

Moderator's Report/ Principal Moderator Feedback

Summer 2016

Pearson Edexcel GCSE in Business Studies
(5BS01) Paper 01
Introduction to Small Business

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Publications Code 5BS01_01_1606_ER

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General Comments

As reported in previous series the evidence suggests that the 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 objective test paper.

Unit 1 is more heavily weighted towards Assessment Objective (AO) 1 – Demonstrating knowledge and (AO) 2 Application of knowledge, the questions as always require candidates to carefully read 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. The example below shows a candidate who has not attempted two questions, missing out on the opportunity of gaining up to three marks.

10 Which **two** of the following could be the effects on small businesses if interest rates were to rise significantly? Q10 0 1

Select **two** answers.

- A Improved net cash flow
- B Reduced consumer demand
- C Fixed costs will fall
- D Overdrafts will become cheaper
- E The risk of insolvency is greater

(Total for Question 10 = 2 marks) Q10_Total

11 Which **one** of the following best describes lateral thinking? Q11 0 1

Select **one** answer.

- A Generating ideas using a quantitative approach
- B Detailed planning following a set process
- C Working to a planned timetable
- D Solving problems using a creative approach

(Total for Question 11 = 1 mark) Q11_Total

Also 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.

A few candidates had highlighted/circled the number of marks for each question together with the main part of the question, thus helping them answer correctly. This may be a useful tip to pass onto candidates.

3 Jazwinder runs a coffee shop. Recently sales have been falling and she needs to motivate her staff. Q03 1 1

Which **one** of the following is **likely** to motivate her staff?

Select **one** answer.

- A Allowing staff to work flexible hours ✕
- B Complaining about the attitude of staff ✕
- C Introducing a customer loyalty scheme ✕
- D Working longer hours without extra pay ✕

(Total for Question 3 = 1 mark) Q03_Total

4 Economic activity is increasing. Martin, the owner of a printing business, wants to take advantage of this increase. Q04 1 2

Which **two** actions should he take?

Select **two** answers.

- A Change the name of his business
- B Reduce orders to suppliers
- C Recruit more staff
- D Increase product range
- E Move to smaller premises

(Total for Question 4 = 2 marks) Q04_Total

Some candidates have not always followed the instructions given e.g. if the question asks for one box to be 'crossed' then marking two does not gain then a second chance at the question.

The example below shows how a candidate has changed their mind several times but has not made it clear as to which responses are correct.

8 Nick has seen the price of sugar, a commodity he uses, increase.

Which **two** factors are the **likely** causes of this increase?

Select **two** answers.

- A Lower demand for sugar
- B Bad weather reduces the sugar harvest
- C Government report showing the benefits of ice cream
- D Farmers increase sugar production
- E Nick's energy costs increase

(Total for Question 8 = 2 marks) Q08_Total

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P 4 0 8 6 1 R A 0 8 1 2

Also some candidates are using 'ticks' instead of putting a cross in the box. If candidates do make an error the instructions on how to amend are shown in front the questions.

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 – candidates were asked to work out what the closing monthly balance would be for a business with the figures given. As always, question one is an introduction to the paper and over three quarters of the cohort were able to work out the correct figure.

Question 2 – this question was taken from Topic 1.2 'Showing enterprise - what is enterprise?' with candidates having identifying two of the most important factors for starting up a business. Candidates were able to identify that finance and legal aspects would be the most important. Over half of the candidates gained the two marks available and only a small percentage did not gain a mark.

Question 3 – the majority of candidates understood why motivating the staff in a coffee shop is important. Identifying that giving staff the opportunity to work flexible hours would help the business.

Question 4 – another question that candidates seemed to be able to understand the concept of economic activity increasing and gained the marks available.

Question 5 – this question was taken from Topic 1.3 'Putting a business idea into practice'. Candidates are encouraged to read carefully the stem of the question before answering the question. The stem will help them to focus on the question. In this particular case the stem was about a sole trader who wanted to develop his business, and candidates were asked to identify two of the factors that would help him increase his sales volume. Approximately half of the candidates gained the two marks available for this question.

Question 6 – this question required candidates to consider the information in the table and the chart before answering the question. They then had to work out which of the two conclusions could be gained from the information. This question appeared to challenge a number of candidates although it is pleasing to report that approximately half of the candidates gained the two marks available. Candidates needed to work out each of the conclusions and whether they were correct or not. Perhaps this type and style of question may need more practice to help candidates who struggled with this type of question, gain the correct answers.

Question 7 – very few candidates did not gain a mark on this question. They were able to look at the diagram and decide where the gap in the market was.

Question 8 – this question appeared to challenge the majority of the candidates as approximately a third were able to gain the full three marks available. Approximately half of the candidates gained two out of the three marks. The question was taken from Topic 1.5 'Understanding the economic context. Market demand and supply' and candidates had to consider which three of the options would be the possible reasons why the price of sugar was increasing. From a few of the samples seen candidates were able to identify that bad weather would have an effect, and the government producing a report showing the benefits of ice cream. Again perhaps this type of question could be practiced further.

Question 9 – a large majority of the candidates gained the marks available for this question, with only a few candidates gaining no marks whatsoever. They clearly understood the importance of repeat purchase and how businesses can encourage it.

Question 10 – some candidates do find questions on the effect of interest rates on businesses a difficult concept to understand. However, over half of the candidates were able to identify that there would be a reduction in consumer demand and that the risk of insolvency would be greater.

Question 11 – this type of question has appeared in the paper several times and candidates were asked to identify which of the options best described 'lateral thinking'. Approximately two thirds of the candidates identified the correct answer of solving problems using a creative approach.

Question 12 – most candidates were able to identify a disadvantage of a venture capitalist with approximately 90% gaining at least one mark.

Question 13 – desirable employee attitudes was also a question that candidates seemed to have knowledge of. Most were able to distinguish what an attitude was as opposed to distracters of skills.

Question 14 – a question similar to this appeared in the 2015 examination series and was also not well answered. The topic of patent and copyright is an area of the specification that candidates find difficult. Perhaps it is a question that needs further development. Approximately half of the candidates gained only one mark, probably the identification of proof of ownership.

Question 15 – the topic of variable costs of a business appeared to be understood by a large majority of candidates understanding that raw materials are a variable cost as the quantity required depends on the production.

Question 16 – only a very small percentage of candidates did not gain any marks on this question with regard to why a number of small businesses fail within the first two years. They appreciated that if the product is not customer orientated then the business will not succeed. Or that if the business expands too quickly the business may not be able to cope.

Question 17 – Over two thirds of the candidates were able to access the financial information given for a small business and work out the figures that were missing. There are still a number of candidates where their answers are difficult to understand. Examples below show how some candidates have answered the question, which is not always easy to follow.

17 The following is an extract of financial information for a small gardening business. It shows the costs, revenues and profit.

Fill in the **three** blanks.

	August	September
Total revenue	£6 500	£1 100 ^{4 850} (1)
Fixed costs	£1 000	£1 000
Variable costs	£4 400 ^{£4 400}	£5 300 (1)
Total cost	£5 400	£1 300 ^{£6 300} (1)
Profit	£1 100	-£1 450

(Total for Question 17 = 3 marks)

Another example shown below, identifies how a candidate has had several attempts at getting the correct answer. It is important that candidates are made aware that they must write clearly and that their answer is easily identified.

17 The following is an extract of financial information for a small gardening business. It shows the costs, revenues and profit.

Fill in the **three** blanks.

	August	September
Total revenue	£6 500	£4 850 ^{£4 850} (1)
Fixed costs	£1 000	£1 000
Variable costs	£4 400 ^{£4 400}	£5 300 (1)
Total cost	£5 400	£1 300 ^{£6 300} (1)
Profit	£1 100	-£1 450

(Total for Question 17 = 3 marks)

Question 18 – the topic of recruitment, training and motivating staff always appears to confuse some candidates, especially with regard to the documents that are required in the recruitment process. Just over half of the candidates gained the two full marks for this question, by identifying job description and application form. Perhaps some of the candidates were confused with the distractor of person description, which is not a document. Person specification is a document that could be used in the recruitment process.

Question 19 – the topic of a franchise appears to be understood by the majority of the candidates with over three quarters of the cohort gaining the two marks available.

Question 20 – As with previous papers, this types of question candidates are able to demonstrate their knowledge of the terms used. Part (ii) seemed to confuse some candidates with only half gaining the correct definition for Corporation tax, which was option C, paid by limited companies on their profits. However, it does appears that candidates are well prepared for this question.

Advice for centres

Below is a summary of advice specifically arising from this examination series and previous series. This includes some of the guidance which may be useful to centres when preparing candidates for the examination.

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 controlled assessment 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/L3NpZC9pOUl5cHJfaq%3D%3D>

There are new 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>

A publication designed to support students in preparing for CA has also been published by Pearson/Edexcel along with other guidance on CA which appears in the official Edexcel textbooks for the qualification –

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

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>