CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/23**

Paper 2 Business Concepts 2 **May/June 2025**

MARK SCHEME

Maximum Mark: 60

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.

© Cambridge University Press & Assessment 2025

PUBLISHED

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.

© Cambridge University Press & Assessment 2025

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.

© Cambridge University Press & Assessment 2025

PUBLISHED

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).

© Cambridge University Press & Assessment 2025

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.

© Cambridge University Press & Assessment 2025

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
	For objective points that are right or wrong.
	For objective points that are wrong.
	When there is a misunderstanding in a response.
TV	When the candidate has attempted something, but the mark/skill has not been awarded.
Highlighter Or Underline	To highlight a point or section of an answer that justifies the mark/annotation.
BOD	When the candidate has attempted something, and the mark/skill has been awarded.
On page comment	To communicate with the supervisor.
NUT	When the context has not been used.

© Cambridge University Press & Assessment 2025

Annotation	Meaning
SEEN	To show a page/section has been seen/read.
NAQ	When the response is not focussed on answering the question.
REP	The repetition of a previous point in a response **or** candidate is copying the case study/data.
OFR	The own figure rule applies – acts as a mark/tick.
K	When AO1 has been awarded. Number of Ks should match the mark awarded.
APP	When AO2 has been awarded. Number of APPs should match the mark awarded.
AN	When AO3 at Level 1 has been awarded.
DEV	When AO3 at Level 2 has been awarded.
EVAL	When AO4 at Level 1 has been awarded.
E	When AO4 at Level 2 has been awarded.
EE	When AO4 at Level 3 has been awarded.

© Cambridge University Press & Assessment 2025

Guidance on using levels-based marking

Marking of work should be positive, rewarding achievement where possible, but clearly differentiating across the whole range of marks, where appropriate.

The examiner should look at the work and then make a judgement about which level statement is the best fit. In practice, work does not always match one level statement precisely so a judgement may need to be made between two or more level statements.

Once a best-fit level statement has been identified, use the following guidance to decide on a specific mark:

- If the candidate's work **convincingly** meets the level statement, award the highest mark.
- If the candidate's work **adequately** meets the level statement, award the most appropriate mark in the middle of the range.
- If the candidate's work **just** meets the level statement, award the lowest mark.
- L1, L2 etc. must be clearly annotated on the response at the point where the level is achieved.

Assessment objectives

AO1 Knowledge and understanding
Demonstrate knowledge and understanding of business concepts, terms and theories.

AO2 Application
Apply knowledge and understanding of business concepts, terms and theories to problems and issues in a variety of familiar and unfamiliar business situations and contexts.

AO3 Analysis
Analyse business problems, issues and situations by:
- using appropriate methods and techniques to make sense of qualitative and quantitative business information
- searching for causes, impact and consequences
- distinguishing between factual evidence and opinion or value judgement
- drawing valid inferences and making valid generalisations.

AO4 Evaluation
Evaluate evidence in order to make reasoned judgements, present substantiated conclusions and, where appropriate, make recommendations for action and implementation.

© Cambridge University Press & Assessment 2025

PREPARATION FOR MARKING

1 Make sure that you have completed the relevant training and have access to the *RM Assessor Guide*.
2 Make sure that you have read and understand the question paper, which you can download from https://support.rm.com/ca
3 Log in to RM Assessor then mark and submit the required number of practice and standardisation scripts. You will need to mark the standardisation scripts to the required accuracy in order to be approved for marking live scripts. You may be asked to re-mark them, or to mark a second sample, if you do not meet the required accuracy on your first attempt.

MARKING PROCESS

1 Mark strictly to the FINAL mark scheme, applying the criteria consistently and the general marking principles outlined on the previous page.
2 If you are in doubt about applying the mark scheme, consult your Team Leader.
3 Mark at a steady rate through the marking period. Do not rush, and do not leave too much until the end. If you anticipate a problem in meeting the deadline, contact your Team Leader immediately and the Examiners' Helpdesk.
4 Examiners will prepare a brief report on the performance of candidates to send to their Team Leader via email by the end of the marking period. The Examiner should note strengths seen in answers and common errors or weaknesses. Constructive comments on the question paper, mark scheme or procedures are also appreciated.

MARKING SPECIFICS

Crossed out work

1 **All a candidate's answers, *crossed out* or not, *optional* or not, must be marked.**
2 The only response not to be marked is one that has been crossed out and replaced by another response for that exact same question.
3 Consequently, if a candidate has crossed out their response to an optional question and gone on to answer a different optional question then both attempts must be marked. The higher mark will be awarded by the system according to the rubric.

0 (zero) marks or NR (no response)

1 Award **NR** if there is nothing at all written in answer to that question (often the case for optional questions).
2 Award **NR** if there is a comment which is not an attempt at the question (e.g. 'can't do it' or 'don't know' etc.)
3 Award **NR** if there is a symbol which is not an attempt at the question, such as a dash or question mark.
4 Award **0** (zero) if there is any attempt at the question which does not score marks. This includes copying the question onto an Answer Booklet.

© Cambridge University Press & Assessment 2025

Question	Answer	Marks
1(a)(i)	**Identify <u>one</u> feature of a co-operative.** **Indicative content** Identification of a feature ✓ may include: Responses may include: • Owned/controlled by members • Shared decision making • Shared profits/losses • Run for the mutual benefit of members • All members contribute/participate • Mutual objectives Accept all valid responses.	**1**

© Cambridge University Press & Assessment 2025

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(ii)</td><td>

Explain the term *traditional manager functions*.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
</table>

Indicative content
Responses may include:
AO1 Knowledge and understanding
Knowledge of traditional manager functions K may include (max 1 mark):
- Planning
- Organising
- Directing
- Controlling

AO2 Application
Explanation of traditional manager functions APP may include (max 1 mark):
- Planning – involves setting objectives and determining the best course of action to achieve them.
- Organising – the process of arranging resources and tasks to achieve the organisation's goals.
- Directing – leading and motivating employees to achieve organisational goals
- Controlling – the process of monitoring and evaluating performance to ensure that organisational goals are met.

Context applied to traditional manager functions APP, including (max 1 mark):
- Without these management functions businesses may not survive/thrive/achieve success
- Examples of businesses/types of businesses/types of managers.

Accept all valid responses.

</td><td>3</td></tr>
</table>

© Cambridge University Press & Assessment 2025

Question	Answer	Marks
1(b)(i)	**Refer to Table 1.1. Calculate the labour productivity for CT in 2024.** **Indicative content.** Formula for productivity: Output per person per hour Productivity = output / total labour hours (1) Output = 54 000 Labour hours = 12 × 1800 (1) = 21 600 (1) 54 000 / 21 600 (2) = 2.5 OR (54 000 / 1800) / 12 (2) = 2.5 OR (54 000 / 12) / 1800 (2) = 2.5 Answer = **2.5 units or 2.5 (3)** OR Formula for productivity: Productivity = output in a given time period/total workers (1) 54 000 / 12 (1) = 4500 Answer = **4500 (3)** **Note: Correct Formula + 54 000 / 1800 = 30 (2), no formula 1 mark**	**3**

© Cambridge University Press & Assessment 2025

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>

Explain <u>one</u> advantage to CT of labour-intensive operations.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Responses may include:

AO1 Knowledge and understanding

Knowledge of an advantage of labour-intensive operations.:

- customised products easier to make
- less capital investment required
- employees can use own initiative
- employees can offer new ideas
- flexibility/adaptability
- high quality products
- employees can build up relationship with customers
- sustainability

</td><td>3</td></tr>
</table>

© Cambridge University Press & Assessment 2025

Question	Answer	Marks
1(b)(ii)	**AO2 Application** Explanation of an advantage of labour-intensive operations APP (max 1 mark), including: • customised products easier to make – so can satisfy customer requirements • less capital investment required – lower machinery costs/set-up costs • employees can use own initiative – so employees can problem solve • employees can offer new ideas – help increase growth/demand • flexibility/adaptability – firms can more easily adjust the number of employees/reassign tasks • higher quality products – more attention to detail/quality control • employees can build up relationship with customers – retain customer loyalty • sustainability – less emissions Context applied to **CT** APP (max 1 mark), including: • Use of answer to **1bi** (OFR) • Employee co-operative • Hand-made products • Competitive market • Low level of demand • Aim to produce high quality toys • Ethical/eco-friendly materials Accept all valid responses.	**3**

© Cambridge University Press & Assessment 2025

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>

Analyse <u>two</u> methods of primary market research CT could use to identify customer wants.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Annotate the first method in the left-hand margin and the second in the right-hand marking.

</td><td>8</td></tr>
</table>

© Cambridge University Press & Assessment 2025

Question	Answer	Marks
1(c)	Responses may include: **AO1 Knowledge and understanding** Knowledge of the methods of primary research used to identify customer wants. • surveys • questionnaires • internet forums • tracking online behaviour/website analytics/e-commerce data • product sampling • focus groups • interviews • observations • social media **Note: Qualitative/quantitative are types of primary research not methods** **AO2 Application** *Max one APP for application in the first method and max one APP for application in the second method.* Application of knowledge of a method of primary research to CT (max 2 APPs), including • CT could use own website/social media to survey customers • Ask for customer ratings/feedback on website • Get feedback at trade fairs / exhibitions • Use loyal customer base e.g. face to face interviews • Ask the independent retailers on trends/best-selling items/how children interact with the toys	**8**

© Cambridge University Press & Assessment 2025

Question	Answer	Marks
1(c)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *candidate shows two or more links in the chain of analysis or a two-sided analysis.* • Surveys – help gather information on customer preferences, satisfaction levels, and specific needs – to develop products • Questionnaires – can be structured, semi-structured, or unstructured – allowing for detailed feedback • Internet forums/tracking online behaviour/website analytics/e-commerce data – helps understand customer preferences and purchasing patterns – so can satisfy those wants/needs. • Product sampling – immediate feedback from customers about the product's feel, quality, and overall appeal. • Focus groups – provides qualitative insights into customer attitudes, motivations, and perceptions– but are toys suitable for focus group of adults? • Interviews – can be structured, semi-structured, or unstructured, allowing for detailed feedback • Observations – helps identify usage patterns – and areas for improvement • Social media – provides real-time insights into customer opinions and trends – current/up-to-date opinions • Primary research methods – could help identify likely customer wants – but expensive • Niche markets have low demand – less secondary information available • Loyal customers – more likely to provide answers – may give biased answers Accept all valid responses.	**8**

© Cambridge University Press & Assessment 2025

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>

Evaluate whether CT should change to flow production.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

</td><td>12</td></tr>
</table>

© Cambridge University Press & Assessment 2025

Question	Answer	Marks
1(d)	Responses may include: **AO1 Knowledge and understanding** *Knowledge of flow production and/or labour-intensive (handmade) (max 2 K s), including*: Flow production: • continuous/mass production • involves the continuous movement of items through the production process • usually on an assembly line/using repetitive process • capital intensive • fewer workers required/uses less-skilled labour • standardised products Labour-intensive/handmade production: • artisanal or craft production • involves the creation of products by hand • minimal use of machinery • requires skilled labour **AO2 Application** *Limited application APP applies knowledge of production method to CT once. Developed application APP + APP applies knowledge of production method to CT twice* • Reputation for ethical products • Long lead time • Requires skilled workers • High costs of production • 4500 per year per worker/2.5 units produced per worker per hour • Quality products	**12**

© Cambridge University Press & Assessment 2025

Question	Answer	Marks
1(d)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis. Developed analysis* DEV *– candidate shows two or more links in the chain of analysis* • Change of working practices –De-skilling • Long term futures assured – can increase productivity/reduce lead time • Business expands – increase profitability • Increased ability to compete – through lower costs/could lower prices • Lose USP – customers go to other businesses • Low level of demand – change will not impact this unless lower prices • Reduce costs – lower skilled labour required/paid less • Requires investment – finance might be difficult to source • Lower quality – less attention to detail • Some members may be unhappy with the change – could cause conflict **AO4 Evaluation** *Limited evaluation* EVAL *– unsupported judgement and/or a weak attempt at evaluative comment* *Developed evaluation* E *– supported judgement and/or reasonable evaluative comment* *Developed evaluation in context* EE *– supported judgement in context and/or reasonable evaluative comment in context.* Whether CT should use flow production depends on several factors: • Scale of production – If CT needs to produce large quantities of standardised products, flow production is highly beneficial due to its efficiency and economies of scale. • Investment capacity – Can CT afford the high initial setup costs and ongoing maintenance of automated systems? • Product type – Flow production is ideal for products that do not require customisation and can be produced in large volumes, which is not CT's current situation. • Market demand – If there is consistent high demand for the product, flow production can meet this demand effectively, but CT faces low demand • Member considerations – CT should consider the impact on member motivation and find ways to mitigate the negative effects of repetitive tasks.	**12**

© Cambridge University Press & Assessment 2025

Question	Answer	Marks
1(d)	• Market competition – CT will face higher competition than in a niche market • Expensive – Will require investment in capital/machinery which CT may not have the finance to do • Costs increase – Initial costs very high but in the long-run could lower unit costs • Brand reputation – Might damage the brand reputation for ethical, high quality toys • Loyal customers – Might lose loyal customer base including the independent retailers • A recommendation whether CT should change to flow production In conclusion, flow production is advantageous for large-scale, standardised production with high demand and sufficient investment capacity. However, CT must weigh these benefits against the potential drawbacks, such as high setup costs and low member motivation, to determine if it aligns with their specific needs and goals. Accept all valid responses.	**12**

© Cambridge University Press & Assessment 2025

Question	Answer	Marks
2(a)(i)	**Identify <u>one</u> feature of a partnership.** **Indicative content** Identification of a feature of a partnership ✓ may include: • Two or more people join but the exact number can vary depending on the type of partnership and legal regulations • Unlimited liability • Share profits / losses / risks • Must have mutual trust and confidence in each other • Formalised through a legal agreement • Decisions usually made collaboratively / each partner has a say in the business operations	**1**

© Cambridge University Press & Assessment 2025

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>

Explain the term *working capital.*

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Responses may include:
AO1 Knowledge and understanding
Knowledge of working capital K (max 1 mark), may include:
- Financial measure
- Difference between current assets and current liabilities
- A measure of a company's liquidity and short-term financial health
- Day-to-day finance required

AO2 Application
Explanation of working capital APP (max 1 mark), including:
- ensures firm can meet short-term liabilities
- indicates liquidity
- assesses how efficiently a company is using its resources to generate revenue
- can be used as a source of finance
- Context applied to working capital APP (max 1 mark), including:
- companies with positive working capital can invest in growth opportunities and expansion
- example/calculation

Accept all valid responses.

</td><td>3</td></tr>
</table>

© Cambridge University Press & Assessment 2025

Question	Answer	Marks
2(b)(i)	**Refer to Table 2.1. Calculate FF's profit in 2024.** **Indicative content** • Formula: price = revenue – (direct costs + fixed costs) (1) • Calculation of total costs $50 000 + $30 000 = $80 000 (1) • Calculation of profit = $120 000 – $80 000 (2) = $40 000 (3) 40 (with working) = 2 Answer = $**40 000 (3)**	**3**

© Cambridge University Press & Assessment 2025

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>

Explain <u>one</u> factor influencing the supply of FF's products.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Responses may include:

AO1 Knowledge and understanding

Knowledge of a factor influencing supply K may include:

- Price of the product
- Production costs
- Technology/capacity
- Number of suppliers
- Government policies
- Season/harvest/weather conditions
- Prices of substitutes/complements
- Future expectations
- Productivity of workers

AO2 Application

Explanation of a factor influencing supply APP (max 1 mark), including

- Price of the product – When the price of a product increases, producers are generally willing to supply more because they can achieve higher revenue/vice-versa
- Production costs – A decrease in production costs (e.g., lower wages, cheaper raw materials) can increase supply as it becomes more profitable to produce/opposite for an increase in costs

</td><td>3</td></tr>
</table>

© Cambridge University Press & Assessment 2025

Question	Answer	Marks
2(b)(ii)	• Technology/capacity – Improvements in technology can enhance production efficiency, leading to an increase in supply/availability of spare capacity • Number of suppliers – An increase/decrease in the number of suppliers in the market can lead to a higher/lower overall supply • Government policies – effect of subsidies/taxes • Season/harvest/weather conditions – good harvest/weather conditions can increase the supply of agricultural products. Poor harvest/weather conditions can reduce supply • Prices/availability of substitutes/complements – If the price of a substitute good rises, producers might switch to producing that good, reducing the supply of the original product. An increase in the supply of a complementary good can also increase the supply of the original product • Future expectations – If producers expect higher prices in the future, they might reduce current supply to sell more later at higher prices/if lower prices are expected, producers might increase current supply to sell more before prices drop • Productivity of workers **–** Increased worker productivity can lead to higher supply as more goods are produced in the same amount of time/decreased productivity can reduce supply Context applied to FF's supply of products APP (max 1 mark) including: • Low level of supply • Can only grow a limited number of crops • Seasonal produce • Yield and quality affected by weather conditions • Labour intensive • Competitive market • Customers require fresh, varied and consistent products Accept all valid responses.	**3**

© Cambridge University Press & Assessment 2025

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>Analyse <u>two</u> benefits to FF of product differentiation.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table></td><td>8</td></tr>
</table>

© Cambridge University Press & Assessment 2025

Question	Answer	Marks
2(c)	*Annotate the first benefit in the left-hand margin and the second in the right-hand marking.* **AO1 Knowledge and understanding** Knowledge of benefits of product differentiation (max 2 K s), may include: • Greater choice • Responsive to customer wants • Meets customer requirements • Reduce the impact of seasonal products. • Create a strong brand image • Spread risk • Increase price/revenue/profit/added value • Expand customer base/loyalty • Improve competitiveness **AO2 Application** *Max one APP for application in one benefit and max two APP for application in two benefits* • Loyal customers • Customers want fresh and varied products throughout the year • FF a reliable brand • Appeals to customers who want natural products • Customers appreciate quality, flavour and nutrition of products • High demand • Competitive market **AO3 Analysis** *Limited analysis AN – candidate shows one link in the chain of analysis.* *Developed analysis DEV candidate shows two or more links in the chain of analysis or a two-sided analysis.* • FF can expand market share – differentiation can attract a specific segment of the market, increasing the FF's overall market share/help it to grow • Seasonal products – could ensure year around production • Increase finance – able to re-invest in the business • Competitive Advantage – helps create a unique selling proposition, making the product stand out from competitors • Brand loyalty – highlighting unique features, FF can build brand loyalty and encourage repeat purchases	**8**

© Cambridge University Press & Assessment 2025

Question	Answer	Marks
2(c)	• Price flexibility – differentiated products can often command higher prices because consumers perceive them as offering greater value • Reduced price sensitivity – customers may be less sensitive to price changes if they believe the product offers unique benefits • Niche markets – allows FF to target niche markets with specific needs and preferences • Customer satisfaction – meet specific customer needs, leading to higher customer satisfaction • Brand Identity – strong differentiation helps in building a distinct brand identity that is hard for competitors to copy Accept all valid responses.	**8**

© Cambridge University Press & Assessment 2025

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>

Evaluate whether business growth is a suitable objective for FF.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

</td><td>12</td></tr>
</table>

© Cambridge University Press & Assessment 2025

Question	Answer	Marks
2(d)	**Indicative content** **AO1 Knowledge and understanding** *Knowledge of business growth/methods of business growth/objectives (max 2 K s), including:* • The process of improving some measure of an enterprise's success. • Can be achieved through various strategies • The increase in the size, revenue, market share, or profitability of a business over time. • Can be measured in different ways • External/internal growth • Organic growth • Mergers / joint ventures • Strategic alliance Objectives • Business objectives are specific, measurable goals that an organisation aims to achieve within a certain timeframe • Provide direction and a clear focus for the company's efforts and resources. • Guide decision-making • Help allocate resources effectively • Used to measure the success of various initiatives. **AO2 Application** *Limited application APP applies knowledge of growth/methods of business growth to FF once. Developed application APP + APP applies knowledge of growth/methods of business growth to FF twice* • Limited production capacity • High level of demand • Labour-intensive • Ethical approach – organic methods / renewable energy sources • Highly competitive market • Impacted by weather conditions • Affected by pests, diseases and natural disasters Expectations of customers for fresh, varied and consistent products/quality, flavour and nutrition	**12**

© Cambridge University Press & Assessment 2025

Question	Answer	Marks
2(d)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *– candidate shows two or more links in the chain of analysis.* • allows a business to increase profits – reduce costs by using external resources • can improve quality, efficiency or productivity – using experienced providers • reduce risks or liabilities – share with other firms • compromise the quality and consistency of FF's products – lose customers • expose FF to more risks and uncertainties – such as reliability, delivery delays, contractual disputes etc • increase costs – may not be able to afford internal growth • increased market share – growth can help FF capture a larger share of the market, enhancing its competitive position • economies of scale – as businesses grow, they can achieve economies of scale, reducing the cost per unit of production and increasing profitability • diversification – growth often allows businesses to diversify their product lines or enter new markets, spreading risk and creating new sources of revenue • resource constraints – rapid growth can strain an organisation's resources, including finances, personnel, and infrastructure • quality control – maintaining product or service quality can be more challenging as the business grows **AO4 Evaluation** *Limited evaluation* EVAL *– unsupported judgement and/or a weak attempt at evaluative comment* *Developed evaluation* E *– supported judgement and/or reasonable evaluative comment* *Developed evaluation in context* EE *– supported judgement in context and/or reasonable evaluative comment in context.* • A recommendation whether growth is a suitable objective • Elements that the recommendation could depend upon, including such as losing control over the quality and consistency of the products, compromising on the natural / organic approach • A consideration of the implications for cost and ability to attract other firms • Weighing up of the factors and their relative influence on growth. • Depends upon the type of growth/how growth is achieved. • FF should evaluate their strategic goals, market conditions, and internal capabilities to determine if growth is a suitable objective. **Note: Only accept judgements about growth but reward alternative objectives if growth discussed.** Accept all valid responses.	**12**

© Cambridge University Press & Assessment 2025