



General Certificate of Education

Applied Business 8610

Report on the Examination

2006 examination - January series

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Unit 3 (BS03)

General Comments

This was the first paper for this unit of GCE Applied Business. The paper worked well as a discriminator with examiners awarding the full range of marks available.

However, a number of issues emerged on which centres can work on in order to improve performance.

The context used in the paper is important. Unfortunately, it was common for candidates to write more general theoretical answers that could relate to any number of scenarios and not just health clubs targeted at women. All questions on this paper require candidates to write answers that relate to the scenario and this is essential if the highest marks are to be achieved. Using the context effectively is arguably the single most important method that candidates can use to improve their performance on BS03.

Preparation is also vital, especially on the tasks set out in the pre-release material. However, this preparation should explore the tasks set out in the material and not direct candidates towards an anticipated question. A number of candidates wrote fluently but answered questions that were different from those set. On occasions, a high proportion of candidates from an individual centre wrote similar, but poorly focused, answers. This suggested that activities in the classroom prior to the examination were rather prescriptive and directed towards questions that did not appear in the examination.

To prepare candidates effectively for the pre-release tasks, centres should focus on carrying out the complete requirements of the task and not to predict the precise question that will appear. It is also important to look at the issues in context. Thus encourage candidates to consider the actual industry or sector on which the scenario is based. Practising answering a range of diverse questions is important to develop relevant skills and confidence.

Candidates' responses to questions calling for calculations were often of high quality, but two significant errors occurred. Many candidates, and especially those less confident in carrying out business calculations, would benefit from starting their answers by setting out the relevant formula. This not only attracts marks but also guides candidates as to the numbers that will be needed to conduct the calculation.

Question 1

This question was based directly on research task (a). It was a straightforward question for candidates who had carried out the pre-release research task fully.

Despite this, the general quality of the answers was disappointing, especially from more able candidates. It was apparent that a number of centres had anticipated that question one would be exactly the same as the research task. As a result, many candidates examined the case for becoming a public limited company as well as remaining a private limited company before offering judgement. A substantial proportion of the answers of candidates who adopted this approach was irrelevant. Other candidates appeared to have been prepared to answer a question on the benefits of converting to public limited company status. This was an even more unwise approach as it resulted, in some cases, in answers that were entirely irrelevant.

Candidates who were well prepared for this question had considered the case for and against FemmeFit becoming a public limited company. Such candidates had brought together relevant theory and had applied it to FemmeFit's circumstances. They had retained an open mind regarding the precise question to be tackled. This enabled them to develop two or three arguments fully and to apply them to the scenario. Such answers attracted very high marks.

Question 2

- (a) This question elicited many good answers from candidates. Many candidates demonstrated good knowledge concerning the likely contents of a business plan and were able to develop a single point in detail. An almost universal weakness was a failure to relate it to the circumstances. The obvious line to take was to consider the advantage to a business when expanding as was the case with FemmeFit.
- (b) The majority of candidates were able to calculate break-even output. Better candidates started with the formula and expressed their answers in terms of numbers of members rather than giving it a monetary value. Some less able candidates spent considerable amounts of time on this question developing a range of calculations with limited or no relevance to the question.
- (c) As with part (b) there were many correct responses to this question. A minority of candidates appeared to have little understanding of what was required of them and little structure to their thoughts. It is important that centres allow candidates to practise answering this type of calculation.
- (d) Answers to this question varied considerably in standard. Strong candidates had a good understanding of the advantages and disadvantages of break-even as a concept and were able to apply this to FemmeFit's circumstances. They also responded to the command word (discuss) which invited them to make a judgement on whether or not Polly's view was correct. There was not a 'right' answer to this. Candidates were awarded full marks for arguments that came down on either side. Examiners rewarded the quality of the arguments and were not looking for a specific answer.

Weaker candidates offered undeveloped points, relying on quantity of arguments rather than quality. Others only offered advantages or disadvantages and such an unbalanced response made it difficult for candidates to write evaluatively when assessing the validity of Polly's opinions. Such candidates tended to ignore the context and wrote in very general terms.

Question 3

- (a) The majority of candidates were able to fill in the spaces in the revenue and expenditure budget. Most of the errors seemed to be caused by poor calculations rather than a lack of understanding.
- (b) There were a number of excellent answers to this question showing good understanding of this type of budget and making effective use of the context. However, these were the minority.

Many candidates were clearly expecting a cash budget and wrote in terms of cash rather than costs, revenues and profits or losses. There were several other issues arising from this question.

- Not realising that a budget relates to a future period
- Ignoring the context by, for example, not considering the question of expansion
- Providing solutions to the problems experienced in February and March, rather than answering the actual question.

Question 4

This was the second question that related to the pre-release research tasks. Many responses to this answer were disappointing. Sadly many candidates (a substantial minority) defaulted to task (a) in the pre-release tasks in writing their answers. As a consequence, they attempted to decide if the business should become a public limited company rather than assessing the case for and against FemmeFit's proposed expansion. Candidates who misinterpreted this question in this way inevitably wrote answers that were largely irrelevant. This question was clear and unambiguous and left the impression that many candidates were wheeling out pre-prepared answers that they were unable to use in responding to question one.

Despite this, there were a number of really high quality responses to this question. Making use of the context was often a key element of such answers. Answers attracting high marks often recognised that the new clubs were opening in areas that were different to those in which existing clubs were located. Some candidates wrote fluently on the risks inherent in such a strategy. Others had clearly researched income levels in locations away from the south east and used these to construct effective arguments. Another characteristic of high quality answers was that candidates used the data effectively. Some argued cogently that the final case for expansion was strong (a healthy profit was forecast) whilst others were more cautious, citing the degree of competition and the fact that much of the data was forecast.

Unit 4 (BS04)

This examination was based around the airline industry, looking at the perceived differences between budget airlines (such as easyJet and Ryanair) and ‘full service’ airlines (such as Virgin Atlantic). This topic area gave candidates scope to explore the reasons for these differences, as well as how a variety of different customers’ needs could be met.

Question 1

- (a) This question was designed to let candidates demonstrate their knowledge of how ICT could be used by the business to collect relevant data on customers, and in the main was well answered. Many candidates went on to explain how this data could be used by easyJet to target particular types of customer.
- (b) **Two** separate methods of research were required here, and, in order to gain full marks, candidates were expected to explain why a particular method was deemed suitable, rather than the purely descriptive answer.

Question 2

- (a) The whole of question two concentrated on how segmentation could be used to help an airline meet the needs of its customers, and the first part of this question was generally very well answered. It should be noted that in order to gain full marks on this question, an example of how the segmentation method could be used needed to be demonstrated, eg give an idea of age ranges, such as 18–24, 25–30, etc.
- (b) This proved to be a good discriminator question, with a wide range of quality being demonstrated. It was not enough to merely state the differences between these two types of passenger. Candidates were required to explain how the airlines could **use** this information in order to provide a range of services to customers.

Question 3

- (a) This question required candidates to demonstrate ways in which Virgin Atlantic has changed its actual aspects of the product, and to describe what benefits this would provide for customers, such as comfort, keeping children amused, etc. Generally, this was a very well answered question.
- (b)(i) This was another question that provided for a wide range of marks, ranging from the purely descriptive to the candidates realising that the two airlines offer their products to very different markets with distance being the main factor.
- (b)(ii) This was the first question in the examination that assessed AO4, and was not generally very well tackled. Candidates who were not very well prepared for this exam seemed to hang on to the ‘research’ element of Research and Development, giving comprehensive answers based on different types of research. Candidates who knew more about Research and Development generally produced very generic answers based on the flow of processes within Research and Development, but without applying it to the situation. A small minority of candidates managed to relate this to the business in hand, giving some applied answers and using some judgment when discussing their answer.

- (c) Again, many candidates focused more on methods of research **or** types of data to be collected than bringing the two ideas together to form a concise, accurate answer. Well constructed responses questioned the fact that the business would now be operating in a very different environment, and that good-quality research would need to be undertaken to see if passengers were willing to spend hours on a no frills plane.
- (d) The final question on this paper again required candidates to reach AO4, and again many fared poorly on this question. A large proportion went down the more descriptive route, without applying their knowledge to the situation, and judging the importance of it.

Unit 5 (BS05)

As the first examination of this unit, it was pleasing to see candidates' responses, particularly with the practical application of information systems in question one. Candidates appeared to cope well with the combined practical and written approach of the paper.

Question 1

- (a) and (b) Where data entry is required (for example, an addition to records), entries must be accurate. On part (b), centres were not penalised on this occasion for incomplete print-outs showing only three fields; however fields should be shown, unless the question states otherwise.
- (c) A pleasing number of candidates were able to give a description of key features of the Data Protection Act. Higher marks were awarded where candidates went on to explain the influence these features may have on the business.
- (d) This presented a wide range of responses from candidates. Many produced elaborate documents, which would be more suited as a flyer to be used as publicity material. No additional marks were given for this type of presentation. The Press Release wording had to be relevant and suitable for the audience it was intended to reach. It also had to be fit for the purpose to which it was intended. Information relating to the new ride and the details of the family promotion therefore had to be worded appropriately. The name of the theme park should have been included.
- (e) Both 'method' and 'media' were requested for communicating information to different target groups. However the majority of candidates did not provide both and therefore did not achieve the high marks. Most candidates restricted themselves to describing a method, thus achieving only the low marks.

Centres are required to provide a hard copy of their original file (Tutor's copy) for question one with the candidates' scripts. These were not always provided by centres in this series. They are required to ensure candidates are not penalised for errors that may have been caused by inaccurate input of the original Materials List. Failure to provide the Tutor's copy may disadvantage candidates if there have been any errors of input.

Question 2

- (a) Many candidates provided observations about the visual features of the handout (comments relating to layout/quality) but too few actually provided a response in context. Candidates need to consider in their responses what the theme park was trying to achieve as a result, and consider the extent to which this might help them to achieve this.
- (b) When asked for a suitable information system, many candidates were using the name of the software (eg Excel). The question only requires the generic name of the information system, ie spreadsheet. In this examination series, candidates were not penalised. In future series, candidates will be expected to use generic names.

When discussing the suitability of the proposed system, many candidates used unqualified comments such as 'quick and easy', 'at the click of a button', 'appropriate' and 'effective'. Such comments do not provide the reasoning behind whether the system is suitable or not, and will not achieve higher level marks.

Higher marks were awarded where candidates provided a response in context, considering how the proposed information system could be used for both the processing and dissemination of the data collected.

Question 3

- (a) and (b) The majority of candidates prioritised their tasks. However, little evidence of grouping of tasks was evident where it was appropriate to do so. Justification of the order of priority was weak in most cases. Some aspects were considered, but it appears that candidates have difficulty in establishing the level of importance of the tasks. This question allows candidates to apply their skills and knowledge relating to given tasks that need to be carried out. At the top level, analysis of the relative importance of tasks was clearly given, with full justification of the order of priority. Lower level marks were awarded where candidates restated the task list and provided a brief description or statement of factor(s) affecting the task.

Mark Ranges and Award of Grades

Unit	Maximum Mark (Raw)	Maximum Mark (Scaled)	Mean Mark (Scaled)	Standard Deviation (Scaled)
Unit 3 BS03	60	60	25.1	8.7
Unit 4 BS04	60	60	30.6	8.0
Unit 5 BS05	60	60	31.3	7.6

For units which contain only one component, scaled marks are the same as raw marks.

Unit 3 BS03/Financial Planning and Monitoring

(2964 candidates)

Grade	Max. mark	A	B	C	D	E
Scaled Boundary Mark	60	40	34	29	24	19
Uniform Boundary Mark	100	80	70	60	50	40

Unit 4 BS04/Meeting Customer Needs

(905 candidates)

Grade	Max. mark	A	B	C	D	E
Scaled Boundary Mark	60	46	40	35	30	25
Uniform Boundary Mark	100	80	70	60	50	40

Unit 5 BS05/Business Communication and Information Systems

(373 candidates)

Grade	Max. mark	A	B	C	D	E
Scaled Boundary Mark	60	45	40	35	31	27
Uniform Boundary Mark	100	80	70	60	50	40

Definitions

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

Mean Mark: is the sum of all candidates' marks divided by the number of candidates. In order to compare mean marks for different components, the mean mark (scaled) should be expressed as a percentage of the maximum mark (scaled).

Standard Deviation: a measure of the spread of candidates' marks. In most components, approximately two-thirds of all candidates lie in a range of plus or minus one standard deviation from the mean, and approximately 95% of all candidates lie in a range of plus or minus two standard deviations from the mean. In order to compare the standard deviations for different components, the standard deviation (scaled) should be expressed as a percentage of the maximum mark (scaled).

Uniform Mark: a score on a standard scale which indicates a candidate's performance. The lowest uniform mark for grade A is always 80% of the maximum uniform mark for the unit, similarly grade B is 70%, grade C is 60%, grade D is 50% and grade E is 40%. A candidate's total scaled mark for each unit is converted to a uniform mark and the uniform marks for the units which count towards the AS or A-level qualification are added in order to determine the candidate's overall grade.