

Cambridge IGCSE™

BUSINESS STUDIES**0450/23**

Paper 2 Case Study

May/June 2025

MARK SCHEME

Maximum Mark: 80

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the May/June 2025 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

This document consists of **19** printed pages.

Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptions for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently, e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

GENERIC MARKING PRINCIPLE 5:

Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).

GENERIC MARKING PRINCIPLE 6:

Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

**Social Science-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. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- 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)	<p>Explain <u>two</u> advantages and <u>two</u> disadvantages to Jemi of buying a franchise.</p> <p>Award 1 mark for each advantage/disadvantage (max 2 advantages/max 2 disadvantages). Award a maximum of 1 additional mark for each explanation of the advantage/disadvantage of buying a franchise which must be applied to this context.</p> <p>Relevant advantages might include:</p> <ul style="list-style-type: none"> • Risk of business failure to the franchisee is much reduced – because the brand is well-known with people who like eating vegan meals • The franchisor pays for national advertising – reducing the costs of promotion for the restaurant • Supplies are obtained from central sources / quality will be assured as already checked by the franchisor – less need to research suppliers of plant-based ingredients • Fewer decisions to be made • Training for employees and management is provided/arranged by the franchisor • Banks may be more willing to lend as risk of failure is lower <p>Relevant disadvantages might include:</p> <ul style="list-style-type: none"> • Less independence than when operating a non-franchise business / franchisor will impose strict controls over what is allowed – which meals to sell • May be unable to make decisions to suit the local areas – and some local vegetables may be more popular than others nationally • Licence fee must be paid to the franchisor – costs \$50 000 • Local advertising will still have to be paid for by the franchisee • Royalty payment made to franchisor each year <p>For example: The risk of business failure is much reduced (1) because the brand is well-known with people who like eating vegan meals (app).</p> <p>Application could include: restaurant; vegan target market; plant-based ingredients; meals; fruit and vegetables; \$50 000; chefs; working 40 hours a week; 12 employees; increasing trend for people eating vegan meals; eating less meat is good for the environment; menus; recipes.</p>	8

Question	Answer	Marks			
1(b)	<p>Using Appendix 1 and other information, consider the following <u>two</u> applicants for the position of chef at Jemi’s new restaurant. Which applicant should Jemi employ? Justify your answer.</p> <ul style="list-style-type: none"> • Tianna • Vea 	12			
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Question	Answer	Marks
2(a)	<p>Explain <u>two</u> benefits of market segmentation for VV.</p> <p>Award 1 mark for each benefit (max 2). Award a maximum of 3 additional marks for each explanation of the benefit of market segmentation – one of which must be applied to this context.</p> <p>Relevant benefits might include:</p> <ul style="list-style-type: none"> • Gain more sales – by appealing to the specific needs of customers in this segment – better meets customer needs • Attracts new customers – may find it easier to fill a gap in the market currently not being met by other businesses • May be able to charge higher prices – as customers willing to pay higher price for specific product – increases revenue • Increases customer loyalty – service can be designed to meet the exact customer needs of the market segment • May make it easier to compete with businesses that serve the mass market • Marketing budget may be used more effectively – marketing strategies can be focused on the specific target market <p>For example: VV may be able to charge higher prices (1) for the vegan meals served in the restaurant (app) because customers may be more willing to pay a higher price for specific products that meets their exact needs (1) which may lead to higher revenue for VV (1).</p> <p>Application could include: restaurant; vegan target market; plant-based ingredients; meals; fruit and vegetables; \$50 000; chefs; working 40 hours a week; 12 employees; increasing trend for people eating vegan meals; eating less meat is good for the environment; menus; recipes.</p>	8

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2(b)	<p>Using Appendix 2 and other information, consider the following <u>three</u> possible locations for Jemi’s new restaurant Which location should Jemi choose? Justify your answer.</p> <ul style="list-style-type: none"> • Location A • Location B • Location C <table border="1" data-bbox="304 488 1334 1890"> <thead> <tr> <th data-bbox="304 488 456 553">Level</th> <th data-bbox="456 488 1198 553">Description</th> <th data-bbox="1198 488 1334 553">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="304 553 456 987">3</td> <td data-bbox="456 553 1198 987"> <p>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.</p> <p>Detailed discussion of two or more locations.</p> <p>Well-justified recommendation.</p> <p>Candidates discussing all three locations in detail, in context and with a well-justified recommendation, including why the alternative locations were rejected, should be rewarded with the top marks in the band.</p> </td> <td data-bbox="1198 553 1334 987">9–12</td> </tr> <tr> <td data-bbox="304 987 456 1422">2</td> <td data-bbox="456 987 1198 1422"> <p>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.</p> <p>Detailed discussion of at least one location.</p> <p>Judgement with some justification/some evaluation of choices made.</p> <p>Candidates discussing two or more locations in detail and applying them to the case should be rewarded with the top marks in the band.</p> </td> <td data-bbox="1198 987 1334 1422">5–8</td> </tr> <tr> <td data-bbox="304 1422 456 1827">1</td> <td data-bbox="456 1422 1198 1827"> <p>Limited application of knowledge and understanding of relevant business concepts.</p> <p>Limited ability to discuss the locations with little/no explanation.</p> <p>Simple judgement with limited justification/limited evaluation of choices made.</p> <p>Candidates outlining all three locations in context should be rewarded with the top marks in the band.</p> </td> <td data-bbox="1198 1422 1334 1827">1–4</td> </tr> <tr> <td data-bbox="304 1827 456 1890">0</td> <td data-bbox="456 1827 1198 1890">No creditable response.</td> <td data-bbox="1198 1827 1334 1890">0</td> </tr> </tbody> </table>	Level	Description	Marks	3	<p>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.</p> <p>Detailed discussion of two or more locations.</p> <p>Well-justified recommendation.</p> <p>Candidates discussing all three locations in detail, in context and with a well-justified recommendation, including why the alternative locations were rejected, should be rewarded with the top marks in the band.</p>	9–12	2	<p>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.</p> <p>Detailed discussion of at least one location.</p> <p>Judgement with some justification/some evaluation of choices made.</p> <p>Candidates discussing two or more locations in detail and applying them to the case should be rewarded with the top marks in the band.</p>	5–8	1	<p>Limited application of knowledge and understanding of relevant business concepts.</p> <p>Limited ability to discuss the locations with little/no explanation.</p> <p>Simple judgement with limited justification/limited evaluation of choices made.</p> <p>Candidates outlining all three locations in context should be rewarded with the top marks in the band.</p>	1–4	0	No creditable response.	0	12
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Question	Answer		Marks
2(b)	Relevant points might include:		
		<p style="text-align: center;">Advantages</p>	<p style="text-align: center;">Disadvantages</p>
	Location A	<ul style="list-style-type: none"> • May be able to charge a higher price for meals – area visited by large number of tourists – higher revenue • On a main road in the city centre makes it easily accessible – likely to have good transport links may enable a wider range of potential employees as can easily get to the restaurant • May attract workers in the city – as in the centre which makes it easily accessible as near to where they work 	<ul style="list-style-type: none"> • May be seasonal demand from tourists – high revenue at certain times of the year but lower at other times of the year – may cause cash flow problems • High rent in city centre leads to higher costs • High competition in the area so may have to keep prices lower – could reduce revenue and increased costs may mean this is a less profitable location • Low unemployment – may make it more difficult to recruit employees
	Location B	<ul style="list-style-type: none"> • No other restaurants in the mall so no competition – may be able to charge higher prices – leading to higher revenue • Many families visit the shopping mall leading to many potential customers – larger groups increasing revenue • Low unemployment – people have more income to spend – increases demand for meals in restaurants 	<ul style="list-style-type: none"> • Only open 06:00 to 18:00 each day so limited opening hours for the restaurant – may reduce revenue as fewer customers • No restaurants in the mall so people may not expect to eat there

Question	Answer		Marks	
2(b)	Location C	<p style="text-align: center;">Advantages</p> <ul style="list-style-type: none"> • Likely to be less competition than in the city centre • High unemployment may make it easier to recruit staff – at lower wage rate – lower wage costs overall • Likely to have lower rent as in a town not a city 	<p style="text-align: center;">Disadvantages</p> <ul style="list-style-type: none"> • Local people are main customers – may not be high number of customers – lower revenue • High unemployment may mean incomes are lower in the town – leading to lower demand for restaurant meals • Several restaurants in the town so competition in the area – may lead to lower prices and/or lower revenue 	
	Recommendation	<p>Justification might include:</p> <ul style="list-style-type: none"> • Location A should be chosen as it is likely to have the highest number of customers as it is in a tourist area and in the city centre. Location B has limited opening hours so will reduce revenue earned and location C is in a small town reducing the likely number of customers. • Location B should be chosen as it is in a shopping mall and is visited by families. Therefore, there are likely to be many families wanting to eat at the restaurant as meals containing fruit and vegetables were reported to be healthier for children leading to larger groups and high revenue. • Location C should be chosen as it is visited by people who live in the town and should have customers all year round and the hours it can open are not limited so can open later in the evening to serve more customers and gain more revenue. 		

Question	Answer	Marks
3(a)	<p>Explain <u>four</u> sources of external finance a business could use .</p> <p>Award 1 mark for each source of external finance (max 4). Award a maximum of 1 additional mark for each explanation of the source of external finance.</p> <p>There are no application marks for this question.</p> <p>Sources of external finance might include:</p> <ul style="list-style-type: none"> • Bank loans • Bank overdraft • Grants (or subsidies) from government • Sale of shares • Hire purchase • Leasing • Trade credit • Micro-finance • Crowdfunding • Mortgage <p>For example: Bank loan (1) is a fixed sum of money borrowed for a set-period of time / repaid in monthly instalments (1).</p>	8

Question	Answer	Marks			
3(b)	<p>Consider why the profitability and liquidity ratios for her restaurant will be important to Jemi. Which is likely to be the most important for the success of Jemi’s restaurant? Justify your answer.</p> <ul style="list-style-type: none"> • Profitability ratios • Liquidity ratios 	12			
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Question	Answer		Marks
3(b)	Conclusion	Justification might include: <ul style="list-style-type: none">• Profitability will be most important as it will tell Jemi if she is getting a good return for her investment in the vegan restaurant business. If the return is low, then she may be better saving her money in the bank where there will be less risk of losing it all. As long as she manages her cash flow forecast carefully then liquidity should not be a problem and will be less important.• Liquidity will be most important as if the business is not liquid then Jemi will not be able to pay her debts and trade payables will force her to close the restaurant and sell the assets to repay the debts owed.	

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4(a)	<p>Explain <u>two</u> ways the information in the government report outlined in Appendix 3 might affect Jemi’s restaurant.</p> <p>Award 1 mark for each way (max 2). Award a maximum of 3 additional marks for each explanation of the way the information in the government report might affect Jemi’s restaurant – one of which must be applied to this context.</p> <p>Relevant ways it could affect the restaurant might include:</p> <ul style="list-style-type: none"> • Increase in number of families demanding vegan meals – because the report suggests that eating more fruit and vegetables is healthy – especially for children and therefore may attract more families to the restaurant • Increase in demand for vegan food from the general population – as increased from 10% to 25% of the population eating only vegan meals – trend forecast to increase in the future so likely for demand to keep increasing leading to growth in the market • May increase competition with other restaurants adding vegan meals to their menus / new restaurants opening up – which may lead to fewer sales for Jemi’s restaurant • Finding suppliers of fruit and vegetables may become more difficult – increased transport costs from buying from suppliers further away – more time taken to fetch deliveries • Increased demand from more restaurants serving vegan meals increased demand for ingredients – possibly higher prices for ingredients – higher costs / higher prices <p>For example: Increase in the number of customers (1) as there is likely to be an increase in demand for vegan meals (app) because the government report suggests that eating more fruit and vegetables is healthy (1) especially for children and therefore may attract more families to the restaurant resulting in an increase in revenue (1).</p> <p>Application could include: vegan target market; plant-based ingredients; meals; fruit and vegetables; \$50 000; chefs; working 40 hours a week; 12 employees; increasing trend for people eating vegan meals; good for the environment; menus; recipes.</p>	8

Question	Answer	Marks															
4(b)	<p>Consider the following two methods of motivation that Jemi could use. Which method should Jemi choose to use? Justify your answer.</p> <ul style="list-style-type: none"> • Job enrichment • Discount on meals in Jemi’s restaurant <table border="1" data-bbox="306 421 1334 1921"> <thead> <tr> <th data-bbox="306 421 456 486">Level</th> <th data-bbox="456 421 1198 486">Description</th> <th data-bbox="1198 421 1334 486">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="306 486 456 954">3</td> <td data-bbox="456 486 1198 954"> <p>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.</p> <p>Detailed discussion of both methods of motivation.</p> <p>Well-justified recommendation.</p> <p>Candidates discussing both methods of motivation in detail, in context and with a well-justified recommendation, including why the alternative method of motivation was rejected, should be rewarded with the top marks in the band.</p> </td> <td data-bbox="1198 486 1334 954">9–12</td> </tr> <tr> <td data-bbox="306 954 456 1422">2</td> <td data-bbox="456 954 1198 1422"> <p>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.</p> <p>Detailed discussion of at least one method of motivation.</p> <p>Judgement with some justification/some evaluation of choice made.</p> <p>Candidates discussing at least one method of motivation in detail and applying it to the case should be rewarded with the top marks in the band.</p> </td> <td data-bbox="1198 954 1334 1422">5–8</td> </tr> <tr> <td data-bbox="306 1422 456 1868">1</td> <td data-bbox="456 1422 1198 1868"> <p>Limited application of knowledge and understanding of relevant business concepts.</p> <p>Limited ability to discuss the methods of motivation with little/no explanation.</p> <p>Simple judgement with limited justification/limited evaluation of choice made.</p> <p>Candidates outlining both methods of motivation in context should be rewarded with the top marks in the band.</p> </td> <td data-bbox="1198 1422 1334 1868">1–4</td> </tr> <tr> <td data-bbox="306 1868 456 1921">0</td> <td data-bbox="456 1868 1198 1921">No creditable response.</td> <td data-bbox="1198 1868 1334 1921">0</td> </tr> </tbody> </table>	Level	Description	Marks	3	<p>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.</p> <p>Detailed discussion of both methods of motivation.</p> <p>Well-justified recommendation.</p> <p>Candidates discussing both methods of motivation in detail, in context and with a well-justified recommendation, including why the alternative method of motivation was rejected, should be rewarded with the top marks in the band.</p>	9–12	2	<p>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.</p> <p>Detailed discussion of at least one method of motivation.</p> <p>Judgement with some justification/some evaluation of choice made.</p> <p>Candidates discussing at least one method of motivation in detail and applying it to the case should be rewarded with the top marks in the band.</p>	5–8	1	<p>Limited application of knowledge and understanding of relevant business concepts.</p> <p>Limited ability to discuss the methods of motivation with little/no explanation.</p> <p>Simple judgement with limited justification/limited evaluation of choice made.</p> <p>Candidates outlining both methods of motivation in context should be rewarded with the top marks in the band.</p>	1–4	0	No creditable response.	0	12
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