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Summer 2005

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Contents

5306	Investigating Business	Page 7
5307	People and Business	Page 8
5308	Business Finance	Page 11
	Statistics	Page 17

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5306 and 5307 June 2005

Principal Examiner's Report

General Issues

The impression gained from moderation is similar to last year with the completed work being either, well-produced and directed towards the criteria, or consisting of theoretical and/or source materials from texts and the web, often used uncritically and centre assessment generally on the lenient side. There is still an issue with the use of case-study materials (notably "Richer Sounds"). Centre assessors still appear to give Mark Band 3 for work that does not provide analysis, evaluation or justification (where required) with marks often given for factual statements or unsubstantiated opinions. Assessment was generally better and more accurate within Mark Bands 1 and 2. There was limited evidence of under-marking.

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

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

As each of the two internally assessed units follows a given pattern, best practice would suggest that whatever activities or assignments are used these should be done in the order of the unit coverage. There were a few examples where candidates had considerable material in unit one eg on "job roles" or "customer service" that could have been better used in unit two. Equally, there were instances where eg in unit two, "customer service" was overlooked and added as an afterthought at the end of the taught programme.

5306 June 2005

Principal Examiner's Report

Areas of the Specification

Many candidates' work was unbalanced between the two organisations chosen (the specification now makes some allowance for this).

(a) More candidates appeared to understand this better than last year with often clear distinctions between "aims" and "objectives". "Activities" was still often poorly covered, sometimes perhaps because candidates and assessors felt these would be obvious and marks were lost as a result. Some candidates became somewhat obsessed with "SMART" objectives and lost sight of the organisations under investigation. The link between "activities" and "aims and objectives" was rarely evident and, as a result, only a handful of Centres examined how organisations responded to change (for MB3) but many still provided extensive histories of the business instead. Often, all that is required to move from Mark Band 2 to 3 is the addition of the word ... "because" ... together with some valid reasoning and a justified conclusion (not just opinion).

(b) As with last year, there was much evidence of generic coverage with the business' names appended and considerable repetition. Candidates still struggled to link "communications" to "functional areas" particularly where little knowledge and understanding of the actual business was demonstrated. For Mark Band 3, the "detailed analysis" required was little in evidence; candidates preferring instead to describe the methods of communication instead.

(c) Possibly slightly better done than last year but the notion of "liability" was still frail. Candidates who chose multi-site organisations did not always make it clear whether it was the headquarters of the chosen business or one of its branches that was being "investigated". In MB3 the link between location and performance was largely overlooked and again, the requirement to produce a "detailed analysis" of the suitability of the types of ownership and their implications for the organisations' liabilities rarely addressed. As with other criteria, candidates needed to go further than simple description and add reasons to their work.

(d) As with (c), rather better done than last year with more of the facets considered. Where given, MB3 was not very well done and, in some cases, was more of a general "evaluation" of the chosen businesses than of their responses to external influences. Candidates need to be taught evaluation skills in relation to the aspects of the organisations under investigation. Where "good points" and "bad points" were listed by some candidates these could have been extended to produce a fuller evaluation. Similarly, the requirement in MB3 to provide a "detailed assessment" should contain certain detailed coverage related to the organisations investigated and not done simply in general terms.

5307 June 2005

Principal Examiner's Report

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

Areas of the Specification:

(a) Usually competently covered although not always applied but many candidates were able to access MB2 through explanations related to the chosen business. "Relative importance" proved a stumbling block to MB3 with many candidates still stating that all stakeholders were "important" or providing unjustified rank orders. Better work demonstrated a reasoned "rank order" with explanations of potential conflicts between "stakeholders" to meet MB3

(b) Most candidates were able to provide reasonable descriptions of customer service within context and many had carried out some sort of survey. Unfortunately, the results of these were not always analysed or used effectively to allow MB3 recommendations to be justified. Some candidates did not relate consumer law to the chosen business and some did not cover it at all!

(c) Whilst many "job descriptions" were offered, the notion of "key" job roles was rarely addressed. As a result, much theory was in evidence, "working arrangements" overlooked and there was little analysis of the relative importance aspect at all. This was sometimes done better where candidates had some experience of employment but continues to be an area requiring further development.

(d) Again, much of the work was in context and more centres had covered this part of the specification than last year. However, candidates were unable to progress much beyond generic descriptions of training types in MB2. The "detailed evaluation" required for MB3 was hardly met often due to the lack of knowledge of working practices from within the organisations chosen.

(e) Well-covered in part (and better addressed than last year) but too many gaps too allow access to MB3 in most cases. A great deal of generic material was in evidence but not often related to the business investigated and candidates often failed to understand sufficient about the chosen organisations to allow the MB3 "evaluation" to be met.

Administration

Many Centres complied with all aspects of the required administration procedures and are to be complimented on the high standard of presentation and clarity of assessment practice.

In future, the Mark Record Sheet (MRS) will contain the requirement to indicate the "name of assessor" (this is particularly important where more than one assessor has been involved). It is also worth reminding Centres that, as the MRS is removed during moderation, a record should be kept of the candidates' marks prior to the despatch of portfolios.

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

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

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

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

Should centres be contacted by one of the moderators, it is important that they comply with the moderators instructions promptly to avoid any delay with results.

5308 June 2005

Principal Examiner's Report

General comments

This paper is the fourth for Unit 3 Business Finance. It varied from the previous approach of focusing on a single business: in this case, a single location was used. This led to questions being based on four different businesses associated with an airport: *English Airports plc*, the airport owners, and three businesses based in the airport. The scenario seemed accessible, with candidates able to relate to the context. As mentioned in the last report, Centres can expect future papers to follow either this 'single location' or the previous 'single business' theme. The length of this scenario was similar to previous ones, and - as in the last series - contained a diagram in an attempt to give further clarity. This approach will also feature in future papers.

The paper again contained questions from all Specification areas, and this practice will continue. There were ten questions in this paper - the number is typically nine or ten - and the demands these made on candidates were similar to those in all past papers. The marks awarded in this paper to the various Specification areas reflect broadly those to be used in the near future. The published mark scheme contains further information, and also shows the marks awarded against each of the Assessment Objectives.

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

The time allowance of 90 minutes again seemed sufficient. Gaps left appeared to be due more to lack of knowledge than lack of time. The exam paper differentiated well between the candidates, and all questions were answered as expected with no major misinterpretations. June 2005 was the second series where this paper was marked electronically (on-line). It is pleasing to report that most centres have clearly taken full account of comments in the last report, advising them to ensure candidates do their best to answer the question parts in the space allocated. Where this was not so - for example, due to deleting a wrong answer in the answer line section - it was noticeable that candidates were usually very careful to indicate where the corrected answer was to be found on the paper (eg by 'see next page' or 'my answer is now on the last blank page'). This practice is obviously still encouraged in situations where candidates find they cannot complete their answer in the space allotted.

One area of particular weakness in this series was in candidates' failure to relate their answer to the specific situation they had just considered. Questions 7(a) and (b), 8 (b) and 9 (b) all required candidates to base answers on information immediately preceding the question - ie, 'this Credit Note' (Question 7), information shown by a specific Cash Flow Forecast (Question 8) and Profit & Loss Account (Question 9). Many candidates lost marks by failing to tailor their answers to the specific situation, being content to stick to general comments. For further detail, see comments on individual questions

Question 1

This style of question is now quite familiar, and proved an easy start to this paper with weaker candidates often classifying correctly all four costs. Although an extremely easy question for many, it serves the purpose of focusing candidates' minds on the need to apply their knowledge to given situations, and therefore this question style will continue in future papers.

Question 2

Many past candidates had displayed a lack of knowledge of methods of payment. Part (a) of this question, based on payment methods, again proved testing, particularly since candidates were asked to explain an advantage/disadvantage from the point of view of the seller. Weaker candidates often overlooked this requirement, basing their answers from the buyer's viewpoint, or else they ignored the stipulation to focus on a single advantage and disadvantage, stating (but not explaining) two or more. Centres are therefore advised to continue working with their candidates on these aspects of examination technique, especially because future questions in this area are likely to focus on both the business and the ordinary customer.

Part (b) was based on an extract from the Specification regarding the use of bar codes. There were many good answers, often focusing on how bar codes helps control stationery and/or salary costs. Some candidates failed to score full marks as a result of not clearly linking the use of bar codes to saving costs.

Question 3

Answers to questions on budgeting seem to be gradually improving, although there are still many weaknesses. Questions that have been set on this topic tend to concentrate on the planning and/or control benefits associated with budgeting. Candidates appear to find the former benefit easier to cope with, and it was noticeable that many candidates scored a single mark for understanding that a budget is to do with planning. However, only the stronger answers considered the references to 'actual wages she pays' and 'calculation of wages paid', referring to the comparison of budget against actual and the resultant decision-making. Centres are advised to continue concentrating on teaching the 'budget/plan . . . compare to actual' . . . draw conclusions' approach to ensure candidates understand the basics of budgetary control, which is a popular area for testing.

Question 4

This question brought together the topics of cost and asset classification, and candidates performed largely as expected. Classifying costs in (a) as start-up or running often proves to be quite easy for many, although item E (stock of soap for the toilets) was often wrongly classified. The use of letters by each cost worked well, and most candidates therefore saved time by not copying the costs into the table. Part (ii) proved far more difficult. Most candidates identified the stock of soap as a current asset, though few could give a clear reason for its classification. The two fixed assets - furniture and kitchen equipment - were again often correctly classified without clear reasoning for the classification. Alternatively, they were stated to be current assets. Common misconceptions were to treat either the rent or the staff wages as assets.

Part (b) required candidates to explain why specific items should be treated as variable costs. In previous series, candidates have given better answers to questions on variable costs than to those on fixed costs: however, on this occasion many struggled to obtain both marks through an inability to explain the importance of output/number of customers/number of meals.

Question 5

Part (a) asked candidates to state missing costs, and was an easy start to the more demanding parts. Breakeven charts are not popular, although there seems to have been some improvement in constructing the charts. In (b), the pre-printed scale appeared to help many candidates. As always, fixed costs proved to be easiest - and total costs the most difficult - to plot. Many candidates failed to gain a relatively easy mark by not labelling both axes.

Part (c) was designed as the most difficult to answer. Centres are encouraged to ensure their candidates consider all elements influencing the breakeven position - fixed costs, variable costs and sales revenue/price - when constructing answers to similar questions. The inclusion of the breakeven formula encouraged many to calculate old and new breakeven values, although few could go on to explain in clear terms how the changed position had been arrived at.

Question 6

This question used a new layout, asking candidates to select the most appropriate business document for a given situation. This approach will continue to be used on occasion. The main difficulty for candidates is in distinguishing between the role of the Invoice and the role of the Statement of Account.

Question 7

The question gave candidates details of an order and required them to study two documents. Answers to (a) were disappointing. Candidates were asked the purpose of 'this' Credit Note but many ignored this wording. Relatively few answers included the names of either or both parties, though many gave an adequate general answer. However, many others based their answers on retailers' Credit Notes that are received by customers who return faulty goods. Centres are therefore encouraged to continue working with their candidates to ensure the question is read carefully, and the candidate applies the answer to the specific situation.

Part (b) generated many answers that only scored one of the two marks available, with candidates failing to describe in clear terms what should happen to the Credit Note: answers such as 'File it' were too brief to obtain both marks. Many candidates obtained the mark for (c) (i), although some rather carelessly referred to 'the wrong quantity', which lacked the precision required for the mark. Most coped well with part (d), calculating VAT and the total accurately.

Question 8

Part (a) was a return to the full Cash Flow Forecast template. Many lost an easy mark by failing to include descriptions for all rows (especially the Inflow), and disappointingly few were comfortable with calculating net and balance figures. The most difficult outflow was that for power/telephone, with many candidates reading 'go down by £50' as 'go down to £50'.

Part (b) was not well answered. Again, candidates ignored the question requirement referring to 'the information in the Cash Flow Forecast', and gave general answers that failed to use the information they had just calculated. Marks were therefore limited in these situations. If calculations were incorrect, the candidates' answers were protected by the use of the 'own figure' rule. The other typical weakness - that of confusing cash surplus with profit, and cash outflow/deficit with loss, continues to feature strongly. Centres are therefore encouraged to keep emphasising the difference between cash and profit.

Question 9

In part (a), the template on Profit & Loss was adapted slightly to require candidates to state the relevant date. Many failed to do so fully, and therefore lost the mark available. A second new element in this question was to have a net loss in the calculation. Most candidates recognised this, though still used 'Net profit' as the descriptor - this was allowed if the candidate showed the amount as negative (minus sign or, preferably, brackets). The precise term was again required, rather than 'profit' or similar. Templates used in this and the last question will continue to feature, although they vary somewhat in structure: and how the information to be entered in these templates is presented to candidates is also likely on occasion to vary from the traditional 'bulleted list'.

Part (b) followed the theme of asking the candidates to relate their answers to what they had just studied, read or calculated. It was again poorly done by many who ignored the phrase 'information shown in *Hire-a-Car's* Profit & Loss Account'. As a result, few obtained the third mark in each part available for referring to information from the Profit & Loss just calculated.

Question 10

This question introduced the final business, the airport owners, and in (a) candidates tended to ignore the specific situation referred to (building new shops). There was good general knowledge of the three financial documents mentioned, but little effective application in terms of how the document would be used in this situation.

Part (b) was the most open-ended question, being designed to allow the strongest candidates the chance to demonstrate their ability to analyse and to make judgements. The choices - issuing shares or taking out a bank loan - were almost equally popular in being selected. Weaker candidates were able to make simple statements about their chosen option, and some could also make simple comparisons. Better answers developed the comparison, giving reasons why one option was not selected, and/or by outlining the 'downside' of the option that was selected.

Applied GCSE Business - Statistics

5306: Investigating Business

Grade	Max. Mark	A*	A	B	C	D	E	F	G	U
Raw boundary mark	50	44	37	30	24	19	14	10	6	0
Uniform boundary mark	100	90	80	70	60	50	40	30	20	0

5307: People and Business

Grade	Max. Mark	A*	A	B	C	D	E	F	G	U
Raw boundary mark	50	44	38	32	27	21	15	10	5	0
Uniform boundary mark	100	90	80	70	60	50	40	30	20	0

5308: Business Finance

Grade	Max. Mark	A*	A	B	C	D	E	F	G	U
Raw boundary mark	90	73	63	53	44	38	32	26	20	0
Uniform boundary mark	100	90	80	70	60	50	40	30	20	0

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