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General Issues

Moderation showed there was some improvement on last year with work showing better coverage of the specification, particularly where Centres have had support or attended training sessions. However, assessment is generally still on the lenient side. There is still an issue with the use of case-study materials (notably “Richer Sounds”) and centre assessors still appear to give Mark Band 3 for work that does not provide analysis, evaluation or justification (where required) with marks often given for factual statements or unsubstantiated opinions. Assessment was generally better and more accurate within Mark Bands 1 and 2. Once correct samples were received sampling and sub-sampling was relatively straightforward. In some cases, moderators reported a similar outcome to last year and even an improvement in the performance of candidates but there was also significant evidence of “over-marking” with some adjustments of 50% taking place. There was again limited evidence of under-marking.

As detailed last year, Mark Band 1 work will typically consist of lists and descriptions with limited application and an over-reliance on theory with textbook and other unattributed source extracts much in evidence. Mark Band 2 provides more in the manner of application with the beginnings of simple analysis and enhanced explanations, some of which are in context. For Mark Band 3, one would expect to see the candidate demonstrating the use of analysis, evaluation and justification at a standard appropriate to the level of the qualification; able to interpret and use data relating to the business organisations investigated and to give an impression of clear knowledge and understanding, together with appropriate use of business language.

The minimum requirement for annotation of portfolios is laid down in the Code of Practice and many Centres exceeded this but there were still too many examples where little or no annotation was evident and moderators were left trying to identify where and how marks had been awarded. The recommendation to annotate by reference to “Mark Band” achieved and “Area” covered eg MB1a, MB2b etc is currently only being followed by around 50% of Centres but it is worth emphasising again the importance of clear annotation for the benefit of candidates and internal standardisation as well as for external moderation purposes.

As each of the two internally assessed units follows a given pattern, best practice would suggest that whatever activities or assignments are used these should be done in the order of the unit coverage. There were a few examples where candidates had considerable material in unit one eg on “job roles” or “customer service” that could have been better used in unit two.

5306 - Investigating Business

An example of “Good” centre practice allowed candidates to explore the required two organisations in an active manner and eschewed the habit of a generic approach with the names of the organisations appended. However, there was still evidence of the latter in a significant minority of cases.

- (a) Again, candidates appeared to understand this better than last year with often clear distinctions between “aims” and “objectives”. “Activities” were still often loosely covered, sometimes perhaps because candidates and assessors felt these would be obvious and marks were lost as a result. Some candidates were again somewhat fixated with “SMART” objectives and lost sight of the organisations under investigation. The link between “activities” and “aims and objectives” was more evident this time and, as a result, centres were better able to examine how organisations responded to change (for MB3) but many still continued to provide extensive histories of the business instead. Often, all that is required to move from Mark Band 2 to 3 is the addition of the word ... “because” ... together with some valid reasoning and a justified conclusion (not just opinion).
- (b) Despite the change in the specification (requiring coverage of “functional areas” of only **ONE** of the organisations), like last year, there was much evidence of generic coverage with the business’ names appended and considerable repetition. Where candidates did cover two organisations credit was given accordingly. Candidates still struggled to link “communications” to “functional areas” particularly where little knowledge and understanding of the actual business was demonstrated. Where candidates had better knowledge of the actual organisation eg through a visit or talk, this was much better done. For Mark Band 3, the “detailed analysis” required was little in evidence; candidates preferring instead to describe or explain the methods of communication without linkage to the functional areas that was required.
- (c) This was usually better done than last year but the notion of “liability” was still frail. Candidates who chose multi-site organisations did not always make it clear whether it was the headquarters of the chosen business or one of its branches that was being “investigated”. In MB3 the link between location and performance was still largely overlooked and again, the requirement to produce a “detailed analysis” of the suitability of the types of ownership and their implications for the organisations’ liabilities rarely addressed. Often, all that was needed was for candidates to look at the historic reasons behind location and compare with what is current. As with other criteria, candidates needed to go further than simple description and add reasons to their work. There were still many instances of candidates describing all forms of business ownership rather than just the two under investigation. (Whilst they need to be aware of other forms, these do not need to be included in the portfolios).
- (d) Again, rather better done than last year with more of the facets considered. Where given, MB3 was not very well done and, in some cases, was more of a general “evaluation” of the chosen businesses than of their responses to external influences. Candidates need to be taught evaluation skills in relation to the aspects of the organisations under investigation. Where “good points” and “bad points” were listed by some candidates these could have been extended to produce a fuller evaluation. There were more of the “advantages

and disadvantages” - style evaluations presented that could form the basis for an effective evaluation but these were not always linked to how the businesses responded to the external factors affecting them. Also, the requirement in MB3 to provide a “detailed assessment” should contain detailed coverage related to the organisations investigated and not be done simply in general terms.

5307 - People and Business

This year has seen an improvement in the quality of portfolios with centres more clearly guiding candidates to produce evidence to match the specification.

However there are still centres, some of whom have been moderated before, where candidates are not guided and significant adjustments had to be made. The trend was for lower marked candidates to be under marked and higher marked candidates to be over marked. The latter often due to the quantity of work produced rather than the quality. In some cases there was no pattern to the inconsistencies whatsoever.

As with 5306, the impression gained from moderation is again similar to last year with perhaps a better choice of organisation evident. There still appeared to be a distinction between candidates who had made some direct contact (perhaps through a visit to an organisation or from a representative) and those whose work was more classroom-based. Again, there was evidence of over-use of generic and theoretical materials and of the uncritical use of downloads and case-studies.

Successful centres encouraged candidates to sieve through their research for relevant information rather than simply put everything in. It would appear that some candidates understand the requirements rather than being led by the nose by their teachers and this works well. This tended to produce more insight and hence higher mark band marks.

A significant minority of centres still leave in a whole range of versions of the same work making it difficult for moderators. As has been mentioned before, only the final version of the portfolio is needed for moderation

Areas of the Specification:

- (a) Again this was usually competently covered at MB1 although not always applied. Many candidates were able to access MB2 through explanations related to the chosen business. "Relative importance" still proved a stumbling block to MB3 with many candidates still stating that all stakeholders were "important" or providing unjustified rank orders. Better work demonstrated a reasoned "rank order" with explanations of potential conflicts between "stakeholders" to meet MB3. In a couple of cases, clever use of spider diagrams indicated the relative importance of the respective stakeholders. Better candidates showed that they had a good understanding of stakeholders and were able to explain these areas easily using their own words and language. Whilst it was common for candidates to look at the influence rather than the role of the stakeholder; few candidates went onto look at the possible conflicts which could occur.
- (b) As with last year, most candidates were able to provide reasonable descriptions of customer service within context and many had carried out some sort of survey through questionnaires or observation. Unfortunately, the results of these were still not always analysed or used effectively to allow MB3 recommendations to be justified. Some candidates did not relate consumer law to the chosen business, some covered all consumer-related laws whether relevant or not and some did not cover any at all!

- (c) Whilst many “job descriptions” were offered, the notion of “key” job roles was still not always addressed. As a result, much theory was in evidence, with abstract management structures investigated and “working arrangements” overlooked and there was little analysis of the relative importance aspect at all. This was sometimes done better where candidates had some experience of employment but still continues to be an area requiring further development.
- (d) Again, much of the work was in context and more centres had covered this part of the specification than last year. Most candidates managed to describe the process of recruitment. The weaker candidates tended to get information from the textbooks while better candidates used the textbooks and based it on findings from research into their organisation. Some centres directed candidates into copying specifications and application forms etc, in some cases this made moderation difficult because it was difficult to distinguish what was the candidates own work and what was copied. Few candidates made recommendations to how the process could be improved. This year, however, more candidates were better able to demonstrate progress beyond generic descriptions of training types in MB2 and give examples of the types of training provided. The “detailed evaluation” required for MB3 was rarely met although there was more evidence of knowledge of working practices from within the organisations chosen.
- (e) Much better covered compared with last with many fewer gaps allowing access to MB3 in several cases. There was less use of generic material and candidates seemed better able to relate findings to the business investigated although candidates often failed to understand sufficient about the chosen organisations to allow the MB3 “evaluation” to be met. The rights and responsibilities of employees were often well addressed, although some candidates became confused over employer and employee, and this sometimes resulted in their covering employer responsibilities and employee rights, thus omitting employee responsibilities. Dispute procedures were covered to a greater extent this year with more candidates relating these to their chosen business. Fewer candidates went on to explore the role of Unions, ACAS and the courts. The coverage of Health & Safety tended to be limited to HASAW Act, rather than the procedures and responsibilities within the business workplace.

Administration:

Around half the centres used approved Mark Record Sheets duly signed and evidence of internal standardisation present whilst others relied on the ingenuity of the moderator to follow what had been done. Some centres still do not automatically send the highest and lowest marked portfolios and many reminders regarding this and the authenticity requirement had to be sent. Annotation was likewise a mixture of clarity and confusion and, where not present, caused problems for moderation. Where centres complied with all aspects of the required administration procedures they are to be complimented on the high standard of presentation and clarity of assessment practice.

Although much of the portfolio work received at moderation was easily accessible there were again instances of work being inappropriately presented - sometimes tightly packed into plastic wallets that split when pages were removed; in lever-arch files or in bound folders that were difficult to open. Centres are reminded of the recommendation for candidates to submit treasury-tagged sheets that can be easily accessed and read although any suitable loosely-bound format is acceptable.

There was some confusion as to how many portfolios should be sent. This is clearly laid out in the Guidance to Centres sent out well before portfolios are required but should include the highest and lowest marked work (no zero-marked portfolios are needed) along with the asterisked work requested following submission of the Portfolio Entry Form for each of the internally assessed units.

Centres are again reminded that each of the internally assessed units is marked out of 50 and there is no need to double these marks either on the Mark Record Sheet or on the "OPTEMS" forms. There were also a few instances where Centre marks on the Mark Record Sheets differed from those shown on the OPTEMS; (possibly as a result of internal moderation) but this was not always clear.

Centres are again further reminded to send the top copies of OPTEMS sheets to the address given. A small number of centres sent all copies of the OPTEMS forms to the moderator, thus delaying the process as no record of centre marks will appear on the system until the top copies reached processing.

Centres are reminded to include a declaration of authentication that the coursework submitted has been carried out without assistance, other than that which is acceptable under the scheme of assessment, signed by both the candidate and the teacher. Mark Record Sheets containing this declaration can be found on the Edexcel website.

5308 - Business Finance

General comments

This is the sixth paper for Unit 3 Business Finance. Centres are by now familiar with two approaches: the 'single business' and the 'single location'. This paper was based on the latter approach, with three businesses identified. These businesses - a clothes shop, a 'fast food' café and a taxi service - were selected with candidates' experiences in mind, and proved accessible. The Scenario once again contained text and an image, and the length of text was similar to that of past series. Previous reports have confirmed that the purpose of the Scenario is to help candidates appreciate the context within which they are applying their answers. Future papers will still therefore give brief text-based information, and will continue to use diagrams and other images in order to help 'paint a picture' for candidates. Centres have been made aware that it is not necessary for candidates to memorise Scenario information, because of its introductory purpose: key information will be provided in question stems. However, the advice remains to ensure that candidates re-visit this Scenario several times during the examination, to re-familiarise themselves with it. It was again evident that a number of candidates chose to highlight words/phrases they see as important: this approach is commended.

The paper again contained questions from all Specification areas, and this practice will continue. There were ten questions - the number is typically nine or ten - and the demands made on candidates were similar to those made in all past papers. The published mark scheme contains information concerning the specific mark allocation to topic areas - target mark bands are also given - and shows the marks awarded against each of the Assessment Objectives.

The paper was designed to assess candidates across the full GCSE ability range, and achieved this. Past reports have identified three influences on the question paper: the 'incline of difficulty' approach, where the closing questions are more difficult than earlier ones; the 'saw-tooth' approach whereby the first part of a question tends to be easier than the final part of the previous one; and the need for the paper to reflect business reality when telling the 'story' of the chosen business. These influences continue to inform question and paper construction.

The 90 minutes time scheduled for this examination seemed sufficient. Gaps appeared to be due more to lack of knowledge than lack of time. The paper differentiated well, and all questions were answered as expected with no major misinterpretations. It is pleasing to report again that centres have taken full account of previous advice, ensuring candidates do their best to answer question parts in the space allocated. Where this was not so - for example, due to deleting a wrong answer in the answer line section - most candidates were careful to indicate the location of the corrected answer on the paper (eg 'see next page' or 'my answer is on the last blank page'). This practice is once again strongly encouraged.

Candidates' mean performance was similar to that of previous June cohorts. Although there was a very user-friendly context, this consisted of three different businesses for candidates; although there is greater familiarity with question types given there are now five past papers, the continuing trend towards basing questions on 'this' situation causes difficulty for most candidates. The paper contained variations on past questions - for example, the listing and totalling of balance sheet items in question 3(a) - and candidates coped well with these new approaches.

A noted area of weakness in the last series was in candidates' failure to answer questions that required specific application: notably, question 8 (b) in this series. This specific application will remain a key theme of this paper, and centres are therefore once again encouraged to work closely with their candidates to ensure they can cope with this particular challenge.

Comments on individual questions

Question 1

This style of question has been set before, and was for many candidates an easy start to this paper with many scoring at least 4 marks. Placing the documents in the correct order proved more challenging than showing the correct direction of movement.

Question 2

This question tested candidates' knowledge of spreadsheets. The use of ICT in business is one of the themes of this Unit, and will continue to be examined using a variety of approaches. Part (a) (i) required candidates to interpret the content of a spreadsheet extract, and use an appropriate heading. Although many gave appropriate headings, some referred incorrectly to 'cost', and others were less than clear (eg 'Total'). Part (ii) asked for a formula, and many candidates easily obtained the mark. A common error was to write down the cell numbers instead of the cell references.

Part (b) has often been tested and many candidates gained one mark by referring to formulae, though most did not gain both marks due to a failure to describe the advantage they had stated.

Question 3

Part (a) was more challenging than anticipated, with many candidates failing to categorise accurately the given assets and liabilities. Fixed assets proved the easiest to categorise, and there was a lot of confusion between debtors (customers) and creditors (suppliers). A few candidates also missed what should have been easy marks for totalling the columns.

Part (b) has again been examined before. Many candidates scored at least one mark by making a simple reference to employee interest such as wage or job security, although there was again a common failure to develop these points (eg by referring to 'pay rise' if substantial profits are shown in the Profit & Loss Account). Many candidates therefore lost what should have been a relatively easy mark, given that they had identified the key issue of wages or job security.

Question 4

This question was based on calculations, and most candidates got off to a good start in (a) by identifying correctly the error in the given Invoice. Maximum marks were also often awarded for (b) - where rounding up of the VAT figure was allowed - although a number of candidates added the discount in error, and others ignored the fact that pence are represented by two places after the decimal point and stated the answer as '£49.585', which would simply not appear on an Invoice. Centres must keep working with candidates to ensure that the numerical entries written on documents do reflect business reality of showing pence correctly rather than what might have been displayed - inappropriately in this context - on a calculator.

Part (c) was more challenging. There was a tendency for many candidates to make a valid point such as 'lose money' under the 'First effect' heading, and then to repeat this under the second heading. Different points need to be made in order for marks to be awarded. The better answers developed the initial point well, such as 'bad reputation' leading to 'loss of custom', or 'loss of money' leading to 'possible bankruptcy'.

Question 5

In past series, many candidates have displayed a lack of knowledge of methods of payment. It is pleasing to report that there was, generally, good knowledge of the methods stated in the question. In (a), many candidates identified specific costs such as buying appropriate equipment, and others argued correctly the possible costs of cash being banked or lost. Answers to (b) were also generally accurate, although only the stronger candidates developed their stated advantage (eg 'convenient for customers') sufficiently to receive both marks. Part (c) was quite well answered, with equipment costs and transaction fees being popular choices.

Question 6

Many past candidates have had difficulty explaining why costs are fixed or variable, and part (a) differentiated effectively between those who could explain that the cost of oil was variable because it depended on the number of customers (output), and those who speculated that, for example, it was variable because its price would change over time. Part (b) was generally well answered.

A higher proportion of candidates than in the past are now giving generally satisfactory answers to questions on budgeting. Some stronger candidates included the figures in (c) in their answers, using them to explain that actual sales could be compared against these with the difference indicating success or failure. Part (d) was better answered than expected, which was pleasing. Many candidates used the Scenario information appropriately, typically identifying from it that - as a producer and not merely a retailer - Chippa could set a food purchases (ingredients) budget.

Question 7

Two types of break-even have been set. This paper asked for the construction of a break-even chart. Although performance seems to be gradually improving over time, this still presents difficulties to many candidates, and 1 or 2 marks were quite typical. Some stronger answers to (a) missed the mark available for labelling, typically through an incomplete labelling of the vertical y axis (costs and revenues).

Part (b) (i) was well answered, whereas (b) (ii) - as expected - proved difficult for many. The focus of the question was on the effect of a change in fixed costs on the break-even point, and so a full answer should have analysed the position regarding (unit) sales revenue as well as both costs. Many candidates stated correctly that the break-even point would move to the right, and a number of these used the formula given to calculate the increase in break-even units, but there was a general lack of comment that the total revenue and variable cost lines would not change, whereas the total costs line would as a result of the increase in fixed costs. With a question on the effect of a change in one item on the break-even point, centres should encourage their candidates to work systematically through each element of the break-even calculation.

Question 8

Centres are now quite familiar with the cash flow forecast template in part (a). This topic was again well taught (although there were the usual difficulties for some in balancing), with many candidates gaining most or all marks available: marks of 8, 9 and 10 were often given. Although centres have been advised that questions on cash flow will require candidates to interpret the results of such forecasts, part (b) was very badly answered. The vast majority of candidates ignored the emboldened word 'this' in the question, and gave generic 'textbook' answers that could apply to any cash flow forecast. The figures for this forecast showed a deficit in August and an increasing surplus by the end of the year, and these facts were almost universally ignored (candidates' own figures or those extracted from the question were allowable). As a result, most candidates received no marks. Centres must therefore continue developing the skill of 'specific application' in their candidates. A related weakness - and one that has been commented on several times before - is the confusion between surplus and profit, and between deficit and loss. Candidates will continue to lose marks if they do not understand that a cash flow forecast displays cash surpluses and deficits rather than profits or losses.

Parts (c) and (d) were typically not well answered. There is a general lack of knowledge regarding the fundamentals and purpose of a computerised accounting system, the misunderstanding being that it is the same as a spreadsheet. As a result, many answers to (c) in particular referred to cells and formulae, although a number of candidates gained one of the two marks available in (d) by referring to input errors.

Question 9

This is again a well-answered topic - the average mark being between 5 and 6 - with candidates being familiar with the normal assessment method that uses this template. The weaker candidates struggled with classifying the revenue, often including it as a cost, or else added the cost of sales and sales figures together. Some stronger candidates lost a mark for not stating 'net profit', the exact term being required.

Question 10

Part (a) was typically well done, although many candidates treated the cost of the poster as a running cost, ignoring its 'one-off' feature.

Part (b) was targeted towards the highest achievers, and - as in previous series - required decisions to be made and justified. Four sources of finance were suggested, and the question asked candidates to consider all four sources in their answers. Most did so, and this structuring ensured they did not lose needless marks through omission. The stronger candidates produced some reasonable arguments referring to issues of control (eg share capital and retained profits) and financial cost (bank loan), as well as opportunity cost (selling the taxis). As in past series, weaker answers tended to repeat - rather than use - the given information, with little thought being displayed.

There remains evidence that centres are helping many weaker candidates to construct answers that manage to achieve one or two marks: many were able to make simple statements about their chosen option, and some also made simple comparisons.

Statistics

5306: Investigating Business

Grade	Max. Mark	A*	A	B	C	D	E	F	G	U
Raw boundary mark	50	45	38	31	25	20	16	12	8	0
Uniform boundary mark	100	90	80	70	60	50	40	30	20	0

5307: People and Business

Grade	Max. Mark	A*	A	B	C	D	E	F	G	U
Raw boundary mark	50	43	38	33	28	22	17	12	7	0
Uniform boundary mark	100	90	80	70	60	50	40	30	20	0

5308: Business Finance

Grade	Max. Mark	A*	A	B	C	D	E	F	G	U
Raw boundary mark	90	72	62	52	42	36	31	26	21	0
Uniform boundary mark	100	90	80	70	60	50	40	30	20	0

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