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Introduction to Small Business - 5BSO6/01 June 2015

General Comments

As in previous series the evidence suggests that this paper was accessible and candidates were able to demonstrate effective knowledge and understanding of the content from unit 1. From the statistical information gained it shows that centres are preparing their candidates effectively for this exam paper.

Again it is also worth mentioning that whilst unit 1 is more heavily weighted towards Assessment Objective (AO) 1 – Demonstrating knowledge and (AO) 2 Application of knowledge, the questions continue to require candidates to think carefully through the options before selecting an answer.

As in all examination papers the questions are produced to target the full range of abilities from G to A*, therefore some questions will be more challenging than others.

Centres should advise candidates that all questions should be attempted rather than missing some out. Candidates should remember that all papers are scanned, to enable them to be marked by computer and therefore they should mark clearly their answer using black ink so that it can be seen. Some candidates have not always followed the instructions given eg if the question asks for one box to be marked then marking two does not gain then a second chance at the question. Some candidates are using 'ticks' instead of putting a cross in the box. If an error is made then candidates are given instructions on how to amend their work.

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 – again this question was an inviting question, with various options and candidates had to choose which one would be most suitable for a small business if they wished to have long-term finance. There appeared to be some confusion with a small number of candidates who may have thought that an overdraft is a long term source of finance. Nearly 70% of the cohort gained the mark.

Question 2 – candidates were asked, which one would a sole trader pay on their profits. This question was not as well answered as expected with only approximately two thirds of the cohort gaining the correct answer. Perhaps candidates might have been confused with Corporation Tax.

Question 3 – A question on fixed costs for a business, this proved to be more difficult for a number of candidates with approximately half of the candidates gaining all three marks. Some candidates may have confused the actual items such as raw materials and packaging as a fixed cost, when they are actually a variable cost.

Question 4 – This question was taken from Topic 1.5 'Impact of changes in interest rates on small businesses' and again this was a question that candidates found difficult to answer. Approximately a third of the cohort gained the two marks available. This type of question has been asked in previous papers and yet again was found to be more challenging for candidates. This type of question is aimed at the

higher level candidates. Perhaps this type of question could be practiced more with candidates to help them in the future.

Question 5 – A question on ‘calculated risk’ from Topic 1.2. This proved to be an accessible question for most candidates.

Question 6 – This question was well answered by over three quarters of the cohort showing that their knowledge of adding value to a business is understood and can be applied to a given situation.

Question 7 – Less than half of the cohort gained two marks available for this question which was related to Topic 1.5 ‘Market demand and supply’. The commodity of gold and what effects would increase the price of gold. Possible confusion could have been made with improving gold mining technology and decreased levels of tax would have decreased the price of gold and not increased.

Question 8 – This question was well answered by the majority of candidates who gained the mark available by working out the cost of the units and then converting the figure into Euros.

Question 9 – Candidates tend to normally do well on this type of question where they have to calculate various figures to complete the cash flow forecast. However on this occasion just under half of the candidates gained the full three marks available. Some candidates did not include the minus sign in front of the figure for September. Candidates should take care that their figures are clear and easily recognisable otherwise they could be disadvantaged.

Question 10 – The majority of candidates were able to identify why there would be a fall in the sales of water features for the business.

Question 11 – Nearly all the candidates were able to gain at least one mark on this question of competitive advantage, with approximately 60% gaining the two marks available. Showing that they have a clear understanding of how a business can have an advantage against another business.

Question 12 – A question on franchise with just over half of the candidates gaining the three marks available, most were able to gain two marks. Perhaps candidates may have been confused with who pays who to set up the business and thought that the franchisor pays the franchisee.

Question 13 – This question was not as well answered as expected and seemed to challenge more than half of the candidates. The question was taken from Topic 1.1 ‘how to identify a suitable start-up location’. Candidates had to choose which would be the least important factor when deciding to locate. Supplies would not be the main consideration for a small hair salon as they would not be required regularly. Perhaps this is another question where candidates need to read the question carefully before answering.

Question 14 – This question was well answered by the nearly 70% of the cohort who realised the impact of weather on crops.

Question 15 – This question appeared to be more challenging for candidates and was aimed at the higher grades, with just over a third of the candidates gaining the mark. The topic was from 1.2 'explain steps an entrepreneur can take to protect their ideas through patents and copyright'. Perhaps this type of question could be practiced more with candidates to help them in the future and avoid the confusion of patent and copyright.

Question 16 – This question also proved quite challenging for some candidates as only just over a third gaining the three marks available. The question asked what documentation would a candidate submit, when applying for a job. The other three options were documents that the business may provide when recruiting. Again perhaps a topic that may need revisiting for the future.

Question 17 – previous papers, this question was well answered by most candidates. It appears that candidates are well prepared for this question. Part (v) Market Segment proved to be the most difficult out of the five choices for candidates. This question tests knowledge of the terms used.

Question 18 – the 6 mark extended writing question is a feature of the unit 6 examination. This question requires evidence of the skills in Assessment Objectives AO1, AO2 and AO3. Candidates need to make a decision and provide reasoned justification for that decision. Note, as in previous papers there is no right or wrong answer: a candidate could have justified that cutting costs is more important than increasing prices and vice-a-versa.

To score full marks candidates must offer some evaluation. In this case study, the candidate might suggest that Purceys should increase the price of the pies as it would cover the cost of the price increase of electricity and gas, however by increasing the price this could mean that some customers could not afford or would not pay for the additional increase and therefore not buy the pies again. This could have a negative effect on the business as they may not have sufficient customers purchasing the pies to cover the increase incurred.

As with previous series, some candidates provided too much detail, sometimes using several additional sheets – often with the result that their arguments and justification become too difficult to understand. Centres need to ensure that candidates know that full marks can be gained by writing in the amount of space provided. However there are some candidates who write very little or write in bullet format. This does not enable them to gain the higher level marks.

Advice for centres

Below is a summary of advice specifically arising from this examination. This includes some of the guidance which is reproduced from previous series.

1 Multiple choice does not necessarily mean easier – centres should work with candidates to ensure that they are sufficiently prepared to attempt multiple choice questions. The questions are designed to require skills including application and analysis.

2 Analysis of graphs – this is perhaps where centres perhaps could prepare candidates more by giving them examples of graphs so that they can analyse the

information and make judgements. In case this type of question appears in future papers.

3 Key terms – a number of marks on this paper are gained through knowledge of key terms. Centre should plan to consolidate this knowledge on a regular – weekly – basis with their candidates. This could take many different forms such as quizzes, crosswords etc.

4 Practice makes perfect – to improve performance of candidates, centres should seek to develop examination technique by running mock exams under the same timed conditions as the real paper. On the Edexcel website, there is now a selection of past papers available.

5 Timing - whilst many candidates scored highly on this paper, it was considered at times incorrect responses were selected by candidate as a result of questions not being read thoroughly enough. Centres are encouraged to work with candidates in using the 45 minutes available to think carefully about each question, identify distracters, and finally the correct answer. A check by candidates of all their answers is also encouraged before the end of the examination. Candidates need to be aware that questions are designed to include some strong distracters.

Additional support

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

There are exemplar materials and regular updates on training, including online training on the GCSE Business website –

<http://qualifications.pearson.com/en/qualifications/edexcel-gcses/business-2009.coursematerials.html#filterQuery=category:Pearson-UK:Category%2FSpecification-and-sample-assessments>

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

<http://qualifications.pearson.com/en/support/training-from-pearson-uk.html#step1>

Grade Boundaries

Grade boundaries for this, and all other papers, can be found on the website on this link:
<http://www.edexcel.com/iwantto/Pages/grade-boundaries.aspx>

