



AS
BUSINESS
7131/2

Paper 2 Business 2

Mark scheme
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Mark schemes are prepared by the Lead Assessment Writer and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation events which all associates participate in and is the scheme which was used by them in this examination. The standardisation process ensures that the mark scheme covers the students' responses to questions and that every associate understands and applies it in the same correct way. As preparation for standardisation each associate analyses a number of students' scripts. Alternative answers not already covered by the mark scheme are discussed and legislated for. If, after the standardisation process, associates encounter unusual answers which have not been raised they are required to refer these to the Lead Assessment Writer.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of students' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

Further copies of this mark scheme are available from aqa.org.uk

Level of response marking instructions

Level of response mark schemes are broken down into levels, each of which has a descriptor. The descriptor for the level shows the average performance for the level. There are marks in each level.

Before you apply the mark scheme to a student's answer read through the answer and annotate it (as instructed) to show the qualities that are being looked for. You can then apply the mark scheme.

Step 1 Determine a level

Start at the lowest level of the mark scheme and use it as a ladder to see whether the answer meets the descriptor for that level. The descriptor for the level indicates the different qualities that might be seen in the student's answer for that level. If it meets the lowest level then go to the next one and decide if it meets this level, and so on, until you have a match between the level descriptor and the answer. With practice and familiarity you will find that for better answers you will be able to quickly skip through the lower levels of the mark scheme.

When assigning a level you should look at the overall quality of the answer and not look to pick holes in small and specific parts of the answer where the student has not performed quite as well as the rest. If the answer covers different aspects of different levels of the mark scheme you should use a best fit approach for defining the level and then use the variability of the response to help decide the mark within the level, i.e. if the response is predominantly level 3 with a small amount of level 4 material it would be placed in level 3 but be awarded a mark near the top of the level because of the level 4 content.

Step 2 Determine a mark

Once you have assigned a level you need to decide on the mark. The descriptors on how to allocate marks can help with this. The exemplar materials used during standardisation will help. There will be an answer in the standardising materials which will correspond with each level of the mark scheme. This answer will have been awarded a mark by the Lead Examiner. You can compare the student's answer with the example to determine if it is the same standard, better or worse than the example. You can then use this to allocate a mark for the answer based on the Lead Examiner's mark on the example.

You may well need to read back through the answer as you apply the mark scheme to clarify points and assure yourself that the level and the mark are appropriate.

Indicative content in the mark scheme is provided as a guide for examiners. It is not intended to be exhaustive and you must credit other valid points. Students do not have to cover all of the points mentioned in the Indicative content to reach the highest level of the mark scheme.

An answer which contains nothing of relevance to the question must be awarded no marks.

Marking guidance

- Be clear on the focus of the question
- Read the response as a whole; follow the flow of the argument as a whole
- Remember that the indicative content provides possible lines of argument but there may be others that are equally valid. Be willing to credit other lines of argument
- Annotate the script as you read in accordance with the instructions given at standardisation
- Consider what it all adds up to, e.g. is this a good response? A reasonable one? A limited one? Refer back to the standardisation scripts and guidance to help you benchmark.
- Remember that you are marking to the standard agreed at standardisation. Be careful of the standard you are marking at drifting when you have a big centre; refer back to standardisation scripts
- Summarise your findings briefly at the end of the response. This will help you decide on the overall level and is helpful for others to understand the mark given, e.g. for an extended response ‘well-argued but does not focus fully on the issue of ‘long term’ feels as if it might be a good rather than an excellent response. Make sure the comments fit with the level awarded: for example, ‘unbalanced and not comparing with alternative solutions’ does not sound as if it is ‘good’.
- Next to your comment put the level awarded, e.g. L4
- If in doubt about an approach contact your Team Leader , do not make up your own rules because we must have a standardised approach across all marking
- Be positive in your marking. Look to reward what is there.

K U	Knowledge and understanding
EXP	explained but not in context (for Paper 1)
AN	Analytical but lacks context
D	Developed argument (with context)
J	Judgement with support
F	Focus on the demands of the question
Bal	Balanced response e.g. both sides acknowledged
Rng	Range of arguments e.g. two arguments presented
L1	L1
L2	L2
L3	L3
L4	L4
L5	L5
BOD	Benefit of the doubt
NAQ	Not answering the question
OFR	Own Figure Rule
SEEN	Seen
<input checked="" type="checkbox"/>	TICK
<input type="checkbox"/>	CROSS
<input type="checkbox"/>	Txt Box
?	Uncertain
Highlighter	Highlighter
[REP]	Repetition
Off Page Comment	Off Page Comment
On Page Comment	On Page Comment

0	1	Using Figure 1 , calculate the percentage change of UK clothing sales from 2015 to 2016? [3 marks]
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Marks for this question: AO1 = 1, AO2 = 2

- 3 marks** for correct answer - 3.7% or 3.7% decrease
- 2 marks** for correct number, but with no minus sign
- 2 marks** correctly selects and uses figures but an arithmetical error
- 1 mark** for calculating the fall (- 4)
- Max 2 marks** if calculate correct figure but for USA (+ 6.4%)
- 1 mark** if correct formula, but no other valid calculations

Correct answer:

$$104 - 108 = \text{fall of } - 4$$

$$(-4 / 108) \times 100$$

$$= - 3.703\%$$

$$= - \mathbf{3.7\%}$$

0	2	The budgeted profit for Rana Fashion in 2018 was £2 946 000. Using the data below, calculate the profit variance for Rana Fashion in 2018. State whether it is adverse or favourable. [4 marks]
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Marks for this question: AO1 = 2, AO2 = 2

- 4 marks** for correct answer of £322 000 Adverse:
T Costs £2 976 000 (**1 mark**); Profit £2 624 000 (**1 mark**); Variance £322 000 (**1 mark**)
'Adverse' (with supported calculations) (**1 mark**)

- 3 marks** for correct answer £322 000, but no statement or incorrect statement
- 1 mark** if budgeted profit correctly defined but no valid calculations

	Actual		
Sales Revenue	£5 600 000		
Costs:			
Inventory	£2 300 000		
Warehousing	£200 000		
Distribution	£126 000		
I.T.	£170 000		
Other	£180 000		
Total Costs	£2 976 000		
Profit	£2 624 000	£322 000	Adverse

Note: OFR applies throughout e.g. follow the workings and award each stage

0	3	<p><i>Explain how Rana Fashion's ownership structure helps the business to achieve its objectives.</i></p>	[3 marks]
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Marks for this question: AO1 = 1, AO2 = 2

Level	The candidate will typically:	Marks
3	Provide a response that is well explained using knowledge and understanding and is applied to the context.	3
2	Provide a reasonable explanation using knowledge and understanding and with some application to the context.	2
1	Demonstrate some knowledge and understanding but the explanation is limited and lacking application to the context.	1

The focus of the question is on:

How business decisions are made – who is responsible for setting objectives. In this case the clear aims of the business being ethical and environmentally focused. This core objective came from Claudia herself.

Indicative content may include:

A good response will be clearly focused on how business objectives are formed, and on the context of this case – in particular the ethical concerns that Claudia had personally, and the issues highlighted in the fast fashion model. Also setting up her own business owning 60% of shares allowed her to make decisions but ensure 40% of profits are directed to Bangladeshi charity.

A reasonable explanation is likely to be develop points with less focus, e.g. less thorough on theory or less well applied.

Understanding, e.g. of ownership or relevant point would be level 1.

0	4	<i>Rana Fashion outsources its distribution function.</i>	
<i>Analyse two reasons why.</i>			[9 marks]

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

Level	The candidate will typically demonstrate:	Marks
3	<p>A good response overall that focuses on many of the demands of the question</p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • demonstrates a depth and range of knowledge and understanding of issues in the question • demonstrates analysis which is well developed and is applied effectively to the context. 	7–9
2	<p>A reasonable response overall that focuses on some of the demands of the question</p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question • demonstrates analysis which is developed and is applied to the context. 	4–6
1	<p>A limited response overall with little focus on the demands of the question</p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • demonstrates a limited range and depth of knowledge and understanding of issues in the question • demonstrates analysis with little development and with • mainly descriptive application to the context. 	1–3

The focus of the question is on:

The reasons for outsourcing Rana Fashion’s distribution.

Indicative content may include:

- Claudia has expertise in fashion and the supply chain rather than on logistics/delivery/transport. Outsourcing will allow Rana Fashion to concentrate on their core business rather than being distracted onto running other aspects
- Rana Fashion setting up their own distribution and delivery would be expensive – needing their own vehicles; IT and staffing
- E-commerce has seen Rana Fashion selling in other countries, e.g. USA and Europe, international distribution companies will have expertise and experience in this
- The other companies have existing logistics networks UPS in 220 countries.

Question asks for two reasons – one in context would be Level 2.

0	5	<i>Claudia is considering delegating more to her warehouse manager.</i>
		<i>Analyse two benefits of this to Rana Fashion.</i>
		[9 marks]

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

Level	The candidate will typically demonstrate:	Marks
3	<p>A good response overall that focuses on many of the demands of the question Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • demonstrates a depth and range of knowledge and understanding of issues in the question • demonstrates analysis which is well developed and is applied effectively to the context. 	7–9
2	<p>A reasonable response overall that focuses on some of the demands of the question Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question • demonstrates analysis which is developed and is applied to the context. 	4–6
1	<p>A limited response overall with little focus on the demands of the question Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • demonstrates a limited range and depth of knowledge and understanding of issues in the question • demonstrates analysis with little development and with • mainly descriptive application to the context. 	1–3

The focus of the question is on:

The benefits to Rana Fashion of delegating authority, e.g. for warehousing and associated functions.

Indicative content may include:

A good answer will make a specific reference to one or more relevant points that are analysed in the context of the case.

- allowing Claudia to focus on her strengths; warehousing being a specialist skill set that is important in e-commerce
- delegating authority will help reward the manager and utilise their skills to a fuller extent
- the responsibility may be a motivator for the manager and possibly their team
- the responsibility may help recruit and retain a key member of staff

A reasonable response may be less focused on the question – less clear understanding of the benefit(s) of delegation or less securely applied to the case material.

Question asks for two benefits – one in context would be Level 2.

0	6	<p><i>How useful do you think the data provided in Figures 1, 2 and 3 might be to Claudia when predicting future sales? Justify your answer.</i></p>	[16 marks]
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Marks for this question: AO1 = 4, AO2 = 2, AO3 = 4, AO4 = 6

Level	The candidate will typically demonstrate:	Marks
4	<p>An excellent response overall that is fully focused on the key demands of the question Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • demonstrates a depth and range of knowledge and understanding that is precise and well selected in relation to issues in the question • demonstrates analysis throughout which is well developed, is applied effectively to the context and considers a balanced range of the issues in the question • makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as whole throughout. 	13–16
3	<p>A good response overall that focuses on many of the demands of the question Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • demonstrates a depth and range of knowledge and understanding of issues in the question • demonstrates analysis which is well developed, applied effectively to the context and considers a range of issues in the question • makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole. 	9–12
2	<p>A reasonable response overall that focuses on some of the demands of the question Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question • demonstrates analysis which is developed, applied to the context and considers some of the issues in the question • makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole. 	5–8
1	<p>A limited response overall with little focus on the demands of the question Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • demonstrates a limited range and depth of knowledge and understanding of issues in the question • demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question • makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole. 	1–4

The focus of the question is on:

- a discussion of the potential meaning of the different forms of data in figs 1,2 and 3 and their use in predicting future sales
- a judgement related to the use of this data in forecasting future sales.

Indicative content may include:

- the data in **Fig 1** shows trend data for the **whole** market in UK and USA – useful **but** they are in a **niche** part of the market – so how useful is it?
- data on markets in UK and USA – other parts of the world would have been useful too – the business sells to Europe and elsewhere
- UK data seems less variable and could be easier to extrapolate than the USA data, more certain to predict in UK
- **Fig 2** shows Price and Income elasticity data – this will be useful in comparing the ethical market with the wider market, but of little use in predicting future trends
 - Income elasticity may help to consider the impact of income changes, e.g. GDP as an external influence
 - price elasticity may have less use in predicting sales except in response to potential price changes – arguably therefore of little use here
- the Income data shows predictions across 3 areas – UK is most important as larger sales there; will income of target market follow same trend?

A good response will consider the use of each set of data – to support a balanced discussion of the use and limitations of the data sets. The analysis will flow through to the potential use of the data for Rana Fashion and Claudia in predicting future sales. It is likely that mention could be made of data that could have been useful (e.g. E.U clothing sales).

Supported judgement related to the use of the data - based on prior analysis and focused on the question set will be needed for a good or excellent response. An excellent response will have clear focus on the specific nature of the data provided and how useful it may be.

Potential points of judgement may include:

- how relevant is the overall fashion data for Rana Fashion's relatively small niche?
- how well can you extrapolate from the data – in particular the USA data is very variable
- PeD data is useful to compare 2 markets – but of little use in predicting overall sales
- YeD data may be useful in comparing 2 markets – but could also be useful if Rana Fashion also knew income data for target market
- other data would also be useful, e.g. their own sales data or sales of ethical products
- will any predictions be possible for a young business in a niche part of a volatile market?

0	7	<p><i>Rana Fashion's financial adviser has suggested two solutions to the company's cash flow problems. Make a justified recommendation as to which solution Claudia should choose.</i></p> <p style="text-align: right;">[16 marks]</p>
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Marks for this question: AO1 = 4, AO2 = 2, AO3 = 4, AO4 = 6

Level	The candidate will typically demonstrate:	Marks
4	<p>An excellent response overall that is fully focused on the key demands of the question Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • demonstrates a depth and range of knowledge and understanding that is precise and well selected in relation to issues in the question • demonstrates analysis throughout which is well developed, is applied effectively to the context and considers a balanced range of the issues in the question • makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as whole throughout. 	13–16
3	<p>A good response overall that focuses on many of the demands of the question Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • demonstrates a depth and range of knowledge and understanding of issues in the question • demonstrates analysis which is well developed, applied effectively to the context and considers a range of issues in the question • makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole. 	9–12
2	<p>A reasonable response overall that focuses on some of the demands of the question Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question • demonstrates analysis which is developed, applied to the context and considers some of the issues in the question • makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole. 	5–8
1	<p>A limited response overall with little focus on the demands of the question Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • demonstrates a limited range and depth of knowledge and understanding of issues in the question • demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question • makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole. 	1–4

The focus of the question is on:

- making a clear and justified decision
- understanding the relative merits of the suggested solutions
- considering the consequences of the decisions.

Indicative content may include:

There are cash flow issues caused by aspects of Rana Fashion's business model:

- paying suppliers promptly
- ordering larger quantities and building up inventory
- offering interest free credit
- not clearing stock piles.

The 2 options offer 2 clear options.

Each option however has potentially negative consequences for the overall business and the solutions conflict with the core business objectives of Rana Fashion.

- Treating suppliers well – in fact helping support their businesses, paying promptly and building up inventories.
- Factoring the consumer debt is a concept that should be demonstrated, in this case what amount of sales are made on credit will be important, and factoring will reduce the amount earned in the end.

A good response will focus clearly on the question. It will offer a balanced discussion of the relative merits of the 2 suggested approaches culminating in a clear and well supported decision on the most appropriate approach.

A reasonable response may be less focused; less balanced or offer less support for the decision. Supporting both options will be reasonable at best as the question wants a choice.

A decision or choice without support will be a limited response.

0	8	<p><i>'For any retailer to make a profit in the future it will need to be operating only online.'</i></p> <p><i>Do you agree? Justify your view.</i></p>	[20 marks]
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Marks for this question: AO1 = 4, AO2 = 3, AO3 = 5, AO4 = 8

Level	The candidate will typically demonstrate:	Marks
5	<p>An excellent response overall that is fully focused on the key demands of the question Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • demonstrates a depth and range of knowledge and understanding that is precise and well selected in relation to issues in the question • demonstrates analysis throughout which is well developed, is applied effectively to the context and considers a balanced range of the issues in the question • makes judgments or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as whole throughout. 	17–20
4	<p>A good response overall that focuses on many of the demands of the question Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • demonstrates a depth and range of knowledge and understanding of issues in the question • demonstrates analysis which is well developed, applied effectively to the context and considers a range of issues in the question • makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole. 	13–16
3	<p>A reasonable response overall that focuses on some of the demands of the question Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question • demonstrates analysis which is developed, applied to the context and considers some of the issues in the question • makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole. 	9–12
2	<p>A limited response overall with little focus on the demands of the question Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • demonstrates a limited range and depth of knowledge and understanding of issues in the question • demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question • makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole. 	5–8
1	<p>A weak response overall lacking focus on the demands of the question Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • demonstrates isolated or imprecise knowledge and understanding • demonstrates undeveloped analysis with descriptive application to the context and lacking focus on the question • makes judgements or proposes solutions based on assertions. 	1–4

The focus of the question is on:

The retail industry; the opportunity to make profit with retail online as opposed to traditional models. It is to consider broader range of businesses within retailing than the Rana Fashion case.

Indicative content may include:

- online retailing offers advantages such as lower fixed costs
- growth of online versus traditional retailing – linked through to making profit in future
- statement does state ‘only’ online could success be from a sensible balance.

- an **excellent** response will have formed a balanced argument as to the relative accuracy of the statement. A range of points will be developed in depth to form a well-focused analysis of the question set. The argument should relate to the context of the question and consider the aspect of ‘**any retailers**’, i.e. looking at different target markets; different businesses and different circumstance – likely to be applying through well selected examples to illustrate arguments.

- The context of Rana Fashion can be used in the response set but a good / excellent response must consider the relative importance of operating online; it must have a sense of overview and relate to other businesses.