



AS BUSINESS 7131/1

Paper 1 Business 1

Mark scheme

June 2025

Version: 1.0 Final



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 Examiner.

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.

No student should be disadvantaged on the basis of their gender identity and/or how they refer to the gender identity of others in their exam responses.

A consistent use of 'they/them' as a singular and pronouns beyond 'she/her' or 'he/him' will be credited in exam responses in line with existing mark scheme criteria.

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

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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, ie 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, eg is this a good response? A reasonable one? A limited one? You are marking to the standard agreed at standardisation.
- 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, eg for an extended response well-argued but does not focus fully on the issue of long term feels as if it might be good rather than excellent. Make sure the comments fit with the level awarded: 'unbalanced and not comparing with alternative solutions' does not sound as if it is 'good'.
- Next to your comment put the level awarded, eg 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.

Section A**Total for this section: 10 marks**

Question number	Answer
01	B Statement 1 is true. Statement 2 is false.
02	A To deliver 90% of customer orders within 72 hours of order.
03	B Increase the selling price of each product by £25.
04	B demographic segmentation to behavioural segmentation.
05	C Factory C
06	C Statement 1 is false. Statement 2 is true.
07	B 12 components
08	C A reduction in interest rates.
09	A £27 000
10	A The probability that sales in 2026 will be between £170 000 and £210 000 is 90%.

(1 mark for each correct answer)

Section B**Total for this section: 20 marks**

1	1	A business manufactures high volumes of cakes for a leading supermarket.
		Explain one advantage for this business of using a system of quality assurance as a method of managing quality.
		[3 marks]

Marks for this question: AO1 = 2 and AO2 = 1

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 response that is explained using knowledge and understanding and is applied to the context.	2
1	Demonstrate some knowledge and understanding but the explanation is limited and lacking application to the context.	1

The demands of the question are:

- explain one advantage of using quality assurance
- as a method of managing quality
- for this business.

Indicative content:

- quality assurance involves all employees in ensuring quality is present at each stage of the process
- if errors are allowed to occur these cake products would probably need to be thrown away
- given that large volumes are being produced this could be expensive. Using quality assurance can therefore save costs of wastage.
- given that the business is selling to a leading supermarket, this could be a very important order for the manufacturer. Therefore, ensuring consistently high levels of quality (through quality assurance) is likely to be vital in maintaining a crucial relationship with a major customer

This indicative content is not exhaustive; other creditworthy material should be awarded marks as appropriate.

1 2

The following data applied to a business in 2024.

Total contribution (£)	Fixed costs (£)	Sales (units)
168 000	127 200	350

Calculate the business' margin of safety for 2024.

[4 marks]**Marks for this question: AO1 = 2 and AO2 = 2****The demands of the question are:**

- calculate the business' margin of safety.

Indicative content:Correct answer = 85 (units) **4 marks**

Broken down as follows:

$$\text{Contribution per unit: } \frac{\text{£}168\,000}{350} = \text{£}480 \text{ (1 mark)}$$

$$\text{Break even output} = \frac{\text{£}127\,200}{480} \text{ (1 mark)} = 265 \text{ units (1 mark)}$$

$$\text{Margin of safety} = 350 - 265 = 85 \text{ units (1 mark)}$$

if no valid calculations: award a maximum of 1 mark for a clear demonstration of valid knowledge (e.g. through showing correct formula for margin of safety)

alternative methods can be credited

own figure rule can be applied

1	3	A business wants to become more efficient.
		Explain one impact on the efficiency of this business if it increased the span of control of its managers.
		[4 marks]

Marks for this question: AO1 = 2 and 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.	4
2	Provide a reasonable explanation using knowledge and understanding and with some application to the context.	2–3
1	Demonstrates some knowledge and understanding but the explanation is limited and lacking application to the context.	1

The demands of the question are:

- understand what is meant by an increased span of control
- explain how this could impact efficiency of the business.

Indicative content:

- the span of control measures the number of subordinates directly reporting to a superior
- an increased span of control means more subordinates are reporting to a manager
- managers may be overworked as they have more subordinates to manage. This can lead to poor decision making and inefficiency
- with a larger span, fewer managers are needed, saving on salaries and reducing costs
- subordinates may be motivated by greater responsibility and more independence. This may increase productivity and efficiency.

This indicative content is not exhaustive; other creditworthy material should be awarded marks as appropriate.

1 4

The following data applies to a business on 31 December 2024 when it pays its annual dividend.

	£
Market capitalisation	23 552 000
Share price	9.20
Dividend per share	0.20

Calculate the value of the total dividend paid by the business on 31 December 2024.

[4 marks]

Marks for this question: AO1 = 2 and AO2 = 2

The demands of the question are:

- calculate the value of the total dividend paid by the business on 31 December 2024.

Indicative content:

Correct answer = £512 000 **4 marks**

Number of shares in issue: $\frac{£23\,552\,000}{£9.20}$ **(1 mark)** = 2 560 000 **(1 mark)**

Total dividend paid: $2\,560\,000 \times £0.20$ **(1 mark)** = £512 000 **(1 mark)**

if no valid calculations: award a maximum of 1 mark for a clear demonstration of valid knowledge (e.g. through showing correct formula for market capitalisation)

alternative methods can be credited

own figure rule can be applied

1	5	Analyse how an autocratic leadership style may be useful for a business that is growing quickly.	[5 marks]
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Marks for this question: AO1 = 1, AO2 = 2 and AO3 = 2

Level	The student will typically demonstrate:	Marks
3	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: • demonstrates a good knowledge and understanding of issues in the question • demonstrates analysis which is well-developed and is applied effectively to the context.	5
2	A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: • demonstrates a reasonable knowledge and understanding of issues in the question • demonstrates analysis which is developed and is applied to the context.	3–4
1	A limited response overall with limited focus on the demands of the question. Provides an answer to the question set that: • demonstrates a limited knowledge and understanding of issues in the question • demonstrates analysis with little development and with mainly descriptive application to the context.	1–2

The demands of the question are:

- identify feature(s) of an autocratic leadership style
- analyse how this style of leadership might prove useful
- for a business that is growing quickly.

Indicative content:

- an autocratic leader tells subordinates what to do
- autocratic leadership can lead to fast decision making because there is no consultation or discussion with subordinates. The leader has the solution and instructs others what to do
- if the business is growing quickly there will be rapid change; autocratic leadership will enable the business to respond to this change and make decisions in a timely manner. Autocratic leaders can reduce delays and uncertainty providing clarity to employees about the direction of the business
- businesses that are growing are likely to be hiring new workers and evolving their operating processes. An autocratic leadership style will ensure that a growing workforce has one single source of clear information and instruction, to reduce confusion and maintain a consistent message about how to operate.

This indicative content is not exhaustive; other creditworthy material should be awarded marks as appropriate.

Section C

Total for this section: 50 marks

16	.	1	Analyse how the interest rate changes forecast in Table 1 are likely to affect Ondata Bicycles Ltd.	[9 marks]
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Marks for this question: AO1 = 3, AO2 = 3 and AO3 = 3

Level	The student will typically demonstrate:	Marks
3	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: • demonstrates a good knowledge and understanding of issues in the question • demonstrates analysis which is well-developed and is applied effectively to the context.	7–9
2	A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: • demonstrates a reasonable knowledge and understanding of issues in the question • demonstrates analysis which is developed and is applied to the context.	4–6
1	A limited response overall with limited focus on the demands of the question. Provides an answer to the question set that: • demonstrates a limited knowledge and understanding of issues in the question • demonstrates analysis with little development and with mainly descriptive application to the context.	1–3

The demands of the question are:

- to analyse the implications of rising interest rates
- in the context of Ondata.

Indicative content:

- rising interest rates will increase the repayments on its existing borrowing, because it is a variable rate loan. This will raise costs and reduce profits. The loan still has 15 years of repayments to be made due to the amount outstanding on the loan (£1.1 million) interest rates are likely to have a significant impact on the loan repayments (valid calculations to support this line of argument should be credited)
- the increase in the repayment cost will worsen cash flow. Ondata will need to ensure it has sufficient cash to meet its payments or it could risk being unable to carry out trading activities such as buying materials or paying employees
- the bicycles that Ondata sells are relatively expensive (£3000 each) and potential customers may find it more expensive to borrow money to purchase the bicycles (with incomes in the UK expected to fall in the next couple of years). This could reduce demand and, therefore sales revenue

This indicative content is not exhaustive; other creditworthy material should be awarded marks as appropriate.

16	.	2	Ondata Bicycles Ltd is considering entering the mass market with low price bicycles in addition to its current target market. Do you think this would be a good decision? Justify your answer. [16 marks]
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Marks for this question: AO1 = 4, AO2 = 2, AO3 = 4 and AO4 = 6

Level	The candidate will typically demonstrate:	Marks
4	An excellent response overall that is fully focused on the demands of the question. Provides an answer to the question set that: • 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 a whole throughout.	13–16
3	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: • demonstrates a depth and range of knowledge and understanding of issues in the question • demonstrates analysis that 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	A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: • 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 • demonstrate 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	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: • demonstrates a limited range and depth of knowledge and understanding of issues in the question • demonstrate 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
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The demands of the question are:

- to show understanding of mass and niche marketing
- analyse factors for and against entering the mass market
- make a judgement about whether it would be a good decision to enter this market given Ondata's current situation.

Indicative content:

- mass market products are aimed at a broad market segment
- the high-performance market is very income elastic (+3 means any percentage change in income will lead to a change in demand that is three times greater). If incomes are expected to fall in the UK this will reduce sales in this segment significantly
- by comparison the low-price market is expected to have some growth and so Ondata may want to target this segment
- capacity utilisation at the factory seems relatively low (55%) so there is the ability to produce more bikes although this does depend on the volume ordered by national retailers
- there may be an impact on the sales of high-performance bikes if the brand is affected by being associated with low price bicycles; Ondata is viewed as a high-performance brand; moving into the mass market could reduce this appeal
- to reach the mass market Ondata would need to use the large retailer Bayes. Bayes will keep 50% of the selling price, versus 30% kept by the current independent stores
- the average selling price will be considerably lower and there may be additional costs entering a new market such as the costs of promoting the new products.

Evaluation:

Given the increased competition in the high-performance market and the potential falling sales with incomes falling and an income elastic product and the need to increase capacity utilisation, entering the mass market is probably a good decision.

Whether this is a good decision for Ondata depends on:

- the impact on its existing sales; can it overcome this by having a different brand?
- whether it can negotiate any better terms with Bayes; for example a higher share of the selling price would be desirable for Ondata.

This indicative content is not exhaustive; other creditworthy material should be awarded marks as appropriate.

17	.	1	Using Herzberg's theory of motivation, analyse why labour turnover at Diggin' It is low. [9 marks]
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Marks for this question: AO1 = 3, AO2 = 3 and AO3 = 3

Level	The student will typically demonstrate:	Marks
3	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: • demonstrates a good knowledge and understanding of issues in the question • demonstrates analysis which is well-developed and is applied effectively to the context.	7–9
2	A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: • demonstrates a reasonable knowledge and understanding of issues in the question • demonstrates analysis which is developed and is applied to the context.	4–6
1	A limited response overall with limited focus on the demands of the question. Provides an answer to the question set that: • demonstrates a limited knowledge and understanding of issues in the question • demonstrates analysis with little development and with mainly descriptive application to the context.	1–3

The demands of the question are:

- to show understanding of Herzberg's theory of motivation and labour turnover
- to analyse how the theory suggests why Diggin' It's labour turnover is low.

Indicative content:

- Herzberg's theory suggests that certain hygiene factors must be met in order to avoid dissatisfying staff, i.e. to prevent dissatisfaction
- motivators such as responsibility, sense of achievement, recognition and the nature of the work itself are required for employees to be motivated
- labour turnover measures the proportion of employees who leave a business in a given period.

In the case of Diggin' It the hygiene factors are:

job security is provided in that:

- employees are full time and permanent (whereas this is not the case with most rivals)
- salary is competitive and additional benefits are offered

This means hygiene factors are in place meaning labour turnover will remain low.

Meanwhile in relation to motivator factors:

- recognition: staff are recognised through awards such as customer service
- the work itself: there are a range of tasks and skills needed
- responsibility: employees work directly with customers and make decisions for themselves, e.g to agree work and fees
- advancement: training opportunities are provided.
- sense of belonging (team as 'family' and support through weekly face to face meetings)

The presence of motivator factors means that workers will find work fulfilling and should reduce labour turnover.

Overall, this means that at Diggin' It, hygiene factors prevent demotivation and the motivators provide fulfilling work. This explains why labour turnover is low because employees are motivated to stay with the business.

This indicative content is not exhaustive; other creditworthy material should be awarded marks as appropriate.

17	.	2	To what extent do you think Nita should adopt the new approach suggested by her accountant?	[16 marks]
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Marks for this question: AO1 = 4, AO2 = 2, AO3 = 4 and AO4 = 6

Level	The candidate will typically demonstrate:	Marks
4	An excellent response overall that is fully focused on the demands of the question. Provides an answer to the question set that: • 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 a whole throughout.	13–16
3	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: • demonstrates a depth and range of knowledge and understanding of issues in the question • demonstrates analysis that 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	A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: • 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 • demonstrate 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	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: • 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 demands of the question are:

- to analyse the arguments for and against the new approach
- in the context of Diggin' It
- and make a judgement on whether to adopt the new approach.

Indicative content:

Adopting the new approach

- Nita would like to pay herself more. Therefore, this might make the new approach appealing to her.
- The new approach will be more profitable. Profits are forecast to rise by £30 000 (as a result of forecast fall in labour costs) to £56 000 in 2026 under the new approach compared to £26 000 if the existing approach is continued.

However

- Nita is proud of the family feel at Diggin' It and the lower labour turnover; she may not want to take a different approach. She is currently adopting a soft HRM approach and may not wish to change to hard HRM.
- Her current employees may not wish to switch to the new approach because they will not receive a salary and will only be paid for the hours they work. This means she is likely to lose the skills and experience of her existing staff. This may impact customer relationships and the loyalty of existing customers, reducing profits over time.
- Customer satisfaction ratings are lower with the new approach which suggests that repeat business and word of mouth recommendations may worsen. This could lead to lower revenues (forecast based on assumption that sales revenue will remain unchanged) and profit in the long term.

Evaluation:

The new approach is likely to be significantly more profitable than her existing approach. However, Nita's focus on the family nature of the business and support for her employees, as well as the potential negative long-term impact on revenue and profits, suggest she might not go ahead. Nita would like to pay herself more but may seek alternative ways to do this rather than the new approach suggested by the accountant.

This indicative content is not exhaustive; other creditworthy material should be awarded marks as appropriate.