

Examiners' Report/ Principal Examiner Feedback

January 2011

GCE

GCE Applied Business (6917)
Paper 01 Investigating Business

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Publications Code UA026054

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General Comments

This unit was often leniently assessed and adjustments to marks had to be made. A number of similar issues to those found in the previous series were again found in this window.

Many centres have developed approaches to this unit learnt from previous submissions, reports and training. There was an increase in the proportion of candidates covering most of the content of this unit but this was not accompanied by an increase in knowledge and understanding demonstrated through the portfolios.

Some centres made no reference to QWC. There was no indication, in the majority of assessments seen, of what marks were awarded for QWC.

All candidates investigated setting up a new business.

Few centres included assignment briefs and thus it is difficult to comment on the ways in which candidates were directed to cover the unit.

Strand A: As part of the market research, questionnaires were usually used but in some cases the sample did not reflect the target market for the product/ service in demographic terms. Once the questionnaires were completed, candidates often produced graphs of the results and described the results but did not analyse the outcomes. Work was often in mark band 1. Candidates had often decided upon the product/ service, its price, etc, before carrying out the market research and continued with these despite the outcomes of the research. Very few candidates made any use of the research they carried out. Candidates often gave generic aims and objectives that were not SMART. Stakeholders were covered but again the answers were generic. For legal aspects, candidates usually only covered the ownership of the business. The work was often basic and the wider legal aspect related to taxation, VAT, consumer legislation and food handling/ sales were only sometimes covered. Prices were often given but pricing policy was rarely discussed beyond simple statements of being cheaper than competitors. Where pricing strategies were covered, the answers were theoretical. Centres now seem to direct candidates to cover the Marketing Mix in this unit. It is not required and misleads candidates as when they cover pricing, they rarely cover pricing policy.

In **Strand B**, candidates often gave theoretical answers to "quality". Quality statements were often "an afterthought/ bolt on" and not linked to other resources. Small businesses were often planning to implement TQM. Human resources and financial resources were often only briefly covered. Answers to Human Resources tended to be theoretical, covering recruitment and selection, training and motivation. Candidates rarely covered opening hours, sales capacity, etc. Wage rates, where given, tended to be minimum wages but candidates did not calculate total wage bills or carry through such figures to strand C.

Candidates tended to list, and in some cases, explain the range of financial resources and their sources but did not justify their choice of finance. Many candidates covered personal loans rather than business ones. Often financial resources were not appropriate to the business. A number of candidates did not consider their start up and initial running costs as a basis for the financial resources. Physical resources were often listed without reference to costing, availability and importance. Candidates often produced pages of downloaded images with some descriptive

detail. Premises were often not covered or the use of the candidate's own home was identified. In the later case, there was rarely any payment towards utilities evident in either strand B or C. Strands A and, in particular, B should be used to provide evidence of costs, capacity and sales for the financial documents in strand C. There are, however, an increasing number of centres that do cover physical and human resources and do try to form a base for capacity and cost information to be used in strand C.

Running costs and start up costs are covered in strand C, it was noticed that a significant number of centres left details of human and physical resources until they covered start up and running costs. Unfortunately, in these centres, the candidates tended not to cover financial resources.

For **Strand C**, candidates usually calculated cash flow and breakeven but the monitoring aspects are not always covered. Candidates could not always explain what they were doing or how they arrived at the figures. Candidates often described the cash flow and breakeven but could not explain how these were used to monitor the performance of their business. An increasing number of candidates now discuss the limitations and advantages of both break even and cash flows but these are in the minority.

There was little linking back to research in strand A or to costs and amounts, e.g. employees/ hours, raw materials, etc. of resources in strand B. A number of candidates did well on this strand. Where candidates demonstrated knowledge and understanding of finance and financial monitoring, this strand was usually done well and appropriately assessed.

In a number of centres, candidates did not explicitly select or describe start up and running costs.

Strand D was often treated as an "add on" and was not always linked to the business. There was a concentration on generic software, usually Office, with accounting packages or Publisher being the specialised software. Where the specialist software was accounting packages these were often inappropriate to the size of the business. Some candidates did effectively use Publisher and other DTP packages as specialist. Other candidates looked at specialist hair salon booking software. Candidates tended to describe the use of word processing for letters, databases for customer records and spreadsheets for accounts. There were examples in relation to their own business in a number of portfolios.

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Order Code UA026054 January 2011

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