

A Level Edexcel Business Paper 3 Resource Pack Practice Papers

2026: The Confectionery Industry

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Teacher's Introduction

This resource has been produced to support the research required for the pre-release paper for the A Level Edexcel Business Paper 3 (**Investigating business in a competitive environment**) exam, which students will sit during summer 2026. The context for the 2026 exam is the confectionery industry.

This resource contains **three practice papers**. Each practice paper has a full mark scheme based on the pre-release case study for the unit. The content has been produced with consideration to the bullet points that Pearson directs students to research and possible question types that may arise.

Remember!

Always check the exam board website for new information, including changes to the specification and sample assessment material.

Using the practice papers

This resource can be used in a number of ways to help students prepare for their final exam. It can be used independently by students or as a teacher-led exercise. Here are a few suggestions:

- **Homework** – The papers could be completed by students as homework tasks. Students could be given one or two research headings to complete in the run-up to the exam, or the questions could be divided up and given to students as they progress through the pre-release research task.
- **In-class exam** – The practice papers make ideal mock exams to complete under timed exam conditions as they are based on the format of the final exam. There is a mark scheme and suggested answers to accompany each question. The mock exam will then enable teachers to pinpoint the topics that students find challenging, review their exam technique / time management and tailor any intervention activities appropriately. The benefit of using these practice papers as mock exams is that the mark schemes are not in the public domain (unlike past and specimen papers produced by the exam boards, which are posted on their websites), so they give teachers a true picture of how students perform when tackling an unseen paper.
- **In class** – The papers could be 'walked through' in their entirety or divided up into sections to give the students guidance related to the requirements of the pre-release task. Using the mark schemes, teachers can inform learners of how marks are awarded and the difference between the levels on the extended-mark questions.
- **Exam technique** – The papers can be used to help students of all levels to enhance their exam technique. They can become familiar with what is required from diverse question command words so they are aware of the detail expected for each level of response. Students could complete a range of question styles and peer-mark their responses to the practice questions to give them the opportunity to 'think like an examiner'.
- **Revision** – When the learners are approaching their final exams, a whole practice paper could be given to them to complete. This may be particularly appropriate for over a holiday period, e.g. Easter or half-term. When the students return from their holiday, the teacher can mark the entire paper and also share the mark scheme with the students so they can see how their responses compare.

The author has delivered a range of business courses for over fifteen years and examines Pearson Edexcel GCE Business Paper every summer.

January 2026

This resource is intended to supplement your teaching only.

As with all pre-release material it is the teacher's responsibility to decide in what way to assist their students. It is the teacher's responsibility to decide how this resource in particular can be used to fit into that assistance. You may simply wish to read this material to better inform yourself and to help you prepare your lessons and get ideas for your teaching. You may also consider whether it is appropriate to distribute some of the material for reference and to use some of the tasks for classwork and homework. You may consider making the whole resource available to be worked through by your students more independently.

The content of this resource is provided as one experienced teacher's interpretation of the A Level **Edexcel Business pre-release material**. The author does not have any special knowledge of what to expect on any particular exam.

ZigZag Practice Exam

Supporting Pearson Edexcel A Level in Business

Business Advanced



Paper 3: Investigating business in a competitive environment

Practice Paper A: Source Booklet

Context: The confectionery industry, and firms small, national, and international operating in this market.



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SECTION A

You are advised to read extracts A to D carefully before answering the questions.

Extract A

Cadbury products are sold in over 50 countries globally. The Cadbury brand extends beyond chocolate and includes cakes, biscuits, drinks, ice cream and desserts.

Popular Cadbury brands include:

- Bournville
- Buttons
- Carancho
- Cream Eggs
- Crunchie
- Dairy Milk
- Double Decker
- Flake
- Freddo
- Heroes
- Milk Tray
- Mini Eggs
- Roses
- Wispa

Extract B

The chocolate market is one of the largest and most valuable food product markets around \$120 billion in 2023. Future Market Insights reports that the international market is forecast to grow by about 7% per annum. The market should reach a total value of \$150 billion by 2027.

Global growth is replicated in the UK market. In 2022, sales of chocolate products in the UK were valued at £5.9 billion. Mintel predicts that this will increase to £6.7 billion by 2027.

There are hundreds of businesses that make cocoa, chocolate and sugar confectionery. The chocolate and candy bar sector of the UK confectionery market includes some large international brands such as Ferrero, Mars, Mondelez International, Nestlé, and Lindt & Sprüngli. Other well-known UK brands include Hotel Chocolat, Tony's Chocolonely, and Montezuma's. In addition, many retail businesses and supermarkets also have their own brand of chocolate products. The growing popularity of artisan products, has led to a growing number of independent chocolate makers operating in the UK. BISWorld reported that 54 new businesses opened in 2023 and the market is consequently very competitive with pricing battles.

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Extract C

Many businesses in the confectionery retail sector use quantitative data and make decisions, such as investment in new equipment or whether to expand the business. Among the most common techniques are decision trees, payback analysis, and ARR. These can also be used in decision-making.

Cray is an independent chocolate retailer. He is looking to purchase a new computer. He has found two different options that would be suitable for his business and he needs to decide which one to select. The costs of purchasing each option and the profits that can be expected are shown in the table below.

	Option 1
Initial cost of the machine	£80,000
Year 1 net profit	£15,000
Year 2 net profit	£24,000
Year 3 net profit	£30,000
Year 4 net profit	£28,000

	Option 1	Option 2
Initial cost	£80,000	£110,000
Average annual return	£24,250	£28,500
ARR calculation	$\frac{£24,250}{£80,000} \times 100$	
ARR	30.3% (to 1 decimal place)	25.9%
Should this option be chosen	Yes – it has the highest ARR	No

Extract D

Choccies Ltd was set up 10 years ago and operates from its base in York. Over the years it has developed a range of products in its artisan chocolate portfolio. All products are sold online through the company website and are available for delivery nationwide.

The product range includes 10 products with soft centres based on English speculoos, strawberries and cream and Devon clotted cream. In addition there are two chocolate-covered biscuit products and two children's products.

The managing director wants to grow the business and is looking to start to sell internationally. He needs to develop a marketing strategy to support this growth.

Source: Fictitious business example

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SECTION B

You are advised to read extracts E to H carefully before answering the questions.

Extract E

McVitie's produces a range of biscuit products. The origins of the brand started in 1927. The company's product range includes many of the nation's favourites such as Chocolate Jaffa Cakes, Rich Tea, and Ginger Nuts.

McVitie's production line is highly intensive with the use of automatic manufacturing technology. It produces a large number of biscuits each day, reaching over 92 million Christmas Digestives, with its Harlesden factory alone making about 13 million Chocolate Digestives each day, alongside other popular items like Rich Tea. The company's output to meet UK demand.

Extract F

Sources of external finance that could be chosen by a business:

- Family and friends
- Banks
- Peer-to-peer funding
- Business angels
- Crowdfunding
- Other businesses

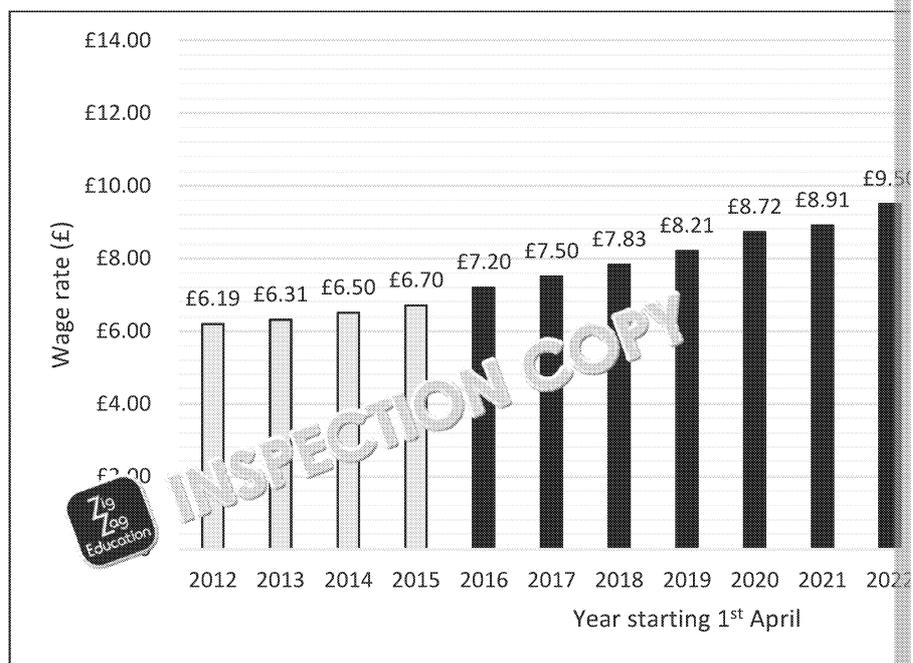
Methods of external finance:

- Loans
- Share capital
- Venture capital
- Overdrafts
- Leasing
- Trade credit
- Grants

Source: Pearson BTEC Level 3 Advanced GCE in Business

Extract G

Some employees who work in the confectionery industry are paid the statutory National Minimum Wage. This was complemented by the National Living Wage in April 2016. The following table shows changes in the National Minimum Wage over time – the figures from 2012 to 2015 are shown above, whereas those between April 2016 and April 2026 relate to employees aged 25 and over.



Source: gov.uk, 2025, www.gov.uk/national-minimum-wage

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Extract H

Up to two years ago, cocoa prices had been stable for the previous 25 years. However, prices have increased to £8,000 per metric tonne, which quadrupled the price.

One of the reasons for the rise in the price of cocoa is climate change as it is making it difficult to grow, leading to poor harvests. Extreme weather events have led to a global shortage of cocoa, such as the cocoa swollen shoot virus affecting production in West Africa. In the long term, production is predicted to fall. High prices are here to stay according to the experts as the impact is likely to be reversed.

Increasing prices for other key ingredients such as sugar is also affecting the price of chocolate. Prices are expected to rise in late 2023 and early 2024.



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ZigZag Practice Exam

Supporting Pearson Edexcel A Level in Business

Business Advanced



Paper 3: Investigating business in a competitive environment Practice Paper A

Name	
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Time allowed
2 hours

Instructions
Answer all questions.



Information
The total number of marks available for this paper is **100**. The number of marks available for each question is shown in brackets.

You must not take any notes from your research or investigation data conducted during your study of the pre-release into the examination.

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ALL questions must be answered.

SECTION A

You are advised to read extracts A to D carefully before answering the questions.

1. a) Assess **two** benefits for a confectionery manufacturer, such as Cadbury, of having a diverse product portfolio.
- b) Assess the likely value of the use of quantitative data to support business decision-making by an independent chocolate retailer such as Crayons.
- c) Assess the impact of social factors on the profitability of confectionery.
- d) Choccies Ltd is a successful producer and e-commerce retailer of chocolate products. The company currently only sells to customers in the UK, but is considering expanding globally. The managing director is considering either an ethnocentric or geocentric approach to its global market entry.

Evaluate these **two** options and recommend which one is likely to lead to profit maximisation for Choccies Ltd.

SECTION B

You are advised to read extracts E to H carefully before answering the questions.

2. a) Assess **two** benefits of greater financial assistance for a business such as McVitie's.
- b) Assess the likely value of a business angel to a start-up independent chocolate producer.
- c) Using the data from Extract G, assess the impact of rising minimum rates on biscuit manufacturers such as McVitie's.
- d) Extract H outlines the increase in the price of key ingredients to manufacture Anytown Chocolate Ltd.

Anytown Chocolate Ltd is a small independent chocolate manufacturer that sells its products to tourists in the seaside town of Anytown. The managing director is considering to take action regarding the increased price of ingredients and is considering either increasing the price of products by 20% or reducing shareholder dividends by 20%.

Evaluate these **two** strategies and recommend which one Anytown Chocolate Ltd should choose.

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Preview of Questions Ends Here

This is a limited inspection copy. Sample of questions ends here to avoid students previewing questions before they are set. See contents page for details of the rest of the resource.

Practice Paper 3C

1a) Using the data in Extract A, assess two ways that the marketing strategy of Charlie's is influenced by it selling its products online only.

Knowledge – 2 marks / Application – 2 marks / Analysis – 2 marks / Evaluation – 2 marks

- The change would result in the business operating solely by e-commerce.
- E-commerce can be contrasted with traditional bricks-and-mortar physical business.

Benefits:

- Less costly – fewer overheads such as rent which is increasing from April 2026 compared to the current shop. This will leave more budget for more marketing activities.
- May attract more customers as digital methods may be more convenient for customers than a physical retail shop.
- May be easier to attract customers from outside of the local area, thereby increasing sales and expand globally.
- Helps to differentiate the brand from other competitors without digital platform.
- Sales are likely to be more even throughout the year as Charlie will no longer rely on the Bournemouth season.

Counterbalance may include:

- Relies on marketing/promotion as there is no physical premises to attract customers (unlike a shop popular with tourists).
- Website needs to be easy to use to prevent potential customers being deterred (unlike the extended marketing mix).
- May exclude some customers, e.g. those who are not computer literate or who do not have access to the internet. The business may, therefore, lose out on their custom – how can technophobic customers be reached?
- It may be costly to keep the site up to date and maintain website security as new IT developments are constantly being introduced.
- If the site is down or there are technical problems, the business does not have a physical shop to fall back on. It is totally reliant on the website, which is risky. Technical failures may also deter customers.

1b) Assess the likely value of floating on the stock market for a business such as OPOX.

Knowledge – 2 marks / Application – 2 marks / Analysis – 3 marks / Evaluation – 3 marks

- Floating on the stock market involves the business becoming a public limited company.
- This will involve the company's shares being available/traded on the stock market, which was the case with the private limited company (Ltd).

Benefits:

- Can raise more capital more easily by selling shares
- Banks and other lenders may be more willing to lend to a PLC as it may be viewed as more established.
- May improve the public's perception of the business as PLCs are usually larger than private limited companies.
- Still benefit from limited liability
- As the business can raise more funds more easily, it can expand faster. The business can finance future development and maintain competitiveness in the competitive chocolate market. As chocolate is increasing in popularity so ability to develop new products will help the company to exploit new opportunities.

Counterbalance may include:

- Risk of takeover – PLCs can be taken over as transfer of shares does not need the consent of the company. This may be an issue for Annylis as she is proud of the decisions that she has made for the business.
- Loss of control over the business
- More financial information has to be disclosed than for a private limited company. This means that competitors can access this information.

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Preview of Answers Ends Here

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