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CAMBRIDGE
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BUSINESS **9609/23**

Paper 2 Business Concepts 2 **May/June 2026**

1 hour 30 minutes

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 60.
- The number of marks for each question or part question is shown in brackets [ ].

This document has **4** pages. Any blank pages are indicated.

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1 Jo's Transport (JT)

JT is owned by Jo as a sole trader business that provides school bus services to local public sector schools in city K. JT's main customer is the local government. Established in 2015, JT is building a brand reputation as a safe and reliable transportation method for school children in city K.

JT offers a range of services: *5*

- Daily school bus transportation
- Field trip transportation
- After-school activity transportation

JT receives payments for the services from the local government in city K but there is a three-month time lag between providing the service and receiving payment. JT has to use its overdraft to cover payments during the three-month period. Table 1.1 shows some of JT's financial information for 2025. *10*

Table 1.1 Financial information for JT in 2025

	$m
total revenue	5
total direct cost	1
total indirect cost	2

15

JT has 50 buses and 100 employees. Jo encourages employee participation at all levels of the business operation.

Jo would like to implement customer relationship marketing (CRM) at JT, to improve its relationship with the local government. To set up a CRM system will require $3m investment in computer systems, software and staff training. Jo believes that CRM could help JT become the leader in a very competitive school transport market. *20*

(a) (i) Identify **one** feature of a sole trader. [1]

(ii) Explain the term 'public sector'. [3]

(b) (i) Refer to Table 1.1 and other information. Calculate JT's profit per bus in 2025. [3]

(ii) Explain **one** benefit to JT of motivating its employees using participation. [3]

(c) Analyse **one** advantage and **one** disadvantage to JT of using an overdraft. [8]

(d) Evaluate the importance to JT of implementing customer relationship marketing (CRM). [12]

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2 Lucky Candles (LC)

LC is a private limited company based in country J, specialising in the manufacture of high-quality, eco-friendly candles. Founded in 2018, LC has grown quickly by using a highly effective approach to place (distribution channels).

LC sources raw materials from local and international suppliers. LC's customers are mainly specialist retail shops (B2B) and online shoppers (B2C). LC operates in a dynamic market but is committed to supporting communities through job creation and sustainability. LC is seen by the local community as a valuable contributor to the local economy.

LC has the production capacity to manufacture 500 000 candles per year and has 50 employees. LC has two products: 'Plain Candles', at a price of $7 each, and 'Luxury Candles', at a price of $8 each. LC sells twice as many Plain Candles compared to Luxury Candles.

When allocating costs to each product, LC uses a full costing approach. Table 2.1 shows some key data for LC in 2025.

Table 2.1 Key data for LC in 2025

	Plain Candles	Luxury Candles
direct cost	$0.75m	$0.25m
allocated indirect cost	$1.00m	$1.00m
total cost	$1.75m	$1.25m
output per year	300 000	150 000
average cost	$5.83	$8.33

The owners have decided to convert LC to a public limited company. This will likely increase the value of their shares. However, the directors are concerned about this decision.

(a) (i) Identify **one** feature of a private limited company. [1]

(ii) Explain the term 'place (distribution channels)'. [3]

(b) (i) Refer to Table 2.1 and other information. Calculate LC's capacity utilisation in 2025. [3]

(ii) Explain **one** benefit to LC of operating under maximum capacity. [3]

(c) Analyse **two** limitations to LC of using a full costing approach. [8]

(d) Evaluate whether stakeholder conflict will be caused by the decision to convert LC to a public limited company. [12]

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