



AS BUSINESS 7131/2

Paper 2 Business 2

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? 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.
- Make sure any comments fit with the level awarded: for example, 'unbalanced and not comparing with alternative solutions' does not sound as if it is 'good'.
- 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, eg both sides acknowledged
Rng	Range of arguments, eg 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
☒	TICK
☒	CROSS
☐	Txt Box
?	Uncertain
Highlighter	Highlighter
[REP]	Repetition
Off Page Comment	Off Page Comment
On Page Comment	On Page Comment

0	1
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Using the data in **Figure 1**, calculate the percentage change in sales revenue from 2022 to 2024.

[3 marks]

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

3 marks for correct answer 20% or 20

2 marks if correctly selects and uses figures but makes an arithmetical error (OFR)

1 mark if correctly calculates difference between years as £1.15 million

1 mark if incorrect year used and correctly calculates percentage change

Correct answer: % change = 20%

$£6\,900\,000 - £5\,750\,000 = £1\,150\,000$

$\frac{£1\,150\,000}{£5\,750\,000} \times 100 = 20\%$

0	2
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Using the data in **Figure 1**, calculate the gross profit margin in 2024.**[3 marks]****Marks for this question: AO1 = 1, AO2 = 2**

Correct answer: 26.52%

3 marks for correct answer 26.52%, accept 26%, 26.5% or 27%**2 marks** for correctly selecting and using correct figures**1 mark** for correctly calculating gross profit as £1.83 million

Workings:

Gross profit = revenue – cost of sales

£6 900 000 – £5 070 000 = £1 830 000

$$\frac{£1\,830\,000}{£6\,900\,000} \times 100 = 26.52\%$$

If no creditworthy calculation, award 1 mark for correct formula for calculating gross profit

Other methods to get to the correct answer are acceptable.

0	3	Explain one benefit to Hoods Ltd of having a mission statement.	[4 marks]
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Marks for this question: AO1 = 2, 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	Demonstrate some knowledge and understanding but the explanation is limited and lacking application to the context.	1

The demands of the question focus on:

- an explanation of a benefit
- of having a mission statement
- to Hoods Ltd.

Indicative content may include:

- it may attract new customers through the message in the statement, for example customers who are concerned by the environment and are looking for ethically/sustainably sourced clothing
- it may encourage existing customers to purchase more from Hoods Ltd due to having an understanding of the company's mission statement/what it stands for
- it assures the shareholders about Hoods Ltd commitment to the environment
- it could be viewed as a USP compared to competitors in the market
- it could be used in a marketing campaign to attract customers, for example focusing on the ethics/sustainability element within their marketing campaign to attract customers.

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

0	4	With reference to Figure 3 , analyse the possible consequences to Hoods Ltd of continuing to sell swimwear.	[9 marks]
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Marks for this question: AO1 = 3, AO2 = 3, AO3 = 3

Level	The candidate 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 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	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 - demonstrates analysis which is developed and is applied to the context.	4–6
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 and with mainly descriptive application to the context.	1–3

The demands of the question focus on:

- analyse the consequences
- of continuing to sell
- to Hoods Ltd

Indicative content may include:

- this type of product has low market growth and low market share (Dog product.)
- the sales of swimwear (Dog product) could continue to decline/fall and result in a financial loss for Hoods Ltd.
- continuing to produce this product takes resources away from another product such as one with high market share and/or growth, for example the tracksuits (Star product.)
- Hoods Ltd may need to market this product further if Hoods Ltd want to improve its position on the Boston matrix. This could require an increase in spending.
- the sales of swimwear could improve for Hoods Ltd if that market improves, for example consumers taste change towards that product type. This would result in swimwear moving out of the Dog section on a Boston matrix into a more favourable position such as a Cash Cow.

This indicative content is not exhaustive; other creditworthy material should be awarded marks as appropriate. Students may refer to products as 'dog', 'star' etc in their responses.

0	5	Analyse the impact on Hoods Ltd if Habib decides to delegate control of budgets to the site managers.	[9 marks]
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Marks for this question: AO1 = 3, AO2 = 3, AO3 = 3

Level	The candidate 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 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	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 • demonstrates analysis which is developed and is applied to the context.	4–6
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 and with mainly descriptive application to the context.	1–3

The demands of the question focus on:

- analysis of the impacts.
- if Habib delegates control of budgets to site managers.
- Hoods Ltd.

Indicative content may include:

- this may allow for quicker decision making as the managers no longer have to run budget related decisions past Habi
- the site managers are running their factories so should know the finances of these factories very well. This means they are likely to make better decisions relating to their factory sites.
- delegating the responsibility may be seen as a reward and viewed positively by the site managers and they may be motivated by this decision and therefore productivity may increase for Hoods Ltd.
- the site managers regularly complain that they are not trusted to make decisions for their sites. By allowing managers to have control of their own budgets, this may satisfy the site managers that have previously complained.

delegating the budgets may be seen by the site managers as an increase in workload and the managers may react negatively to the change

- an impact of this decision on Hoods Ltd could be an increase in training costs. If site managers have not had control of the factory budgets before then they are likely to need training to manage budgets.
- there is a risk in allowing the site managers to control their own budgets. The sit managers may make mistakes with the budgets, resulting in Habib having more work to do.
- There may be a positive impact on Habib as his workload will decrease and he can focus on other aspects of Hoods Ltd.

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

0	6	Hoods Ltd wants to improve its cash flow position.
		Do you think it should use an overdraft or reduce the time it gives customers to pay to achieve this?
		Justify your choice.
		[16 marks]

Marks for this question: AO1 = 4, AO2 = 2, AO3 = 4, AO4 = 6

Level	The candidate will typically demonstrate	Marks
4	An excellent response overall that is fully focused on the key 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.	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 which is well developed and is 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 • demonstrates analysis which is developed and is 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 and with 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 focus on:

- an analysis of the two options
- and their impact on the cash flow position
- a focus on a judgement
- related to which of the two options is **more** likely to improve Hoods Ltd's cash flow position.

Indicative content may include:

- Hoods Ltd has a cash flow problem; causes of the cash flow issues include the fact that not all retail customers have paid Hoods Ltd on time and one large retailer has closed down without paying Hoods Ltd.

Analysis of the drawbacks of an overdraft may include:

- high interest rates; these are currently considered to be high and may increase further in the future.
- overdrafts can be required to be paid back with short notice by a bank. If this were to happen; it would negatively impact the cash flow position at Hoods Ltd.

Analysis of benefits of an overdraft may include:

- an overdraft gives immediate access to cash which is likely to be needed by Hoods Ltd if customers continue to make late payments.
- an overdraft can be increased with an agreement from the bank.

Analysis of drawbacks of reducing the credit terms offered:

- potential damage to customer relationships. Currently Hoods Ltd offer 60 days credit to its customers, this is double the amount of time when compared to the industry average. The finance manager at Hoods Ltd believes this is a term that is highly valued by its customers.
- consideration of the risk of losing customers through this change.

Analysis of benefits of reducing the credit terms:

- Hoods Ltd will receive the money owed by customers more quickly and this should help with the cash flow concerns.
- allows access to more cash in a timely manner to enable Hoods Ltd to pay its suppliers on time.

Judgement could consider:

- extent to which a change in credit terms would damage relationships and sales taking into consideration the industry average days offered.
- cost of interest repayments and the fact that these are likely to increase in the future.
- ease of setting up an overdraft considering Hoods Ltd have not previously used an overdraft.
- relative risks of the two options.

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

0	7	Habib believes that in order to increase sales revenue, Hoods Ltd needs to increase the price of its products rather than increase spending on promotion. Do you agree with Habib? Justify your view. [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	An excellent response overall that is fully focused on the key 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.	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 which is well developed and is 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 • demonstrates analysis which is developed and is 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 and with 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 focus on:

- an analysis
- of increasing price and increasing spending on promotion to Hoods Ltd
- a focus on a judgement
- and a decision related to which of the two options should be chosen to increase sales revenue for Hoods Ltd

Indicative content may include:

- price and promotion are part of the marketing mix, for many businesses one of the 'P's' is usually more important/impactful than the others
- consideration of the quality of Hoods Ltd clothing and the higher prices set compared to other brands. Hoods Ltd clothing are already priced higher due to the quality of the materials used. Is it a good decision to increase prices when they are already set higher than some competitors?
- the Hoods Ltd brand is well known and established in the market so it could be argued that the products Hoods Ltd sell do not need promotion.
- if prices are too high this could leave Hoods Ltd vulnerable to fewer sales but the price elasticity of demand is inelastic at -0.1 suggesting demand is not very sensitive to price changes. The price still needs to fit the brand and existing customers' expectations.
- Habib believes that the clothes are of such good quality that an increase in price would not be a concern and therefore prices could be increased, leading to an increase in sales revenue.
- promotion is the element that is specific to attracting customers, therefore it could be argued that increasing promotion is vital in helping to increase sales revenue.
- the marketing manager is concerned that there is not enough promotion so this could be a reason to agree that spending on promotion needs to be increased.
- the global brands are likely to have large promotional campaigns and Hoods Ltd may need to launch its own promotional campaign one to remain competitive

Overall

- a consideration of the current financial situation, can Hoods Ltd afford to increase spending on promotion, for example a promotional campaign?
depends how price sensitive demand is
 - can both be undertaken; could greater promotional spending support a price increase?

Note: both increasing price and increasing spending on promotion must be considered in the analysis for the highest level

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

0	8	Evaluate the view that in order to be successful in the future, all businesses must prioritise ethical influences when setting operational objectives.
[20 marks]		

Marks for this question: AO1 = 4, AO2 = 3, AO3 = 5, AO4 = 8

Level	The candidate will typically demonstrate	Marks
5	An excellent response overall that is fully focused on the key 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 judgments or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole.	17–20
4	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 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	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 • 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	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.	5–8
1	A weak response overall lacking focus on the demands of the question. Provides an answer to the question set that: • 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 demands of the question focus on:

- the importance of ethics in relation to setting operational objectives
- the importance of other factors when setting operational objectives
- a focus on ethical influences having a higher priority than any other influence when setting operational objectives
- in businesses/industry generally not just Hoods Ltd
- a decision/judgement made in the context of the future success of a business.

Indicative content may include:

demonstrates knowledge and understanding of relevant ethical issues for example; using Fair Trade suppliers, paying higher wages to employees, reducing waste, reducing carbon footprint, sustainability issues, treatment of workers by suppliers.

focusing on ethical issues may help a business to build their brand and future success. Brands that choose to be ethical in their business approach will prioritise ethics to help build the brands reputation and to increase customer loyalty to the business.

adopting ethical practices may attract employees who want to join an ethically based business. This means the business has like-minded people working at the business and could help the business to be successful in the future.

Hoods Ltd aims to be ethical by using fair trade suppliers. Hoods Ltd has a mission statement to communicate this to its stakeholders and so will prioritise ethics over another factor in its attempt to be successful in the future.

legislation and regulation may influence the decisions that businesses make in the future. For example, new legislation may force businesses to prioritise ethics over other factors

to remain competitive, businesses may have to adopt ethical approaches in the future.

ethical business practices are becoming more desired by many customers, this may continue in the future.

However

the costs of being ethical in operations/production can be very high; not all businesses can afford to invest in ethical practices and so focus on other factors such as cutting costs as a priority.

Overall

whether the statement is true for all businesses will depend on several factors. For many businesses that operate in mass markets against larger competitors it is likely that cost pressures are a higher priority than ethics when setting operational objectives.

the decision to operate ethically may depend on demands from customers or expectations of customers, decisions of the competitors or the objectives of the shareholders.

the judgement may be based on other influences being more likely to take precedent over ethics, for example finance pressures.

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