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Summer 2015

Publications Code UA040761

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GCE Applied Business (6926) June 2015

General Comments

From the samples seen, most centres were able to assess this unit accurately. Most candidates demonstrated a sound knowledge of sources of finance, working capital management, investment appraisal methods and investment decisions.

Having seen a wide range of work from a number of different centres this year, it is evident that student performance has remained static in comparison to last year.

Candidates clearly understand the sources of finance for an organisation and are able to distinguish between short term and long-term finance. Those candidates that included balance sheet figures were able to produce some quite good analysis.

Again, candidates were able to identify key components of working capital and use the calculation of key ratios to comment on the business performance.

Where there was a clear scenario, candidates were able to produce some good work on investment appraisal methods, together with calculations. At the higher end, candidates were able to use these to make informed recommendations.

Some of the work produced was muddled where there was no clear scenario from the centre. In one case, candidates were confusing their investment decision with the outcome of strand C. The approach varied between C2B and B2B when looking at investment opportunities. Those candidates who adopted the C2B approach often included a comparison with bank savings accounts when deciding on the nature of the investment. Ratio calculations were undertaken to enable informed conclusions being drawn.

Areas of the Specification

Clear tutor guidance is a key factor with respect to some of the potentially complex aspects of this unit. This unit allows for the inclusion of simulated material and where this was well devised candidates found it easier to access the higher Mark Bands.

Strand A The choice of a suitable business enhanced the candidates' ability to distinguish between short and long term business finance options. It should be noted that the business should be an existing business and not a hypothetical business as candidates are unable to explain the types of finance actually being used. Many candidates selected the published accounts of plcs (although not all used all the available financial information) whilst others selected business whose financial information was not so readily available. Candidates who used actual financial information produced the better quality of work, especially where differences and trends within these figures were explored over time. Better candidates' work

addressed issues of risk and return in relation to the choice of finance. The inclusion of balance sheet figures that demonstrate the validity of candidates' comments is recommended as being good practice.

Strand B In cases where clear understanding of working capital and financial ratios was demonstrated and candidates applied them in context then an understanding of the nature and implications of the form of ownership of the chosen business became more apparent. It helped if, at the outset, candidates were able to demonstrate an understanding of 'working capital' and then apply this in context. In weaker work there was evidence of copied diagrams of working capital and lots of theory on working capital management but little application to the business used.

Strand C The centres that provided well written and clear scenarios enabled candidates to demonstrate awareness of different appraisal techniques and most candidates were able to reach reasoned conclusions based on application of these.

Strand D Those centres that provided a well-constructed scenario enabled most of their candidates to achieve good marks in this strand. This continues to be a difficult strand with stronger candidates showing an understanding of debt/equity issues of financing. Candidates, in weaker cases, had not been encouraged to consider a business for the investment of surplus cash but used bank/building society accounts versus share investment for an amount of money they may have had, making full ratio analysis limited. It can be approached from the point of view of either a private individual investor, or a corporate investor but should consider business investment rather than savings schemes or personal investment, as was sometimes the case. The stronger coursework again tended to group and consider ratios under appropriate headings (profitability, liquidity, efficiency and investment), which appeared to aid candidates in analysing figures and drawing conclusions. As with strand (c), the inclusion of the scenario is helpful for the moderation process.

Comments on Administrative Procedures

In general work was presented well and on time. From the number of centres seen, assessment was generally fairly accurate.

Annotation of Portfolio Work

Annotation of the work, though clear and appropriate in many cases, still varied from indicating fully where criteria had been met, to being very limited with little more than the final mark given. Annotation is best indicated via the Mark Band achieved and the area of the specification met so, e.g. MB1a indicates area (a) has met Mark Band 1, rather than trying to annotate via the Assessment Objectives (AO's) as these are spread throughout the unit's strands or themes. In general, the marks on the work conformed to those on the OPTEMS.

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>

