

PRINCIPAL EXAMINER'S REPORT



BOTSWANA
EXAMINATIONS
COUNCIL

BSSE ENTREPRENEURSHIP 2025



PAPER 1: WRITTEN PAPER

General Comments

The paper consisted of five compulsory questions and covered various topics of the syllabus. It tested knowledge and understanding, application, analysis and evaluation skills and had 60 marks. Centres should on the following:

- have more emphasis on accurate definitions, ensuring learners cover all key components of concepts.
- They Focus on teaching application and evaluation skills, particularly how to relate answers to case studies.
- Train learners to understand and respond correctly to command words such as define, explain, apply, and evaluate.
- Use regular practice with examination-style and specimen questions to improve familiarity and confidence.
- Encouraged to integrate case study–based teaching approaches to better prepare candidates for similar questions.

Comments on Individual Items

- 1 The question was generally accessible to candidates, as it tested familiar concepts in entrepreneurship, teamwork, and conflict resolution. However, despite this accessibility, many learners failed to apply their knowledge to the given case studies, which affected their overall performance. The overall performance of the question was below average. Although learners showed some basic knowledge, especially in definitions and listing, they struggled significantly with explanation, application, and evaluation, particularly in part (c).
 - (a) The question required candidates to define the entrepreneurship. Most learners scored only one mark. While many attempted to define entrepreneurship, several provided incomplete definitions. Common weaknesses included stating incorrect rewards such as money or capital and failing to include the element of risk in the definition.
 - (b) The part question was fairly answered as an average number of the candidates were able to name and explain two ways of building effective teams at the named agency. The most common expected answers were setting clear goals, making sure booking agents knows what they are working toward or clear goals help booking agents and event coordinators stay focused and understand their role in the team's success. Only a few managed to assess some marks by writing communicating Openly which encourage team members such as booking agents to share their ideas, ask questions, and give feedback/ Good communication helps event coordinators to stay on the same page and avoids misunderstandings. The question was fairly answered by most candidates as they scored a maximum of two marks. Most of the candidates were able to list two ways of building effective teams, but the majority failed to explain the points and apply them to the case study, resulting in loss of marks.



(c) Candidates were required to evaluate two methods of conflict resolution that were used by Ketso. This question was poorly done by most candidates yet they it was a leading question, and they were given collaboration and compromise as the methods and were only required to evaluate them. Most candidates failed to develop and apply the concepts of collaboration and compromise in relation to conflict resolution. Instead, responses were mainly linked to teamwork, and the evaluation aspect of the question was largely ignored.

(i) The part question was poorly attempted as the cohort failed to mention that collaboration involves event coordinator to working with the other party to find a mutually agreeable solution to a problem / it is a win-win approach where both parties work together to find a solution that fully satisfy everyone's interests. Only a few could mention collaboration as strengthening relationships but failed to state which often leads to long term solution, although it takes more time and effort.

(ii) As in the part question above, the cohort performed dismally as they failed to mention that compromise seeks a mutual agreement to settle a dispute between event coordinators and booking agents, where individuals willingly give up some of their needs desire to reach agreement; It also leads to faster resolution can help maintain or improve relationship by showing respect and willingness to find common ground. Although it may not always address the underlying issues which lead to future conflict.

2 Most candidates successfully identified valid location factors relevant to business operations. Nevertheless, some candidates failed to link these factors specifically to boutique operations, which affected the applicability of their answers. In several instances, candidates simply referred to the name of a business as an application resulting in loss of marks. However, candidates performed poorly in parts (b) and (c). In part (b), although many candidates could list factors affecting the location of Mokgabo Trending as a retailer, they failed to explain the factors and relate them to the given business scenario. As a result, many lost marks due to lack of application.

(a) The question required the candidates to state the ways in which the government assist businesses. The expected answer was; funding, advertising, mentorship etc. However, some candidates lost marks due to repetition, particularly by citing multiple examples of funding rather than presenting distinct forms of support. Most of the candidates got the answers correct scoring the maximum marks of 2, and those who failed to access marks wrote incorrect answers such as branding, law and regulations etc.in Additionally, a few candidates confused government assistance with regulatory functions, mentioning licensing as a form of support. This indicated a misunderstanding of the difference between government control and government assistance to businesses.

(b) The question required the candidates to explain the factors affecting the location of the business. The skills required were knowledge and understanding plus application. Although many candidates could list factors affecting the location of the business as a retailer, scoring maximum of 2 marks, as they failed to explain the factors and relate them to the business in question (demonstrate the application skill), making them to lose marks. As a result, many lost marks due to the fact that they confused factors of business location and factors of business relocation, hence scoring zero marks. Some of the expected answers were; On market, Mokgabo Trending should



be located where there are plenty of potential buyers nearby who are interested in the clothing the retailer is offering, while on competition, Mokgabo should locate their business where there is few competitions to avoid competing for the same customers for their clothes.

- (c) The question required the candidates to analyse two factors that could lead to the failure of the business. Candidates were required to analyse factors that could lead to the failure of a boutique business. Many candidates did not fulfil this requirement fully instead of concluding on how these factors could cause failure, they explained the factors, offered critiques and/or suggested solutions. Most responses were limited to mere explanation of the factors rather than proper analysis. Additionally, some candidates described the boutique as if it were a manufacturing business, which was not appropriate and led to further loss of marks. Most candidates were able to list factors that could lead to the failure of Nolo's business, but they failed to analyse and apply these factors to the business context, which resulted in loss of marks. The majority of the candidates scored between zero to 4 marks. The expected answers were; shortage of finance can limit their ability to purchase clothing for resale, hire sales assistants, invest in marketing, or expand operations which becomes challenging to sustain the business or lack of business knowledge such as management, marketing of clothes, finance, and operations can lead to poor decision-making resulting in low sales.

- 3 The question was partially accessible. Part (a) was generally understood by most learners, while parts (b) and (c) proved challenging. In particular, part (c) was not accessible to the majority of candidates, as many misinterpreted the requirements of the question. Most of the learners showed basic understanding of market research concepts. Candidates struggled with application in part (b) while in part (c) they had problem with application and analysis. Overall, candidates scored more marks in part (a) and least in part (c).

- (a) Candidates were expected to explain the term market research. The majority of candidates failed to give an accurate explanation of market research. Very few candidates showed an understanding. Those who attempted the question only mentioned the first part of the explanation, which is the gathering of information, but did not explain what that information is used for. As a result, answers were incomplete and lacked depth and they ended up scoring just 1 mark.
- (b) Candidates were expected to explain two research ethics to Andie Dan. This question was also badly answered. Most candidates did not understand what research ethics are. Instead of explaining ethical principles such as honesty, confidentiality, informed consent, and respect for respondents, many candidates wrote about methods of primary research, including questionnaires, interviews, observation etc. Even those who correctly identified research ethics lost marks because they failed to apply these ethics to the business of organic skin products. This showed poor application skills and limited understanding of ethics in a business context. Most candidates failed to score marks. Instead of identifying market research ethics, many stated types of primary research. Even those who identified correct ethics lost marks due to poor application to the context. Some of the expected answers were as follows; confidentiality means keeping the information shared by participants private and not revealing it to others without permission and this will ensure that participants' personal preferences about organic skin care body lotion are



protected or researchers should accurately and honestly present their findings about organic skincare body lotion and not falsify or mislead about the data.

- (c) Candidates were expected to discuss secondary research as a method of conducting research for the new line of Andie Dans new line of organic skincare products. Candidates experienced difficulties in discussing secondary research by giving one advantage developed and concluded and one disadvantage developed and concluded as required. Instead, many candidates described secondary research at length without identifying its positive and negative aspects. Some candidates also confused secondary research with primary research, which further reduced marks. This indicated that candidates lacked clear knowledge of the differences between the two types of research and did not understand how to evaluate secondary research. In general, candidates showed a lack of knowledge and poor interpretation of the question. Overall, the question was poorly answered, showing weak understanding of the full concept of market research. Some of the expected answers on advantages of Secondary Research were; Cost-effectiveness where the data about the organic skincare body lotion is already available, secondary research is usually cheaper as you don't have to spent money travelling to gather new information and this will save money for the business. While, for the disadvantages of Secondary Research were; Outdated information, where the data one may find might be old and no longer relevant to organic skincare body lotion, which can lead to inaccurate conclusions and more financial loss.

- 4 This was an accessible question drawn directly from the syllabus and linked to a familiar business management concept. With proper understanding of TQM, most candidates should have been able to score well.

- (a) The question required candidates to *describe the term target market*. In principle, this was a straightforward syllabus-based question that should have been accessible to most candidates. Most of the candidates failed to score full marks because they misunderstood key elements of the concept. The main area where candidates lost marks was in failing to show that a target market is a specific/particular group that a business aims to sell to. Instead, several candidates focused on customers willing to buying products, not the selling intention of the business. Others confused on the concept with market research, describing the process of collecting information rather than defining the market itself. Candidates who scored only one mark generally gave incomplete definitions, such as stating that it is "a group of customers a business sells to," without emphasising that the group is specific or carefully chosen.

- (b) The question required candidates to explain two ways in which Total Quality Management is important in Alia's business. Most of the candidates failed to score full marks because they did not address the core concept of Total Quality Management. While common responses such as building business reputation, attracting customers through high quality, encouraging customer loyalty, and guiding the business were relevant, attracting investors candidates treated these as the main points. In the marking key, these were meant to be developments and conclusions of the points given. As a result, candidates lost marks for failing to clearly explain how TQM works and why it is important in the business. Many showed a lack of understanding of TQM and confused it with general good business practices. Some of the expected answers were; Improving Products



and Services where TQM focuses on consistently improving the quality of coffee tables and wardrobes, so customers get what they expect and are more likely to be satisfied, and Increasing Efficiency where by continuously looking for ways to improve processes it will lead to TQM reducing waste of producing the furniture hence saving time and money.

- (c) Candidates were required to discuss job production as a method of production used at Alia's business. The question was generally accessible to the candidates. Most of the candidates did not perform equally well across all aspects of the question. Most candidates lost marks because they focused more on describing job production, such as producing one product at a time according to customer specifications/preferences. Fewer marks were scored on proper discussion and application. Some candidates lost marks by introducing irrelevant concepts such as sole trader businesses, Total Quality Management (TQM), specialisation and employment creation, which were not required in part (a). Some candidates also failed to conclude their discussions, which limited their final marks. The expected answer on Positives of Job Production is customisation where each item can be tailored to meet specific customer needs or preferences which will encourage customers to make repeated buying. While on Negatives of Job Production is Higher Costs, where producing each furniture separately can be more expensive as the cost of labour and materials for each unique item can add up thus reducing the profits of the business.

- 5** This was poorly answered except for part question (a). Majority of the candidates could not explain the right of the Royal Raw business nor interpret the cash book given in part (c). Therefore, Centres are encouraged to emphasise more on devising the cash book and its components to their candidates.

- (a) Candidates were expected to state two factors of a sales agreement. The question was accessible. Most of the candidates were able to score two marks on this question. Those who did not get all the marks got one out of two. The expected answers were price, quality, delivery, condition of payment and quantity.
- (b) Candidates were expected to explain the rights royal raw as the seller in a sale agreement. Most of the candidates did not do well in this question. They lost marks as they were unable to state the rights and explain them. They only stated. Some stated any right that they remembered which were not for the retailer. Some wrote the responsibilities of the retailer. Some repeated factors in the sales agreement here and ended up getting 0/4. The expected answers were; the Right to Payment where the seller, in this case, Royal Raw has the right to receive payment for smart phones supplied as agreed in the sales contract, and the Right to Reclaim Goods where if the buyer fails to pay for smart phones supplied or breaches the contract, Royal Raw may have the right to repossess the smartphones.
- (c) Candidates were expected to interpret the cash book for royal raw for the month of august 2024. It was not accessible as most of the candidates failed to interpret the cash books the question was asking. They just re wrote the numbers that appeared in the ash cash book as they mostly got zeros. Most of the candidates failed to score marks on C. The expected answers were; Debit side where the debit side records all cash inflows or cash receipts from the sale of smartphones, and in this case, there was a balance brought forward from the previous month of P3 000 and P10 000



for cash and bank respectively. The business also received money from Mr Anth through the bank which could be a loan or payment in case Mr Anth is a trade receivable, and cash from sales and bank; Credit side where the credit side records all cash payments for expenses as they fall due, in this case, Royal Raw paid cash for rent and office supplies, and made payment through the bank for cash and utilities. Balances where in this case, all balances are on the debit side which indicate that the business has received more cash than it has paid out, reflecting a strong cash inflow position. This could be a sign of financial stability, allowing Royal Raw to cover its expenses easily.



PAPER 2: WRITTEN PAPER

General Comments

The overall performance of the candidates was unsatisfactory. The majority of the candidates displayed lack of knowledge and understanding of the concepts of Entrepreneurship, which resulted in them failing to demonstrate application, analysis and evaluation skills, and obtained lower scores. Candidates who demonstrated knowledge and understanding as well as application and analysis in the questions asked, managed to score at least 30 marks. In contrast, candidates showed an alarming lack of content in addressing the questions asked in the examination. This reflected unsatisfactory syllabus delivery across centres since the questions had no multiple interpretations.

Comments on Individual Items

- 1 (a) The question required the candidates to explain why the government intervenes in business activities. The expected answers were; to earn government revenue, promote economic growth, consumer protection, just to mention a few. The majority of the candidates who lost marks in this question were giving answers to 'how the government intervenes in business activities,' rather than why the government intervenes. This resulted in the candidates who made this mistake to score 0 to 2 marks. And there were those candidates who did not have content on what the question required as they gave answers like; because the business would be popular. In addition to limited content in the question requirement, those who had an idea of what was required only managed to explain the points raised but failed to demonstrate application skill. This resulted in them scoring a maximum of 4 marks out of 6 marks.
- (b) (i) Candidates were required to complete a budget estimate for the business in question for four marks. Under this question, candidates were provided with information (utilities, water and electricity for P500, salary at P1500, insurance at P200, miscellaneous expenses at P500, and monthly revenue of P9600) to use it to complete the budget estimate on the template that was already provided for them to just fill in. The majority of the candidates who got zero marks on this question, showed limited ability in demonstrating their knowledge skill on how a budget estimate is prepared hence the lower marks. Those who did well on this question, a few of them will just put figures and fail to write a corresponding narrative to that figure, for example, the ideal answer is shown below;

	P	P
Revenue Projections		
Monthly revenue		9 600 (1)
Monthly operating costs		
Utilities (electricity \$ water)	500	
Salaries (1 full time employee)	1 500 (1) for 2 items	
Insurance	200	
Miscellaneous	500 (1) for 2 items	2 700
		6 900 (1)



Most candidates failed to include the narrative but instead just wrote figures as shown below; this resulted in them losing marks.

	P	P
Revenue Projections		
.....narrative missing		9 600 X
Monthly operating costs		
.....	500	
.....narrative missing	1 500 X	
.....	200	
..... narrative missing	500 X	2 700
		6 900 (1)

Generally, the majority of the candidates did not do well in this question, scored 0 to 2 marks as reflected by the answers they presented which showed inadequate skill to prepare a budget estimate. Therefore, Centres are advised to give more exercises to their candidates concerning the concept.

- (ii) The question required candidates to justify the need for preparing a budget estimate by explaining two points in context of the business in question. Most Candidates lost marks because they could not explain answers in context rather, they just listed points or wrote general explanation hence scoring a maximum of 2 marks for the two points listed. The sample of answers candidates provided were; The business will control its spending, and the business makes better decisions, which scored one mark each. Where they scored zero marks, they provided answers like; for profit or loss, profitability, for acquiring control, etc. The sample of the expected answers were; ensures proper use of resources or helps control spending, because a budget helps ensure that Sunny Pops uses money wisely and ensures that it is not wasted on unnecessary items, and/or assists in decision making in which the manager of Sunny Pops uses the budget to decide whether Sunny Pops can afford certain activities or purchases of equipment making ice pops.
- (c) The question required candidates to justify why the use of personal savings is a suitable source of finance for the expansion of the business in question. The question simply required candidates to justify positive and negative points of personal savings as a source of finance for 6 marks. Generally, majority of the candidates scored a maximum of 3 marks, as they either managed to list 2 points on both sides and analysed one, or analysed and justified just one point. The candidates who scored 2 marks in this question wrote answers like; no debt because the business will have no debt or limited money because personal savings are small. The expected answers were; no interest or debt for positive analysis and justification as the owner of Sunny Pops is not under pressure to make repayments should the business of selling ice pops take long to sustain itself, this reduces financial pressure. On negative side, the expected response was no cushion for personal emergencies because using savings for business selling ice pops, means the owner



have less money available for own personal emergencies and this can create financial stress if the selling of ice pops does not do well.

- 2 (a) The question required the candidates to write a business letter to a local property owner requesting for a permission to locate its business in the area for 6 marks. This question tested the knowledge skill of how to write a letter in the correct format of a business letter. Generally, the performance on this question was unsatisfactory as majority of the candidates scored 0-2 marks. Most candidates wrote short essays, not addressing the question at all, omitted addresses of the sender and receiver, date, subject, body content, and opening and closing salutations. Some candidates just copied the information from the case study as it was given and presented it as the content of the letter. Some candidates left a blank space they did not attempt to write anything.
- (b) The question required preparation of a simple feasibility study by the candidates. Most of the candidates just copied the information as it was given in the case study without showing understanding and the analysis skill required hence lost marks especially under the headings "executive summary", "market analysis " and "location analysis". This was a recurring weakness that led to loss of marks. Almost all candidates performed poorly under this part question as most of them left it blank, and for those who attempted the question, they just did not have an idea of what a feasibility report is. Most candidates scored 0-2 marks, which came from the financial analysis part, as they were to copy the figures already given in the case study.
- (c) The question required candidates to analyse the importance of branding to the franchisor. It required the candidates to demonstrate their knowledge and understanding skill and apply it to the situation in question. Quite a reasonable number of candidates got 2 to 4 marks out of six. Most candidates could just list two importances of branding which accorded them maximum of 2 marks, and for those who managed to demonstrate analysis skill, they failed to show the application skill, which made them score a maximum of 4 marks out of 6. This signalled limited understanding of key concepts and poor application of knowledge. An example of expected answers were; 'recognition in which a strong brand will make it easier for customers to recognise EL Gee's Bakery, whether it's the logo, packaging of the bread, or the overall experience provided at the bakery, whenever they see EL Gee's Bakery brand, they immediately associate it with its quality.
- 3 (a) (i) This question required the candidates to determine the level of output of a business from the scenario given. However, some failed to apply their responses specifically to the Fresh and Crispy business. Many candidates failed to determine the output level, which led to loss of marks.
- (ii) The question required candidates to describe the roles of two human resource from the scenario given. This part was generally well done as majority of the candidates who answered it, scored full marks. Candidates who did not do well in this part question failed to apply their responses specifically to the Fresh and Crispy business and scored 0 to 1 mark.
- (iii) The question required the candidates to describe the use of the physical resources bought by Fresh Chips business. Most candidates were able to correctly describe the physical resources bought by the business and successfully apply them to the Fresh and Crispy Business.



- (b) The question required the candidates to develop preliminary components of a business that were given in the question based on the scenario provided. This part recorded the worst unsatisfactory performance. The majority of the candidates were unable to develop the preliminary components of a business plan, namely the vision, mission statement, objectives, and values. The responses given were either incomplete, incorrect, or totally irrelevant to the requirement of the question.
- (c) Performance in this part was fair. Most candidates knew what franchising is; however, many failed to identify Fresh and Crispy Business as the franchisor. Even among those who identified it correctly, some failed to apply franchising to the fresh chips business context.
- 4 This question was somehow poorly done, as majority of the candidates could neither identify and explain the negotiation skills relevant to the scenario given nor analyse the given information under each performance indicators. Therefore, Centres are encouraged to expose their candidates unto performance indicators the more.
- (a) Candidates were required to identify and discuss negotiation skills used by Cleaning Solutions to reach a sale agreement with Giant Services. Unfortunately, candidates struggled to demonstrate a clear understanding of negotiation skills, with majority of the candidates managing to come up with only one skill, which was communication skill, and failed to elaborate the point demonstrating application skills as expected by the question requirement. Those candidates who managed to provide two separate skills, mostly failed to demonstrate the understanding and analysis skills, earning between 2 to 4 marks.
- (b) The question required the candidates to analyse the given information under each performance indicators in the question, for Cleaning Solutions. Candidates failed to analyse the given information and mostly copied word by word from the case study. This was a clear indication that candidates did not have the ability to demonstrate the analysis skill as per the requirement of the question. Some candidates just copied information as it is from the case study which resulted in loss of marks. The overall performance in this question was unsatisfactory with majority of the candidates scoring between 0 to 4 marks out of eight. The expected answer is shown below;
- **Profit / Loss:** Profit shows that the business is managing its costs well and selling its cleaning chemicals at prices higher than production and operating costs. This allows the business to expand, invest in better equipment, and survive in the long term.
 - **Customer Satisfaction:** High customer satisfaction means customers are happy with the quality/effectiveness/ safety and pricing of the cleaning chemicals. Satisfied customers are more likely to make repeat purchases and recommend the products to others.
 - **Growing Market Base:** A growing market base shows that the business is attracting new customers such as households, schools, hospitals, and offices. This indicates strong demand, effective marketing, and competitiveness in the market.
 - **Employee Satisfaction:** High employee satisfaction leads to increased productivity, better handling of chemicals, improved safety, and good customer service. Motivated employees become loyal and are less likely to leave the business.



- (c) The candidates were required to complete an order form for 6 marks. The performance under this question was satisfactory as majority of the candidates scored 4 to 6 marks. Those candidates who did not do well in this question, did not even manage to copy the information given and place it appropriately in the template order form provided. Majority of the candidates performed relatively well in completing the order form, scoring between 4-6 marks. This was an indication that candidates in this question effectively utilised the information given from the case study to complete the order form, demonstrating an ability to apply given data to a practical task.



PAPER 4: WRITTEN PAPER

General Comments

Candidates who sat for Entrepreneurship paper 4 were 3074, made up of 32 candidates from a Private Centre and 3042 from the Government Centres. The general performance of the candidates in this component was below average. There was significant evidence to suggest that the majority of candidates from some Centres lacked knowledge on breakeven point, unit cost, the need for profit forecast, developing a questionnaire with two closed ended questions and rules for storing inventory. However, there were some indications that some Centres in the minority had covered the whole syllabus and were well prepared for the examination.

Majority of the candidates were able to answer the knowledge questions well. However, some candidates were finding it difficult to answer questions that require the use of high order thinking skills such as application, analysis and evaluation. This is worrisome from assessment point of view. Therefore, Centres are advised and encouraged to put more emphasis in these skill areas in their teaching and examination preparation processes for their candidates.

Comments on Individual Items

- 1 This question was generally fairly done as good number of candidates were able to give a half-cooked answers concerning the medium of advertising, the questionnaires under the product and pricing based on the scenario given. The question also required the cohort to present the company sales graphically and also to interpret the results.
 - (a) Candidate were required to explain the medium of advertising that would be suitable for the fat cakes. This was a knowledge and application question where majority of the candidates scored full marks. Social media and word of mouth were common answers given by most candidates. However, some candidates lost marks because they mentioned promotional strategies like buy one get one free whilst some failed to apply or explain in context.
 - (b) This was a knowledge and application question where Candidates were expected to develop two closed ended questions for a questionnaire for Delicious Bites on product and price and justify the need for asking questions on product and price. Many of the candidates were able to develop two closed ended questions for a questionnaire for Delicious Bites on product and price scoring a maximum of four marks and lost the other four marks as they failed to justify the need for asking those questions. For example, for a question like 'How much are you willing to pay for our fat cakes', candidates' justification was, 'it helps the business to know the price of fat cakes the customers are willing to pay'. This justification therefore lacked substance as it doesn't show the end result, and it is a repetition of the question. Some candidates lost marks because they failed to apply in context on both the questions and justification. For example, candidates were writing 'How satisfied are you with our product? Instead of 'How satisfied are you with our fat cakes?' Other candidates lost marks because they asked open ended questions.
 - (c) (i) This question required candidates to present information in a bar graph. Majority of the candidates managed to correctly label the X-axis and the Y axis. Candidates lost marks due to wrong scaling which made plotting of the bar graph wrong. Most candidates failed to write



the title of the bar graph. There were some candidates who presented information on a line graph and histogram which contributed to them failing to score marks on the plotting of the bar graph.

- (ii) Candidates were required to describe the pattern of sales shown by the graph in (c)(i) Most candidates managed to describe the pattern of sales shown as the graph shows a constant increase in the sales of fat cakes each day of the week.
- (iii) This question required candidates to justify with two reasons what could have led to the pattern of sales in (c)(ii). Most candidates scored a minimum of two marks. Majority of the candidates managed to justify with reasons what could have led to an increase in sales but lost marks because of failure to justify with reference to fat cakes. An example of some candidates' answer is; 'as more people try their product and enjoy them, they tell their friends leading to more customers' Some of the expected responses are; as more people try the fat cakes and enjoy them, they tell their friends leading to more customers each day hence more sales and profit for the business, if the business ran a successful promotion, like a discount or special offer on the fat cakes it could attract more customers over the week leading to increase revenue, etc.

2 The candidates were given a scenario on a manufacturing business and were required to show knowledge and understanding on inventory, calculation of the unit cost of production and calculation on breakeven output of the products. They were also expected to complete a profit forecast for the company and justify the need to prepare a profit forest for the same business. And the question was generally poorly attempted.

- (a) This was a knowledge question which required candidates to state four rules of storing inventory in a business. Most candidates failed to score the maximum marks. This question was poorly answered. Candidates lacked knowledge on rules for storing inventory in a business. The most common answers given by candidates were; 'storage facility must be locked at all times, and management should not allow any member to have access to inventory warehouse'. Some of the expected responses are; store similar items together, clear labelling, conduct regular audits, practice the 80/20 rule, use inventory management technology etc.
- (b) (i) Candidates were required to calculate the unit cost of producing a smart watch and they were to show their working. Majority of the candidates calculated the selling price of a smart watch instead of calculating the unit cost of producing a smart watch which led to loss of marks.

Answer: P2000

- (ii) This question required candidates to calculate the breakeven output of smart watches and to show their working. Majority of the candidates failed to score a mark. Some candidates had no clue on how breakeven output is calculated whilst some used the formula: Break-even output= Total cost / Contribution, which led to them losing marks. This question was poorly done by candidates.

Answer: 107 watches



- (c) (i) Candidates were required to complete a profit forecast for Exclusive Tech Designs' smart watches for 3 months. This was a well answered question. Most of the candidates managed to score the maximum marks. However, there were those candidates that failed to score a mark because of incorrect use of the information provided to them.

	Month 1	Month 2	Month 3
Sales	450 000	495 000	525 000
Cost of sales	175 750	195 280	200 000
Gross profit	274 250	299 720	325 000
Less: Operating expenses	115 800	125 675	145 350
Net Profit	158 450	174 045	179 650

- (ii) This question required candidates to justify the need for Exclusive Tech Designs to prepare a profit forecast. Most candidate lost marks due to the usage of present tense instead of future tense. Candidates' justification didn't bring out an element of prediction of profits. Some candidates gave answers relating to the need of a business plan therefore loss of marks. One of the most common answers written by candidates was, 'to test the feasibility of the businesses. Some of the expected responses are; helps in planning as it shows how much money the business expects to make and spend, helping with budgeting, aids decision making owners can decide whether to expand, cut costs or invest in new products, attracts investors need to see profit forecast before funding to know if they will get returns on investment, tracks business performance to help compare expected profits with actual profits or results to see if the business is doing well so that management can come up with better strategies to overcome losses etc.