

GCSE

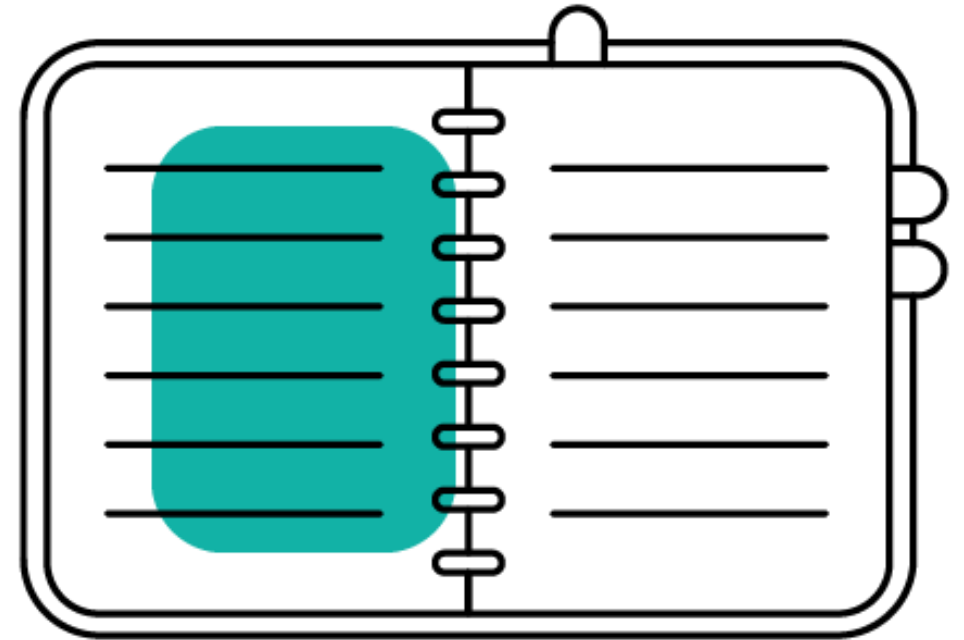
Business

Reflections from Paper 1



Agenda

- Positives from the paper
- Common errors
 - Vague development points
 - Not showing specific knowledge
 - Poor numerical skills
 - Lack of application
- Mis-reading of questions
- Weak knowledge
- Exam technique
 - Discuss Questions



Positives from the paper



Positives from the paper

- Far fewer incomplete papers.
- Increase in the detail in the final longer questions.
 - 7d and 7e
- Average mark was up by 4 marks.
- Business calculation questions – students were well prepared.
 - Total costs
 - Margin of safety

Common errors



Common errors – vague development points

(c) Explain **one** disadvantage of starting a business as a partnership.

(3)

One disadvantage is that there might be disagreements between partners. Therefore the business will be less successful. Therefore they'll get less money.

Common errors – not showing explicit knowledge

(e) Explain **one** advantage of opening up a business as a franchise.

(3)

One advantage is they might sell more products, therefore they'll make more revenue and potentially increase profits.

Common errors – not showing explicit knowledge

(d) Explain **one** advantage to customers from increased competition.

(3)

One advantage is that they might sell more products. This is because they will be selling the products of an already established brand. Therefore chances of failure will be reduced as the franchise will already have customers that are familiar with the business.

Common errors – poor numerical skills

Table 2 shows how many pairs of trainers were customised by *Adikoggz* from July to December 2022.

	Pairs of trainers
July	52
August	61
September	47
October	34
November	52
December	72

Table 2

- (a) Using the information in Table 2, calculate the average number of trainers customised per month from July to December 2022. You are advised to show your workings.

Common errors – Poor Numerical Skills

Calculation

Calculations in a business context, including:

- percentages and percentage changes
- averages
- revenue, costs and profit
- gross profit margin and net profit margin ratios
- average rate of return
- cash-flow forecasts, including total costs, total revenue and net cash flow.

Interpretation

Interpretation and use of quantitative data in business contexts to support, inform and justify business decisions, including:

- information from graphs and charts
- profitability ratios (gross profit margin and net profit margin)
- financial data, including profit and loss, average rate of return and cash-flow forecasts
- marketing data, including market research data
- market data, including market share, changes in costs and changes in prices.

These quantitative skills will be assessed in both Papers 1 and Paper 2, totalling 10% of the marks available for the qualification. Questions involving quantitative skills will always be in a business context.

Common errors – Lack of Application

One possible risk is business failure.
This could be due to a lack of customers as the business has just started.

One possible risk to Keilan is business failure.
This could be due to a lack of customers as the business has just started.

One possible risk to Keilan is business failure.
This could be due to a lack of customers willing to get their trainers customised, as the business has just started.

Common errors – Lack of Application

It is important to identify customer needs to identify what price they would be willing to pay for the trainers. Therefore the owners would know if they could make a profit from charging the price they want to. If the price that customers are willing to pay is too low, the owners will have to decide if they can cut costs somewhere or whether they need to do something else.

Common errors – Lack of Application

It is also important because the owners can find out what customers want from the product. Therefore they can sell what the customers want. Therefore they have a better chance of attracting customers, leading to a better chance of being profitable.

Common errors – Lack of Application

It is important to identify what price customers would be willing to pay for the houses to be cleaned or customised. Therefore Keilan would know if his trainer business could make a profit from charging £200 for new customised houses and £20 from his deep clean service. If the price is much lower than his £200 or the £20 the Keilan will have to decide if they can cut costs somewhere or if he needs to offer a different service.

Common errors – Lack of Application

It is also important because Keilan can find out what the popular football teams and bands are to base his customisation on. Therefore he can choose football teams and bands that have a lot of fans. Therefore the trainer business have a better chance of attracting customers so Keilan has a

(Total for Question 4 = 8 marks)

better chance of his footwear business making profits.

Mis-reading of questions



Mis-reading of question

(d) Explain **one** advantage to customers from increased competition.

(3)

one advantage to customer, from increased competition is being able to purchase better products. This means that due to competition, business will try to make their products to satisfy customers and to fulfil customer needs leading to satisfied customers and a good brand image.

Weak knowledge



Weak knowledge of subject content

(d) Explain **one** disadvantage to a small business from using retained profit for expansion.

- **Retained profit**

(3)

- Business will have less sales?

(c) Explain **one** disadvantage to a small business from an increase in unemployment.

(3)

- **Unemployment** and impact on business

- Confused with not having enough employees.

- **Overdrafts**

To help prevent cash-flow problems *Adikoggz* is considering two options as a short-term source of finance:

Option 1: an overdraft from the bank

Option 2: trade credit from suppliers.

(c) Justify which **one** of these two options *Adikoggz* should choose.

(9)

Exam technique



Exam technique – How not why!

(e) Discuss the way a small business could use branding to add value.

(6)

One way is that it can create customer loyalty, therefore they can charge a high price. This allows the business to increase its revenue. Therefore profit may increase as a result. If the business retained this profit they could invest it to develop more products therefore allowing the business to reach a wider market. Therefore sales will increase, potentially leading to increased profits.

Exam technique – How not why!

(e) Discuss the way a small business could use branding to add value.

(6)

A business may use branding to differentiate its product from competitors, therefore giving it a unique selling point because their business is instantly recognisable through the branding. This makes the product/service they are selling more price inelastic to demand which means that the business is able to increase the price without a significant fall in demand, hence adding value, as costs remain variable costs are kept the same.

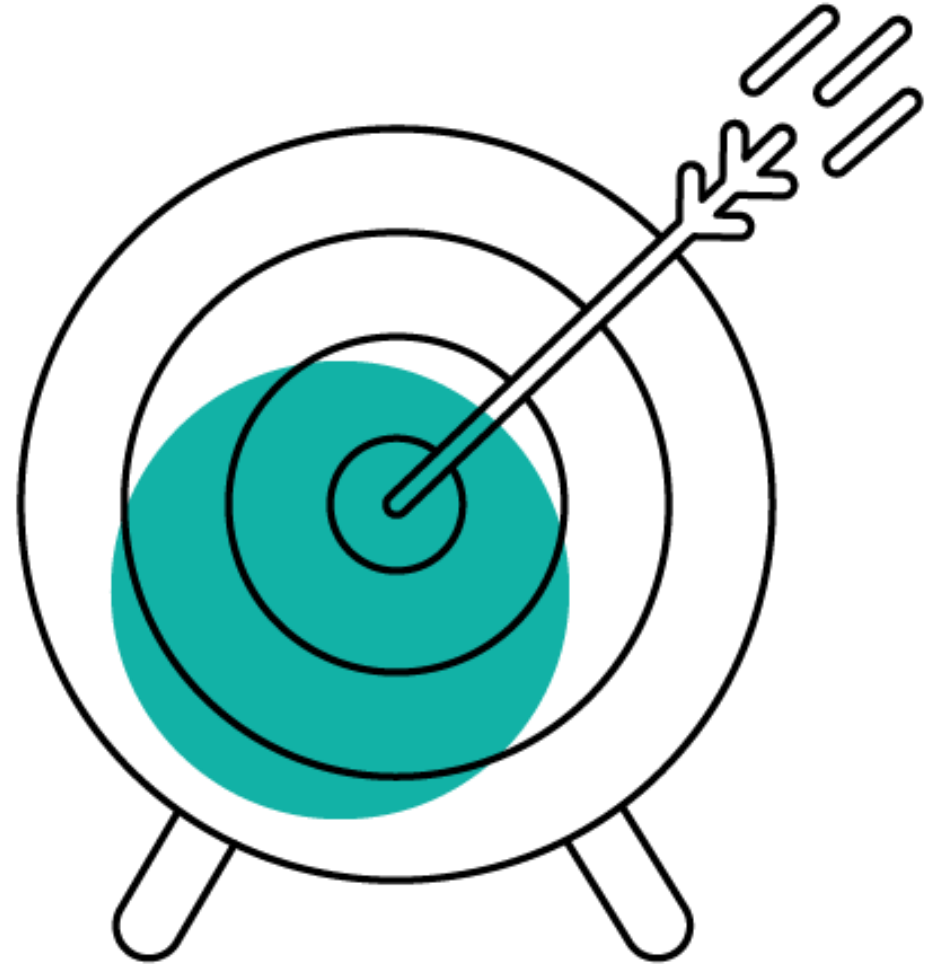
Exam technique – How not why!

A business may also use branding to make the product seem a luxury, ~~by or~~ through premium branding such as the one of Gucci which may make products or services seem more exclusive, which means that the business can increase the price / add value without significantly increasing costs.

Summary

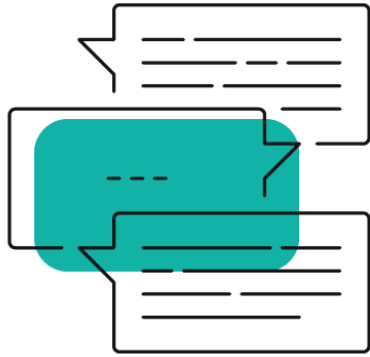
In this session we covered the following:

- Well answered questions and positives
- Common errors
- Misunderstanding of topics
- Weak knowledge
- Exam technique



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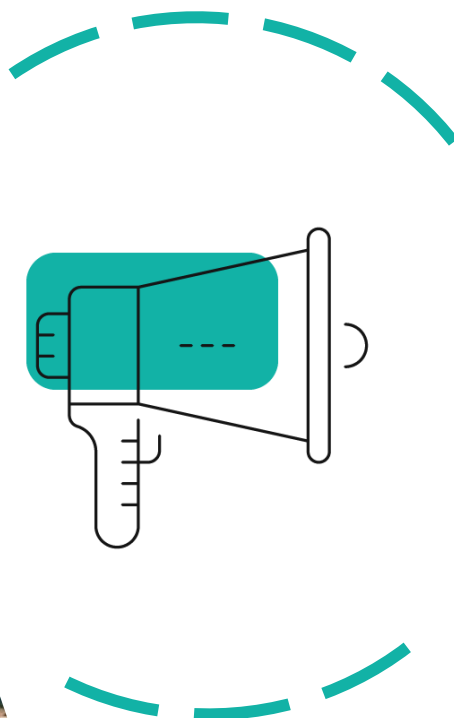
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