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Examiners' Report  
Principal Examiner Feedback

November 2020

Pearson Edexcel GCSE

In Business (1BS0)

Paper 1: Investigating small business

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**Introduction:**

This report provides feedback on 1BS0.01 'Investigating small business', the first paper which comprises the GCSE qualification in Business. This report should be used by centres to provide teachers and students with guidance as to how to approach the various question types going forward. It could be used to fine-tune the approach students use to answer the questions in future examination series.

This year, the cohort was a small fraction of the normal entry, with only 228 students opting to sit this examination. Therefore, it is likely that very limited conclusions can be drawn from the performance of students in this examination series. This needs to be taken into consideration when acting on the following comments and recommendations.

**Question 1(c):**

Students generally had some understanding of what a 'unique selling point' was. A large number were also able to add valid development as to why this would be a benefit to a small business. This led to a significant number of answers scoring full marks.

**Question 1(d):**

There was limited understanding of the term 'trade credit'. Those that did show understanding were often not able to develop this into two strands of explanation. A common mistake was to include repetition in the answer and to say the same point twice. Very few could link trade credit to improved cash-flow.

**Question 2(c):**

This question asking student to calculate net cash flow which is a topic that students often find difficult to access. Despite this, students found the figures provided relatively easy to understand. This resulted in a large number of correct answers.

**Question 2(d):**

Many students focused their answers around 'limited liability' or 'increased chance of disagreements'. A small minority showed no knowledge of partnerships as a type of business ownership. However, many students did not demonstrate adequate exam technique to score all three marks. Explain questions require two points of linked explanation. In this question many students struggled to include this indicating poor structures to their answers.

**Question 2(e):**

This question was not well answered, because students do not focus their answer in explaining the way or method. Most answer this type of question by explaining benefits to the business from changing their marketing mix – not how they would do it. Centres need to be wary of advising students to adapt their answers to questions that ask for an explanation of a 'way' or a 'method'. Any points that were benefits of changing the marketing mix were not awarded.

**Question 3(c):**

This question presented students with a wide range of potential answers as to why new business ideas come about. As a result, most students were able to give a valid reason, with the most popular answers being 'to fill a gap in the market' or 'to meet changing customer needs'. However as in earlier 'explain' questions very few students demonstrated the correct technique to go on and achieve all three marks. There are six 'explain' questions in Section A so poor technique can be costly to students.

**Question 3(d):**

Most students focused on answers linked to awareness of competition. Some students saw the term 'mapping' and proceeded to give answers linked to geographical location. Such answers were not awarded any marks.

**Question 3(e):**

This was the first levelled question on the paper and was badly answered. Most students had a very limited understanding of how decision making would be affected and gave very generic answers linked to competition. This demonstrated a poor understanding of the question and therefore led to poor analysis. The best answers focused on specific decisions that would need to be made in response to increased competition such as 'change price' or 'change location'.

**Question 4(a):**

For a two mark 'Outline...' a valid reason needs to be given with a linked point of development. The answer also needs to be applied to the business, in this case '*On Your Bike*'. Many students understood that cash was needed to pay short-term debt or running costs within the business. Fewer could then give a development point or include some context in their answer in order to apply it to the business. The best answers tended to pick up on relevant costs from the case study such as 'paying for training courses for mechanics'.

**Question 4(b):**

There were some very good answers to this question and students appeared to find it accessible. The main problem was lack of 'Application' or 'AO2'. In 'Analyse...' questions this will result in a Level 0 for 'AO2' which limits a students' response to 3/6. The best answers used reference to the case study to identify specific ways how social media reviews would affect the business. Centres should instruct students that contextual information is provided in case studies that must be used when answering questions in Section B and Section C.

**Question 5(a):**

A significant number of students got this question wrong. Answers elsewhere in the paper indicate that students have an understanding of the term 'revenue'. However, there was limited evidence in this question that students understand how revenue is calculated. As a result, most struggled to use the revenue figure provided to calculate the selling price per bike.

**Question 5(b):**

Similar to question 5(a), students often indicate that they know the formula for calculating profit, but struggle to manipulate some basic financial information linked to revenue and costs into the formula. A wide range of incorrect answers demonstrated that many students will perform random calculations in the hope of giving a correct answer. Centres need to provide more opportunities to students in selecting the correct figures to be used in basic business calculations.

**Question 5(c):**

This proved to be an accessible question for students with some good analysis provided on what the impact of reducing costs would be to '*On Your Bike*'. Please note that the term 'impact' in the question allows both positive and negative factors to be included in the answer. The best answers focused on the damage to quality of the business and the negative effect it would have on brand image. Again, 'Application' or 'AO2' was required to allow a student to score above 3 marks.

**Question 6(a):**

This question was a 'State...' question. Thus, it tests 'Application' or 'AO2'. To score a mark, students had to come up with an applied market segment for '*On Your Bike*'. Thus, 'age' was given zero marks, whereas 'children buying their first bike' was awarded 1 mark. Centres need to focus on the fact that any question that includes the italicised name of the business from the case-study in the question requires an applied response.

**Question 6(b):**

Similar issues were experienced on this question as previously mentioned in question 4(a). Although a significant number of students did not understand the impact of exchange rates, many students did identify that imports would become cheaper. However very few could then give a development point or include some context in their answer in order to apply it to the business. The best answers tended to pick up on that the business imported brands such as Cannondale from abroad or foreign tourists would have less money to spend because of the increased value of the pound.

**Question 6(c):**

Most students struggled to go past Level 1 or 2. This was due to lack of 'Application' or 'AO2' and/or lack of 'Evaluation' or 'AO3'. Most students found the question accessible but generated generic responses which limited their ability to score marks. Centres are reminded that students which consider the benefits of one option and then the drawbacks of the other, discarded, option are not demonstrating any 'Evaluation' or 'AO3b'. Equally, the benefits of one option and the benefits of the other, discarded, option are also deemed to generate a one-sided response and will, score Level 0 for 'Evaluation' or 'AO3b'. Centres must also stress to students that they must fully apply their answers to the business. This is the biggest cause of dropped marks in Sections B and C.

**Question 7(a):**

This question was another 'State...' question. Thus, it tests 'Application' or 'AO2'. To score a mark, students had to come up with an applied stakeholder for 'Loco'. Thus, 'customers' was given zero marks, whereas 'SUP riders' was awarded 1 mark. 'Owner' was given zero marks, whereas 'Joe Thwaites' was awarded 1 mark.

**Question 7(b):**

This question required students to identify the best year for 'Loco' to save retained profit. Therefore, students should have picked the year with the highest interest rate - 2014. However, many students did not understand the concept of interest rates and savings and picked the year with the lowest rate.

**Question 7(c):**

This was an 'Outline...' question. It was well answered in that most students could identify a way in which a business plan could have helped when starting the business. Many students also attempted to add a point of development to the answer. However, as in the previous 'Outline' questions, very few included any application, which led to only 1 mark being awarded.

**Question 7(d):**

This question generated a similar set of comments to those made about the other 'Justify...' question in 6(c). However, answers to this question were more applied than those provided in Question 6(c). This indicated a better use of the case study information.

### **Question 7(e):**

This is the only question on the exam paper that tests all four assessment objectives. Examiners are asked to decide on a level for each of the assessment objectives and then take a line of best fit. The question proved to be accessible to most students, with good use of application and context. There was a good attempt at evaluation by exploring the difficulties of competing with large manufacturers. However, this tended to be limited due to the fact that conclusions often ended as summaries of what the student had developed elsewhere within their response. The best students brought new evaluation into their conclusion and made use of the 'it depends rule...'

### **Paper Summary:**

Based on the exemplars that have been seen by the Principal Examiner, centres and students are offered the following advice:

- Learn the formula in Appendix 3 on page 32 of the specification. 'Calculate...' and 'Identify...' questions account for 10% of the available marks on this paper.
- Use 'linking words' in when answering 'Explain...' questions. This allows the examiner to see where the statement of the reason/advantage/way/impact ends and where analysis starts. It also allows the examiner to easily count how strands of development there are in an answer. Good examples of linking words/terms include 'because', 'thus', 'therefore' and 'as a result'.
- 'State...' questions test 'Application' or 'AO2'. Therefore, a generic response will always score 0 marks.
- In 'Justify...' questions, there is no need to consider both options. The drawbacks of the discarded option just provide further support for the chosen option. Therefore, students should consider this when writing their response.
- Questions in Sections B and C test 'Application' or 'AO2', therefore students limit their scoring potential by writing generic responses that make no use of the case study provided at the start of the section. To highlight the need for 'Application' or 'AO2' the name of the business in the case study is italicised within each of the questions.

