



# Examiners' Report Principal Examiner Feedback

January 2020

Pearson Edexcel International Advanced  
Subsidiary In Business (WBS12/01)

Paper 01 Managing Business Activities

## **Introduction**

This was the first January sitting of the paper and the third sitting overall. As with the two previous series, the paper was split into 3 sections: Sections A and B each had five questions, ranging from 2 to 10 marks and Section C had one 20 mark question.

In general, candidates appeared to be well prepared for the topic areas covered by the paper, although there were some areas where that was not the case. The ability of the most able candidates was shown through relating their knowledge and understanding to the evidence presented, whereas those struggling with such concepts typically answered questions with a more generic approach. The levels of response questions required understanding to be developed and applied to the relevant evidence. Although this approach was adopted by some, there were instances where a more basic understanding was demonstrated, thus limiting the attainment of higher levels. There did not appear to be many issues with the length of time students needed to complete all questions set.

## **Section A**

### **1a)**

There were 2 parts to the question of define profit and examiners were looking for references to total revenue minus total costs. Candidates had to provide both parts to gain 2 marks and simply revenue – costs was considered to be too vague. Examples were occasionally used by candidates but, as in the previous series, no marks are available for these. Partial explanations were awarded 1 mark.

Tip: There are no marks available for using an example so do not rely on one to lift an imprecise definition.

### **1b)**

Many candidates were able to calculate the correct break-even point of 4 T-shirts and so were awarded 4 marks. However, some candidates failed to show understanding that break-even refers to the quantity of items, by missing T-shirts (or units, which was equally acceptable). These candidates, along with those also showing only partial understanding by answering '4LKR', scored 3 marks.

Tip: In many cases the answer requires units, in this case a 'T-shirts', meaning that full marks can only be achieved by using the units.

**1c)**

Good responses linked too much or too little inventory to Tharindu's t-shirt business and went on to analyse why this would be an issue. This was often through reference to the t-shirts themselves and/or train travel and the implications of transporting too much stock.

Tip: There are 2 knowledge marks, 2 application marks and 2 analysis marks for analyse questions. Although the knowledge marks can be given for an appropriate definition instead of stating ways/advantages/reasons etc., it is not possible to apply or analyse this and so marks would be limited with this approach.

**1d)**

This was marked using the levels-based marking grid. For an 8 mark 'discuss' question there are three levels. Examiners read the whole response and decide which level is the best match. If a response is lacking certain characteristics, examiners move towards the bottom of the level. If it is a strong match they will move towards the top and this approach is used for all levels of response questions on the paper. There were some good discussions regarding use of sales forecasting, however a number of candidates failed to fully answer the question because they did not build their answer around how competitors may affect Tharindu's forecast. Better responses demonstrated sound knowledge with clear links to the case study and a counter argument to suggest that Tharindu's sales forecast would not be hugely affected or that other factors would affect the sales forecast more.

Tip: The command word 'discuss' requires a two-sided argument. If a candidate doesn't provide a two-sided argument or presents a generic answer, they would restrict their marks. A conclusion is not required for an 8 mark discuss question.

**1e)**

This was a levels-based question with 4 levels. Some candidates failed to answer the question and assessed whether or not Tharindu should buy a car or listed all they knew about sources of finance without actually using it to evaluate the use of a loan in this situation. However, many candidates were able to assess the use of a loan for a sole trader, which was appropriate to the scenario. To achieve a level 4 response, examiners were looking for developed arguments stating both why a loan may be suitable, using evidence from the extract but also why it may not be and/or alternative appropriate sources, again using evidence.

Tip: The command word 'assess' will always require a more in-depth development and some evaluation of the arguments compared to the command word 'discuss'. Candidates are encouraged to use a range of relevant evidence throughout their response to highlight their chains of reasoning.

## **Section B**

### **2a)**

Again, there were 2 parts to the question of define a business plan and examiners were looking for an accurate business definition: 'A document/plan for the development of a business' and 'giving details such as the resources'. Examples were occasionally used by candidates but no marks are available for these. Partial explanations were awarded 1 mark.

Tip: This question will always have 2 marks available for a definition so ensure that your response is fully developed and is not a vague attempt at explaining the term.

### **2b)**

As with the other calculate question on the paper, many candidates were able to calculate the correct answer and so were awarded 4 marks. Marks could be awarded for showing workings but these were not necessary if the correct answer was shown. Examiners awarded a maximum of 3 marks if the percentage sign was missing. Some candidates were able to show knowledge of the formula but failed to use both correct figures from the extract.

Tip: Although full marks can be achieved by just stating a correct answer, it is strongly advised to show full workings. It may be possible to pick up marks if an incorrect final answer is given.

### **2c)**

A very good understanding of cash-flow forecasts was shown by candidates, with good use of context from the extract. Those going on to score full marks on this question developed the applied knowledge presented effectively.

Tip: There are always 2 marks for analysis on the 'analyse' questions so make sure you provide the examiner with a developed reason/benefit/problem/way etc. to achieve these marks.

### **2d)**

Like 1d, this was marked using the levels-based marking grid and consisted of 3 levels. The topic of inflation proved challenging for a number of candidates. Some stated that inflation was good for George's Tavern and they could make more profit, whilst others used the references to tourists to focus more about exchange rates. Many candidates did show understanding, with some application and or analysis but fewer were able to develop their evaluation effectively.

Tip: The command word 'discuss' requires both sides of an argument. In this question, the ways to increase the volume of sales versus the limits of the how this was possible, based on the evidence in the extract. Some candidates only looked at one side, thus restricting their marks due to not providing a balanced awareness of competing arguments.

## 2e)

As with 1e, this was a levels-based question with 4 levels. It was apparent that a number of candidates do not know the difference between profit and profitability and suggested methods that would increase the amount of profit made or sales made but would not change the margins. Candidates also offered suggestions that would increase costs, rather than reduce them to increase profitability. Those candidates with an understanding of profitability were often able to offer suggestions such as increasing the price from €25 or reducing the cost of the ingredients. Good responses went on to evaluate the potential impact of doing such things.

Tip: As with 1e, the command word 'assess' will always require more depth and development of the concept and chains of reasoning compared to the command word 'discuss'. Candidates are encouraged to use a range of evidence throughout their response and also to develop their chains of reasoning.

## Section C

### 3)

This is the highest mark question on the paper, worth 20 marks and with 4 levels. However, the understanding demonstrated by candidates was sometimes lacking. Some candidates struggled to apply the extract appropriately, with too many simply copying much of it, leading to very low marks on this question. Better responses provided a balanced two-sided argument regarding floating on the stock market and/or becoming a public limited company. The highest level responses used the information from the extract to develop their arguments and to conclude that stock market flotation may not be in the best interest of this business due its current culture.

Tip: This is an 'evaluate' question meaning that ideas needed to be developed and presented with understanding of the significance of competing arguments rather than simply stated as separate points and a generic list of the advantages and disadvantages of loans and leasing.

## Summary

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

- Questions 1a and 2a are worth two marks each and so will need two parts in the definition of the term to attain both marks. Examples are not rewarded.
- Be careful to read the whole of the question. Certain requirements are given which were not acted upon by some candidates in this series, e.g. providing **two benefits** in 'analyse' questions.
- Candidates need to understand the requirements of the command words in the questions. This will allow them to access marks requiring each of the four assessment objectives.

- Quantitative Skills will be tested throughout the paper. These may be in the form of diagrams/graphs, calculations or using the data in the Extracts to provide the application in the questions.
- Application marks will not be awarded for simply repeating evidence in the extracts. The evidence needs to be used in the response.
- The command word 'Discuss' requires a two-sided argument in order to achieve full marks.
- There may be more answer space provided than you need to write your responses. This is also indicated on the front cover of the question paper.
- The use of relevant evidence is required throughout and this can be from the Extracts provided or, often, from candidates' own knowledge. The Extracts are there for a reason – so please use them