



GCSE

Business

J204/02: Business 2: operations, finance and influences on business

General Certificate of Secondary Education

Mark Scheme for June 2023

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This mark scheme is published as an aid to teachers and students, to indicate the requirements of the examination. It shows the basis on which marks were awarded by examiners. It does not indicate the details of the discussions which took place at an examiners' meeting before marking commenced.

All examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes should be read in conjunction with the published question papers and the report on the examination.

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PREPARATION FOR MARKING

RM3

1. Make sure that you have accessed and completed the relevant training packages for on-screen marking.
2. Make sure that you have read and understood the mark scheme and the question paper for this unit.
3. Log-in to RM3 and mark the **required number** of practice responses (“scripts”) and the **required number** of standardisation responses.

YOU MUST MARK 5 PRACTICE AND 10 STANDARDISATION RESPONSES BEFORE YOU CAN BE APPROVED TO MARK LIVE SCRIPTS.

MARKING INSTRUCTIONS – FOR MARKING ON-SCREEN

1. Mark strictly to the mark scheme.
2. Marks awarded must relate directly to the marking criteria.
3. The schedule of dates is very important. It is essential that you meet the 50% and 100% deadlines. If you experience problems, you must contact your Team Leader (Supervisor) without delay.
4. If you are in any doubt about applying the mark scheme, consult your Team Leader by telephone or the RM3 messaging system, or by email.

5. **Crossed Out Responses**

Where a candidate has crossed out a response and provided a clear alternative then the crossed out response is not marked. Where no alternative response has been provided, examiners may give candidates the benefit of the doubt and mark the crossed out response where legible.

Multiple Choice Question Responses

When a multiple choice question has only a single, correct response and a candidate provides two responses (even if one of these responses is correct), then no mark should be awarded (as it is not possible to determine which was the first response selected by the candidate).

Contradictory Responses

When a candidate provides contradictory responses, then no mark should be awarded, even if one of the answers is correct.

Short Answer Questions (requiring only a list by way of a response, usually worth only **one mark per response**)

Where candidates are required to provide a set number of short answer responses then only the set number of responses should be marked. The response space should be marked from left to right on each line and then line by line until the required number of responses have been considered. The remaining responses should not then be marked. Examiners will have to apply judgement as to whether a 'second response' on a line is a development of the 'first response', rather than a separate, discrete response. *(The underlying assumption is that the candidate is attempting to hedge their bets and therefore getting undue benefit rather than engaging with the question and giving the most relevant/correct responses.)*

Short Answer Questions (requiring a more developed response, worth **two or more marks**)

If the candidates are required to provide a description of, say, three items or factors and four items or factors are provided, then mark on a similar basis – that is downwards (as it is unlikely in this situation that a candidate will provide more than one response in each section of the response space.)

Longer Answer Questions (requiring a developed response)

Where candidates have provided two (or more) responses to a medium or high tariff question which only required a single (developed) response and not crossed out the first response, then only the first response should be marked. Examiners will need to apply professional judgement as to whether the second (or a subsequent) response is a 'new start' or simply a poorly expressed continuation of the first response.

6. Award No Response (NR) if:
- there is nothing written in the answer space.

Award Zero '0' if:

- anything is written in the answer space and is not worthy of credit (this includes text and symbols).

Team Leaders must confirm the correct use of the NR button with their markers before live marking commences and should check this when reviewing scripts.

7. The RM Assessor **comments box** is used by your team leader to explain the marking of the practice responses. Please refer to these comments when checking your practice responses. **Do not use the comments box for any other reason.** If you have any questions or comments for your team leader, use the phone, the RM Assessor messaging system, or e-mail.
8. Assistant Examiners may send a brief report on the performance of candidates to your Team Leader (Supervisor) by the end of the marking period.

9. Annotations

Annotation	Meaning	Annotation	Meaning
	Correct - 1 mark awarded		Knowledge (AO1a)
	Incorrect		Understanding (AO1b)
	Benefit of doubt – mark awarded		Application (AO2)
	Not answered question – question is either omitted or answer is not relevant to the question asked		Analysis (AO3a)
	Too vague – no reward		Evaluation (AO3b)
	Repetition – credit already given or answer repeats what is in the question or stem		Not sure what the candidate is trying to say
	Not used text – answer does not make use of the context so no application mark		Own figure rule
	Noted but no credit given		
	Blank page (only use on Q18e)		

Highlighting is also available to highlight any particular points on the script.

ARA – Any Reasonable Answer - Where ARA is indicated within the Guidance column for any item on this mark scheme, examiners must accept any reasonable answer that in their professional opinion is as worthy of merit as those indicated on the final mark scheme. However, examiners should liaise with their Team Leaders/Principal Examiner wherever there remains any doubt as to whether or not a response (or part-response) should be awarded.

Question	Answer	Marks	Assessment Objective
SECTION A			
1	D	1	2
2	D	1	1a
3	C	1	2
4	B	1	2Q
5	D	1	2PS
6	B	1	2Q
7	B	1	2Q
8	C	1	1b
9	A	1	2
10	B	1	1a
11	B	1	2Q
12	C	1	2Q
13	D	1	2
14	C	1	1b
15	C	1	2Q

Question			Answer	Marks	Guidance
SECTION B					
16	a	(i)	Explain one production process a business may use when making its products. Answers may include: • Batch – groups of a product made together. • Flow / Mass – continuous / production line. • Job – one at a time / individually made. <u>Exemplar response</u> Batch production (1) which is when a group of similar products are made together (1).	2 AO1a 1 AO1b 1	One mark for identifying the production process. ✓ One further mark for explaining the process. ✓ <i>Answers do not need to relate to Zara.</i>
		(ii)	Explain one method that a business could use to ensure the quality of its products. Answers may include: • Quality control – end of the production process / inspection / before being sold • Quality assurance – during the production process / by the production workers (whole business) <u>Exemplar response</u> Quality control (1) which is where an inspector would check a sample of the finished goods (1).	2 AO1a 1 AO1b 1	One mark for identifying a method to ensure quality. ✓ One further mark for explaining the method. ✓ <i>Answers do not need to relate to Zara.</i>

Question		Answer	Marks	Guidance
	b	Analyse one reason why keeping variable costs low may reward Zara’s owners. Understanding may include: • Lower costs could lead to lower total costs / better profits / margins. • Lower costs could enable a reduction in price. • Leaves more money available for other needs. • Lowers the break-even level of output. Application may include: • <u>Large quantities</u> of fabric • Suppliers in Europe / factories in Europe, Asia & Africa • 2,270 stores • Online sales increased • Fast delivery / lead time of 15 days Analysis may include: • May lead to owners receiving more money / dividends. • Allows the business to expand / investment in growth / improve the stores. <u>Exemplar response</u> It may lead to better profit margins (1) if Zara reduces variable costs from buying large quantities of fabric (APP). This may mean that Zara’s owners receive more dividends (1). ARA	3 AO1b 1 AO2 1 AO3a 1	One mark for understanding a reason why lower costs reward an owner. ✓ <i>No further marks can be gained without understanding.</i> One <u>further</u> mark for application of understanding to Zara, using evidence from the text. APP One <u>further</u> mark for an analysis of how lower variable costs help reward an owner. ✓ No reward for answers which suggest that controlling variable costs helps to increase sales revenue. A change in profits is part of understanding – any analysis comes from what the business does with that profit.

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Question			Answer	Marks	Guidance
	c	(i)	Calculate the percentage decrease in Zara's sales revenue between 2019 and 2020. Show your workings. 19,954m - 14,129m = 5,825m (1) 5,825m / 19,954m x 100 = (-)29.2% (1) [OFR]	2 AO2 2	Two marks for correct answer (with or without workings).   Negative sign is not required as question states it is a decrease. Percentage sign not required. Accept 29% or any other level of accuracy.
		(ii)	Explain one possible advantage to a business of selling its products via e-commerce. Answers may include: • Sell worldwide / wider audience. • Open all the time. • Professional look at little cost / easier to display products online. • Lower operating costs. <u>Exemplar response</u> A business selling online may have lower operating costs (1) because it does not need to have an expensive location to sell from (1). ARA	2 AO1b 2	One mark for identifying an advantage of selling via e-commerce.  One further mark for explaining the advantage.  <i>Answers do not need to relate to Zara.</i> An answer of 'selling more products' without any link to e-commerce is TV.
	d	(i)	Identify two roles of the procurement function in a business. Answers may include: • identifying goods and services to buy / finding materials • ordering or purchasing goods and services • identifying or choosing suppliers • receiving deliveries from suppliers	2 AO1a 2	One mark for each correct role of the procurement function.  <i>Answers do not need to relate to Zara.</i>

Question			Answer	Marks	Guidance
	(ii)		Evaluate the importance to Zara of having reliable suppliers in the supply chain for its clothing. Application may include: • Global fashion brand • Best known for speed and frequency • <u>Large quantities</u> of fabric ordered • Suppliers from Europe, Asia, Africa • Sales fell by 29% [OFR] in 2020 • 2270 stores and online shop • Changing clothing designs every two weeks/15 days. • Delivered to Spain/Spanish factories. • Highly responsive supply chain. Analysis may include: • Reliable suppliers ensure products are made to the expected quality and distributed to its shops/online distribution centres within the expected time frame. • Without reliable suppliers sales/profits would go down as they do not have the clothing to sell to its customers. • Zara’s reputation (brand image) may suffer if there are delays to online purchases, shops not being stocked. • If supplies are not of appropriate quality, this will negatively impact sales and profits. Evaluation may include: • Essential for Zara as a leader in ‘fast fashion’. • The relative influence/impact of different factors, e.g., incomes may be lower therefore no matter how reliable Zara’s suppliers are if customers do not have a lot of money sales will be lower regardless.	7 AO2 2 AO3a 2 AO3b 3	Use the level of response marking grid to assess skill levels. Annotate as: Up to two marks for application to Zara Up to two marks for analysis Up to three marks for evaluation NB: Context must be <u>used</u> to be awarded as application. Analysis must be a business facing impact. For strong evaluation i.e., the full three marks, the evaluation must be contextual.

Question			Answer	Marks	Guidance
			Reliable suppliers are important but so is branding, and the businesses ability to ensure each of the 4Ps of the marketing mix complement each other. Exemplar response Given that Zara has 2270 stores (APP) it is important that it has reliable suppliers to ensure products are available in every shop, otherwise the business will miss out on sales (AN). If suppliers are not reliable, Zara will be unable to launch new designs every 2 weeks (APP) so that it will lose its USP (AN). Having reliable suppliers is important to Zara (EVAL). Without reliable suppliers they will not be able to provide the service which they are known for (EVAL). Zara's competitors change designs every 2 to 3 months and so Zara needs to be better than that to maintain its competitive advantage (EVAL). ARA		

16 d (ii) Evaluate the importance to Zara of having reliable suppliers in the supply chain for its clothing.

	Application (2 marks)	Analysis (2 marks)	Evaluation (3 marks)
Strong	2 marks Two <u>uses</u> of context [APP] [APP]	2 marks Two (business-facing) pieces of analysis of having reliable suppliers. [AN] [AN]	3 marks A justified judgement about the importance to Zara of having reliable suppliers, using the evidence . [EVAL] [EVAL] [EVAL]
Good			2 marks A justified judgement as to the importance of having reliable suppliers. [EVAL] [EVAL]
Limited	1 mark One <u>use</u> of context [APP]	1 mark One (business-facing) piece of analysis of having reliable suppliers. [AN]	1 mark A judgement about the importance of reliable suppliers. [EVAL]

Question			Answer	Marks	Guidance
17	a		Identify two ethical considerations a business may have. Answers may include: • Treatment of workers (e.g., <u>fair</u> wage, child labour, modern slavery) • Treatment of suppliers (e.g., fair prices, payment terms) • Treatment of customers • Ethical marketing factors • How to source materials (e.g., ethical credentials, fair trade, sustainability). ARA	2 AO1a 2	One mark for each correct ethical consideration, up to a maximum of two.  <i>Answers do not need to relate to AZ.</i> No reward for environmental considerations (e.g., less use of fertilisers) or issues which are legal requirements (e.g., pay the minimum wage, discrimination, working conditions, illegal advertising).
	b		State two reasons why quality in the production of goods is important to a business. Answers may include: • Reputation. • Brand image. • Competitiveness. • To satisfy customer needs (sell more). • Repeat purchasing. • Able to set a higher price. • Making products desirable. • No need to recall / return / waste products. • To satisfy any legal requirement. ARA	2 AO1a 2	One mark for each correct reason, up to a maximum of two.  <i>Answers do not need to relate to AZ.</i> No reward for references to profit

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Question		Answer	Marks	Guidance
	c	Analyse one reason why it is important to AZ that its call centre employees have good product knowledge. Understanding may include: • They can offer correct advice about products. • They can deal with customer queries. • Can increase customer satisfaction. • The customer trusts the business / product. Application may include: • Operates in over 100 countries. • Develops treatments for a range of diseases. • Code of ethics is important to AZ. • Provides high quality products / service. • Sells to doctors (medical professionals), hospitals, and governments. • Switched from salespeople visiting doctors to sell its products to using employees working at a call centre. Analysis may include: • If employees can / cannot answer questions sales / profits will increase / decrease. • Could affect reputation. • May affect the money available to research and develop new medicines. <u>Exemplar response</u> The call centre employees need to be able to advise on what is best for customers to buy (1). The products are being sold to qualified medical professionals (APP) therefore if they cannot answer questions sales and profits may be reduced (1). ARA	3 AO1b 1 AO2 1 AO3a 1	One mark for the identification of a reason why call centre employees need good product knowledge.  <i>No further marks can be gained without understanding.</i> One <u>further</u> mark for application of understanding to AZ, using evidence from the text. APP One <u>further</u> mark for analysis of why good product knowledge is important to a business.  Accept an answer which implies that the customer may be an individual patient, but only award APP if it is correct for AZ. A basic reference to the product (medicines and vaccines) is not enough for APP.

Question			Answer	Marks	Guidance
	d		Calculate AZ's gross profit margin for 2021. $\text{£}24,980 / \text{£}37,417 \times 100 = \underline{\underline{66.8\%}}$	2 AO2 2	Two marks for correct answer (with or without working).  One mark for setting out the correct calculation. Accept 67%, 66.76%, 66.7% (or the full number) Maximum one mark if incorrect or no units.
	e		Explain one way technology might affect production at AZ. Answers may include: • Any reference to automation, ICT, robotics etc. • Increased production / productivity / can work 24/7 • Lower unit costs • Fewer mistakes / higher quality levels • Can slow production down if training is needed. • Increased chance of breakdowns. <u>Exemplar response</u> Automation can increase productivity (1) in the production of vaccines (APP). ARA	2 AO1b 1 AO2 1	One mark for a way technology can influence <u>production</u>.  <i>No further mark can be gained without understanding.</i> One <u>further</u> mark for applying to AZ.  No reward for answers which are NOT about production (e.g., use of e-commerce.)

Question			Answer	Marks	Guidance
	f	(i)	Analyse one advantage and one disadvantage to AZ of operating as a multinational company. Application may include: • Operates in over 100 countries. • Sells its products worldwide. • Has a code of ethics at the centre of everything. • 75,000 employees worldwide. • Three research and development centres. • Develops treatments for ranges of diseases. • Meets needs of customers at a lower cost. <u>Advantages of operating as a multinational</u> Understanding may include: • Higher sales (revenue) • Spread risk. • Access to skilled workers in other countries • Lower costs labour / land/ technology • Benefits of competition • Lower legal or ethical standards in other countries. Analysis may include: • Setting up where there is demand for the products making distribution easier. • Higher profits • Larger dividends for shareholders. • Higher market share • More money to invest (make the business more competitive). • Growth of ideas and innovation • Increased efficiency.	6 AO1b 2 AO2 2 AO3a 2	<u>Advantage</u> One mark for understanding of a possible advantage of operating as a multinational.  <i>No further marks can be gained without understanding.</i> One <u>further</u> mark for application of understanding to AZ, using evidence from the text.  One <u>further</u> mark for analysis of the given advantage for a business.  Do not reward answers which consider being an MNC to be only about selling internationally.

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Question			Answer	Marks	Guidance
			<u>Disadvantages of operating as a multinational</u> Understanding may include: • Various legal differences / regulatory requirements in each country • May become too large – difficult to manage. • Transport costs increase moving the product around the globe to markets. • Costs of operating across a large number of countries. • Worldwide opposition to multinational businesses • Communication – could be difficult due to language / cultural / time differences. • Will face more competition. • Will have to deal with currencies / exchange rate fluctuations. Analysis may include: • May have an impact on quality control due to co-ordination around the globe. • May lead to decreased profits / margins. • Effect on brand identity while at the same time customizing the brand message to appeal to the local cultures. <u>Exemplar response</u> One advantage is that AZ is likely to achieve higher sales (1) as AZ sells its medicines worldwide (APP). This should mean larger profits which can be used to reinvest in developing new medicines (1). One disadvantage is that AZ might experience communication problems (1). This is because they operate in over 100 countries (APP) in different time zones. This may reduce efficiency and have an impact on profit margins (1). ARA		<u>Disadvantage</u> One mark for understanding of a possible disadvantage of operating as a multinational.  <i>No further marks can be gained without understanding.</i> One <u>further</u> mark for application of understanding to AZ, using evidence from the text. APP One <u>further</u> mark for analysis of the given disadvantage for a business.  Do not reward answers which consider being an MNC to be only about selling internationally.

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Question		Answer	Marks	Guidance
	(ii)	Recommend whether AZ should continue to operate as a multinational company. A full answer needs a justified judgement based on the context. Further analysis of the advantages / disadvantages should not be rewarded but can form part of a candidate's justification. <u>Exemplar response</u> AZ should continue to operate as a multinational (1). If AZ do not operate globally, they would be restricted on how much profit they can make and therefore how much they can reinvest (1). This would restrict AZ's ability to develop new medicines (1) at its 3 research and development centres (APP). ARA	3 AO3b 3	One mark for a basic judgement whether AZ should continue to operate as a multinational company. ✓ <u>Plus</u> One <u>further</u> mark for justification of whether AZ should continue to operate as a multinational with no use of context. ✓ <u>or</u> Two <u>further</u> marks for justification of whether AZ should continue to operate as a multinational with use of context. ✓ APP

Question			Answer	Marks	Guidance
18	a		State one reason why cash is important to a business. Answers may include: • To be able to pay short term debts / loans / finances. • To pay short-term expenses, e.g., heating / lighting / rent / raw materials / supplies / wages. • To help with liquidity. • To ease cash-flow problems. ARA	1 AO1a 1	One mark for a correct reason why cash is important.  No reward for answers which linked to long-term issues (e.g., expansion).
	b	(i)	Analyse how GK can use the break-even level of output for its Deluxe range. Understanding may include: • To identify when total costs equal total revenue. • To identify when there is no profit or loss made / how many you need to sell at the current price. • To know when a loss turns into a profit situation. • Can use break-even diagrams. • Can set sales targets. Application may include: • Fixed costs = £250,000; Price = £15,000; Variable cost = £6,380 per unit • 29 kitchens to break even. • Concerns about future economic climate. • Fall in consumer incomes & unemployment forecast. Analysis may include: • Can calculate the margin of safety. • Can calculate profit levels at different outputs. • May be used when attracting finance or investors.	3 AO1b 1 AO2 1 AO3a 1	One mark for understanding how break-even output can be used.  <i>No further marks can be gained without understanding.</i> One <u>further</u> mark for application of understanding to GK, using evidence from the text.  One <u>further</u> mark for analysis of the use of the break-even level of output for a business.  An answer may achieve understanding and application together. For example, “Break-even output means that GK needs to sell 29 kitchens to cover their costs.” This shows understanding of revenue equalling costs and contains application with reference to 29 being the break-even output for this product.

Question			Answer	Marks	Guidance
			- Will allow business to make decisions about changing price and/or costs. - May encourage the business to spend more on advertising / promotion. Exemplar response Break-even shows when the business has covered all of its costs but has not yet made a profit (1). GK has a break-even output of 29 kitchens a year (APP) which can be used to set a target for the sales team to sell more than this number (1). ARA		An answer of “it shows how many a business needs to sell to break-even” does not show understanding as it is tautological.
		(ii)	Analyse one limitation to GK of using break-even when making decisions about its Deluxe range. Understanding may include: - Data is estimated. - Number of competitors may change. - The business may make promotional offers. - Costs may change. - External factors are ignored / may change. - Qualitative / non-quantifiable issues are not considered. - Takes no account of whether customers will buy the product. Application may include: - Reference to the cost/price data provided. - Concerns about the economic climate. - Forecast fall in consumer incomes. - Unemployment likely to fall (from 4% to 3.1%). - GK sells a high-quality luxury product. Analysis may include: - May need to make decisions about costs and / or prices to overcome any uncertainty in the data.	3 AO1b 1 AO2 1 AO3a 1	One mark for understanding a limitation of using break-even.  <i>No further marks can be gained without understanding.</i> One <u>further</u> mark for application of understanding to GK, using evidence from the text. (APP) One <u>further</u> mark for analysis of the limitation of using break-even for decision-making for a business.  Answers which suggest the data is wrong or not specific enough are TV.

Question			Answer	Marks	Guidance
			- May find that targets must be constantly changed. - Price changes may not lead to a change in revenue. Exemplar response GK's suppliers of wood may increase their prices (1). As GK makes luxury (APP) kitchens this may have a significant effect on the break-even output so that GK will have to increase its sales targets (1). ARA		
	c	(i)	Analyse one impact on GK of the predicted fall in consumer incomes. Understanding may include: - Lower consumer spending / cannot afford products. - Customers have less money to spend. - Less disposable income / spare money. - Spend more on necessities. Application may include: - The range is £15,000. - Kitchens are luxury items / expensive. - Cannot sell 29 kitchens. - GK sells in south-east (where consumer incomes are falling). Analysis may include: - Decreased demand / revenue / profits. - May not achieve break-even. - Less money available for wages, investment, etc. - Need to reduce prices. - Cannot buy stock. Exemplar response Customers have less income to spend (1) and given GK's kitchens are priced at £15,000 (APP) it is likely sales will decrease (1). ARA	3 AO1b 1 AO2 1 AO3a 1	One mark for understanding about a fall in consumer incomes.  <i>No further marks can be gained without understanding.</i> One <u>further</u> mark for application of understanding to GK, using evidence from the text. (APP) One <u>further</u> mark for analysis of an impact on a business of a decrease in consumer income. 

Question			Answer	Marks	Guidance
		(ii)	Analyse one impact on GK of the forecast change in the unemployment rate shown in Table 1. Understanding may include: • Less easy to recruit employees. • More consumers have an income. Application may include: • Unemployment rate expected to fall (by 0.9% over 3 years). • Any use of individual data comparing the rate to 2022. Analysis may include: • Wages may increase. • Higher recruitment costs. • Unable to complete jobs (on time). • Increased demand / revenue / profits. • Get closer to (or exceed) break-even. <u>Exemplar response</u> Forecasted decrease in the unemployment rate by 0.9% (APP) may mean consumers have more income (1). This may lead to an increase in demand (1). ARA	3 AO1b 1 AO2 1 AO3a 1	One mark for understanding about a fall in the unemployment rate. ✓ <i>No further marks can be gained without understanding.</i> One <u>further</u> mark for application of understanding to GK, using Table 1. (APP) One <u>further</u> mark for analysis of an impact on a business of a fall in the unemployment rate. ✓ Answers MUST consider the fall in the unemployment rate
		(iii)	Recommend whether the predicted fall in consumer incomes or the forecast change in the unemployment rate will have the greatest impact on GK. A full answer needs a supported judgement. Further analysis of the two variables should not be rewarded but can form part of a candidate's justification.	3 AO3b 3	One mark for a basic judgement whether the fall in the unemployment rate or the fall in consumer incomes will have the greatest impact. ✓ <u>Plus</u> One further mark for justification by contrasting the impact of the fall in the unemployment rate and the fall in consumer incomes, with no use of context. ✓

Question			Answer	Marks	Guidance
			Exemplar responses Consumer incomes falling will have a bigger impact (1). As GK sells expensive non-essential products (APP) a fall in consumer incomes will reduce demand whereas the decrease in unemployment may mean people only have low-paid jobs so still cannot afford GK's kitchens (1). The fall in unemployment rate will have little impact immediately (1) as it will take 3 years and only fall by 0.9% (APP). Therefore, a fall in consumer incomes for 2 years will have the greater impact (1). ARA		<u>or</u> Two further marks for justification by contrasting the impact of the fall in the unemployment rate and the fall in consumer incomes, with use of context. (APP) 
	d *		Evaluate how useful the financial data in Table 2 is to GK's stakeholders. Knowledge may include: - Financial data includes financial statements, cash flow forecasts, break-even predictions, ARR, profit & loss / margins etc. - Any item of financial data not mentioned in Table 2 (excludes net profit, cash at bank, loans.) Understanding may include: - Cost and revenue data is used for cash flow forecasting. - Profit and loss data is used to judge success. - Profit margins and ARR used to help understand the profitability of the business. - Financial data can be used to assess the stability or success or long-term future of a business. - Business decisions need financial data to help understand if they will be successful or not. Application may include: - Owners / shareholders	9 AO1a 1 AO1b 1 AO2 2 AO3a 2 AO3b 3	Use the level of response marking grid to assess skill levels. Annotate as: One mark for knowledge of financial data K One mark for understanding of financial data U Up to two marks for synoptic application* APP Up to two marks for analysis AN Up to three marks for evaluation EVAL *Application refers to synoptic application only. For strong evaluation i.e., the full three marks, the evaluation must be contextual. No reward for discussions which simply refer to 'stakeholders' – they need naming.

Question			Answer	Marks	Guidance
			• Employees • Managers • Customers • Suppliers • Banks / lenders • Local community • Government Analysis may include: • Employees will want to know if their job is safe/secure and if profitable negotiate higher wages. • Managers will use financial information to make decisions about the future direction of the business, e.g., expansion or new products. • Customers will want to make sure they are getting a fair price and that the business will not go out of business. • Suppliers will want to make sure that they get paid, and the business will continue as a customer. • Local community will be interested in the donations to the foodbanks. • Banks / lenders will want to know how safe it is to lend money to the business. • The government will want to know that GK is paying the right amount of taxes. Evaluation may include: • Financial information is / is not useful when making business decisions or judging performance. • Other factors may be more or just as important, such as competition, shareholder views, work practices. • External factors, such as UK income and employment levels, may affect the financial data or how it is interpreted.		

Question			Answer	Marks	Guidance
			A judgement about why a named stakeholder may find the data particularly useful or why one named stakeholder will find it more useful than another. Exemplar response Financial data includes financial statements and forecasts (K). These can be used to help judge the performance of a business (U). Employees (APP) may find the financial information useful as they will be concerned that GK is making able to pay their wages in the future (AN). Another stakeholder who might find the financial information useful is the local community (APP) who will be interested whether the donations GK make to the food bank may stop if profits fall (AN). GK's stakeholders will find the financial information useful (EVAL). Although this may be limited, as most financial information is published more than a year after the period it occurred (EVAL). A lot may have changed since GK donated £8,500 to the Brighton food banks in 2022 (EVAL). ARA		

18d* Evaluate how useful the financial data in Table 2 is to GK’s stakeholders.

	Knowledge (1 mark)	Understanding (1 mark)	Application (2 marks)	Analysis (2 marks)	Evaluation (3 marks)
Strong	1 mark Knowledge of financial data [K]	1 mark Understanding of financial data [U]	2 marks Two examples of stakeholders [APP] [APP]	2 marks Two (business-facing) pieces of analysis which show how two different stakeholders find financial data useful. [AN] [AN]	3 marks A justified contextual judgement about the usefulness of the financial data to GK’s stakeholders. [EVAL] [EVAL] [EVAL]
Good					2 marks A justified non-contextual judgement about the usefulness of financial data to a stakeholder. [EVAL] [EVAL]
Limited			1 mark One example of a stakeholder [APP]	1 mark One (business-facing) piece of analysis which shows how a stakeholder finds financial data useful. [AN]	1 mark A judgement of how useful financial data is. [EVAL]

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