Partial definition, e.g. • Run/managed by the government [1]	**2**	
2(b)	**Identify <u>two</u> benefits to a business of having a well-motivated workforce.** Award 1 mark for each relevant benefit (max 2). Points might include: • Quicker production / high(er) levels of productivity / improved efficiency • Increased output • Low(er) labour turnover • Low(er) rates of absenteeism • Better/high quality goods and services • Fewer mistakes / less waste • Workers more willing to accept change/new methods of working • Low(er) rates of strike action. Other appropriate responses should be credited.	**2**	Only award the first two responses given.

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Question	Answer	Marks	Guidance
2(c)	**Identify <u>four</u> stages in the recruitment process.** Award 1 mark for each relevant stage (max 4) Four from: • Job analysis • Job description • Job/person specification • Advertise (the job) • Application forms (sent / received) • Shortlisting/screening • Interviews / testing or examples • Selection/job offer/vacancy filled.	**4**	Only award the first four responses given. Stages can be written in any order.

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Question	Answer	Marks	Guidance
2(d)	**Explain <u>one</u> advantage and <u>one</u> disadvantage to LMB of using on-the-job training.** Award 1 mark for each relevant advantage / disadvantage (max 2). Award 1 mark for each relevant reference to this business (max 2). Award 1 mark for each relevant explanation (max 2). Points might include: Advantages: • Cheaper (than off-the-job training) [k] for the public sector business [app] which lowers costs [an] • Some services provided whilst worker is training [k] so able to meet demand [an] of this large business [app] • Do not need time away from the workplace [k] which may reduce transport costs [an] • Training is tailored to specific needs of LMB / employees learn the way the business wants them to learn [k]. Disadvantages: • Trainers may pass on bad habits [k] decreasing quality [an] of healthcare services [app] • <u>Trainer</u> will not be as productive [k] / decreasing number of services provided [an] for people aged 70 and above [app] • Methods/training may not be up-to-date / no <u>new</u> skills/techniques are introduced into LMB [k] • More mistakes may be made [k] / increasing waste / lowering efficiency/productivity [an]. Other appropriate responses should be credited.	**6**	To use words from the stem as application, the reference must be appropriate (i.e. make sense) in relation to the point being made. The following words are likely to be appropriate for this question: • Healthcare (services) or related words such as patients • Public sector • People aged 70 and above • Large business • Email • Well-motivated workforce • (Continue) to grow/expand • 500 <u>additional/new</u> employees. Other appropriate examples can be credited. Some points can be [k] or [an] but only award once, e.g. lower cost. Grow/expand can be [app] or [an] but only award once. Do not award: • General advantages of training.

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Question	Answer	Marks	Guidance
2(e)	**Do you think using email is the best method for a business to use to communicate with its employees? Justify your answer.** Award 1 mark for each relevant point (max 2). Award 1 mark for each relevant explanation (max 2). Award up to 2 marks for justified decision as to whether email is the best method for a business to use to communicate with its employees (max 2). Points might include: • No/low cost [k] so (more) funds to invest in other areas of the business [an] • Can refer to [k] so less chance of misunderstanding [an] • Can be sent to multiple people at the same time / quick (to send) [k] which saves time [an] • Can include attachments/large amounts of information [k] • Might be deleted/ignored [k] so receiver is not able to access message [an] • People may not have access to email/device [k] so message may not reach receiver / so message is not seen [an] • Not able to gain immediate feedback [k] so do not know if message has been understood [an] • Possible internet/technical problems [k]. Other methods of communication include: • Meetings [k] allow for feedback / two-way communication [an] AND/OR can see body language [an] • Text messages/SMS/DM/WhatsApp [k] which are quick to send [an] • Website/social media [k] as seen by many people at once [an] • Letters [k] can be confidential [an] • Phone/mobile calls [k] as can discuss message to make sure it is understood [an]	**6**	This is a general question so there are no marks for application. Some points can be [k] or [an] but only award once. Some [an] can be used for different methods but only award once. For evaluation to be awarded justification will usually follow on from relevant analysis of points. For evaluation to be awarded the answer must include reference to emails.

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Question	Answer	Marks	Guidance
2(e)	• Video conference [k] which can reduce travel costs [an] • Memo [k] which can provide a written record [an]. Other appropriate answers should be credited. Justification might include: Using emails is low cost [k] so more funds to invest in other areas [an]. Using meetings [k] allows for instant feedback [an]. Meetings are the best method as instant feedback can prevent misunderstanding which helps to avoid mistakes [eval] that could damage the reputation of the business [eval].		

Question	Answer	Marks	Guidance
3(a)	**Define 'economic growth'.** Award 2 marks for a full definition. Award 1 mark for a partial definition. • A country's GDP increases – more goods and services are produced than in the previous year/given time period. [2] • The increase in a country's (real) output of goods and services over time. [2] • Rise in GDP for 2 consecutive quarters. [2] Partial definition, e.g. • Increase in GDP [1] • More goods and services are produced <u>in the country/economy</u> [1] • Increase in a <u>country's</u> spending/income/output. [1]	**2**	For the 1st mark, an idea of increase in GDP / increase in country's output/spending/income is needed. 2nd mark is for the reference to a time element.

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Question	Answer	Marks	Guidance
3(b)	**Calculate KYX's margin of safety. Show your working.** Award 2 marks for the correct answer. Award 1 mark for correct method but incorrect answer. Correct answer: 3000 (beds/units). [2] Correct method but incorrect answer, e.g. • 13 000 – 10 000 [1] • Current output – break-even output. [1] Note: if correct answer given with no working shown award 2 marks.	**2**	Award only 1 mark if 3000 is given as part of the answer but is not given as the final answer. If answer is given as $3000 award 1 mark.
3(c)	**Outline <u>two</u> reasons why KYX holds a high level of inventory.** Award 1 mark for each relevant reason (max 2). Award 1 mark for each relevant reference to this business (max 2). Points might include: • To meet (increase in) customer demand [k] due to economic growth [app] • To maintain production / reduce risk of delays from suppliers / suppliers may be far away / may take a long time for materials to arrive from suppliers [k] to manufacture the beds [app] • To benefit from (purchasing) economies of scale / benefit from supplier discounts (for buying in bulk) [k] for the factory [app] • Able to respond quickly to <u>unexpected/sudden</u> orders / deal with <u>uncertainty</u> in demand [k] as demand has increased by 30% [app]. Other appropriate responses should be credited.	**4**	To use words from the stem as application, the reference must be appropriate (i.e. make sense) in relation to the point being made. The following words are likely to be appropriate for this question: • Beds • Factory • Public limited company • Economic growth • Demand increased (by 30%) • Location decisions • 10 000 (break-even output) • 13 000 (current output) • 3000 (margin of safety) *OFR applies.* Other appropriate examples can be credited. To meet increased demand can be [k] or [app] but only award once.

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Question	Answer	Marks	Guidance
3(d)	**Explain <u>two</u> external sources of finance KYX could use to fund the new factory.** Award 1 mark for each relevant source (max 2). Award 1 mark for each relevant reference to this business (max 2). Award 1 mark for each relevant explanation (max 2). Points might include: • (Long-term) bank loan [k] which is quick to arrange [an] OR can raise a large/full amount [an] which may be beneficial during periods of economic growth [app] • (New) share issue [k] by this public limited company [app] which do not have to be paid back/permanent capital [an] OR can raise large amounts [an] OR no interest to pay [an] • Grants/subsidies [k] as no interest to pay [an] OR no need to repay [an] • Crowdfunding [k] especially as demand increased (by 30%) [app] as no initial fees need to be paid [an] • Leasing [k] as do not need to find a large cash sum to purchase the asset [an] OR care/maintenance of asset is carried out by leasing company [an]. Other appropriate responses should be credited.	**6**	To use words from the stem as application, the reference must be appropriate (i.e. make sense) in relation to the point being made. The following words are likely to be appropriate for this question: • Beds • <u>Public</u> limited company • Economic growth • Demand increased (by 30%) • High levels of inventory • 10 000 (break-even output) • 13 000 (current output) • 3000 (margin of safety) *OFR applies.* Other appropriate examples can be credited. Analysis should focus on <u>an advantage</u> of using source. Some [an] could be used for more than one source but only award once.

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Question	Answer	Marks	Guidance
3(e)	**Explain <u>two</u> factors a manufacturing business should consider when deciding on a suitable location for a new factory. Which factor is likely to be the most important? Justify your answer.** Award 1 mark for each relevant factor (max 2). Award 1 mark for each relevant explanation (max 2). Award up to 2 marks for justified decision as to which factor is the most important. Points might include: • Cost of site/rent [k] as high rent will increase fixed costs [an] • Availability / suitable space / size of site / production methods [k] as need sufficient space to be able to expand [an] • (Quality/cost of) materials/components [k] which could lower variable costs / cost of production [an] OR access/distance to suppliers [k] to reduce transport costs [an] • Availability of (skilled)/cost of labour [k] as if high employment may be difficult to find enough employees [an] • Access to market [k] to increase revenue [an] • Electricity / water supply [k] as without a reliable supply production could be delayed [an] • Transport links/cost [k] • Legal controls [k] which may influence or restrict where/how the business can operate [an] • Taxes [k] which may increase expenses [an]. Other appropriate responses should be credited. **3(e)** Justification might include: Being close to suppliers is important [k] as this will reduce transport costs [an]. However, availability of labour [k] is needed to maintain production [an]. Availability of labour is more important because if the manufacturing business has nothing to sell, then there is no revenue [eval], then it may not matter how close they are to suppliers as they will need fewer supplies [eval].	**6**	This is a general question so there are no marks for application. Some points can be [k] or [an] but only award once. Some [an] could be used for different points but only award once. Can award two examples of specific costs as [an] if clearly explained. For evaluation to be awarded justification will usually follow on from relevant analysis of points. To access evaluation, answer must refer to two location factors.

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Question	Answer	Marks	Guidance
4(a)	**Define 'business plan'.** Award 2 marks for a full definition. Award 1 mark for a partial definition. • A document containing the business objectives and important details about the operations/finance/owners of the (new) business. [2] • A detailed written document outlining the purpose and aims of a business which is often used to persuade lenders/investors to finance a business proposal. [2] Partial definition, e.g. • Provides information about business objectives/aims. [1] Other appropriate responses should be credited.	**2**	For the 1st mark, an idea of document containing aims/objectives is needed. Comments about what else it includes/uses are +1 only.
4(b)	**Identify two examples (other than growth) of business objectives.** Award 1 mark for each relevant objective (max 2). Points might include: • Make/increase profit • Increase/gain market share / be market leader • Increase sales/customers/customer loyalty • Survival/breakeven • Increase shareholder returns / return on capital employed • Improve/create business image • Sell in other countries / target new markets • Be socially/ethically/environmentally responsible/provide a service to the community. Other appropriate responses should be credited.	**2**	Only award the first two responses given.

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Question	Answer	Marks	Guidance
4(c)	**Outline <u>two</u> potential problems for ASW as the business continues to grow.** Award 1 mark for each relevant problem (max 2). Award 1 mark for each relevant explanation in context (max 2). Points might include: • Poor communication [k] about the business objectives [app] • Difficult to control [k] particularly as it tries to take advantage of globalisation [app] • Lack of coordination [k] which may cause issues for its business plan [app] • Low morale/motivation/commitment of employees/lack of employee loyalty [k] when setting up/managing websites [app] • Could be <u>difficult to</u> obtain finance / cashflow problems / lack of working capital [k] especially at a time when there is an increase in taxes [app] • May be <u>difficult to</u> find suitable employees [k]. Other appropriate responses should be credited.	**4**	To use words from the stem as application, the reference must be appropriate (i.e. make sense) in relation to the point being made. The following words are likely to be appropriate for this question: • Websites • 5 years ago • Increase in taxes • 25 (business/customers) • Business plan • Business objectives • Globalisation Other appropriate examples can be credited. Can award diseconomies of scale where no specific examples are given. **Needing more of something e.g. finance/employees is not a problem on its own –** it is difficulty of obtaining them that is the problem.

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Question	Answer	Marks	Guidance
4(d)	**Explain <u>two</u> ways ASW could be affected by an increase in taxes.** Award 1 mark for each relevant way (max 2). Award 1 mark for each relevant reference to this business (max 2). Award 1 mark for each relevant explanation (max 2). Points might include: • Reduced/lower demand [k] from the 25 business customers [app] which reduces revenue [an] • Less (retained) profit [k] so less funds to reinvest back into the business [an] to achieve business objectives [app] • Increased costs/expenses [k] which may lead to an increase in prices / increase cash outflows [an] when setting up/managing websites [app] • May delay any expansion plans [k] as the business is continuing to grow [app] so may miss out on sales [an] • May have to <u>increase</u> prices [k] so may lose customers / lower demand [an] • Decrease profit margin [k]. Other appropriate responses should be credited.	**6**	To use words from the stem as application, the reference must be appropriate (i.e. make sense) in relation to the point being made. The following words are likely to be appropriate for this question: • Websites • 5 years ago • Continuing to grow/expand • Business plan • Business objectives • Globalisation • 25 (business/customers) Other appropriate responses can be credited. Some points can be [k] or [an] but only award once, e.g. lower sales, increase prices, increase cash outflows. (Cannot) Continue to grow can be [k], [app] or [an] but only award once.

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Question	Answer	Marks	Guidance
4(e)	**Do you think the opportunities of globalisation for a business are greater than the threats? Justify your answer.** Award 1 mark for each relevant point (max 2). Award 1 mark for each relevant explanation (max 2). Award up to 2 marks for justified decision as to whether the opportunities of globalisation for a business are greater than the threats. Points might include: Opportunities: • Increase potential sales / access more markets [k] which may increase revenue [an] AND/OR increase market share [an] • Spreads risk [k] as not relying on one market for its sales [an] • Cheaper/access (better quality) raw materials from other countries [k] could help lower variable costs [an] AND/OR improve the profit margin • Lower wages / cheaper labour [k] reducing (labour) costs [an] OR access to skilled labour [k] which can improve efficiency [an] • Avoid/fewer quotas [k] which could limit quantity sold/able to sell [an] • Avoid/lower tariffs [k] so does not make products more expensive / lower costs [an] • Access to government grants (in other countries) [k] • Fewer legal controls [k] Threats: • Increased competition / entry of multinationals [k] which could lower sales [an] AND/OR lower its market share [an] • Employees may leave business if it cannot pay as much as (international) competitors [k], increasing recruitment costs [an] • (Changes in) exchange rates [k] make it difficult to set prices [an] • Marketing needs to be adapted to suit different markets/countries/cultures [k] increasing cash outflows [an]. Other appropriate responses should be credited.	**6**	This is a general question so there are no marks for application. For evaluation to be awarded justification will usually follow on from relevant analysis of points. To access evaluation answer must refer to both an opportunity and a threat. Some points can be [k] or [an] but only award once. Some [an] can be used for different points but only award once.

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Question	Answer	Marks	Guidance
4(e)	**4(e)** Justification might include: It provides access to new markets [k] which can increase sales [an]. However, employees may leave business if it cannot pay as much as (international) competitors [k] increasing recruitment costs [an]. The opportunities are greater as the increased revenue generated from sales in these new markets may be greater than the additional costs of recruitment [eval] and this extra revenue may even be used to fund higher wages so retain the employees [eval].		

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