Examiners' Report
Principal Examiner Feedback

Summer 2024

Pearson Edexcel GCE AS Level
In Business (8BS0)
Paper 2 Managing Business Activities

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 2024
Publications Code 8BS0_02_2406_ER

Introduction:

This report provides feedback on 8BS02 'Managing Business Activities', the second paper which comprises the AS Level 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 used by candidates to answer the questions. Once again, this year the Examiners' Report will not contain any exemplars of candidate performance, but I will continue to highlight common areas of misunderstanding, mistakes, and places where teachers and candidates can make some easy gains in terms of upgraded performance in 2025.

Question 1(a):

Candidates generally answered this question very well, and a clear majority of candidates were able to provide an accurate definition of 'flow production'. The mistakes that were made by candidates were to offer a definition that simply referred to 'producing lots of different products, all of the time' as opposed to 'mass production of a standardised product' or stating something vague such as 'production that involves lots of machinery'. Of course, batch production can also involve the use of lots of machinery, so answers such as this scored 0 marks.

As has been recommended in the past, a definitions sheet could allow candidates to secure 8 marks on 'What is meant by….' questions. These questions represent 10% of the available marks on the paper. This would be an 'easy win' for candidates.

Question 1(b):

This was a much more straightforward definition. The term 'buffer stock' was understood as 'extra stock held just in case' or 'extra stock held for emergencies. The modal mark was 2 marks on this question.

Question 1(c):

This should have been a straightforward question, since calculating the acid-test ratio has been asked in previous examination series. However, it was clear that large numbers of candidates had no idea what the formula was and resorted to trial and error.

Considering 10%, of the AS qualification must test quantitative skills, it should be straightforward to predict how many marks of 'Calculate…' questions there will be on 8BS02, after 8BS01 has been sat.

Thus, as Principal Examiner I still find it surprising that candidates are not learning formulae and practising answering these kinds of questions. With 12 marks of 'Calculate…' questions on this year's paper – this question style represented 15% of the available marks in 2024.

Question 1(d):

This question was of the same difficulty as Question 1(c) and again only a small number of candidates scored full marks. The main stumbling block was again a failure to realise what 'working capital' was. The question required candidates to calculate the difference in working capital between

2021 and 2022. This could be done as a raw number, and it could be done as a percentage (although there was no requirement in the question to do so). Again, knowing the formula for 'working capital' should have allowed candidates to score highly on this question.

Question 1(e):

This question was not very well answered with many candidates confusing 'productivity' with 'production'. Popular answers involved greater levels of efficiency, falling unit costs and a larger profit margin. The command word 'Assess' did cause some problems with a sizable number of candidates not offering any evaluation and essentially treating the question as a double 'Explain…' question. Lack of application was also problematic with many generic answers being witnessed. It is worth pointing out that use of the extracts only counts when it is used to answer the set question. Paraphrasing or simply copying the extract will not score any marks in isolation to the set question.

Question 1(f):

This was reasonably well-answered. Many answers referred to bank loans needing to be paid pack with interest. Some answers referred to the cash-flow implications of bank loans and made a decent case for the fact that *Beyond Meat*'s products are in demand and borrowing money would be wise to prevent loss of sales to a competitor, and that any gain in revenue would more than make up for the interest payments on any loan. Most candidates scored in Level 2 and Level 3 and it proved to be an accessible question.

Question 2(a):

Most candidates scored 2 marks on this question by recognising that the term 'Inflation' was the 'increase in the general level of prices in an economy over time'. Candidates needed to get across that this was a country/economy-wide increase in prices so the word 'general' and/or 'average' was critical in securing 2 marks. Candidates that simply stated 'rising prices' were awarded 1 mark.

Question 2(b):

This appeared to be the easiest question on the paper. Most candidates had learnt what 'gross profit' was in anticipation of perhaps using it in a 'Calculate…' question. Thus, many candidates scored a very quick and simple 2 marks by just writing down the formula. We did allow some variations including 'revenue – direct costs' but I am not sure why centres would teach this approach considering the formula is provided in the specification. It seemed to be an unnecessary over-complication.

Hopefully, centres can see the significant value in a definition list that candidates can simply rote learn. The simple rule to follow on 'What is meant by…' questions is that if a full and accurate definition is provided, 2 marks are awarded, whereas partial understanding generates a 1-mark outcome.

Question 2(c):

This question should have been straightforward, since the 'net profit margin' calculation has been asked many times before. Again, practise makes perfect, and those candidates that had been well drilled on all of the different permutations of 'Calculate…' questions picked up a very easy 4 marks.

Question 2(d):

This was a badly answered question for two reasons. Lack of understanding as to what was meant by 'liquidity' and lack of Application (AO2). An 'Explain how…' question is marked 1 x AO1, 2 x AO2 and 1 x AO3. Thus, without two definitive strands of Application (AO2) that help answer the question, candidates limited themselves to a maximum of two marks. Thus, writing a generic answer proved to be very expensive. The other problem was more fundamental. 'Liquidity' is the ability for a business to pay a debt in cash when it falls due. Many candidates though it was something to do with profit being made and given back to shareholders. Thus, without a fundamental base understanding of concepts, candidates will always struggle when non-guessable terms are introduced into the root of a question.

Question 2(e):

This question tended to be reasonably well answered. Most candidates focused on ‘loans becoming more expensive’ and/or ‘consumer spending slowing down’. Where the disappointment came was in the inability to create sufficient logical linked strands that developed arguments in a detailed way. There tended to be large jumps which limited the ability for candidates to move up the levels. For instance, stating that loans will become more expensive, therefore profit goes down’ missed several intermediate stages of explanation as to the process behind how this happens. For example, ‘if interest rates rise, loans become more expensive, since the interest paid per month increases. Therefore, fixed costs increase. As a result, more contribution needs to be made to pay off the higher fixed cost burden. Thus, if sales do not increase, profits will fall’. That is a far better explanation than simply saying ‘interest costs increase therefore profits fall’. Recognising the need for this kind of detail, holds back the ability for candidates to reach the top echelons of the mark scheme.

Question 2(f):

This was a reasonably well answered question with many candidates recognising that competition created downward pressure on prices and forced *Missguided* to improve their products to compete with rivals, such as Shein. The same points can made that also apply to the other levels-based questions. Generally, there was a lack of detailed analysis and use of the extract to support the points and/or the explanation provided. Evaluation also tended to be weak with very few considering that competition could actually force *Missguided* to improve. Most responses were placed in Level 2 or Level 3.

Question 3:

Even though this question is supposedly the hardest question on the paper, it was answered to a reasonable level for the quality of the candidature profile overall. Most candidates could write something sensible about the pros and cons of both ‘changing where *Canyon Bikes* sources its components’ and ‘charging higher prices’. The main issue tended to be a problem with ‘Analysis’ or ‘AO3’. Candidates tended to make assertions and not develop chains of reasoning within their responses and link it back to the root of the question which was to ‘reduce its (*Canyon Bikes*) break-even point. E.g. ‘…cheaper suppliers allow for the break-even point to go down’. This could have been re-engineered to include many more logical, linked chains of ‘Analysis’ or ‘AO3’.

Another barrier to performance tended to be the over-use of Extract E as being the root source of a candidates’ answer and the use of common-sense business understanding. Most answers were in the range of 8-12 marks.

Paper Summary:

Based on the exemplars that have been seen by the Principal Examiner, centres and candidates are offered the following advice for 2025:

- Learn the key terms in the specification. This could account for as much as 10% of the marks available on the paper.

- Learn the formulae in the specification and set out 'Calculate…' questions clearly. Across 8BS01 and 8BS02 10% of the marks available must be based on quantitative skills.

- In 'Explain how…' questions recognise that 2 of the 4 marks available are for ‘Application’ or ‘AO2’.

- Recognise that 8 mark 'Assess two...' questions do not require a conclusion.

- In levels-based questions, candidates should try and pick points that can be developed in stages. The aim is to go from A to B to C to D to E, rather than jump straight away from A to E. This is what is meant by ‘coherent and logical chains of reasoning’ in the levels-based mark schemes.

- Recognise that 20 mark 'choice' questions will test understanding over both themes (8BS01 and 8BS02), since these questions are synoptic in nature.

Pearson Education Limited. Registered company number 872828
with its registered office at 80 Strand, London, WC2R 0RL, United Kingdom