Qualification Accredited

OCR
Oxford Cambridge and RSA

Examiners' report

GCSE

BUSINESS

OCR Level 1/Level 2 GCSE (9-1) in Business

J204

For first teaching in 2017

J204/02 Summer 2025 series

Version 1

ocr.org.uk/business

Contents

Introduction

Our examiners' reports are produced to offer constructive feedback on candidates' performance in the examinations. They provide useful guidance for future candidates.

The reports will include a general commentary on candidates' performance, identify technical aspects examined in the questions and highlight good performance and where performance could be improved. A selection of candidate responses is also provided. The reports will also explain aspects which caused difficulty and why the difficulties arose, whether through a lack of knowledge, poor examination technique, or any other identifiable and explainable reason.

Where overall performance on a question/question part was considered good, with no particular areas to highlight, these questions have not been included in the report.

A full copy of the question paper and the mark scheme can be downloaded from Teach Cambridge.

Paper 2 series overview

Compared to the June 2024 series, overall performance was slightly improved. This tended to be due to candidates showing better understanding of how to structure their responses. Many candidates continue to write excellent answers which are sometimes a little too long when only 3 marks are available. In some cases, this led to these candidates not completing the final two questions on the paper.

A common reason for low marks from many candidates was that, although they wrote otherwise good answers, they were not applied to the case studies in the question paper; this limited the AO2 marks. At other times, candidates demonstrated strong analytical skills, which should be commended, but could not be given marks due to a lack of understanding or knowledge.

The case studies were found to be accessible, and the paper was felt to provide a fair opportunity to all candidates.

Candidates who did well on this paper generally:	Candidates who did less well on this paper generally:
• showed the necessary knowledge or understanding in an answer before moving on to show application and analysis • had a wide-ranging understanding of most topics examined • understood what the question was asking • knew which skills a particular question was asking them to show • attempted all the questions • performed very well on the multiple-choice questions.	• wrote answers which lacked the initial knowledge or understanding which application and/or analysis can be built on • had significant gaps in their knowledge • misread or misunderstood what the question was asking them to do • did not have sufficient examination technique to show the correct skills in each question • missed out many questions • scored less than half marks on the multiple-choice questions.

Section A overview

These questions continue to differentiate very well. It was pleasing to see so many candidates score full marks. At the other extreme, a significant number gained less than 5 marks; in some cases, answers were left out.

Questions 1, 3, 4 and 13 were the best answered. The least well answered questions tended to be the ones of a quantitative nature, in particular Question 12 which was, by far, the least well answered.

Question 2

2 One advantage for a business of automating its operations is:

A higher maintenance costs

B improved quality

C lower productivity

D no training will be required

Your answer ☐ **[1]**

This was one of two questions answered correctly by less than half of the candidates. A and D were popular incorrect choices. However, option A, although a correct statement, is a disadvantage. The introduction of automation would require some training of workers to use it correctly and/or prepare them for different jobs, so that D is also incorrect.

Automation would be expected to lead to fewer errors and more consistent work so that quality would be improved, making B the correct option.

Question 12

12 A book shop has a gross profit margin of 60%.

This means that:

A for every £1000 of books sold, the shop made a gross profit of £400

B for every £1000 of gross profit, the cost of the books sold was £600

C for every £1000 of gross profit, the shop had revenues of £600

D for every £1000 of revenue, the cost of the books sold was £400

Your answer ☐ **[1]**

This was the least well answered question in Section A with only one in four candidates identifying D as the correct option. Gross profit margin calculates the level of gross profit (revenue minus cost of sales) as a proportion of revenue. In the case of D, gross profit is £600 giving the correct answer of a 60% gross profit margin.

The incorrect options were all popular. Option A gives a gross profit margin of 40%. Option B implies a revenue of £1600, so gross profit margin will be 62.5%. Candidates who selected Option C have used an inverted version of the correct formula.

Section B overview

There was a noticeable improvement in the standard of many answers this year. Two of the high-tariff Questions, 17 (d) (ii) and 18 (e), were especially answered better than in previous years.

In many cases where candidates have performed less well, they have misread or not understood the question. Candidates still need to improve their technique when comparing options, as this was generally less successful in the judgemental/evaluative questions.

Five questions had omit rates over 10%. Two of these (Questions 16 (c) (i) and 17 (c) (ii)) were the calculation questions. The other three were the final questions on the paper which may suggest either an aversion to the longer tariff questions or candidates had run out of time due to writing at too much length on the earlier questions.

Question 16 (a)

16

Text 1

Text removed due to third party copyright restrictions

Fig. 1 Selected financial data for Dr Martens plc 2023

	£m
Sales revenue	1000.3
Cost of sales	382.2
Gross profit	618.1
Expenses	458.7
Net profit	159.4

(a) State **two** production processes.

1 ....

2 ....

[2]

Well answered with most candidates gaining both marks. Less successful answers included references to quality techniques and specific components of a production process.

Question 16 (b)

(b) State **two** reasons why a business may aim to be environmentally friendly.

1 ....

2 ....
[2]

Most candidates scored 1 or 2 marks with more sales and an improved reputation proving to be the most popular answers. However, many wrong answers included 'being ethical', references to 'wanting to be sustainable' or vague, non-business aims of 'helping to protect the environment'.

Misconception

Candidates continue to confuse environmental and ethical issues. Centres need to make sure that these two topics are recognised as separate and different influences on business behaviour.

Question 16 (c) (i)

(c)
(i) Calculate DM's net profit margin for 2023 to two decimal places.

Show your workings.

.... %

[2]

Answers were highly polarised with about half of candidates gaining 0 marks and most of the rest gaining 2 marks. Those gaining 0 marks tended to not understand the formula and used different numbers from the case study.

Some candidates ignored the request in the question and did not give their answer to two decimal places. If their working was clear they could still gain 1 mark. It was also disheartening to see a minority of candidates forgetting to take a calculator into the examination room. There was also a high omit rate of 10% on this question.

Question 16 (c) (ii)

(ii) Analyse **one** reason for DM of using the financial data in **Fig. 1** to make decisions about how to meet its sustainability objectives.

....

....

....

....

....

.... **[3]**

Very few candidates used any of the financial data in this question which explains why only about one in ten gained full marks. Many answers used evidence from the rest of the text (e.g., 100% recycled) or referred to the data in Fig.1 without using specific numbers. When a question gives a clear instruction about what evidence to use for application it must be followed.

Less successful answers were unable to demonstrate any knowledge of how financial data may be used.

Follow the instructions in the question

Centres must make sure that candidates carefully read the question to make sure they follow any specific instructions. This may be the degree of accuracy in an answer, which piece of evidence to use, or how many points to cover.

Question 16 (d)

(d) Explain **one** way climate change may affect a business.

....

....

....

.... **[2]**

Candidates found this question challenging. There was limited understanding that climate change is about long-term changes in weather conditions. Answers often only referred to being environmentally friendly or selling clothes for warmer/colder weather. Too many candidates seemed to confuse climate change with the weather or seasonal changes, with many references to the weather getting warmer/colder or wetter/drier.

Some candidates noted that climate change may lead to difficulties transporting goods but did not develop their answer as to how climate change was causing this problem, for example, extreme flooding.

Question 16 (e) (i)

(e)
(i) Analyse **one** disadvantage for DM of changing the supply chain for leather to meet its sustainability objectives.

....

....

....

....

....

.... **[3]**

This question was well answered, noting that changing the supply chain would lead to increased costs or poorer quality. Some candidates wrote that this might not be well received by customers, therefore losing sales, although this was often too vague to credit.

Candidates usually followed their strong understanding with clear analysis. Application linked to the environmentally sustainable farmers was widely cited, although some candidates tried to give application of '100% recyclable materials' which was not relevant to this question.

Ultimately, about two-thirds of candidates gained at least 2 marks, with the mark for application the one most often missing.

Question 16 (e) (ii)

(ii) Analyse **one** advantage for DM of changing its packaging to meet its sustainability objectives.

....

....

....

....

....

.... **[3]**

This was better answered than the previous question. More candidates gained full marks as application was seen more often, with reference to the aim to use 100% recycled materials or the sustainability strategy of the business.

Less successful answers tended to come from candidates misreading the question, writing about advantages of changing the supply chain or disadvantages of changing the packaging.

Question 16 (e) (iii)

(iii) Recommend which of the two sustainability objectives (the supply of leather or the change in packaging) DM should prioritise.

....

....

....

....

....

.... **[3]**

This was the first question which asked for a justified decision between two options. Most candidates gained at least 1 mark by stating their choice. However, many did not go on to provide a justification for their decision that addressed both options. A small minority of candidates advocated for the business adopting both or neither option, so could not be given any marks.

Another reason for only scoring 1 mark was that answers made two separate arguments about each option without any attempt make a comparison or just wrote about one of the options and why it was best.

Ultimately, very few candidates compared the two options; those that did scored very well (see Exemplar 1).

Exemplar 1

I recommend that supply of leather should be DM's priority over change in packaging this is because company is known for its leather shoes so they should first prioritise supply of leather over packaging as most of ~~Custome~~ the customers don't care about packaging and they look for the quality of the product as they are buying these leather shoes from a multinational company. **[3]**

This full mark answer starts by making a clear decision. This is supported by making it clear why customers are going to care more about the quality of the product than what the packaging is made of. This is the comparative statement which the question requires. The fact that this is clearly linked to the context (the company is 'known for its leather shoes') means that both justification marks were given.

OCR support

It is still apparent that many candidates do not realise what is required of them in these 'comparative decision' questions. They are a regular feature of all past papers (for both units in the qualification). Centres are encouraged to carefully consider the detailed explanations and exemplars in the published mark schemes of what is required to achieve more than 1 mark.

Question 17 (a)

17

Text 2

ROME-ing Pizza

Riley set up ROME-ing Pizza as a sole trader in 2022. They sell pizzas from a converted caravan at festivals, markets and private events.

Riley is concerned about how the costs of running the caravan have increased. Riley also wants to buy a new coffee machine for the caravan. They have researched the costs and incomes involved.

The data Riley collected is shown in Figs. 2, 3 and 4.

Fig. 2

Annual variable costs in 2022 = £114 000

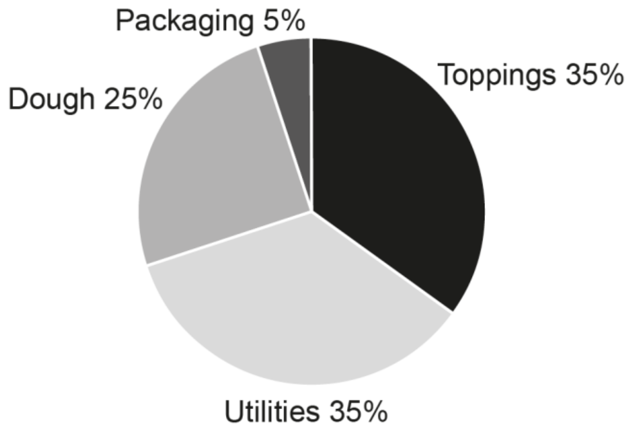

Fig. 3

Annual variable costs in 2024 = £118 500

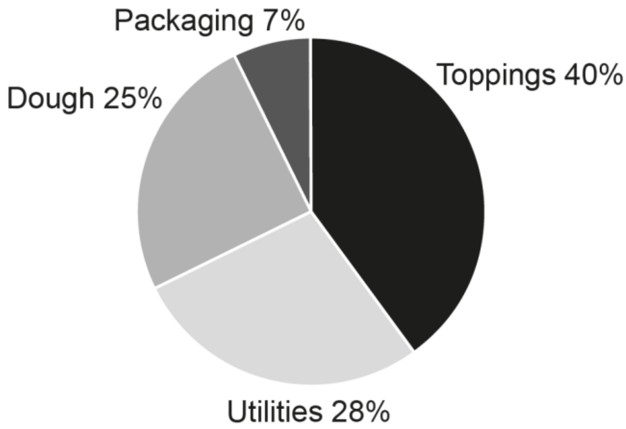

Fig. 4 Income and costs for the new coffee machine

Expected income over five years	£36 250
Cost of the coffee machine	£7 000
Number of years of use	5

Riley is also thinking about the future of the business. They have the opportunity to open a restaurant in the town centre and stop using the caravan. They are unsure if this is the right thing to do.

(a) State **one** reason why customer service is important to a business.

.... **[1]**

Only a small number of candidates did not gain this mark, usually because they focused on the benefit to the customer rather than the business.

Question 17 (b)

(b) State **two** advantages to a business of having an overdraft.

1 ....

2 ....

[2]

Another polarised set of answers to this question with candidates either knowing what an overdraft is, and scoring well, or having no clear idea. There continues to be many misconceptions about what an overdraft is used for. Many incorrect answers suggested that 'no interest has to be paid' or 'you do not have to pay it back.' There were also many answers suggesting that getting an overdraft was 'easy', 'quick' or could be used to pay to grow the business.

This meant that most candidates scored no marks for this question and only a handful gained both marks.

Question 17 (c) (i)

(c)
(i) Explain why cash is important to a business.

....

....

....

.... **[2]**

There remains a lack of knowledge about what cash is and what it is used for. Many candidates gained 1 mark (usually by mentioning improving liquidity or being able to pay for expenses) but struggled to build on their answer by explaining this. Many did not realise cash is for short term debts, wrongly suggesting that it could be used for capital expenditure or expansion.

A surprisingly large number of candidates tried to suggest that cash allowed businesses to avoid paying taxes on their earnings. There was also confusion over the meaning of cash as being actual notes and coins (the 'person on the street' answer) and about the difference between cash and profit.

Misconception

Performance on the previous two questions emphasises how limited many candidates understanding is of different financial topics. This section of the specification continues to garner the lowest marks in both Sections A and B. Centres need to focus on ensuring that candidates are secure in their knowledge of basic financial concepts listed in the specification.

Question 17 (c) (ii)

(ii) Calculate the average rate of return (ARR) for the new coffee machine.

Show your workings.

.... %

[3]

This question differentiated well between candidates. Half gained no marks, including more than 10% who omitted the question. Those who made a serious attempt tended to gain at least one mark. Many forgot to deduct the cost of the coffee machine, and some missed out the stage of dividing by the cost of the machine. If their workings were clear, these candidates were still able to gain 1 or 2 OFR marks.

Question 17 (c) (iii)

(iii) Analyse the change in the cost of the pizza dough between 2022 and 2024.

....

....

....

....

....

.... **[3]**

Most candidates were able to use the data to identify the change in costs, normally supporting this statement with relevant application from the case study. Analysis was not always present, and a minority of candidates addressed other variable costs, rather than the cost of dough (see Exemplar 2). Other common errors included referring to price instead of costs and calculating the change in variable costs (£4500).

Exemplar 2

Between 2022 and 2024, the cost of the pizza rose by £4,500, ~~whic~~ with the cause of that being a 5% increase in the variable costs of toppings. This ~~may be down~~ would likely be down to an increase in the cost of the toppings from the suppliers, leading to an increase in variable and total costs, meaning a decrease in net profit.

Continuing the theme of candidates not carefully reading the question, this is one example of a significant minority of candidates who carried out manipulation of the data: but not the correct data.

The question asks about the change in the cost of pizza dough, but this candidate starts by considering the change in total costs and then moves on to analyse the reason for this being the relative increase in the cost of toppings. However, at no point do they consider the cost of the pizza dough and so no marks were given.

Question 17 (d) (i)

(d)
(i) State **two** factors that influence where to locate a business.

1 ....

2 ....

[2]

Many candidates missed out on any marks for this question as their answers were too vague. Too often, answers simply listed 'customers', 'competitors' or 'suppliers' as factors. However, it is key that location is influenced by where these groups are relative to the business. This means there needed to be reference to the 'proximity', 'location' or 'distance from' these groups to gain any reward.

Question 17 (d) (ii)

(ii) Discuss whether Riley should relocate to a restaurant or continue to operate from the caravan.

....

....

....

....

....

.... **[7]**

This question was generally answered well, and better than the 7-mark questions from previous year's papers. Better responses briefly considered each option before coming to a reasoned judgement. Most candidates gained both analysis (AO3a) marks but often missed out on one or more of the application (AO2) marks. Evaluation was generally good, although some answers relied on repeating previous material that had been awarded as analysis. The evaluation, after the decision has been made, needs to make it clear why the candidate has come to their decision by weighing up the arguments surrounding each option.

Less successful answers often presented the judgement first, making it more challenging to distinguish between evaluation and analysis. A common error was to suggest that it would be cheaper to move to a restaurant. Although we are told that caravan costs were rising, no evidence or logic was given as to why they would have been cheaper in a restaurant in the town centre. Examiners are always happy to award any relevant analysis, but it must make business sense. Less successful answers often made no attempt to make a decision about what Riley should do.

Question 18 (a)

18

Text 3

Passage removed due to third party copyright restrictions

(a) State **one** method of selling.

.... **[1]**

More than 80% of candidates gained this mark. Incorrect answers tended to list pricing methods or gave irrelevant answers.

Question 18 (b)

(b) Analyse **one** likely impact on Gymshark Ltd's customer service of using technology such as Artificial Intelligence (AI) within its app.

....

....

....

....

....

.... **[3]**

Many candidates did not read the question carefully and wrote about the impact generally on Gymshark (such as on HR or other costs) rather than its customer service.

The small number of full mark answers recognised what customer service involves, such as customer engagement or product knowledge. These answers went on to show how this may help customers to make informed decisions or may make them feel less valued if it is being done via technology rather than the 'human touch' applied to Gymshark.

Question 18 (c)

(c) Analyse **one** advantage for Gymshark Ltd of operating as a multinational company (MNC).

....

....

....

....

....

.... **[3]**

This was the best answered of the 3-mark questions on this paper. Candidates understood that operating as an MNC led to increased sales, spreading of risk or lowered costs. This generally led to analysis about market share, profit, or competitive advantage. These answers sometimes omitted any application, such as '180 countries' or 'the tough economic climate', meaning only 2 marks could be given.

A common error was to repeat answers, for example, more sales led to increased customers or revenue. More sales are made by customers who are earning revenue for the business; they are all measuring the same thing. It is important that the impact on the business (the analysis) both leads on from the advantage identified and is clearly different.

Question 18 (d) (i)

(d)
(i) Analyse **one** advantage and **one** disadvantage for Gymshark Ltd of raising additional finance by issuing shares.

Advantage ....

....

....

....

....

....

....

Disadvantage ....

....

....

....

....

....

[6]

This question was less successfully answered and highlighted candidates' lack of understanding about the issuing of shares. Less than a third of candidates scored more than 2 marks.

Many candidates appeared to think that a share issue was a cheap, quick and easy way to raise finance which it is not. Many answers focused on the business' previous share issue, rather than addressing the question about raising additional finance. Many other answers could have been related to most methods of finance rather than specifically a share issue.

Disadvantages were answered better than advantages, although many candidates did not understand that the business' shareholders are the owners and that paying dividends does not reduce a business' profit. Although the concept of dividends appeared to be understood, few answers recognised the impact on retained profit, rather than profit.

The small number of better answers tended to focus on the ability to raise a lot of finance or not having to pay interest as the advantage. These answers then considered the disadvantage to be the impact on the control of the business or the need to use more of the profits to pay dividends and how this would impact the growth of the business.

Question 18 (d) (ii)

(ii) Recommend whether Gymshark Ltd should use a share issue or retained profit to fund future expansion.

....

....

....

....

....

.... **[3]**

As with Question 16 (e) (iii), most candidates who attempted this question made a decision but did not make any comparison. Candidates tended to perform equally across these two similar questions which suggests that it is a case of some centres having ensured that candidates had been suitably prepared for this type of question and others had not.

Better answers tended to suggest that a share issue was the better option, as profits may be falling during a tough economic climate, or that retained profit would be the better option as the business has only recently raised £270m via a share issue.

Question 18 (e)*

(e)* Evaluate whether the economic climate is likely to affect Gymshark Ltd's marketing decisions. **[9]**

The final (synoptic) question on the paper was slightly better answered than in previous years which suggests that centres are becoming more familiar with the requirements of the question. Teaching of examination skills for this question has improved over the last few exam series.

It was still rare to award the knowledge mark, as few candidates showed basic knowledge of what is meant by the 'economic climate'. This needed to be about the state of the economy as opposed to how well the business is doing.

The understanding mark was given more often, usually with reference to unemployment or consumer income. Some candidates addressed how a changing economic climate would impact Gymshark but neglected to focus their answer on the business' marketing decisions, instead considering how the business would generally perform as the economic climate changed. Application marks were given for reference to examples of marketing decisions (the synoptic nature of the question). However, in many cases, answers were too general with comments about 'marketing', rather than specific examples such as advertising or price changes. This reduced the opportunity to award application marks.

Less successful responses seen came from candidates who wrote about the natural environment rather than the economic climate. It is difficult to understand how candidates can confuse the economic climate with the natural (weather) climate if the correct terminology has been introduced to them in their studies.

Stronger responses made use of paragraphs to separate each point of application and analysis from any evaluation. They also explained how the marketing decision, such as reducing prices, was necessary due to the 'tough economic climate'. The evaluation then clearly decided about whether the economic climate did, or did not, affect the business and justified this in context. Exemplar 3 helps to show how these separate skills can be included in an answer.

Exemplar 3

The economic climate is the unemployment rates and amount of money customers have to spend from their wages. Marketing decisions include price, product, promotion and target market. Knowing the state of the economic climate means Gymshark will base marketing decisions on what is most beneficial for ~~[illegible]~~. Gymshark. If unemployment is high it means that people will have little money to spend on mid to high priced sportwear. This will lead to a decrease in sales and therefore a decrease in profits, they could have a promotion and decrease price. to ~~[illegible]~~ keep customers buying ~~[illegible]~~ This will mean Gymshark can still have a steady rate of profit.

As Gymshark is a multinational company, ~~[illegible]~~ countries will have different economic climates. If one country ~~[illegible]~~ has a bad economic climate, it may ~~[illegible]~~ not be worth for Gymshark to keep operating in all 180 countries. ~~[illegible]~~ will decrease profits and ~~[illegible]~~ customers.

In conclusion, the economic climate is very likely to affect Gymshark's marketing decision. If customers ~~are~~ do not have enough disposable income, they will not want to spend any money on expensive brands. Gymshark may be forced to stop shipping to all these countries. It will decrease profits, customers

(+) Operating in all countries

This answer starts off with an example of how the economic climate can be measured (unemployment rates) which gained the understanding mark. There is no attempt to state what is meant by the economic climate, so no knowledge mark was given. It then lists examples of marketing decisions which gained both application marks. However, only one of these marketing decisions (promotional pricing) is analysed at the end of the first paragraph (it will keep customers buying if prices are decreased to combat the high unemployment).

The second paragraph is typical of many answers which lacked any focus on the question; the impact on marketing decisions. Although this paragraph contains correct discussion about the impact of a changing economic climate, there is no mention of an impact on a marketing decision, so no marks were given.

The final paragraph does come to a clear decision ('is very likely to affect') for the first evaluation mark which is justified, for the second mark, by referring to customers with less disposable income not wanting to spend money on expensive brands. However, this would apply to any business selling expensive products. As Gymshark sells both mid - and high-priced sportswear it could have been suggested that it would see less of an effect on its mid-priced range. This lack of context means that the third evaluation mark was not given.

This candidate gains six of the available nine marks.

Copyright information

Question 16 (a) Text 1 adapted from http://www.drmartensplc.com/sustainability/ and http://www.drmartensplc.com/sustainability/product

Question 16 (a) Fig. 1, Source: https://www.drmartensplc.com/application/files/8316/8624/2435/Dr._Martens_plc_Annual_Report_2023.pdf © drmartensplc.com

Question 18 (a) adapted from www.computerweekly.com/news/ and www.retailgazette.co.uk/blog/ and uk.gymshark.com/pages/about-us and en.wikipedia.org/wiki/Gymshark and www.statista.com/statistics/374800/unemployment-rate-forecast

Supporting you

Teach Cambridge

Make sure you visit our secure website **Teach Cambridge** to find the full range of resources and support for the subjects you teach. This includes secure materials such as set assignments and exemplars, online and on-demand training.

Don't have access? If your school or college teaches any OCR qualifications, please contact your exams officer. You can forward them this link to help get you started.

Reviews of marking

If any of your students' results are not as expected, you may wish to consider one of our post-results services. For full information about the options available visit the OCR website.

Access to Scripts

We've made it easier for Exams Officers to download copies of your candidates' completed papers or 'scripts'. Your centre can use these scripts to decide whether to request a review of marking and to support teaching and learning.

Our free, on-demand service, Access to Scripts is available via our single sign-on service, My Cambridge. Step-by-step instructions are on our website.

Keep up-to-date

We send a monthly bulletin to tell you about important updates. You can also sign up for your subject specific updates. If you haven't already, sign up here.

OCR Professional Development

Attend one of our popular professional development courses to hear directly from a senior assessor or drop in to a Q&A session. Most of our courses are delivered live via an online platform, so you can attend from any location.

Please find details for all our courses for your subject on **Teach Cambridge**. You'll also find links to our online courses on NEA marking and support.

Signed up for ExamBuilder?

ExamBuilder is the exam paper builder platform for a range of our qualifications. Find out more.

Free for all OCR centres with an Interchange account, it allows unlimited users per centre. We require an Interchange username to verify your centre's users for ExamBuilder.

If you do not have an Interchange account, please contact your centre administrator (usually the Exams Officer) to request a username.

Once you have an Interchange username, use the form on this page to sign up for ExamBuilder, or ask an existing user at your centre to create an ExamBuilder account for you.

Active Results

Review students' exam performance with our free online results analysis tool. It is available for all GCSEs, AS and A Levels and Cambridge Nationals (examined units only).

Find out more.

Tell us what you think

Your feedback plays an important role in how we develop, market, support and resource qualifications now and into the future. We want you and your students to enjoy and get the best out of our qualifications and resources, but to do that we need your honest opinions to tell us whether we're on the right track or not.

You can email your thoughts to resources.feedback@ocr.org.uk or visit our feedback page to learn more about how you can help us improve our resources.

Designing and testing in collaboration with you and your students

Helping young people develop an ethical view of the world

Equality, diversity, inclusion and belonging (EDIB) are part of everything we do

---

Contact the team at:

01223 553998

ocr.org.uk

To stay up to date with all the relevant news about our qualifications, register for email updates at ocr.org.uk/updates

Visit our Online Support Centre at support.ocr.org.uk