

Examiners' Report/  
Principal Examiner Feedback

Summer 2012

GCSE Business Studies (5BS06)  
Paper 01

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Summer 2012

Publications Code UG031815

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## GCSE Business Studies 5BS06/01 June 2012

### General comments

This was the fifth series of the new multiple-choice 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 from Unit 6. The mean mark scored by candidates was slightly higher than in the January series, suggesting that centres are preparing their candidates effectively for this paper.

Centres are reminded that whilst Unit 6 is more heavily weighted towards Assessment Objective (AO) 1 and (AO) 2, the questions continue to require candidates to think carefully through the options given before selecting an answer.

Centres should note that when examination papers are being produced they are designed to test the full range of ability with each question written to target different target grades. Each paper must be sufficiently accessible for candidates targeted to achieve grades G, F and E, whilst at the same time being challenging for candidates targeted to achieve the highest grades. It should therefore be expected that candidates may find some questions more/less challenging than others.

Centres should also note that it is a requirement that over time the unit specification in full has been assessed by the examination paper. As a young qualification, with the first examination only in 2010, this may therefore result in questions on topic areas within the specification that have not been assessed on previous papers.

Centres should aim to equip their candidates with the skills and knowledge required by the specification rather than rely on learning by rote how to tackle specific types of questions. It was interesting to note that candidates tend to be better equipped to tackle the final question on this paper. This requires an extended written response based on a judgement. It seems that candidates are able to demonstrate the skills of Analysis and Evaluation more readily than in previous series. This is encouraging.

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 again proved an inviting opening question on the subject of business costs. This was pleasing as we had planned the paper to have as inviting an introduction as possible.

**Question 2** – a large majority of candidates answered this correctly by accurately identifying the disadvantage of franchise as a business structure. It seems clear that centres are preparing candidates effectively in the area surrounding business start-up opportunities.

**Question 3** – this was a new format of question with the clear purpose of requiring candidates to identify which part of a process adds most value. As with Unit 1, this question proved quite tricky for some candidates. This question could be re-used in class to illustrate how this calculation should be made.

**Question 4** – the specification states that there are five sources of added value: branding, design, unique selling point, quality and convenience. If candidates were secure with this knowledge then this was a straightforward question. 'Competitors' crisp prices' was the correct answer as this was not a source of added value. This was correctly identified by a majority of candidates.

**Question 5** – a large majority of candidates scored at least one mark, although a relatively small number scored both marks for this question. This was perhaps not surprising as this topic is one of the more challenging on the specification. Topic 1.5 – 'Market demand and supply' – deals with the factors that affect commodity prices. Candidates needed to understand the factors which affect supply. Option E – 'Improve technology available to potato farmers' – was the response least commonly selected by candidates. However, this is a correct answer as technology affects the supply of businesses. All incorrect options – A, B and D – are those which affect demand.

**Question 6** – this was surprisingly not answered correctly by a majority of candidates. Centres are advised to ensure candidates are secure in their knowledge of the distinction between invention and innovation.

**Question 8** – a large majority of candidates scored one mark and therefore demonstrated a good knowledge of why an individual may start a business as a private limited company.

**Question 9** – Topic 1.2 includes a section, 'What questions do entrepreneurs ask?'. Centres can therefore expect this to be assessed in this examination. The correct answer – A – was intended to invite candidates to recognise that, for entrepreneurs, the idea of 'set hours' is not an appropriate consideration. Although more than half of candidates did choose the correct answer, a sizeable proportion did not.

**Question 10 and 11** – both of these questions were intended to be quite challenging, as most finance questions tend to be. A majority of candidates were able to accurately work out the correct answers. However, there was still a large proportion that did not. For some the mistake with Question 10 was a failure to recognise that total costs are found by adding together variable and fixed costs. Centres are advised that plenty of practice is likely to be needed during the course to secure candidate understanding of these mathematical elements of the course.

**Question 14** – this format of question has been previously used and proved to be accessible. Many candidates were able to demonstrate good application of their knowledge of market mapping.

**Question 15** – over two thirds of candidates scored two or three marks on this question. The business stated in the question - Nelson's – was identified as a 'limited' company. As such it is liable to pay corporation tax, VAT and national insurance contributions. Note that the level of knowledge of tax issues required is at a simple level. Some candidates possibly over-analysed the scenario of the business. Questions will not be set which are intended to 'catch out' candidates. The purpose of the question was for them to recognise that, as a limited company, Nelson's will pay corporation tax rather than income tax. Options B and D could be ruled out as they are not examples of taxes that UK businesses face.

**Question 16** - a familiar format of a question that was generally answered well by candidates.

**Question 17** – this proved to be a trickier question, and indeed was intended to target higher grades. Candidates needed to use the information from the table in Question 16 to draw conclusions from this information. This was based on the reference in Topic 1.3 of the specification, 'Estimating revenues, costs and profits'. Bullet point 5 states:

*'The impact of profit and losses on a business and its owners'*

Just under a half of candidates scored two marks, with just under a half of scoring one mark. This suggests the question worked well as a discriminator.

**Question 19** – as with the January paper, this question was well answered. Indeed, there is evidence that candidates are very well prepared for this question; over 60% scored four or five marks. This type of question relies on candidates having secure knowledge of key terminology. 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 and avoid the pitfalls that can exist.

**Question 20** - the 6 mark extended writing question is a feature of the Unit 6 examination. This question requires evidence of the skills in AO1, 2 and 3. 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 have argued that protecting the business idea or innovation was the most important strategy for Liza provided, support their decision with appropriate business understanding.

To score full marks candidates must offer some evaluation. In this particular case study, for example, the candidate might suggest that as Liza's business is already 'successful' [using evidence from the stimulus material], then a short term source of finance – in this case the overdraft - may well

be sufficient. The use of the 'it depends' rule might be used to good effect here.

As with the previous series, some candidates provided too much detail – sometimes using additional sheets - often with the result that their arguments and justification are difficult to understand 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.

Note that full marks can be gained by reference to just one factor (in this case, source of finance), providing sufficient analysis and justification is provided.

### **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 learners to ensure that learners are sufficiently prepared to attempt multiple-choice questions. The questions are designed to require skills, including application and analysis.
2. **6 mark question** – advice from the experience of candidates in this 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.
  - Don't write too much: arguments become unclear and more vague when too much detail is provided.
3. **Cash and Profit – not the same thing** – this is one topic for centres to cover in sufficient detail. Whilst the level of understanding required at this stage can be quite simplistic, centres are advised to ensure that candidates know that cash and profit are different. It may be that to adequately explain the distinction, teachers do need to go slightly beyond the specification to secure this understanding.
4. **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.

5. **Practice makes perfect** – as a relatively 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 five papers from Edexcel: two Sample Assessment Materials papers, plus the Summer 2010, January 2011/2012 and Summer 2011 papers. These should be used effectively as formative exercises to develop the skills of candidates.
6. **Timing** – whilst many candidates scored highly on this paper, it was considered at times incorrect responses were selected by learners as a result of questions not being read thoroughly enough. Centres are encouraged to work with learners in using the 45 minutes available to think carefully about each question, identify distracters, and finally identify the correct answer. A check by learners of all of their answers is also encouraged before the end of the exam. 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:

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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