

Examiners' Report/ Principal Examiner Feedback

January 2011

GCSE

GCSE Business Studies (5BS06)
Paper 01 Introduction to Small Businesses

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General comments

This was the second series of the new format of examination and once again the evidence suggests that this paper was accessible and enabled candidates to demonstrate effective knowledge and understanding of content of Unit 1.

There were no reported problems with particular questions or with the timing of the paper.

Below is a summary of performance in the questions for which particular issues were evident, or for which we feel comment is worth making.

Question 1

The first question served its intended purpose and proved to be an accessible opening question and was the most accurately answered question on the paper. This was pleasing as we had intended the paper to have as inviting an introduction as possible. This approach will continue in future series.

Question 3

The subject of franchise, as a possible option for a business start-up, relates to Topic 1.1 - What options exist for starting-up a business?, which makes reference to the advantages and disadvantages of this option. A majority of candidates scored at least 2 marks here. However, a significant minority scored just one mark, suggesting that knowledge of possible disadvantages of starting-up as a franchise, is not as strong as it might be.

Question 4

As noted in the summer 2010, financial aspects of small business are an important aspect of the course, featuring in Topic 1.3 (Putting a business idea into practice). This question required candidates to manipulate a small range of data to help calculate the total costs of a business. A significant minority of candidates did not get the right answer. Centres are advised that the options provided for candidates are all selected on the basis that the answer could be arrived at. For example, if a candidate did not know how to calculate total costs, but instead multiplied 'Number of pots produced and sold' (150) by the 'average price' (£10) to arrive at £1500, then £1500 was an option. The fact that an answer can be arrived at from the figures provided does not mean it is the correct answer. Candidates need to know that simply because they find an option which makes *some* sense, then this does not necessarily mean that this is the correct answer. Centres can help candidates prepare for these questions by understanding this point.

Question 5

The majority of candidates scored the full three marks for this question. Of those that did not, most gained two marks. For candidates that dropped one mark (or more), most - incorrectly - chose option E. The question asks for appropriate actions by the business, '*...assuming it sells the same number of pots each month*'. As such, increased advertising expenditure necessarily involves higher costs. The message for candidates is to read the question carefully.

Question 6

As with the previous series, so exchange rates proved to be challenging for many candidates. Statistically, performance was less good in this area than in the summer series. Over half of candidates scored either 0 or one mark. As noted in the summer, exchange rates remain an important part of the specification and will continue to feature in future examination series. Some guidance for centres is provided at the end of this report.

Question 8

A large majority of candidates scored one mark, with a minority scoring both marks. Most of those who dropped a mark did not choose option E - National Insurance contributions. The specification states that the taxes faced by small businesses are. '*...VAT, income tax, National Insurance and Corporation Tax*'. As it was made clear in the stimulus material that Marcus was a sole trader, so option E was not correct.

Question 9 and 10

Market mapping was well answered by candidates with a large majority scoring one mark for each question.

Question 11

The majority of learners answered this question correctly. Centres are reminded, however, that candidates need to recognise that any reference to a percentage does not necessarily mean this is the calculated risk. One option was:

'His fixed costs are 50% of his total costs'.

Some candidates chose this option, seemingly due to its inclusion of a '%' sign.

Question 14

Most candidates scored two from three marks available for this question on the factors affecting the price of cocoa. There was no obvious incorrect option that was selected instead of the correct options. Centres are advised to ensure candidates are prepared for questions which require candidates to identify the causes of either the rise or fall in the price of a commodity.

Question 17

As with the summer 2010 paper, this question was well-answered on the whole. This again relies on candidates having secure knowledge of key terminology. The format of this question is easy to identify. Identify 5 correct definitions from a list of 8. Candidates should be aware that some of the wrong answers - the distracters - will be close to the actual answer; they may be easily confused. For example, the first definition was:

'An individual or group which has an interest in the success of a business or is affected by the activities of a business'

In the list of key terms, both stakeholder and shareholder were options. This was deliberate and intended to discriminate between those candidates who knew the correct answer and those who were unsure. In fact, a surprising number chose 'shareholder' for this particular question. By preparing candidates effectively in the language of Unit 1, and by ensuring they take the necessary time to read the question and the options, there is a greater likelihood that candidates will score highly on this type of question.

Question 18

The 6 mark extended writing question is a feature of the Unit 6 examination.

A large majority of candidates scored either 4, 5 or 6 marks, indicating that most centres are preparing their candidates effectively for this particular type of question. This question requires evidence of the skills in AO1, A02 and A03. Candidates need to make a decision and provide reasoned justification for this decision. Note that there is no right or wrong answer: a candidate could argue that the window cleaner or the newsagent was most affected, provided they support their decision with appropriate business understanding. For example, some candidates argued that, during a recession, households are likely to cut back on 'luxuries' such as window cleaning, preferring to do this themselves. Newsagents, on the other hand, benefit from selling more 'essentials', and are therefore less affected. Alternatively, some argued that newsagents will be more affected due to their relatively high prices compared to, say, supermarkets. Households would cut back on newspapers and convenience items and turn to supermarkets. Window cleaners, on the other hand, provide a specialised service that cannot be provided by a competitor. All perfectly reasonable and justified points.

In a significant number of cases candidates provide too much detail - sometimes using additional sheets - often with the result that their arguments and justification are lost in the detail. Centres need to ensure that candidates know that full marks can comfortably be gained by writing in the amount of space provided. The following is a summary of techniques and advice for this final paper:

Advice for centres

- (1) **Objective test does not necessarily mean easier** - Candidates must be made aware that same rigour, preparation, care and thought are necessary. The questions are designed to require different skills, including application and analysis. If candidates approach this examination with the approach that, *'It's only a multiple choice...'*, then undoubtedly marks will be dropped on questions where they shouldn't be. It is the role of teachers to ensure that any dismissive thoughts are banished and that this examination is approached like any other.
- (2) **Timing** - Whilst many candidates scored highly on this paper, there was evidence of marks being missed due to the question not being read thoroughly enough. Candidates must be encourage to use time The examination within the examination to think carefully about each question, identify distracters and finally identify the correct answer. Candidates need to be aware that questions are designed to include plausible distracters. Rushing through a paper to finish as quickly as possible is a dangerous strategy. Furthermore, given the relatively comfortable timing on this paper, candidates should have enough time to check all of their answers carefully before the end of the exam. If this identifies one mistake then it would be time well spent.
- (3) **Key terms** - A number of marks on this paper are gained through knowledge of key terms. Centres should plan to consolidate this knowledge on a regular - weekly - basis with their students. This may take the form of weekly quizzes, wall displays, crosswords, and so on. Whatever strategies are used, this will prove to be time well spent in preparing for the Unit 6 examination.
- (4) **Exchange rates** - The specification states that students need to learn:
'how changes in the £/\$ or £/€ affect small firms that trade abroad or face competition from abroad'

This is notoriously difficult territory for the average GCSE student. However, there are techniques which can help candidates to secure their understanding of the topic. Many centres use the 'SPICED' mnemonic with their students: **S**trong **P**ound **I**mports **C**heaper **E**xports **D**earer. Judging by the number of candidates who wrote this onto their paper as a reminder, this is a popular method. Whether using this or any other technique, it is important that candidates understand the effect of changing exchange rates on small businesses. There are plenty of topical examples which can be used to show this happening in real life.
- (5) **(6 mark question)** - Advice from the experience of candidates in the January series:
 - Organise arguments using paragraphs. Indent or leave a line between paragraphs if necessary, to emphasise the organisation and structure.
 - A common approach is for candidates to make a decision, justify this using appropriate terminology and concepts, suggest how the other business may be affected and finally state why the chosen business is more

affected than the other. Importantly, candidates should try to arrive at an original conclusion that does not simply repeat what has already been said. Use can be made of the 'it depends' rule.

- The above approach is one method. Note that full marks can be gained by reference to just one business, providing sufficient analysis and justification is provided.
- Don't write too much: arguments become unclear and more vague when too much detail is provided.

(6) **Practice makes perfect** - As a new format of examination centres should seek to develop the exam technique of candidates by running mock exams under the same timed conditions as the real paper. In addition to any internal papers which centres may produce, there are now three papers from Edexcel: Two Sample Assessment Materials papers, plus the Summer 2010 and January 2011 papers. These should be used effectively as formative exercises to develop the skills of candidates.

Additional support

There is extensive support for teachers in relation to the course from Edexcel. This includes:

Ask the Expert - a service which allows teachers to ask questions of the senior examining team directly :

<http://edexcel--5571.custhelp.com/app/ask/session/L3NpZC9pOUI5cHJfag%3D%3D>

There are exemplar materials and regular updates on training, including online training on the GCSE Business web site :

<http://www.edexcel.com/quals/gcse/gcse09/Business/Business/Pages/default.aspx>

Customised training can be arranged to deal with specific queries that centres have:

<http://www.edexcel.com/quals/gcse/gcse09/Business/Business/Pages/training.aspx>

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