

Applied Business

Advanced GCE A2 H426/H626

Advanced Subsidiary GCE AS H026/H226

Report on the Units

June 2010

H026/H226/R/10

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This report on the Examination provides information on the performance of candidates which it is hoped will be useful to teachers in their preparation of candidates for future examinations. It is intended to be constructive and informative and to promote better understanding of the specification content, of the operation of the scheme of assessment and of the application of assessment criteria.

Reports should be read in conjunction with the published question papers and mark schemes for the Examination.

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Chief Examiner's Report

General comments

Reports by the Principal Moderator and Principal Examiners for the GCE Applied Business June 2010 follow this introductory report. It is important that centres consider these reports carefully as they contain specific advice on how to prepare candidates for assessment in every unit of this qualification.

The best pieces of work this series were undoubtedly from those candidates who had been able to apply their business studies knowledge and understanding critically and specifically to the particular firm or industry being studied. Be this the case study in the examined units, or a candidate's chosen business in the portfolio units, centres need to continually encourage their candidates to provide analytical and evaluative comments which go beyond generic judgements to ones specifically appropriate to the business under consideration.

Portfolio issues

It was pleasing to this series to see more centres using the OCR repository to make portfolios available to Moderators. Submitting work electronically minimises time delays and reduces the risk of work going astray. Whichever method of submission is chosen, internal moderation of coursework should always be carried out before the portfolios are submitted to the examination board. Centres are encouraged to check that the marks on the MS1 forms match those awarded to the candidate on the Unit Recording Sheets. Furthermore, it is important that where a centre has ten or fewer candidates entered for a particular unit the candidates' work, (and not just the corresponding MS1) is submitted to the moderating team by the MS1 deadline. In such circumstances centres should not wait for a request for the work to be sent to the Moderator as the entry is too small for sampling to be used and all portfolios need to be submitted.

It is good practice to ask candidates to number the pages of their portfolios, if needs be in pen. The insertion of page numbers, by the assessor, on the Unit Recording Sheet helps to ensure that when submitted for moderation no evidence is overlooked. Detailed completion of the teacher comments section of the Unit Recording Sheet together with references to the appropriate assessment criteria annotated on candidates' work is extremely helpful, and time well spent. Such practice makes it more likely that the Moderator can agree the centre-awarded marks.

Centres are free to devise their own assignment briefs rather than use the assignments provided by OCR on the website; however, in such circumstances centres are reminded that they need to ensure that the tasks they set must offer their candidates the opportunity to meet the full requirements of the both the unit descriptors and the Teacher's Handbook, both of which form an integral part of the Specification. A copy of a centre-devised assignment brief should be sent to the Moderator with the portfolio of work.

Finally, centres are reminded that is the responsibility of assessors to ensure the authenticity and sufficiency of the evidence submitted by candidates. A Centre Authentication Form for Coursework must be signed by the assessor and accompany each unit submission.

Examination issues

The nature of the Applied Business course demands that candidates write their responses to the vast majority of questions in the context outlined on the examination paper. Where the case study is pre-issued it is essential that the candidates are well acquainted with the case study so

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that they can use specific details from the case study to make analytical and evaluative comment.

Where candidates did not score as highly as they might it was almost invariably because they answered a different question to the one which was set. This was particularly apparent on the higher level questions where many candidates began their responses well, apparently clear as to the question's meaning, but then lost their focus midway through the response. This inevitably led to conclusions which did not match the question set on the examination paper. Candidates need to be encouraged to constantly refocus their minds on the question set, especially when writing at length. A good test at the end of writing a lengthy response is to re-read the concluding paragraph in conjunction with the question set. The concluding paragraph should flow logically from the question to give an answer in summary.

Many candidates showed a good breadth of knowledge across the entire qualification; however, some common misconceptions are still in evidence and these need addressing. Centres need to spend extra time on those aspects of the specification where candidate misunderstandings are likely to arise. Principal Examiners have highlighted these areas in their individual reports. Careful reading, taking action where appropriate, should lead to candidates being better prepared for assessment in future sessions of this Applied Business qualification.

Centres may also find the following sources of use to them in helping to build upon good practice:

- Principal Moderator's reports on previous series
- individual centre reports on moderation
- past examination papers
- Principal Examiner reports on previous series
- request for a report on examination performance by Centre
- INSET offered by OCR
- coursework consultancy service (OCR)
- e-community – OCR website
- exemplar assignments – OCR website
- sample schemes of work and lesson plans – OCR website
- teacher assignments for each unit – OCR website

F242 Understanding the Business Environment

General comments

Most candidates appeared well-prepared and well-acquainted with Becky's proposed business, even though a minority mistook it to be an estate agent selling properties. Evidently most candidates were well-versed on the various topics covered in the case study, eg ownership, SWOT and stakeholders. Whilst most candidates showed good knowledge of the topics, their ability to apply what they had learnt to Becky's proposed business needed to be developed for higher marks to be accessible. Candidates are advised, where required, to make sure that their answers are in context in order for at least Level 2 to be awarded.

Analytical and evaluative skills were generally disappointing across the cohort; in a high number of cases, candidates did not even attempt to evaluate. This suggests that candidates should pay more attention to the 'trigger' words used in the questions, eg 'discuss', 'suggest', etc, in order to make sure that they understand fully the requirements of the questions. The total marks allocated for the questions will further indicate the level of skill they need to demonstrate. Level 4 marks were sometimes achieved by default, rather than through structured evaluation.

Another common weakness amongst the less able candidates was their inability to develop their answers in sufficient depth to access expansion marks for short response questions. The performance on numerical questions was generally disappointing, especially Question 2(c), which required candidates to calculate the profit made for a given level of sale. The construction of the break-even chart was generally poorly understood with most candidates managing to draw and label the fixed cost line only.

Comments on individual questions

1(a)

This part of the question was meant to be a straight forward one on which most candidates were expected to score full marks. However, some responses given by weaker candidates suggested that their understanding was not as sound as it should have been. Most answers could be awarded as the majority of the costs could be classified as either fixed or variable.

1(b)

This part of the question was generally well answered by the candidates. Weaker candidates still struggled with the concept that these costs are linked to output rather than to 'use' or 'time'. No marks were given if candidates did not show that they understood this important relationship, eg 'these costs vary or do not vary' was not awarded any marks unless linked to output.

1(c)

Most candidates answered this part of the question well and obtained at least two marks. There were some good responses explaining the impact on sales of a price cut. Some responses referred to profit/loss and some candidates explained how costs can be reduced to improve cash-flow. This showed that some candidates did not read the question properly.

1(d)

Weaker candidates misinterpreted the rubric and explained the benefits of drawing up a cash-flow forecast. These candidates often showed a weak understanding of cash-flow linking it to profit/loss. Most candidates scored one mark.

2(a)(i)

This was a more straight forward part of the question which a high number of candidates left unanswered. Some candidates did not appear to have the appropriate instrument to draw straight lines. Most candidates could label and draw the fixed cost line accurately. The total revenue line proved to be the most problematic. However, candidates were able to access most of the marks allocated for this part of the question by inserting the correct labels. The label for the y-axis was the most difficult for most candidates.

2(a)(ii)

This part of the question was poorly attempted because most candidates were unable to draw a break-even chart accurately. A good number of candidates failed to respond. The 'own figure rule' was applied to this question based on the candidates' answer to part (a)(i).

2(b)

This was also a straightforward part of the question on which just under half the cohort scored full marks. Most candidates demonstrated good practice by showing their workings clearly.

2(c)

This was a good question for differentiation on which only the more able candidates scored full marks. Total revenue appeared to be the easiest calculation for most candidates who scored at least one mark. This showed that the majority of candidates at this level had a good grasp of percentages, even though the calculation of profit/loss remained a challenge, as in previous series. The high number of 'no responses' suggested that this was the most difficult numerical question.

3(a)

Most candidates exceeded expectation and scored full marks for this part of the question. This showed good numeracy skills and good knowledge of how variances are calculated. The 'own figure rule' allowed candidates who could not work out 5% of £2500 correctly to gain two marks if they could subsequently work out the maximum and minimum values using their own figure.

3(b)

This was a more straight forward part of the question on which most candidates gained at least one mark.

3(c)

Most candidates performed well in this part of the question scoring full marks. One mark was allocated for any notion of 'purchase of rights' and one mark was awarded for 'brand', 'name', 'logo', 'products/services', etc.

3(d)

Candidates were well-prepared for this part of the question. The majority were able to explain two advantages in sufficient depth for full marks to be awarded. However, this question differentiated well at the top end as only the most able managed to score full marks.

3(e)

The performance on this part of the question was not as good as had been anticipated. However, there were some good responses from candidates who were able to suggest sources of funds available for Becky as a sole trader. Sources of finance which were inappropriate to Becky's proposed business, eg venture capitalists, retained profit, etc. were not awarded marks as the question specifically asked for possible sources of finance for Becky's start-up cost.

3(f)

The majority of candidates attempted this part of the question and scored at least one mark. The 'own figure rule' allowed candidates who calculated the interest wrongly to gain some marks if their subsequent calculations were correct, provided workings were shown.

3(g)

As the issue of ownership was covered in the case study, most candidates were well-prepared for this question in terms of the coverage of theory. This was a good question for differentiation and it distinguished those candidates who could apply their knowledge from those who could not. For those candidates who attempted to evaluate, the conclusion was usually weak and thin in context. Candidates who were well-prepared were able to recognise the fact that Becky would still be operating as a sole trader even if she chose to become a franchisee, so a discussion of unlimited liability, as well as of flexible working hours, was not relevant in this case.

4(a)

Most candidates were able to identify three external stakeholder groups in Becky's proposed business accurately, thus gaining three marks. However, the interests outlined were often vague and not specific enough for marks to be awarded.

4(b)

The consequences of ignoring stakeholder interests were well understood amongst candidates at this level. However, most of the responses were vague and did not relate to any specific stakeholder interests; this resulted in responses which remained at Level 1. For Level 3 to be awarded, candidates were required to describe specific stakeholder interests first and to then analyse the impact on Becky's proposed business if these interests were not taken into account. Due to the way in which the question was worded, candidates were not required to relate their response to Becky's proposed business.

5(a)

Most candidates showed a good understanding of why online advertising is better than local newspaper and were able to explain three different advantages in sufficient depth for full marks to be awarded. Weaker candidates were usually unable to access the expansion marks allocated for this part of the question.

5(b)

This was the most accessible question on the paper, with almost all candidates gaining full marks. A range of marketing tools was acceptable.

5(c)

Most candidates showed a sound understanding of SWOT analysis and its benefits and drawbacks as a marketing tool. However, to achieve Level 2, candidates were required to explain how Becky could benefit from carrying out a SWOT analysis. Few candidates were able to respond in this way; however, the majority of candidates who were awarded Level 2 carried out a SWOT analysis on Becky's proposed business instead. Only the very able managed to analyse the impact of carrying out a SWOT analysis on Becky's proposed business and even fewer attempted to evaluate in context for Level 4 to be awarded.

6

The responses to this question showed that candidates were well prepared for this type of question. Interest rates were the most discussed economic variable and most candidates showed good understanding of how changes in interest rates might affect the housing market. The impact of unemployment was also well-understood and explained well. The impact of a rise in inflation was not as straight forward as interest rates and unemployment and most candidates left it out in their answers. While it was possible to achieve Level 4 by evaluating one economic variable, it is a good idea to encourage candidates to discuss at least two or three variables for a question such as this as in order to evaluate effectively, several economic variables needed to be discussed and their different degrees of impact compared. Very few candidates attempted to evaluate, with the more able candidates only achieving Level 3. Weaker candidates tended to discuss the general economic climate rather than specific economic variables as required by the question.

F243 The Impact of Customer Service

General comments

The format for this examination was consistent with previous series. Entry numbers were higher than January 2010 but broadly similar to the corresponding to the June 2009 examination.

There continued to be an issue relating to the candidates either not reading, or not understanding the question which had been set. This had a strong detrimental effect on weaker candidates particularly in relation to Questions 2(b) and 3(b). This issue was reported in the previous two Principal Examiner's reports for this unit. To prevent a continuance of this trend, centres are encouraged to tutor their candidates in their understanding and interpretation of the question requirements.

Higher ability candidates were clearly able to differentiate between the requirements of each question, maintaining their focus and progressing through the levels where applicable. Candidates were, in the main, successful in answering questions relating to assessment objective 1 and assessment objective 2 questions. The progression from assessment objective 2 to assessment objective 4 was as not as anticipated due to a general inability to focus on the question requirements.

Comments on individual questions

1(a)

The placing of this part of the question at the start of the examination paper was appropriate and presented all candidates with the opportunity to achieve reasonably high marks. However, responses were taken from the wrong perspective by many candidates. Higher ability candidates clearly developed their response through strong descriptions.

1(b)

Strong candidates were clear and precise in their response, whereas weaker responses included too much question repetition and demonstrated poor use of English in an attempt to meet the question requirements.

1(c)

Few candidates achieved Level 4 marks. The vast majority did not relate to '...becoming more focused...', with many only providing suggestions for improvement rather than discussing consequences. When focused on the question requirements, higher ability candidates presented a good logical discussion resulting in some evaluation.

2(a)

There was a great deal of varied responses to this part of the question. Most candidates knew some acts/regulations but failed to offer full explanations. Stronger candidates correctly named the act and provided good descriptions and examples.

2(b)

Too few candidates recognised that a schedule already existed. Weaker responses were focused on the benefits to the patient, not MHR. Stronger responses focused on MHR with very good application. Part (b)(ii) was generally better answered than part (b)(i).

2(c)

The majority of responses were held at Level 2. Candidates understood the advantages and disadvantages of an organisation having a website but most of the analysis focused on one side of the argument. Despite some candidates contextualising their response the absence of a balanced discussion restricted these candidates to Level 3. Only a few candidates appeared to appreciate what is required for a discussion. Even so where evaluation was present this lacked depth and context.

3(a)

This straightforward question was answered poorly. The vast majority of the candidates achieved zero or one mark. A common response was ‘...gathering information...’, but many simply stated the purpose of market research which was not awarded any marks.

3(b)

This part of the question proved problematic for the majority of candidates with a significantly high number of candidates scoring zero marks on either part (i) or part (ii). The majority of responses focused on the method used rather than the behaviour and skills of the interviewer - Mikey.

3(c)

This part of the question was generally well answered but often the method was not described.

4(a)

This was another example where a failure to understand the question resulted in many candidates achieving zero marks. Many provided a generic description of a mystery shopper rather than an explanation of the use of a mystery listener.

4(b)

Level 2 was reached by the majority of candidates with the stronger candidates progressing into Level 3 logically and easily, building on very good explanations. However, many candidates chose to make recommendations related to winning the award, rather than the use of a mystery listener. These candidates, in the main, achieved zero marks.

4(c)

This part of the question exemplified the need for candidates to take the correct perspective when responding to questions. About a third of the candidates focused on the benefits to MHR not the listeners; achieving zero marks. Higher ability candidates took the correct perspective, developed their discussion before making a reasonable judgement to reach Level 4. No candidate considered the 'to what extent' element of the question.

A/S Principal Moderator's Report

The majority of centres which submitted work for this moderation session followed OCR procedures, adhered to set deadlines and accurately completed documentation which enabled the moderation process to progress smoothly. However, some centres did not adhere to the 15 May deadline for the receipt of the completed MS1 by the allocated Moderator and failed to inform OCR or the Moderator of the delay. This did cause difficulty for Moderators in the scheduling of their work. Centres should also note that for entries of 10 candidates or less the portfolios should be sent straight to the Moderator with the MS1 forms. Centres should also note that it is their responsibility to forward MS1 forms and candidate work to the allocated Moderator by the set deadlines and, if a sample is required, it must be returned within **three** days of receiving the sample request. Centres should note that failure to meet such deadlines could delay the receipt of results for their candidates. Centres must also check that they are sending their work to their allocated moderator and not using labels from a previous series. A number of centres sent their work to the incorrect Moderator. This does slow the process down quite considerably as the allocated Moderator then has to contact the centre to see where the work is and then get the work delivered from the incorrect Moderator.

Centres must ensure that all sections of the Unit Recording Sheet have been completed accurately, including correct total marks for the unit, candidate number and centre number, teacher comments and the location of evidence, in order to facilitate the moderation process. Centres must also ensure the marks on the MS1 form match the marks on the Unit Recording Sheet for each candidate and each unit.

Assessment

Many Assessors demonstrated good practice by annotating candidate work with assessment criteria references and by giving clear and constructive written feedback. The teacher comments section of the Unit Recording Sheet enabled Assessors to justify the marks awarded for each assessment objective. It was helpful when page numbers were included within the location section of the Unit Recording Sheet. Some Assessors failed to provide written comments or to annotate candidate work. In these circumstances it was not clear to the Moderator how assessment decisions had been made. Without this information it becomes more difficult for the Moderator to confirm the marks awarded to the candidate.

Where assignments had been used, it was most helpful for copies to be submitted with the actual work. This gave a clear indication of the tasks which were given to candidates.

It is the responsibility of Assessors to ensure that each candidate has produced authentic/original evidence. A Centre Authentication Form for Coursework (CCS160) must be signed by the Assessor(s) and must accompany each unit submitted.

Candidates must ensure that any material used from the Internet is correctly attributed. Where material is taken directly from the source, candidates must supplement it with their own explanation, demonstrating their understanding. It was surprising how many candidates cut and pasted diagrams and pictures from the Internet (Boston Matrix, Product life cycle, Maslow's hierarchy of needs, etc) without sourcing the evidence. Where candidate work contains inaccuracies, Assessors should annotate the work to this effect, thus enhancing the candidate's own learning. This also indicates to the Moderator that the work has actually been assessed accurately.

Assessors are reminded that they should make direct reference to the unit specifications when writing assignments and seeking clarification of the type of evidence candidates' are required to include within their portfolios. When assessing candidate's work Assessors should make reference to two documents. The performance descriptors which are found on pages 109-110 of the specification, and the coursework assessment evidence grids which are located on pages 112-122 of the specification.

It was also noted that those centres which had followed the assignments written by OCR had, on the whole, been able to better structure their candidates work enabling them to access the higher grades. The teaching and learning support materials can be downloaded from the website.

Unit F240 (Unit 1): Creating a Marketing Proposal

The banner of the assessment evidence grid requires candidates to produce a marketing proposal to launch a new product or service. Some candidates are still failing to choose suitable products and are often merely trying to re-launch an established product. This ultimately results in candidates only changing, at best, two parts of an already established marketing mix. In some cases the product was actually currently available and the only modifications being specified were a new colour. Centres should check the suitability of candidates' proposed new products/services prior to them completing their initial research. This should help prevent candidates selecting products which are (a) unsuitable or (b) already available on the market.

Centres should also note that candidates are not required to develop a brand new product. If they do it makes their research very difficult. For example, candidates are often asking respondents if they would buy a product, eg a 'new ice cream' when, in fact, they have no idea what it would actually look or taste like. It is much better if candidates select a product that is already available but not sold by their selected business. It could be a form of diversification.

Assessors are also required to use the witness statement supplied within the OCR specifications to justify the marks awarded for AO2. This is now located on pages 140-141 of the specification.

The banner states that candidates are required to investigate a medium to large sized business. However, it was noted that the majority of candidates who achieved the highest marks for this unit in previous moderation sessions had focused on small/medium sized businesses which were locally based. This enabled them to conduct relevant research which was used to good advantage throughout their delivery of AO2. These candidates also found it easier to develop their judgements as to the likely success of their marketing proposal.

On reflection, it is now felt that candidates could extend their investigations into smaller local businesses, as long as they are able to gain sufficient information in order to meet all the assessment objectives.

Assessment Objective One

This section, on the whole, was covered well by the majority of candidates sampled. Assessors must remember that this section does not need to be directly related to the selected business and Mark Band 3 marks can be achieved by the candidate who produces purely theoretical coverage which is considered to be clear and comprehensive. Candidates should be encouraged to use generic examples to help demonstrate breadth and depth of coverage of each section.

It was evident through this series that candidates had a much better understanding of the role functional areas play in supporting marketing activity. There was less evidence of candidates simply explaining the role of each department with no or little linkage to marketing.

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Candidates often found the use of a made up scenario, for example the selected business is just about to launch a new product, helped them demonstrate a clear and comprehensive understanding of this section.

Candidates do appear to struggle with the concept of marketing objectives. Coverage of this section was often muddled with the general aims and objectives of a business. Candidates often explained the aims and objectives of their selected businesses under the heading of marketing objectives – which frequently they were not.

Candidates need to demonstrate that they understand that marketing objectives are one of the techniques a business will use to achieve its overall aims. For example, the overall aim of a business might be to increase profit by 6% over the next six months. The marketing department would then be set the objective of running an advertising campaign during, say, July and August in order to increase repeat custom of product X by 5%. Alongside this the production department would be set the objective of reducing wastage by 3% throughout the next six months. Both of these objectives would ultimately help the business to achieve its initial aim of increasing profit by 6%.

The marketing mix was often covered in detail and fully explained with candidates demonstrating a clear and comprehensive understanding of this section of the assessment objective.

Candidates should be encouraged to use generic examples to demonstrate a clear and comprehensive understanding, enabling them easier access to Mark Band 3.

Assessment Objective Two

Candidates must include their presentation slides, prompt cards and, where appropriate, the notes used to accompany the presentation. As mentioned above, Assessors are required to complete the witness statement supplied by OCR. The more detailed this evidence is, the easier it is for the Moderator to agree the centres' marks. It was a surprise to find that some candidates' portfolios still did not contain a witness statement or any other evidence to indicate that the presentation had actually taken place. It then becomes impossible for the moderators to agree the marks awarded for this assessment objective.

In order to achieve Mark Band 3, candidates' evidence must be clearly targeted to their selected customer and every section of their marketing proposal must be fully substantiated from both primary and secondary research.

Within their presentations, candidates must clearly state what their selected product is, how they will promote it, where they will sell it, and what price they will charge for it. These decisions must be supported by primary and secondary research. A lot of candidates lost marks because they merely stated what they 'might' do with no reference back to the research undertaken. An example would be –'I will charge 30-50p for my product '. The candidate makes no clear indication of how or why they have come to such a decision. Candidates are also required to change at least three parts of the marketing mix if they decide to develop a product which already has an established marketing mix. Often candidates who had decided to use Cadburys as their selected business just stated they would sponsor Coronation Street. This was often not even backed up with the current audience figures for this programme and, therefore, at best this could only achieve marks within Mark Band 1. It should also be noted that Cadburys no longer sponsors Coronation Street. Centres must remind candidates to fully research their proposed methods of promotion. For example, if the candidate wishes to promote their new product in a magazine the candidate must state which one. Their decision should relate to who the target audience is for the magazine and also the readership numbers and, where possible, a link between potential costs and the budget available.

A surprising number of candidates failed to investigate the competition as a method of justifying their marketing proposal.

A problem which occurred this series was that some centres had awarded candidates Mark Band 3 marks with the decision being supported by an extremely detailed witness statement. The witness statement implied each part of the marketing mix had been supported by primary and secondary research. Upon further investigation into the candidates' work there was no evidence of this research and the candidate's evidence to support the presentation also lacked this information. It then becomes very difficult for the Moderator to agree the marks awarded by the centre.

Assessment Objective Three

This assessment objective had a number of inherent problems. Candidates often failed to collect their primary research from the correct target audience. If the new product is aimed at people over the age of 19, the majority of the candidate's primary research should **not** be conducted within the 16-19 age range. Another problem was candidates who had collected vast amounts of secondary research which they then failed to analyse or use.

When analysing their data candidates must make reference to the section 'Research in a market' on pages 15-16 of the specification. This clearly sets out the techniques candidates are expected to use in order to complete their statistical analysis. Particular attention is drawn to the fact that candidates are required to use the marketing tools SWOT and PEST. These should be used to draw together the candidate's research. Centres should also note that the Boston Matrix, Ansoff's Matrix and the product life cycle are **not** requirements of this unit.

Too often candidates' analysis simply involved the production of pie charts and graphs through the use of computer software and then a simple explanation which consisted of the terms 'the majority', 'most people', etc. This type of evidence can, at best, achieve the lower end of Mark Band 2. Candidates must be encouraged to analyse their research clearly, stating how it will inform the development of their marketing proposal.

Candidates must be aware that in order to achieve Mark Band 3 their suggested product, price, place and promotion must be supported through primary **and** secondary research.

Assessment Objective Four

Judgements on the potential success of the marketing proposal were often weak. They lacked the depth required to achieve Mark Band 3. In order to achieve the higher marks, candidates must consider their proposal making two sided judgements, considering both the possibility of success and failure. This was often lacking within the work of candidates seen at this stage. Candidates should be encouraged to consider the disadvantages and advantages, short term versus long term and the internal and external impact of their proposal on their selected business.

Within this section, candidates need to focus on all elements of their marketing proposal. For example, will the price set for the new product meet the needs of their potential consumers; will the suggested promotional campaign reach these people? Too often candidates just focus on the potential success of their product and forget the other three elements of the marketing mix. Candidates should make reference to the section 'How to judge potential success' found on page 17 of the specification.

Unit F241 (Unit 2): Recruitment in the Workplace

This unit remains quite a logistical challenge for some centres. There was evidence of very good practice, but at the other end of the scale very little evidence of candidates' own work. The best portfolios were based on jobs which were realistic for the candidate to apply for. For example, receptionists, clerical positions or part time jobs based in shops. Where inappropriate jobs had been chosen, potential applicants found it very difficult to complete application forms as they did not have the necessary qualifications for the position being interviewed. It was also rather disappointing to witness some candidates failing to take the role play situation seriously and completing application forms with inappropriate information. Centres attention is also drawn to the final paragraph under section headed 'The recruitment process', on page 19 of the specification. It states 'Please note: candidates will be assessed both on their ability to produce relevant and appropriate recruitment documentation specific to their chosen job role and recruitment documentation relevant to the post(s) advertised by their group peers'.

This unit, at times, remained a logistical challenge for the Moderators – often being unable to distinguish between original recruitment documents, candidates' own documents or those of the group. Centres must ensure that candidates clearly label each of their documents. They need to provide a road map for the Moderator – is this document one the candidate produced or the final one which was used by the group for the interviews? It is also recommended that candidates include copies of the original documentation from the selected business so that the Moderator can assess the degree of original and individual work.

Whilst candidates can work in groups to actually perform the interview, they are required to produce individual evidence that they have met the requirements of the assessment grid. This was not the case in some of the candidates' work sampled. There was still evidence of Candidate B designing the job advertisement, and Candidate C designing the person specification, etc. This is not acceptable. Under the sub-heading AO2 there is a flow diagram which illustrates the process candidates should follow if they are (a) working individually or (b) working in a group.

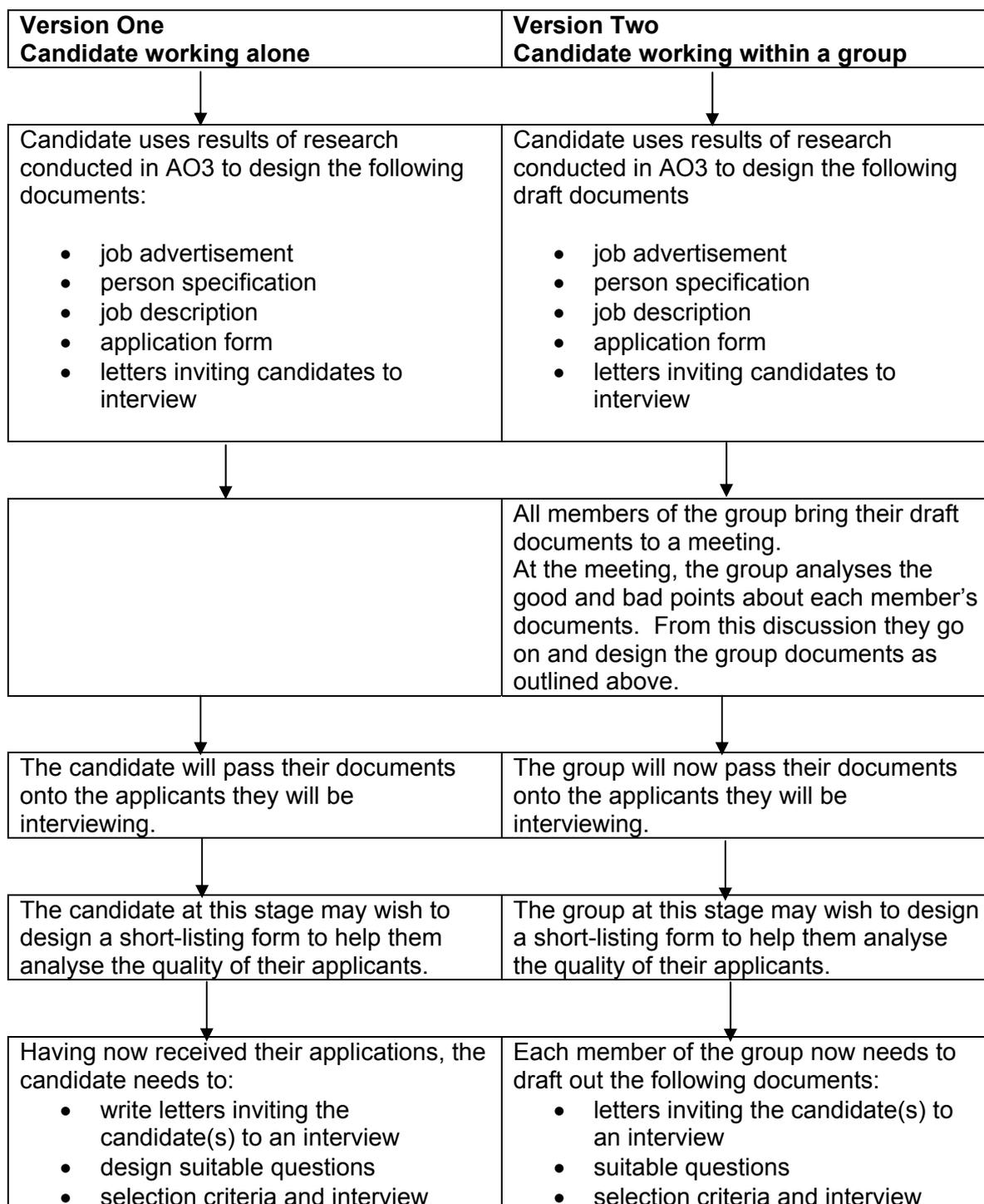
Assessment Objective One

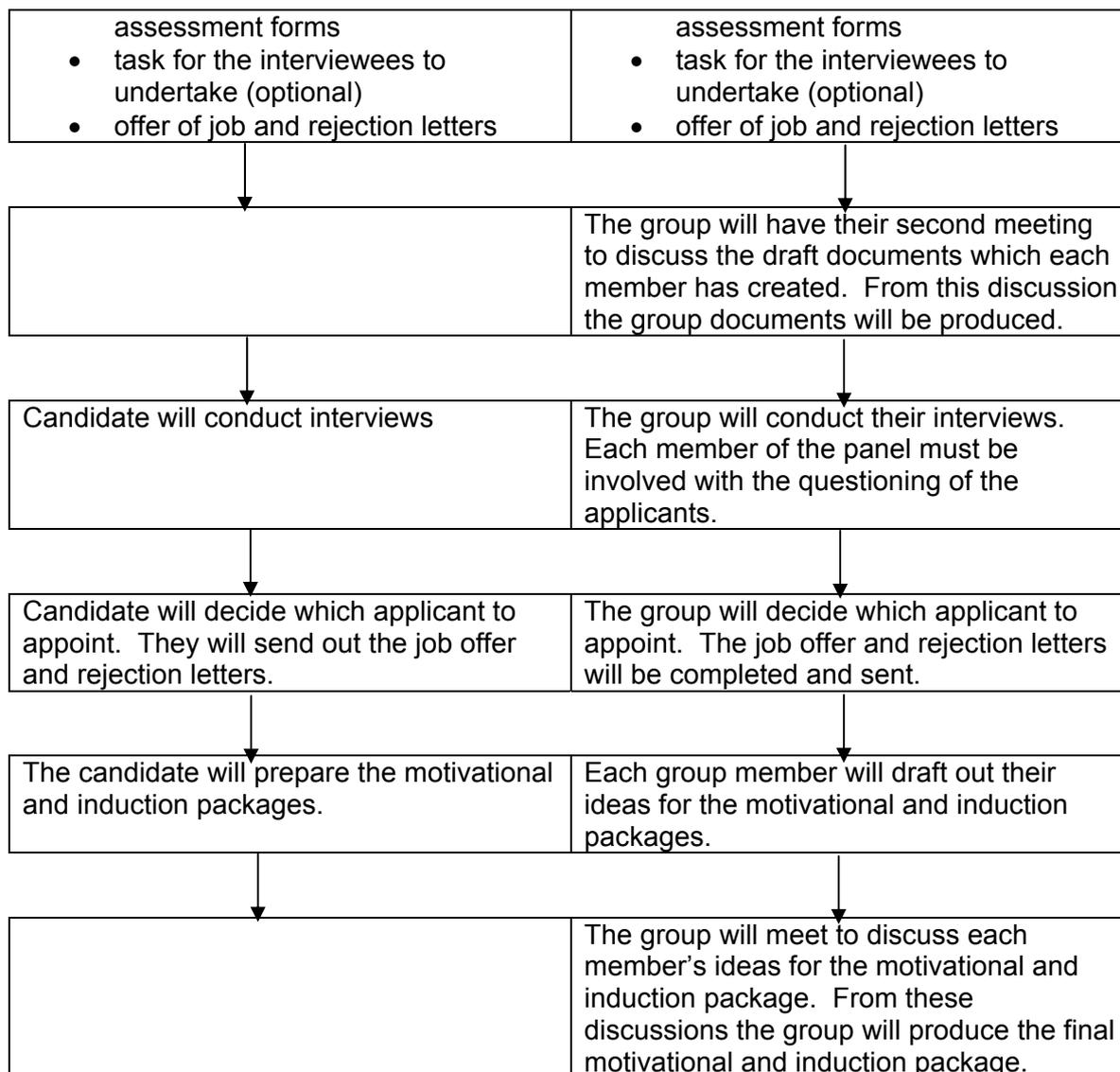
The majority of candidates sampled were able to produce a detailed description of 'The recruitment process' but coverage of 'The selection process' was often be patchy. Candidates do need to ensure that they cover all of the required bullet points found within this section. Candidates' coverage of induction was patchy, ranging from extremely detailed to pure identification of the topics which would be covered in an induction programme. Candidates' coverage of motivation should focus on the section 'Employee motivation' found on page 20 of the specification. Candidates are only required to cover financial and non-financial motivators. Candidates do not need to cover motivational theorists. Coverage of the legal framework is still the section which gives centres the most problems. Centres should also note that in the new specification candidates are now required to cover The Employment Equality (Age) Regulations 2006. Candidates do not need to describe the acts. They are required to consider how each act would impact on their recruitment and selection process. For example, when designing the job advertisement what factors would they have to consider – could they state Young Energetic Male required? If not why not – which acts would this statement breach? How will each act affect the way they run their interview – what do they have to consider when designing their questions? This aspect needs to be developed if candidates are to be awarded marks in the Mark Band 3 range. Centres should also note that theoretical coverage of the section 'Job roles', is not required.

Assessment Objective Two

This assessment objective assesses:

- the candidates' materials produced to recruit and select an individual – including job advertisement, person specification, job description, application form, letters inviting candidates to interview, interview selection documentation;
- the actual interview;
- the motivational package;
- the induction package;
- letters informing successful and non-successful candidates.





In order to aid the moderation process, each of the documents produced throughout the different stages must be clearly labelled within the candidate's assignment.

It is good practice to include a witness statement which identifies how the candidate conducted the interviews. This could be completed by peer observers. This evidence would also enable candidates to develop their AO4 evidence.

As stated above, candidates need to include copies of the recruitment documents they completed as part of their role as an interviewee.

Assessment Objective Three

A number of centres still submit work where there is no evidence of research having taken place. Placing copies of other businesses' recruitment and selection documents in an appendix does not count as analysis.

In order to achieve this assessment objective, candidates need to collect at least two of the following documentation:

- job advertisements;
- person specifications;

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- job descriptions;
- application forms;
- different types of letters – illustrating correct business layout and terminology;
- motivational packages (if possible);
- induction packages (if possible).

Having collected this evidence, candidates are then required to analyse each document identifying what they feel are its good and bad points and whether they conform to equal opportunity legislation. Candidates are then required to explain how this analysis has helped to inform the design of their own documents. This last stage is vital if candidates are to achieve Mark Band 3. Sadly, it was often lacking in some of the assignments sampled throughout this moderation session.

Assessment Objective Four

The weaker candidates sampled often only made judgements about their own performance during the interview process and weak judgements concerning the documentation produced and its fitness for purpose. A new trend has seen candidates evaluating every document they produced considering its fitness for purpose. They then omit to cover the other bullet points found under section 'How to judge effectiveness' on page 21 of the specification. Very few candidates were able to consider the impact weaknesses within their recruitment and selection documentation would have on how the candidate performed at the interview. They made simple statements such as 'in our application form we did not leave enough room for the candidates to write their qualifications in'. They then failed to make a judgement about the possible impact this could have had on the interview process. Candidates must be reminded they need to consider how each of the bullet points would impact on the effectiveness of their recruitment and selection process.

Candidates are also encouraged to make reference to the section 'How to judge effectiveness' on page 21 of the specification which develops the aspects which candidates could consider when making judgements concerning effectiveness.

Unit F244 (Unit 5): ICT Provision in a Business

In order for candidates to successfully complete this unit it is paramount that the correct business is selected. Where case studies had been selected they often lacked the detail necessary to allow candidates to achieve much more than Mark Band 1. Candidates were still selecting businesses which currently **use a substantial amount of ICT**. This meant that all candidates could recommend was upgrading or an additional piece of ICT software or hardware. This does not constitute an ICT proposal.

Whichever route is selected for this unit, a real business, or a case study, candidates need to be able to find out the information outlined below in order to compile a detailed assignment which could achieve top Mark Band 3 grades.

- What ICT provision does the business currently have?
- How is ICT currently used in the business? For example, if the business has a word processing package, who uses it and for what reason is it used. This information should also link into the different departments within the business and how they are currently making use of ICT.
- What does the business want to achieve by installing ICT? What different functions is the new package supposed to be able to perform? How does the business envisage it improving efficiency?
- An estimated budget and timescale for the project.

Candidates also need to introduce the business – what it does, how big it is, etc. This is vital scene setting not just for the candidate to consolidate ideas but for the Moderator who finally looks at the assignment.

Assessment Objective One

This was most successfully achieved when it was tackled as a theory only section. Candidates are required to demonstrate their theoretical understanding of sections 'How ICT is used by businesses', 'The forms ICT can take', 'Benefits/drawbacks of introducing ICT provision, and 'Contingency planning. These can be found on pages 30-31 of the specification. This will provide candidates with sufficient knowledge and understanding to develop their own ICT package. Candidates should be encouraged to develop the section on how the different functional areas could use ICT. This would aid candidates when recommending software for their own ICT proposal. Generally, the coverage of software was weak in that it did not state how businesses might employ the various forms and what ultimate benefits it would/could bring to the businesses.

Assessment Objective Two

This assessment objective is achieved through a presentation. Candidates must include their presentation slides, prompt cards and, where appropriate, the notes used to accompany the presentation. Assessors must complete the witness statement supplied by OCR. This is found on pages 142-143 of the specification. The more detailed the evidence produced by the candidates and assessor, the easier it is for the Moderator to agree the centres' marks.

In order to achieve Mark Band 3, candidates' evidence must be clearly targeted to their selected business. The proposal must be fully substantiated from both their primary and secondary research. Candidates should have been able to clearly identify what their selected business hopes to achieve through the development of its ICT provision. This will then directly link to the hardware and software the candidate goes on to recommend during the presentation.

The ICT proposal must clearly outline both the hardware and software which is recommended, the reasons why the equipment and software have been recommended and the ultimate benefits and drawbacks the proposal will bring to the business. A lot of candidates sampled merely stated that they would recommend various different computers, printers and servers with no explanation of why. Candidates also recommended different software packages, again without any explanation of how and why they would/could be used by the business.

Assessment Objective Three

In order to achieve this assessment objective candidates are required to conduct a variety of primary research and secondary research. The first should focus on the business being investigated reflecting the points raised above. The second, where possible, should involve investigating a similar business to find out how it currently uses ICT and the benefits and drawbacks it brings to the business. Candidates may also find it useful to interview someone who has ICT expertise who could offer suggestions concerning suitable packages. Secondary research should focus on the different types of hardware and software which the candidate could recommend when they finally present their ICT proposal. This should include potential suppliers and the possible cost of the hardware and software being recommended.

Assessment Objective Four

Candidates should make reference to the section 'How to judge viability' on page 32 of the specification which provides a framework on which to develop the evaluation. In order to develop an evaluation beyond Mark Band 1, candidates must back up their statements making

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reference to their research conducted for AO3. This will only be possible if candidates have been able to conduct detailed primary research into the workings of the selected business. The last bullet point cannot be evidenced if the candidate fails to calculate the cost of their ICT proposal.

Unit F245 (Unit 6): Running an Enterprise Activity

Generally candidates appeared to have chosen suitable enterprise activities in order to complete the unit, with quite a few centres amalgamating the unit successfully with Young Enterprise.

A considerable number of assignments moderated had combined the coverage of AO1 and AO2. However, centres are encouraged to ensure that candidates do demonstrate a clear and comprehensive theoretical understanding of the concepts being assessed within this section before awarding Mark Band 3 for AO1. One example of good practice seen was where a written explanation of each bullet point section had been supplied and then the candidate had gone on to explain how their group had dealt with each individual aspect. For example, candidates had explained why it was important to have meetings and keep records of agendas and minutes and then showed evidence of their own agendas and minutes.

Assessment Objective One

As already stated, the highest marks were gained by those candidates who had covered sections 'Setting aims and objectives', 'Building and developing an effective team', 'Time management', 'Required resources', 'The need for regular meetings', and 'Possible constraints' in theory prior to applying the concepts to their own enterprise activity.

Assessment Objective Two

Candidates need to show clear evidence of how they have dealt with each of the sections listed in AO1. Candidates lost marks as they often failed to give sufficient detail of how they had dealt with these considerations when planning and running the profit-making enterprise activity. It was often obvious that the group had run a successful event, but the write up usually lacked sufficient detail to inform the Moderator of what had been happening. A particular weakness was the section 'Developing an effective team'. Many candidates had applied Belbin but failed to back up their statements. For example, they simply stated 'Jane is well organised.....'. This statement needs to be backed up with examples which clearly illustrate that Jane is a well organised person. Another weak area concerned required resources. Candidates failed to clearly identify and describe the exact resources which they would require to run their event.

Assessment Objective Three

Within the AS specification this is the only time that AO3 is completed after AO2. Whilst candidates may need to undertake some research and subsequent analysis in order to find out what would be the most suitable enterprise to run, this does not count towards their AO3 evidence.

In order to achieve AO3 candidates must follow the guidelines as specified in the section 'Research and analysis' on page 36 of the specification. Candidates are required to research and analyse different stakeholders' opinions of their enterprise. This should include:

- surveys with the participants who took part in the enterprise activity;
- questionnaires to other group members on how they felt the group interacted throughout the activity;
- analysis of their own strengths and weaknesses of their own contribution to the group activity;
- face to face discussion with a group member, getting them to analyse the strengths and weaknesses of the candidate's contribution to the group activity;
- discussions with other stakeholders, eg suppliers.

The majority of centres had carried out the correct research as outlined above. However, having conducted the required research the written work was often descriptive rather than an analysis of the information. Candidates need to begin considering the impact of the results from their primary research on the future running of a similar event. This should help candidates develop their evidence for AO4.

Assessment Objective Four

It was all too common to see candidates having undertaken detailed research into different stakeholders' opinions to then fail to use any of this evidence when considering potential future changes to the enterprise activity.

Candidates are strongly recommended to make reference to the section 'Potential effects of future changes to the enterprise activity' on page 36 of the specification. Using the bullet points within this section, they then must make judgements backing up their suggestions using their analysis conducted in AO3.

Unit F246 (Unit 7): Financial Providers and Products

Centres are now able to choose between a number of different case studies in order to complete this unit. Using the information contained within any of the case studies, candidates are required to produce two financial packages. Centres must be aware that if a loan is required for the selected business, candidates must at least try and research the cost of a business loan rather than a personal loan. If the information for a business loan is not accessible, candidates must explain why they have had to use figures quoted for personal loans. Due to the very fast pace of change in the current financial markets, centres are advised to date candidates work so that the Moderator is aware when the research was conducted.

AO4 is still proving problematic for centres. It is the responsibility of the centre to supply candidates with a suitable and realistic change of circumstance for the business and the individuals involved within the case study being used.

Assessment Objective One

The candidates who achieved Mark Band 3 for this assessment objective usually covered this as a purely theoretical exercise. Tackling the assignment in this fashion allows candidates to demonstrate their understanding of the financial services market and all the products and providers which are currently available in the market. Candidates are required to demonstrate an understanding of all the bullet points outlined in sections 'Customers of financial services', 'Financial service providers and products and 'Constraints affecting the provision of financial services' found on pages 37-40 of the specification.

Assessment Objective Two

In order to achieve this assessment objective, candidates must produce two separate financial packages – one which meets the personal financial needs as outlined in the case study and one that meets the needs of the business. Within each financial package, candidates must recommend one product and provider rather than making general statements. For example, 'Lilly could get her mortgage from the Halifax or HSBC'. Candidate must clearly state which financial provider they recommend and why.

In order to access the higher Mark Band 3 marks, candidates should be quoting figures for the financial products being recommended. This should then lead into a costing statement which illustrates if the recommended packages are actually affordable.

Assessment Objective Three

This assessment objective is the research the candidate needs to undertake in order to recommend suitable financial packages. Candidates are required to research a number of different financial providers and packages and analyse their findings. Candidates should consider affordability and also constraints as outlined in the section headed 'Constraints affecting the provision of financial services on page 39 of the specification. Candidate's recommendations in AO2 should be clearly linked to their analysis conducted within AO3. Most candidates only base their analysis of the different products on the potential cost of each product. They appear to spend very little time reading the 'small print' and making informed decisions about which product would actually best suit the needs of their client. Cost is often not the only criteria that is or should be used when making financial decisions.

Assessment Objective Four

In order to achieve this assessment objective, centres need to supply the candidates with a future change in circumstance(s) for both the individual and business described within the case study. The recommended change should reflect what could possibly happen within a five to ten year period. Candidates are then required to consider if the financial package they have recommended in AO2 will be able to meet these new financial needs. Candidates are not required to undertake any further research or come up with alternative financial packages.

General points on Wilson Builders

Business Needs

This is quite a complex case study especially in terms of the business. It is a partnership of two brothers one aged 55 and the other 58. Their renovations and repair business has been hit by the recession and they are looking into diversification. This is going to take the form of buying-in houses which need renovation for approximately £70-£90,000 and then selling some to commercial landlords for £130,000 and keeping others for rent.

The business starts with £200,000. It would buy 12 properties in the year, the amount to be recouped from selling seven of them. So the financing would be to cover the time between purchase and sale. The time would depend on the market but these are not high priced properties so should 'move' reasonably quickly even in a difficult market.

So let's say they buy four houses at £90,000 each before they sell one - £360,000. And estimating a month to refurbish and three months for the sale to go through.

There is also the deficit on the business to finance. So they are probably looking to borrow £200,000 - £250,000 for the first year. Possibly £300,000 but it depends on timing. It would probably be more acceptable to the bank to match the amount the brothers have in savings in the current climate than to take a larger share.

In the second year they might not even need to borrow at all but if events do not match their plans they might like to build in a contingency of, say, £100,000.

To summarise:

- bank loan – candidates are expected to calculate how much
- commercial mortgages – would be required if going to retain for rent
- candidate's need to acknowledge the fact that there is a deficit on the original business – could impact on borrowing
- bank overdraft
- if renting – will need to consider possible insurances – buildings especially

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- the case study raises possibility of grants
- incorrect rental calculations – this could throw candidates as the information lacks specifics.

Personal Needs

This is clearly outlined in the case study and includes:

- mortgage for £40,000
- hire purchase for fixtures and fittings non specified £10,000
- honeymoon – Hawaii needs £6,000 loan
- return on savings
- personal insurances
- pension provision – no age given for Brenda or details on her own pension provision.

General Points on McCoy's Precision Engineering Ltd

Business – The case study clearly identifies that MPEL is suffering from serious cash-flow problems. The business is obviously profitable but without liquid funds it will soon become insolvent. The candidate's main investigations should focus on the possibility of debt factoring. Candidates should be able to explain how debt factoring would work and the advantages and disadvantages this would have for the business. A loan could be considered but generally this would just increase outgoings rather than address the immediate problems of MPEL. If a loan is recommended candidates must also consider how the business could improve its overall credit control in order to collect its outstanding debts.

Candidates wishing to achieve Mark Band 3 for AO2 and AO3 should be able to give detailed estimates of the actual cost of debt factoring.

Jim's Individual Needs – The case study clearly identifies the products which need investigation in order to help Jim resolve his own financial problems. Candidates should consider consolidating his credit card debts with a personal loan which should attract a lower rate of interest. The loan could also include the £3,000 needed to take his parents to Australia. Travel insurance is another product which will be required. This might be quite expensive given the age of his parents. Due to the recent economic downturn and decrease in mortgage rates, it may be difficult for candidates to improve on his mortgage payments. However, candidates should be encouraged to investigate mortgage providers, if only to prove that his current repayments cannot be beaten in today's economic climate.

General Points on 'Dustless'

Business – The case study clearly outlines that Colin will need to consider every aspect of starting up a new business venture independently. He might need to investigate a small bank loan in order to cover his start up costs. Candidates must investigate business loans and not personal loans. He will need to consider the best banking arrangements for the business. Colin will also need to investigate the type and cost of insurance he will need for the business.

Colin's individual needs – The first part of this is to consider how much money Colin would need to live and if the potential earnings from 'Dustless' will be sufficient. Colin will then have to investigate different banking opportunities. The first decision needs to be which financial institution would be the best one in which to invest his student loan. He will also need to consider if he wants an overdraft, and a credit card as well as a debit card. A further angle might be savings schemes and personal insurance.

There is no right solution to any of the stimulus material – rather one is interested in tracking the thought process of the candidate as they progress through the unit – looking into the needs of both business and individual, investigating the financial services market and suggesting a suitable outcome for each context. Candidates may, through their investigations, suggest that certain financial products are inappropriate, given the financial circumstances of the individual and the selected business. This approach is perfectly acceptable as long as the rationale is provided by the candidate as to why certain assumptions have been made in relation to the stimulus material.

Unit F247 (Unit 8): Understanding Production in Business

In order to achieve this unit, candidates' need to produce a report which illustrates how a business produces a particular item. Candidates do need to have undertaken a visit to a production company in order to successfully complete this unit.

Generally, the candidates sampled had undertaken a wide range of research and visited a varied number of production businesses.

If the centre is able to establish a good link with a production business, this unit is relatively easy to complete. However, Assessors must consider the demands of the specification prior to arranging a visit. If the potential company is unwilling to provide the information required candidates are 'set up' to fail from the beginning. OCR realises that it is difficult to obtain all of the figures in order to evidence the section 'Operational efficiency', and, therefore, some realistic 'made up' figures could be substituted. Candidates should be able to obtain the remainder of the information required to complete the unit. Special attention should be given to the information available on stock control, quality control and health and safety. Prior to the visit the Assessor must ask themselves are the candidates going to be able to collect sufficient information in order for them to complete the unit?

The majority of the candidates sampled tackled the unit in the same way combining AO1, AO2 and AO3.

Assessment Objective One

In order to achieve this assessment objective, candidates need to clearly explain their theoretical understanding of the role of the production functional area, its interaction with other departments and different aspects relating to production, including operational efficiency, organising production, ensuring quality, stock control and health and safety. The theory section was generally covered well and in detail by the majority of candidates.

Assessment Objective Two

The usual practice was for candidates to apply their understanding of each section directly below their theoretical coverage. On the whole the higher achieving candidates did this extremely well. The lower ability candidates' work tended to be more theoretical with a lack of application to the selected business. The major area of weakness was the section on operational efficiency. Candidates who had participated in an 'unsuccessful' visit were often unable to apply each section to their selected business due to the lack of information available. This had the effect of dramatically reducing their mark for this section of the unit. Candidates' coverage of stock control and health and safety was also often found to lack depth of application.

Assessment Objective Three

Candidates achieve this assessment objective through their development of AO2. Those candidates who took detailed notes throughout their visit/tour should be able to develop AO2 to Mark Band 3 and also score highly for this assessment objective. It is also useful if candidates include their notes from the visit and records of questions asked in order to support the mark awarded for this section.

Assessment Objective Four

This assessment objective pulls the whole unit together by assessing the candidate's ideas on how the different sections investigated could be improved. It is once again recommended that candidates should be guided by the bullet points as outlined in the section 'Potential production improvements' found on pages 43-44 of the specification. The higher scoring candidates do need to make clear reference to their initial research into the production process when making judgements.

F248 Strategic Decision-making

General comments

Candidates appeared well prepared for this examination with a good in depth knowledge of the case study. Whilst most candidates showed good knowledge of the topics highlighted in the case study, their ability to apply their answers to the specific details given in the case study needed to be developed for higher marks to be accessible. Furthermore, when a question asks candidates to 'evaluate' it is important that the candidate realises that they must make an overall judgement which follows on naturally from the analysis of the issues they have considered. The judgement must be backed by valid reasoning, and for the highest Level 4 marks must give reasons specific to the case study in question, perhaps because of the market the business operates in, the current economic climate or the attributes of the owners.

The numerical questions were on the whole, well answered. The majority of candidates scored at least half marks on the labour turnover ratio, payback period and break-even graph and margin of safety questions. Surprisingly the profit calculation caused more problems, possibly indicating that candidates had left this knowledge in Unit F242 – Understanding the Business Environment. Candidates need to be reminded that this unit is synoptic in nature. Areas on the paper which caused most difficulty were stakeholder conflict, crisis management and the ARR calculation.

Comments on individual questions

1(a)

The vast majority of candidates showed a clear understanding of the meaning of the term 'stakeholder'. Most candidates achieved full marks by referring to 'someone who has an interest in the business' and giving an example.

1(b)

Whilst some very good answers achieving full marks were seen, the vast majority of candidates achieved poorly on this part of the question. The most common mistake was to begin by identifying two stakeholder groups rather than an issue. The question required an issue to be identified, eg wages or price of product and then an explanation to be given as to a possible conflict of views between different stakeholder groups.

1(c)

This part of the question was generally answered well with many candidates achieving full marks. Those who did not either stopped short of describing the benefits, ie only stating them, or confused mission statements with other business documentation, such as a statement of aims and objectives.

2(a)

The vast majority of candidates knew the formula and were able to calculate the correct answer. Of the few who did not achieve full marks, the most common error was to apply the formula upside down.

2(b)

There was evidence that most candidates understood the implications of high labour turnover for a business but far too many wrote in a theoretical fashion with no application to Bevan Ltd. Responses which did not relate to the case study or simply mentioned the name of the business were limited to Level 1 marks. Good answers applied their knowledge to Bevan Ltd and reached an overall conclusion as to the most serious issue posed or the overall severity of the problem.

2(c)

Crisis management is reactive, whilst contingency planning is proactive. Far too many candidates confused the two, those who did achieving few, if any, marks.

3(a)

There were lots of correctly drawn diagrams in response to this part of the question. Of those candidates who did not achieve full marks the most common errors were mis-labelled graphs, frequently putting 'variable costs' rather than 'total costs', 'selling price' rather than 'sales revenue'.

3(b)(i)

Candidates appeared to be well prepared for this part of the question and knew the formula. That said, a surprising number of the candidates failed to achieve full marks because they used mixed units, eg fixed costs in pounds and contribution in pence, an elementary error.

3(b)(ii)

This part of the question caused few problems as most candidates knew how to calculate the margin of safety.

3(b)(iii)

Most of the candidates who achieved full marks on this part of the question used the formula $P = R - C$. This is fine but it may be helpful to note that using the margin of safety times the contribution is a shorter calculation.

3(c)

Most candidates were able to state two limitations of break-even analysis; some, however, did not develop their answers into a full description in order to achieve full marks.

3(d)

The best answers to this part of the question were from candidates who used the figures, calculating contribution or guaranteed revenue levels. Weaker responses gave generic responses such as 'gain brand awareness in a supermarket' and thus achieved Level 1 marks.

4(a)

Option 1 appeared to cause little problem to candidates as the answer was four complete years. Option 2 caused more difficulty, most candidates knew that the answer was more than five years but were unable to work out what the more than actually represented in months. A lot of candidates incorrectly called 0.33 of a year, three months.

4(b)

Unlike part (a) both Options 1 and 2 caused candidates problems. Candidates need to work through many numerical examples to gain proficiency in calculating ARR.

5

In general, responses were in the specific context of Bevan Ltd and contained at least some analytical comment. However, very few candidates attempted a conclusion or judgement, despite the trigger word in the question being 'evaluate'.

6(a)

This part of the question was generally well answered. The most common answers being 'inflation', 'interest rates' and 'exchange rates'.

6(b)

This part of the question asked candidates to judge whether the shareholders had made the correct decision. Those candidates who answered the question set and made an overall judgement achieved highly. Too many answered a different question – What tools would the shareholders have used to make their decision? Or why did the shareholders make the decision?

7

Most candidates were able to state three elements of the marketing mix and achieved three marks. To achieve more than three marks the descriptions needed to be in the context of BB 'shake and make' mix, eg 'the advertising should stress the healthy nature of the product' and not just 'the advertising could be on television'.

F256 Business Law

General comments

This series it has been pleasing to see a marked improvement in the candidates' ability to contextualise their responses. Thankfully, this series, very few responses were limited to Level 1 marks due to a lack of context. This is an aspect to be continually stressed when working through exemplar responses and past papers with candidates, as without the use of context high marks cannot be achieved.

On the three high tariff level-marked questions there was evidence of deliberate efforts being made by candidates to ensure that they analysed both sides of an argument. This was pleasing; however, it should be noted that, whilst this is good for Level 3, it is insufficient for the award of Level 4 marks. At Level 4 the analysis of the two-sided argument must reach a conclusion, usually a decision or a judgement. Furthermore, the conclusion must be justified and, for the award of marks at the top of the mark band, the justifications should fit the specific situation in which the business finds itself, rather than just general justifications which would apply to any business.

Certain aspects of the unit specification still appear to be causing the candidates difficulties. Centres should pay particular emphasis to clarifying common misunderstandings when teaching the following areas of the unit specification: Provisions of the Partnership Act, occupiers' liability, partnership dissolution and the creation of European Union law.

Comments on individual questions

1(a)

Despite questions being frequently set on the legal provisions of the Partnership Act, this part of the question was poorly answered. Many candidates still confuse the Partnership Act with a Deed of Partnership and, therefore, achieve few, if any, marks.

1(b)

This part of the question asked for a benefit of a Deed of Partnership, not a statement about the contents of a Deed of Partnership. A response such as "it contains a list of responsibilities" was a statement and not a benefit and, therefore, not awardable. The benefit of containing a list of responsibilities is that it clarifies operations or perhaps can be referred to in the case of dispute.

1(c)

This was a generally well answered part of the question with the majority of candidates showing some knowledge of the concept of unlimited liability and why it could be a cause for concern to Martin and Dorothy.

1(d)

Again, this was generally a well answered part of the question. Common misunderstandings related to 'consideration' being 'time to think about the terms of the contract', 'instead of 'an element of mutual exchange' and 'agreement' being used instead of 'acceptance'.

1(e)

Those candidates who did not achieve highly on this part of the question tended to miss the fact that Cargill Creations was supplying to a retailer rather than private customers. The remedies suggested need to relate to resolving the breach with the retailer, not with an individual who wanted to buy a passport wallet.

2(a)

Most candidates achieved one mark for giving an example, eg phone number, bank details. Few candidates explained that it was any data relating to a living individual, be it sensitive in nature or otherwise.

2(b)

Knowledge of the Data Protection Act appeared to be sound. Reaching Level 3, however, needed an analysis of the practical effects that the Act would require, eg data must be kept secure (Level 2) and, therefore, Ian might need to purchase password protection software, increasing costs and lowering profits (Level 3). The question asked candidates to evaluate, ie to make a judgement; therefore, in order to achieve Level 4 candidates needed to make an overall decision as to the effects of the Data Protection Act on Cargill Creations - Which would be the greatest/most important/most beneficial effect? Would the benefits outweigh the drawbacks? Would the short run costs lead to long run benefits?

2(c)(i)

The best answers to this part of the question clearly showed an understanding that whilst all but one of the partners could have the benefit of limited liability, one of the partners remains fully liable since the partnership itself retains unlimited liability.

2(c)(ii)

Whilst candidates appeared to struggle with part (i) the answers to this part of the question were remarkably pleasing. The majority of candidates achieved at least half marks and were clearly able to explain the benefits to Martin and Dorothy of being limited rather than ordinary partners.

3(a)(i)

This was a knowledge based question with no application required. Most candidates understood that a patent protects an inventor from having an idea copied. Those candidates who did not appeared to confuse a patent with a copyright or trademark design.

3(a)(ii)

Again, this was a generally well answered part of the question. The best answers related to Ian being able to take his time developing the product and being able to earn money for the business from future royalties.

3(b)

The majority of candidates achieved full marks on this part of the question. For those candidates who did not, by far the most common error was to only give one difference – explaining the civil law aspect in response frame one and the criminal law aspect in response frame two. The question asked for two differences to be explained.

3(c)

Answers to this part of the question tended to split into three categories – those candidates who understood the concept of occupiers' liability and applied it well, those who understood the concept but did not apply it to Daniel's injury, and those who did not understand the concept but attempted an opinion on whether Cargill Creations would be liable. Candidates need to be clear that occupiers' liability does relate to areas outside of the physical property but does not cover trespassers.

3(d)

Few good responses were seen on this part of this question. Many candidates talked about the process involved in the dissolution of an insolvent company, eg appointment of liquidator, when in fact the business was neither a company nor insolvent.

3(e)

Most candidates made a good attempt at comparing running the business as a sole trader with running a partnership. The best answers sought to come up with a comment as to whether Ian's decision was the correct one with arguments which related specifically to Ian and Cargill Creation's situation, eg, a sole proprietorship would be best for him as he could keep all of the profits, if he needed advice he could always turn to his parents who should be more than happy to help him make a success of the business they started up.

4(a)

This was a well answered part of the question. The most common correct answer relating to Ian's staff working 50 hours a week which is higher than the 48 hour limit imposed by the regulations.

4(b)

A knowledge based answer which, given its simplicity, achieved poorly. Far too many candidates gave no response and many of those who did provide a response referred to the House of Lords and the House of Commons, presumably confusing European Union law with the UK statute book.

4(c)

Again, as with Question 1(b), this part of the question asked for a benefit, not a statement. Answers such as 'it states sick pay entitlement' were not rewardable; a benefit must be stated and then explained, eg 'Lucas could look back at his contract to see if he had been paid the correct amount of sick pay and challenge Ian if necessary'.

4(d)

This part of the question was generally well answered. Most candidates referred to seeking advice, perhaps from a solicitor, trade union or ACAS.

4(e)

In order to access Level 4 candidates needed to weigh up both sides of the argument – issues in favour of the claim and issues against – before coming up with an overall decision based on the arguments presented.

F257 Managing Risk in the Workplace

General comments

The entry number of candidates was again very low and as such, statistically unreliable. It was however, pleasing to see that many candidates were able to answer the high level questions effectively and it was noticeable that centres had prepared their candidates to develop their answers through the levels in a well structured manner.

More candidates answered at Level 4, with some gaining the full mark allocation - see, for example Question 4(e). It still eludes candidates however, to evaluate on an 'extent to which' question, with many either not answering the question or giving a simple 'yes/no' judgement - see , for example, Questions 2(d)(ii) and 3(c)(ii).

Knowledge was good across the full grade spectrum as many candidates had a clear understanding of some, if not all, the health and safety laws concerning businesses.

Comments on individual questions

1(a)

Most candidates achieved full marks on this part of the question through illustration of their answer, as it was a 'what is meant by and not a 'define' question. Many candidates achieved one out of two marks as they failed to develop their answer.

1(b)

Most candidates achieved at least three out of six marks available, as they clearly had a good knowledge of Health and Safety at Work Act. A and B grade candidates could be differentiated on this part of the question as it asked for a development in the context of the business. Although the question did not require knowledge of gardening, many candidates identified the types of equipment and training associated with the industry.

1(c)

The majority of candidates achieved the full three marks on this part of the question demonstrating an excellent knowledge of the law.

1(d)

As with part (b), most candidates were able to achieve three out of six marks available as they had a clear understanding of how risk can be minimised in the workplace. Differentiation for A and B candidates appeared once again by being able to explain in context what Rebecca could do.

1(e)

This part of the question was poorly answered by the majority of candidates. Most gained half of the marks, but problems arose when they had to explain HOW they could be benefits. There was a misinterpretation of the question, whereby most candidates developed their answers in an analytical way (ie by stating '...a reduction in accidents at GPG Ltd. This will lead to less absenteeism...')

2(a)

This part of the question was well answered with the majority of the candidates gaining full marks.

2(b)

This part of the question was a good differentiator. Those candidates who achieved well had clearly revised the law. Those who did not related their answers to generic health and safety issues.

2(c)(i)

This was a well answered part of the question with the majority of candidates gaining full marks.

2(c)(ii)

Those candidates who had a good understanding of on-the-job training were able to explain specifically how it could benefit a business. Those who gained half marks or less on this part of the question only related their answer to generic training types.

2(d)(i)

Most candidates only achieved half the available marks on this part of the question. Again, it was a 'what is meant by' question and, therefore, required development.

2(d)(ii)

This was first of the levels questions which was answered well by most candidates at Level 3. It was pleasing to note that centres are teaching their candidates to write in an effective analytical manner. The problems came at Level 4, where the question required the candidates to consider the 'extent to which' Huw's case would be affected. Those candidates who achieved low or no marks at Level 4 stated that he would have a case, without considering Rebecca's claim or involvement. A and B candidates considered both sides.

3(a)

This was a well answered part of the question on which the majority of candidates achieved maximum marks.

3(b)

Like Questions 1(b) and 1(d), the majority of candidates achieved three out of six marks available on this part of the question which, generally not very well answered. There was clear understanding of the hazards to which the builders would be exposed, but explaining them was a problem. Too many candidates tried to look at the consequences of the hazards as a development, rather than illustrating them in the context of the building or building work at GPG Ltd.

3(c)(i)

This was a good differentiating part of the question. Those candidates who achieved maximum marks had a good understanding of what is a 'strategic risk'.

3(c)(ii)

This was the second of the high tariff levels questions. Again, it was pleasing to see that many candidates were able to analyse in an informed manner. Again, however, problems arose at Level 4 where many candidates did not understand the nature of the 'extent to which' and, hence, decided to write whether or not it was a strategic risk. There were a few candidates who also wrote whether or not GPG Ltd should buy CT Ltd, and, hence, did not answer the question.

4(a)

This was a well answered part of the question on which the majority of the candidates achieved maximum marks.

4(b)

This was also a well answered part of the question on which the majority of the candidates achieved maximum marks.

4(c)

Many candidates answered this part of the question well. It was pleasing to note that centres had taught candidates how the success, or otherwise, of industrial action can be affected by internal and external factors.

4(d)

As was the case in relation to Questions 1(b), 1(d) and 3(b), the majority of candidates achieved three out of six marks available on this part of the question which, on the whole was not very well answered. Stress-related conditions have not been assessed as frequently as other aspects of the specification and, therefore, candidates' lack of preparation of such as question was evident.

4(e)

This was possibly the best answered question of all of the high tariff questions. The reason being that it was a 'recommend whether or not' question. Many candidates achieved a Level 3 mark on this part of the question, with a couple of the better candidates achieving full marks.

A2 Principal Moderator's Report

The majority of the centres which submitted work for this moderation session followed OCR procedures, adhered to set deadlines and accurately completed documentation which enabled the moderation process to progress smoothly. However, some centres did not adhere to the 15th May deadline for the receipt of the completed MS1 by the allocated Moderator and failed to inform OCR or the Moderator of the delay. This did cause difficulty for Moderators in the scheduling of their work. Centres should note that it is their responsibility to forward MS1 forms and candidate work to the allocated Moderator by the set deadlines, eg the sample must be returned within **three** days of receiving the sample request. It was noted that some centres were taking up to a further 10 days to send the requested assignments to their Moderator. Centres must also check they are sending their work to their allocated Moderator and not using labels from a previous series. A number of centres sent their work to the incorrect Moderator. This does slow the process down quite considerably as the allocated Moderator then has to contact the centre to see where the work is and then get the work delivered from the old Moderator. Centres should note that any failure to meet such deadlines could delay the receipt of results for their candidates.

Where there are 10 or fewer candidates for any unit, centres are required to send the candidate portfolios with the MS1 forms to the Moderator by 15 May.

Centres must ensure that all sections of the Unit Recording Sheet have been completed accurately, including correct total marks for the unit, candidate number and centre number, teacher comments and location of evidence, in order to facilitate the moderation process. This information helps moderators understand the rationale behind the marks awarded for each assessment objective. Centres must also ensure the marks on the MS1 form match the marks on the Unit Recording Sheet for each candidate and each unit.

Assessment

Many Assessors demonstrated good practice by annotating candidate work with assessment criteria references and by giving clear and constructive written feedback. The teacher comments section of the Unit Recording Sheet enabled Assessors to justify the marks awarded for each assessment objective. It was helpful when page numbers were included within the location section of the Unit Recording Sheet. Some Assessors failed to provide written comments or to annotate candidate work. In these circumstances, it was not clear to the Moderator how assessment decisions had been made.

Where assignments had been used, it was most helpful for copies to be submitted with the actual work. This gave a clear indication of the tasks which were given to candidates. It was generally noted that where Centres had followed the assignments produced by OCR, candidates' work was generally more structured enabling them to provide the correct evidence for each assessment objective.

It is the responsibility of Assessors to ensure that each candidate has produced authentic/original evidence. A Centre Authentication Form for Coursework (CCS160) must be signed by the Assessor(s) and must accompany each unit submitted.

Candidates must ensure that any material used from the Internet is correctly attributed. Where material is taken directly from the source, candidates must supplement it with their own explanation, demonstrating their understanding. Where candidate work contains inaccuracies, Assessors should annotate the work to this effect, thus enhancing the candidate's own learning.

When assessing candidate's work assessors should make reference to two documents. The performance descriptors which are found on pages 109-110 of the specification, and the coursework assessment evidence grids which are located on pages 122-135 of the specification.

OCR has released a detailed assignment for each of the portfolio units found within the A2 specification. Centres may find it useful to make reference to these in order to help structure their own assignments. These can be downloaded from OCR's website.

Unit F249 (Unit 10): A Business Plan for the Entrepreneur

The banner of the assessment evidence grid requires candidates to produce a business plan for a new business enterprise of their choice. Candidates are still selecting business ideas which are way above their capabilities, for example, a golf driving range, care home and paint balling centre. This greatly limits their ability to create a **realistic** plan in order to achieve AO2. The best plans were created by candidates who had selected small enterprises based on their own knowledge, interests and experience. This point is further clarified within the Teachers Handbook on page 38 – third paragraph.

Assessment Objective One

In order to achieve this assessment objective candidates are required to provide theoretical coverage of sections 'Reasons for construction of a business plan; 'Information within a business plan (all sections) : and, finally, 'Constraints which impact on implementation'.

To help candidates achieve Mark Band 3 this is best tackled as an independent section with candidates using generic examples to help them demonstrate their knowledge and understanding of each of the sections. In order to complete the section 'Constraints which impact on implementation' candidates should be encouraged to relate this section to their own business idea. Clearly identifying the constraints relevant to their own business plan at this early stage will help them evaluate their impact in AO4.

Assessment Objective Two

This section is the actual business plan and, as such, should be presented as a 'stand alone' document which could be shown to a potential stakeholder. If candidates have decided to use a business plan format provided by a third party they must ensure that it allows them to fully meet the requirements of the section 'Information within a business plan'. This could involve adapting the layout or adding extra information. The information used within the business plan must be fully supported/justified through the primary and secondary research and subsequent analysis carried out in AO3.

There were a significant number of business plans which were based on unsubstantiated ideas and comments. Some of the common problems are outlined below.

- Failure to fully research media selected for advertising – for example, if a newspaper had been selected what is its target market, what are its readership figures? How much would the advertisement cost?
- Lack of justification for price to be charged – what are competitors charging? Decisions should not just have been based on what 10 people stated in the candidate's primary research.
- Lack of research into the machinery and equipment required. Only one set of prices researched. What would be the best buy? Why select that particular product?

- Lack of justification and often unrealistic figures used for the number of the products the business would sell/number of people who would use the service. No reference to competitor numbers. Usually just based on the primary research or the candidate's own assumptions and gestations.
- No research into suppliers – what is the cost to buy in products? What quantities will be required? How often will stock need to be purchased?
- No correlation between purchases and sales, especially when candidates are running sandwich and juice bars.
- Very few candidates considered the different stages of production in sufficient detail.
- Little consideration of timing of production to meet customer needs.
- Break even forecasts were often difficult to understand as there was no explanation of where the figures had come from. Figures were often 'plucked out of thin air' and not based on analysis of research.
- Cash-flow forecasts, although completed correctly, were often based on figures which appeared to be the candidate's own assumptions and 'gestations.' Candidates **must fully justify** their sales and expenses.

These points are further clarified within the Teachers Handbook on pages 38-39.

Assessment Objective Three

Centres should pay attention to the section 'Appropriate research for a business plan' on page 50 of the specification. This clearly states that candidates 'need to ensure that research is wide-ranging'. This must include both primary and secondary research as laid out within this section.

Candidates are then required to analyse the information, drawing out key information which should be included in their business plan. Candidates should be advised that in order to access the higher marks, each of their decisions should be supported by at least two different types of research. Candidates too often relied solely on their limited primary research to inform decisions within their business plan. Some business plans were based on extremely limited research and lacked any sense of viability or realism. Clarification of the depth of analysis required is further explained within the Teachers Handbook pages 38-39.

Candidates are required to use a variety of statistical techniques when analysing their data. The frequent use of '10 out of 20 stated', and 'the majority of respondents said' will only achieve Mark Band 1 for analysis. Frequently, candidates produced pages of computer generated graphs and charts which lacked analysis and gained no marks. Candidates should be drawing conclusions throughout their analysis of the primary and secondary data which will then be used within their own business plans.

Assessment Objective Four

In order to achieve this assessment objective, candidates are required to prioritise the constraint they feel will have the greatest impact on their business plan. This was lacking in the work of the weaker candidates. If there is no evidence of prioritisation then candidates cannot achieve Mark Band 3.

Having prioritised the constraints, candidates must then consider the impact each one would have on the implementation of their plan. Reference to initial research must be made. Candidates were unable to access the higher grades as they often failed to consider the 'knock on' effect which a constraint might have on other aspects of their business plan. For example, if we consider finance as the main constraint - without adequate funds the business may not be able to undertake the marketing it initially identified. This might then limit the number of customers who would become aware of the business and, hence, decrease the number of sales. Candidates often only considered 'short term' impacts, failing to consider the 'long term' implications of some constraints. For example, economic and environmental concerns are

currently headline news and possible legislation could have an impact on the business in the long term. Under the heading social some candidates were considering social responsibility rather than social trends.

Unit F250 (Unit 11): Managerial and Supervisory Roles

This unit is a complex unit to complete and candidates need clear guidance as to how to differentiate their evidence for AO3 and AO2. Candidates need to be very clear about the information they are trying to obtain from their selected manager/supervisor.

The unit has the same behaviour patterns as unit 8, Understanding Production in Business, in the AS specification. Candidates need to undertake their research following the section 'Researching the business context and analysing the information that is collected' on page 53 of the specification. They should then produce a basic analysis of their questionnaire – pulling out examples which will support their report. Having completed their research, candidates should then complete their report which forms AO2. Some of their analysis will be evident within this report and, therefore, credit for AO3 can be awarded here as well.

The main problem with the unit, at this stage, is candidates muddling their AO2 and AO3 evidence. There is often no stand alone report produced. Some candidates only focused their analysis and subsequent conclusions on management styles and motivational theorists. They omitted to describe how their manager performs their role (section 'The business context within which the report will take shape) – planning, organising, etc.

The higher scoring candidates were those who had been able to gain good access to their selected manager/supervisor through work experience or work shadowing. Candidates who had only interviewed a manager/supervisor were less able to gain sufficient information to fully cover the section 'The business context within which the report will take shape' due to a lack of an observation of their selected manager/supervisor 'in action'. The knock on effect of this was that candidates were often unable to substantiate the statements they were making through the use of examples.

Assessment Objective One

In order to achieve this assessment objective, candidates need to produce theoretical coverage of the sections 'The business context within which the report will take shape' (both sets of bullet points) , 'Researching the business context and analysing the information that is collected', the section under secondary research titled; different types of managerial/supervisory styles, motivational theorists; and, finally, the section headed 'Evaluation of the factors which can influence the environment in which a manager/supervisor performs her/his role'.

The theoretical section under 'Researching the business context and analysing the information that is collected' also forms part of the candidates' AO3 evidence. It was often apparent that candidates had only used one source when researching different manager/supervisor styles and motivational theorists. This had the impact of potentially lowering their AO3 mark.

Generally candidates completed this section successfully. The higher performing candidates used examples to illustrate the section 'Evaluation of the factors which can influence the environment in which a manager/supervisor performs her/his role' which worked particularly well and demonstrated their depth and breadth of understanding.

Assessment Objective Two

Candidates should produce a stand alone report which clearly outlines how their selected manager/supervisor approaches his/her current managerial/supervisory role within the selected business. This report should be fully supported through the analysis undertaken by the candidate in AO3.

In order to gain the higher marks, candidates need to ensure that their report includes the following points.

How their selected manager/supervisor:

- plans
- organises
- motivates
- monitors and directs
- problem solves
- trains and mentors
- appraises.

All of these bullet points need to be supported with examples. For example, the candidates should use a scenario which clearly outlines how the manager/supervisor plans their day, week, month, etc.

The next stage is for the candidate to consider how each of the following affects the managerial/supervisory set-up within the selected business:

- culture of the organisation
- objectives of the organisation
- structure of the organisation
- availability of resources within the organisation.

This section could form part of the candidate's introduction to their report.

The final stage involves the candidate describing which type of management style(s) their manager/supervisor uses and how this links to motivational theorists.

The candidates sampled during this session generally had made good links with businesses and arranged interviews with relevant managers/supervisors. Their questionnaires were often correctly targeted but failed to provide sufficient information for the candidate to cover the first set of bullet points in sufficient depth. The higher scoring candidates were those who either worked with the selected manager/supervisor or who were able to work shadow their selected manager/supervisor. In order to achieve Mark Band 3, candidates will be required to provide examples of how their manager/supervisor deals with each of the sections outlined above.

Assessment Objective Three

In order to achieve this assessment objective, candidates need to focus on the sections 'Planning how to gather information for the report and 'Researching the business context and analysing the information that is collected' found on page 53 of the specification. Primary research focuses on interviews with the selected manager/supervisor and fellow workers. Part of AO3 is written up within AO1 when the candidate is looking at the different types of managerial/supervisory styles and motivational theorists.

Candidates sampled this session had obtained a face to face discussion with their selected manager/supervisor and often also fellow workers. There was also evidence of candidates following the guidelines on the type of questions which should be asked during the interviews. However, candidates were not always able to analyse this information in order to compile their report. Their analysis should enable them to cover the section 'The business context within which the report will take shape'.

Assessment Objective Four

Candidates must make reference to the section 'Evaluating the factors which can influence the environment in which a manager/supervisor performs her/his role' on page 54 of the specification before tackling this assessment objective.

This section does not lend itself particularly well to prioritisation. Candidates often have to use possible scenarios in order to evaluate the factors which they think would have the greatest influence on the environment in which the manager/supervisor performs his/her role. It was, therefore, considered that Mark Band 3 could be awarded for this unit without the clear demonstration of prioritisation. However, candidates will still need to consider the short term and long term impacts of their statements in order to achieve Mark Band 3.

The key word in this section is 'influence the environment'. Therefore candidates need to link the analysis of their research into the current culture, objective, structure and availability of resources (section – The business context within which the report will take shape) when undertaking this section.

Unit F251 (Unit 12): Launching a Business On-line

The interpretation of the evidence candidates need to produce has caused a number of centres a few problems. The banner clearly states that – 'You will produce an e-commerce strategy for a business which has yet to develop e-commerce provision'. Some centres had selected businesses which already have a website and provide the facilities for customers to purchase their products on line. The subsequent consequence of this was that candidates were merely reiterating what the business was already doing.

Candidate's success in this unit is going to be linked to the selection of the correct business. It is a unit which could lend itself to a case study, as long as it is sufficiently detailed to enable candidates to access the higher marks available.

Assessment Objective One

This assessment objective states – 'Your understanding of how e-commerce would be used by your chosen business, the benefits and drawbacks of e-commerce provision to your business and the issues in setting up and running a website.' Ultimately, OCR will be accepting evidence which is either linked to the selected business or presented in purely theoretical terms. Candidates need to ensure they cover the three distinct sections 'The environment within which the strategy will take shape', 'Production of the front-end of the website', and 'Evaluation of the manageability of the back-end of the website'.

In order to help candidates achieve the higher marks, OCR would suggest that this section is tackled from a theoretical viewpoint, with candidates using a variety of examples taken from a range of different businesses to demonstrate clear and comprehensive coverage.

Assessment Objective Two

Candidates are required to produce the front end of the website, which is directly applied to the requirements of the selected business. The front end of the e-commerce strategy can be presented in one of three ways:

- PowerPoint slides
- the Internet itself
- A concept board with accompanying text.

It was good to see some excellent practice with candidates clearly illustrating how their website would work – this included the front page right through to the point of sale. Some candidates had only produced the home page of their website giving limited explanations of the recommended hyperlinks. As stated above, candidates need to produce a variety of slides, concepts or web pages which clearly show how at least one hyperlink would work right through to the final purchase of the product/service.

There should be clear evidence that the proposal is based on the analysis of their research undertaken in AO3.

In order to secure top marks for this assessment objective, candidates should consider explaining how their website would meet all the bullet points listed under the section 'Production of the front-end of the website'. This will also enable the candidates to clearly link their research to their final product.

Assessment Objective Three

Candidates must show evidence of planning their research in order to fulfil the demands of the section 'Research of the strategy and analysis of the information that is collected'. A well laid out plan should enable candidates to correctly target their research.

Candidates' primary research should focus on questionnaires and surveys with potential customers, discussions with website designers and, finally, a discussion with the selected business concerning what it hopes to achieve through the development of an e-commerce provision.

Candidates' secondary research should analyse similar websites which are marketing a similar portfolio of products to the selected business. Candidates are required to use the following headings when analysing competitor's websites:

- availability
- image
- product information
- accessibility
- security
- user-friendliness
- aesthetics
- ease of payment.

In order to achieve the higher marks, candidates should then draw a conclusion from their analysis clearly stating how this research will influence the development of their own website.

Top scoring candidates had used the above bullet points to structure their analysis, clearly stating how their findings would influence the development of their website. Unfortunately, a lot of candidates had completed a simplistic analysis of competitor websites, often failing to follow

the bullet points above. Having completed their analysis, candidates then often failed to draw conclusions concerning how this would influence the development of their own website.

Assessment Objective Four

Candidate's evaluations should focus on what measures they would take to deal with the manageability of the back end of the website. Candidates should be guided by the bullet points under the section 'Evaluation of the manageability of the back-end of the website' found on page 58 of the specification. Candidates need to prioritise the issue they feel would have the greatest influence on the manageability of the website for their selected business.

Candidates can only achieve Mark Band 3 if their statements, conclusions and evaluations make direct linkage to the research undertaken in AO3. They also need to consider short term, long term, success and potential failure whilst drawing their conclusions.

Unit F252 (Unit 13): Promotion in Action

This is a particularly popular unit. However, there does appear to be some misunderstanding about the evidence candidates are expected to produce. Candidates are required to produce a promotional strategy (at least two promotional media) to promote a new product or service of their choice. On page 50 of the Teachers' Handbook it clearly states that candidates should 'choose a business with an already varied product portfolio, allowing them to suggest a new product to add'. It also states 'it would also help if the product chosen allowed candidates to demonstrate creative skills by coming up with an original idea, as otherwise candidates will be tempted to stick too closely to current promotional activity used by their chosen business.'

Candidates must remember that this is a unit based on promotion and not just **another re-run of their original marketing assignment**. There was a lot of evidence of candidates appearing to be confused about what they were actually trying to achieve whilst conducting their research. There was also evidence of candidates trying to 're-vamp' their marketing assignments in order to achieve this unit. Unfortunately, this does not work as the research will have the wrong emphasis with candidates merely demonstrating a need for the new product or service, rather than ideas concerning how it could be effectively promoted.

Assessment Objective One

Candidates are required to provide theoretical coverage of the section 'Producing a plan of action' – the various forms promotional activity can take and how and when each form of promotional activity is used. From the final section (page 62) candidates need to cover internal and external factors which can influence promotional activity. OCR would encourage all candidates to use a wide range of examples throughout this section in order to demonstrate their breadth and depth of understanding.

On the whole this section was completed well by the majority of candidates. Some had chosen to link this section to their selected business which is quite acceptable, as long as each aspect is covered in sufficient depth.

Assessment Objective Two

Candidates are required to produce a promotional strategy which includes two final concepts of their promotional material and the rationale behind their development. Unfortunately, candidates often only produce the two final concepts with no explanation or reason behind their development. The promotional strategy must clearly explain when and where their promotional material would appear, for how long and what the potential cost of the campaign would be. These decisions need to be fully justified by the primary and secondary research undertaken in

AO3. Without this information candidates can not achieve the marks available within Mark Band 3.

During moderation it was often extremely difficult for moderators to see the links between the candidate's research and their final products. All too often candidates failed to produce any form of rationale for their choice of media. The main reason for this was their lack of targeted and accurate research carried out in AO3. There was often no strategy to support the material produced. Candidates failed to state timescales, costs and reasons behind choices of selected media.

Assessment Objective Three

The starting point for this assessment objective is the section 'Planning of the strategy'. The second set of bullet points should help the candidates focus on the type of questions they should be asking within their questionnaires.

If the candidates have not described how promotional activity takes place within their chosen business for its current range of products/services in AO1, they need to do so as an introduction to this section. This evidence could support their AO1 mark.

Candidates need to make reference to the section 'Research of the strategy and analysis of the information that is collected' to establish the kind of research they should be conducting. Candidates need to ensure that they focus on the types of promotional features which attract customers to purchase products or services. They should also try and establish what types of promotional campaign will meet the second set of bullet points in the section 'Planning the strategy'. Too often candidates slanted their questionnaires too heavily to finding out what type of product/service customers wanted. To some extent candidates need to assume that there is already a demand for their selected new product or service and concentrate on how they are going to encourage people to 'buy in' through the use of promotional media.

Candidates' secondary research should focus on how other businesses, especially competitors, promote a similar range of products or services. When analysing this data candidates should use the following headings:

- aesthetics
- message
- fitness of purpose
- originality
- communication.

Evidence of the use of these headings was often lacking in the work of the lower scoring candidates.

Candidates' final analysis was often sadly lacking. A wide range of candidates who had used Cadburys only wanted to advertise through the continued sponsorship of Coronation Street. It should be noted that Cadburys no longer sponsors Coronation Street. They failed to state what the viewing figures were, what age ranges watched this programme – did this actually match their target audience? In order to achieve Mark Band 3, candidate's recommendations must be supported by the analysis of their wide ranging and focused research. This should include readership numbers, age profiles, cost, etc. Some candidates designed leaflets, but failed to consider the cost of distribution or even how and to whom they were going to be distributed.

Often this section of candidates' work lacked detailed analysis and was, therefore, unable to access the higher marks.

Assessment Objective Four

Candidates need to prioritise the internal and external influences which they feel would have the greatest impact on their promotional activity. Their evaluations must clearly link back to their initial research. Often candidates were unable to fully evidence the internal constraints as they had not clearly stated what these were at the beginning of the assignment. Few candidates were able to show any understanding of costing, due to weak research.

Candidates' coverage of external influences was generally better as they could relate these areas to their own strategies.

Once again very few candidates considered possible failure and often did not consider a chain of events, short and long term implications.

Unit F253 (Unit 14): Creating a Financial Strategy

Candidates had all correctly used the new stimulus material supplied by OCR.

Generally, centres were better equipped to cope with this unit. The work submitted by centres demonstrated a diverse range of marks representing candidates' ability to grasp the concepts being assessed. However, it is still a concern to see that in some centres all the candidates' work contained the same errors. This is an ongoing concern which needs to be addressed by centres before further submissions. Where work is found to be identical in future submissions, the centre may be reported for malpractice. Some centres show evidence of good practice where candidates work under test conditions, in such cases work achieved the full range of marks.

Although OCR does not specify how the unit should be tackled, identical work for AO2 is not anticipated – except where it is 100% correct.

It appeared that many centres had addressed previous concerns and taken note that as the unit currently stands, it does require a specialist accounts teacher to teach the unit or at least be available for help and guidance.

Assessment Objective One

Candidates achieve this objective through the coverage of Task A. Candidates are required to provide detailed coverage of each of the sub-sections (i)–(iv). Most candidates provided detailed theoretical coverage of all the sections, though the depth of the work often tailed off through the second section of (iii) – 'You need to demonstrate your understanding that this information can be found from various source documents, including invoices, credit notes, bank records, eg direct debits and till receipts'.

Assessment Objective Two

Candidates achieve this assessment objective through the completion of Tasks B, C and D.

Task B – There was a mixed response to this task. In some cases centres had clearly delivered this section as a class exercise with candidates all having identical accounts and the same errors. Some centres had provided templates for the accounts, some complete with opening balances. This practice is to be discouraged as it does not enable candidates to demonstrate their own knowledge and understanding. Other centres had undertaken the section under examination conditions with candidates producing very individual work. Few centres made use of the three column cash book, preferring to use separate bank, cash, discount received and discount allowed accounts – an acceptable alternative.

Task C – The task requires the identification of the suspense balance by producing a trial balance, a journal to correct the errors present, a suspense account showing the opening balance and the adjustments needed, as well as the trial balance after the adjustments have been made. Many centres did not encourage their candidates to show the suspense account and some did not show the corrected trial balance.

Task D – This task generally performed well, though it was clear that some centres struggled with the concept of dividend payments. The wording of the task made it clear that a final dividend was payable, this was in addition to the interim dividend paid, not an adjustment to it.

Assessment Objective Three

This assessment objective was based on responses to Tasks E and F.

There was a broad variety of evidence produced for Task E, most of which was acceptable to meet the requirements. Candidates had collected a variety of different final account templates and most had offered some form of analysis. It should be noted that some centres continue to make use of examples from around the world. It is considered more appropriate for candidates to choose companies which are registered in the UK, so that examples are in Sterling. Some centres need to place more emphasis on this task as it counts towards the grade which can be awarded for this assessment objective.

On Task F, as stated previously the ‘own figure rule’ was applied, and as this is the case candidates should be encouraged to show their workings. Generally, candidates were able to correctly calculate most ratios. Their interpretation of the ratios, however, was mixed.

Some candidates simply stated the theory behind the ratio, failing to make any links to the case study. The higher scoring candidates did try and relate their evidence back to the case study. Many candidates did little more than state the obvious in that the ratio had gone up or down, on its own this does not even inform whether this signifies an improvement or worsening of the situation. Some candidates still do not understand that an increase in sales on its own will not increase profit margin. Only a few candidates attempted to link the ratios together – for example – gross profit margin will have an impact on net profit margin. Many were, therefore, unable to access Mark Band 3 because of a failure to demonstrate integrated and strategic thinking.

Assessment Objective Four

Completion of Task G is required in order to achieve this assessment objective. Although the case study did not indicate that candidates should prioritise their ideas, this is part of all AO4 criteria. Candidates were not penalised for omitting to do so during this moderation session. It is, however, a point which centres should consider for future submissions. The task instructs candidates to write a report. In most cases evidence was not presented in this format.

Many of candidates improved their initial AO3 mark here as they began to fully develop the analysis and the impact of the ratios calculated in AO3.

A lot of candidates lost marks as they failed to produce a financial strategy. Most candidates were able to identify the problems which the business was experiencing, but many failed to explain what the business should do to resolve the problems, or offered general considerations without stating how or why. For example, many candidates realised that the business needed more money in order to purchase replacement fixed assets, so suggested investigating loans. This in itself is not a strategy.

The second part to this task is for the candidates to consider the different ways in which the business could expand and recommend what the business should do in the future. Candidates need to be encouraged to use the information contained in the case study, profit and loss calculations and ratio analysis when making their financial recommendations. The key to this task is to recognise the financial problems the business faces, offer financial strategies to improve the situation and the final stage is to consider how these would impact on the businesses ideas for expansion.

TASK A

(i) In report form

Accurate financial records are needed for the following:

- calculate accurately profit and loss – to allow for planning and control, particularly with the proposed financing and asset replacement in mind and to ensure the information is correct for tax calculations and to provide to bankers/other financiers when seeking additional finance. Accuracy is very important irrespective of the sizes of transactions so that decisions are based on reliable figures;
- meet legal requirements – to ensure correct information is provided to shareholders, Companies House, tax authorities, etc, to avoid potential damaging legal action;
- show the assets and liabilities of the business – to assist in planning, eg in the replacement of motor vehicles, to ensure sufficient stock is available for operations, to collect from debtors and to pay creditors. The business appears to have quite large amounts of stock and the owners may wish to consider the reason for this;
- compare the business's financial position with previous years – to enable the owners to have a clear view of the company's success and to plan;
- prepare accurate budgets/forecasts for future years – to quantify what the business is able to achieve. Limiting factor(s) will provide an indication of the extent to which the business is able to achieve its objectives over specific periods of time. The business is limited somewhat in its operations by the local road network and presumably the equipment used within the laundry has a maximum capacity. Budgets can be used to co-ordinate operations and then monitor and control the business;
- obtain additional finance – by providing information about past and forecast profitability, liquidity, assets held, etc;
- plan any future expansion – by quantifying the resources available and indicating the impact on future results of expansion.

Some aspects of accounts are subjective such as the percentages and methods used for depreciation. The owners may wish to consider the validity of those approaches.

(ii) Discussing the following consequences for the company if problems arise:

- criminal action – potential fines or removal of key personnel from the business, delays and focus on the criminal proceedings rather than business, bad publicity with potential business decline/failure. Drivers on busy roads are at risk of accidents and the laundry process could be dangerous for employees with the risk of injury possible;
- cashflow problems from a high tax bill or criminal action – could lead to business failure and reduce the ability to expand, if desired, in the future. Poor cashflow will also limit the ability of the company to borrow, worsening the liquidity position. Control of credit may be significant to the company with the expansion of sales into residential and care homes;

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- shareholders losing confidence and investing elsewhere – and as the present shareholders are family and apparently committed to the organisation they are likely to be more supportive than any new shareholders if Peter and Barbara look outside the immediate family for new capital. ‘New’ shareholders might have more interest in financial returns;
- bad public image – which could lead to a loss of customers, perhaps employees and highlight weaknesses to competitors. Reputation appears to be important to the company so it is important to maintain the quality of the service for which the company is known. There is the risk in using a courier occasionally that deliveries will not be as important as to *Denshire Laundry Services Ltd* and this illustrates how use of third parties could tarnish the company’s image.
- changes to management structure – in a small organisation where personal contacts are important, a change in management could significantly alter the success of the business. There appears to be no change imminent but the illness of Peter or Barbara could have a significant effect.

(iii) The following should be explained for Peter and Barbara in a form suitable for non-accountants:

- capital and bank loans;
- assets such as premises and vehicles, including items bought on credit;
- expenses for running a business, eg wages, electricity;
- items/services purchased for resale, including those bought on credit;
- items/services sold, including those sold on credit;
- invoices;
- credit notes;
- bank records, eg direct debits and till receipts.

A matrix style answer may be effective in producing this part of the report.

(iv) Continued in the report. Answers could be in written format or as a diagram or flow chart.

Explanation showing understanding of each of the following processes:

- double-entry transaction recording;
- accurately balancing accounts;
- the division of ledgers;
- the creation of a trial balance.

(v) Including understanding of the types of error which can occur when preparing accounts with examples including:

- omissions;
- compensating errors;
- errors of principle.

Examples are available within Task C.

TASK B

Ledger Accounts

Seaview Guest House							
Dr						Cr	
2009	Details	£	2009	Details	£		
1 May	Balance b/d	450	1 May	Bank	441		
1 May	Sales	270	1 May	Discount allowed	9		
			1 May	Balance c/d	270		
		720			720		
2 May	Balance b/d	270					

Jamal's Lodge Hotel							
Dr						Cr	
2009	Details	£	2009	Details	£		
1 May	Balance b/d	680	1 May	Balance c/d	1 040		
1 May	Sales	360					
		1 040			1 040		
2 May	Balance b/d	1 040					

Kreme Teas Restaurant							
Dr						Cr	
2009	Details	£	2009	Details	£		
1 May	Balance b/d	540	1 May	Sales returns	40		
			1 May	Bank	490		
			1 May	Discount allowed	10		
		540			540		

Chemfit plc							
Dr						Cr	
2009	Details	£	2009	Details	£		
1 May	Purchases returns	170	1 May	Balance b/d	16 170		
1 May	Bank	15 680	1 May	Purchases	5 970		
1 May	Discount received	320					
1 May	Balance c/d	5 970					
		22 140			22 140		
			2 May	Balance b/d	5 970		

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Kasmir Softeners					
Dr			Cr		
2009	Details	£	2009	Details	£
1 May	Purchases returns	115	1 May	Balance b/d	5 250
1 May	Bank	4 900	1 May	Purchases	1 240
1 May	Discount received	100			
1 May	Balance c/d	1 375			
		6 490			6 490
			2 May	Balance b/d	1 375

Wright & Son					
Dr			Cr		
2009	Details	£	2009	Details	£
1 May	Bank	1 320	1 May	Balance b/d	1 320
		1 320			1 320

Sales					
Dr			Cr		
2009	Details	£	2009	Details	£
1 May	Balance c/d	698 760	1 May	Balance b/d	698 130
			1 May	Seaview Guest House	270
			1 May	Jamal's Lodge Hotel	360
		698 760			698 760
			2 May	Balance b/d	698 760

Purchases					
Dr			Cr		
2009	Details	£	2009	Details	£
1 May	Balance b/d	185 220	1 May	Balance c/d	192 430
1 May	Chemfit plc	5 970			
1 May	Kasmir Softeners	1 240			
		192 430			192 430
2 May	Balance b/d	192 430			

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Dr		Rent and rates		Cr	
2009	Details	£	2009	Details	£
1 May	Balance b/d	35 190	1 May	Balance c/d	41 450
1 May	Bank	3 860			
1 May	Bank	2 400			
		41 450			41 450
2 May	Balance b/d	41 450			

Dr		Motor vehicle expenses		Cr	
2009	Details	£	2009	Details	£
1 May	Balance b/d	36 220	1 May	Balance c/d	37 230
1 May	Cash	50			
1 May	Bank	960			
		37 230			37 230
2 May	Balance b/d	37 230			

Dr		Bank charges		Cr	
2009	Details	£	2009	Details	£
1 May	Balance b/d	290	1 May	Balance c/d	320
1 May	Bank	30			
		320			320
2 May	Balance b/d	320			

Dr		Discounts allowed		Cr	
2009	Details	£	2009	Details	£
1 May	Balance b/d	7 870	1 May	Balance c/d	7 889
1 May	Cash book	19			
		7 889			7 889
2 May	Balance b/d	7 889			

Dr		Discounts received		Cr	
2009	Details	£	2009	Details	£
1 May	Balance c/d	7 360	1 May	Balance b/d	6 940
			1 May	Cash book	420
		7 360			7 360
			2 May	Balance b/d	7 360

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Sales returns							
Dr						Cr	
2009	Details	£	2009	Details	£		
1 May	Balance b/d	7 020	1 May	Balance c/d	7 060		
1 May	Kreme Teas Restaurant	40					
		7 060			7 060		
2 May	Balance b/d	7 060					

Purchases returns							
Dr						Cr	
2009	Details	£	2009	Details	£		
1 May	Balance c/d	9 415	1 May	Balance b/d	9 130		
			1 May	Chemfit plc	170		
			1 May	Kasmir Softeners	115		
		9 415			9 415		
			2 May	Balance b/d	9 415		

EITHER

Cash Book									
		Disc	Cas h	Bank			Disc	Cas h	Bank
2009	Details	£	£	£	2009	Details	£	£	£
1 May	Balances b/d		150	28 480	1 May	Rent			2 400
1 May	Kreme Teas Restaurant	10		490	1 May	Rates			3 860
1 May	Seaview Guest House	9		441	1 May	Motor vehicle expenses			960
					1 May	Motor vehicle expenses		50	
					1 May	Kasmir Softeners	100		4 900
					1 May	Wright & Son			1 320
					1 May	Chemfit plc	320		15 680
					1 May	Bank charges			30
					1 May	Balance c/d		100	261
		19	150	29 411			420	150	29 411
2 May	Balances b/d		100	261					

OR

Dr		Cash in hand				Cr	
2009	Details	£	2009	Details	£		
1 May	Balance b/d	150	1 May	Motor vehicle expenses	50		
			1 May	Balance c/d	100		
		150			150		
2 May	Balance b/d	100					

Dr		Bank				Cr	
2009	Details	£	2009	Details	£		
1 May	Balance b/d	28 480	1 May	Rent	2 400		
1 May	Kreme Teas Restaurant	490	1 May	Rates	3 860		
1 May	Seaview Guest House	441	1 May	Motor vehicle expenses	960		
			1 May	Kasmir Softeners	4 900		
			1 May	Wright & Son	1 320		
			1 May	Chemfit plc	15 680		
			1 May	Bank charges	30		
		29 411	1 May	Balance c/d	261		
		29 411			29 411		
2 May	Balance b/d	261					

TASK C

Denshire Laundry Services Ltd
Trial Balance as at 15 May 2009 (before adjustments)

	£	£
Sales		755 300
Purchases	255 800	
Ordinary shares @ £1 each		62 000
Retained profit		9 470
Motor vehicles (cost)	24 000	
Provision for depreciation of motor vehicles		15 360
Equipment (cost)	30 000	
Provision for depreciation of equipment		12 000
Discount allowed	11 200	
Discount received		9 750
7% loan		80 000
Rent and rates	42 660	
Sales returns	8 100	
Purchases returns		9 560
Stock as at 1 June 2008	76 050	
Dividends paid	1 240	
Wages and salaries	152 300	
Debtors	73 600	
Light and heat	128 900	
Balance at bank (Dr)	3 520	
Sundry expenses	16 120	
Creditors		45 600
Insurance	20 650	
Motor vehicle expenses	47 400	
Carriage outwards	2 120	
Loan interest	4 200	
Cash	210	
Bank charges paid	320	
Water	99 500	
Suspense account	1 150	
	999 040	999 040

Journal

Errors

			£	£
1	Motor vehicle expenses	Dr	275	
	Insurance	Cr		275
2	Discount allowed	Dr	30	
	Discount received	Cr		30
3	Wages and salaries	Dr	1 200	
	Suspense	Cr		1 200
4	Cash	Dr	100	
	Bank	Cr		100
5	Suspense	Dr	50	
	Sales returns	Cr		50

Report on the Units taken in June 2010

Dr		Suspense		Cr	
2009	Details	£	2009	Details	£
15 May	Balance b/d	1 150	15 May	Error 3 - wages and salaries	1 200
15 May	Error 5 – sales returns	50			
		1 200			1 200

Denshire Laundry Services Ltd
Trial Balance as at 15 May 2009 (after adjustments)

	£	£
Sales		755 300
Purchases	255 800	
Ordinary shares @ £1 each		62 000
Retained profit		9 470
Motor vehicles (cost)	24 000	
Provision for depreciation of motor vehicles		15 360
Equipment (cost)	30 000	
Provision for depreciation of equipment		12 000
Discount allowed	11 230	
Discount received		9 780
7% loan		80 000
Rent and rates	42 660	
Sales returns	8 050	
Purchases returns		9 560
Stock as at 1 June 2008	76 050	
Dividends paid	1 240	
Wages and salaries	153 500	
Debtors	73 600	
Light and heat	128 900	
Balance at bank (Dr)	3 420	
Sundry expenses	16 120	
Creditors		45 600
Insurance	20 375	
Motor vehicle expenses	47 675	
Carriage outwards	2 120	
Loan interest	4 200	
Cash	310	
Bank charges paid	320	
Water	99 500	
	999 070	999 070

TASK D

- (i) Denshire Laundry Services Ltd
Trading, Profit and Loss and Appropriation Account for the year ended 31 May 2009

	£	£	£
Sales			821 750
Less: Sales returns			<u>8 230</u>
			813 520
Stock as at 1 June 2008		76 050	
Purchases	283 100		
Purchases returns	<u>9 646</u>	<u>273 454</u>	
		349 504	
Stock as at 31 May 2009		<u>91 730</u>	
Cost of sales			<u>257 774</u>
Gross profit			555 746
Discount received			<u>11 019</u>
			566 765
Discount allowed		12 575	
Rent and rates	44 170		
Less: prepaid	<u>2 960</u>	41 210	
Wages and salaries	162 270		
Add: accrual	<u>3 330</u>	165 600	
Light and heat		130 310	
Sundry expenses	16 600		
Add: accrual	<u>720</u>	17 320	
Insurance		22 070	
Motor vehicle expenses		52 010	
Carriage outwards		2 355	
Loan interest	4 200		
Add: interest due	<u>1 400</u>	5 600	
Bank charges paid		330	
Water		101 000	
Depreciation – motor vehicles [40% x (24 000–15 360)]		3 456	
Depreciation – equipment (20% x 30 000)		6 000	
Bad debt		2 000	
Provision for doubtful debts [2% x (73 100 – 2 000)]		1 422	
Net profit			<u>563 258</u>
Retained profit b/f			3 507
			<u>9 470</u>
			12 977
Ordinary share dividends			
Paid		1 240	
Proposed (3% x 62 000)		<u>1 860</u>	
Retained profit c/f			<u>9 877</u>

Report on the Units taken in June 2010

(ii) Balance Sheet as at 31 May 2009

	Cost £	Depr'n £	NBV £
FIXED ASSETS			
Motor vehicles (cost)	24 000	18 816	5 184
Equipment (cost)	<u>30 000</u>	<u>18 000</u>	<u>12 000</u>
	<u>54 000</u>	<u>36 816</u>	17 184
CURRENT ASSETS			
Stock		91 730	
Debtors	71 100		
Less: Provision for doubtful debts	<u>1 422</u>	69 678	
Balance at bank		5 430	
Cash		270	
Prepaid rent and rates		<u>2 960</u>	
		170 068	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Creditors	28 065		
Accrued wages and salaries	3 330		
Accrued sundry expenses	720		
Loan interest accrued	1 400		
Proposed dividends	<u>1 860</u>	<u>35 375</u>	
NET CURRENT ASSETS			<u>134 693</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>151 877</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
7% loan			<u>80 000</u>
			<u>71 877</u>
CAPITAL AND RESERVES			
62 000 Ordinary shares @ £1 each			62 000
Retained profit			<u>9 877</u>
			<u>71 877</u>

Different terminology would be acceptable: for example 'Non-current assets' for 'Fixed assets' – reflecting changes to international terminology in UK company accounts.

TASK E

In answering part (a) different formats for company accounts as called for by company law and amended by accounting standards are appropriate for comment. Different sizes of companies have different demands on them and a relatively small private company such as *Denshire Laundry Services Ltd* may produce final accounts in a less detailed and prescriptive form to that required of large listed public companies and groups.

Nevertheless, any company is subject to the Companies Acts which call for specific formats and elements of disclosure both on the face of the financial statements and within notes to the accounts. In addition, a directors' report is commonly produced and the accounts are audited within current legislative requirements.

Comparison with summary financial statements should highlight the way summary statements are driven more by perceived user needs, financial literacy and clarity, as opposed to legislative requirements. For example, in summary statements rounded figures highlighting profits, asset values and earnings and dividend related information are provided. The rounding to simple figures is a concern with materiality in mind, but provides understandable, relevant and hopefully reliable information.

TASK F

Accounting Ratios

	Year ended 31 May 2008	Year ended 31 May 2009	
Gross profit percentage	69.55%	$\frac{555\,746}{813\,520} \times 100 =$	68.31%
Net profit percentage	0.55%	$\frac{3\,507}{813\,520} \times 100 =$	0.43%
Return on capital employed (* different measures of capital employed are acceptable)	5.05%	$\frac{3\,507}{\frac{71\,470 + 71\,877}{2}} \times 100 =$	4.89%
If capital employed includes the loan the figure is		$\frac{3\,507}{\frac{151\,470 + 151\,877}{2}} \times 100 =$	2.31%
Expenses as a percentage of net sales	N/A	$\frac{563\,258}{813\,520} \times 100 =$	69.24%
Current ratio			
Acid test ratio	4.1:1	$\frac{170\,068}{35\,375} =$	4.81 :1
	1.52:1	$\frac{170\,068 - 91\,730}{35\,375} =$	2.21 :1
Stock turnover			
	112 days	$\frac{[76\,050 + 91\,730]}{2} \times 365 =$	118.79 days
Fixed asset turnover		$\frac{257\,774}{257\,774} =$	
Debtor collection period	N/A	$\frac{813\,520}{17\,184} =$	47.34 times
Creditor payment period	29 days	$\frac{69\,678}{813\,520} \times 365 =$	31.26 days
Earnings per share	46 days	$\frac{28\,065}{273\,454} \times 365 =$	37.46 days
Dividend cover	5.1p	$\frac{3\,507}{62\,000} \times 100 =$	5.66p
	1.1 times	$\frac{5.66}{5} =$	1.13 times

Interpretation of ratios

Denshire Laundry Services Ltd has not been in operation for many years and its markets have differed during the last three years so it is difficult to provide a definitive interpretation. Nevertheless, quantifying areas of performance offers more guidance than the assumptions and feelings of the owners.

Limited detail can be seen from the ratios.

The gross profit percentage has decreased a little. Prices of materials used in the laundry may have increased and the organisation has not been able to, or decided not to, pass the costs on to customers. The gross profit percentage is quite high but that may be because of the nature of the business. Comparison with similar organisations would be useful.

The net profit percentage is very low. Cost control within the organisation has admittedly been difficult, particularly in the case of drivers' wages. And, the profits have been limited by the lack of custom during the winter season. Some expenses are particularly high in comparison with others, such as water. There may be other ways of operating the business which could reduce such costs and alternative ways of working may be usefully explored. The owners have shown a firm approach to the wages and salaries costs, so it can be assumed that they would be equally strong on control of other costs.

Because the return on capital employed can be calculated in different ways it is difficult to compare with the figure from 2008. As other profit based ratios differ little from one year to the next it is likely that RoCE has been calculated without inclusion of the loan. If that assumption is correct, the return has decreased slightly in line with the profit figures.

Both current and acid-test ratios are high compared with 'textbook figures' but industry comparison would be needed to assess whether these are out of line with expectations or not. The actual stock figures look high and stock turnover seems excessively long. If this could be reduced significantly, the business would have greater liquidity and would be in a better position to cope with increasing levels of credit requested by the new customers. There may be a reason for keeping high levels of stock but this needs to be investigated. There is the potential of detergent powder being spoilt, for example.

Fixed asset turnover cannot be assessed without the figures from previous years. It appears that the business is making good use of its assets.

The debtor collection period remains at about a month. This is likely to increase so the owners need to watch the effect on cash-flow. Increased credit facilities may lead to more bad debts, already £2 000. The credit control policy of the business and its costs and benefits should be considered. The debtor period is offset by credit given by suppliers who allow just over a month's credit. It would be useful to ascertain the credit period offered by suppliers to check if the company is under pressure to pay or whether additional credit could be obtained to offset the additional credit period required by the residential and care homes.

Shareholder ratios are probably not too important to the current shareholders; Peter, Barbara and Gavin. However, the information would be useful to any new shareholders. The earnings per share are similar over the last two years, with a slight increase this year. It is interesting to note, however, that the company pays out virtually all of its earnings in dividends.. The amount may not be large in relation to sales but a greater retention of funds within the company could be useful in assisting with the replacement of assets. The dividend cover simply confirms what can be seen from a visual comparison of the annual profit compared with dividends paid and proposed. Dividend is just covered with little additional margin.

TASK G

In report form this should consider a strategy with benefit of information from the scenario, the accounts and ratios.

The following points can be brought out:

- *Denshire Laundry Services Ltd* is reaching the stage at which it needs to replace fixed assets. Initially, these will be vehicles but presumably the equipment will need replacing in a few years too. If the period selected for depreciation is appropriate, the equipment has another two years of life before replacement. The future is somewhat uncertain. It could be that the new custom from the residential and care homes leads to significant cash-flow and increased profits in the next year. If so the company may be able to finance new vehicles from profits or, if not, in a year's time the accounts will be stronger and a bank will probably look more favourably at the idea of lending money to the business than it may at the moment. If the business does not achieve the expected growth, the business may be in a difficult position in a year's time.
- The business needs working capital to finance increased debtors. It appears that the answer may already be indicated by the balance sheet. A reduction of stock and an increase in creditors may be sufficient to finance additional debtors without obtaining an overdraft. If an overdraft is required, the bank will look very closely at the accounts and bank records to determine whether it will lend or not. The company is not in a strong position at the moment.
- Historically the business is in a position which is liquid but not very profitable so the financial information is probably weaker than any provider of finance would wish to see. However, the potential is clear and the next year could put the business in a strong position.
- To obtain a loan might be difficult and additional loan capital means more interest must be paid. The business will also need to repay the loan. If Peter and Barbara are able to obtain another loan on very generous terms such as on the loan provided by Gavin, it would mean they would not lose control of the running of the business. However, if the business runs into financial difficulty the lender may, depending on the terms of the loan, be able to put the business into insolvency.
- If share capital is issued, the new shareholder is, through providing funds in this way, taking a risk. There is no need to pay dividends, although shareholders are likely to expect some return. The shares also do not need to be repaid, unlike a loan. However, it is usual that shareholders have voting rights and a say in the company's operations. Unless many shares are issued Peter and Barbara are still likely to be in control but a minority shareholder could perhaps cause some difficulties if he/she was unhappy with the way the business was being run. However, if Peter or Barbara have other relatives who are happy to provide finance and trust Peter and Barbara to build the company into a profitable entity, share capital is probably the option which would give Peter and Barbara greatest freedom.
- The business is set up to provide a local service and its potential customer base is probably limited. Strong competition could also cause difficulty for *Denshire Laundry Services Ltd*. It is important to build the company into a stronger entity because strong competition in the next year could mean the failure of the company.
- It would also be useful to clarify the situation in respect of the remuneration of Peter and Barbara. No directors' fees appear in the accounts and dividends are small. Are they receiving any 'pay' from the business or not? If not, do they expect an income in future? If so, this will need to be taken into account in future planning.

Overall the company appears to have little strategy at the moment and its immediate aim, although not specifically expressed, appears to be survival. Plans, budgets and careful monitoring will be needed to guide the organisation through the next year where, unless Peter and Barbara have access to funds from relatives, it looks unlikely that funds will be forthcoming from banks and traditional sources of finance.

Unit F254 (Unit 15): Launching a New Product or Service in Europe

This is a very difficult unit for candidates to access if they do not have an excellent link with their selected business. One of the main problems is if candidates try to tackle the unit without an established link with a business. Research from the Internet will not provide candidates with sufficient detail to meet the demands of this unit.

OCR would recommend that centres get candidates to start off their assignment by giving a brief overview of their selected business, product and to where they intend to export their product or service. This will enable teachers to ascertain if the candidate is able to gain sufficient information to meet the rigors of the unit.

Assessment Objective One

This section is based on the theoretical coverage of 'The business context within the strategy will take place' and should focus on general trends within the European Union as a whole. Some candidates only focused in detail on the selected country to which they intended to export their product or service.

Assessment Objective Two

This is the candidates' written summary which will show how their selected business will deal with the many issues it needs to consider when launching a product or service in European markets. Candidates should follow the bullet points outlined in the section 'Researching the strategy and analysing the information that is collected' – second set of bullet points (page 69). The candidates' written summary must be based on the analysis of their research carried out in AO3.

Unfortunately, a lot of candidates simply state that their selected business would have to deal with each of these points, but fail to provide their own strategy as to how this might happen. Candidates really struggled to cope with this section due to their lack of research or the inaccessibility to the information which is required to meet the rigors of this section.

Assessment Objective Three

Candidates must start off this section by showing evidence of planning their research – section 'Planning the strategy'. Within their plan, candidates then consider their objective(s), the types of research, and the sources of information they will use. Candidates should then be guided by the section 'Researching the strategy and analysing the information that is collected' when selecting the type of research methods they will use. Special attention should be given to the bullet points found on page 69 of the specification. These are the main aspects which candidates need to research in order to be able to compile their written summary for AO2.

The main failing within this section has been the fact that all too often candidates were trying to gain this information from a business' website. They had no inside contact and, therefore, the quality and depth of their information was insufficient for them to be able to complete a detailed analysis which would feed into their AO2.

Assessment Objective Four

Candidates are required to prioritise the bullet points found under the section 'Evaluating the strategy' clearly stating which one they feel would have the most influence on the effectiveness of their strategy. As always, evaluations should be fully supported through the research conducted in AO3.

Unfortunately, the quality of the research undertaken for this unit has often been weak and, therefore, the ability to develop a detailed evaluation has been almost impossible.

Unit F255 (Unit 16): Training and Development

The key to this unit is the link which candidates are able to build with their selected business. In order to complete the unit successfully, candidates need to be able to gain the following information:

- what competencies does the job the person they are going to interview require? – this is usually taken from job descriptions, person specifications
- what skills does the selected member of staff feel they have in relation to those stated on their job description/person specification?
- what skills does the selected member of staff feel they are lacking?
- what type of training would the potential employee feel would be beneficial to them?
- why does the selected business wish to upgrade the skills base of its staff? – what will be the ultimate benefits to the business?

Unfortunately, this information was not available to a wide variety of candidates who attempted the unit.

Assessment Objective One

Candidates should provide theoretical coverage of the sections 'The business context within which the strategy will take shape'; 'Production of an action plan – candidates need to focus on the different training methods and initiatives that businesses could use; and, finally, 'Evaluating effectiveness. In order to help demonstrate depth and breadth, candidates could include generic examples to develop the overall content of their theory.

The majority of candidates sampled completed this section satisfactorily.

Assessment Objective Two

Candidates are required to produce training and development programmes for their two chosen functional areas. These must be directly related to their skills gap analysis conducted in AO3.

Candidates need to provide a detailed outline of exactly what their training programmes will entail. If they are intending to run 'internal courses' this should include information on the length of the course, aims and objectives, what workshops will take place, what these will entail and the learning outcomes for each. This is outlined in the section 'Production of an action plan' bottom set of bullet points. If candidates are recommending external training courses these should also be fully explained.

The internal training programmes put forward for this series often lacked detail and did not directly link back to the research undertaken. Training programmes were often too general with very little description of what the training was hoping to achieve for the individuals or the business. Other candidates simply stated that they would be sending employees on external

courses. They failed to provide detailed descriptions of the aims and objectives of these courses, costs or the impact on the business.

Assessment Objective Three

Whilst planning their research, candidates must be aware of the different types of training programmes which are available. They should consider that different employees will have preferred styles of learning and, in order for training to be successful an attempt must be made to meet these individual needs.

Candidates' primary research should focus on their skills gap analysis, analysing the short, medium and long term business objectives and management views on possible training.

Candidates' secondary research should focus on the different types of training which are available. They should analyse a variety of courses in order to either select a suitable external course or to help them create in-house courses of their own.

Unfortunately, the majority of candidates sampled had been unable to obtain sufficient information in order to produce a detailed and useful skills gap analysis. Often the information gained from their questionnaires was vague and did little to inform their final training and development programmes. Candidates were also unable to link their analysis of how meeting employees' training needs would ultimately benefit the business.

Assessment Objective Four

This section evaluates how the effectiveness of the candidate's training and development strategy could be affected by internal and external constraints. Candidates should be encouraged to use the bullet points in the section 'Evaluating effectiveness'. In order to gain Mark Band 3, there must be evidence of prioritisation – which of the constraints does the candidate feel would have the greatest impact on the effectiveness of their training and development programme? Candidates often considered how the internal influences would affect overall training within the selected business, rather than their own training strategy.

Within the portfolios sampled there was often very little linkage here back to research undertaken in AO3. Candidates were also unable to consider a possible chain of events, short and long term impacts of their proposed training and development programme.

Recommendations to Centres

- Please adhere to deadlines for submitting MS1 forms and candidate work to the appointed Moderator
- Please ensure that marks entered on MS1 forms match the marks awarded on the Unit Recording Sheet
- Please ensure that the total marks for all strands of a unit are correctly totalled on the Unit Recording Sheet
- Please ensure that all sections of the Unit Recording Sheet have been completed accurately, including candidate number, centre number, teacher comments and location of evidence.
- Where there are 10 or fewer candidates for any unit, send **all** the candidate portfolios with the MS1 forms to the correct Moderator or upload to the OCR Repository.
- If assignments are used, please include copies of assignment briefs with the work of the candidates
- Assessors should provide clear written feedback to candidates, including what has and what has not been achieved.
- Candidates should be encouraged to adapt a structured approach to their work and present evidence clearly, eg use of headings, page numbers and a contents sheet.
- Please include page numbers within the location section of the Unit Recording Sheet.
- Please encourage the use of Assessor annotation of candidate work.
- Please ensure that Assessors check the authenticity of evidence. Pages downloaded from the Internet do not constitute evidence.
- Ensure that internal moderation is carried out prior to external moderation.

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