

Examiners' Report Summer 2008

GCSE

GCSE Applied Business (2306)

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Principal Examiners Report - Summer 2008
5306/5307

General Issues:

This is the fifth annual report of this specification and many of the issues arising annually remain constant. The outcome of moderation is again of some improvements since last year with work again showing better coverage of the specification particularly where Centres have had support or attended training sessions. However, assessment remains somewhat on the lenient side. There is still an issue with the use of certain case-study materials (notably "Richer Sounds") and assessors still appear to give Mark Band 3 for work that does not always provide analysis, evaluation or justification (where required) with high marks often given for factual statements or unsubstantiated opinions. Assessment was again generally better and more accurate within Mark Bands 1 and 2.

Once correct samples were received sampling and sub-sampling was relatively straightforward. In some cases, moderators reported a similar outcome to last year and even an improvement in the performance of candidates but there was still evidence of "over-marking" with some significant downward adjustments taking place as a result. There was again limited evidence of under-marking.

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

Annotation of Portfolio Work

The minimum requirement for annotation of portfolios is laid down in the Code of Practice to be identification of where a candidate's evidence of criteria coverage may be found in the work. Many Centres continue to provide 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 still not being followed by all Centres but it is worth emphasising again the importance of clear annotation for the benefit of candidates and internal standardisation as well as for external moderation purposes.

As each of the two internally assessed units follows a given pattern, best practice would suggest that whatever activities or assignments are used these should be done in the order of the unit coverage. There were again a few examples where candidates had considerable material in Unit One (5306) eg on "job roles", "recruitment" or "customer service" that could have been better used in Unit Two (5307).

Issues relating to the Units:

Unit 5306 - Investigating Business

General Issues:

Again this year in Centres where assessment practice allowed candidates to explore the required two organisations in an active and investigative manner and avoided the generic, theoretical approach (with the names of the organisations often appended) a better outcome was more likely. However there was still evidence of the latter in a significant minority of cases.

As in previous series, candidates who had been able to visit their chosen organisations or where visits from representatives of these had taken place were more likely to have gained better information than where these had not taken place. As the specification is "applied" business the emphasis is upon an investigation of real firms and MB3 particularly is more achievable where a candidate has some "inside" knowledge. It was again good to see coverage of "not-for-profit" organizations as one of the chosen two.

Business choice also still lets candidates down - some choose 2 businesses with the same form of ownership. Choosing a franchise usually makes coverage difficult for candidates. Some also choose multi-national that have eg American ownership and this again makes it difficult for candidates to cover all themes successfully.

(Also see note on "Annotation of Portfolio Work" above).

Standard of Portfolios c.f. 2007

Areas of the Specification:

(a) Once again, candidates appeared to understand this better than last year with often clear distinctions between "aims" and "objectives" although this remained blurred in other examples. "Activities" was still often too loosely covered, sometimes perhaps because candidates and assessors felt these would be obvious and marks were lost as a result. Some candidates were again rather fixated with "SMART" objectives and lost sight of the organisations under investigation. The link between "activities" and "aims and objectives" was often explicit and, as a result, Centres were better able to examine how organisations responded to change (for MB3) but many still continued to provide extensive histories of the business instead. Few candidates had really considered the inter-dependency between activities and aims and objectives over time to reach MB3, or looked at how, for example, extended opening times, greater product/service ranges, different types/size and location of branches and so on would help their business to achieve its aims. 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 an opinion).

(b) The change in the specification from 2005 requiring coverage of “functional areas and communications” in only **ONE** of the organisations investigated is still not being followed in all cases. Thus, as in previous years, there was evidence of generic coverage with the business’ names appended and considerable repetition where this was done for both organisations investigated. Often, when looking at each functional area, students are not giving enough emphasis to its purpose, and although each of the communication methods should be explained in the context of its use by these functional areas many are still treating communication as a separate section where candidates still struggled to link “communications” to “functional areas” particularly where little knowledge and understanding of the actual business was demonstrated. Where candidates had better knowledge of the actual organisation eg through a visit or talk, this was much better done. For Mark Band 3, the “detailed analysis” required was little in evidence; candidates preferring instead to describe or explain the methods of communication without linkage to the functional areas that was required.

(c) There were still too many instances of candidates describing all forms of business ownership rather than just the two under investigation. (Whilst they need to be aware of other forms, these do not need to be included in the portfolios). As in previous years the notion of “liability” and its meaning was still frail. Candidates who chose multi-site organisations did not always make it clear whether it was the headquarters of the chosen business or one of its branches that was being “investigated”. In MB3 the link between location and performance was still largely overlooked and again, the requirement to produce a “detailed analysis” of the suitability of the types of ownership and their implications for the organisations’ liabilities rarely addressed. Often, all that was needed was for candidates to look at the historic reasons behind location and compare with what is current. As with other criteria, candidates needed to go further than simple description and add reasons to their work.

(d) This was again rather better done than last year with more of the facets considered. However, MB3 was still not very well addressed 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. These could include an introduction to “SWOT” and/or “PEST”-style approaches at an appropriate level. Where “good points” and “bad points” were again listed by some candidates these could have been extended to produce a fuller evaluation. There were again more of the “advantages and disadvantages” - style evaluations presented that could form the basis for an effective evaluation but these were not always linked to how the businesses responded to the external factors affecting them. Also, the requirement in MB3 to provide a “detailed assessment” should contain detailed coverage related to the organisations investigated and not be done simply in general terms.

Unit 5307 - People and Business

General Issues:

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

However there were again Centres, some of whom have been moderated before, where candidates were not well guided and significant adjustments have again had to be made. There was still a trend for the work of weaker candidates to be under marked and stronger candidates to be over marked. The latter often due to the quantity of work produced rather than the quality.

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

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

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

(Also see note on "Annotation of Portfolio Work" above).

Standard of Portfolios c.f. 2007

Areas of the Specification:

- (a) Again, this was usually competently covered at MB1 although not always applied but many candidates were able to access MB2 through explanations related to the chosen business. "Relative importance" (of stakeholders) still proved a stumbling block to MB3 with many candidates still stating that all stakeholders were "important" or providing unjustified rank orders. Better work demonstrated a reasoned "rank order" with explanations of potential conflicts between "stakeholders" to meet MB3. In a number of cases, clever use of diagrams indicated the relative importance of the respective stakeholders. Better candidates showed that they had a good understanding of stakeholders and were able to explain these areas easily using their own words and language. Whilst it was common for candidates to look at the influence rather than the role of the stakeholder; few candidates went onto examine effectively the possible conflicts which could occur between

stakeholders' interests. In a few cases candidates failed to cover the roles of each stakeholder but went straight into conflict and were awarded Mark Band 3!

- (b) As with last year, most candidates were able to provide reasonable descriptions of customer service within context and many had carried out some sort of survey through questionnaires or observation. Unfortunately, the results of these were still not always analysed or used effectively to allow MB3 recommendations to be justified. Many candidates included examples of investigation tools, such as questionnaires and leaflets, without explaining or applying the results of such investigations. The work also tended not to highlight some areas where customer service could be enhanced or improved and the work seen rarely made much comment concerning the "quality" of customer care even though this is a requirement for higher marks in Band 3. Some candidates did not relate consumer law to the chosen business whilst some covered all consumer-related laws whether relevant or not and some did not cover any at all!
- (c) There were two common approaches to this strand - firstly, to adopt the generic "text book" style and describe standard managerial, supervisory and operative roles which often resulted in the omission of working arrangements; the other approach was to include three detailed job descriptions obtained from the company, but these were rarely compared or the differences in responsibility and authority explained. Many candidates simply listed the duties of each employee selected and did not explain their job roles in any depth. Often the job roles selected would be accurate, but not applied specifically to the business. Whilst many "job descriptions" were again offered, the notion of "key" job roles was still not always addressed. As a result, much theory was still in evidence, with abstract management structures investigated and "working arrangements" sometimes overlooked or misunderstood and there was often little analysis of the relative importance aspect at all. Few candidates offered an explanation of the benefits to their chosen company of the various working arrangements in place. This was sometimes done better where candidates had some experience of employment but still continues to be an area requiring further development.
- (d) Again, much of the work was in context and more Centres had again covered this part of the specification better than last year. Most candidates managed to describe the process of recruitment. The weaker candidates tended to get information from textbooks while better candidates used the textbooks and based it on findings from research into their own studies of the organisation. Some Centres again directed candidates into copying job specifications and application forms etc and in some cases this made moderation difficult because it was difficult to distinguish what was the candidates own work and what was copied. Few candidates made recommendations as to how the process could be improved. However, this year candidates were again better able to progress beyond generic descriptions of training types in MB2 and gave examples of the types of training provided. The "detailed evaluation" required for MB3 was rarely met although there was again more evidence of knowledge of working practices from within the organisations chosen. Comments were often generic and an explanation and evaluation of the importance of such practices to the efficient operation of the organisation were omitted. In addition, some Centres use this theme to provide candidates

with an opportunity to write their own letter of application and CV; however laudable, this does not address the requirements of the theme.

- (e) This was sometimes found to be the most difficult theme of the Unit and weaker candidates tended to give a list in all elements and not apply them to the chosen organisation. There was a deal of irrelevant information presented - for example ACAS and European directives and laws or the role of trade unions were described without application. Some candidates still did not cover all aspects of the criteria and focused on employment laws or on rights but limited mention of responsibilities when it would be possible to note that the rights of one are the responsibilities of another; and some candidates became confused over employer and employee, resulting in them covering employer responsibilities and employee rights but omitting employee responsibilities. Dispute and grievance procedures were better covered this year with more candidates relating these to their chosen business. Health and Safety issues tended to be the best answered in this section together with coverage of disputes. In the latter, more real life scenarios were used than in previous years. However, in some cases, the coverage of Health & Safety tended to be limited to HASAW Act, rather than the procedures and responsibilities within the actual workplace. Fewer candidates went on to explore the role of Unions, ACAS and the courts in context. Some of the improved coverage noted last year was again continued with many fewer gaps allowing access to MB3 in several cases. Where this was the case, the use of generic material was less in evidence and candidates seemed better able to relate findings to the business investigated although candidates again often failed to understand sufficient about the chosen organisations to allow the MB3 "evaluation" to be fully met.

Administration:

Some Centres still do not automatically send the highest and lowest marked portfolios but fewer reminders regarding this and the authenticity requirement had to be sent. Annotation (see above) was likewise a mixture of clarity and confusion and, when not present, again caused problems for moderation. Where Centres complied with all aspects of the required administration procedures they are to be complimented on the high standard of presentation and clarity of assessment practice.

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

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

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

Principal Examiner's Report - Summer 2008

5308

General comments

This is the tenth paper, and the fifth Summer paper, for Unit 3 Business Finance. This paper was based on a small business in a niche market (old films). Businesses and/or contexts are selected with candidates' experiences in mind and, even though candidates will probably not have much experience of old films, the Scenario proved accessible. It once again contained text and an image, and the text length was similar to that of past series. Previous reports have confirmed that the purpose of the Scenario is to help candidates appreciate the context within which they are applying their answers. Future papers will continue to give brief text-based information and use diagrams and other images in order to help 'paint a picture' for candidates. Centres realise that candidates are not expected to memorise Scenario information, because of its introductory purpose: key information will be provided in question stems. However, the advice remains to ensure that candidates re-visit this Scenario several times during the examination, to re-familiarise themselves with it.

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

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

The 90 minutes once again seemed sufficient. Gaps appeared to be due more to lack of knowledge than lack of time. The paper differentiated well, and all questions were answered as expected with no major misinterpretations. Centres are fully aware of on-line marking and related issues, and have taken full account of advice given to ensure as far as possible that candidates answer question parts in the space allocated. Where this was not so - for example, due to deleting a wrong answer in the answer line section - most candidates indicated the location of the corrected answer on the paper (eg 'see next page' or 'my answer is on the last blank page'). This practice is once again strongly encouraged.

The paper contained some slight variations on past questions - for example, the focus on budgeted revenues - and candidates typically coped well with these.

A noted area of weakness in recent series has been in candidates' weak answers to questions that required specific application: for example, question 2 (c) on this paper, which referred to 'this' credit note. Basing some questions on 'this' given situation still present difficulty for candidates. This specific application will remain

a key theme of this paper, and centres are therefore once again encouraged to work closely with their candidates to ensure they cope with this particular challenge.

Comments on individual questions

Question 1

This style of question has been set many times before and for many candidates proved an easy start to this paper, particularly item (d) which was almost always correctly answered. There was, however, the expected confusion between debit cards and direct debits in (a).

Question 2

Part (a) proved a testing question for some candidates. Many obtained two marks, either for clarifying the two errors in the 'Sent by' column, or for recognising that the purchase order is first and the receipt last. Part (b) was also quite accessible, with weaker candidates typically gaining two or three marks for completing the blank rows, though a surprising number lost the mark for not updating the credit note number. VAT calculation proved - as ever - more problematic. Part (c) contained the word 'this', and therefore the mark was only awarded if clear reference to the information given was made, rather than a generic statement concerning the role of credit notes. Centres are therefore encouraged to continue working with candidates to ensure that answers to 'this'-style questions use the specific information given.

Question 3

Many candidates find the topic of payment methods difficult. As mentioned in earlier reports, the starting point for candidates is to identify clearly in their own minds the party to whom the question refers - in this case, the customer (Ross). Once candidates understand which party is which, they can focus their answers. The comparison in (a) was between credit and debit cards, and only stronger candidates made clear reference to both, with marks typically gained for reference to deferred payment. In (b), many candidates were content to make simple general statements rather than calculate the amount of the error (£90) and incorporate this figure into their answers. Centres are therefore encouraged to continue working with candidates to ensure that - when simple figures such as these are given - calculations can be used to support answers.

Question 4

This question was generally not well answered. The answers to (a) were often disappointing. What was expected to be a relatively easy two marks for many often resulted in one mark at best. There was often confusion between debit cards and direct debits, with many candidates failing to make simple statements that referred to - for example - the 'chip and pin' process. Part (b) was usually better answered, although sometimes marks were lost when candidates based their answer on advantages to the members rather than to the business. Part (c) asked candidates to consider budgeting in the context of revenue, and some stronger candidates made relevant and accurate comments about sales budgets. Candidates have, in recent series, shown better knowledge of budgets although in this instance the revenue focus proved problematic for many. Budgeting will continue to be tested using various approaches, for example asking how a business can use budgeting in a given situation,

and getting candidates to undertake simple budget calculations then use them as a basis for comparison against actual.

Question 5

This question asked candidates to categorise costs or items. Most scored at least three marks in (a) (i), showing sound knowledge of start-up and running costs, with many gaining all five marks. Part (ii) was more difficult: there was the occasional confusion between fixed and current assets, although there was generally a reasonable understanding of why they were either fixed or current. Centres are clearly following the appropriate strategy of discussing costs, assets and associated items of actual businesses, which seems to help exam performance. Part (b) usually gained candidates at least two marks for correct categorisation, though there is still a tendency not to clarify that variable and (in particular) fixed costs are classified as such because of their relationship with output - in this case, with the number of members.

Question 6

This was also not a new question, and many candidates managed to gain at least two marks for clearly naming a relevant cost (wages and stationery were the most popular), and supporting this with comments as to why it would be lower.

Question 7

Part (a) was a simple business calculation similar to ones set before, but a surprisingly high proportion did not get the mark. Candidates were also on familiar ground with the cashflow template in (b), and many gained most if not full marks here. There is still some tendency not to label correctly, or to use the blank row parallel with the titles in the descriptions column. Weaker candidates often gained about half marks for accurate inflows and outflows, coping well with the changes in monthly figures, though the balancing rows continue to prove difficult.

Question 8

Past questions on profit and loss calculations have been asked using similar stimulus information and template, and candidates typically did very well here. Nearly all candidates categorised items correctly as either costs or revenues, and calculations were usually accurate although weaker candidates failed to realise that the revenue from tickets needed calculating because it was generated over four nights.

Question 9

Two types of break-even questions are typically set. This paper asked for the interpretation, rather than the construction, of a break-even chart. Most candidates started well by gaining the mark available in (a) for completing the table, although many lost the mark in (b) for not being able to read off the breakeven figure of 100. Although performance in this topic seems to be gradually improving over time, it still presents difficulties to many candidates, and 1 or 2 marks were not unusual for part (c). The mark for (i) was typically gained by identifying the breakeven revenue, but the four other part questions in (c) proved equally difficult for weaker candidates.

Question 10

Part (a) tested candidates on their understanding of the relationship between a business and its stakeholders. The stronger answers to (i) were based on the issues of either survival or need to earn a living, though many candidates failed to use clearly in their answers the fact that Billie and George are the owners of the business. Answers to (ii) were often better, with candidates recognising the supplier-customer relationship. Stronger candidates included in the answers mention of the percentage payment received for copying DVDs. Part (b) (i) required candidates to apply their knowledge of cash outflows to two situations (leasing and buying), and many gained both marks for simple statements that leasing typically involves continuous outflows whereas buying typically amounts to a single (large) outflow. Part (ii) specifically excluded mention of the effect of cash outflows in answers, but many candidates ignored this instruction, based much or all of their answers on this, and therefore gained few if any marks. Better answers concentrated on factors such as ownership, replacement and profits.

Grade Boundaries

| | | | | | | | | | |
|-----------------|--------------|-----------|----------|----------|----------|----------|----------|----------|----------|
| 5306 | Total | A* | A | B | C | D | E | F | G |
| Raw Mark | 50 | 44 | 3 | 32 | 26 | 21 | 17 | 13 | 9 |
| UMS | 100 | 90 | 80 | 70 | 60 | 50 | 40 | 30 | 20 |

| | | | | | | | | | |
|-----------------|--------------|-----------|----------|----------|----------|----------|----------|----------|----------|
| 5307 | Total | A* | A | B | C | D | E | F | G |
| Raw Mark | 50 | 43 | 38 | 33 | 28 | 23 | 18 | 14 | 10 |
| UMS | 100 | 90 | 80 | 70 | 60 | 50 | 40 | 30 | 20 |

| | | | | | | | | | |
|-----------------|--------------|-----------|----------|----------|----------|----------|----------|----------|----------|
| 5308 | Total | A* | A | B | C | D | E | F | G |
| Raw Mark | 90 | 75 | 66 | 57 | 49 | 43 | 38 | 33 | 28 |
| UMS | 100 | 90 | 80 | 70 | 60 | 50 | 40 | 30 | 20 |

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