

# Examiners' Report Summer 2007

GCE

GCE Business (8076/9076)

Edexcel is one of the leading examining and awarding bodies in the UK and throughout the world. We provide a wide range of qualifications including academic, vocational, occupational and specific programmes for employers.

Through a network of UK and overseas offices, Edexcel's centres receive the support they need to help them deliver their education and training programmes to learners.

For further information please call our Customer Services on 0870 240 9800, or visit our website at [www.edexcel.org.uk](http://www.edexcel.org.uk).

Summer 2007

Publications Code UA 018999

All the material in this publication is copyright

© Edexcel Ltd 2007

# Contents Page

1. Unit 6121/01.....	1
2. Unit 6122/01.....	3
3. Unit 6123/01.....	6
4. Unit 6124/01.....	8
5. Unit 6125/01.....	9
6. Unit 6125/02.....	12
7. Unit 6126/01.....	14
8. Grade Boundaries.....	17

# 6121/01 - Business Structures, Objectives and External Influences

## General Comments

The demands of this paper were commensurate with those of previous examination sessions. However it was the first time that the questions had been set out in answer book format, because of this change candidates should be reminded in future examination sessions to use a black or blue ballpoint pen to write their answers, they should write within the box and if they use additional paper they should indicate this at the bottom of their answer.

It was pleasing to see that many candidates used the context well to support their answers, leading to far fewer Level 1 responses.

## Question 1

- a) Most candidates managed to gain 2 marks for this question. However, there were some who did not read the question properly and included external methods of communication. Others ignored written and electronic and simply gave a type eg face to face.
- b) This question was not answered well by a number of candidates and although they showed a good knowledge of communication they failed to read the question, which asked for factors not methods and therefore limited themselves to Level 1. Those who did address the factors which determine the method used generally went on to achieve Level 3.
- c) Very few evaluative responses to this question. Most candidates could attain Level 2 by quoting examples from the context of how English Heritage is regulated and assisted by the state, answers revolving around funding from Government or conflict with the Government. However, they were not always able to go on and explain what effect this would have on English Heritage.

## Question 2

- a) Most candidates managed to achieve 2 marks for this question, focusing on the fact that these are organisations that do not aim to make a profit and are often charities or organisations that provide a service for the benefit of society.
- b) Some good attempts to compare National Trust and a private sector business but not always in relation to their aims and objectives. Most attained Level 2 with effective application from the case study. Many wrote about each separately but did not focus on similarities. There were a range of points from maximisation of sales / income / profits / surplus but little development or comparison. Those achieving Level 3 displayed excellent understanding of how the National Trust must aim to survive and make a surplus if it is to meet its other objectives, just like a private sector business.

- c) Some excellent answers, candidates displayed a good understanding of the impact of an increase in interest rates. Exchange rates were linked with interest rates and therefore on the impact on overseas visitors to National Trust properties and how an increase therefore in mortgage repayments may mean that consumers may spend less on leisure activities. However, as many members are older they are less likely to have mortgages and may have savings so therefore the impact may not be so drastic.

### Question 3

- a) Most candidates clearly understood that the table referred to membership income and mentioned this in their answers. Level 3 responses displayed a good understanding of what the table was not showing in relation to membership income ie the fact that we could not tell whether the number of members had increased or whether the price of membership had gone up.
- b) When answered correctly this question was very well answered. However, some candidates discussed stakeholders in general terms and others mistook stakeholders for shareholders. There was good application with candidates naming the main stakeholders of the National Trust and their role. However, it was disappointing that many failed to look at the ways in which they might influence or affect the National Trust in the future.

## 6122/01 - Marketing and Production

### General Comments

Overall, most candidates attempted all the questions on the paper but the standard of responses was lower than in the past, with fewer candidates achieving the higher level assessment criteria. One reason for this was the failure by many candidates to apply their knowledge to the National Trust. Another reason was a failure to read questions properly, this being most apparent in the question relating to the ceramics manufacturer. Some candidates assume that to merely mention the name of the National Trust is sufficient to access the higher level mark bands. Nevertheless, there were some excellent responses where candidates, after consideration of factors relating to the National Trust and its market arrived at a judgement. These candidates were able to access the higher level mark bands.

It was evident that most centres had accessed the pre-released material; nevertheless, it was clear that some candidates were not familiar with the National Trust and its operations. These candidates therefore found writing their responses within context more difficult and often only accessed the lower criteria level.

This examination series was the first time that this paper was marked electronically and, despite the instructions that were issued to centres, some candidates either wrote outside the margins or failed to indicate that a particular response continued on another sheet. If they use additional paper they should indicate this at the bottom of their answer. They were not penalised for this but it did make the marking process a little more difficult.

### Question 1

- (a) Most candidates achieved at least two marks because they had sound understanding of stock control terminology, although a surprising number could not define lead time. There also appeared to be a lack of ability to interpret stock control graphs; this was required in order to gain the full four marks for this question. Also, many candidates were confused between the re-order quantity and the re-order level.
- (b) Most candidates displayed an understanding of the concept of Just in Time production and many were able to identify the implications for the tearoom manager if s/he were to adopt such an approach for the holding of all stocks. For example, the need to be able to anticipate the level of demand for cakes and ice creams at peak times, and the consequences if this is done incorrectly. On the other hand, a number of candidates only achieved the bottom of Level 2 because they were unable to analyse these implications in the context of a National Trust tearoom.

- (c) A few candidates confused batch production with flow production and consequently were only able to gain one mark for showing some knowledge of a production method. A significant number were able to discuss the benefits and drawbacks associated with batch production but, either failed to write in the context of a ceramics manufacturer, or mistakenly thought that the National Trust was the manufacturer. Nevertheless, a number of candidates were able to analyse their responses in the correct context, but only a few were able to present a valid conclusion.

## Question 2

- (a) This question was not well answered; many candidates displayed a lack of knowledge of the meaning of the term Public Relations (PR). Many of the examples given too often related to promotion as a generic concept rather than to PR per se. However, some candidates were able to define the term and offer valid examples such as events, press releases, donations, etc.
- (b) There were some very good responses where candidates had written about the effectiveness of PR in the context of the National Trust, but there were also many where candidates had only discussed promotion in general rather than PR specifically. To gain the higher mark band candidates had to analyse the effectiveness of PR as a method of promotion for the National Trust. For example, the National Trust makes press releases available to journalists but there is no guarantee that these will be taken up by the press. This lack of control might also result in a poor image being presented if, for example, an incident at a National Trust property is reported in the press.
- (c) This was the question that achieved the most disappointing responses on the paper. Candidates were clearly aware of the Product Life Cycle concept, but many responses were purely descriptive and failed to focus on the introduction of a new product line into the National Trust shops. A few candidates were able to analyse the usefulness of product life cycle analysis in the context of a National Trust product, such as a new line of souvenirs, and went on to reach a conclusion as to its usefulness. However, some missed the point completely and focused their responses on the acquisition of a new heritage site or stately home and were unable therefore to access the higher level criteria.

## Question 3

- (a) Many candidates were able to write about the usefulness of socio-economic segmentation to the National Trust, often referring to social class and the relevance of pricing strategies. However, a significant number were only able to show knowledge of segmentation in general or focused on age/gender segmentation. Others failed to relate their responses to the National Trust.

- (b) Many candidates were able to achieve high marks on this question because they wrote about the benefits and drawbacks to the National Trust of providing an internet shopping service before arriving at a conclusion as to whether or not it would be appropriate for the charity. It was very apparent from candidates' responses those who had researched the National Trust prior to this examination. There were a number of candidates who merely referred to aspects of using the Internet without attempting to relate these to the National Trust..

### Quality of Written Communication

The majority of responses were well written and reasonably well structured. However, some of the weaker candidates tended to write short sentences that listed specific points and rarely attempted to expand and place these comments into context. These responses frequently lacked fluency and were little more than bullet type statements in another guise. A significant number of candidates thought that the inclusion of the name National Trust was sufficient to contextualize. Many others referred to the National Trust as a company not a charity - indicating a lack of preparation using the pre-release material.

Yet again, few candidates offered a conclusion/judgement when answering evaluative questions, thus limiting themselves access to the Level 4 mark band. Trigger words are used to indicate which questions require a conclusion and centres should ensure that their candidates are made aware of these, for example, discuss, assess and evaluate.

# 6123/01 - Financial Management

## General Comments

This appeared to be more of an appropriate context this year compared to summer 2006 which would probably explain, to some extent, why the performance of candidates improved on last year.

Candidates performance overall compared quite well with summer 2005 when similar questions had been asked, but based around the context of Pret a Manger and the UK Sandwich industry. Candidates were able to show a reasonable degree of knowledge and understanding across a number of aspects of financial management from terminology to depreciation and budgeting and appreciate how and why financial management is important for a small businesses success.

## Question 1

**1a and 1b** were tackled well by the vast majority of candidates with most scoring 6-8 marks out of a maximum of 8. This may be explained by the number of opportunities provided by the mark scheme for candidates to score marks at level 2. Most candidates were able to identify the shop as the most significant fixed asset and creditors, suppliers of toys who had sold on credit, as a good example of current liabilities. Most candidates in part 1b chose to calculate 5% as the net profit and 2.5 as the current ratio, some 0.83 as the acid test ratio commenting in part 1c that the latter liquidity ratios were 'acceptable' by industry standards.

**1c** was generally done reasonable well as candidates were able to use the information determined in 1b to gain an average of 5 marks out of a maximum of 8. Many candidates wrote about liquidity being crucial to the survival of a small business in the early years as they may be more vulnerable to bottlenecks caused by suppliers of toys or that the profits would be considered low at 5% suggesting very high cost of sales which may not be sustainable if this was the only source of income for the brothers.

**1d** candidates simply wrote about how internet trading for Mac's Models might affect finances rather than current assets. So many candidates talked about the effects on sales, profits, investment, cashflow/liquidity and not specifically about cash, bank deposits, stock and/or accruals. Rarely, even if the candidate was able to apply the likely effects of internet trading on current assets, was there success with respect to analysis or evaluation. Indeed, there were still many answers which were not contextualised by candidates, eg to suggest that internet trading might not actually affect stock levels as the premises near Warwick castle might be too small in which case the MacQuillans would probably make use of JiT distribution methods.

**2a** was answered well, with most candidates able to offer words like plan or estimate to gain at least 1 mark; the second mark was again largely achieved by candidates simply stating some aspect of inflow or outflow finance, eg revenues and costs, respectively.

**2b** surprisingly proved too challenging for many candidates; again because they did not seem to appreciate the context, ie that Mac's Models is a small Ltd company,

probably seasonal and that the business is probably the main source of income for brothers Gary and Ian. Many wrote textbook answers and commented that budgeting was good to motivate staff - clearly not writing in the context of a small shop owned and run by two brothers. Stronger candidates appreciated that budgeting may be crucial to survival, particularly as the business was less likely to benefit from economies of scale.

2ci was done effectively with most candidates arguing it is when the value of something depreciates by the same amount each year. Some candidates even provide their own numerical example to support their knowledge.

2cii posed few candidates problems; most were able to score 3/3 marks by calculating 5 years. If candidates had shown use of the data but not determine 5 years as some did (suggesting 4 or 6 years) they may have been credited with application and so scored 2 marks for this part of the question.

2d most candidates were able to at least suggest that because the van is subject to higher levels of depreciation at the start of its life, like all vehicles, then the reducing balance would be most appropriate over the straight line method. Few were able to identify the likely consequences for Mac's Models, eg how this might affect tax liability, profitability ratios, etc. Even fewer candidates could write a discussion in terms of the small business, eg by suggesting that this is only one vehicle and how it might be treated in terms of depreciation may not really be that significant to profit measures though it might affect the MacQuillan brother's ability to replace the vehicle in future years.

## 6124/01 - Analysis and Decision-Making

### General Comments

The demands of this paper were commensurate with those of previous examination sessions. However it was the first time that the questions had been set out in answer book format, because of this change candidates should be reminded in future examination sessions to use a black or blue ballpoint pen to write their answers, they should write within the box and if they use additional paper they should indicate this at the bottom of their answer.

### Question 1

- a) Most candidates recognised the need to calculate NPV and did so along with payback, very few used ARR but those who did produced two positive results for project two, making evaluation easier. Calculations were generally well managed with some occasional basic numerical errors where OFR was applied. The best answers compared the values of the two projects and considered other relevant factors.
- b) Candidates answered this very well where they showed an ability to accurately calculate several ratios and produce a balanced judgement on the ability of Apex Ltd to finance the loan. Several candidates attempted to calculate ratios where the data was not provided - current ratio, ROCE, stock turnover, which indicated a degree of confusion or desperation. The fact that the figures were in £ 000s was missed by a minority of candidates and again OFR applied.

### Question 2

- a) Strong answers focused upon various contrasting management responses in the context of the situation, forming judgements on a possible way forward and acknowledging the need to reach agreement to avoid further problems, but also the need to cut costs to remain competitive, or else risk having to close the firm completely. Weaker candidates had not read the question correctly and focused on the union response.
- b) The context proved to be the key discriminator here, with many sound factual answers failing to score more than 2 marks. The stronger candidates were able to identify the benefits within the market and were able to link to earlier questions and relate to concerns over job cuts and the cost of the borrowing.
- c) It was encouraging seeing fewer answers referring exclusively to market research. Some good analytical points in context but judgements were often lacking. Diversification and risk management were also dealt with very well by the better candidates.

## 6125/01 - Business Planning (coursework option)

### General Comments

Overall the standard of the projects seen this year were similar to those of last summer. Projects were generally more concise, coherent and presented well. Projects were also well organised with contents pages and appendices and, often with Executive Summaries which set the scene effectively. Many candidates were able to clearly present an appropriate organisation and provide a clear rationale and hypothesis to open their studies with. Candidates introduced a range of relevant business concepts and theories and then described how they had tackled their research.

Most candidates were then able to use their findings to demonstrate a sound understanding and knowledge across the specification whilst showing a fair level of insight into the organisation selected. It still seems that project outcomes can depend on the extent of teacher involvement and/or preparation, including the organisation of appropriate visits and/or use of visitors and the level of teacher guidance given to students in helping them to meet the demands of the criteria across the four objectives.

Candidates who chose to do Question One (Financial Planning) tended to rely heavily on primary investigation, as was expected. As a result, this was not the most popular of the questions, perhaps also given its focus and implied rigour. Consequently moderators found that answers to Question One were often either well done or tended to rely on text book approaches coupled with assumptions about the nature of and financial procedures and policies within the organisation being studied. Candidates who chose to Question Two (Leadership Styles) again, either did this well by examining familiar organisations (such as their own school or college or work placement organisation) which had recently experienced a change in leadership or badly by making assumptions about leadership styles of a large corporation (such as Walmart, Virgin, Volkswagen) based largely on secondary sources with little real evidence.

### Annotation / Centre Admin

As ever, the level and systems used to annotate the work of candidates varied across the centres, but this was more consistent than in previous years. Centres are reminded that moderation is made much easier if teachers annotate the level as well as the objectives considered to have been achieved; ideally this should be done close to the appropriate text not at the top or foot of the page. Some teachers are still not transferring the QWC mark to the OPTEMS so that arithmetical errors still apply to a minority of centres; the mark on the OPTEMS is out of a total of 84. Where internal moderation does take place, a final mark for each objective has to be agreed, not an average mark between two teachers, as this makes external moderation very difficult.

## Question One

Where candidates had been able to investigate using primary methods (personal interviews, questionnaires, observations) there was a notable level of comfort and confidence to the reports produced. The outcomes, if based on local organisations, were consequently more plausible and, for the student, more valuable. Those candidates who tried to use a large organisation (usually national) did not achieve, as they were unable to gain access to the kind and style of data they required, so they tried to do the question using secondary data and guesswork. Much of the data they used for Investment Appraisal techniques had no sustainable source. In addition a number of candidates did not really explain what the results they had produced meant for the organisation. This applied to payback as well as ARR.

Several candidates commented that they thought the information they had collected was limited but failed to explain why. Understanding of what investment appraisal process meant and how the outcomes might be related to an organisation's aims and objectives and financial investment criteria were not always addressed.

Those candidates who chose a small local business organisation invariably produced a sustainable piece of coursework as they were operating on a manageable scale and the data, both historic and projected, were forthcoming. It is also evident that these candidates understood the implications of the results they had obtained and were then able to provide a risk analysis to the capital project being implemented.

## Question 2

The more popular of the two questions which produced a variety of responses both in terms of quality and focus. A significant number of candidates chose their own school/college as the subject but this did not necessarily mean that the outcomes were better for this familiarity as they were quite often tempted to write stories on how head teachers or principals had been regarded over the years without any real use of business language. Too much data became anecdotal and required triangulation if it was to be valid, but too many candidates took it as objective fact.

It also became apparent that whilst candidates were often able to apply motivation theory to an organisation they could not then identify how the leadership style of that organisation might be changed and how the organisation's operations might then be affected.

The biggest single problem with this question was that it could too easily become a critique, which tended to result in evaluation rather than identification of solutions or developments. Several students failed to appreciate that leadership and management are inextricably linked which was a missed opportunity to score under application and analysis. Candidates did not always understand that the 'flow process' of leadership will determine management style, consider motivational methods, organisational structure and communication pathways.

A significant number of projects did succeed well by enabling candidates to access to the full range of assessment criteria; good examples include where candidates had combined secondary research findings from company reports with observations taken from structured work experience or regular visits, for example to assess a company's literature or website.

## **Objectives Which Worked Well**

### **AO1: Knowledge & Understanding**

The breadth and depth of secondary research data in particular is of a much higher quality largely, it appears, as a result of candidates making much better use of the internet. Candidates used business concepts and theories with confidence for both questions. However, there are still a surprisingly large number of candidates who are failing to use data from professional sources such as Personnel Today. Very effective use was made of the Times 100 Case Studies, business studies on-line and sized sites.

### **AO2: Application**

Many candidates were able to use the teachings of Maslow, Taylor, and McGregor or Ansoff Matrix to examine the position of staff or products within a business, respectively. Payback and ARR was generally well understood but few candidates appreciated the real purpose of DCF/NPV methods of investment appraisal.

## **Objectives Where Candidates Found Difficult**

### **AO3: Analysis**

A significant number of candidates whilst being able to point out the limitations in data collected (out of date, biased, not available) were then unable to say what was actually needed and, more importantly, why. Access to data was particularly difficult for Question One but candidates did not explain, for example, the value of knowing costs or projected revenues/cash-flows.

### **AO4: Evaluation**

The data collected was generally trusted as fact even when it may have been sourced from an interview with an employee or customer. Candidates did not always recognise that various stakeholders may not always share the same objectives or agendas; this naivety prevented access to higher level 3 or 4. Better candidates did make use of newspaper articles, company reports or personnel from similar organisations.

## **Quality of Written Communication**

Candidates who are better at planning and writing projects are probably being given the opportunity to do the coursework option. Better candidates wrote in the third person. Spelling and grammar checks appear to be working. Structure and presentation of reports still varies considerably between and within centres. Charts and tables still require titles and better labelling and diagrams should, where appropriate, be given 'keys'. Word length advised is 3 000-3 500; there are still a number of centres who appear to encourage candidates to write in excess of 4 000 words which makes moderation very time consuming and can further extend the awarding process.

## 6125/02 - Business Planning - (written option)

### General Comments

The paper was very similar to last year in terms of accessibility to candidates given the nature of the context; the leisure industry is quite familiar to most candidates. There were 5 Appendices, intended to help support the candidates' decision making and in most cases they were at least referred to. However, it was particularly disappointing that candidates on the whole failed to appreciate the real significance of Appendix 3 as they seemed to miss the point of *new* classes which would have suggested how popular spin classes had become, so supporting Option 1.

There are still a significant number of candidates who insist on paraphrasing the background information and, in some cases, the content of the appendices. A number of candidates did not provide a business plan or at best described aspects of functional areas which they might pursue.

The paper compared quite well with summer 2006 when candidates seemed 'comfortable' with the context provided. Candidates were able to show a reasonable degree of knowledge and understanding across a number of aspects of business planning from objectives, implementation strategy, SWOT and PEST analysis, though this was not always *applied* accurately. Stronger candidates were able to apply the Ansoff Matrix or even Porter's Five Forces Model. Business Plans themselves, where present, referred to at least three functional areas; these were also, quite often, well developed. Centres appear to be making effective use of the Examiners Report and INSET/Customised opportunities.

### Objectives Which Worked Well

#### A01: Knowledge and Critical Understanding

Better candidates continue to make use *selectively* of the background information and all of the appendices provided, systematically analysing information in turn. Sound knowledge and understanding was shown with respect to a range of concepts and theories to demonstrate a synoptic ability of candidates, from Herzberg and Maslow motivational theory to critical path analysis and investment appraisal.

## A02: Application

Better than previous years, possibly because the two options available together with the appendices, enabled candidates to apply SWOT and PEST analysis and, for better candidates, the Ansoff Matrix. Business Plans were generally quite good, with most candidates offering objectives, even mission statements, HR elements (recruitment, training), marketing plans (approaches to research, promotional methods/marketing mix) and financial plans (sources and methods). Better candidates distinguished short and long term measures, eg with respect to advertising or operational management.

## Objectives Which Did Not Work Well

### A03: Analysis

There are still too many candidates who are not developing SWOT and PEST analysis, so limiting themselves to scoring under application, A02. Also it appears that a number of candidates are writing stock phrases such as 'this data is limited because its out of date' to suggest that they really didn't have a grasp of the real issues but had been 'coached' to say something about the data to earn marks. Suggestions as to what data was required by the management of Virgin Active, Derby, in order to make a sound business decision was, therefore, largely the domain of the more able, independent thinking candidates. Better candidates analysed the information provided in the appendices and clearly recognises its significance, eg the new spin classes in Appendix 2. Also better candidates suggested what other data may be vital, eg cash-flow forecasts for other Virgin Active Spas to see how this Spa in Derby might compare.

The same candidates were also more likely to describe clearly the limitations in the data which is significant to the decision, eg the data referred to in Appendix 5 is American and may not apply to the UK market.

### A04: Evaluation

Again too many instances of either failing to discuss ideas and therefore failing to evaluate at all, or simply stating that there was an article on men's personal beauty care which would mean bias because it had been written by someone. Better candidates evaluated the options available to Virgin Active, Derby by referring to the information provided and their *own* knowledge of the industry, eg identifying that the industry has been very competitive and subject to re-branding, takeovers, etc.

# 6126/01 - Corporate Strategy

## General Comments

The paper compared well with previous years in terms of balance of questions, where there was no indication that candidates were struggling for time on the question they attempted last. The mean rose slightly and the standard deviation reduced, indicating that the questions were no less accessible.

The date of examination has come forward by one calendar day for each of the last three years but at 21 July 2007 was still later than 18 July 2003. Although this is often one of the latest examinations overall, and the last of the Business Studies suite, timing does not appear to have been an issue.

The context seemed to be something with which candidates were comfortable and should therefore have been able to relate easily to the questions and carry out some independent research - the latter however was noticeably absent.

As is almost always the case with this paper, two questions could be largely anticipated and prepared for, however the third, and this year it was question 3, posed more challenges to students.

As normal, a great deal of information was provided in the context, but critical gaps were present, allowing the better students to identify and state what additional information was needed - however, simply saying more information is needed does not attract much merit.

Undoubtedly, the usual coaching took place, both with independent thought by the centres and the use of the familiar publications by organisations that provide case study analysis commercially. It was very disappointing to see the latter even cited by students as a source of research. This preparation inevitably leads to candidates answers from individual centres which are almost carbon copies, thus common repeated weaknesses or errors appear. At times the only realistic differentiation in candidates is between ability to apply the rote learning.

To some extent this devalues the pre-seen context approach and is reflected in the comments below.

Though application was less of a problem this year and analysis was stronger, there were still some specific weaknesses, as follows.

## Question 1

Question 1 asked for evaluation of possible consequences for Waterstones and the retail book industry of a takeover of Ottakars by Watertsones. Although some candidates were able to produce balanced answers, this question once again showed that students can become focussed on central obvious aspects and lose the opportunity to gain marks through addressing the width of the question, such that too much focus was on Waterstones without drawing in the other players in the retail book industry and assessing effects on them. Better answers addressed other players in the retail book industry but only the more accomplished could address small

independent sellers in anything other than simplistic “they will be forced to close” terms.

The ability of students to deliver a genuine evaluation is still sorely lacking. Often “evaluation” amounted to little more than summarising previous points with no indication of relative merit or degree of impact.

Sound subject knowledge was evident in confident and relevant use of terms such as horizontal integration, economies of scale, synergies etc. However, rather too much focus was found on the well provided information that the combined businesses would have the largest market share and were projected to become technically a monopoly.

Better candidates used this to answer the question by identifying that a consequence would be the need to act in an acceptable manner and not to attract attention from the competition authorities. Often candidates confused cost reduction with price reduction based on achieving economies of scale, without recognising the opportunity for improved profit margins.

## Question 2

Providing a strategy for an ailing small bookshop was well anticipated and there were a number of alternative courses of action made available in the context, consequently the majority could achieve level 3 marks with some simple analysis.

Where the lack of achievement lay, was in either too narrow application and analysis which tended to lead to low mid L3 marks - or more disturbingly the inability to suggest a proper strategy. Many appeared not to understand the difference between policies or tactics and what amounts to a genuine strategy, consisting of prioritised functional considerations linked to clear objectives and research in relation to the financial strength of the business, not a series of “they could do this, they could do that” suggestions. Where a question asks for a strategy, simply reciting the options provided in the context or suggesting multiple strategies, will not achieve L4 marks.

The limited information on the closure of the Library in Midchester, lured a noticeable number of candidates into suggesting that Mary and Adrian should open a library - seeming not to register that their objective was to sell books, and that a library, apart from not being a commercially based activity, is in fact a direct competitor and a threat to a bookseller.

It was pleasing to see a number of answers that dealt neatly with the prospect of taking over the Cathedral and Castle bookshops, by stating that the present business was loss making and since Mary and Adrian could not apparently run one business, it was very unlikely that they could run three.

### Question 3

This addressed issues of seasonality and reliance upon tourist business and was the weaker for most candidates, being the one which largely had not been anticipated. The wording was perfectly fair and accessible in that it called for reactions to a reduction in foreign tourist numbers, but deliberately no information was given about timing, possible duration of any reduction, or the relative importance of tourist income, and specifically foreign tourists.

The question simply underlined the need to prepare candidates to think independently and above all, read the question carefully and then answer the question actually asked, not the one they thought, or hoped, was being asked.

So many students simply fell back on rehashing their answer to Q2 which unless they could relate this adequately to tourist numbers etc left them at the L2 or low L3 marks award.

Better answers identified that the extent of decline was unknown as was the exact proportion of tourist business for Midchester that was foreign, often following on to suggest that the causes of decline were important and that there may well be an increase in the number of UK holiday makers as a result of the same stimuli. Reduction in the number of foreign language guide books stocked and more links with tour operators to maximise available custom could usefully be employed.

### Quality of Written Communication

The standard was very similar to previous years in terms of spelling and grammar with an average award of 4, with students able to produce flowing connected answers earning higher QWC marks.

## Grade Boundaries

### Unit 1 (6121/01) Business Structures

Grade	Max. Mark	A	B	C	D	E	N
Raw boundary mark	63	40	35	30	25	20	15
Uniform boundary mark	90	72	63	54	45	36	27

### Unit 2 (6122/01) Marketing & Production

Grade	Max. Mark	A	B	C	D	E	N
Raw boundary mark	63	33	29	25	22	19	16
Uniform boundary mark	120	96	84	72	60	48	36

### Unit 3 (6123/01) Financial Management

Grade	Max. Mark	A	B	C	D	E	N
Raw boundary mark	63	39	36	33	20	27	24
Uniform boundary mark	90	72	63	54	45	36	27

### Unit 4 (6124/01) Analysis & Decision Making

Grade	Max. Mark	A	B	C	D	E	N
Raw boundary mark	84	53	48	43	39	35	31
Uniform boundary mark	90	72	63	54	45	36	27

### Unit 5 (6125/01) Business Planning: Coursework

Grade	Max. Mark	A	B	C	D	E	N
Raw boundary mark	84	68	61	54	47	41	35
Uniform boundary mark	90	72	63	54	45	36	27

### Unit 5 (6125/02) Business Planning: Written Exam

Grade	Max. Mark	A	B	C	D	E	N
Raw boundary mark	84	53	49	45	41	38	35
Uniform boundary mark	90	72	63	54	45	36	27

### Unit 6 (6126/01) Corporate Strategy

Grade	Max. Mark	A	B	C	D	E	N
Raw boundary mark	126	82	76	70	64	58	52
Uniform boundary mark	120	96	84	72	60	48	36

#### Notes

**Maximum Mark (Raw):** the mark corresponding to the sum total of the marks shown on the mark scheme.

**Boundary mark:** the minimum mark required by a candidate to qualify for a given grade.

Further copies of this publication are available from  
Edexcel Publications, Adamsway, Mansfield, Notts, NG18 4FN

Telephone 01623 467467  
Fax 01623 450481

Email [publications@linneydirect.com](mailto:publications@linneydirect.com)

Order Code UA 018999 Summer 2007

For more information on Edexcel qualifications, please visit [www.edexcel.org.uk/qualifications](http://www.edexcel.org.uk/qualifications)  
Alternatively, you can contact Customer Services at [www.edexcel.org.uk/ask](http://www.edexcel.org.uk/ask) or on 0870 240 9800

Edexcel Limited. Registered in England and Wales no.4496750  
Registered Office: One90 High Holborn, London, WC1V 7BH