

GCSE

Edexcel GCSE

Applied Business

This Examiner's Report relates to mark scheme
publication code: UG017359

January 2006

advancing learning, changing lives

Examiner's Report

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

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

For further information please call our Customer Services on 0870 240 9800, or visit our website at www.edexcel.org.uk.

January 2006

Publications Code UG017359

All the material in this publication is copyright
© Edexcel Ltd 2006

Contents

5308 Business Finance

Page 5

Statistics

Page 9

Applied GCSE Business
5308 January 2006

General comments

This is the fifth paper for Unit 3 Business Finance. Centres have by now seen two approaches: the 'single business' and the 'single location'. This paper introduced a slight variation, using two linked businesses. The Scenario once again contained text and an image. The text length was similar to that of past series: if anything, slightly less. Previous reports have confirmed that the purpose of the Scenario is to help candidates appreciate the context within which they are applying their answers. Future papers will therefore still give brief text-based information, and will continue to use diagrams and other images in order to help 'paint a picture' for candidates. Centres are by now aware that it is not necessary for candidates to try to memorise Scenario information, because of its introductory purpose: key information is given in question stems. However, the advice is to ensure that candidates get into the habit of re-visiting this Scenario at stages in the examination, to re-familiarise themselves with it. A number of candidates choose to highlight words/phrases they see as important: this approach is commended. In this series, the names of both businesses, their ownership and managers, and phrases such as 'there is no other cinema in Jefferson' and 'She will have a budget for this' were often highlighted.

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

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

The time allowance of 90 minutes again was sufficient to allow candidates to complete the paper. Gaps left appeared to be due more to lack of knowledge than lack of time. The paper differentiated well between candidates, and all questions were answered as expected with no major misinterpretations. January 2006 was the third series for on-line marking. It is pleasing to report again that centres have taken full account of previous advice, ensuring candidates do their best to answer question parts in the space allocated. Where this was not so - for example, due to deleting a wrong answer in the answer line section - it was noticeable that candidates were usually careful to indicate the location of the corrected answer on the paper (eg 'see next page' or 'my answer is on the last blank page'). This practice is again strongly encouraged.

Candidates' arithmetic mean performance was higher compared with that of previous cohorts. One reason is likely to be what was a very user-friendly context. It is also partly due to increasing familiarity with question types, given there are four past papers. Although the paper contained variations on past questions - for example, the profit and loss calculation (8(a)) and the complexity of the sales catalogue information in question 4 - candidates coped well with these approaches.

A noted area of weakness in the last series was in candidates' failure in interpreting their answers where required. This focused application was a key theme in certain parts of this paper, and it seems that candidates coped better with these challenges than in June. However, there is a failure by many candidates to tailor their answers to the specific situation, being content to stick to general comments.

Comments on individual questions

Question 1

This style of question is now quite familiar, and proved an easy start to this paper. Items (c) and (d) proved to be the most challenging. Although an easy question type, it serves the purpose of focusing candidates' minds on the need to apply their knowledge to given situations - notably to the named business - and therefore centres can expect this question type to feature on many future papers.

Question 2

In the past, candidates have often displayed a lack of knowledge of methods of payment. A second issue with this question is that it has specific foci: *Laurel Theatre* in parts (a) and (c); Nasim (a customer) in (b). The customer-supplier relationship is a fundamental feature of this paper, and candidates must be aware of the focus of a question part. When, for example, candidates are being asked to consider 'advantages' or 'drawbacks', this will invariably be in the context of 'to' someone or something: either to the Scenario business, or to another person or business. Centres are again advised to continue working with their candidates on this aspect of the examination, and can expect some future questions to refer to the business, and others to have another focus such as a customer.

Parts (a) and (b) (ii) were based on a comparison of cash and credit cards from the supplier's viewpoint. Answers to (a) were worth 1 mark each, and this was well answered in parts: the immediacy of cash was a popular advantage, and the risk of theft/loss was a popular disadvantage. Answers to (b) (ii) required some discussion. Many candidates easily obtained at least one mark for an advantage and a disadvantage associated with the use of credit cards, although far fewer made a sufficiently expanded comment to obtain the second mark. However, a lot of candidates based their answers to these parts on the customer rather than the supplier, and therefore lost the marks. Part (b) (i) switched attention to Nasim, a customer. Some candidates gave strong answers here, tending to argue that Nasim may not have sufficient cash on him to buy what were 'two top priced' tickets, or that he may choose to defer payment. There was, however, the inevitable confusion by many between credit and debit cards.

Question 3

The last report had commented that answers to questions on budgeting seem to be gradually improving, although there are still many weaknesses. This was again evidenced here, especially in the answers to part (a). A simple statement such as 'It is a financial plan' is quite sufficient, but yet again there were many answers that lacked the precision required: there is only a single mark available, and past reports have confirmed that in such cases the answer needs to be relatively precise for the mark to be awarded. Vague statements to do with 'limit' or 'amount of money to spend' do not receive the mark.

Questions set on budgeting tend to concentrate on the value of planning and/or the benefits from control that are associated with it. Part (b) used the word 'control' in its stem, and it was expected that many candidates would gain an easy three marks by describing the 'plan, actual, check difference, take action' procedure associated with budgetary control. This was not often the case: answers were often vague, with candidates often having to resort to copying out sections of the stem to pad out their

answers. Only a few of the better answers related their comments to the cinema. Centres can expect similar questions in future, and also questions that require candidates to interpret simple budget-based information.

Question 4

This question included what was anticipated to be a difficult but realistic (being based on a real) document. In previous series, candidates have proved reasonably adept at selecting and recording descriptive and numerical information, and this was the case here, with candidates often scoring four or more marks. The consecutive numbering of documents still proves difficult, and the relatively easy mark for the Order Number was often lost. Name and address were usually entered correctly, and the correct items were usually identified and described adequately. Calculation of amounts proved more difficult, and it was disappointing to see so many pence column entries shown as '2' and '6' rather than '20' and '60'. Centres must keep working with candidates to ensure that the numerical entries written on documents do reflect business reality of showing pence correctly rather than what might have been displayed - inappropriately in this context - on a calculator.

Question 5

This question was on costs and balance sheet content. Part (a) required candidates to explain why a specific item - the cinema seats - should be treated as either start-up or running costs. This was generally well answered, with the decision often supported by a clear statement confirming that the seats are not regular purchases. The classification of costs in the table for (b), and balance sheet items in part (c) table were both really well done, with good application by candidates. Centre can expect future questions on balance sheets to continue testing, using the context, candidates on their ability to classify and interpret similar information.

Question 6

Centres are now wholly familiar with the cash flow forecast template in part (a). This topic was again well taught (although there were the usual difficulties for some in balancing), with many candidates gaining most or all marks available. Part (b) gave candidates a closing balance for the following month, partly to overcome marking problems where candidates either calculate an incorrect closing balance or where they fail to answer the question. Few candidates made appropriate suggestions related to, for example, investing the surplus balance, and there was a lot of guesswork. Centres must expect that future questions will continue requiring candidates to interpret the results of such forecasts, whether the results are given or calculated.

Question 7

Two types of break-even question have been set. In this series, candidates were asked to interpret an existing chart. Many struggled with the one-mark questions in (a), being unable to read off accurately from the chart or to use simple calculations to help them confirm what the chart was showing. The second item proved particularly difficult, although most candidates easily obtained the mark for the third item. Part (b) was also not well answered: questions on the use of spreadsheets still generate too many of the 'quick' and 'easy' statements that, by themselves, are insufficient to gain any marks. Only on a few occasions did a candidate mention the use and value of formulae in this context, and receive both marks. The use of ICT in business is an important theme in this Unit, and centres must anticipate future papers setting questions on how ICT is used in practice, either in the form that this question part took, or through getting candidates to interpret and/or use extracts from spreadsheets or other mainstream ICT software.

Most candidates identified correctly in part (c) that the salary was a fixed cost, although fewer gave a satisfactory reason, ie that it does not change with output/number of customers.

Part (d) introduced a more structured approach to the question on how varying an amount affects break-even. Candidates were noticeably helped by this structure, with many getting full marks for explaining that the revenue and cost lines will become steeper as a result of the additional items being sold. There were only a few candidates who could reason correctly the effect on the break-even point: even so, scores of four out of six marks were not uncommon, a substantial improvement on past achievements. Future questions will either be open-ended or consist of a more structured approach along these lines.

Question 8

Part (a) of this question introduced a new format in the form of a table to calculate profit/loss. The table was laid out echoing the traditional 'horizontal' Profit & Loss account in accounting, with expenses on the debit (left) and revenues on the credit (right) sides. Candidates coped well with this variation in style. The information they needed was given in a memo-like style, and candidates again did well in identifying, classifying and totalling both expenses and revenues. The very good performance on this question was another reason for the increase in the mean mark.

Parts (b) and (c) tested candidates' knowledge of financial display and of stakeholders. Most gave adequate answers in (i) to why a stakeholder group would probably prefer a breakdown of financial information. Part (b) (ii) required candidates to apply their understanding of stakeholder interest to the given situation, and many failed to do this well. Only the better candidates could explain the interest a local community is likely to have in places of entertainment: better answers focused on the community customers and/or as actual (or potential) employees. Part (c) was usually better done, with many candidates selecting a bank as an appropriate stakeholder, supporting this with clear statements as to its likely interest in the liquidity and/or profitability that can be identified from final accounts. Another popular stakeholder group was employees.

Question 9

This question is targeted towards the highest achievers, and - as in previous series - required decisions to be made and justified. The local council was introduced into the context and candidates were given two options, each having arguments in their favour. Option 2 was the more popular selection. Weaker answers tended to be constructed by repeating - rather than using - given facts and figures, with little thought being displayed. Stronger candidates were able to present simple arguments, for example by referring to the long-run gain of business rates, or the likely benefit from the immediate receipt of a relatively large sum of money.

As in the last series there is evidence that centres are helping many weaker candidates to construct answers that achieve one or possibly two marks: many were able to make simple statements about their chosen option, and some also made simple comparisons. Better answers developed the comparison, often giving reasons why the one option was not selected.

Statistics

5308/01 - Business Finance

5308	Max Mark	A	B	C	D	E	F	G
Raw	90	70	61	53	45	37	30	23
UMS	100	80	70	60	50	40	30	20

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

Telephone 01623 467467
Fax 01623 450481

Email publications@linneydirect.com

Order Code UG017359 January 2006

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

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

