

Examiner's Report Principal Examiner Feedback

Summer 2018

Pearson Edexcel GCSE

In Business Studies (5BS03)

Paper 1: Building a Business

Edexcel and BTEC Qualifications

Edexcel and BTEC qualifications are awarded by Pearson, the UK's largest awarding body. We provide a wide range of qualifications including academic, vocational, occupational and specific programmes for employers. For further information visit our qualifications websites at www.edexcel.com or www.btec.co.uk. Alternatively, you can get in touch with us using the details on our contact us page at www.edexcel.com/contactus.

Pearson: helping people progress, everywhere

Pearson aspires to be the world's leading learning company. Our aim is to help everyone progress in their lives through education. We believe in every kind of learning, for all kinds of people, wherever they are in the world. We've been involved in education for over 150 years, and by working across 70 countries, in 100 languages, we have built an international reputation for our commitment to high standards and raising achievement through innovation in education. Find out more about how we can help you and your students at: www.pearson.com/uk

Summer 2018
Publications Code 5BS03_01_1806_ER
All the material in this publication is copyright
© Pearson Education Ltd 2018

Introduction

This year's 5BS03 paper was the final one for the current GCSE Business Studies specification. The paper appeared to act as a good discriminator and overall candidate performance improved, compared to 2017. This was despite the existence of some questions that candidates found challenging.

For the first year, there was evidence that a significant minority of candidates either struggled to finish the paper or found particular questions difficult. There were a high number of blank answers to questions 5(d), 6(c) and 10. Despite this, the mean mark improved across the entirety of the paper. This suggests that any areas of difficulty were offset by more straightforward questions elsewhere on the paper.

Section A was, on the whole, very well answered and it was heartening to see examples of very good technique for each of the various command words. One habit that is to be discouraged is the habit of repeating most of the question at the start of a given answer e.g. 'One drawback of conducting market research is that there could be bias'. This, if done repetitively throughout the entire paper, essentially means that candidates are writing a two-side essay that yields them no marks. It would be far better just to start the answer with the 'drawback'. This is a possible reason why some candidates struggled to finish the paper. Another trait that was noticeable was in 'Explain' questions where candidates tagged onto the end of each response 'leading to an increase in sales, therefore leading to an increase in profit' or 'leading to a competitive advantage compared to business x'. Whilst this may be applicable in some questions, it did not help in questions which required candidates to 'Explain one method...' These questions require candidates to consider a process, thus using a standardised writing frame meant that candidates often scored 1 or, at best 2, out of 3 on these questions.

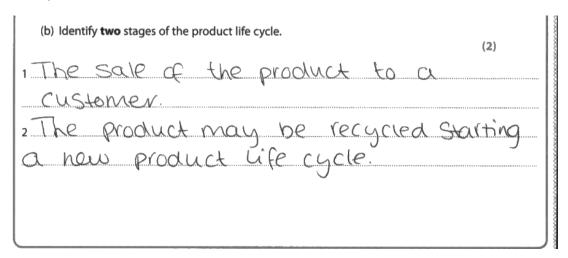
Section B proved to be accessible in the main. However, question 5(d) remained problematic with many candidates explaining the impact on the business rather than the environment. Centres should look at page 37 of the specification which states 'how businesses effect the environment' and the 'importance of short-term environmental effects (impact on air and noise pollution) and long-term environmental effects (global warming and resource depletion). Question 6(c) also proved problematic in the sense that many candidates appeared to have never come across the term 'debt' before. This was despite the fact that it is in the specification on page 35 under 'Financing growth'. As Principal Examiner, I have to ask questions based on the specification not on books that can sometimes have their own interpretation of the specification. Whenever the context is unusual there is always information in the accompanying case-study to explain what scenario is underconsideration. For instance, for question 5(d) further information was given about a wind turbine e.g. 'allow it to produce its own energy', '40 metres high' and 'an area of outstanding natural beauty'.

Section C was well answered and candidates, if they attempted question 10, found the final essay question much more accessible than last year with the mean rising to above 5/10. This was despite 15% of the cohort leaving this question blank.

<u>Q1b</u>

This question required candidates to 'Identify' two stages of the product life cycle. This proved to be a simple question. The modal mark was 2 and the mean mark was 1.6. Some candidates confused the product life cycle with the Boston Matrix or the Economic Cycle.

Example 1:



This is indicative of a candidate who has never come across the product life cycle before. 0 marks.

Example 2:

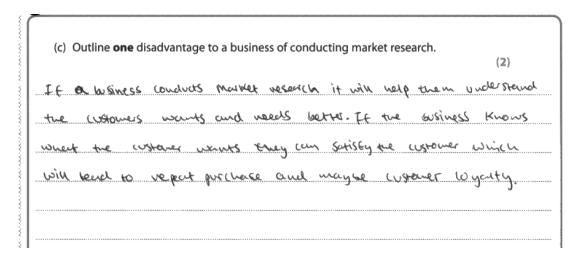
(b) Identify two stages of the product life cycle.	(2)
Small are	(2)
1 Cheroduction	
2 growth	
V	
	J

Two correct responses. 2 marks.

Q1c

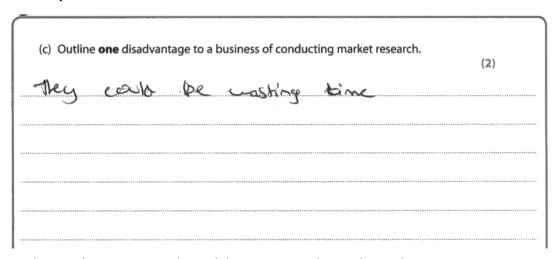
This question required candidates to 'Outline' one disadvantage to a business from conducting market research. Most candidates were able to do this. Many candidates picked up on the fact that market research could be biased, was time consuming or it was expensive. The modal mark for this question was 2 and the mean mark was 1.22.

Example 1:



The candidate has not read the question closely enough and has written an answer to a question on the 'advantage of conducting market research'. Thus, this answer scored 0 marks.

Example 2:



This simple response made a valid statement and scored 1 mark.

Example 3:

***************************************	(c) Outline one disadvantage to a business of conducting market research. (2)
AND	market research is expensive for a basiness which increases costs and
~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~	Mill reduce profit. Thus may leave less mercy for promotion and Scales may super.
WANTANA WATANA	

This answer has linked 'increased costs' to 'will reduce profit'. 2 marks were awarded.

# <u>Q1d</u>

This should have been a straightforward question. However, a sizeable minority of candidates mixed up 'Just In Time' with 'Just In Case' stock management. Nevertheless, the modal mark was 3 and the mean mark was 1.98

# Example 1:

	(d) Explain <b>one</b> benefit to a business of using Just In Time (JIT) stock control. (3)
	one benefit of using JIT Would be that the
	GUSINUS LINI not have to Pay extra to hold excessive
	Stock or have to pay rent on a new Premiles
1	to hoke the Stock.
	(Total for Question 1 = 8 marks)
3	
3	
2	

The candidate has identified one benefit through 'not have to pay extra to hold excessive stocks' and has then effectively repeated the same benefit. 1 mark was awarded.

(d) Explain <b>one</b> benefit to a business of using Just In Time (JIT) stock control.  (3)
One benefit of using JIT stock control is that it reduces costs.
This is as storing stock means you need to pay rent for the
warehouses so using JIT means you don't have that ever authous
Reducing costs will improve the net cash from so the business
min have to invest back into the business:
(Total for Question 1 = 8 marks)

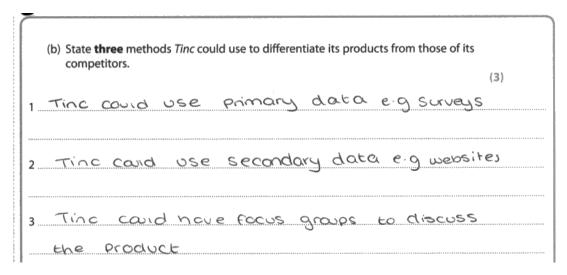
This answer has the required development of the benefit, since 'reduces costs' is linked to 'you don't have that extra outflow' which is linked to 'improve net cash flow'. 3 marks were awarded.

Look at how the candidate wastes time in this answer. They have repeated the question at the start of their response and then offered an additional and unnecessary linked strand at the end of their response. The response scored full marks, but at what cost? The candidate could end up running out of time.

#### Q2b

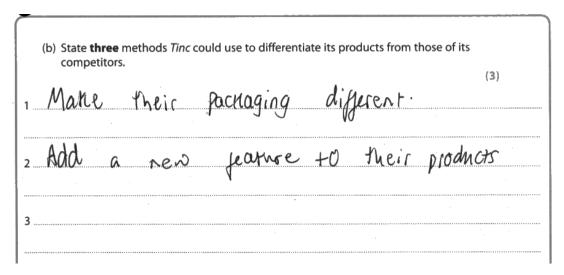
This should have been a straightforward question to answer. The issue for examiners was where 'product differentiation' stopped. As a result, 'improved customer service' and 'selling over the Internet' were not accepted as answers since they differentiated the business not the product. Most candidates scored well on this question. The modal mark was 3 and the mean mark was 2.45.

### Example 1:



The candidate offered three different methods. However, none of them related to product differentiation. 0 marks were awarded.

# Example 2:

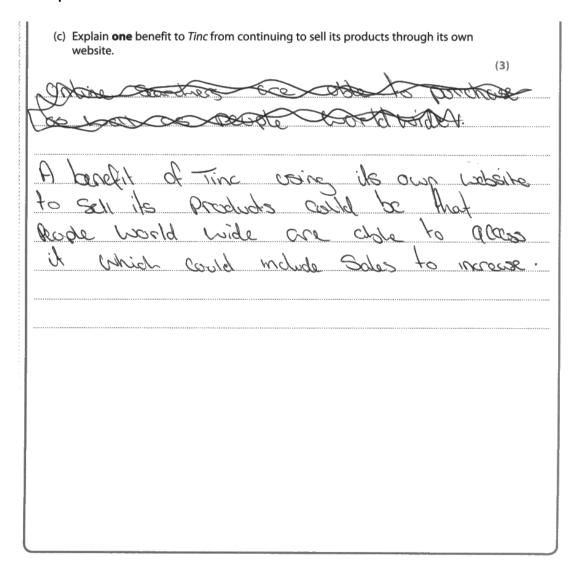


The candidate offered two methods and both were valid. 2 marks were awarded.

## Q2c

This was a well answered question, with most candidates focusing on the ability to generate a greater number of sales. Another popular approach was to consider the cutting out of a middleman by not having to use other websites. Context was provided by reference to WHSmith or stationary products such as pens, erasers etc. The modal mark was 2 and the mean mark was 1.96.

## Example 1:



This answer has a benefit through 'people worldwide are able to access it' which is developed through 'cause sales to increase'. The answer is missing a second strand of development and context. Therefore, 2 marks were awarded.

(c) Explain <b>one</b> benefit to <i>Tinc</i> from continuing to sell its products through its own website.
A positive of continuing unbside sales is that they're
Tisk are able to approach more people in this mortist Having more customers Walls to more stationary being sold reming more revolve. This results in
More projek that can help the bourness to create more shops in the UK, pottentially going international, or
being able to buy in more annound stationing to

This response has a benefit through 'able to approach more people in their market' which is linked to 'more stationary being sold meaning more revenue'. This is then further developed through 'This results in more profit'. The candidate has provided two linked strands following the identification of a benefit and the word 'stationary' provides the context. 3 marks were awarded.

Be wary of over-developing your response. Once you have secured all 3 marks, stop and move on. This is one of the reasons why some candidates failed to finish the exam paper.

## Q2d

This question was subtly different to the previous 'Explain' questions since it required candidates to 'Explain one method...' Thus, candidates had a general tendency not to pick up on this and treated the question as if it were a 'Explain one benefit...' question. Another feature was a lack of linked strands with many candidates finishing off their answer with 'therefore sales will increase' or 'therefore repeat purchase happens'. Thus, these candidates failed to explain the method in full and as a result did not score all three marks despite providing context within the confines of their response. For this question, the modal mark was 2 and the mean mark 1.98.

#### Example 1:

(d) Explain <b>one</b> method <i>Tinc</i> could use to encourage repeat purchase of its products.	3)
One method Tinc could use to encourage repeat purchase of its products is that they could introduce loyally scheme through customer cards. By cloing this leads to the byfiness such as Tinc to encourage repeat purchase as the customers who continually by production get certain discounts or points to therefore encourage repeat purchase.	eak
(Total for Question 2 = 10 marks	:)

This response identifies a method 'loyalty cards' and the method is developed through 'customers who continually buy products will get certain discounts or points'. All the remaining development is a repeat of the question. The answer is also generic. Even if the answer had context it would still only receive 2 marks since there are insufficient linked strands that explain the method. 2 marks were awarded.

(d) Explain <b>one</b> method <i>Tinc</i> could use to encourage repeat purchase of its products.  (3)
Tire could istroduce a customer loyalty
scheme where customers (such as students) can
points por purchases, to use por discourte.
This would encourage replat purhase bleaux
customes will want to ear point in
order to gain discourse this leads to
customes staying with Time & they can
acquire these points, the good Time will
have more customers repeating purchases.
(Total for Question 2 = 10 marks)

By way of a contrast, this candidate has understood what is meant by the word 'method' in the question. 'Loyalty scheme' is the method and the candidate then laboriously explains how this will work in linked stages. Context is provided by the word 'student'. 3 marks were awarded.

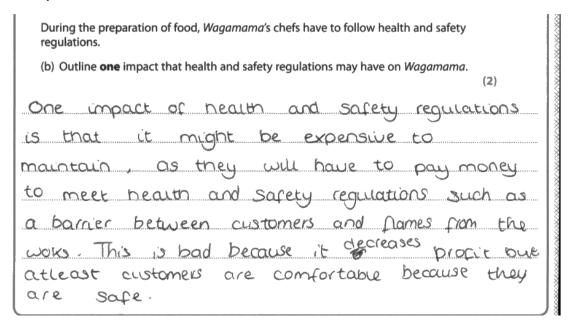
## **Q3b**

This question was made harder than it needed to be. Many candidates just wrote about something which was dangerous in a restaurant rather than identify an impact on Wagamama. Other candidates turned the question into the impact of breaking health and safety regulations and thus did not answer the set question. Those candidates that did answer the question, then lacked either a strand of development or context. This prevented them from scoring above 1 mark. The modal mark for this question was 2 and the mean mark was 1.15.

## Example 1:

(b) (	Outline <b>one</b> impa	ct that health	and safety reg	ulations m	ay have on	Wagamama.	(2)
14	these	healt	n and saf	ety re	egulatio	ns are	
wL .	followed	the	Wagama	mar c	ezterdun	to could	be
cxes	down a	> Ehe	resteraunt	hould	no+ 1	e classe	٩
Fe.	place for	custome	272	******	73887844444999778348874441999	>>>baddd++++++ >>>>bbaanadd++++++aaa	
				***************************************	F>>EET4T4444++>>> hh>==Edd4444+	}}}	
	***************************************				***************************************	***************************************	
*************	***************************************				***************************************	***************************************	rhidaid (vel britahaanadaaare

This answer scored 0 marks. The candidate has answered their own question about the impact of breaking health and safety regulations.

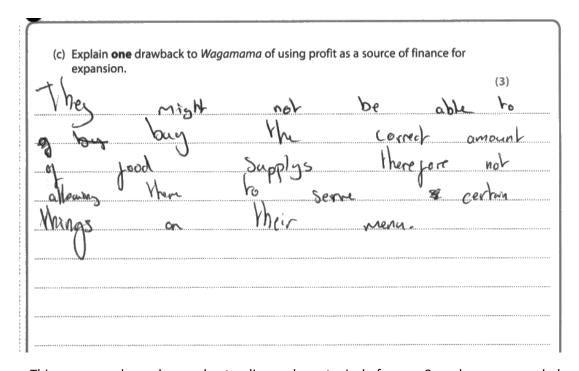


This answer was overkill, but did secure all of the marks. An impact was identified through 'expensive to maintain' which was then developed through 'as they will have to pay money to install a barrier between customers and flames from the woks'. The words 'flames' and 'woks' provide context. 2 marks were awarded.

## <u>Q3c</u>

This was a hard question and exposed a lot of misunderstanding about profit used as a source of finance for expansion. Many candidates misunderstood what profit was and made incorrect assertions like 'if they use profit they cannot afford to pay wages or buy raw materials'. Other candidates tried to twist the question into one they could answer very quickly. For instance, 'if they use profit they will not be able to spend money on advertising. The benefits of advertising are...' These responses were awarded 0 or 1 mark. The modal mark for this question was 2 and the mean mark 1.27.

## Example 1:



This response showed no understanding and was typical of many. 0 marks were awarded.

		wback to Wag		sing profit as			for
	e $\lambda$ ra	wback .	to Was	yamama	90	usdas	(3) refained
20	. 1	<b>N</b>		/	, ,		expansion
یک	He	share	holde	is and	( Own	ers	of 🎉
the	Japa	nese -in	pored	res baura	nt gr	ow	will get
٥	decrea	used on	dowon	9 90	nopit	,	<u> </u>

I included this answer since it takes an age to score any marks at all. The candidate repeats the question and then makes a very big show of ensuring that the answer has context before making a simple point 'owners will get a decreased amount of profit'. The answer scored 1 mark due to insufficient development of the drawback, but this could have been obtained by simply stating 'Shareholders may get less dividends'. Thus, you could gain the same score from 5 words as opposed to 34 words!

Always try to find ways to streamline your answers. This comes through practise and self-marking your answers. Most candidates do not do this and that is why they run out of time.

#### Example 3:

This answer scored all 3 marks. There is a drawback 'might not be sufficient enough' with development through 'raise the money itself through selling meals' with further development through 'have to wait until they have enough money from serving customers before they can expand'. The word 'meal' provided evidence of contextualisation.

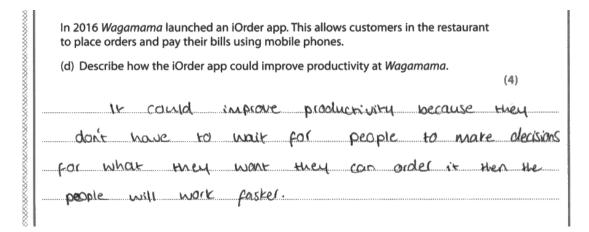
## **Q3d**

This was the only 'Describe' question on the paper. This style of question should be viewed as a flexible 'Explain' question. Candidates can score a mark for a definition and then marks for separate or developed points. To reach 4 marks, there has to be some evidence of context within the response, otherwise candidates are awarded a ceiling of 3 marks. This question proved tricky since it required candidates to 'Describe how...' Many candidates interpreted the question as 'Describe the benefits...' Therefore, examiners were left with the difficult task of trying to work out what was valid in a candidate's answer and what was not. This question had a modal mark of 2 and a mean mark of 2.01.

#### Example 1:

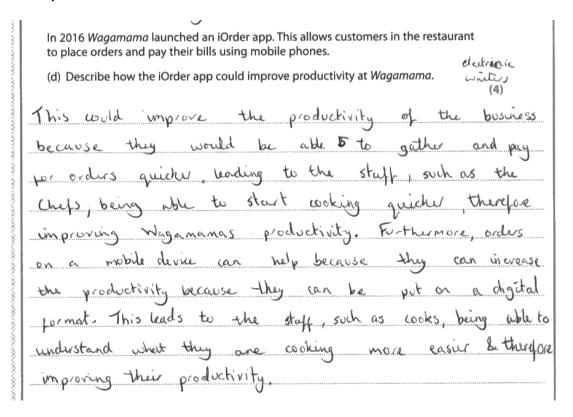
(d) Describe how the iOrder app could improve productivity at Wagamama.	(4)
	re will table egone
	= 10 marks)

This candidate has not answered the question. The question is 'Describe how...' However, this candidate is considering the benefits of the iOrder app to Wagamama. There is nothing in this answer that can be awarded any marks. 0 marks were awarded.



This response answers the question. The candidate starts with a repeat of the question which wastes time and scores no marks. The first mark is earned through 'don't have to wait for people to make decisions'. There is then development offered through 'then the people will work faster'. 2 marks were awarded in total.

#### Example 3:



This response answers the set question. The first mark comes from 'they would be able to gather and pay for the orders quicker' which is developed through 'leading to staff, such as the chefs, being able to start cooking quicker'. The candidate then starts to develop a second point through 'they can be put in a digital format' which is developed through 'cooks being able to understand what they are cooking more easier'. Within the response there are sufficient independent/linked points that answer the question and context is provided by 'chefs' and 'cooking'. 4 marks were awarded.

## <u>Q4b</u>

This was, statistically, the hardest 'Outline' question on the paper. Candidates found it very easy to mention an appropriate method of motivating the sales team. Almost all candidates were able to do this and scored one mark. However, to score two marks, candidates needed to develop the stated method and provide context. This proved to be much harder to do. Thus, the modal mark was 1 and the mean mark 0.98.

## Example 1:

(b) Outline <b>one</b> method the <i>Yorkshire Crisp Company</i> could use to motivate its sales team.
(2)
Make the look of the packet
eve arching and to aiso
add * description. * ourstanding

This candidate misunderstood what the word 'promotion' meant in the context of the question. They confused it with 'promoting a product'. As a result, the candidate scored 0 marks.

# Example 2:

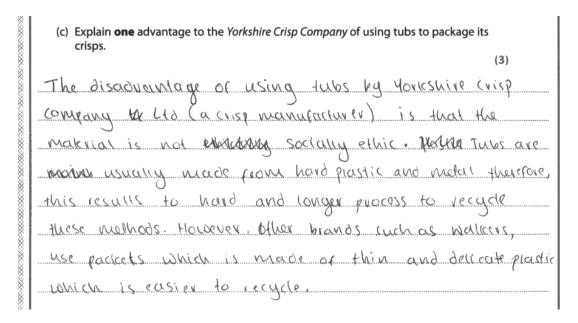
(b) Outline <b>one</b> method the <i>Yorkshire Crisp Company</i> could use to motivate its sales team.
One method they could use to motivate
motivate it's its Sales team is to
give bonuses out to peop the Staff as
they would feel they have been notice for doing a good work and then will maintain
(not Terel of work.

The candidate has identified a method through 'bonus' and has developed it. However, there is no context in the development so it cannot score an additional mark. Thus, the response was awarded 1 mark.

#### Q4c

This was the easiest 'Explain in context' question on the paper. For some reason, candidates were able to naturally add context to their answer - almost without thought! Most candidates went down the differentiation/USP route to answer the question. However, a surprisingly large number of candidates decided to consider the fact that tubs could be recycled whereas packets could not, giving the business an ethical branding advantage. This was perfectly valid and with sufficient development could score 3 marks. The statistics tell the tale of this question with a modal score of 3 and a mean of 2.18.

# Example 1:



This is why it is so important to be clear about what the question is asking you to do. This candidate has focused on a 'disadvantage' rather than an 'advantage'. As a result, the candidate has failed to score any marks on what should have been a straightforward question. This was an opportunity missed!

	sps.							(3)	
One	adu	antage	is	Mat	ir	has	۵	unique	selling
point.	Thù	means	Mat	ìŧ	has	an	Mus	val ap	pearance of
a	lube	Compan	ed 1	o o	dinan	ı cr	1383	Such	os Walken
in		•			`	-	•	ase of	
it :	interests							YorKshine	
	0.01	verate	Cene	ak o	orchas	e i	and	exand	meic

This response was a robust 3 marks. There is an advantage stated through 'unique selling point' and then two strands of development are provided. Context is provided through the word 'Walkers'. This was an easy to mark, and very clear, 3-mark response.

## Q4d

This question was straightforward to answer and there was a pleasing improvement in overall performance. Candidates still feel the need to consider both of the options. This is unnecessary and causes responses to be longer than they need to be. Candidates can answer this question by looking at the benefits and drawbacks of one option. There is no need to look at both options. Considering both options, incorporates risk into a candidate's response. This is because the candidate may develop the benefits of their chosen option and then consider the drawbacks of the discarded option. The candidate then believes that they have 'balanced' their answer. They have not since the drawbacks of the discarded option are just further support for the chosen option.

To get to 6 marks, candidates must provide a conclusion alongside evidence of context and balance. Without the conclusion and context, candidates were awarded a maximum of 5 marks. Without 'balance' candidates could reach a maximum of 4 marks. The modal mark on this question was 4 marks with a mean of 4.21.

#### Example 1:

In order to increase its profitability, the <i>Yorkshire Crisp Company</i> considered two options:	
Option 1: Increase prices	
Option 2: Introduce new crisp flavours.	
(d) Which of these two options do you think would be most effective in allowing the <i>Yorkshire Crisp Company</i> to increase its profitability? Justify your answer.	(6)
Introducy new crisp flowars the	
customers will have more vanely	<u></u>
and choice, which will make the	
more money-	

This response is what a 1 mark answer looks like to this question. The candidate has made a choice (not enough in itself to warrant a mark). There is then some very simple support. 1 mark was awarded.

In order to increase its profitability, the Yorkshire Crisp Company considered two options:
Option 1: Increase prices
Option 2: Introduce new crisp flavours.
(d) Which of these two options do you think would be most effective in allowing the Yorkshire Crisp Company to increase its profitability? Justify your answer.  (6)
I think that option 2 would be more
profitable. I think this because customers
may be already happy with the price they're
paying for the product, so if the prices
go up they could potentially case layou customers.
if they introduced now crisp flavours this could
be away to expand their target manger to
market as people have differing opinions
on their pavamite flavour. If they introduce
a new flavour and it was popular, their
propie would increase a lot more as people
are buying them a lot. It could also bring
in new customers who previously might
not have enjoyed any of their Older flowing
and could enjoy their newer one. Option 2
would be a better way to expand ==
and grow their business also.

This answer has a choice (option 2) and the candidate justifies it by developing the drawbacks of option 1 and the benefits of option 2. Thus, there is no 'balance' in the answer and it cannot access Level 3. Thus, 4 marks were awarded.

### Example 3:

In order to increase its profitability, the Yorkshire Crisp Company considered two options: Option 1: Increase prices - Less buying Option 2: Introduce new crisp flavours. - Differentiating -nvals (d) Which of these two options do you think would be most effective in allowing the Yorkshire Crisp Company to increase its profitability? Justify your answer. (6) petter method to increase revenue and the profit In conclusion introducing new flavour want create profit

This response considers the benefits of option 2 in paragraph one followed by the drawbacks of option 1 in paragraph two. At the end of paragraph two there is some context through 'Walkers' and 'Golden Wonder'. There is also some 'balance', since the benefits of option 1 are mentioned. In paragraph three, there is a conclusion. Thus, the response can reach the top of Level 3 and achieve 6 marks.

## <u>Q5a</u>

This question should have allowed candidates to earn a straightforward 2 marks. However, I was shocked to see candidates having no clear understanding that the relationship with output was critical in an accurate definition. Thus, we had to relax the rule about examples raising imperfect definitions to full marks. Otherwise, we would have run the risk of awarding 2 marks to answers that demonstrated no clear, or even an incorrect, understanding of the term. The modal mark was 1 and the mean mark was 1.02.

### Example 1:

5 (a) What is meant by the term variable costs?	
fixed cost x variable cost.	(2)

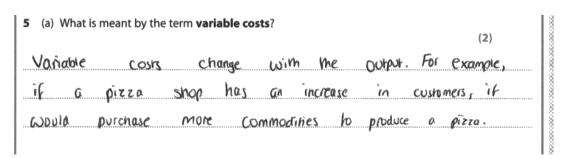
This candidate shows no understanding of what should be a key basic term. This should have been taught in 5BS01 and then re-visited in 5BS03. 0 marks.

# Example 2:

5 (a) What is meant by the term variable costs?			
	My variable costs to over a	costs that can	
The second second	change, inis can	uused bythings	
SCHOOL SCHOOL SECTION	like wages		

This candidate showed some vague understanding that variable costs can 'change' but there was no reference to 'sales' or 'output'. Note that the example did not elevate the response to 2 marks since to have done so would have allowed a significant number of candidates to score 2 marks for demonstrating an incorrect understanding of the term. 1 mark was awarded.

#### Example 3:



The first sentence allows both marks to be awarded. As Principal Examiner, I was shocked by how many candidates had not learnt this key term correctly. 2 marks were awarded.

# <u>Q5b</u>

This was a question that could be answered in a few words e.g. 'costs will go up'. However, candidates wasted time by providing long explanations that were not necessary for a 1 mark 'Identify' question. Over-answering on questions such as this, helped contribute to candidates not finishing the paper. The modal mark was 1 and the mean mark was 0.85.

# Example 1:

(b) Identify one drawback to the Cornish Cheese Company of producing a hig product.	h-quality (1)
It may cost more, thorefore, profit made from 30.105.	decreasing

The candidate could have earned the mark by simply stating 'costs more' and the development was unnecessary. 1 mark was awarded.

## <u>Q5c</u>

This question was the hardest 'Explain in context' question on the paper. The word that candidates wanted to use to contextualise their answers was contained in the question, namely 'milk'. Thus, there were many 2 mark answers to this question and only a few 3 mark answers. Most candidates considered a reduction in variable costs and a consequent improvement in profit as part of their answer. The modal mark was 2 and the mean was 2.02.

#### Example 1:

(c) Explain <b>one</b> advantage to the Cornish Cheese Company of using its own milk.	(3)
By using their own milk the Cornish cheese Compa	_
Is sering money by not purchasing grown a supplier	
advertisement. That can then lead to a wider range us	uztonus.
Wester is higher occurred. Theregoe resulting in	a higher

The candidate provided a fairly standard response. 'Lower the cost' is linked to 'spend more money on advertisement'. The candidate then provided several, further linked strands, none of which were in context. As a result, only 2 marks could be awarded.

## Example 2:

	(c) Explain <b>one</b> advantage to the <i>Cornish Cheese Company</i> of using its own milk.  (3)
	One adjuntage of Cornish choose
	using it own Inite is that they
	know the farm where it has come
	from more the health, superly and
	hygere requirements & meaning they
	can quarry control the product to
	assure It is of a righ enough quality
	70 We on thew correspond therefore
	and trailed from the ED regulations.
1	Will hower have the so regulation

This candidate has ensured that they contextualise their answer with the words 'farm' and 'Cornish Blue' appearing in the response. 'they know the farm' is linked to 'can quality control the products' which is linked to 'saving them any customer complaints'. Thus, this answer scored 3 marks.

## <u>Q5d</u>

This question required candidates to consider the impact of the business on the environment. Just because the business is building a wind turbine does not make this a 'Geography' or 'Science' question and centres are reminded that rigorous checks are made to ensure that questions test material that is on the specification. This question tested material on page 37 of the specification under the sub-heading 'Environmental Issues'. To help candidates, there was also information provided in the case-study so that candidates were left in no-doubt what a wind turbine was. This question was very similar in nature to a question on the 2015 paper which asked candidates to consider the impact of Elvis and Kresse's business activities on the environment. Nevertheless, candidates, in the main, ignored the set question and wrote an answer to their own question on the impacts on the business. Some candidates looked at the impacts on the business and the impacts on the environment all in the same answer. It was then left to the skill of the examiner to work out which part of the answer was valid and which part was invalid within a given response. The modal mark was 0 and the mean mark was 3.3.

# Example 1:

(d) State <b>one</b> possible benefit and <b>one</b> possible drawback to the environment if the Cornish Cheese Company builds the proposed wind turbine. For each, explain the likely effect on the environment.
(8)
Benefit
Stoye band luge
Explanation
The intraduction of a whole fullise will
allow Costones to necognise that the
"Cosutin cheese compy it's assition the
environet and as a result is a
green coupy. Moron it is!
also reduce the company elicitionly
6111.
Drawback and
Cast of the further free towns
Explanation
The cost of the trave will be
Slyntrant to the Impresses carry
Stow, and was the need to make Sine
they do not go hato debot in the
froduntes process. Also it would take
a lot of the to build which
posting could she down the
fredulanty of the bulu gs:

This candidate misread the question and focused exclusively on the impact of building the wind turbine on the business. Sadly, this candidate did not answer the set question and was awarded 0 marks.

(d) State <b>one</b> possible benefit and <b>one</b> possible drawback to the environment if the <i>Cornish Cheese Company</i> builds the proposed wind turbine. For each, explain the likely effect on the environment.
Benefit 1888 POLIUTION apparations dectric used.
Explanation "The wind turbine would produce tests  energy which is less polluting on the
environment. This would benegit the environment because it would mean less
deadly gumes are being ammitted into the air which results in cleaner presher air
Drawback H is unappearing to the eye.  Explanation

The candidate has identified a benefit 'less pollution'. This is then developed through 'wind turbine would produce its own energy' which is linked to 'less deadly fumes' which is linked to 'cleaner, fresher air'. This section was just about awarded 4 marks (there was a debate about 3 marks due to the first sentence being very close to what was in the case study). In the second section, the candidate gave a simple drawback. Thus, this answer scored 4+1 and was awarded 5 marks in total.

## Example 3:

(d) State <b>one</b> possible benefit and <b>one</b> possible drawback to the environment if the <i>Cornish Cheese Company</i> builds the proposed wind turbine. For each, explain the likely effect on the environment.
(8)
Benefit
Enités less greenhouse gases
Explanation
As wind turbines are reverble and green they do
not require the burning of fossil fire. This means
be enitted into the atmosphere. As a count
Me alobal warming is less affected and how
dade This colorer the enhanced gree-house
effect as humans are not contributing as much
given house gases to the new atnoxpore.
Drawback
Can block fight paths for emigrating birds.  Explanation
If the wind furtices are trained positioned
close payler, pieds that renally evigate
before vinter will not be able to find a
Sold flight path. This means some of those birds will have to stay in England larger than
usual or cot op at all. This would result in
some of those bird species dying as England would
get to call for them. This could directically after ecosystems!

In the first section, 'do not require the burning of fossil fuel' is linked to 'greenhouse gases will not be emitted' which is linked to 'global warming is less affected' which is linked to 'reduces the enhanced greenhouse effect'. This section scored 4 marks-since there is lots of context about the environment e.g. 'methane' 'fossil fuel' etc. Without this contextualisation, this part of the answer would have only scored 3 marks.

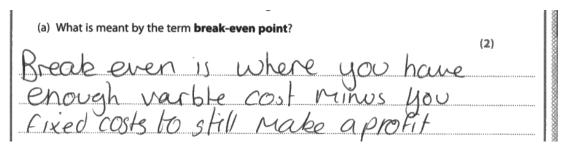
In the second section, 'birds not being able to find a safe flight path' is linked to 'birds will have to stay in England' which is linked to 'bird species dying' which linked to 'drastically alter ecosystems'. This section also scores 4 marks since there is plenty of contextualisation through 'birds', 'ecosystem' and 'species'.

Thus, the response scored 4+4. 8 marks were awarded in total.

## Q6a

This question has appeared in live papers previously and the expectation was precisely the same as before. Those centres that are avid readers of Examiners' Reports will remember that this turned up in 2012. One mark was awarded for 'point where no loss or no profit is made' or for 'where TR=TC'. To get to two marks candidates had to refer to 'sales' or 'output' as well. An alternate approach to 2 marks was to simply state the formula. The modal mark was 1 and the mean mark was 0.92.

#### Example 1:



This, sadly, demonstrates a student who has missed an opportunity to score some straightforward marks. There is no understanding. 0 marks were awarded.

### Example 2:

(a) What is meant by the term <b>break-even point</b> ?	(2)
Break-even point is when total costs	are
exactly equal to total revenue.	

This candidate has provided a typical response seen by many examiners. 'total costs are exactly equal to total revenue' is worth 1 mark since there is no reference to 'output' or 'sales'. 1 mark was awarded.

#### Example 3:

(a) What is meant by the term <b>break-even point</b> ?	(2)
Break ever point is me point of outpout at	
which me total corre equal me total neverne so	
neutres a profit or loss is made	

Critically, this candidate has made reference to 'output' through 'point of output', thus showing that the break-even point is read off the horizontal axis on a break-even chart. The candidate then states, 'total costs equal the total revenue'. 2 marks were awarded.

#### Q6bi

Questions on the margin of safety have been asked in previous examination series. Again, the problem seemed to be that candidates did not learn the required formula. Thus, this question represented a missed opportunity to score an easy 3 marks. Candidates secured all 3 marks if the examiner saw the number '1,500'. It is only when this number was not seen did examiners look for evidence of a formula or workings. This question had a modal mark of 0 and a mean mark of 0.73.

#### Example 1:

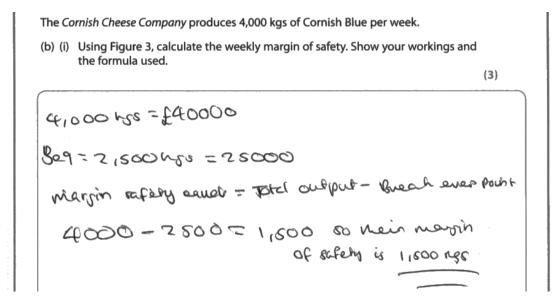
```
The Cornish Cheese Company produces 4,000 kgs of Cornish Blue per week.

(b) (i) Using Figure 3, calculate the weekly margin of safety. Show your workings and the formula used.

(3)
```

The candidate has learnt the wrong formula. This would be in keeping with an answer to the next question. 0 marks were awarded.

## Example 2:

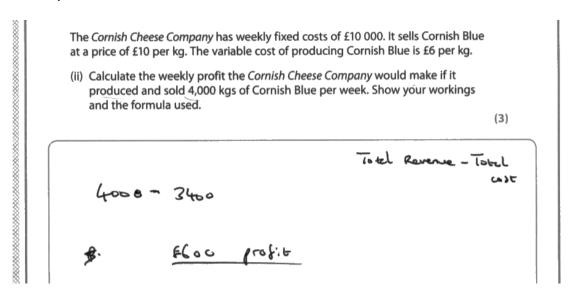


The candidate has given the correct answer of '1,500'. Thus, there is no need to look at anything else since the candidate has secured all 3 marks.

#### Q6bii

This question was completed to a better standard than the previous 'Calculate' question. Most candidates got this question correct. Those that did not, forgot to multiply the average variable cost by the level of output when they were calculating total costs. Some candidates only subtracted total variable costs and forgot to also subtract total fixed costs from the revenue figure. The modal mark was 3 and the mean mark was 1.81.

#### Example 1:



This candidate has lost a '0' from all of his figures somewhere along the way and has given an incorrect answer of £600. At this point examiners would then look for a formula or workings. This candidate has given a correct formula, but the numbers for total revenue and total costs are incorrect, so only 1 mark can be awarded.

The Cornish Cheese Company has weekly fixed costs of £10 000. It sells Cornish Blue at a price of £10 per kg. The variable cost of producing Cornish Blue is £6 per kg.

(ii) Calculate the weekly profit the *Cornish Cheese Company* would make if it produced and sold <u>4,000</u> kgs of Cornish Blue per week. Show your workings and the formula used.

(3)

This response is well set out and easy to follow. The correct answer was given, so the candidate received an automatic 3 marks.

## Q6c

This question was seen as 'hard' by many candidates since the term 'debt' appeared to be a phrase that many candidates had not seen before. However, it is clearly stated on page 35 of the specification under 'Financing growth'. Many candidates did not realise that debt was a term used to refer to overdrafts, loans or even trade credit. As a result, answers were presented which suggested that a 'bank loan would be better than using debt'. Thus, there was a lot of confusion regarding this question and candidates made it harder than it needed to be. The modal mark was 0 and the mean mark was 2.71. Thus, the question acted as a very effective discriminator.

## Example 1:

*(c) Assess the impact on the Cornish Cheese Company from using debt as a source of finance for expansion.
(8)
The LTD cheese companier writing debot as a source of
senance for expansion means that the company will
nant to nork harder leading to the stass working harder
meaning more cheese is made theresore more can be soll.
However the states may not want to work hard as they
wen't get any bones.
The LTO cheese manufactore company using left as a source
of expansion is bod because the company may make
even more debt beensore the company may not be
able to assorb stass leading to the stass vening
however the stars may not be able to go
anywhere else meaning they will have to stay.
I h conclision Wing lebt as a source of expansion
For the cheese mong/sackora is a good isee as
it will motivate the state to work harry
to the business can stay open,
I

This was an example of an answer where the candidate felt that they had to write something in the hope of gaining some marks. Sadly, there is nothing of merit in this response despite its length. Thus, the candidate scored 0 marks.

# Example 2:

*(c) Assess the impact on the Cornish Cheese Company from using debt as a source of finance for expansion.

(8)

One import at the Cornish Cheese Company from using debt as a source of finance for expansion.

(8)

One import at the Cornish Cheese Company from using debt as a source of finance for expansion.

(8)

One import at the Cornish Cheese Company from using debt as a source of finance for expansion.

(8)

One import at the Cornish Cheese Company from using debt as a source of finance for expansion.

This answer scored two marks. There is some simple understanding and development around 'they will have to repay the money'. This was a typical response from candidates who were unsure what the term 'debt' meant.

# Example 3:

*(c) Assess the impact on the Cornish Cheese Company from using debt as a source of finance for expansion.  (8)
Cornish cheese company using debt as a source of finance
is the more risky. This means, costs for cornish cheese company
could increase as there are interests charged. This could lead
to a Cornish Cheese company charging higher paices on the
cornish blue choose, mis could lead to a fall in sales as
customers are less withing to turn to competitors chaese.
However, using debt may mean Cornish Cheese company has
more access to finance for their expansion. This means
Cornish cheese company coin invest in more in training
Staff better to produce higher quality products. Therefore,
cornish theese company can charge higher prices on their
Cornish blue cheese which will allow amish choese company to
Pay back its debt.
Overall Comism Cheese company using debt could increase
the chance of insolvency, this is because they may
not be able to park pay back its debte and their
cash flow may decrease thowever this depends on how
competive the market for choose is as is there is little
competition this could extract more people to their corners
blue choose, which could imprive the propits for the ampany.

This response is from the top end of those answers produced. There is a good structure to the answer. Paragraph one considers the drawbacks of debt and paragraph two considers the benefits of using debt as a source of finance. In paragraph two there is context through 'Cornish Blue Cheese' which allows the response to reach 6 marks. The addition of a conclusion with the use of the 'it depends rule' allowed the candidate to reach the top of Level 3 and 8 marks. Only 1.3% of the cohort managed to achieve 8 marks on this question.

This was a straightforward definition and the statistics showed that candidates found it easier than the corresponding 'What is meant by the term...' questions in 5(a) and 6(a) respectively. Most candidates were able to include the word 'moral' into their answers which allowed them to secure both marks. Other candidates gained two marks by showing some understanding of the term and then offering an appropriate example. A small proportion of candidates confused the term 'ethics' with word 'ethnics' which led to some interesting responses. The modal mark was 2 and the mean mark was 1.13.

## Example 1:

7 What is meant by the term <b>ethics</b> ?
ethics is a term used
to Sy what is considered
right or wrong, Unethical Could
nem a business is doing Something
in a wrong way and behaving
ethically presents a business as
acting in a right way (Total for Question 7 = 2 marks)

This response shows some understanding through 'right or wrong'. The example does not add anything extra and simply repeats the first sentence. 1 mark was awarded.

## Example 2:

7	What is meant by the term <b>ethics</b> ?
′	what is meant by the term ethics:
	Doing Something that that May be or
	may not be morally right in orde
	I bened yourself, For example in the
	trade off you balance emis and propries
	opirability, sometimes you do mings morally won
•	to increale propris
	(Total for Question 7 = 2 marks)

The candidate has used the term 'morally right' which allows them to secure both marks. 2 marks were awarded.

# Example 3:

7 What is meant by the term <b>ethics</b> ?	
Ethics When or that is morally	business does some thing correct
	(Total for Question 7 = 2 marks)

This answer also scores 2 marks, but look at the difference in length.

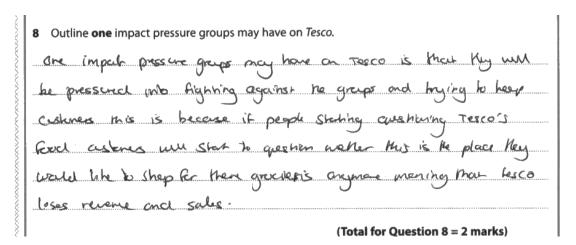
This 'Outline' question required an impact and then development with context to score 2 marks. More often than not, candidates provided the impact with the development but the context was missing. As a result, their answers were limited to 1 mark. Most candidates considered negative publicity and the detrimental impact that it could have on Tesco's brand or sales. The modal mark was 1 and the mean mark was also precisely 1!

#### Example 1:

8 Outline one impact pressure groups may have on <i>Tesco</i> .
Pressure groups could <del>potentially aeknowledge</del>
au your me company's unemical behaviour
are now it known. If they project, it
many que' me company a mose brond mage,
are read to a decre cherease in some and
Mersone les propis.
(Total for Question 8 = 2 marks)

This response has the impact 'acknowledge the company's unethical behaviour and make it known'. The candidate then provides several strands of development, but critically there is no evidence of contextualisation. As a result, only 1 mark can be awarded.

## Example 2:



This is an overly long answer but scores the 2 marks on offer. The candidate has identified an impact through 'pressurised into fighting against the groups' which then has several strands of development which, critically, include the word 'groceries' for context. Thus, 2 marks could be awarded.

This 'Outline' question was made longer than it needed to be. Consider the following answer 'They could damage Tesco's image. This means that people may shop in Asda instead'. This response scores two marks using a fraction of the words of the response above. This is worth considering since 'Outline' questions, should, in theory, be an easy and fast way to score two marks.

This question was harder in 2018 than 2017. In 2017, candidates had to 'Discuss the benefits...' whereas this year candidates had to 'Discuss the effects...' Considering 'effects' can be both positive and negative, this made it harder for candidates to include 'balance' in their answers. For instance, providing a negative point which is separate to the positive point that had previously been developed, is not balance - it is simply another, separate effect. Due to these difficulties, examiners saw relatively few 'balanced' answers. There were also some answers that were popular but not accepted by examiners as valid. For instance, 'paying the NMW makes Tesco more attractive as a place to work' and 'This makes Tesco more ethical'. These responses were not accepted since the NMW is a statutory requirement, therefore it affects all businesses in the same way. The modal mark for this question was 4 and the mean mark was 3.3.

#### Example 1:

This response says nothing and is almost certainly a para-phrase of the accompanying case-study. It scored 0 marks.

#### Example 2:

*9 Discuss the likely effects of the increase in the National Minimum Wage on <i>Tesco</i> .
Increasing the national minimum wage will increase
Morkers materiation because they are getting paid more
this then means customer satisfacation in us be better
and will bring more people and more repeat purchase
Then this will increase profit.
On the other hand Tesco HIU be making
less money because they are giving it to workers
so here is less money to buy dock

This answer has two effects. The first effect is positive through 'increased worker motivation' which is then subsequently developed. The second effect is a negative through 'making less money' which is then subsequently developed. The response had just enough development to satisfy two developed effects criteria and as a result just managed to reach 4 marks. Despite there being two effects, one positive and one negative, there was no evidence of balance so the response could not access Level 3.

## Example 3:

*9 Discuss the likely effects of the increase in the National Minimum Wage on <i>Tesco</i> .
The Nutronal Minimum Wage is the bowest amount
Of many a bishess can they it's employees over
a Certain age.
Increasing the Navional mage minimum wage will cause
tesco's ortgoings to be more which will rean
Fegco have a increased total Costs.
However Just because Tesco has a hose in hise
in total Costs doesn't new others don't So
the magazood other a supernumans such as audi
bruy have a Power Cosh Row Problem Which Grown
Men they want have to the employees because of this
The la Consumy Lini be 1055 effective, newly Tesco
him there as they can cope win the increase.
Not any his but because of Everyone now having
More money. Be Customers Can now grand more on the
Times of Mensium God when besto is known Fish Conjunct
to bid and Aldi his will Cause Ligher become
Mich allows For greater exension.

This response starts with an unnecessary definition of the NMW. The second paragraph then develops a negative effect of the NMW. The third paragraph then generates balance to the effect which was developed in paragraph two, rather than developing a totally separate point. The final paragraph then articulates another separate, developed effect.

Therefore, the answer has two separate, developed effects and contains balance. This allows the response to reach Level 3 and 5 marks. The existence of context through 'supermarkets' and 'Aldi' allows the answer to reach the top of Level 3 and 6 marks.

There were very few 6 mark answers to this question. 6 marks was only achieved by 7.3% of the cohort.

## Q10

As mentioned in the introduction to this report, this question was unusual in that it appeared to be more accessible than last year's equivalent, but 16.4% of the cohort still scored 0 marks. The main problem with this question was associated with the word 'competitiveness'. Some candidates mixed it up with 'competition'. Thus, candidates said 'introducing new farm brands would make Tesco more attractive to customers therefore their competitiveness would decrease'. Other candidates misread the case-study and thought Tesco had purchased farms. Some candidates produced a very thin, correct answer containing evaluation. These responses were placed at the top of Level 1/bottom of Level 2. To reach 6 marks, the answer had to have significant development. To reach 7 marks, there had to be evidence of balance. To reach 8 marks, the answer had to have context. To reach 9 marks, the answer had to have a conclusion. The quality of the conclusion then determined whether the response was awarded 9 marks or 10 marks. The modal mark for this question was 0 but the mean mark was 5.09.

## Example 1:

*10 Using your knowledge of business, assess the likely impact on Tesco's competitiveness of the introduction of its new farm brands. (10)more competitive now INLYOduction of its New because and 401 campet Hors Cherease because of Ot their boers their new are going to Grounds. The consumers well Known CONSUMENS Buyen a Athough than ovaducts, and competitors such wdl. compet it weres making Versen he Until EDP.

This response was one-sided and developed a range of points regarding how Tesco's competitiveness could improve. There is no balance in the answer so the maximum mark it could achieve was 6 marks. However, the development is fairly simplistic, despite the number of points made. This response was placed at the interface between Level 1 and Level 2 with the candidate being given the benefit of the doubt. 5 marks were awarded.

# Example 2:

*10 Using your knowledge of business, assess the likely impact on <i>Tesco's</i> competitiveness of the introduction of its new farm brands.		
(10)		
An advantage may possibly be that customers		
are more likely to choose Tesco over rivals		
such as the Aldi because if the farms are claimed		
to be British then people may prefer it therefore		
Tesco makes more profit than rivals or they are		
offering local food , which there could be a		
demand for this leads to Tesco making more		
profit as customers may enouse repeat purchase of		
Terco's products such as the vegetables.		
A disadvantage may be that pressure groups may		
believe that Tesco is misleading and unethical		
because they may prefer companies from alroad to		
too making a profit. They may see it as misleading		
because they may not believe that the products		
such as the meat is from a local source. This can		
lead to be Texo being perceived as a negative		
brank and therefore Tesco make less profit over		
time		
Another advantage to Terco could be that Terco		
at customers may want to try out the		
new Farm brands neat and regetables, therefore if		
new Farm brands meat and regetables therefore if they like the post farm brands, they		

Customers are more likely to by the products. This allows Tescot to become superior to other companies such as Aldi, which leads to repeat purhase enabling Tesco to make a profit.

Overall, there is more of a positive effect on introducing its new farm brand because the customers can try out the new products and if they like the meat and/or regetables they will be them, leading to high profit. However pressure groups may cause Tesco to have a bad reputation if they believe their product is mideading

This response provided blocks of development that explained how Tesco's competitiveness would improve, followed by a paragraph of counter-balance. This was then followed by further reasoning as to how Tesco's competitiveness would improve. Context was provided through the use of the words 'food', 'vegetables' and 'Aldi'. However, the conclusion felt more like a summary of what had already been developed earlier in the answer. Thus, the response was placed in Level 3 and awarded 9 marks. 12% of the cohort achieved this mark.

*10 Using your knowledge of business, assess the likely impact on Tesco's competitiveness of the introduction of its new farm brands. (10)One organt is higher suley reserve. By having a Sam board, this gives curoses he illusion that it is a high quality product enquencing new to This could attract new auxoness for the cheap of branded products. As a repult, this will energed their raphet stone and help then corpete against way like hall. Monerer, this depend on the reacture of the authories as is they gird it misleading they could beyout Texo and head to Rivaly such as lide. Another we is more a moveler raised regrent Terco is known for 'great value' goods to by entoducing four mary pay can reach out to curreness with higher encere who meyer quality over price. This could energie product tial and repeat purchase of the one for muc currous due to a mooder rated segrent target rasket As a repult, they Teno could Conpet with new higher quality retailers and skal their cupricis, However, the products are will be save as begar and may not just for the vew neelkaging. It doen't arreage he quality. To this depends on he Curvey reaction to be quality of he goods



This response was very full and well-structured. The candidate develops a reason why competitiveness would increase and then immediately provides evidence of counterbalance. Context is provided through the use of the word 'Lidl'. The candidate then provides a conclusion making use of the 'it depends rule'. Contrast this conclusion with the one provided by the previous candidate. This response scored 10 marks, alongside 5.6% of the cohort.