

Cambridge IGCSE™

BUSINESS STUDIES**0450/23**

Paper 2 Case Study

May/June 2026

MARK SCHEME

Maximum Mark: 80

Published

This mark scheme contains the instructions and marking guidance that our examiners used to mark candidate responses for this component.

Before they start marking, examiners complete a standardisation process. They review a range of candidate responses and discuss the mark scheme in detail to agree which answers can and cannot be accepted. Examiners award marks where it is clear that candidate responses have met the requirements of the mark scheme. These requirements may vary between different components or different versions of the same component, depending on the exact requirements of the question and the candidate responses seen during the standardisation process.

Sometimes, our mark schemes may allow marks to be awarded to responses which contain elements that are factually incorrect or for content not covered by the syllabus. We do this in response to the demands of a specific question to support candidates and make sure that our assessments are fair. However, these allowances should not be used as a guide for teaching and learning.

We cannot discuss the mark scheme with schools, and we recommend that schools read the mark scheme together with the assessment material and the Principal Examiner Report for Teachers.

This document consists of **20** printed pages.

General marking principles

All examiners must apply these marking principles when marking candidate responses.

1	Examiners must award marks for each response in line with: - the specific content defined in the mark scheme - the specific skills defined in the mark scheme or in the level descriptions - the standard of response required as exemplified by the standardisation scripts.
2	Examiners must award whole marks (not half marks, or other fractions).
3	Examiners must award marks positively . This means that: - marks are not deducted for errors or omissions - marks are awarded for correct/valid answers as defined in the mark scheme and also for other valid answers which go beyond the scope of the syllabus and mark scheme referring to your team leader as appropriate - the quality of spelling, punctuation and grammar are judged only when the mark scheme indicates that these features are specifically assessed in the question. However, the meaning of all responses must be unambiguous.
4	Examiners must consistently apply the requirements of the mark scheme and any rules for what to do when candidates have not followed instructions correctly.
5	Examiners must use the full range of marks defined in the mark scheme, unless limited by the quality of the candidate responses seen.
6	Examiners must award marks according to the mark scheme and must not award marks with grade thresholds or grade descriptions in mind.

**Social Sciences-Specific Marking Principles
(for point-based marking)****1 Components using point-based marking:**

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

- a** DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
- b** DO credit alternative answers/examples which are not written in the mark scheme if they are correct
- c** DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons ...).
- d** DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
- e** DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
- f** DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
- g** DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. corrasion/corrosion)

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

3 Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

4 Annotation:

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

Annotations guidance for centres

Examiners use a system of annotations as a shorthand for communicating their marking decisions to one another. Examiners are trained during the standardisation process on how and when to use annotations. The purpose of annotations is to inform the standardisation and monitoring processes and guide the supervising examiners when they are checking the work of examiners within their team. The meaning of annotations and how they are used is specific to each component and is understood by all examiners who mark the component.

We publish annotations in our mark schemes to help centres understand the annotations they may see on copies of scripts. Note that there may not be a direct correlation between the number of annotations on a script and the mark awarded. Similarly, the use of an annotation may not be an indication of the quality of the response.

The annotations listed below were available to examiners marking this component in this series.

Annotations

Annotation	Meaning
	Correct point.
	Incorrect point.
BOD	Used when the benefit of the doubt is given in order to reward a response.
TV	Used when parts of the answer are considered to be too vague to be given credit.
REP	Indicates where content has been repeated.
NAQ	Used when the answer or parts of the answer do not answer the question asked.
APP	Indicates appropriate reference to the information in the stem.
OFR	If a mistake is made in a calculation, and the incorrect figure that results from the mistake is used for subsequent calculations.
SEEN	Indicates that the page or content has been seen by examiner, but no credit given.
L1	Level 1 – Used in part (b) questions to indicate where a response includes limited knowledge and/or understanding.
L2	Level 2 – Used in part (b) questions to indicate where a response has a more detailed discussion and contains some evidence of justification.
L3	Level 3 – Used in part (b) questions to indicate where a response includes a well-justified recommendation.

Question	Answer	Marks
1(a)	Explain <u>two</u> advantages for KH of using specialisation in the production process. Award 1 mark for each advantage (max 2). Award a maximum of 3 additional marks for each explanation of the advantage of specialisation in the production process – one of which must be applied to this context. Relevant advantages might include: • Higher output - increased efficiency in production – lower average costs • Quicker to train employees - production workers are trained in one task / they specialise in this one task - cheaper to train workers • Keeps unit costs low - less time taken by workers moving between tasks in the factory – so prices may be reduced • Higher quality - performing only one task makes worker expert - more efficient in that task • Less waste – as keep repeating the same task - so fewer mistakes may be made • Easier to introduce machinery to perform tasks – speeds up production process For example: Production employees are trained in one task (1) when manufacturing shoes (app) and will be quicker to train in this one task. (1) Therefore, it will be cheaper for KH to train employees and training costs will be lower (1). Application might include: shoes; large feet; private limited company; high-quality raw materials; natural rubber; large shoe sizes; batch production; niche market; good brand image; sells products at high prices; imports raw materials; 200 production employees; financial data from Appendix 3.	8

Question	Answer	Marks															
1(b)	Consider the advantages and disadvantages for KH of using internal or external recruitment when recruiting a new operations manager. Should KH use internal or external recruitment? Justify your answer. <table> <tr> <th>Level</th><th>Description</th><th>Marks</th></tr> <tr> <td>3</td><td> Sound application of knowledge and understanding of relevant business concepts using appropriate terminology. Detailed discussion of both types of recruitment. Well-justified recommendation. Candidates discussing both types of recruitment, in context and with a well-justified recommendation, including why the alternative type of recruitment was rejected, should be rewarded with the top marks in the band. </td><td>9–12</td></tr> <tr> <td>2</td><td> Sound application of knowledge and understanding of relevant business concepts using appropriate terminology. Detailed discussion of at least one type of recruitment. Judgement with some justification / some evaluation of choice made. Candidates discussing both types of recruitment in detail and applying them to the case should be rewarded with the top marks in the band. </td><td>5–8</td></tr> <tr> <td>1</td><td> Limited application of knowledge and understanding of relevant business concepts. Limited ability to discuss the types of recruitment with little/no explanation. Simple judgement with limited justification / limited evaluation of choice made. Candidates outlining both types of recruitment in context should be rewarded with the top marks in the band. </td><td>1–4</td></tr> <tr> <td>0</td><td>No creditable response.</td><td>0</td></tr> </table> Notes: Do not award mirror arguments (an advantage of internal recruitment may be a disadvantage of external recruitment, but this should only be credited once).	Level	Description	Marks	3	Sound application of knowledge and understanding of relevant business concepts using appropriate terminology. Detailed discussion of both types of recruitment. Well-justified recommendation. Candidates discussing both types of recruitment, in context and with a well-justified recommendation, including why the alternative type of recruitment was rejected, should be rewarded with the top marks in the band.	9–12	2	Sound application of knowledge and understanding of relevant business concepts using appropriate terminology. Detailed discussion of at least one type of recruitment. Judgement with some justification / some evaluation of choice made. Candidates discussing both types of recruitment in detail and applying them to the case should be rewarded with the top marks in the band.	5–8	1	Limited application of knowledge and understanding of relevant business concepts. Limited ability to discuss the types of recruitment with little/no explanation. Simple judgement with limited justification / limited evaluation of choice made. Candidates outlining both types of recruitment in context should be rewarded with the top marks in the band.	1–4	0	No creditable response.	0	12
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1(b)	Relevant points might include: <table> <tr> <th></th><th>Advantages</th><th>Disadvantages</th></tr> <tr> <td>Internal recruitment</td><td> • Quicker as fewer applicants will apply – so quicker to process application forms • Cheaper than external recruitment – as no expensive advertising is required • Applicant is already known to the business – so already know their skills, abilities, and reliability – know if able to do the job • Applicant already knows the organisation and how it works so no induction training required – reduces training costs – quicker to get started in the new job and be productive • Motivating for other employees – as can see progression routes for themselves – may make them work harder to produce shoes for the business and produce more output </td><td> • No new ideas come into the business – not become aware of different methods used by other shoe companies – so more efficient working practices may not be introduced • There may be rivalry and jealousy amongst some of the 200 existing production employees as they did not gain promotion – may have an unhappy atmosphere in the workplace – less productive • There may not be suitable candidates internally – more qualified/skilled people may be outside the business – these will not be employed if only internal recruitment is used • There will still be a vacancy to fill in the production department </td></tr> </table>		Advantages	Disadvantages	Internal recruitment	• Quicker as fewer applicants will apply – so quicker to process application forms • Cheaper than external recruitment – as no expensive advertising is required • Applicant is already known to the business – so already know their skills, abilities, and reliability – know if able to do the job • Applicant already knows the organisation and how it works so no induction training required – reduces training costs – quicker to get started in the new job and be productive • Motivating for other employees – as can see progression routes for themselves – may make them work harder to produce shoes for the business and produce more output	• No new ideas come into the business – not become aware of different methods used by other shoe companies – so more efficient working practices may not be introduced • There may be rivalry and jealousy amongst some of the 200 existing production employees as they did not gain promotion – may have an unhappy atmosphere in the workplace – less productive • There may not be suitable candidates internally – more qualified/skilled people may be outside the business – these will not be employed if only internal recruitment is used • There will still be a vacancy to fill in the production department	
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Question	Answer			Marks
1(b)		Advantages	Disadvantages	
	External recruitment	- There will be new ideas in the business – which may make the business more competitive with other shoe manufacturers - There may be no rivalry between the new manager and existing employees – there will not be jealousy amongst the 200 production employees who did not get the promotion - The quality of the candidates may be high/more experienced/more skilled - Wider choice of applicants to choose from - There will be no new vacancy to replace the internal applicant	- Recruitment may take longer – as advertisements are needed which may take time to be read and responded to applicants / interviewing applicants for the job of Operations Manager - The person is not known to the business – risk of employing someone who does not have the skills and expertise required to understand the production of shoes - May have to pay a higher salary than for an internal recruit - New recruit may be less effective for a time after first being employed – as they will take time to understand the structure of KH - It may be demotivating for existing employees as not able to be promoted	
	Recommendation	Justification might include: - KH should use internal recruitment as it already has 200 employees working in the first shoe factory and it will be motivating for them to get the chance to be promoted. This should increase efficiency and lead to a greater output for KH. An external applicant may be less familiar with the type of shoes KH produces and therefore is likely to be less effective. - KH should use external recruitment so new ideas can be introduced and make the specialisation process more effective leading to lower costs.		

Question	Answer	Marks
2(a)	Explain <u>two</u> advantages and <u>two</u> disadvantages for a business of its managers using delegation. Award 1 mark for each advantage/disadvantage of delegation (max 4). Award a maximum of 1 additional mark for each explanation of the advantage/disadvantage. There are no application marks available for this question. Advantages might include: • Managers can now focus on the most important tasks – may make better decisions • Reduces the workload of managers as cannot carry out every task themselves – leads to fewer mistakes • Managers are less likely to make mistakes – as they can focus on specific tasks such as marketing • Gives the managers time to assess employee performance below them in the hierarchy / may be able to monitor/measure success of employees more easily – they can then identify where employees need more support/training • May increase subordinates' motivation / feel more trusted - work is more interesting / increases efficiency • Employees may be more productive as their skills are developed • The quality of the work maybe improved – because lower-level employees have better skills than their managers for completing certain tasks Disadvantages might include: • Managers could lose some control over subordinates – mistakes may be made leading to worse reputation for the business • Managers may be reluctant to give up some control – in case the person does a good/better job of carrying out the delegated tasks • The subordinate may not have the skills to carry out the tasks that have been delegated to them - may lead to poor decisions being made • The subordinate may need additional training – which will increase costs in the short-term • Subordinates may not like having tasks delegated to them / feel overloaded with work For example: Managers can now focus on the most important tasks (1) which may lead to better decisions being made. (1)	8

Question	Answer	Marks															
2(b)	Using Appendix 2 and other information, consider the following <u>two</u> ways KH could contribute to sustainable development. Which way should KH choose to use first? Justify your answer. using solar panels to generate electricity only buying from suppliers which do not damage the environment <table border="1"> <thead> <tr> <th>Level</th><th>Description</th><th>Marks</th></tr> </thead> <tbody> <tr> <td>3</td><td> Sound application of knowledge and understanding of relevant business concepts using appropriate terminology. Detailed discussion of both ways. Well-justified recommendation. Candidates discussing both ways in detail, in context and with a well-justified recommendation why this should be the first way for KH to contribute to sustainable development, and why the alternative way was less important, should be rewarded with the top marks in the band. </td><td>9–12</td></tr> <tr> <td>2</td><td> Sound application of knowledge and understanding of relevant business concepts using appropriate terminology. Detailed discussion of at least one way. Judgement with some justification / some evaluation of recommendation made. Candidates discussing one or more ways in detail and applying it to the case should be rewarded with the top marks in the band. </td><td>5–8</td></tr> <tr> <td>1</td><td> Limited application of knowledge and understanding of relevant business concepts. Limited ability to discuss the ways with little/no explanation. Simple judgement with limited justification / limited evaluation of the choice made. Candidates outlining both ways in context should be rewarded with the top marks in the band. </td><td>1–4</td></tr> <tr> <td>0</td><td>No Creditable Response</td><td>0</td></tr> </tbody> </table>	Level	Description	Marks	3	Sound application of knowledge and understanding of relevant business concepts using appropriate terminology. Detailed discussion of both ways. Well-justified recommendation. Candidates discussing both ways in detail, in context and with a well-justified recommendation why this should be the first way for KH to contribute to sustainable development, and why the alternative way was less important, should be rewarded with the top marks in the band.	9–12	2	Sound application of knowledge and understanding of relevant business concepts using appropriate terminology. Detailed discussion of at least one way. Judgement with some justification / some evaluation of recommendation made. Candidates discussing one or more ways in detail and applying it to the case should be rewarded with the top marks in the band.	5–8	1	Limited application of knowledge and understanding of relevant business concepts. Limited ability to discuss the ways with little/no explanation. Simple judgement with limited justification / limited evaluation of the choice made. Candidates outlining both ways in context should be rewarded with the top marks in the band.	1–4	0	No Creditable Response	0	12
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2(b)	Relevant points might include: <table><tr><td>Using solar panels to generate electricity</td><td> • May reduce the initial costs of installation for KH – as government grants are available • Electricity costs may be lower in the long-run – reducing expenses / lower average costs of making its shoes • May lead to lower prices for the niche market products – may lead to higher demand – increasing revenue • Improved employee loyalty as working for a business that contributes to sustainable development - lower labour turnover – lower recruitment costs – the 200 production employees may be less likely to leave and work for another producer • Installation costs are likely to be higher which may lead to an increase in borrowing – KH already has a bank loan \$400 000 </td></tr><tr><td>Only buying from suppliers which do not damage the environment</td><td> • Pressure groups will be less likely to affect KH – which might have deterred customers from buying KH's shoes – so sales in the future might be higher • May lead to an improved reputation for KH – easier to recruit employees if a second factory is opened • May be more expensive than buying from suppliers that do damage the environment – possibly lowering the profit margin for each shoe • May reduce the availability of natural rubber – may reduce the number of suppliers – as choice of raw materials used in production may be less / reduce the range of shoes produced </td></tr></table>	Using solar panels to generate electricity	• May reduce the initial costs of installation for KH – as government grants are available • Electricity costs may be lower in the long-run – reducing expenses / lower average costs of making its shoes • May lead to lower prices for the niche market products – may lead to higher demand – increasing revenue • Improved employee loyalty as working for a business that contributes to sustainable development - lower labour turnover – lower recruitment costs – the 200 production employees may be less likely to leave and work for another producer • Installation costs are likely to be higher which may lead to an increase in borrowing – KH already has a bank loan \$400 000	Only buying from suppliers which do not damage the environment	• Pressure groups will be less likely to affect KH – which might have deterred customers from buying KH's shoes – so sales in the future might be higher • May lead to an improved reputation for KH – easier to recruit employees if a second factory is opened • May be more expensive than buying from suppliers that do damage the environment – possibly lowering the profit margin for each shoe • May reduce the availability of natural rubber – may reduce the number of suppliers – as choice of raw materials used in production may be less / reduce the range of shoes produced	
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Question	Answer		Marks
2(b)	Recommendation	Justification might include: - Using solar panels should be used first because grants are available which will reduce the initial costs and reduce the need for additional borrowing when KH already has bank loans of \$400 000. Whereas if KH changes to buying from suppliers that do not damage the environment this may be more expensive and increase the cost of KH's shoes leading to even higher prices and fewer sales. - Buying from suppliers that do not damage the environment should be used first because natural rubber purchased from these suppliers will lead to a good reputation for KH. This will attract customers concerned with the environment so revenue may be possibly higher leading to higher profit for KH if all costs are covered.	

Question	Answer	Marks
3(a)	Explain <u>two</u> ways legal controls on marketing might affect KH. Award 1 mark for each way legal controls on marketing might affect the business (max 2). Award a maximum of 3 additional marks for each explanation of the way legal controls on marketing might affect the business – one of which must be applied to this context. Relevant ways might include: • Must describe what the product is made of without misleading customers – cannot describe the product as made of a material if it is not made of this – and all the actual materials used may have to be listed on the packaging or on the product itself • Misleading promotions are not allowed - means claims made in advertisements about the products must be true – such as it will last many years • Cannot sell faulty products – if there are any faults then consumers have the right to return them - to have their money back if the product has a fault or have a new product to replace the faulty one • Cannot make misleading claims about prices – such as claiming the product has been reduced by 25% when it has not previously been sold at the higher price – hence it is not a genuine reduction in price • Protection for customer to change their mind when buying online – as customers cannot see and feel the quality of the product – then they have the right, in some countries, to return the product after a few days and receive their money back if they are not satisfied For example: KH must describe the product in advertising without misleading customers (1) so they cannot describe the shoes as made of rubber from forests that do not damage the environment (app) if this is not true. (1) So, customers need to know exactly what the product is made of and the statements made about the product must be true (1). Application might include: shoes; large feet; private limited company; high-quality raw materials; natural rubber; large shoe sizes; plans to expand the business; selling online; batch production; niche market; good brand image; sells products at high prices; imports raw materials; 200 production employees; financial data from Appendix 3.	8

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3(b)	Consider the advantages and disadvantages for KH of selling in a niche market and in a mass market. Should KH change to selling in a mass market? Justify your answer. <table> <tr> <th>Level</th><th>Description</th><th>Marks</th></tr> <tr> <td>3</td><td> Sound application of knowledge and understanding of relevant business concepts using appropriate terminology. Detailed discussion of both types of market. Well-justified recommendation. Candidates discussing both types of market, in context and with a well-justified recommendation, including why the alternative type of market was rejected, should be rewarded with the top marks in the band. </td><td>9–12</td></tr> <tr> <td>2</td><td> Sound application of knowledge and understanding of relevant business concepts using appropriate terminology. Detailed discussion of at least one type of market. Judgement with some justification / some evaluation of choice made. Candidates discussing one or more types of market in detail and applying it to the case should be rewarded with the top marks in the band. </td><td>5–8</td></tr> <tr> <td>1</td><td> Limited application of knowledge and understanding of relevant business concepts. Limited ability to discuss the types of market with little/no explanation. Simple judgement with limited justification / limited evaluation of choice made. Candidates outlining both types of market in context should be rewarded with the top marks in the band. </td><td>1–4</td></tr> <tr> <td>0</td><td>No creditable response.</td><td>0</td></tr> </table>	Level	Description	Marks	3	Sound application of knowledge and understanding of relevant business concepts using appropriate terminology. Detailed discussion of both types of market. Well-justified recommendation. Candidates discussing both types of market, in context and with a well-justified recommendation, including why the alternative type of market was rejected, should be rewarded with the top marks in the band.	9–12	2	Sound application of knowledge and understanding of relevant business concepts using appropriate terminology. Detailed discussion of at least one type of market. Judgement with some justification / some evaluation of choice made. Candidates discussing one or more types of market in detail and applying it to the case should be rewarded with the top marks in the band.	5–8	1	Limited application of knowledge and understanding of relevant business concepts. Limited ability to discuss the types of market with little/no explanation. Simple judgement with limited justification / limited evaluation of choice made. Candidates outlining both types of market in context should be rewarded with the top marks in the band.	1–4	0	No creditable response.	0	12
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3(b)		Advantages	Disadvantages	
	Selling in a mass market	- Usually has a large number of potential customers – may be able to increase sales of all shoe sizes and therefore revenue – the total market may be very large - Targets a wider market – greater opportunities for increased sales especially as their shoes are sold online and customers are familiar with KH Standardised shoes can benefit from buying economies of scale – as standardised products produced on a large scale - Lower unit costs for standardised product - Prices may be lower as unit costs lower – increased demand – increased revenue if price elasticity is high - More opportunities for KH to expand and if consumer spending patterns change may have less effect on KH if it is selling to a mass market - as parts of the market may have a fall in demand but other areas may see an increase in demand	- There may be high levels of competition with other shoe producers in the mass market – competition may be a lot higher - Costs of advertising and promotion may be high - as marketing to a much larger market for shoes of all sizes Standardised shoes may not meet the specific needs of consumers – leading to lost sales - Changes will be needed to the production process which will increase costs – as there will be the need to start production of different styles of shoes for the larger market	

Question	Answer		Marks
3(b)	Conclusion	Justification might include: • Continue to sell in a niche market as KH already has a good reputation for high-quality products and has many loyal customers. If KH went into the mass market, there are many competitors and it might be more difficult to increase sales. New products and operations would also be required to expand into the mass market, and this may be expensive and difficult to finance. • Changing to selling in a mass market could be justified because it will be a larger market with more opportunities for sales of standardised shoes and higher revenue. This may be high enough to cover the higher capital costs for KH of setting up production of standardised products for sale to the mass market.	

Question	Answer	Marks
4(a)	Explain <u>two</u> advantages and <u>two</u> disadvantages for KH of using batch production. Award 1 mark for each advantage/disadvantage of batch production (max 4). Award a maximum of 1 additional mark for each explanation of the advantage/disadvantage of batch production which must be applied to this context. Relevant advantages might include: • Flexible way of working – can easily change to produce different sizes • More variety of products produced – to have many different styles of shoes manufactured • Raw materials can be purchased in larger quantities than job production - so gain discounts on natural rubber • Production may not be affected too much if machinery breaks down • Larger quantity produced than job production • Employees are motivated as there is variety in the tasks performed - for the 200 production employees Relevant disadvantages might include: • Can be expensive if semi-finished products need moving around the factory – for the private limited company • Machines have to be reset between batches – delays production for the high-quality products • Warehouse space needed – for part-finished and finished batches before being sold online • May be more repetitive than job production so lower motivation for employees For example: Flexible way of working (1) and can easily change the production process to produce different sizes of shoes (app). Application might include: shoes; large feet; private limited company; high-quality raw materials; natural rubber; large shoe sizes; plans to expand the business; selling online; niche market; good brand image; sells products at high prices; imports raw materials; 200 production employees; financial data from Appendix 3.	8

Question	Answer			Marks
4(b)	Using Appendix 3 and other information, consider KH's financial position and that of its main competitor. Which business was in a better financial position in 2025? Justify your answer using suitable calculations.			12
	Level	Description	Marks	
	3	Sound application of knowledge and understanding of relevant business concepts using appropriate terminology. Detailed discussion of whether KH was in a better financial position than its main competitor in 2025. Well-justified conclusion. Candidates discussing in detail which business was in a better financial position, in context and a with well-justified conclusion, including why the other business was not in a better financial position should be rewarded with the top marks in the band.	9–12	
	2	Sound application of knowledge and understanding of relevant business concepts using appropriate terminology. Detailed discussion of whether KH or its main competitor was in a better financial position. Judgement with some justification / some evaluation of choice made. Candidates discussing in detail whether KH and its main competitor were in a good financial position and applying this to the case should be rewarded with the top marks in the band.	5–8	
	1	Limited application of knowledge and understanding of relevant business concepts. Limited ability to discuss the financial position of KH or its main competitor with little/no explanation. Simple judgement with limited justification / limited evaluation of choice made. Candidates outlining the financial position of KH and its main competitor in context should be rewarded with the top marks in the band.	1–4	
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