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Int GCSE Business 4BS1 01R

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Introduction

This paper focused on China Cycle Tours (CCT), a business providing guided bicycle tours in Shanghai, China, established in 2008 with the slogan "One world, Two wheels."

Candidates generally found this examination and case study accessible and were able to complete it within the given time. For the majority of questions, candidates demonstrated good preparation, effectively applying their knowledge, and were able to analyse and evaluate their answers. Many candidates displayed a strong understanding of business concepts gained from studying the course, which was often evident in their responses, showing realistic knowledge of the CCT scenario.

However, a persistent challenge for a significant number of candidates, as observed in previous examination series, lies with "State" and "Outline" questions. It is crucial that answers to these questions are directly related to the provided CCT scenario, and candidates should avoid simply rephrasing parts of the question in their responses.

To enhance future performance, centres are strongly advised to encourage learners to:

- Revisit the Scenario: Emphasise practising answers directly within the context of the provided business scenario.
- Understand Command Words: Work closely with learners to ensure a clear understanding of command words, such as those outlined on page 31 of the specification. A lack of this understanding frequently led to lost marks. For instance, an "Analysis" question requires more than just detailed knowledge to earn the available marks, and a "Justify" question seeks the application of information, analysis, and evaluation.
- Practise Extended Answers: For analysis (AO3) and evaluation (AO4) questions, encourage candidates to write extended answers that effectively utilise the information presented in the paper.

Centres should also note that the mark scheme includes Assessment Objectives (AO) for all questions, with a detailed breakdown available on page 7 of the 'Getting Started to Teach' guide. This resource can assist in preparing learners for future examinations. Furthermore, it is important to remember that questions can be drawn from any part of the specification; therefore, candidates should ensure all sections are thoroughly covered to avoid disadvantaging themselves, as some responses indicated that certain candidates had not covered the entire specification.

Question 1(b)

This question asked candidates to "Define the term branding", and the responses indicated a common challenge. While many candidates attempted to answer the question, a significant number provided examples of branding rather than a precise definition of the term itself. To earn full marks, candidates needed to define branding as something that makes a product, service, or business distinguishable, different, or stand out from its competitors. Centres are encouraged to ensure learners focus on providing accurate definitions of key terms rather than merely illustrative examples.

(b) Define the term **branding.**

(1)

Branding is when a buisness uses logos or slogans to be differentiated from other buisnesses and be unique

ResultsPlus
Examiner Comments

This is a clear definition of branding, including an example in the form of 'logo'. 1 mark.

(b) Define the term **branding.**

(1)

The product or service has a logo of the company on it

ResultsPlus
Examiner Comments

This is an example of branding, rather than a definition. 0 marks.

Question 1(c)

This question asked candidates to "Define the term autonomy". While some candidates demonstrated an understanding of the term, it was not always fully comprehended by all, suggesting a need for deeper engagement with key definitions. Centres are reminded that any area of the specification can appear in the paper, and thorough understanding of all key terms is crucial for candidates to access such questions effectively.

(c) Define the term **autonomy.**

(1)

Autonomy refers to the independence of something or someone within a process such as production.

ResultsPlus
Examiner Comments

This is not a correct definition of autonomy. 0 marks.

(c) Define the term **autonomy.**

(1)

when the business gives employees the authority to make decisions about how they work.

ResultsPlus
Examiner Comments

This is a correct definition. 1 mark.

Question 1(d)

This was the first 'State' question of the paper and candidates faced challenges in interpretation and contextualisation. The command word 'State' requires candidates to provide a contextual response to gain access to the available one mark, which is an AO2 mark. Therefore, simply stating a method of secondary market research was not sufficient; the response needed to be presented in the context of CCT. It was observed that candidates did not always interpret the question correctly or, if they did, failed to relate their answer specifically to CCT's operations.

(d) State **one** method of secondary market research *CCT* could use to collect market data.

(1)

Using market reports to identify what their customers need and want to adapt their tours and increase customer satisfaction.

ResultsPlus
Examiner Comments

While this is correct as a method of secondary research, it is not contextualised to CCT. 0 marks.

ResultsPlus
Examiner Tip

For all 'State' questions, candidates must include context in their response. Encourage them to check if their answer is generic and applicable to any business, or if it includes phrases that link it directly to CCT. For this scenario, simply referencing CCT's specific offerings like bicycle tours, the tourists they serve, or locations such as China and Shanghai, will be sufficient contextualisation.

(d) State **one** method of secondary market research *CCT* could use to collect market data.

(1)

CCT could use government reports to compare the revenue earned from rivals providing bicycle tours.

ResultsPlus Examiner Comments

This is a correct definition that is related to CCT with the context as 'bicycle tours'. 1 mark.

Question 1(e)

This question, which required candidates to "Calculate, to two decimal places, the current ratio for 2024" and show their working, was generally well answered. A good proportion of candidates successfully achieved 1 or 2 marks, demonstrating their ability to apply the correct formula (Current ratio = current assets / current liabilities) and present their working clearly. Candidates displayed a variety of response styles in their working out; however, it was observed that those who rounded their figures up or down prematurely, affecting the accuracy to two decimal places, did not achieve the full 2 marks.

In 2024 *CCT* had current assets of 561 258 CYN and current liabilities of 233 098 CYN.

(e) Calculate, to two decimal places, the current ratio for 2024. You are advised to show your working.

(2)

$$\text{current ratio} = \frac{\text{current assets}}{\text{current liabilities}}$$

$$\text{current ratio} = \frac{561\,258\text{ CYN}}{233\,098\text{ CYN}} = 2.41$$

2.41

ResultsPlus
Examiner Comments

This is the correct answer and has been calculated accurately. 2 marks.

ResultsPlus
Examiner Tip

The formula in words is not required, nor are there any awardable marks for it. Candidates should be encouraged to save time by not including the formula in words.

In 2024 *CCT* had current assets of 561 258 CYN and current liabilities of 233 098 ~~CYN.~~ CNY

(e) Calculate, to two decimal places, the current ratio for 2024. You are advised to show your working.

(2)

$$\frac{561258}{233098} =$$

2.4

ResultsPlus
Examiner Comments

The correct substitution of numbers is evident in the formula. However, the answer was incorrectly rounded up and not calculated to the two decimal places indicated, making it only partially correct. 1 mark.

Question 1(f)

This question, the first 'Explain' question in the paper, asked candidates to explain one benefit to the business owner of operating as a private limited company. It proved to be quite accessible and was generally well answered. Candidates identified a variety of valid benefits, such as limited liability or easier access to capital, and then effectively explained these advantages. To gain full marks, candidates were required to clearly identify a benefit and then expand upon it with a thorough explanation, rather than just providing a definition of a private limited company. Many candidates achieved the full marks available, demonstrating a strong understanding of the concept and the requirements of an 'Explain' question.

(f) Explain **one** benefit to a business owner of operating as a private limited company.

(3)

One benefit is that the owner will have a limited liability which means that he isn't responsible for any debts of the business, and therefore won't have to sell his personal possessions to pay the debts.

ResultsPlus
Examiner Comments

This has a clearly identified benefit, with clear interconnected points of development. 3 marks.

(f) Explain **one** benefit to a business owner of operating as a private limited company.

(3)

They have as separate legal identity. this means that owners are only required to pay ~~thee~~ depts, on the amount that they have invested to the ~~b~~ organisation

ResultsPlus
Examiner Comments

There is a clearly identified point, with one interconnected point. 2 marks.

Question 1(g)

For question 1(g), which asked candidates to "Analyse the concerns CCT may have of introducing this app for its customers," many candidates struggled to correctly interpret the question’s focus. Instead of analysing the *concerns* (potential drawbacks or problems) of introducing the app, a significant number discussed the *benefits*. This highlights a crucial point: it is imperative for candidates to read the question thoroughly and not rush, ensuring they address the specific command word and focus of the question to avoid misinterpreting the requirements. This 'Analyse' question tests AO2 (Application) and AO3 (Analysis), requiring candidates to apply information and analyse it in a contextual manner.

CCT has a website for bookings and a social media page that provides information to its customers. It now wants to introduce an app that can be downloaded by its customers to make it easier to make and track bookings.

(g) Analyse the concerns *CCT* may have of introducing this app for its customers.

(6)

CCT may have concerns like what if the app encounters a technology error and have a break-down. This app aims to make it easier for its customers to make and track bookings so it is very important not to have technology break-down, ~~and~~ which might disappoint the customers of bicycle tours who ~~the~~ downloaded the app with the purpose of booking. If the customers are not satisfied with the service of the app, they are likely to go book at CCT's rival bicycle tour service business, losing loyal customers.

Moreover, CCT may be worried whether the app is flexible for its customers to download and use. If the app isn't user-friendly, it is very likely that customers won't want to book the bicycle tour via using app. They may write bad reviews of CCT's newly introduced app on the internet, leading to having the ~~a~~ bad reputation of having bad services. This would make CCT suffer from bad reputation and will need time to recover, decreasing the sales of bicycle tour tickets.

ResultsPlus
Examiner Comments

This response presents two well developed points, consistently supported by strong contextual evidence. Level 3 - 6 marks.

ResultsPlus
Examiner Tip

Context must be woven throughout the entire response, appearing in all paragraphs, and should demonstrate variety rather than mere repetition.

CCT has a website for bookings and a social media page that provides information to its customers. It now wants to introduce an app that can be downloaded by its customers to make it easier to make and track bookings.

(g) Analyse the concerns *CCT* may have of introducing this app for its customers.

(6)

Improve brand image, as it shows that CCT is inovative, increasing costumer reviews that will eventually attract more costumers, increasing sales, increasing profit.

Allows CCT to make market research, as by tracking the hot location that attract the most tourists, this allows them to host an event or use that information to thier advantage, improving brand image.

ResultsPlus
Examiner Comments

Neither of these points address concerns of introducing the app; they are addressing benefits of its introduction. Therefore, it does not answer the question. 0 marks.

Question 2(a)

The question asked candidates to "State one financial method of motivation CCT could use with its employees." As a 'State' question, it required candidates to provide a contextual response to gain the available mark (an AO2 mark). For this question, simply stating a financial method of motivation was not sufficient; the response needed to be presented specifically in the context of CCT's operations.

2 (a) State **one** financial method of motivation *CCT* could use with its employees.

(1)

A bonus for the tour guides who acheive a certain number of positive reviews.

ResultsPlus
Examiner Comments

This is a correct answer that is in the context of CCT. 1 mark.

ResultsPlus
Examiner Tip

All 'State' questions require candidates to include context in their response – encourage candidates to check if their response is generic and can be applied to any business or have they included phrases that link it directly to the given scenario? For this scenario reference to the service provided, eg tour guide, tourist, bicycle company, would be sufficient.

2 (a) State **one** financial method of motivation *CCT* could use with its employees.

(1)

Providing bonuses if the employees are achieving their goals and targets.

ResultsPlus
Examiner Comments

This is a good answer, but it is not contextualised to CCT. 0 marks.

Question 2(b)

For the question, "State one benefit to CCT of satisfying customer needs", this was notably one of the better answered 'State' questions on the paper. Candidates generally understood that the command word 'State' requires a contextual response to achieve the available AO2 mark. For this particular question, a good proportion of candidates successfully provided a relevant benefit clearly linked to CCT's operations, demonstrating an effective application of the scenario to their answer.

(b) State **one** benefit to *CCT* of satisfying customer needs.

(1)

A benefit is that the custemers might choose to recommend the tour company to people visiting Shanghai

ResultsPlus Examiner Comments

This is a correct answer and in the context of CCT. 1 mark.

(b) State **one** benefit to *CCT* of satisfying customer needs.

(1)

better brand image

ResultsPlus Examiner Comments

This is a correct answer but it is not contextualised to CCT. 0 marks.

Question 2(c)

For the question, "Explain one way a business could increase its profit," many candidates demonstrated an understanding of various methods. However, a common issue observed was candidates failing to reach the third mark, as their second strand of development often involved merely restating the initial point or the question itself. Learners need to ensure they sufficiently develop their explanations by providing distinct, further reasoning or implications to fully elaborate on the chosen way to increase profit, rather than reiterating. This is crucial for accessing all available marks in 'Explain' questions.

(c) Explain **one** way a business could increase its profit.

(3)

Business can increase profit by increasing revenues. This revenues can be increased by doing more advertisements and unique selling point and branding. So, business can attract new customers by their uniqueness of products and encourage to make purchases. When sales increase, outputs increase so business can exploit economics of scales and this will reduce expenses leading to their profit increasing.

ResultsPlus
Examiner Comments

There is a clear 'way' identified that is developed with sufficient interconnected points. 3 marks.

(c) Explain **one** way a business could increase its profit.

(3)

lower the ~~ma~~ raw and processed.
~~taxes~~ lower the labours costs.
change more cheaper materials.

ResultsPlus
Examiner Comments

This is a list of 3 points that does not include any interconnected development. 1 mark.

ResultsPlus
Examiner Tip

Candidates must include development to a relevant point for all questions above 1 mark.

Question 2(d)

Question 2(d) asked candidates to "Explain one reason why governments might introduce tariffs". This question was generally quite well understood. Many candidates successfully achieved the full 3 marks, demonstrating a strong grasp of the reasons behind government tariffs. As an 'Explain' question, it primarily assessed AO1 (Knowledge), requiring a full explanation of the point being made rather than contextual application to a specific business. Candidates who clearly identified a reason and then developed their explanation thoroughly were able to access all available marks.

(d) Explain **one** way that the introduction of tariffs might affect a business importing goods.

- higher tax on imports
- lower PM

(3)

~~Arban~~ Tarriffs would result on a higher tax on imports, this means the business would need to spend more on importing goods, as a result, profit margins would decreate

ResultsPlus
Examiner Comments

This is a clear way that tariffs can affect a business that is developed well with interconnected points. 3 marks.

(d) Explain **one** way that the introduction of tariffs might affect a business importing goods.

(3)

~~W~~ With tariffs, importing goods may be cheaper, allowing this business to import more at a lower cost. This could lead to more raw materials or products being sold to customers or other businesses. Therefore, ~~[illegible]~~ potentially increasing revenue.

ResultsPlus
Examiner Comments

This answer incorrectly addresses the question. 0 marks.

Question 2(e)

This 'Explain' question primarily assessed AO1 (Knowledge) and was well answered overall. Candidates were required to identify a clear reason for the importance of quality control, such as maintaining reputation, reducing waste, or ensuring customer satisfaction, and then provide a full explanation of how this reason benefits a business. To achieve full marks, the explanation needed to be well developed, clearly linking the importance of quality control to a specific outcome for the business.

(e) Explain **one** reason why quality control is important to a business.

(3)

Quality control is important to a business because it helps business reduce mistakes. This is because quality control is checking the final output so they can choose the best one to give to their customers. This lead to customers satisfaction, so they will gain more customer and increase their market shares.

ResultsPlus
Examiner Comments

This identifies a good reason and includes clear interconnected development. 3 marks.

(e) Explain **one** reason why quality control is important to a business.

(3)

Quality control will increase the competition for the business, prevent it will be leave out in the market.

ResultsPlus
Examiner Comments

This incorrectly addresses the question. 0 marks.

Question 2(f)

For the question, "Justify which one of these two options the owner of CCT should choose" (referring to customer satisfaction and profit as measures of success), it was observed that the question was not always interpreted correctly by candidates. A key requirement was to link the chosen option back to measuring the *success* of CCT, and this link was not always made appropriately.

This 'Justify' question required candidates to demonstrate application (AO2), analysis (AO3), and evaluation (AO4) within the context of CCT. While candidates were not required to consider both options, providing evaluative comments on both was acceptable. However, the core challenge for many was effectively justifying their chosen option by clearly linking it to how it specifically measures the success of CCT's business operations.

The owner of *CCT* wants to measure the success of the business.

The owner is considering two options:

Option 1: customer satisfaction

Option 2: profit.

(f) Justify which **one** of these two options the owner of *CCT* should choose.

(9)

If CCT was to use customer satisfaction, it may be advantageous as satisfied customers will continue to use CCT's bicycles over rival tour companies, this will increase sales revenue and profit which may allow CCT to offer tours in other chinese cities like Beijing. Moreover, when customers are satisfied with CCT's tours, they will spread positive word of mouth about the business to family, friends and online which will act as free advertisement and increase customer base, thus increasing market share in the tour guide market in Shanghai. However, customer satisfaction is difficult to measure as all tourists will have varying levels of satisfaction so this may not be a reliable or accurate method to evaluate CCT's success. On the other hand, profit may be a good measure of success as profit satisfies owners, so they will invest more into CCT which can allow CCT to purchase higher quality bikes, therefore profit is required to satisfy customers. However, Profit will not be enough to make a business succesful as if customers aren't satisfied with CCT's tour bikes they will not return which will give rival tour guide companies in China a competitive edge over CCT.

Additionally, Profit doesn't indicate if CCT is growing and expanding their tour [illegible] over China or not as ~~[illegible]~~ profit is meaningless if profits aren't growing the business, so profit may not be a good way to measure success. In conclusion, CCT should use customer satisfaction as it is already getting good reviews online so customers

(Total for Question 2 = 20 marks)

will become loyal when they visit Shanghai again. However, it much depends on the objectives set by the owners for CCT.

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Examiner Comments

This is a strong response that effectively covers the mark band criteria. The candidate consistently uses clear context, develops well-interconnected points, demonstrates balance, and provides a good conclusion. To achieve higher AO4 marks, it could incorporate something more complex, like the 'it depends' rule, to show a deeper level of analysis. Level 3 - 8 marks.

The owner of *CCT* wants to measure the success of the business.

The owner is considering two options:

Option 1: customer satisfaction

Option 2: profit.

(f) Justify which **one** of these two options the owner of *CCT* should choose.

(9)

By satisfying customer's, CCT will increase customer loyalty. With the customer loyalty, consumer may spread CCT to families and friends which increases potential customer rate. There will be an increase done in the output, meaning more income for the owners. However, if customer ~~loyalty~~ ~~is~~ satisfaction is not met, consumers will switch to a rival, which makes it harder to compete in the market. If customer ~~is~~ is not satisfied by the bicycle services, it can reduce sales or even CCT's reputation.
Aiming for profit is a good financial objective especially for CCT. If CCT's bicycle tour is well-praised ~~they~~ CCT can increase the price to achieve profit. By doing this the owner's get a good financial return. However, many tourists may feel as if it is fraudulent and over-priced leading to customer's rejecting the offer. In conclusion, profit is the better option since tourist's may not come back to Shanghai again. Many

tourist's are willing to take risks, no matter the price since it is a 'now or never' moment to them.

ResultsPlus
Examiner Comments

This response only explores the benefits of customer satisfaction and profit, but it doesn't link them to a measure of success. While some context is present, the overall answer is incorrect and therefore not awardable. 0 marks.

ResultsPlus
Examiner Tip

Before answering, candidates need to carefully review all information presented in and above the question.

Question 3(a)

For the question asking candidates to define the term 'share capital', candidates were expected to provide a precise definition of this key financial term. As with other 'Define' questions, it was crucial for candidates to provide a full and accurate definition rather than a vague description or an example, to gain the available mark. Centres are reminded of the importance of ensuring candidates have a clear understanding of what financial terms mean and are able to articulate their full definitions.

3 (a) Define the term **share capital.**

(1)

Capital raised by selling shares.

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Examiner Comments

This is a correct answer for a definition of share capital. 1 mark.

3 (a) Define the term **share capital.**

(1)

The capital that consists only of shares

ResultsPlus
Examiner Comments

This is incorrect. 0 marks.

Question 3(b)

This 'Outline' question required candidates to explain how CCT could use quantitative research data to improve its service. To gain the full available marks, responses needed to be contextual, clearly linking the use of quantitative data (e.g. sales figures, customer survey ratings) to specific improvements CCT could make. Candidates were expected to provide a concise yet clear explanation, demonstrating an application of their knowledge within the provided scenario. It is crucial for 'Outline' questions that candidates avoid merely repeating information from the question and instead provide relevant, scenario-specific details.

(b) Outline how *CCT* could use quantitative research data to improve its service.

(2)

CCT can check how many bicycle were used in a day in an area, to ensure that they are providing right amount of bicycle and will not left out any customer who wanted to use their bicycle

ResultsPlus
Examiner Comments

This response includes an appropriate type of research, with context in the form of 'bicycle' which is also developed. 2 marks.

(b) Outline how *CCT* could use quantitative research data to improve its service.

(2)

CCT could use quantitative research data to improve its service by posting questioners on websites, having surveys and focus groups to get feedback from customers to see ways that CCT could improve its service to please the customers wants.

ResultsPlus
Examiner Comments

This response incorrectly answers the question on qualitative research or the research type could apply to both quantitative or qualitative methods. 0 marks.

Question 3(c)

For this question, requiring candidates to calculate, to two decimal places, the gross profit margin and show their working, candidates were expected to apply the correct formula (Gross profit/revenue * 100). As with other calculation questions, it was essential for all working out to be clearly included in the space provided. Candidates should ensure they understand what financial terms mean and pay close attention to the required format for the final answer, such as two decimal places. Experience from similar questions suggests that while many candidates perform well on calculations, marks can be lost due to premature rounding of figures.

Figure 2 is an extract from the statement of comprehensive income from a *CCT* competitor.

	CYN
Revenue	85 000
Cost of sales	13 500
Gross profit	71 500

Figure 2

(c) Calculate, to two decimal places, the gross profit margin. You are advised to show your working.

(2)

$$\frac{71500}{85\,000} \times 100$$

$= 84.12$

84.12 %

ResultsPlus
Examiner Comments

This is the correct answer and also includes the correctly substituted numbers into the formula. 2 marks.

This candidate has correctly calculated and substituted the numbers into the formula, and has a partially correct answer, but has rounded the numbers down incorrectly.

This is a good example of why we encourage centres to remind candidates to show their working out.

Figure 2 is an extract from the statement of comprehensive income from a *CCT* competitor.

	CNY ~~CYN~~
Revenue	85 000
Cost of sales	13 500
Gross profit	71 500

Figure 2

(c) Calculate, to two decimal places, the gross profit margin. You are advised to show your working.

(2)

Gross profit margin = $\frac{71\,500}{85\,000} \times 100$

$= 84.11$

84.11 %

ResultsPlus
Examiner Comments

1 mark awarded for this answer.

Question 3(d)

This 'Analyse' question required candidates to consider the possible effects on CCT of recruiting externally. It assessed both AO2 (Application) and AO3 (Analysis). Candidates were expected to identify potential effects, such as bringing in new skills or increasing recruitment costs, and then analyse how these effects might impact CCT specifically. To achieve full marks, responses needed to develop these points with clear analytical chains, directly linking the effects back to the business in the given scenario.

CCT wants to extend its services by offering family tour holidays and team-building days for businesses. It plans to recruit an external Marketing Manager to promote these new services.

(d) Analyse the possible effects on *CCT* of recruiting externally, outside

(6)

Recruiting a Marketing manager externally could have negative repurcussions for CCT. This individual wouldn't know company culture. ~~and~~ This means that they would take time to adapt and get along with other tour guides and managers. Therefore productivity decreases. As a result, family tour holidays and team building days may not be marketed and advertised as well. Hence, it could fail as many are unaware of these now introductions.

However, recruiting externally allows new input ~~ar~~ ~~f~~ and skills. This means that the new introduction of services may do even better than it couldve done. Therefore, CCT makes more revenue not just on their bicycle tours. As a result, CCT can compare to other large companies such as Hajare bike tours in China.

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The response fully satisfies the mark band descriptors, showcasing a balanced discussion with two distinct arguments—one in favour and one against. These arguments are thoroughly developed with multiple interconnected points. Crucially, application is integrated well, demonstrated through diverse examples (such as tour holidays, China, and bicycle tours) across every paragraph. Level 3 - 6 marks.

CCT wants to extend its services by offering family tour holidays and team-building days for businesses. It plans to recruit an external Marketing Manager to promote these new services.

(d) Analyse the possible effects on *CCT* of recruiting externally.

(6)

By recruiting externally, CCT can get skilled Manager which will help CCT to gain competitive edge in the market. As they are skilled, the managers have variety of ideas to improve the sales revenue, ~~which~~ helping CCT to get increased profit. However, since the Manager is recruited externally, the Manager is not ~~farm~~ familiar with the route and regulation of the business, which means CCT needs to give training to the Manager, ~~A~~ increasing the cost for CCT as the staff turnover is increased. Additionally, even though the quality of the Manager is good, the Manager ~~wou~~ may have bad personality, which will create unnecessary conflict between the employees. This will result in dissatisfaction of the employees, making the workplace displeasant, resulting in lower labour productivity, which will reduce the profit for CCT. As a result, CCT cannot invest in investments which hinder growth.

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Examiner Comments

This response is well written and includes several interconnected points for AO3. However, its lack of contextualisation to CCT significantly limits the marks achievable in this area. Level 2 - 3 marks.

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Examiner Tip

Candidates will achieve higher mark bands by effectively applying context from the case study across all parts of their response.

Question 3(e)

For this question, which required candidates to justify which of two funding options (selling assets or retained profit) CCT should choose to purchase electric bicycles, this was the better answered of the 'Justify' questions. Candidates were expected to demonstrate their ability to apply (AO2), analyse (AO3), and evaluate (AO4). This 'Justify' question required the chosen option to be thoroughly linked to the specific context of CCT's situation, addressing the need for electric bicycles. While it was not necessary to discuss both funding options, providing evaluative comments on each was permissible. The core task was to construct a reasoned argument supporting the selection of one option over the other, considering CCT's circumstances.

Feedback from some customers suggested they became tired during the bicycle tours. To overcome this problem *CCT* is planning to purchase electric bicycles.

To fund the cost of purchasing the electric bicycles, *CCT* is considering two options:

Option 1: selling assets

Option 2: retained profit.

(e) Justify which **one** of these two options *CCT* should choose.

(9)

CCT should choose option of selling assets to fund their purchasing of the electric bycigles. By this, CCT would be able to conserve their retained profit for future energencies where they'd need quick access to capital. And by selling assets, CCT is still able to gather funds. This leads to CCT not having to risk spending their emergency funds just to purchase electric bycicles as this important because CCT is still a small business, so they might need emergency funds anytime and would also have difficuties aranging capital immediatly. So therefore, CCT can ensure ~~satis~~ fulfilling ~~customer~~ tourist's needs by still being able to purchase the electric bycicyles and maintaing their financial secrity for emergencies. Adittionally selling assets

However, CCT wouldn't be able to gain immediate access through selling assets, as they'd have to wait for some time for their asset to sell off before they recieve the capital, and also wait some time before they place order for the electric bycicles and before they arive. This can be frustrating for the tourist's and they could get annoyed, which could lead to reduced customer satisfaction and the torist's might halt their uses with CCT and seek other competitor tourist businesses in Shanghai. Therefore CCT would lose their some of their customers as well.

In conclusion, CCT should choose option 1: selling assets as it doesn't risk putting CCT in a risk by using retained profit to purchase electric bicycles. The success of this decision depends on how long CCT has to wait for their asset to sell and for them to receive capital back, in order to not make the tourists wait for a long time. In the short-term, things seem a bit worrying to CCT as they'd have to permanently sell some of their assets away, but in the

(Total for Question 3 = 20 marks)

long term, CCT can conserve their energy funds and use it in cases of unpredictable economic downturns or ~~unpredictable~~ during seasons where tourists are less.

ResultsPlus
Examiner Comments

This is a good response that fully meets the mark band descriptors. It demonstrates detailed application of knowledge and understanding of business concepts and issues to the business context throughout to CCT (AO2). The candidate effectively deconstructs business information and issues, finding detailed interconnected points with logical chains of reasoning (AO3). Furthermore, the response makes a clear judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made (AO4). Level 3 - 9 marks.

Feedback from some customers suggested they became tired during the bicycle tours. To overcome this problem *CCT* is planning to purchase electric bicycles.

To fund the cost of purchasing the electric bicycles, *CCT* is considering two options:

Option 1: selling assets → ~~quick~~ way to produce money
→ slow

Option 2: retained profit. →
→ quick

(e) Justify which **one** of these two options *CCT* should choose.

(9)

I would recommend using option 2 because it is a quick way of raising ~~funds~~ money to fund the cost of electric bicycles. This is because they already have access to the retained profit so accessing it is quick and easy. This will lead to them being able to start funding the electric bicycles immediately which will result in customers feeling ~~[illegible]~~ heard about their feedback, so satisfaction will ~~[illegible]~~ increase. However, the retained profit is not easy to make back.

Although, option 1 could also be good because it does not affect CCTs cash flow negatively. This is because they would be selling ~~old~~ assets like old bikes that were no longer in use. This leads to money being made and then used for a reasonable cause, new electric bikes for customers to be more comfortable, which will result in no money or at least less money being lost.

Overall, option 2 is the better choice for CCT

This is a satisfactory response. While it attempts to apply knowledge to a business context and shows some understanding of concepts, the application for AO2 is limited in detail. The analysis for AO3 presents some interconnected points, but these often lack the depth or logical chaining required for higher levels. Critically, the conclusion attempts a judgement, but it does not provide a clear or justified evaluation (AO4), which significantly limits its marks in this area. Level 2 - 5 marks.

Question 4(a)

For this question, which required candidates to calculate the total discount received by a business booking eight people on a team-building tour and show their workings, it was observed that many candidates further developed their answers. This question specifically awarded 2 marks if the correct answer was provided within the working out. As with all calculation questions, clear working was essential. Candidates needed to correctly identify the discount percentage applicable to groups of six or more and then apply it to the total cost for eight people.

4 *CCT* is offering team-building tours to other businesses. The price per person for these tours is 938 ~~CYN~~. If a business books more than five places, it receives a 6% discount. CNY

(a) Calculate the total discount received by a business when it books eight people on a team-building tour. You are advised to show your working.

(2)

938 · 6% · 8 = 450.24

450.24 CYN

ResultsPlus
Examiner Comments

The answer is correct, demonstrating accurate substitution of numbers into the formula and a successful calculation of the total discount figure. 2 marks.

ResultsPlus
Examiner Tip

Only the discount figure was required for this response, not the new overall amount. It is crucial that candidates follow the instructions in the question carefully.

4 *CCT* is offering team-building tours to other businesses. The price per person for these tours is 938 CYN. If a business books more than five places, it receives a 6% discount.

(a) Calculate the total discount received by a business when it books eight people on a team-building tour. You are advised to show your working.

(2)

938 × 6 ÷ 100

= 56.28

56.28 CYN

ResultsPlus
Examiner Comments

The formula shows the correct substitution of numbers for the initial part of the calculation. However, this accuracy isn't carried through to the final answer. 1 mark.

Question 4(b)

This 'Analyse' question required candidates to consider other forms of technology CCT could use to communicate its services. It assessed AO2 (Application) and AO3 (Analysis). A common pitfall observed was that some candidates discussed paper-based or other non-technological methods of communication, which did not answer the question's specific focus on *technology*. Candidates were expected to identify and analyse technological communication methods relevant to CCT, such as social media, email marketing, or online advertising, and then explain the possible effects of these methods on the business. To achieve full marks, responses needed to develop these points with clear analytical chains, directly linking the technological communication methods back to CCT's services.

CCT has a website to provide information to its customers and make bookings.

(b) Analyse other forms of technology *CCT* can use to communicate its services.

(6)

CCT can use emails to promote its tours. This could be offered on the website as an optional service for tourists, this will allow CCT to promote its services such as tours across Shanghai on bicycles cheaper as it's less cost consuming to send out an e-letter with all the information, resulting in CCT saving money to invest into new billingual guides or new bicycles to expand on the amount of tourist served.

Additionally, CCT could use adverts on YouTube to promote its tours. This could be done on the videos with the same focus group to reach a larger customer base, which could be more willing to purchase their bike tours as it would be promoted ~~to the~~ on the videos with the same interests, resulting in expansion of customer base, which could lead to increased sales as more bike enthusiasts will see the advert.

ResultsPlus
Examiner Comments

This response fully meets the mark band descriptors. It identifies two appropriate, interconnected points, supported by logical chains of reasoning, and uses varying forms of context throughout. Level 3 - 6 marks.

ResultsPlus
Examiner Tip

To achieve the top marks, candidates must provide a fully contextualised response; otherwise, they won't meet the Level 3 descriptors.

CCT has a website to provide information to its customers and make bookings.

(b) Analyse other forms of technology *CCT* can use to communicate its services.

(6)

CCT could use social media to communicate it's services, this is because in this fast paced generation where almost everyone has social media to scroll through - it would be a great idea to advertise and have a page on for eg: Instagram or tiktok. Additionally people these days get suggestion from social media on where to visit or what is trending right now - this will allow CCT to gain more customers with interest leading to profit & popularity, as that could also be a source of income for the business by collabing with other businesses on social media platforms.

ResultsPlus
Examiner Comments

This is a good response that effectively details different types of technology, presenting well developed, interconnected points. However, its main weakness is the absence of context, which significantly limits its overall effectiveness. Level 2 - 3 marks.

Question 4(c)

This 'Evaluate' question, which required candidates to assess the impact on CCT of an increase in the Chinese interest rate, using both provided information and their own business knowledge, is the only level-based question in the paper and carries the most marks. Centres are reminded that it is equally weighted across all four assessment objectives: AO1 (Knowledge), AO2 (Application), AO3 (Analysis), and AO4 (Evaluation).

While it was pleasing to see that most candidates made an attempt at this question, some only managed a few lines, highlighting a need for better time planning given its significant mark allocation. Candidates were expected to demonstrate their knowledge of interest rates (AO1) and apply this to the specific context of CCT (AO2), analysing the potential consequences for the business, such as increased borrowing costs or reduced customer spending (AO3). A common pitfall observed was candidates misinterpreting the question, sometimes incorrectly suggesting that the Chinese government would directly benefit from an increase in interest rates.

To access higher levels, candidates needed to provide a reasoned judgment or conclusion about the overall impact on CCT (AO4), often weighing up different factors or considering long-term versus short-term effects. Those who achieved higher levels successfully linked their points together in a logical order, providing well-balanced and justified arguments within the context of CCT. Candidates are encouraged to avoid labelling paragraphs or using bullet points when answering this type of extended response question.

In 2024 the interest rate in China was 3% but is now predicted to increase to 3.2% in 2025.

(c) Evaluate the impact on *CCT* of an increase in the Chinese interest rate. You should use the information provided as well as your own knowledge of business.

(12)

Interest rate refer on the add on cost when borrowing money. In this case, China's interest rate is predicted to increase from 3% to 3.2%, meaning the cost of borrowing will increase.

Firstly, when cost of borrowing increase, people are less like to borrowing money for spending. Therefore, this may disencourage any purchasing in China, leading to a fall in demand. As ~~Fe~~ a result, the demand of CCT's bicycle tour will also decrease. CCT will then result in decrease revenue and this may increase the risk of failure if CCT fails to make a profit from providing bicycle tours and booking services.

Secondly, the cost of ~~product~~ investment for CCT will also increase. As the cost of borrowing increase, CCT ~~will~~ ~~can only~~ will have to pay higher interest in order to borrowing money ~~fro~~ for investing more bicycles or services. This increase the ~~p~~ production cost of CCT and they will earn fewer profit if revenue remains the same. This result in fewer finance for more expansion.

However, since there is only a 2% increase in interest, there may not be a huge impact in the demand of CCT's bicycle tours. ~~ECT~~ Also, as CCT targets foreign tourists and provides bilingual tours, the demand will still be large as these tourist may have a ~~to~~ huge need of the tour in order to explore Shanghai's culture. CCT will still be able to earn a revenue from these tourist so that CCT will not be impacted by increase of interest rate.

To conclude, the increase in interest rate may affect CCT by ~~increasing~~ decreasing demand and increasing investment cost. However, as there is only a little change in interest rate and there is still huge demand ~~of~~ for bicycle tours, CCT is less likely affected by the change. It depends on whether there

(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS

is a huge demand for the bicycle tours so that CCT can continuously make a profit.

ResultsPlus
Examiner Comments

This is a very strong response that fully meets the Level 3 descriptors. The candidate demonstrates accurate AO1 knowledge and applies it in detail to the CCT context throughout the response, providing excellent contextualisation, including diverse examples like tour holidays and bicycle tours, for AO2. The analysis is well-balanced, featuring many interconnected points and strong reasoning, although some repetition of context is present, supporting AO3. The conclusion is particularly effective, making a clear and well justified judgement that uses the 'it depends rule' for strong AO4. To achieve the very top marks, more sophisticated application of the 'it depends rule' earlier and throughout the arguments would be beneficial. Level 3 - 10 marks.

In 2024 the interest rate in China was 3% but is now predicted to increase to 3.2% in 2025.

less disposable income

(c) Evaluate the impact on *CCT* of an increase in the Chinese interest rate. You should use the information provided as well as your own knowledge of business.

(12)

Interest rates are additional charges that individuals have to pay along with ~~re~~paying mortgages or loans. These interest rates can either increase or decrease. Interest rates affect how much sales a business makes.

An increase ~~inte~~ in interest rates means that people's mortgages ~~are~~ in China are more expensive. This means individuals in China ~~have~~ do not have the disposable ~~inc~~ income to spend on bicycle tours. Therefore, CCT earns less sales. CCT may have to resort to decreasing the price of ~~tours~~ bicycle tours, which may not cover all their costs

However, tourists from outside China are more likely to have the disposable income to spend, as they may come from a country with a stronger currency than CNY. This means that since the bicycle tours are cheaper to appeal to ~~cu~~ ~~cust~~ individuals in China, tourists will consider it a steal and perhaps ~~use the~~ buy the bicycles more ~~ofen~~ often as ~~a~~ transportation from a hotel.

An increase in interest rates means that CCT's loans ~~and mo~~ are more costly. This increases their average total costs and decreases profit earned. This means CCT cannot invest any money into things such as ~~improving the food~~ ~~or~~ hiring new tour guides for tourists. Therefore, CCT cannot expand their business to other parts of China like ~~Beijng~~ Beijing.

However, there has only been a 0.2% increase on interest rates, which actually may not have an effect on CCT at all. ~~CCT can continue with their operations~~ This may not be a noticeable difference to customers too, this means people living in ~~B~~ Shanghai continue to rent ~~bicycles~~ or buy bicycles from CCT. ~~Ther~~ This means CCT earns a ~~ss~~ sufficent amount of sales and revenue. Therefore, they have enough revenue to pay back short term debts

(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS

Overall, ~~interest rates~~ increased interest rates have a big impact on CCT. CCT may need to invest more into advertising in order to reach tourists who are willing to pay. This increase in advertising, along with an increase in loan repayments, ~~it~~ increases ~~their~~ liabilites significantly. Therefore, CCT ~~cannot expand into a multinational~~ makes a great loss, and does not earn lots of profit from selling bikes

ResultsPlus
Examiner Comments

This is a very strong response that meets most of the Level 3 descriptors. The candidate demonstrates accurate AO1 knowledge and applies it in detail to the CCT context throughout the response, providing excellent contextualisation, including diverse examples like bicycle tours, tourists and China for AO2. The analysis is well-balanced, featuring many interconnected points and strong reasoning, although some repetition of context is present, supporting AO3. The conclusion is particularly effective, making a clear judgement for AO4. To achieve the very top marks, more sophisticated application of the 'it depends rule' would be beneficial. Level 3 - 11 marks.

In 2024 the interest rate in China was 3% but is now predicted to increase to 3.2% in 2025.

(c) Evaluate the impact on *CCT* of an increase in the Chinese interest rate. You should use the information provided as well as your own knowledge of business.

(12)

If the Chinese interest rate increases, then so will CCT's expenses. This means that if CCT were to borrow a loan, then CCT would have to pay ~~more in 20~~ them back in higher price than in 2024. This means that more money goes into their cash outflow rather than cash inflow. ~~As~~ Since an increase in interest rates ~~means~~ means that CCT spends more in funding for its operations, CCT will have to increase their prices to adjust to the ~~inter~~ financial impact of interest. Some customers may not be pleased if prices increase and become too expensive. This can lead to CCT losing its customer and their loyalty, which may result in lower sales.

However, ~~there~~ increasing their prices may also benefit CCT. Higher prices can attract those of who are in a higher social class. People who are of higher social class have more money and may be interested in taking part in CCT's tours. ~~these~~ They will be more willing to spend their money as the prices ~~trest~~ may not seem much to them.

ResultsPlus
Examiner Comments

This response addresses the question and demonstrates an understanding of interest rates, meeting the AO1 (knowledge and understanding of business concepts and issues) and AO3 (deconstruction of business information and issues, finding interconnected points with logical chains of reasoning) descriptors. It also includes some balance in its discussion. However, a significant limitation is the absence of context, meaning there is no application of this understanding to CCT for AO2. Furthermore, the response lacks a conclusion that provides a clear justification or judgment (AO4). Level 2 - 5 marks.

Paper Summary

Key Advice for Candidates and Centres:

To maximise performance in this paper, candidates and centres should consider the following:

Time Management and Question Comprehension:

- Avoid repeating the question in the first line of a response; this is unnecessary and wastes valuable time and space.
- Read each question carefully, ideally twice, before attempting to answer it to ensure full comprehension of what is being asked.
- Always check the specific requirements of a question, such as whether it asks for two decimal points or a currency format for numerical answers.

Responding to Specific Question Types:

- "State" and "Outline" Questions: These questions must include information from the scenario (China Cycle Tours - CCT) to gain full marks. Avoid simply repeating information from the question itself.
- "Explain" Questions: These require a full explanation of the point being made.
- "Justify" Questions: While it is acceptable to provide evaluative comments on both options, these questions do not require consideration of both options.
- "Analysis" Questions: Giving detailed knowledge alone will not gain the marks available. These questions require more in-depth analytical response.

Developing Answers and Context:

- Aim to develop answers thoroughly using connective words such as ‘because’, 'therefore', and 'as'. This helps to expand and strengthen the points made in the response.
- Ensure that answers, especially for "State" and "Outline" questions, are consistently rooted in the provided case study scenario.

Calculations and Financial Terminology:

- For calculation questions, include all working out in the space provided and clearly write the final answer on the dotted line at the bottom of the box.
- Ensure a clear understanding of financial terms and that all necessary formulae not provided in the paper are learnt.

Understanding Assessment Objectives (AOs) and Specification Coverage:

- All questions are marked against the Assessment Objectives (AOs). It is beneficial to check the first word of the question to understand which AOs are being assessed (eg 'Explain' typically relates to AO1 Knowledge, while 'Analyse' involves AO2 Application and AO3 Analysis). Centres are encouraged to refer back to the specification for detailed requirements for each question type.

- Centres should ensure all sections of the specification are thoroughly covered, as questions can be drawn from any part. Some responses indicated a lack of coverage of the full specification, which can disadvantage candidates.

Grade boundaries

Grade boundaries for this, and all other papers, can be found on the website on this link: https://qualifications.pearson.com/en/support/support-topics/results-certification/grade-boundaries.html

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