



Pearson  
Edexcel

# GCSE (9-1) Business

## Exemplars

Marked student responses with  
examiner commentary





## GCSE Business (9-1) Exemplars

### Calculate (2-marks)

#### Exemplar 1 – Question 5a

- (a) Using the information in Table 2, calculate, to 2 decimal places the value of total payments as a percentage of receipts (cash). You are advised to show your workings.

(2)

$$700 \div 1,200 = 0.58333$$
$$0.58333 \times 100 = 58.333\% = 58\%$$

58 %

#### Examiner commentary

1 mark.

The candidate has not given their answer to 2 decimal places.



## Calculate (2-marks)

### Exemplar 2 – Question 5b

- (b) Using the information in Table 2, calculate the net cash flow for April. You are advised to show your workings.

(2)

$$\begin{aligned} \text{net cash flow} &= \text{cash inflow} - \text{cash outflow} \\ &= \pounds 1200 - \pounds 700 \\ &= \pounds 500 \end{aligned}$$

£ 500

### Examiner commentary

#### 2 marks.

The candidate has given the correct answer, so automatically receives the 2 marks. It does not matter that the workings appear to be incorrect.



## Outline (2-marks)

### Exemplar 1 – Question 7c

(c) Outline **one** impact of changing levels of consumer incomes on *Good and Proper Tea*.

(2)

One impact is that revenue and therefore profits are not guaranteed and they cannot plan for future investments.

### Examiner commentary

#### 1 mark.

The fact that revenue and profits are not guaranteed is valid and there is development through 'they cannot plan for future investments'. However, there is no contextualisation offered and the response is generic. As a result, the response can only score one of the 2 marks on offer.



## Outline (2-marks)

### Exemplar 2 – Question 7c

(c) Outline **one** impact of changing levels of consumer incomes on *Good and Proper Tea*.

(2)

Higher consumer income will increase sales of Indian tea as more people could afford premium beverages.

### Examiner commentary

#### 2 marks.

The candidate has given an impact 'increase sales of Indian tea' and there is development through 'as more people could afford premium beverages'. The context is provided by 'Indian' and 'beverages'. Note that the word 'tea' does not count since it is repeated in the question.



## Explain (3-marks)

### Exemplar 1 – Question 3c

- (c) Explain **one** way in which social media can be used to collect market research data.

(3)

Social media e.g. Instagram can be used to collect polls of people's opinions by the amount of support the advert receives or through comments left on the post

### Examiner commentary

#### 2 marks.

This question requires the candidate to 'Explain **one** way'. Thus, it is subtly different to an 'Explain **one** benefit...' question. The candidate has suggested a way through 'Instagram can be used to collect polls of people's opinions...' and this is developed through 'by the amount of support the advert receives...' The candidate then does not further develop their answer.



## Explain (3-marks)

### Exemplar 2 - Question 3c

(c) Explain **one** way in which social media can be used to collect market research data.

They could post a questionnaire on linkedin, with a possible prize (3) if they do fill it in, as a result the recipient on linkedin will be more inclined to fill this in, therefore it is likely that they will give information back to the company that they will use.

### Examiner commentary

#### 3 marks.

This candidate has thought through their response before they started their answer. The candidate gives the way through 'They could post a questionnaire on LinkedIn with a possible prize if they do fill it in'. This is developed through 'as a result the recipient on LinkedIn will be more inclined to fill it in' which is further developed through 'therefore it is likely that they will give information back to the company'. The candidate's response has stayed tightly focused on the question.



## Discuss (6 marks)

### Exemplar 1 – Question 3e

(e) Discuss the benefit to a business of using e-commerce.

(6)

using  
E-commerce lowers fixed costs, since there is no need for a high  
street location, therefore less contribution is required to break-even,  
as a result the margin of safety increases, therefore profit margin  
increases. This leads to an increased profit.  
Also, e-commerce provides larger markets to sell to, therefore larger  
economies of scale leading to the ATC falling. This allows  
the business to charge lower prices or a higher profit margin.

### Examiner commentary

#### 6 marks.

'Lowers fixed costs' is the first benefit, which is developed through 'since there is no need for a high street location' this is then linked to 'therefore less contribution is required to break-even' and 'as a result the margin of safety increases', which is linked to 'therefore profit margin increases' and finally 'this leads to increased profit'. Therefore, the candidate has provided 5 accurate linked strands following on from the first benefit. The candidate then moves onto a second valid benefit through 'provides larger markets to sell to' and provides more linked strands which logically follow. Thus, the candidate has, without any doubt, provided five linked strands and reaches Level 3 for AO3a or 'Analysis'. The language used is accurate and the response is terminology heavy. This allows Level 3 to be awarded for 'Understanding' or AO1b. Unsurprisingly, the response was placed in Level 3 and 6 marks were awarded.



## Discuss (6-marks)

### Exemplar 2 – Question 3e

(e) Discuss the benefit to a business of using e-commerce.

(6)

The fixed costs of the business are lower thus more profit is made for the same amount of revenue (profit = revenue - total costs) thus they will break even quicker thus they can start collecting retained profit quickly thus margin of safety is larger thus they have more money to expand the business (making new brick & mortar stores) thus total revenue increases.

#### Examiner commentary

##### 3 marks.

The candidate provides a benefit 'fixed costs of the business are lower' and this is developed through 'more profit is made for the same amount of revenue' which is linked to 'thus they will break-even quicker' which is developed through 'thus they can start collecting retained profit quickly'. The logical analysis then breaks down since the next strand 'thus margin of safety is larger' does not naturally follow on from the point about retained profit. Thus, the response has three logical linked strands, enough to place it in Level 2. The answer also has mostly accurate terminology, again allowing the response to be placed in Level 2 for 'Understanding' or AO1b.

Overall, the response was placed in Level 2 and was awarded 3 marks.



## Analyse (6-marks)

### Exemplar 1 – Question 5c

- (c) Analyse the impact on *Frog Bikes* of the legislation it has to comply with when producing and selling its bikes.

(6)

Frog Bikes' bicycles have to meet ISO safety guidelines e.g. a chain safety guard on each bicycle. This rule means the variable costs increase to pay for the precautions. Therefore the contribution per product decreases and the profits decrease.

Also, as a result of these safety precautions on the bicycles parents would be more willing to purchase them. Therefore they make more sales<sup>of bicycles</sup> and the profits increase.

This means total revenue increases so Jerry and Shelley have money to reinvest to improve their cycling products.

### Examiner commentary

#### 6 marks.

The candidate has answered the question by stating 2 impacts in two separate paragraphs. In the first paragraph, the candidate has stated the impact with 'have to meet ISO safety guidelines'. This is then developed through 'variable costs increase to pay for the precautions', which is developed through 'contribution per product decreases' which is further developed through 'the profit decreases'. The second paragraph states a second impact 'parents would be more willing to purchase them' which is developed through 'therefore they make more sales of bicycles' with further development through 'and the profits increase'. The answer then breaks down in terms of logic with 'this means total revenue increases' which does not make logical sense following 'profits increase'. Therefore, the response has the five logical, linked strands of analysis required to reach Level 3 on the mark scheme. In terms of 'Application' or AO2 the response is heavily laden with contextualisation throughout the answer with



terms such as 'ISO safety guidelines', 'chain safety guards', 'bicycle', 'Jerry and Shelley' and 'parents' being used throughout the answer. As a result, the response was also placed in Level 3 as for this assessment objective as well. Thus, the response generated a score of 6 marks in total.

## Analyse (6 marks)

### Exemplar 2 - Question 5c

(c) Analyse the impact on *Frog Bikes* of the legislation it has to comply with when producing and selling its bikes.

The legislation on bicycles means that Jerry and Shelley would have to invest more capital into the production of their bikes to ensure they comply with the legal requirements of ISO e.g. regular handlebar safety checks. Therefore the variable costs of the cycling business increases. An impact of this ~~increase in total costs~~ would be that Jerry would have to increase the price of each bicycle in order to generate enough contribution to pay off the total costs of production. However, frog bikes' competitiveness of being affordable would be lost and so consumers would choose to shop at other brands such as JF James therefore the revenue of the business (Total for Question 5 = 10 marks)

decreases, meaning that profit and retained profit decreases. Without retained profit, ~~Frog bikes~~ Jerry and Shelley would be unable to expand their business e.g. building a new production factory in England.



## Analyse (6 marks)

### Exemplar 2 - Question 5c (continued)

#### Examiner commentary

#### 6 marks.

The candidate identifies an impact 'have to invest more capital into the production of their bikes'. This is then developed through 'variable costs of the cycling business increases' which is further developed through 'Jerry would have to increase the price of each bicycle'. The candidate then makes a small error in that contribution is generated to pay off fixed costs not 'total costs'. The candidate then continues to develop the answer with 'of being affordable would be lost' and then 'consumers would choose to shop at JE James' and 'therefore the revenue of the business decreases'. Thus, the candidate has provided 5 linked strands of development allowing Level 3 to be awarded for AO3a or 'Analysis'. The answer is heavily contextualised throughout from 'Jerry and Shelley' in the first sentence all the way down to 'building a new production factory in England'. Therefore, the response is also placed in Level 3 for this skill also. Therefore, the response also scored 6 marks, but this time from logical development of one impact.



## Justify (9-marks)

### Exemplar 1 - Question 7d

To reduce the impact of its rising costs, *Good and Proper Tea* is considering two options:

**Option 1:** Buying cheaper ingredients from different suppliers.

**Option 2:** Charging higher prices for its tea.

(d) Justify which **one** of these two options *Good and Proper Tea* should choose.

Emilie should <sup>(9)</sup>  
~~pick~~ pick option 2 as her authentic kenyan tea leaves are a source of added value. Buying cheaper ingredients would get rid of her USP. Therefore customers would choose her competitors over her tea leafs, therefore sales go down, therefore revenue goes down therefore it's harder to break even.

~~However~~ Alternatively an advantage of option 1 is that the variable cost of the raw materials goes down therefore fixed costs go down, therefore it is easier to break even therefore the business becomes more profitable.

It depends on the wants of her customers, as it is the kind of people who want to buy expensive tea from a van have high income, so would be willing to pay more money for the tea. Therefore option 2 is the best option



## Justify (9-marks)

### Exemplar 1 – Question 7d (continued)

#### Examiner commentary

#### 4 marks.

The candidate structures their answer using three paragraphs. They consider both options and provide some Application (AO2) through reference to ‘tea leafs’ and the fact that Emilie’s customers have ‘high incomes’. There is sufficient contextualisation for AO2 to be placed in Level 2, but not enough to be classed as ‘detailed’ as required for Level 3. Analysis (AO3a) is rather jumbled. In the first paragraph, the candidate begins by suggesting that Option 2 will be best, and justifies this by discussing the drawbacks of Option 1. They then consider the advantages of Option 1, but show some misunderstanding by suggesting that, as variable costs go down, ‘therefore fixed costs go down’. AO3a was placed in Level 2 as there are not the five strands of development required for Level 3. Evaluation (AO3b) is present in the form of a final conclusion, which offers some original thinking by referring to the type of customers, but this is a simple judgement based on a limited evaluation of the information.



# Justify (9-marks)

## Exemplar 2 - Question 6c

Frog Bikes is considering two options to produce more bikes:

**Option 1:** Build a new factory in the UK. <sup>cheaper shipping costs</sup> ~~more expensive land/rent and~~ <sup>more expensive employees</sup>

**Option 2:** Expand production at the existing Chinese factory.

(c) Justify which **one** of these two options Frog Bikes should choose.

(9)

They should choose option one because one advantage of this is that they will have cheaper shipping costs <sup>of the kids bicycle</sup> ~~whereas~~ as the factory in the UK is closer to the majority of their ~~retail market~~ shops (as they have 700 in the UK). Therefore, variable costs will decrease, therefore total costs decrease therefore profit margin increases therefore profit increases. As a result, margin of safety increases. One disadvantage of Option 1 is that the land may be more expensive to rent in the UK e.g. in a place like Birmingham as oppose to a factory around Beijing. This means that their fixed costs (rent) will increase so total costs will increase and so as a result they may be forced to raise the selling price of their childrens bikes, therefore customers may

(Total for Question 6 = 12 marks)

TOTAL FOR SECTION B = 30 MARKS

~~be less inclined to shop at Frog Bikes and~~ ~~they~~ therefore may shop at ~~competitor~~ competing brands like JE James. In conclusion, they should build a new factory in the UK because the shipping costs will be considerably

lower, considering that they will otherwise be shipping large amounts of bicycles from china which is expensive.

However, it depends on the price difference of rent on land in the UK in comparison to China e.g. in Beijing.



15 Turn over ▶



## Justify (9-marks)

### Exemplar 2 - (continued)

#### Examiner commentary

#### 8 marks.

The candidate states in the first line that Option 1 should be chosen. This is developed effectively using business terminology and theory, and is in context of Frog Bikes. They then go on to consider the disadvantages of Option 1, which is demonstrating the skill of Evaluation (AO3b). They then arrive at a final conclusion which again is in the context of the business, and offers original thinking based on the evidence. The conclusion is bolstered by the use of 'it depends' when considering the difference in 'prices' (sic) – they seem to be referring to costs – between the UK and China. AO2, AO3a and AO3b were all placed in Level 3.



## Evaluate (12-marks)

### Exemplar 1 - Question 7e

- (e) Evaluate whether crowdfunding is an effective source of finance for *Good and Proper Tea*. You should use the information provided as well as your knowledge of business.

(12)  
Crowdfunding is when business' to a source of finance in which business' ask for money online to launch a new idea in return for a reward e.g. shares in the company.

Crowdfunding is effective for *Good and Proper Tea* because it allows them to raise a lot of interest free capital, this allows them to expand their hot beverage selling business without using retained profit, therefore it can use that to further expand its business, for example they could open more shops that sell their cups of tea. This ~~would~~ allow have more sales, therefore more revenue would be generated, therefore *Emilie Holmes* business will reach its break even point faster, therefore generating more profit.

However, in order to crowd fund you may have to give away shares, this decrease *Emilie's* ownership of the business which could lead to her losing control of her business.

In conclusion crowdfunding is good ~~because~~ it allows the business if the idea is innovative and the public are willing to fund it.



## Evaluate (12-marks)

### Exemplar 1 - continued

#### Examiner commentary

##### 5 marks.

The candidate starts off with a definition of crowdfunding which is accurate. In the second paragraph, the candidate starts to develop the rationale behind why crowdfunding is an effective way to raise capital through 'interest free' and 'expand their hot beverage selling business without using retained profit' and 'therefore it can further expand'. At this point the candidate starts to drift off the question and starts to answer a question about the benefits of expansion. Nevertheless, sufficient linked strands have been generated to allow the response to reach Level 2 for Analysis or AO3a. The evaluation is contained in both paragraphs 3 and 4 and involves simple statements generating an overall score in Level 1. Application is primarily confined to the middle paragraph with the word 'Emilie' appearing in paragraph 3. This skill was awarded L1/2. Regarding understanding or AO1b, the candidate uses terminology well throughout the response and it is accurate, but because the candidate drifted off the question, Level 2 was awarded for this skill.

Overall, the response was placed in Level 2 and 5 marks were awarded.



## Evaluate (12-marks)

### Exemplar 2 - Question 7e

- (e) Evaluate whether crowdfunding is an effective source of finance for Good and Proper Tea. You should use the information provided as well as your knowledge of business.

(12)

Crowdfunding is where businesses use online crowdfunding websites to ask investors to invest in their business in exchange for shares, discounted products or access to events/exclusive offers.

A benefit to Good and Proper Tea of using crowdfunding is that it allows their business to grow. This is because they can obtain the ~~external~~ finance needed to expand, such as opening their shops to sell high quality teas. Therefore they can attract more consumers interested in buying teas sourced from countries such as Kenya. This is because the Citroën van based in Shoreditch, London is ~~not~~ limited in its ability to stock and sell a wide range of teas. As a result, sales of Japanese and other teas will increase with ginacogram crowdfunding. Therefore the revenue brought in from selling high quality teas will increase.

However, crowdfunding can be unreliable as it relies on the continued interest and support of investors. As a result, Good and Proper Tea will have an increased risk attached to ventures such as opening a second shop outside of London to sell its high-quality international tea. Therefore Good and Proper Tea ~~is~~ may



not always be able to expand its tea sales as it may wish to due to a short fall in investments. In conclusion, it depends whether Good and Proper tea has enough support for its individual and innovative methods such as selling tea out of a van for investments & from crowdfunding websites to continue, ~~only then can they continue~~ by using crowdfunding as a long-term source of finance ~~if they find~~ and that investors are satisfied with the success of the business. Only then can they continue to use crowdfunding as a long-term source of finance.

### Examiner commentary

#### 6 marks.

The candidate structures their response using three paragraphs. In the first paragraph, they consider the benefits of crowdfunding, but in only a limited way. Much of this first paragraph does not deal with the effectiveness of crowdfunding itself, but instead with the benefits of Good and Proper Tea growing. There is some Application (AO2) in this paragraph, with reference to 'consumers interested in buying teas sourced from (different countries)'. The second paragraph offers some balance, but in a simple way, by considering the possible drawbacks of crowdfunding. This Evaluation (AO3b) is then developed by a final conclusion. However, this conclusion offers only simple insights and is based on a rather limited evaluation of the information.

Overall, the response was found to be placed in Level 2.

AO3b was placed in Level 1.

AO1b, AO2 and AO3a were all judged to be Level 2.

