Examiners' Report

Principal Examiner Feedback

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Pearson Edexcel GCE

In Business (9BS0)

Paper 2: Business activities, decisions and strategy

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Question 1a

Many responses revealed some understanding of batch production or a reason for its use. Often candidates were then able to explain a benefit of batch production. However, a common error was the inability to apply the answer to the actual business, resulting in zero marks for application. Consequently, most responses were awarded either one or two marks.

Question 1b

This calculation question proved to be challenging for the majority of candidates. Commonly candidates could state the formula for calculating contribution per unit but were unable to use the information from the Break-even chart. Alternatively, candidates could calculate the selling price, but not the variable cost per unit.

Question 1c

This question was accessible for the majority of candidates. Most responses revealed an understanding of venture capital and could identify correct arguments for and against its use. However only a minority of candidates were able to use the information in the extracts to illustrate and support their arguments. Other common mistakes were to provide one sided argument and/or to fail to write a conclusion that directly answered the question.

Question 1d

The majority of candidates were able to answer this question. They could provide both arguments for and against the takeover. Due to the information available in the extract, most candidates were able to use relevant examples to support their arguments. However, a common weakness was the inability to fully develop a line of argument or identify too many arguments but with limited analysis. Some responses lacked balance and often failed to provide an overall conclusion that directly answered the question.

Question 1e

Candidates appeared to only have some understanding of cash flow. A significant number of candidates did not attempt this question. Many responses were very generic with limited reference to the actual business in question. Better answers revealed good understanding of both an overdraft and trade credit and were able to use relevant information from the extracts to support their arguments. However, it was disappointing to see that many candidates failed to structure their answers, with one sided responses and no attempt to provide a supported recommendation.

Question 2a

This question generated a similar level of response to question 1a. Most candidates revealed some understanding of budgets and could explain a reason for its use. Unfortunately, only a minority of candidates were able to gain application marks by using information from the extract to illustrate their answers.

Question 2b

This question generated a wide variety of responses. A significant number of candidates revealed either incomplete or no understanding of how to calculate payback. A common response showed the ability to perform a partial calculation, usually by completing the first part of the payback calculation of 3 years but were unable to complete the second part of 6 months. There were many examples of responses that correctly calculated the payback, but then failed to state the difference compared to the Chief Executive's target.

Question 2c

Most candidates revealed good understanding of interest rates, however a significant number confusingly discussed exchange rates instead. There were a number of generic responses which explained the effect of the fall in interest rates. Unfortunately, only a minority of candidates related their answers to the actual business. Another common mistake was one-sided answers that identified and explained the positive effects of a fall in interest rates, but failed to provide a counter argument.

Question 2d

The concept of Critical Path Analysis (CPA) appeared to be only vaguely understood by the majority of candidates. A significant number failed to attempt this question. Many responses simply offered a description of the network diagram without any reference to its value. Better answers provided a consideration of both the value and limitations of CPA, with an attempt to use the information provided to support the arguments.

Question 2e

This question revealed a significant variation in candidate's knowledge of Ansoff's Matrix. Typically, candidates would identify how the business could increase its sales revenue, but not relate it to market penetration or diversification. Other responses revealed good understanding but failed to apply the arguments to the actual business. A significant number of candidates appeared to have run out of time, evidenced by the brevity of their responses. Better answers revealed good understanding of both strategies, used selective arguments that were well developed and supported by relevant material from the extracts and provided a supported recommendation.