

1 What is business?

XYZ plc

REVISED

- a market capitalisation = share price × number of shares (1 mark)
 market capitalisation at flotation = 50p × 100m = £50m (1 mark)
 present capitalisation = 35p × 100m = £35m (1 mark)
 change in capitalisation = £50m – £35m = £15m (1 mark)
- b Answers are likely to focus on the fact that XYZ plc is operating in a fast-growing market. The market is growing faster than XYZ's sales. The slow growth of sales may be because of the competitive nature of the market. Although XYZ is selling more units, sales as a proportion of the (larger) market are decreasing.

Level	Descriptor	Marks
3	Such answers will be well explained and applied to the context.	6–5 marks
2	Such answers will demonstrate some knowledge and application to the context.	4–3 marks
1	Such answers will demonstrate some knowledge and understanding but lack application.	2–1 marks

- c Factors considered might include past performance, future prospects, the company's mission and objectives, as well as the product and the nature of the market. Analysis may be achieved by developing a line of argument linking a number of these ideas together. This argument should also be set in the context of EV charging.

Level	Descriptor	Marks
3	Such answers will demonstrate knowledge and understanding of the key issues. Lines of argument (analysis) will be developed in depth, focusing on the question set and applied to the context in detail.	9–7 marks
2	Such answers will demonstrate knowledge and understanding in attempting to answer the question set. Lines of argument are likely to be in context but lack development.	6–4 marks
1	Such answers will demonstrate a limited knowledge and understanding of the issues. Any analysis/explanation is descriptive and lacking in relevant application.	3–1 marks

- d This answer requires a balanced approach, looking at both sides with a supported judgement. Reasons to support the view might include the company's mission of being 'the most recognisable brand' and its objective of growth, and to benefit from the growing market. EV charging will require a large amount of investment to help build and maintain a large network of chargers. Reasons against might include the highly competitive market and the fact that XYZ appears to be moving from a niche to a mass market. In addition, with complaints increasing, the company appears to have been ill-prepared for the growth in size. Evaluation might be in support of the move. XYZ appears to have been at a crossroads from where it could either stay small or grow. It set a clear objective and mission of growth and converting to a plc was a logical step. The economic problems suggest that its difficulties were not all of the company's own making.

Level	Descriptor	Marks
4	Such answers will demonstrate excellent knowledge and understanding of the key issues. Lines of argument (analysis) will be well developed, in depth, focused on the question set and applied to the context in detail. Any judgements will clearly and effectively answer the question set and be fully supported by the evidence presented.	16–13 marks
3	Such answers will demonstrate knowledge and understanding of the key issues. Lines of argument (analysis) will be developed, focusing on the question set and applied to the context in question. Any judgements made will address the question set, have some balance and be supported by evidence.	12–9 marks
2	Such answers will demonstrate some knowledge and understanding in attempting to answer the question set. Lines of argument are likely to be in context but lack development. Any judgements made will have some supporting evidence but may not be fully focused on the question set and may be lacking in balance.	8–5 marks
1	Such answers will demonstrate a limited knowledge and understanding of the issues. Any analysis/explanation is descriptive and lacking in relevant application. Any judgements made are likely to be assertions with little or no supporting evidence.	4–1 marks