

# Examiners' Report June 2019

GCSE Business 1BS0 01



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#### Introduction

This was the first sitting of the brand new GCSE in Business (9-1). It was pleasing to note that the number of candidates sitting this qualification rose again for the tenth consecutive year (if we include its predecessor specification) to just under 50,000.

This qualification was based on the success of the previous specification, and wherever possible this paper has brought forward embedded areas of success from the last specification. This should provide centres with a rigid examination question paper structure and a consistent approach to marking. Nothing has changed - over time centres will learn the approach which has been propagated in training. **Thus, centres should view this Examiners' Report as a critically important document**. It will give you a guide as to how best to approach the teaching of each question style - essential information that you can take back and use in a classroom environment to generate improved levels of performance in the future with your candidates.

Each question will have explained exemplars that you can use with your students. The choice of exemplars has been made to illustrate areas of good practice, together with responses that demonstrate common issues candidates had with particular questions. Where appropriate, I have also included examiner tips on how candidate performance could be improved in subsequent years. In particular I would urge centres to concentrate on structures relating to levelled questions in Sections B and C, together with new expectations of the application of answers to business contexts. These were both areas that many candidates found challenging.

I hope that you enjoy reading this report and that you find it a useful document in helping you to generate improved performance with your candidates in next year's examination.

### Question 1 (c)

This question proved to be a very accessible first question for candidates. Most candidates demonstrated a good understanding of the franchising process and structured their answers well. A large number of candidates achieved full marks as a result.

It should be noted that 'Explain' questions now only appear in Section A of the paper which is not based on any case study material. Therefore answers to 'Explain' questions do not require any application or contextualisation. Centres should be aware of this when preparing and using internal assessment materials.

Despite candidates doing well in this question I have included two exemplars to demonstrate some issues that were seen on this question. These issues are common to all 'Explain' questions and are a good way to start this report as they can be contrasted to well-structured answers later in the report.

(c) Explain <b>one</b> benefit to an entrepreneur of buying a franchise to start a busine	SS.
	(3)
One benedit to an entrepreneur of buying	ng
tranchise is that they have control	over
the business and are able to make	Smart
business decisions for themselves.	



This response demonstrates where a candidate does not full focus on the question, perhaps because they are nervous at the start of the exam. As a result they focus on the word 'entrepreneur' rather than what the question asks specifically about 'buying a franchise'. This results in a generic answer that demonstrates poor knowledge and understanding. There is nothing in this response that shows that the candidate is answering the question.

As a result, the response scored **0 marks**.

(c) Explain one benefit to an entrepreneur of buying a franchise to start a business.

(3)

The entrepreneur can get usgul suppor y from the main HQ. Tharepore, the business can be set up successed/ and lower the like had ge business failure as the tousiness useful information and support from COUNT e granchisz



This response does demonstrate accurate knowledge of a benefit of buying a franchise - 'can get useful support from main HQ'. There is also an attempt at making two relevant linked points of development. One of these development points is valid - 'lower the likelihood of success'. However the second development point shows repetition of what is said in the first sentence.

Repetition is a common issue and something that candidates must aim to avoid.

Two marks were awarded.



In a 3 mark 'explain' question, all you need to do is state a drawback/advantage/benefit and provide two logical linked strands however make sure your answer is not vague and answers the set question.

It is often useful to write three separate sentences when doing this rather than condensing an answer into two sentences.

#### Question 1 (d)

This question caused significant problems. The question requires candidates to 'Explain **one way**...' The word 'way' is different to a 'benefit' or 'drawback' since candidates are being asked to explain a 'process'. Thus, most candidates struggled to do this and drifted into the benefits of segmentation rather than how the business could use the technique. Only a small minority scored 3 marks due to this problem. Centres are advised to practice 'Explain **one method/way** questions' since they will appear on future exam series.

When practising these questions please steer candidates away from explaining the advantages and disadvantages to the business. Many candidates start to include terms such as 'this will increase revenue/profit/sales' as a default response. Such statements will not be awarded marks in this type of question.

(d) Explain one way a small business could use market segmentation to target customers. (3)

6



This response was typical of many candidates for this question. It makes a number of mistakes. Firstly, the candidate wastes time by repeating the question in the first sentence. This is a surprisingly common approach from candidates and adds no value to any answer. Secondly, there is a gap in the knowledge of the candidate as they mistakenly meant that segmentation allows a business to 'find a gap in the market'. This is not true as it allows the business to focus a specific group of customers within a market - which was a common error on this question. Finally, the development of the answer then focuses on the advantages that the business may experience as a result. This is not what the question asked.

0 marks awarded.



Do not repeat the question in your answer - it wastes time.

Be specific with your knowledge.

Respond carefully to the question - do not repeat generic statements that do not specifically answer the question.

(d) Explain **one** way a small business could use market segmentation to target customers.

A small business could use market segmentation to namous their audience to particular indudials who mary be interested in a product Semie. This may munimise costs as advertigements only need to reach a smaller group of individuals and revenue increase due to an encrease in intested customen. or Kample, a company may tagel a purticular age group or ethnicity to maximise

(3)



This answer eventually ends up with 3 marks but also demonstrates some of the issues that candidates had with this style of question. However it also shows that examiners will look to award marks in a positive way despite some issues with structure here.

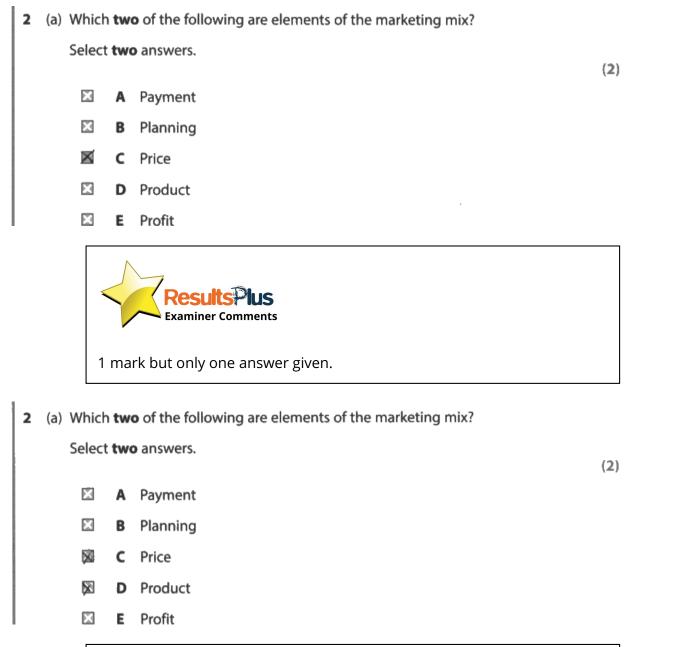
The candidate identifies a way that segmentation could be used in the final sentence - 'target a particular age group'. This is a bit back to front but shows good knowledge. The development of the answer then goes on to explain the way the business would use segmentation - 'narrow their audiences to particular individuals'. The second development point was awarded for saying that 'advertisements only need to reach a smaller group'. Although this sentence flirts with explaining an advantage - 'revenue may increase'. The candidate does develop the answer of the way segmentation is used - to advertise to a smaller group of people.

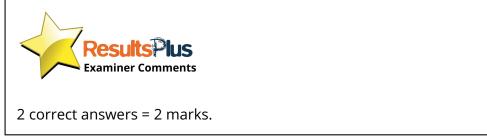


Questions that ask to explain a method or way need a different technique than those that ask candidates to explain an advantage or disadvantage.

#### Question 2 (a)

Despite Q2a and 2b being multiple choice questions I have included them in the report in order to demonstrate something that seems obvious but did happen on a number of occasions. Q2a and 2b require candidates to give two answers but some candidates do not read the question carefully enough and end up just giving one answer. It also should be noted that some candidates may not know the answer but instead of making no attempt they should still have a go at placing a tick next to an answer - a guess is better than leaving a MCQ blank.





#### Question 2 (c)

All 'Calculate' questions test application so there are no marks awarded for stating the formula in any of these questions. The marks are awarded for generating the correct answer. This automatically generates 2 marks - even if no workings are included. It is not advised to omit workings, however as the candidate provides an incorrect answer examiners are instructed to look at workings to see if there has been a mathematical slip. If there has then 1 mark can be awarded. Candidates will not be given 1 mark for stating the formula or getting a part of the answer right. Most will get 0 or 2. Very few will get 1 mark.

This question was generally well answered but some candidates did have an issue with the variable costs aspect of the calculation and simply used the variable cost of one unit (£9) rather than calculating the variable costs for all 340 units ( $340 \times \pm 9$ ).

Table 1 contains information about a small business for one month. The business sold 340 units in this month.

Fixed costs	£3 600
Variable costs (per unit)	£9



(c) Using the information in Table 1, calculate the total costs for one month. You are advised to show your workings.

(2)



This answer is a rare example of a 1 mark answer to this question. The candidate has not provided the correct answer, so 2 marks cannot be awarded. At this point the examiner is instructed to look at the workings. In this case, a mathematical mistake has been made when adding the final two numbers - despite the numbers used being correct.



Always check final answers for mistakes if you have time during the exam.

Table 1 contains information about a small business for one month. The business sold 340 units in this month.

Fixed costs	£3 600
Variable costs (per unit)	£9

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(c) Using the information in Table 1, calculate the total costs for one month. You are advised to show your workings.

(2)

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9 × 340 = 3060 3600 + 3060 = 6660 £ 6660.



Correct answer with accurate workings. 2 marks awarded.

### Question 2 (d)

Similar to Q1d, this question was not looking for candidates to explain advantages or disadvantages of something, but rather a non-financial aim of an entrepreneur. Therefore the development strands of the explanation had to relate to explain the features of this aim rather than the positive or negative features it would provide to the entrepreneur.

Centres should also make sure that they teach the specific aspects of the course specification as a significantly high number of candidates referred to 'survival' as being a non-financial aim. Page 10 of the specification clearly lists this as a financial aim.

(d) Explain <b>one</b> possible non-financial aim an entrepreneur may have when starting a small business.			
	(3)		
An entreprenuer may wont to be their own boss wh	ei^		
storing a small business onel so con make this muir ain	n. This		
would come with increased responsibility and green go	vern		
over what happens with a business, overall increasing	g the		
satisfaction the person may feel as they have more	) Barrana (1997)		
Flexibility in their yob role and dan't take arases u	shicha		
previous job may have had.	****		



A response that achieves all 3 marks. The non-financial aim is given midway through the answer - 'satisfaction', and there are two clear points explaining this aim. This stems from being their 'own boss' and 'don't take orders'. (d) Explain **one** possible non-financial aim an entrepreneur may have when starting a small business.

(3) As the business is new and SURVIVAL. bl Smau an aim could being able to copp VIVa Market , wher new 05885 a Mad Ör NUT able tU business ()SUCCESSFULL, & WHOUL FAILURE. SURVIVAL also mean CCth entrepreneur Successfully nar inicial problems D VAT UNY Elat with their business. Continung



An example of a common mistake seen in this question. Candidate explains 'survival' as being a non-financial aim. This was a common misconception and was awarded 0 marks.

### Question 2 (e)

Question 2e saw candidates return to more comfortable ground in that they were asked to explain a disadvantage. Therefore the structure of answer was far more streamlined and efficient.

However this question did highlight some issues in candidate knowledge in that many candidates struggled with understanding a specific disadvantage of qualitative data. Answers that simply provided a disadvantage of carrying out market research, and could be equally applied to quantitative data as well, were awarded 0 marks.

(e) Explain **one** disadvantage to a small business of using qualitative data for market research.

A disaduantage of avalitative data is that it's based of peoples opinions. Thus, making it narger for business to have a clear unstanding of what customers want. As a result, the business won't be achieving the customers needs or wants so no profit is being medel.

(3)



This answer demonstrates a very effective technique and structure. The candidate has answered clearly in three succinct sentences. The disadvantage is given in the first sentence - 'based on people opinions'. The two development points then go on to explain why this is a disadvantage - 'harder for business to have a clear understanding', 'won't be achieving the customer wants'.

The answer is specific to qualitative data and therefore awarded 3 marks.



Note the use of connectives in the answer. Words such as 'thus', 'therefore', 'this leads to' and 'as a result' all help in structuring a good answer.

Developing sound answer structures is a key technique that centres should focus on with students.

(e) Explain **one** disadvantage to a small business of using qualitative data for market research.

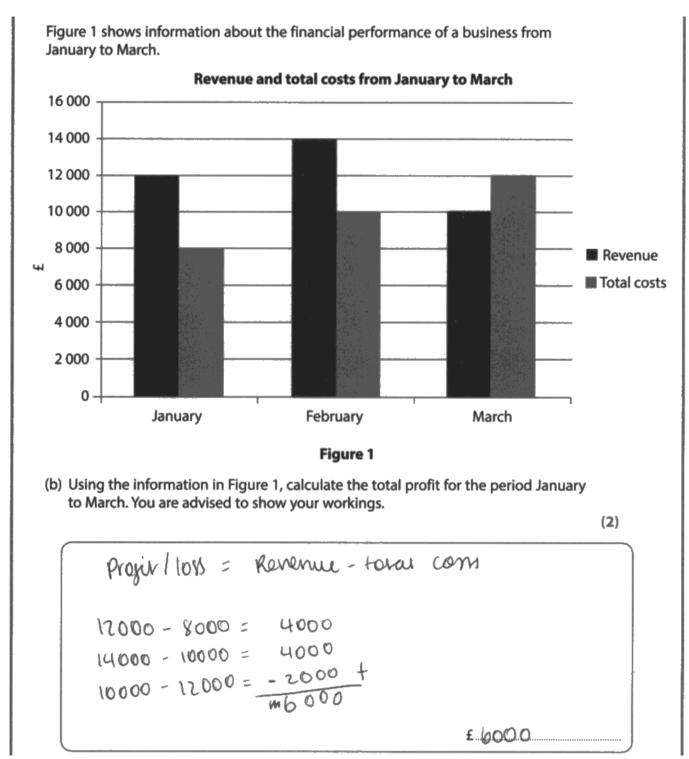
(3) -dy



Although this is a disadvantage of gathering market research, it applies to other methods of research as well as qualitative data. The answer is therefore not specific to the question and is awarded 0 marks.

### Question 3 (b)

This was a relatively straightforward calculate question and many candidates were awarded 2 marks. The only significant issue came from some candidates not reading the question correctly and only calculating profit for the first month, rather than the cumulative profit for all three months.

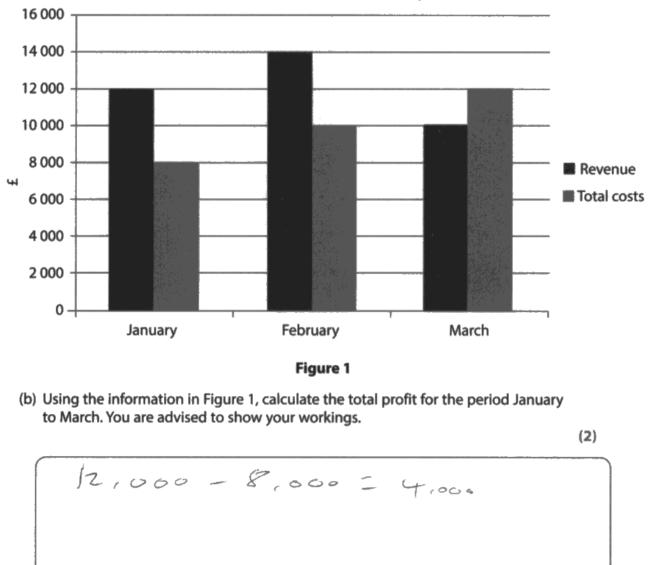




Well-presented and correct answer given. Two marks awarded.

Note that no marks are awarded for giving the formula.

Figure 1 shows information about the financial performance of a business from January to March.



Revenue and total costs from January to March

£ 41000



The candidate only calculates profit for the first month despite the question clearly asking for the period January to March. Two marks dropped through not reading the question carefully.



There will always be four calculate questions on the paper so it is worth practising quantitative questions. A total of 16 marks on Papers 1 and 2 can have a significant effect on the final grade.

### Question 3 (c)

This was a very well answered question that candidates found very accessible and often scored full marks. As mentioned in the introduction of this report three lines of space per mark has now been included in the paper. This is to avoid the need for candidates to use additional paper when giving answers. It must be stressed that this extra space should not tempt candidates into writing longer answers when they are not needed. I have included two exemplar answers for this question that demonstrates this and achieved full marks.

Both answers cover all the requirements in three short sentences. Candidates must be comfortable in understanding the demands of each question and not write more than they need to. If they do not heed this advice then they will struggle for time at the end of the paper - particularly with those questions that do need more extended writing.

(c) Explain one benefit to a small business of understanding customer needs. (3) that the OF Drod



(c) Explain **one** benefit to a small business of understanding customer needs.

	(- <i>r</i>
The business can failer mer produce to cushom	<i>w</i>
represents. Therefore assomed are upre they	) hv
choose their pround instead of a competitions' pro	sduct. BI
•	
a result the business has an increase in minu	Share

(3)



Both answers give suitable benefits and two points of linked development. Both awarded 3 marks.

Excellent exemplars that can be used with candidates in terms of helping them with their time management - a vital attribute to develop for this paper.

#### Question 3 (d)

Many candidates struggled with this question. This was not so much in terms of understanding the question but in creating a coherent answer that was clearly written. This led to lots of waffle in answers that was not linked and largely made no sense. If candidates struggle with literacy it is often good advice for them to keep things simple, or for centres to help in developing an answer structure they can use to help. Again, the use of connectives and a three sentence approach will help those students with weaker literacy skills.

(d) Explain **one** reason why it is important to include financial information in a business plan.

(3)Financial for a pusiness to include tant ness plan nno Q/Q



A good example of a candidate who struggles to develop a structured answer to the question. There is an element of knowledge and understanding here as the candidate knows that a business plan is likely to include break even and cash flow information. However they are then unable to develop this with relevant explanation as to why it is important. Simply saying to 'know how much money it has' is not specific enough in this type of question.

One mark awarded for the reason but no further development marks awarded for explaining why.

(d)	Explain one reason why it is important to include financial information in a
	business plan.

	(3)
The people reading the business	p can indersome the
likely fume profit deiling of the	somes. Therefore
they are more when to give we	ma was mãoses
chuvert rare. As a result m	e by negg is able to
enimy buy ser user.	

(2)



In contrast, this candidate has kept their answer relatively simple and is therefore able to link the answer together well. Reason = 'understand likely future profitability'. First development point as to why this is important = 'more likely to give you a loan'. Second development point = 'quickly buy new assets'.

This is not the most technical answer but it meets the requirements and is good advice for any candidate that may struggle to express themselves when writing an answer. Keep things simple.

3 marks awarded.

#### Question 3 (e)

This question tests 'AO1b' or 'Understanding' **and** 'AO3a' or 'Analysis'. Examiners are instructed to make a level judgement **separately** on each 'AO' or 'Assessment Objective' and then take a 'line of best fit' to arrive at the final level and mark.

If a candidate shows a very limited understanding of what 'cash' is, they will be awarded Level 1 for AO1b. If there is some clearer, implied understanding they will be awarded Level 2. If there is a robust and clear understanding then they will be awarded Level 3 for this 'AO'.

A separate judgement is then made regarding 'AO3a' or 'Analysis'. To reach Level 2 the candidate has to make 1/2 points with 2 linked strands of development. To reach Level 3, there must be 1 or 2 points with at least 5 linked strands of development.

Once the examiner has made their decision regarding the level for AO1b and AO3a, a line of best fit will be taken to arrive at the final judgement of level and mark.

This proved to be one of the most testing questions on the paper with many candidates not understanding what is meant by the term 'cash'. Most confused this with profit and did not understand how cash was used in a business. This lack of understanding led to no meaningful content in answers for AO1b, which in turn makes it extremely difficult to then give a levelled response for the analysis AO. This led to some very low marks and a mean score for this question of just over 2.

(e) Discuss the importance of cash to the survival of a small business. (6) iss nee



Unfortunately this type of answer was commonplace with this question. It was clear that candidates did not understand the concept of cash and confused it with profit. It is clear that this candidate does not understand what cash is or how it is used in a business so the first judgement is what level of understanding is present. There is no understanding in this answer at all so Level 0 must be given for AO1b.

As a result of this it is very difficult for the candidate to give developed reasons why this will help in the survival of a small business when making a judgement for AO3a. In this case there are none and so Level 0 is awarded.

Therefore 0 marks given overall.

However it can be tempting to think that there must be something of merit in the answer because the candidate has written quite a bit of detail in their answer - this is not the case and 0 must be awarded. Centres should note this when carrying out internal assessments.



Some areas of the specification are more difficult to understand than others. They should not be neglected or glossed over because they are difficult. It can make questions such as this very difficult to access. (e) Discuss the importance of cash to the survival of a small business.

Cash is necassary to a business as any overheads are paid using cash. If a business relies on credul credit to pay for mings like whilitity bills then it means it has a bad cash flaw. Present The Costs of a prosiness are paid with cash to stop mem from piling up and keeping them pending. This could cause the business to gain a bad reportation want to work with the business.

1 no rash flow =

Also Withart cush the business would rely on other sources of finances like overdraft. If a Misiness is versigh then they need to work out a topgof fen MO terma better ing-term source of finance. Withait cash a prising small - mismoses pusiness won't be survive and tesano poseboto as there is no am Ю of the business. This could М cash and cut to financial loss and then Bank Augery bank ruptuy bank nipcy (Total for Question 3 = 15 marks)

(6)



In contrast this response gives plenty more relevant information for consideration.

The candidate has chosen to make two separate points (which is advisable - since it prevents deviation off the question) - remember examiners will only consider the best first and/or second points. If a third or fourth point is mentioned, examiners will only mark the best two and it is these that will count toward the final judgement.

In this case the first point of importance is 'overheads are paid using cash' which is developed through '...relies on credit...has a bad cash flow' which is then further developed through '...stop from piling up' which is developed through '...bad reputation'.

In the second paragraph, the second point of importance is stated through 'rely on other sources of finance', which is developed through '...need to work out a better long-term source of finance', which is then further developed through '...lead to financial loss and then bankruptcy'.

Thus, we have five linked strands from 2 stated points - so the response was awarded Level 3 for 'AO3a' or 'Analysis'. We also have a clear understanding of 'cash' - so another Level 3 judgement is made for 'AO1b' or 'Understanding'.

Thus, the line of 'best fit' takes us to Level 3 and 5/6 marks.

#### Question 4 (a)

In Section B, all of the questions now require 'Application' or 'AO2' - hence this is why there is a casestudy to help candidates think about this skill at the start of the section. 'Outline' questions are marked in exactly the same way as before under the old specification - they require a point - in this case a risk, to score 1 mark. To score two marks, there has to be development of the method and the existence of application somewhere within the response. The lack of application in this question led to the majority of answers receiving 1 mark.

(a) Outline **one** risk taken by the owners when starting Last Course Patisserie. (2)that the dessert and One their own money food place



This response gives a valid risk when starting a business - 'put their own money into the business' and there is a valid point of development 'putting personal savings at risk'. However to be awarded two marks there also needs to be some contextualised information in the answer to show application to the case study. In this case we can see this twice through reference to 'dessert and pudding shop' and 'fresh food place'. All requirements are present so 2 marks can be awarded.

4 (a) Outline <b>one</b> risk taken by the owners when starting Last Course Patisserie.					
(2)					
the risk of tailure					
A risk taken by the owners is the risk of tailine					
when starting Last course Patisserie, there was					
no guarantee that the business would be					
successful. This could lead to the business					
experiencing tinancial problems					



This response can be given only one mark despite a valid risk being given -'no guarantee that the business would be successful' (and some development 'experiencing financial problems'). There is no application to the case study. It is a generic answer that could be applied to starting any business. This lack of application means only 1 mark can be awarded.

Please note that the name of the business is not accepted as application.



Application (also known as context) is vital in Sections B and C. It must be used in order to achieve a strong grade.

#### Question 4 (b)

This 'Analyse' question tests two Assessment Objectives or 'AOs', namely 'AO2' or 'Application' and 'AO3a' or 'Analysis'. Thus, to be successful, candidates need to demonstrate both of these skills within their answer.

Examiners will make a separate judgement on AO2 and if there is application throughout the answer, that is associated with valid analysis, then a candidate would score Level 3 for this Assessment Objective. If application is not present throughout the answer then Level 3 cannot be awarded.

Equally, examiners are also looking for 5 linked, accurate, strands of development emanating from the 1 or 2 points (which in this case are impacts). If they see this, then a Level 3 judgement will also be made for this Assessment Objective.

To reach their final mark, examiners will take a 'line of best fit' across the two 'AO' levels.

# Note that a generic answer that has no context/application, whatsoever, cannot score above 3 marks.

(b) Analyse the impact on <i>Last Course Patisserie</i> of operating as a private limited company.				
(6)				
By operating as a private limited company.				
The burness has more man one owner, which				
could venue i duagreemente takueen the owners				
perhaps about the direction of the business.				
Allo, Private limited companies are legally oblight				
to pupith their annual financial records which				
could ack an inright and prece of rescarch to				
a competition that could perhaps shall amoment.				
However, this type of business has timited				
habity, meaning the only money the owner ving				
long is their inventions.				
This is because, the owner and busines				
has separate legal identities, la the owners arent personally hable for the pusitienes debre				



This response makes three separate points (impacts), 'more than one owner', 'legally obliged to publish records' and 'limited liability', however judgement can be made using a maximum of two. In this case the two best were the first and third points. There is some confusion as the final point extends over two paragraphs which some examiners could consider as two separate impacts. There are at least five linked strands that are generated from these two points (impacts) collectively over the two paragraphs which allows an 'AO3a' or 'Analysis' of Level 3 to be awarded.

However, the response is totally generic - there is no evidence of 'Application' or 'AO2' at all. The answer is in no way linked to Last Course Patisserie - thus the candidate scores Level 0 for this Assessment Objective.

After a debate regarding how many accurate linked strands existed in this answer - it was decided that there were 'just' about five - many examiners argued that there were less.

As a result 3 marks were awarded with some examiners arguing that 2 was a better judgement.



Recognise what 'Assessment Objectives' each command word is designed to test - this one tests 'AO2' or 'Application' and 'AO3a' or 'Analysis' unless there is evidence of both of these skills within your response - your scoring potential will be limited.

Also structure your work into clear paragraphs - this will help examiners apply their judgements and avoid confusion about how many points are being made.

(b)	Analyse the impact on Last Course Patisserie of operating as a private limited
	company.

					(6)
HG.	The	orres	have limite	lideining.	Therefore
hey .	<b>e</b>	are legi	my Separa	e from me f	som forsiness.
Theref	ure i	f Some	only sues i	men for foo	1 poisoning from
a <i>co</i>	is sent M	my canno	or lose hu	is personal sc	- mgs. Tunepore
ne o.	mers	o.j. 🧛	· Lust Con	ce ponisert	are able N
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a res	-lr n	in can	inereuse P	n offer	ner thore.
Theren	r Lev	1 6-14	Paulisene c-	mer he a	enas for appre
or mel	~				



Considering this question asks for an analysis of an 'impact' - the candidate has the ability to consider both positive and negative impacts (points) within their response.

In the first paragraph, the candidate makes a point (impact) through '...owners have limited liability'. There are then three linked strands developed from that point.

In the second paragraph there is a point (impact) through 'sell part of cooking companies shares' and then there are a further three linked strands that emanate from that point.

Thus, the candidate has managed to generate the required 5 linked strands over 1 or 2 points (impacts) to allow a Level 3 judgement to be made for 'AO3a' or 'Analysis'.

Regarding 'Application' or 'AO2', there was sufficient contextualisation throughout through the use of 'pastry', 'food poisoning', 'cooking' and 'apple crumble'- again allowing a Level 3 judgement to be made for this 'Assessment Objective' as well.

With two Level 3s - a score of 6 marks was awarded.

### Question 5 (a)

The key to success of most 'calculate' questions is to revise and remember the relevant formula. In this case, how to calculate break even. Most candidates scored either 0 or 2 depending on if they had done this.

As before, no marks awarded for simply stating the formula.

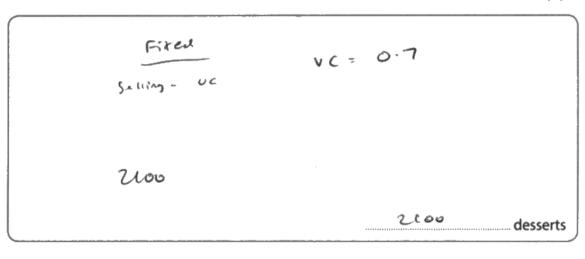
5 Last Course Patisserie has the following financial information for the month of April.

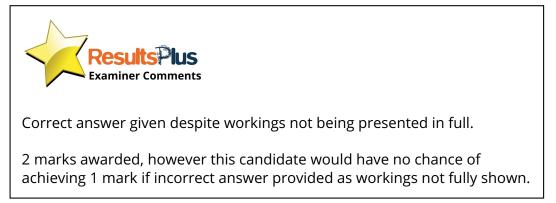
	April
Raw materials for each dessert	£0.50
Packaging for each dessert	£0.20
Fixed costs	£2 730
Selling price for each dessert	£2.00

#### Table 2

(a) Using the information in Table 2, calculate the level of output required to breakeven in April. You are advised to show your workings.

(2)







Always show workings as it still provides an opportunity to be awarded 1 mark if a mathematical error is made.

5 Last Course Patisserie has the following financial information for the month of April.

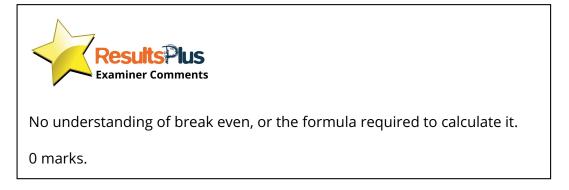
	April
Raw materials for each dessert	£0.50
Packaging for each dessert	£0.20
Fixed costs	£2 730
Selling price for each dessert	£2.00

#### Table 2

(a) Using the information in Table 2, calculate the level of output required to breakeven in April. You are advised to show your workings.

(2)

2,730+ 0.50 + 0.20 - 5-2730.70 2730,70=2= \$ 1365.35 1368,35 desserts



### Question 5 (b)

There were two steps in getting this calculation correct. Firstly, candidates had to calculate the increase in cost to raw materials, and then add on the other variable cost of packaging. Many only worked out the increase in raw materials and forgot to add on the cost of packaging, whilst others increased the cost of both variable costs.

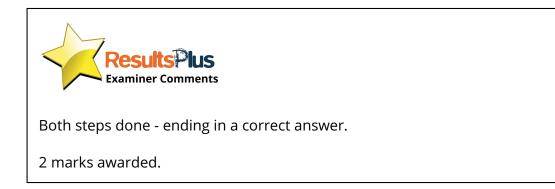
It is important to read the question carefully to fully understand what is required when making calculations.

- In May suppliers increased the cost of raw materials by 4%.
- (b) Using the information in Table 2, calculate the variable cost per dessert following the increase in the cost of raw materials.

(2)

```
0.5 × 1.04= 0.52
```

£ 0.72

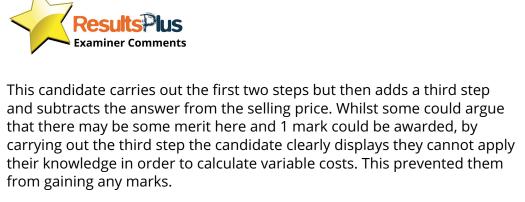


In May suppliers increased the cost of raw materials by 4%.

(b) Using the information in Table 2, calculate the variable cost per dessert following the increase in the cost of raw materials.

(2)

0,008+0.20=0008 52 2-0.68=+.32 0.5 × 0.04=0.02 0.5 + 0.02=0.02 £ 2069.18



0 marks awarded.

# Question 5 (c)

This is the second 'Analyse' question in the exam paper and it is marked in exactly the same way as the first. Examiners are looking to make a judgement regarding 'AO2' or 'Application' and then a separate judgement regarding 'AO3a' or 'Analysis'. The final mark is derived from a line of best fit across the two levels for each of the two 'Assessment Objectives'.

Many candidates found this question more accessible and demonstrated some analysis of how rising consumer incomes could affect a business selling cakes and pastries. However many struggled to get past 3 marks as they did not apply their answer to the business and write their answer in context.

UK consumer incomes are expected to rise over the next 10 years. (c) Analyse the likely impact on Last Course Patisserie of this changing level of consumer income. (6) be that would moat They wow their crease. into he business going increas onice ol car Customer have their 0 they COL Nige tor Drice Dtog ner impack could the G even expand ab ing be Shol others.



This is a well-structured answer written in two paragraphs which makes it easy to see that the candidate is analysing two impacts - 'increase their sales' in the first paragraph, and 'able to expand' in the second. In order to make a levelled judgement of analysis we now need to count how many points of development have been made in the answer.

There are three development points in paragraph one and two in paragraph two - making five in total which is enough for Level 3 for AO3a.

However, there is no application anywhere in this answer ('shop' is too vague), which means a judgement of Level 0 for AO1b.

Level 3 and Level 0 give a best fit at bottom of Level 2.

3 marks awarded.

UK consumer incomes are expected to rise over the next 10 years.

(c) Analyse the likely impact on *Last Course Patisserie* of this changing level of consumer income.

(6) would be rosable nome Devon base mad april Them esser



A very interesting answer. First impressions are that the candidate has not written much and will therefore struggle to gain a high mark. The second point to note is that the answer only considers one impact - '...more likely to spend disposable income on luxury items'.

This still allows a candidate to achieve Level 3 for AO3a - as long as five development points are made. In this example there are the following:

'customer base would increase'

'would sell more hand made desserts'

'increasing the revenue'

'increase in profits'

'more available capital to expand'

'better compete with rivals'

An excellent piece of analysis despite the length of the answer. Level 3.

There is also application throughout the answer through reference to 'pudding', 'Devon', 'hand made desserts', and '1986'. This allows a Level 3 judgement for AO1b.

6 marks awarded.



Full marks can be achieved by analysing just one point (impact), however many candidates may find it easier to analyse two points (impacts) in order to make 5 developments. If you decide to do this, make use of a paragraph structure to make your answer more readable.

Any more than 2 points (impacts) will not be take into consideration.

# Question 6 (a)

This question tests 'Application' or 'AO2'. Therefore, there has to be some evidence of application or context within the response for a candidate to score the mark on offer.

Many candidates did not do this and as a result this was not a very well answered question. Most scored 0 through a lack of context in the answer.

- 6 The new head chef carried out secondary market research to identify information about the food market.
  - (a) State **one** benefit to *Last Course Patisserie* of conducting secondary market research.

The doesn't cost as much and takes less effort

(1)



Accurate benefit given - 'doesn't cost as much', but as the answer does not have context then 0 marks were awarded.

- 6 The new head chef carried out secondary market research to identify information about the food market.
  - (a) State **one** benefit to *Last Course Patisserie* of conducting secondary market research.

(1) quick. There are cantless websites offering is about Food markets and it doesn't take to find.



Similar answer but this time the candidate refers to 'food markets' which places the answer in context and allows the mark to be awarded.



If the question refers to a specific business then context must be included in the answer - even for a one mark question.

## Question 6 (b)

This question is the second 'Outline' question on the paper. Candidates needed to identify an 'impact' of relocating on a stakeholder group. Those candidates that could not name a specific stakeholder group were awarded 0 marks.

Candidates also need to provide some evidence of 'Application' or 'AO2' to score the two marks on offer. Most candidates did not do this so could only achieve a maximum of 1 mark.

(b) Outline one impact on a stakeholder group of Last Course Patisserie if it relocates to new premises. (2) If last course Pahsserie kelocates, already loyal current - who are stakeholders - will have wanes longer to buy men produces, which decreases conviening which could decrease Sales. nsc - geod disposable MILLING norm my. changing income



In this response a valid stakeholder group is named 'customers', and the impact outlined - 'travel longer to buy their products'. However no context in answer so only 1 mark awarded.

This could have been awarded 2 if the candidate simply substituted the word 'products' for 'cakes'.

(b) Outline **one** impact on a stakeholder group of *Last Course Patisserie* if it relocates to new premises.

(2) cabo owners of the business may find that ployees bocal alen essert and puo



This answer names a specific stakeholder group - 'owners' and outlines how they will be impacted - 'spend more on advertising and employing new staff'.

Answer all placed in context through reference to 'cake' and 'dessert'.

2 marks awarded.

#### Question 6 (c)

The 'Justify' question is marked in the same way as the 'Analyse' question but an additional judgement is now also made for 'Evaluation' or 'AO3b'. Thus, the final mark is derived from a line of best fit from each of the three levels awarded for each of the three 'Assessment Objectives' the question is designed to test.

There is NO requirement for candidates to consider BOTH options in their answer. 9 marks are achievable from the consideration of ONE option only.

This question showed some pleasing levels of analysis and at times some good evaluation (the negatives, or disadvantages of a particular option in contrast to its benefits). However, as in other questions, the application tended to be weak, with poor context in the answer.

In order to increase the number of desserts that can be produced to meet the extra demand, *Last Course Patisserie* is considering two options:

Option 1: investing in new machinery

Option 2: employing more staff.

(c) Justify which **one** of these two options *Last Course Patisserie* should choose.

Where as it you employed more Staff you to pay then every time as well as you would get the money back and more pr New machinery would mean you as a empt	new machine products
to pay them every time as well as you would get the money back and more provided mean you as a compte	
New machinery would mean you as a carpa	
	ofics.
	oghe ferson
would n't have to do much and let the	

(9)



When assessing 'Justify' questions it is necessary to make three judgements linked to three Assessment Objectives (AO).

The first AO is AO2 - Application. There is no context in this answer therefore Level 0 .

The second is AO3a - analysis. To make this judgement we must see how many points of development are in the answer. This candidate makes a number of points without any development. It could be argued that the final point 'person wouldn't have to do much work' is a development of the first 'quick and good quality products'. No better than Level 1 though.

The third is AO3b - Evaluation. There is no contrasting argument in the answer linked to any of the points made. Therefore a judgement of Level 0.

Line of best fit is bottom of Level 1 = 1 mark.

In order to increase the number of desserts that can be produced to meet the extra demand, *Last Course Patisserie* is considering two options:

Option 1: investing in new machinery

Option 2: employing more staff.

(c) Justify which one of these two options Last Course Patisserie should choose.

(9)

The pudding company why shou the ra because. would - 15 as more hand motel desse WOU thus allowing the per aau company to keep more easily, SO WP demend they keeping the Su serve more custome hile a The The pring 843 CL company nesh hana une lling pon -disaduantage 0 CA ving them charge a prem meir products shi vantage, however  $\sim 0$ oduce pudd to pay company wowld have C. the hand sal apparts increasing a The. bus fore nereasing ٩ł ľØ MM trup mo an 10 extra way a The moren productive for ey. base also ohal nou company wow bush the company lk Of desser corrs al increase in productivity generates enough revenue escira

to counter the extern fixed costs introduced by employ we shall.



The same process can now be applied to this answer. First impressions are positive in that the answer is written in a clear structure of two paragraphs together with a conclusion. Note the way in which the candidate starts each paragraph. 'One disadvantage, however....' and 'In conclusion...'. Very effective in linking the answer to the demands of the Assessment Objectives.

Conclusions are very important in answering 'Justify' questions as they can consolidate analysis and make justifications that allow evaluation to be demonstrated.

A final interesting point is that this candidate only considers one option which is all that is needed. Both options can be considered but this is not necessary and can lead to disjointed answers.

Judgements:

AO2 - context throughout. Level 3.

AO3b - over 5 development points made. Comfortably Level 3.

AO3b - candidate considers both the benefits and drawbacks of employing more staff before arriving at a justified opinion. A depending factor is also included which demonstrates that factors could change this opinion. Level 3.

Overall, best fit is Level 3 and 8/9 marks. Very good answer.



Learning how to write effective conclusions is a strong skill to develop when answering 'Justify' questions. It allows evidence to be included in answer linked to AO3b - Evaluation.

## Question 7 (a)

The question appears due to the fact that there are an odd number of 'Knowledge' or 'AO1a' marks to be spread across the two examination papers - therefore we have an extra question that tests 'AO1a' in Paper 2. This corresponding question in Paper 1 tests 'AO1b' and therefore tests 'Application'. This means the answer needs to be answered in context, and similar to Q6a, this rarely happened. This led to most candidates being awarded 0 marks.

(a) State **one** way *Aphrodite* could use social media. (1)advertise on social nears i.g increase reach **Examiner Comments** Accurate answer but not written in context of a clothes shop therefore 0 marks awarded. 7 (a) State one way Aphrodite could use social media. (1)Aphrodite could set up a survey to find ontwhat brands are the best at the moment, such as Iturgo-Bois and Dione Island. **Examiner Comments** 

Also an accurate answer but this time candidate mentions brands 'Hugo Boss' and 'Stone Island' which allows the mark to be awarded.

1 mark.

# Question 7 (b)

This question is the only 'Identify' question on the exam paper. 'Identify' questions require candidates to read off a graph or interpret a table. They test the skill of 'Application' or 'AO2' and as a result allow each examination paper to make up the 10% (9 marks) requirement for quantitative skills (8 marks from 4 x 2 mark 'Calculate' and 1 x 1 mark 'Identify').

This was a relatively straightforward question, but a significant number of candidates selected the lowest exchange rate in August, thinking this made imports cheaper as it was the lowest figure.

Table 3 shows the value of the pound (£) in euros (€) from June to September.

Month	Number of euro (€) per pound (£)			
June	1.13			
July	1.11			
August	1.09			
September	1.14			



(b) Identify, from Table 3, which month was best for *Aphrodite* to import clothes from Paris.

August.



Poor knowledge of exchange rates shown - picked the wrong month simply because the value is lowest.

(1)

Table 3 shows the value of the pound (£) in euros (€) from June to September.

Month	Number of euro (€) per pound (£)			
June	, 1.13			
July	• 1.11			
August	, 1.09			
September	1.14			



(1)

٦

(b) Identify, from Table 3, which month was best for *Aphrodite* to import clothes from Paris.

September

.



# Question 7 (c)

This was the final 'Outline' question in the paper and once again it is marked in the same way as all of the previous ones. Examiners were looking for an advantage and then a linked strand that developed the advantage. To gain the second mark there had to be evidence of context/application. Similar to the other 'Outline' questions this proved to be lacking in most candidates and therefore most scored 1 mark.

(c) Outline <b>one</b> reason why Aphrodite's range of stock could give it an advantage over its competitors.	
	(2)
the month of it holds more variety	jand
better quality, meaning that	
oustomors are more usely to B bu	y
dothes from Andrew and Duncan's	store
than from a competitors	******



Clear reason given 'holds more variety' and provides a point of development 'more likely to buy...than from a competitor'. Answer written in context therefore 2 marks awarded. (c) Outline **one** reason why *Aphrodite's* range of stock could give it an advantage over its competitors.

(2) designer clothers are not domited so will more ract more customers mear Ing NR



This is the type of answer that can catch examiners out as it is written in context through reference to 'designer clothes'. However the answer does not give a development point of how the advantage comes from having a 'range of stock'.

1 mark awarded but appears to be a 2 mark answer at first glance.

# Question 7 (d)

This 'Justify' question is marked in exactly the same way as Question 6(c). Examiners will make separate level judgements across the three 'Assessment Objectives' the question is designed to test and then a line of best fit will be used to determine the final level and mark.

Just as before, there is no need for candidates to consider BOTH options - full marks can be achieved by considering the pros and cons of ONE option - so long as all of the three 'Assessment Objectives' are met.

To pay for the conversion of the premises, Aphrodite is considering two options:

(9)

Option 1: obtaining a bank loan

Option 2: crowd funding.

(d) Justify which one of these two options Aphrodite should choose.

One benezik og obkalning a bank loan to convert premises is that it gives the dothing company a source of pinance straight away allowing them to quickly expand, so Then can gain a competitive advantage over rival companies 200ner Another benefit is that the UK inkerest rate in was arronkly very low for at the time, meaning the interest loan that the brothers would have to pay would also be considerably lower than usual, meaning the costs of Andrew and Duncans business would only increase by a small amount Nonvever, one disadvantage of obtaining a bank is hear the clothing company would at the end of the loaning period back wherest increase the fixed costs, and therefore the k costs of the business high end clothing business This decrease propte. the brothers should expand conclusion by bank because it allows them to expand sooner. Maugh ban they would have to pay interest on the bank loan, the UK interest rates had been consistently low, 1k depends

whether Andrew and Duncan are willing to spend more in terms of pixed costs in order to get an advartage over their competitor sourcer.



The candidate is considering both the benefits and drawbacks of using a bank loan to finance the expansion of the business and there is plenty of application and linked strands across the answer. There is also a conclusion that offers some extra 'Evaluation' to that which was provided in the third paragraph. This conclusion also makes use of the 'it depends rule'.

Thus, this response has 5 linked strands of valid analysis, application throughout and rigorous evaluation. Therefore, the answer was adjudged to be in Level 3 for each of the three 'Assessment Objectives' of 'Application', 'Analysis' and 'Evaluation'.

9 marks were awarded.

# Question 7 (e)

This question is marked in exactly the same way as the 'Justify' question. The only difference is that a fourth 'Assessment Objective' is now also being considered, namely 'AO1b' or 'Understanding'. Thus, examiners have to make four separate judgements regarding each response and then take a 'line of best fit' to arrive at the final level and mark.

The 'Understanding' judgement is based upon how well the candidate understands the business demands of the question. In this particular question the candidate needed to make a judgement on how e-commerce can affect the marketing mix of a business. In order to get to Level 3 there had to be clear understanding that these areas were interdependent and that a business would have to change its marketing mix if it developed an e-commerce strategy. Many candidates did not make this link and answered on the advantages and disadvantages of e-commerce, without making reference to the marketing mix.

There was also clear evidence in this question that candidates struggled with time management and found it difficult to finish the paper in the allocated time. Papers in future series will be of similar length so it is important for centres to take this into account when preparing candidates for the exam. (e) Evaluate the impact of e-commerce on *Aphrodite's* marketing mix. You should use the information provided as well as your knowledge of business.
(12)

E- commerce can be very helpful to businesses as it is metapensive due to the lack of rent and other fixed com. This means e-commerce lower recision for the busines unnour ajecting the dominey. Additionally, e- commerce also apeur prace due V now more conviencent as..... to US accesibility. Whether H 1) 3pm or noon altoner would be able to buy products Λ from Approdite. This would likely increan rares. As the business has a tangible more and a webente prople = local to nove and me very la v away can purchase domes, ance again increasing sales. E- commerce affects 'product' as me be able to better two W busines would rebuil to cunomers wants, which is crucial for a dothing business in an extremely competitive market. E-commerce also allens owners he monthor which ander of doming sell better and which they could chook he nock a larger vorume of their pancular wm-

La	Aly, 'I	2vice	is after				nnerce
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The same process is applied in assessing this question as the other levelled question - only now we have 4 'Assessment Objectives' to take into account. A judgement is needed for all 4 and then a decision of best fit will allow a final mark to be awarded.

In this answer the following decisions were made:

AO1b (Understanding) - good understanding of the demands of the question. Candidate understands the link between e-commerce and the marketing mix. Answer shows this by considering individual elements of the marketing mix. Level 3

AO2 (Application) - despite the case-study providing ample information to draw on in order to include context, the candidate only makes reference to clothes or clothing. This can only be considered as limited and therefore placed in Level 1.

A03a (Analysis) - strong analysis takes place with at least 5 development points coming from the best two impacts. Level 3.

AO3b (Evaluation) - none present. No balance anywhere in answer. Lack of conclusion. Level 0.

Therefore we have L3, L1, L3, L0. Best fit is judged to be in mid Level 2.

6 marks were awarded.

promotion. Price assus . Product pizce they or they (e) Evaluate the impact of e-commerce on Aphrodite's marketing mix. You should use the information provided as well as your knowledge of business. (12)AL advantage of E-commerce on Aphrodrites 2 conversent 'plane' is m morketly mox is that it soits the place having to open many Brichs 1 morter shores, this onceving fixed corres. Bop By having 3138 Approdice is side to sen their high-quoting cush red efficiently. Due to an increase Convincently POPUSHA Apperod People me expected to use technology e therefore in seressing the curroner tese 90 5m of the company. Therefore mereming sores sotisties yours F commerce () 26h to solvering , satisfying the promotions aspects. to muesne hear brand insee thank abl Aprodite 01 6 Using .( 11-e 264 disign compones & extra for delivery conts. They There essing them herence and too amoning them 5 As bresk ener grider. well as this, this ian sino codes for the metorite, in and discours 1221AG ~ energiner and siles. These satisfy worsh component to an Aphroantes marceling proce mix. A disadvartage of using E 20 the Achoras our a high end gostil want to see the and لملد tone people noi a product itself to make one if fits. By not be

being sple to do so, people may go 12- Sames to get this disided product product usnponent Q Over mr. R-co import on Approdition good satisfier 3/4 component our wer Approdate an able Lee brand image of the dsd wear song.



This, in contrast is a stronger answer, and indicative of a Level 3 response.

It is clear that the candidate understands the question so Level 3 was awarded for 'AO1b'. Note that any advantages and disadvantages of ecommerce are closely connected to the marketing mix. There is use of application throughout all of the paragraphs so again, another Level 3 can be awarded for 'AO2'. There are at least 5 linked strands spread throughout the response, so again Level 3 can be awarded for 'AO3a'. Evaluation starts with the paragraph beginning with 'A disadvantage of using E-commerce...' and there is also a conclusion.

With all 'Assessment Objectives' in Level 3, a 'line of best fit' results in Level 3 overall and 11 marks were awarded. It was not awarded 12 as it was felt there was some small scope for improvement in the writing of the conclusion.

#### **Paper Summary**

Based on their performance in this paper, candidates are offered the following advice:

- Not repeating the question in the first line of their response it wastes time and allows no extra marks to be scored.
- That formulae are learnt 'Calculate' questions are worth 8 marks per examination paper.
- Ensuring 'linking words/terms' are used in answers, such as 'thus', 'therefore', because' or 'as a result' to create a break between linked strands of development.
- Recognising the importance of including context in 'State' and 'Outline' questions as a way of gaining marks.
- That 'Justify' questions do not require the consideration of both options.
- That all questions are marked according to the Assessment Objectives (AOs) that they are designed to test. A 'good answer' is not necessarily a 'good answer' unless it satisfies the Assessment Objectives (AOs) that are associated with the command word that was used in the question.

## **Grade Boundaries**

Grade boundaries for this, and all other papers, can be found on the website on this link:

http://www.edexcel.com/iwantto/Pages/grade-boundaries.aspx

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