

GCSE BUSINESS

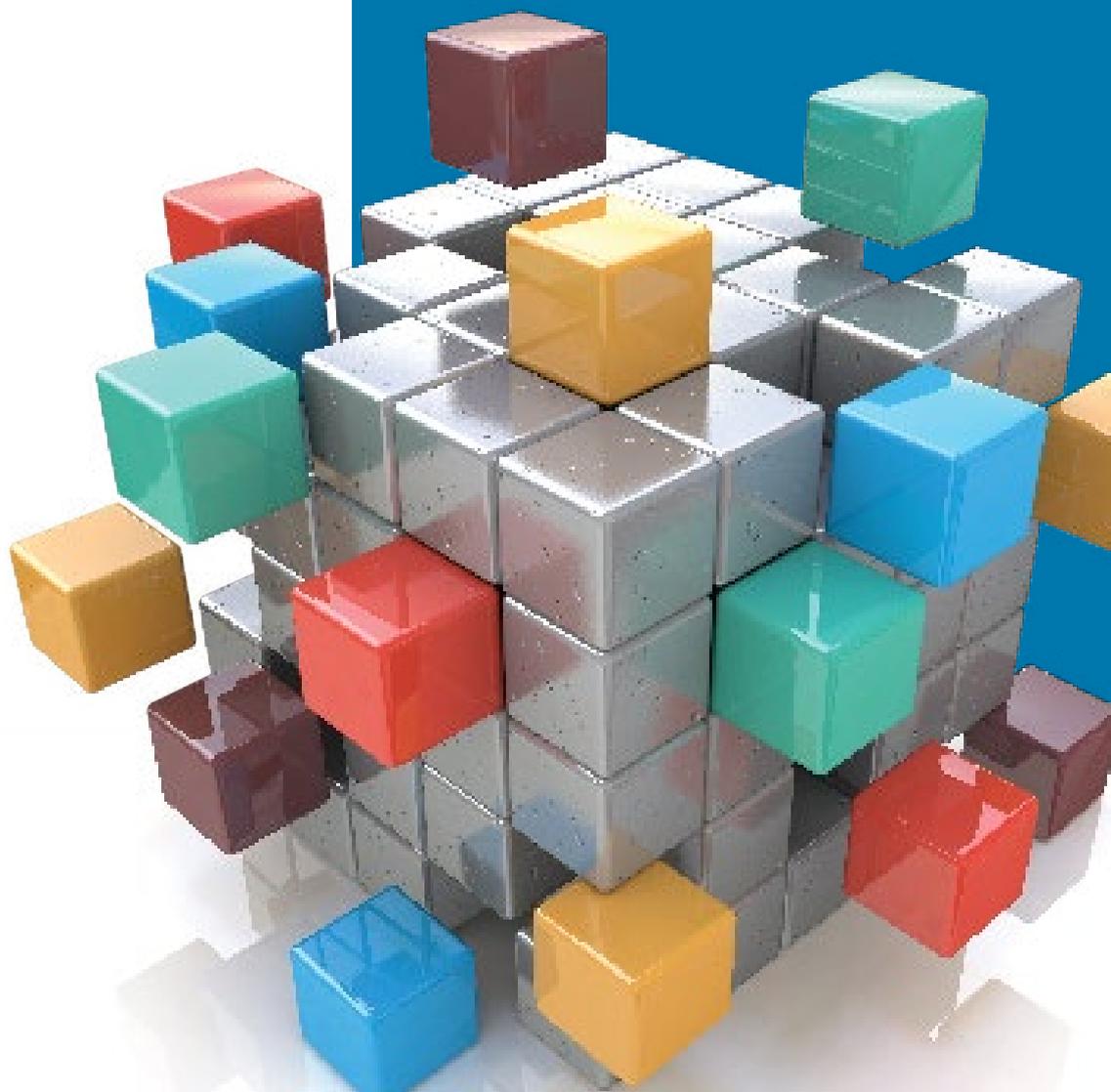
(8132)

Marked responses: Paper 2 (8132/2)

See a range of responses and how different levels are achieved and understand how to interpret the mark scheme.

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EXAMPLE RESPONSES



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Please note that these responses have been reproduced exactly as they were written and have not been subject to the usual standardisation process.

Specimen paper 2, question 02.4

Question

Sonya has been running Bambino Parties for two years. Last year she made a profit of £8 000 and now wants to increase the number of parties by 20%.

A friend recently started to work for Sonya on a part time basis. She designs backgrounds for parties and these have proved very popular. Her friend has asked if she can become a partner in Bambino Parties. She is willing to invest £3000 into the business in return for 50% of the profits and will work full time to help expand the business.

When Sonya takes a booking for a party she asks for a 10% deposit and then receives the rest of the agreed price after the party. Her suppliers, people who provide venues, catering, and birthday cakes, expect to be paid in advance. She is worried about the effect this will have on cash flow.

Sonya has produced a cash flow forecast.

Figure 2

	June £	July £	August £	September £
Total Income	5 000	11 100	9 200	11 600
Total Expenses	8 100	7 100	9 800	7 900
Balance brought forward	(1 300)	(4 400)	(400)	(1 000)
Balance carried forward	(4 400)	(400)	(1 000)	2 700

Sonya is thinking of investing in her own catering equipment that is estimated to increase profit by £500 per year and is expected to last eight years. It will cost Sonya £3000 to buy.

Calculate the average rate of return. State the formula used and show all workings. Give your answer to **two** decimal places.

Formula

Workings

[5 marks]

Mark scheme

AO1 = 1 AO2 = 4

1 mark for correct identification of average rate of return formula
4 marks for calculation

Average annual profit/assets initial investment \times 100 (1) AO1

$$8 \times 500 = 4000 \text{ (1)}$$

$$4000 - 3000 = 1000 \text{ (1) OFR}$$

$$1000/8 = 125 \text{ (1) OFR}$$

$$125 \times 100/3000 = 4.17\% \text{ (1) OFR}$$

Student responses

Student response 1

Formula $\text{ROI} = \frac{\text{Revenue}}{\text{Cost}}$

Workings $\frac{4000}{3000} \times 100 = 13\%$

2 marks.

A01 = 0 (incorrect formulae). The student has correctly calculated revenue ($8 \times 500 = 4000$) = 1 mark. Has not then adjusted for the initial cost or number of years.

Final OFR is awarded as has used revenue $\times 100 / 300 = 1$ mark

Student response 2

Formula Net earnings \div number of years \div initial investment

Workings $\frac{800}{3000} \times 100 = 16.67\%$

1 mark.

A01 = 0. Net earnings is unclear and from the answer doesn't show what figures they have used.

A02 – Final OFR mark can be applied as some correct use of the formulae ($\times 100 / 300$).

Student response 3

Formula $\frac{\text{Return on investment}}{\text{Cost of investment}} \times 100$

Workings $500 \times 8 = 4000$
 $4000 - 3000 = 1000$

$\frac{1000}{8} = 12.5\%$

$125 \times \frac{100}{3000} = 4.17\%$

5 marks.

A01 = Although return on investment does not match formulae in mark scheme it is clear from the student's answer they are calculating the average annual profit.

A02 – The final answer is correct so this is marked and all marks awarded.

Student response 4

Formula $\frac{\text{Net Total profit} \div \text{years} \times 100}{\text{Investment}}$

Workings $\frac{(500 \times 8) \div 8 \times 100}{3000} = 16.67\%$

4 marks.

A01 = Net earning \div years would give annual profit so formulae mark awarded.

A02 – the only step that has been missed is calculating the annual cost ($8 \times 500 = 1$) + ($1000/8 = 1$)

$16.67\% = 1$ (OFR)

Student response 5

Formula $\text{ARR} = \frac{\text{Total profit} / \text{number of years} \times 100}{\text{Initial amount invested}}$

Workings $\frac{500 \div 8}{3000} \times 100$
 $= 2.08\%$

3 marks.

A01 – Formulae is correct and if it had been applied correctly would have resulted in full marks.

A02 – The first stage of multiplying by 8 has been omitted and they have not calculated the cost of £3000.

A02 – $500 \div 8$ gets a mark as the OFR applies.

A02 – The student has then $\times 100/3000$ to give 2.08% so OFR applies however their answer must be arithmetically correct.

Student response 6

Formula $\frac{\text{total net profit / number of years}}{\text{Initial cost}}$

Workings $500 \times 8 = 4000$

$4000 - 3000 = 1000$

$\frac{1000}{8} = 125$

$\frac{125 \times 100}{3000} = 4.17$

5marks.

A01 – Formulae awarded

A02 – all parts of the calculation correct

Specimen paper 2, question 03.2

Adapted from Apple Inc

Extract of Income Statement for the year ending September 2015

Sales	300 000
Gross Profit	99 000
Net profit	59 400

Apple have estimated that their sales will increase by 10% in 2016 but profits will not change.

Calculate the difference between the gross profit margin and the net profit margin for Apple for 2016. State the profit margin formula used and show all workings.

[5 marks]

Formula

Workings

Mark scheme

AO1 = 1 AO2 = 4

1 mark for correct identification of gross profit and net profit formulae
3 marks for calculation

$GP/Revenue \times 100$ or $NP/Revenue \times 100$ (1) AO1

$300000 \times 1.1 = 330000$ (1)

$59400/330000 \times 100 = 18\%$ (1) OFR

$99000/330000 \times 100 = 30\%$ (1) OFR

$30 - 18 = 12\%$ (1) OFR

Student responses

Student response 1

Formula

Workings $300,000 \times 10\% = 330,000$

$$\frac{4000}{3000} \times 100 = 13\%$$

3 marks.

A01 = 1 mark. Although the student has not identified the formulae it is clear there is knowledge as they have calculated the gross profit margin

A02 – correct calculation of gross profit margin and new sales figure

Student response 2

Formula $\frac{\text{Gross Profit}}{\text{Sales}}$

Workings $300,000 \times 1.10 = 330,000$

$$\frac{330000}{99000} \times 100 = 33.33\%$$

$$\frac{330000}{59400} \times 100 = 555.55\%$$

$$555.55 - 333.33 = 222.22\%$$

2 marks.

A01 = 0. The student has not indicated the formulae is multiplied by 100.

A02 – 2 correct calculations of new sales and OFR for the difference between the results. The student has unfortunately switched the formulae around when calculating the margins

Student response 3

Formula $\frac{\text{Gross Profit}}{\text{Sales}} \times 100$

Workings $\frac{99000}{300,00} \times 100 = 33\%$

$\frac{59400}{300,00} \times 100 = 19.8\%$

$33 - 19.8 = 14\%$

3 marks.

A01 = 1 mark. Correct identification of one formulae

A02 – OFR applied to calculating the net profit and gross profit margins. The student can not be penalised for a previous error which was failure to calculate the increase in sales. The final OFR for the difference is not awarded as it is not arithmetically correct.

Student response 4

Formula Gross profit margin = $\frac{\text{Gross profit}}{\text{Revenue}} \times 100$

Net profit margin = $\frac{\text{Net profit}}{\text{Revenue}} \times 100$

Workings Sales = $3000000 \times 1.1 = 3300000$
 Gross profit = 99000
 Net profit = 59400

2016 Gross profit margin = $\frac{99000}{3300000} \times 100 = 3\%$

Net profit margin = $\frac{59400}{3300000} \times 100 = 1.8\%$

2015 Gross profit margin = $\frac{99000}{3000000} \times 100 = 3.3\%$

Net profit margin = $\frac{59400}{3000000} \times 100 = 1.98\%$

Difference 3%

Difference 1.8%

4 marks.

A01 = 1. Correct identification of both formulas. One would have been sufficient.

A02 – Correct calculation of new sales figure = 1 mark. Correct calculation of GP margin = 1 mark. Correct calculation of NP = 1 mark. Final mark is lost as the student has calculated the difference for each profit margin for the previous year. They have misread the question.

Student response 5

Formula $\frac{\text{Gross profit} \times 100}{\text{Revenue}}$ $\frac{\text{Net profit} \times 100}{\text{Revenue}}$

Workings 2016 Sales = 300000 x 1.1 = 330000

Gross profit = $\frac{99000}{330000} \times 100 = 30\%$

Net profit = $\frac{59400}{330000} \times 100 = 18\%$

30% - 18% = 12%

5 marks.

A01 – Both formulas given but only one is required for the mark.

A02 – The student has shown their workings each step of the way and is awarded full marks.

Specimen paper 2, question 03.4

Item D – Apple Inc

Apple is in a very competitive market. It makes improvements to the products to give them a unique selling point providing the latest technology that customers demand.

Apple's most successful product has been the iPhone. Since it was introduced in 2007, Apple have updated the phone each year and brought out a new version. New releases have seen huge sales with customers queuing outside shops to get one. Prices are high until the next version is released. The latest version is the iPhone 6s plus. It has 3D touch technology that is not used on any competitors' smartphones. An iPhone is needed for Apple's newest product, the Apple Watch, to work

Once the market leader, Apple has lost market share to a competitor. At the same time global sales of smartphones are slowing down.

Apple Inc – Sales by Product: 2014–2015

	2015 Sales (millions)	Change from 2014 %
iPhone	US\$156 000	52

Analyse the benefit to Apple of using price skimming for the iPhone 6s.

[6 marks]

Mark scheme

Marks for this question: AO2 = 3 AO3 = 3

Level	Description	Marks
3	Detailed analysis of topics based on the context. <ul style="list-style-type: none"> Business areas are fully analysed. Applies knowledge and understanding to the context sufficiently. 	5–6 AO3 AO2
2	Sound analysis of topics based on the context. <ul style="list-style-type: none"> Business areas are partially analysed. Applies some knowledge and understanding to the context. 	3–4 AO3 AO2
1	Basic analysis of topics based on the context. <ul style="list-style-type: none"> Basic analysis of business areas. Basic knowledge and understanding is applied to the context. 	1–2 AO3 AO2
0	Nothing worthy of credit.	

Indicative content:

Application/analysis:

- Customer willing to pay more due to demand for the latest technology – 3D touch
- Loyal customers – queuing for new versions
- Allows a high price to be set to recover R&D costs.

Benefits:

- Increased revenue as long as there is a perception of higher quality
- Adding value/improved image
- High demand when product first launched if the product has a USP.

Example of developed answer:

Price skimming will allow Apple to have a high price when the iPhone is updated each year as demand is high (L1) there will be higher demand for the latest technology and as 3D technology is not available on other phones this will lead to more people who are willing to pay a high price as there is no alternative (L2). Therefore, Apple could increase their revenue as the price remains high until the next iPhone update the following year, when it is then reduced (L3).

Student responses**Student response 1**

The benefit for apple using price skimming for their iPhone 6s is that they will be able to charge a high price because the phone will have such a high demand. People will be willing to pay a higher price because of the loyalty they have towards apple and because of the new 3D touch technology that is only available on the iPhones, customers will want to have the latest technology therefore going to apple is the only choice they have. This will increase the sales revenue for Apple as a high number of people will be buying the new phone, and as the price remains high until the next version is released they will have an increase in revenue.

This is a level 3 response.

Student analyses why Apple charges a high price and the impact on sales revenue. Answer is in context throughout, eg linking to 3D touch technology.

Student response 2

Price skimming is where a high price is charged initially then the price of the product decreases as sales start to. This means that apple sells the iPhone at a high price so the early adopters buy the product. Once the next iPhone is released a lower price is charged. However with sales falling this may not be beneficial as global sales are slowing down therefore price is not affecting the demand.

This is a level 1 response.

Starts with a definition however there are no A01 marks available. Benefit of a high price is highlighted and a link to how this attracts customers. Only basic analysis shown throughout.

Student response 3

Price skimming is when a company launches a new product and sets a high price which gradually decreases as demand falls. A benefit to Apple using this strategy is they already have high demand so their customers aren't price conscious and are early adopters. This means they have the ability to charge high prices and still maintain high sales. This will mean they will quickly generate enough sales revenue to break-even after the expensive research and development to provide the latest technology. The high revenue will also lead to a higher profit which could be used to promote their products more or come up with a new strategy to come back as market leader.

This is a level 3 response.

Student analyses why Apple charges a high price and the impact on sales revenue. Answer is in context throughout, e.g. linking to the high cost of R+D. Student illustrates high levels of analysis by continuing the chain of analysis to explain what the increased revenue could be used for. The student does apply their knowledge and understanding to the context but it is not sufficiently applied.

Specimen paper 2, question 03.5

Analyse how effective using an extension strategy to extend the product life cycle of the iPhone would be for Apple.

[6 marks]

Mark scheme

Marks for this question: AO2 = 3 AO3 = 3

Level	Description	Marks
3	Detailed analysis of topics based on the context. <ul style="list-style-type: none"> Business areas are fully analysed. Applies knowledge and understanding to the context sufficiently. 	5–6 AO3 AO2
2	Sound analysis of topics based on the context. <ul style="list-style-type: none"> Business areas are partially analysed. Applies some knowledge and understanding to the context. 	3–4 AO3 AO2
1	Basic analysis of topics based on the context. <ul style="list-style-type: none"> Basic analysis of business areas. Basic knowledge and understanding is applied to the context. 	1–2 AO3 AO2
0	Nothing worthy of credit.	

Indicative content:**Application:**

- Target a new market segment as the latest version of the iPhone 6s plus has 3D touch technology
- Trying to get customer to upgrade through new technology as the latest version of the iPhone 6s plus has 3D touch technology
- Trying to get customer to upgrade their phone more regularly by linking it to other products as the Apple Watch needs an iPhone to work.

Example of developed answer:

Apple could extend the product life cycle by trying to get customers to upgrade their phone more frequently by linking to other products (L1) as the iPhone can be linked to the Apple Watch this means that customers will stay loyal to Apple and more likely to upgrade their iPhone when they need a new phone (L2). Sales of the Smartwatch market are expected to rise and the iPhone is Apple's most successfully product this is likely to be effective (L3).

Student responses**Student response 1**

Apple could extend the product life cycle of the iPhone by increasing the usage among existing customers. They could encourage customers to upgrade their phones more regularly, which would also enable them to use the latest technology Apple has released. By upgrading a customer's phone to the 6s, they would be able to use Apple's latest product the Apple watch, as this only works when the customer has an iPhone. This will mean that customers are more likely to stay loyal to Apple and come to them when they want the latest technology or phone. This would increase the product life cycle of an iPhone as Apple are now producing products that are reliant on the customer having an iPhone.

This is a level 3 response.

Context is shown throughout as the student links this to the Apple Watch and iPhone 6S. Good level of analysis shown explaining the effectiveness of extension strategies on the level of upgrades and future sales of iPhones. A clear link is made at the end to how it extends the product life cycle.

Student response 2

Using an extension strategy for the iPhone will keep it in the maturity phase of the marketing product life cycle and will extend the time before it goes into decline. This will keep sales at a high before demand falls for the product.

This is a level 2 response.

There is sound understanding of extension strategies and their potential impact on sales but it is generic and not applied to the context of Apple. Limited context as answer is based around the iPhone. No explanation of why it will lead to an increase in sales.

Student response 3

An extension strategy may not be effective for Apple. This is because customers that are very loyal to the brand will be expecting a new iPhone every year – the early adopters. This means that these customers may go elsewhere to get a new phone e.g. Samsung.

However this would save apple money associated with the costs of a new product such as research and development or marketing. This may benefit the business more than the decrease in sales of smartphones.

This is a level 2 response.

The first paragraph illustrates partial analysis on Apple as it explains why customers may go to alternative companies. In the second paragraph they apply some further knowledge and understanding to the context by linking to saving R & D costs if no further updates (extension) of the iPhone are made.

Specimen paper 2, question 03.6

Item E – Apple Inc

In 2004 Apple closed all production facilities in the USA to help save costs. Production was outsourced to China.

In 2013, a newspaper reported that a factory based in China was paying their workers £1.12 per hour or a salary of £180 per month. They work an average of 10 hours per day. Chinese people queue up for work and say conditions are better than other factories in the area.

Apple has a code of conduct for these factories. They carry out regular inspections on working conditions. In 2014 these inspections increased by 40%. Apple works closely with these factories, and have paid for 60 000 employees to go on college courses in China.

China is a growing market for Apple accounting for 25% of their sales in 2015. This is an 84% increase on 2014.

In 2015 Apple made a net profit of \$54 000 million.

Analyse the impact on Apple of moving production facilities to China. In your answer you should consider:

- Ethical considerations
- Financial implications

You must evaluate which area has seen the biggest impact. Use evidence to support your answer.

[12 marks]

Mark scheme

Marks for this question: AO1 = 3 AO2 = 3 AO3 = 6

Level	Description	Marks
4	<p>Developed integrated analysis and evaluation of topics with sustained judgement based on context.</p> <ul style="list-style-type: none"> • An integrated line of reasoning, which is coherent, relevant, with a conclusion with the area which has been impacted on the most has been fully justified. • Interdependent nature of business areas are fully analysed. • Applies knowledge and understanding to the context and successfully draws together several functional areas of business. 	<p>10–12</p> <p>AO3</p> <p>AO3</p> <p>AO2</p>
3	<p>Detailed analysis and evaluation of topics based on the context.</p> <ul style="list-style-type: none"> • A line of reasoning, which is coherent, relevant, with a conclusion that is justified. • Different business areas are analysed independently or the interdependent nature of business areas is partially analysed. • Applies knowledge and understanding to the context and starts to draw together several functional areas of business. 	<p>7–9</p> <p>AO3</p> <p>AO3</p> <p>AO2</p>
2	<p>Sound analysis and evaluation of topics in isolation of their interdependence based on the context.</p> <ul style="list-style-type: none"> • A line of reasoning, with a conclusion that has some justification. • One business area is analysed independently. • Applies some knowledge and understanding to the context. 	<p>4–6</p> <p>AO3</p> <p>AO3</p> <p>AO2</p>
1	<p>Basic generic discussion of topics.</p> <ul style="list-style-type: none"> • A basic understanding of business concepts in isolation. • A basic understanding of one or more business concepts. • Partial relevance to the question. 	<p>1–3</p> <p>AO1</p> <p>AO1</p> <p>AO1</p>
	Nothing worthy of credit	

Integrated approach – ethics and links with other areas:

- Finance can improve as costs are reduced. Can business reduce labour and production costs without moving abroad? Living standards are lower in these developing countries and why should businesses not take advantage of them?
- Are ethics more important than profit for their shareholders? If they pay higher wages or give them shorter working hours this will cost more and reduce profit
- Will consumers be affected when buying their products? If they do not pay attention to newspaper reports then sales will remain the same
- Marketing and PR will be directly impacted by unethical decisions. It may increase costs in this area as their website has been developed and the extra checks may be needed.

Indicative content:

Understanding	Application	Analysis/evaluation
Ethics – is location in China morally right?	Working hours 10 per day are high.	Apple is seen to be trying to change and are working with suppliers and trying to monitor through checks which are seeking continued improvement. As Apple is a large company the media may pay more attention to them than others and therefore ethics become more important.
Finance – production costs wages lower, need to maintain profits. Other costs higher.	Employees paid £1.12 per hour or £180 month much lower than other parts of the world. 60 000 employees been sent on training courses for free. Checks increasing.	However Apple brings jobs to the area and provides better working conditions than other companies, therefore if they withdraw conditions will get worse for these workers.
Marketing – negative PR	The newspaper article has been written with some negative statements about Apple and the marketing department will need to respond to this	This may reduce sales as less buyers demand Apple products. However their code of conduct suggests that they take this seriously and are funding checks and initiatives to improve the situation. Their profit and sales would not suggest that this is having an impact on sales.
Factors affecting location – proximity to market.	China is a growing market for Apple and as sales are 25% of their total sales they rely heavily on this market.	If products are being produced in China there will be lower transport costs and no import taxes. This will make Apple more competitive in the growing market. They can invest money in marketing and R&D and also the training courses they are offering to improve living standards.

Student responses

Student response 1

Ethical considerations is when they are checking for high moral standards. In China the employees are queuing up for work and are saying that the conditions are better than those in the area, this means that Apple are giving them a safe area to work in. However these conditions could be different to those in the UK because China has bad working conditions so Apple could be taking advantage of them.

Financial implications mean the influence that something has on your financial situation.

This is a level 1 response.

Starts with definitions showing a basic understanding of business concepts. Line of explanation of how Apple is benefitting Chinese workers so there is partial relevance to the question. No analysis of this issue and there is no attempt to explain the impact, just that Apple is taking advantage of them. There is no judgement/conclusion made.

Student response 2

Ethical considerations involve researchers who undertake studies of human behaviour whilst reaching conclusion so the terms of Apple's workers and whether they will work benefitly. For Chinese workers ethically they are improving as Apple factories are.

This is a level 0 response.

Inaccurate definition and no relevant material.

Student response 3

Ethical considerations is usually associated with morals. Apple making their workers work 10 hours a day isn't right because it is too high. This could lead to workers having bad health, as they may be facing stress at work relating to the role they have to carry out, or not having enough time to relax and have a social and work balance. This could lead to a more de-motivated workforce as they find their tasks more repetitive or too difficult to cope with. However Apple do pay their workers £1.12 per hour and a salary of £180 per month. It was also stated that they do queue up for work and working conditions are better than other factories. This has a positive impact, as there workers are more likely to work harder if they feel more valued. Therefore this overall will reduce staff absenteeism and increase labour productivity. The £1.12 per hour could be viewed as above living wage for the Chinese workers, this then benefits Apple's moving of production to china as Apple will gain from their ability to produce products more efficiently.

The positive financial implications this has is that moving production to china overall reduces costs. They are paying less for more, this is evident in their employee wages. Their employers can produce products more efficiently on a larger scale.

This is a level 2 response.

Analysis of impact on low wage on workers. Limited paragraph on finance and the impact therefore on costs. Answer is in context throughout, therefore applies some knowledge and understanding to the context. No conclusion/judgement made over biggest impact.

Student response 4

One key objective for Apple was cost minimisation. Cost minimisation is when a business reduces its cost that are directly related to production. Apple has outsourced its production due to cheaper costs in China. Ethically apple has not been at its best as evidence shows that workers are paid £1.12 per hour and work 10 hours per day. This is seen to be not morale and ethical as it can be considered as close to slavery because workers produce high labour productivity for low wages. This can ruin the brand's image because people are likely to go against it and may discontinue buy products from the brand. A clear example of this was Primark as they also did the same thing. However, there is no minimum wage in china and people have reported that the conditions are better than other factories in the area. So it could be argued that even though they are legally not wrong to do so, they are not wrong ethically because they are providing better conditions. Apple has also thought about the financial aspects in the business. Apple production outsourced to china means that their quality of their product will remain the same however their costs would have reduced. This means that their cash flow is likely to be positive as production is cheaper. In 2015 Apple made a net profit of \$54,000000 because of their growing market. As well as that that, because they have a production site in China, people are likely to buy it because they like products being made in the country. Adding to this, there will be no extra charge in shipping. Apple producing products in China opens up more areas in the world for the business to expand externally. To conclude I think that the financial implications is an important factor out of the two. This is because all business aspire to reduce all costs as much as they can. Although it may be argued that it is same how ethically wrong, Apple have paid for 60000 employees to go on college courses. This almost cancels out the low wage as they are not obliged to do so. In the short term there may be administrative costs however I the long term there will be an increase in profit and reduced costs.

This is a level 4 response.

Clear lines of reasoning on impact of being unethical on the brand reputation of the business. A well analysed point linked to decrease costs as the impact on cash flow. Student discusses interdependent nature of business in conclusion drawing the topics together, which contains a clear judgement with justification. There is an evaluation of short term and long term impacts and this gives the answers a relevant conclusion which clearly answers which areas has seen the biggest impact.

Student response 5

One ethical consideration of Apple moving to China is that in order for them to close all facilities in the USA, a lot of people would have lost their jobs. As Apple is an American business it could be deemed as morally wrong to not think of benefitting their local community. They also moved a factory with significantly lower wage pay to the US with only £180 a month. However, people are evidently desperate to work at this factory as they queue up and have said the hours and pay is one of the best in China. Apple have also paid for 60,000 college courses for the employees, so in some sense they are giving back to the community.

Apple's net profit in 2015 was \$54000m, I think by production moving to China it enabled them to make such a high profit. By using another factory in China to make their products it meant they made a large saving on labour costs as the minimum wage in China is far less. The hours are also longer in China, with employees working an average of 10 hours. This means there would have been an increase on output produced, so labour productivity decreasing (resulting in lower costs). The company also paid for college courses, which will have caused some cost implications, however Apple must have felt they had the profits to do this. It also will have given them a better reputation and so an increase in sales.

I think the ethical considerations have had the biggest impact. As sales in China have increased.

This is a level 3 response.

Good analyses of issues and their impact on ethics and costs. Different functional areas are drawn together. Limited justification of judgement about which issue had the biggest impact. The interdependent nature of the business is partially analysed but keeps the response in L3.

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