

# **Applied Business (Double Award)**

GCSE 1491

## **Combined Mark Schemes And Report on the Units**

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**June 2005**

**1491/MS/R/05**

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**Mark Scheme 4865**  
**June 2005**

Question	Answer	Asst Obj	Grade	Marks
1a <i>Check the following Delivery Note and circle any errors that you find.</i>	<b>One mark for each error circled as shown below.</b>  <b>Note: If errors circled on P.O.F not accepted.</b>	AO1 AO1	D C	1 2

**DELIVERY NOTE**      **Number 17171**

**63 High Street**      **The Flower Factory**

**Preston  
Lancashire**

**PR4 7TK**

**'ROSES'**  
111 Floral Avenue  
Stone  
Staffordshire  
ST15 1OP

Order No: **1246** (✓)  
Your ref: **SLB**  
Account: **R676767**  
Date: **Exam date**

Quantity	Reference	Description	Colour	Notes
10	S754	Silk Poppies	Red	
25	<b>D439</b> (✓)	Dried Roses	<b>White</b> (✓)	
3 packs	D122	Dried Grasses	Assorted	
50	S668	Silk Lilies	Cream	

**PLEASE CHECK THIS DELIVERY AND RECORD ANY PROBLEMS OR ACTIONS TAKEN IN THE BOX BELOW.**

**COMMENTS:**

White roses (D439) were sent in error. Actual order was for yellow roses (D436). White roses sent back with the delivery driver. (✓)

SIGNED: Candidate Signature (✓) \_\_\_\_\_ DATE: 17 June 05 (✓) \_\_\_\_\_

**Note: If more than three errors circled take the top three.**

<p>1b Complete the Delivery Note by:</p> <ul style="list-style-type: none"> <li>• Commenting on any problems.</li> <li>• Signing the Delivery Note.</li> <li>• Dating the Delivery Note.</li> </ul>	<p><b>One mark for each of the following as shown above.</b></p> <p><b>Please Note: Any comment is acceptable as long as it states what the problem is <u>concerning the roses</u>.</b></p> <ul style="list-style-type: none"> <li>• Comment to say that yellow roses (D436) sent instead of white roses (D439) (✓).</li> <li>• Student signature on the delivery note (✓).</li> <li>• Exam date entered after the signature (✓).</li> </ul>	AO1	EFG	3
<p>1c RB has asked you to complete the following GRN. She has already started to fill in the GRN and wants you to finish it.</p>	<p><b>One mark for each correct entry in the GRN as shown on the next page.</b></p> <p><b>If a candidate failed to spot the incorrect order number on the delivery note, they can be credited with using 1246 on the GRN but cannot be given the extra 1 mark for fully correct.</b></p> <p><b>If a candidate has included the dried roses on the GRN they will not be given the extra 1 mark for fully correct.</b></p> <p><b>Must state '3 packs' of dried grasses – '3' not accepted.</b></p>	AO1	CD	7

**GOODS RECEIVED NOTE**

**GRN 2278**

**FROM SUPPLIER:**

**The Flower  
Factory**  
63 High Street  
Preston  
Lancashire  
PR4 7TK

ORDER No: 1 2 5 6 (✓)

**DELIVERY DATE: 17 June 05 (✓)**

**DELIVERY NOTE No: 1 7 1 7 1 (✓)**

Quantity	Description	Colour
10	Silk Poppies	Red
3 packs	Dried Grasses	Assorted (✓)
50	Silk Lilies	Cream (✓)

Received by:

SIGNATURE: \_\_\_\_ Candidate Signature \_\_\_\_ Date: \_\_17 June 05\_( ✓ for both)\_\_



**+1 mark for complete accuracy**

<p>1d <i>Identify two other documents that are likely to be sent by The Flower Factory to Roses.</i></p>	<p><b>One mark each for up to two of the following documents:</b></p> <ul style="list-style-type: none"> <li>• Credit note (✓).</li> <li>• Invoice (✓).</li> <li>• Statement of Account (✓).</li> <li>• Remittance Advice (✓).</li> <li>• Receipt (✓).</li> </ul>	<p>AO1</p>	<p>FG</p>	<p>Max 2</p>
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<p>1e Use examples to explain why <b>reference numbers</b> are used to link the financial documents that flow between Roses and The Flower Factory.</p> <p>√ example √ reason √+√+</p>	<p><b>Please note:</b> <b>Maximum 1 mark if confused with reference number of goods.</b> <b>Maximum 3 marks if no example(s) used in answer.</b> <b>Customer account reference number acceptable.</b></p> <p>Possible responses might include:</p> <ul style="list-style-type: none"> <li>• So that the correct document can be identified (√).</li> <li>• Makes it easier to find the documents once they are filed (√) in case of any query arising (√+).</li> <li>• If a customer orders the same thing on a regular basis it makes it easier to determine which transaction is being queried (√√+).</li> <li>• Makes it easier to reconcile items on the statement of account (√+).</li> <li>• Makes it easier to tie up an invoice with the corresponding purchase order (√+).</li> <li>• Telephone queries are easier to deal with as it will be much quicker to look up all the relevant transaction documents to find the source of the query (√√+).</li> <li>• Any other valid suggestion.</li> </ul>	AO1	A*AB	4
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<p>2a Complete the following debit card voucher for the payment using info from Mr Jammeh's card and today's date.</p>	<p><b>One mark for each correct entry as shown below.</b></p> <p><b>Please Note: £ and P must be in separate columns.</b></p>	<p>AO1</p>	<p>EFG</p>	<p>7</p>
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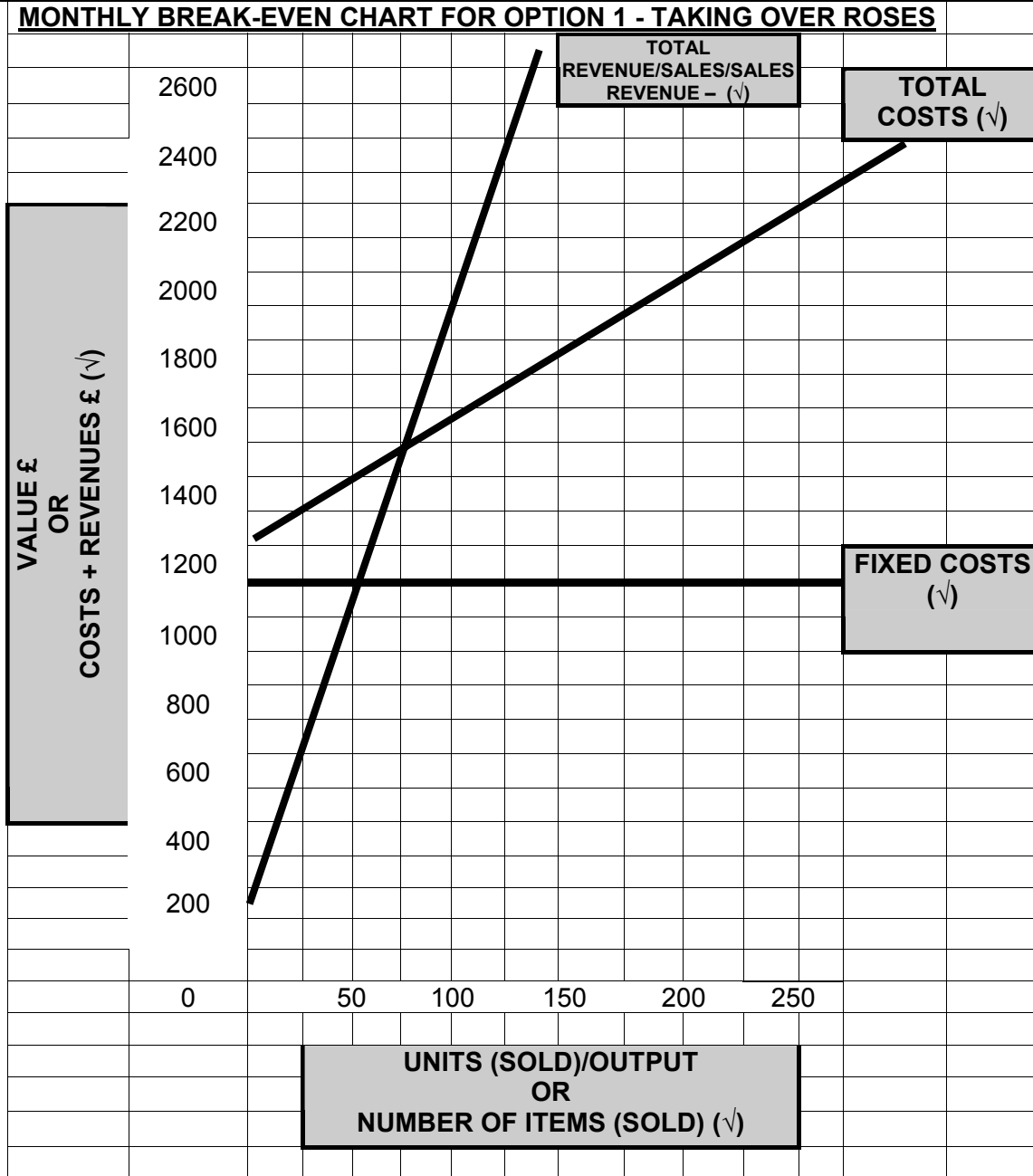
DEBIT CARD VOUCHER																																																					
MR LAMIN O JAMMEH 27 MAPLE COTTAGES STONE STAFFORDSHIRE ST5 4SP	Description	£	P	(✓)																																																	
	1 Adina bouquet	25	00 (✓)																																																		
	1 Table decoration	12	75 (✓)																																																		
	<b>Total</b>	<b>37</b>	<b>75 (✓)</b>																																																		
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6	7	5	8	6	4	4	1	7	3	4	6	7	1	6	1																																						
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CARD NUMBER								SIGNATURE lamin O Jammeh																																													
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(✓)	(✓)	(✓)																																																			

<p>2b State <b>two</b> advantages to Mr Lamin O Jammeh of using a debit card to pay for his purchases.</p>	<p><b>One mark each for two statements.</b></p> <p><b>Please Note: A response that suggests the money is taken straight out of his bank account is not acceptable as it is not necessarily an advantage. The advantage must be clearly explained.</b></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> <li>• It is safer (less risky) than carrying/using cash (✓).</li> <li>• Less chance of being short-changed (✓).</li> <li>• No bulky coins to carry around (✓).</li> <li>• Widely accepted as a payment method (✓).</li> <li>• Usually no charges for using this service (✓).</li> <li>• Little chance of spending more than he has in the bank (going overdrawn) (✓) as his balance is often checked immediately (✓).</li> <li>• Any other valid suggestion.</li> </ul>	AO1	CD	2
<p>2c State <b>one</b> advantage to Roses of a customer paying by debit card.</p>	<p><b>One mark for an accurate explanation.</b></p> <p><b>Please Note: The advantage must be clearly explained.</b></p> <p>Possible responses might include:</p> <ul style="list-style-type: none"> <li>• Bank credited immediately (✓).</li> <li>• Less money kept on the premises (less chance of theft) (✓).</li> <li>• Makes it easier to cash up at the end of the day (fewer coins and notes) (✓).</li> <li>• The machine can automatically check that there are sufficient funds in his account (✓).</li> <li>• Better than a cheque as it can bounce (✓) and it takes time to get a cheque represented (and admin costs) (✓).</li> <li>• Any other valid suggestion.</li> </ul>	AO1	D	1

3a <i>Use the table to indicate which of the items listed would be a cost and which would be a revenue.</i>	<b>One mark for each correct indication as shown below.</b>	AO1	EFG	5
<b>COSTS</b>		<b>REVENUE</b>		
<b>Buying in flowers (✓)</b>	<b>Selling bouquets of flowers (✓)</b>			
<b>Packaging (✓)</b>	<b>Sale of table decorations by mail order (✓)</b>			
<b>Telephone &amp; electricity bills (✓)</b>				

<p>3b Suggest <b>two</b> sources of finance that Sarah might consider using to finance her new business.</p>	<p><b>One mark for each of two identifications and up to two marks each for two explanations.</b> <b>Please Note not suitable as follows:</b></p> <ul style="list-style-type: none"> <li>• <b>Sale of assets</b></li> <li>• <b>Sale and lease back</b></li> <li>• <b>Debt factoring</b></li> <li>• <b>Government grants</b></li> <li>• <b>Overdraft</b></li> </ul> <p>Not suitable suggestions for this context. Possible identifications with suggested explanations could include:</p> <p><b>Loan from family/friends</b> (√) less pressure to pay it back (√+) low or no interest (√+).</p> <p><b>Bank loan/Mortgage</b> (√) – long term source of finance (√+) with lower interest rates (√+) often secured against value of property (√+) could be suitable if she decides to buy Roses.</p> <p><b>Short or medium-term loan</b> (√) – can be paid back over 1 to 5 years (√+) often high interest rates as unsecured (√+) suitable for start-up costs such as equipment (√+) fixed rate of interest makes it easier to budget/plan for (√+).</p> <p><b>Leasing/Hire Purchase</b> (√) - possible source of finance for equipment (√+) although floristry equipment is not really likely to be available for lease (√+) HP has high interest rates (√+) but she would have ownership once the last payment was made (√+).</p> <p><b>Partners' capital</b> (√) – Rosemary Bishop may wish to be a silent partner in the business (√+) and invest money for Sarah to use (√+) for a share of the profits (√+) or one of Sarah's friends may opt to partner her in leasing the Raffles concession (√+).</p> <p><b>Share Capital</b> (√) – Sarah could opt to start out as a Ltd (√+) and sell shares to raise finance (√+) as she would then have limited liability (√+) but the start-up cost may be too great (√+).</p> <p><b>Venture capital</b> (√) – useful for higher risk initiatives like the Raffles concession (√+) but very high interest rates (√+).</p>	<p>AO1 AO3</p>	<p>EFG EFG</p>	<p>2 4</p>
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<p>4a Label the <i>five</i> boxes on the break-even chart below.</p>	<p>One mark for each correct label as indicated below.</p>	<p>AO1</p>	<p>EFG</p>	<p>5</p>
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<p>4b State the break-even point if Sarah decides to take over Roses.</p>	<p>One mark for the break-even point that is:  75 items (✓)</p>	<p>AO1</p>	<p>E</p>	<p>1</p>
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<p>4c Use the information in <b>Text 4</b> and the formula to calculate the break-even point if Sarah decided to take on the lease for the Raffles concession.</p>	<p><b>One mark for each correct element of the formula:</b></p> $\text{BEP} = \frac{5600 (\checkmark)}{£50.00 (\checkmark) - £15.00 (\checkmark)} = 160 (\checkmark)$	AO1	CD	4
<p>4d Explain how the break-even points can be used to help Sarah make a decision about which business option to choose.</p>	<p><b>Level 2:</b> (3-4 marks) For an explanation that includes context</p> <p><b>Level 1:</b> (1-2 marks) For a generic explanation of what a break-even point signifies.</p> <p>Possible responses might include:</p> <ul style="list-style-type: none"> <li>• The BEP for Roses is 75 and for Raffles is 160 so Roses would break even sooner (<math>\checkmark</math>) (<b>L1 – 1 mark</b>).</li> <li>• The BEP is the point at which total revenue=total costs (<math>\checkmark</math>). Any sales above the BEP would contribute towards profit (<math>\checkmark</math>) (<b>L1 – 2 marks</b>).</li> <li>• The BEP for Roses is 75 and for Raffles is 160 so she should opt for Roses (<math>\checkmark</math>) as it will be easier/quicker to break even (<math>\checkmark</math>) (<b>L2 – 3 marks</b>).</li> <li>• Although the BEP for Roses is lower than that for Raffles (<math>\checkmark</math>), these are only based on estimated figures and could turn out very differently (<math>\checkmark</math>) so further information or estimates would need to be done for her to make a more informed decision (<math>\checkmark</math>) (<b>L2 – 4 marks</b>).</li> <li>• Any other valid suggestion.</li> </ul>	AO1 AO2	A B	2 2

<p>5a Use the figures in the given expenses budget to produce a forecast P&amp;L statement for the 6 months to 31 October 2005.</p>	<p><b>One mark for each correct insertion or calculation in the P&amp;L statement as indicated below.</b></p>	<p>AO1 AO2</p>	<p>ABCD E</p>	<p>5 2</p>
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Forecast Profit and Loss Statement for Roses for the six months to 31 October 2005		
<b>Sales of flowers</b>		<b>£ 28 500</b>
<b>Cost of sales</b>		<b>£ 5 700 (✓)</b>
<b>Gross profit</b>		<b>£ 22 800 (✓)(OFR)</b>
<b>Expenses</b>		
1. Wages	£ 7 000 (✓ for row)	
2. Heat and light	£ 600 (✓ for row)	
3. Telephone	£ 650 (✓ for row)	£ 8 250 (✓)(OFR)
<b>Net Profit</b>		<b>£ 14 550 (✓)(OFR)</b>



<p>5b  <i>Sarah thinks that the forecast P&amp;L might be useful in helping her to decide which option to choose. Do you agree with her?</i></p>	<p><b>Level 2: (3- 4 marks)</b>  Candidate evaluates the potential use of a P&amp;L for decision making and considers other issues in context.</p> <p><b>Level 1: (1-2 marks)</b>  Candidate makes a weak attempt to analyse the use of a P&amp;L in decision making (not necessarily in context).</p> <p><b>Please Note: 1 mark for reference to both business/choice/comparison. Maximum 2 marks for reference to one business.</b></p> <p>Possible responses might include:</p> <ul style="list-style-type: none"> <li>• Consideration of the net profit figures alone (<b>L1</b>).</li> <li>• Consideration that it is only a forecast (<b>L1</b>).</li> <li>• Consideration of gross profit (<b>L1</b>).</li> <li>• Consideration of the type and level of expenses (<b>L1</b>).</li> <li>• Profitability is a good indicator but should not be used in isolation (<b>L2</b>).</li> <li>• Net profits/gross profits could be compared to sales (%) to indicate which option has the higher profit margin (<b>L2</b>).</li> <li>• In decision making, the highest profits should not be the only focus as location, living expenses, etc should also be considered (<b>L2</b>).</li> <li>• Any other valid suggestion.</li> </ul>	<p>AO2  AO3</p>	<p>A*A  B</p>	<p>2  2</p>
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<p>5c <i>Explain why budgets are important for a small business such as Roses.</i></p> <p>(√√+) and (√√+) OR √√+√+√+</p>	<p><b>Up to two marks for identifying aspects of budgets and variance and two further marks for explaining their importance.</b></p> <p><b>Please Note: Maximum 3 marks if answer does not reflect small businesses – not just repeat of question.</b></p> <p>Possible responses might include:</p> <ul style="list-style-type: none"> <li>• Budgets can help to limit spending (√) (small business with tight cashflow) (√+).</li> <li>• Variance analysis helps to monitor expected performance against actual performance (√) (need to investigate differences to see if they are one-off's or indicate a change in trend) (√+).</li> <li>• If a small business spends too much through not planning effectively (√) it could make a loss instead of a profit and the owners could be working for nothing (√+) or the owners could be made bankrupt (√+).</li> <li>• Budgets can help a small business to keep its expenses in line with sales (√) by estimating future figures based on past information (√+).</li> <li>• Any other valid suggestion.</li> </ul>	<p>AO1 AO2</p>	<p>A* AB</p>	<p>2 2</p>
<p>6a <i>Classify the four balance sheet items shown and insert them correctly into the table below.</i></p>	<p><b>One mark for each correct classification as shown below.</b></p>	<p>AO1</p>	<p>CDEF</p>	<p>4</p>
<ul style="list-style-type: none"> <li>• Retained profits (√)</li> </ul>	<p>Is an example of <b>Owners Funds</b></p>			
<ul style="list-style-type: none"> <li>• Creditors (√)</li> </ul>	<p>Is an example of <b>Current Liabilities</b></p>			
<ul style="list-style-type: none"> <li>• Equipment (√)</li> </ul>	<p>Is an example of <b>Fixed Assets</b></p>			
<ul style="list-style-type: none"> <li>• Stock (√)</li> </ul>	<p>Is an example of <b>Current Assets</b></p>			

<p>6b  <i>RB and her bank manager are both stakeholders in Roses. Explain <b>one</b> reason why the balance sheet is a useful document to each of them.</i></p> <p>√√+</p>	<p><b>Up to two marks each for a valid reason and explanation.</b></p> <p>Possible responses might include:</p> <p><b>For Rosemary</b></p> <ul style="list-style-type: none"> <li>• It tells her the value of her business/assets (√) so she can work out how much she is likely to gain if she sells to Sarah (√+).</li> <li>• It shows her how much capital she has in the business (√) and how her capital has been used in running the business (√+).</li> <li>• It shows any external debts owing (√) and this reflects the level of risk at any one time (√+).</li> <li>• It indicates the solvency of her business (√) (working capital) which tells her if she is likely to face cash flow problems in the future (√+) or if she has surplus money that could be invested elsewhere (√+).</li> </ul> <p><b>For her bank manager</b></p> <ul style="list-style-type: none"> <li>• It indicates the solvency (√) and therefore the likelihood of loan repayments (√+).</li> <li>• It shows the value of her assets (√) that could be sold to pay bank debts if necessary (√+).</li> <li>• It shows how much external borrowing she has already (√) which indicates how far the bank might be willing to provide further finance (√+).</li> <li>• Any other valid suggestion in both cases.</li> </ul>	<p>AO2  AO3</p>	<p>CD  AB</p>	<p>2  2</p>
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7a <i>Indicate in the table below whether the items listed would be a start-up cost or a running cost for Sarah.</i>	<b>One mark for each correct indication as shown below.</b>	AO1	EFG	4
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	Start-up cost	Running cost
Monthly advertising of £250		<input type="checkbox"/>
Security deposit of £10 000	<input type="checkbox"/>	
Fixtures and Fittings of £4 000	<input type="checkbox"/>	
Monthly lease of £5 600		<input type="checkbox"/>

7b <i>Complete the unshaded boxes in the following cashflow forecast for the first 6 months of the Raffles concession.</i>	<b>One mark for each correct insertion or calculation as indicated below.</b>	AO1	CDEFG	6
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<b>CASHFLOW FORECAST FOR RAFFLES CONCESSION</b>						
	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06
	£	£	£	£	£	£
<b>INCOME</b>						
1 Sales of fresh flowers	8 000	8 000	8 000	8 000	8 000	8 000
2 Sales of arrangements	4 500	4 500	4 500	4 500	4 500	4 500
<b>Total</b>	<b>12 500</b>	<b>12 500</b>	<b>12 500</b>	<b>12 500</b>	<b>12 500</b>	<b>12 500</b>
<b>EXPENDITURE</b>						
1 Purchase of stock	3 750	3 750	3 750	3 750	3 750	3 750
2 Security deposit	10 000					
3 Lease	5 600	5 600	5 600	5 600	5 600	5 600
4 Telephone	100	100	100	100	100	100
5 Fixtures and Fittings	4 000					
6 Advertising	3 000	250	250	250	250	250
<b>Total</b>	<b>26 450</b> (√)	<b>9 700</b>	<b>9 700</b>	<b>9 700</b>	<b>9 700</b>	<b>9 700</b>
<b>OPENING BALANCE</b>	<b>250</b>	<b>(13 700)</b> (√)(OFR)	<b>(10 900)</b>	<b>(8 100)</b>	<b>(5 300)</b>	<b>(2 500)</b> (√ for row)
<b>(INCOME – EXPENDITURE)</b>	<b>(13 950)</b> (√)(OFR)	<b>2 800</b>	<b>2 800</b>	<b>2 800</b>	<b>2 800</b>	<b>2 800</b>
<b>CLOSING BALANCE</b>	<b>(13 700)</b> (√)(OFR)	<b>(10 900)</b>	<b>(8 100)</b>	<b>(5 300)</b>	<b>(2 500)</b>	<b>300</b> (√ for row)

<p>7c Discuss what the CFF might suggest to Sarah about choosing the Raffles concession taking into account:</p> <ul style="list-style-type: none"> <li>• Closing balances and trends.</li> <li>• Finance needs.</li> <li>• Estimated income and expenditure.</li> <li>• Any other issues.</li> </ul>	<p><b>Level 3:</b> (6-8 marks) Candidate evaluates the option of taking on the concession making reference to at least two issues.</p> <p><b>Level 2:</b> (3-5 marks) Candidate makes an attempt to evaluate the option of taking on the concession in relation to one or two issues.</p> <p><b>Level 1:</b> (1-2 marks) Candidate identifies main CFF results.</p> <p>Possible responses could be:</p> <ul style="list-style-type: none"> <li>• First 5 months have a negative cash flow (<b>L 1</b>).</li> <li>• Last month has a positive cash flow (<b>L 1</b>).</li> <li>• Sarah will have to organize some form of finance to cover the first 5 months (<b>L2</b>).</li> <li>• An overdraft is the usual form of finance to cover short term cash flow issues (<b>L2</b>) but £13700 is rather a large amount for an overdraft (<b>L3</b>) – (<b>L2 – 4 marks</b>).</li> <li>• A short term loan might be suitable to use for the deposit or fixtures and fittings (<b>L2</b>) but this has to be paid back over time with interest and may cause further cash flow problems (<b>L3</b>) There is a negative cash flow in the first 5 months although it becomes positive in June (<b>L1</b>) (<b>L3 – 6 marks</b>).</li> <li>• The figures are only estimated so the income or expenditure could be very different in reality (<b>L2 – 3 marks</b>).</li> <li>• There is a positive trend in the last month (<b>L1</b>) which suggests that the cash flow will continue to increase (<b>L2</b>) and Sarah will soon be able to take personal drawings out of the business as long as her estimates are relatively accurate (<b>L3</b>) (<b>L3 – 6 marks</b>).</li> <li>• Any other valid suggestion.</li> </ul>	<p>AO2 AO3</p>	<p>EF A*ABCD</p>	<p>2 6</p>
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<p>8  <i>Discuss using examples how useful ICT would be to Sarah in helping her make the decision as to which business option to choose.</i></p>	<p><b>Level 2:</b> (3-5 marks)  Candidate discusses fully making reference to the business decision and using examples.  <b>Level 1:</b> (1-2 marks)  Candidate makes general comments not linked to the business decision.</p> <p><b>Please Note: Maximum 2 marks for a list of ICT applications (e.g. Budgets Cash Flow Forecasts). Maximum 2 marks for reference to Internet alone.</b></p> <p>Possible responses could include:</p> <p><b>Level 1</b></p> <ul style="list-style-type: none"> <li>• Make fewer mistakes.</li> <li>• Document presentation more professional.</li> <li>• Calculations done automatically.</li> <li>• Saves time.</li> <li>• Less filing space needed.</li> </ul> <p><b>Level 2</b></p> <ul style="list-style-type: none"> <li>• Easier to compare financial information.</li> <li>• Easy to do 'what if' scenarios – automatic calculations improve accuracy and save time.</li> <li>• Accounting packages can be used – relatively cheap and easy to use.</li> <li>• Can produce a variety of documents and management tools eg CFF, break-even, budgets, P&amp;L and BSheets to manage finances.</li> <li>• Templates can be used each month to save time.</li> <li>• Any other valid suggestion.</li> </ul>	<p>AO1  AO2  AO3</p>	<p>C  B  A*AD</p>	<p>1  1  3</p>
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**Report on the Units  
June 2005**

## **Chief Examiner's Report**

OCR is continuing to provide support to Centres in a number of ways in order to assist in the delivery and assessment of this qualification. The OCR website contains exemplification of the assessment criteria for Units 1 and 2 and Centres can still request a free consultancy service where assessed work from both units can be scrutinised before being submitted for moderation. This could be particularly useful for new Centres or new assessors within established Centres. A range of INSET courses will also run during autumn 2005 and spring 2006 for both new and established Centres. These will provide teachers with useful feedback from the moderation and examination session in June 2005, as well as providing the opportunity to discuss specific issues which may have arisen from the teaching and learning for the qualification.

The main issues from June that Centres need to consider in preparation for the January 2006 session are as follows:

For the coursework units:

- There is still evidence to suggest that some aspects of the assessment grids are being treated theoretically without applying the topic to the business(es) under investigation.
- Many candidates are including class notes and pages of research in their portfolios making it difficult to find the actual work.
- Further consideration of the specific performance criteria needs to be made and how candidates can more easily meet these.
- Weaker candidates may need to use templates or writing frames to ensure that the specifics of the criteria are addressed
- Stronger candidates need assistance in accessing the top end marks through the development of the higher level skills of analysis and evaluation. Some of the AO3 criteria may also require teachers to suggest or provide a scenario relating to the business being studied in order to allow material to be collected that can then be analysed and/or evaluated.

For the examination:

- Some areas of the specification are not being covered in sufficient detail to give candidates the best chance of success.
- Different teaching resources need to be used to enable stronger candidates to develop the higher level skills of analysis and evaluation.
- Candidates need more practice in reading and understanding the contextual content within particular questions. Better use of past papers and mark schemes can aid this.
- Weaker candidates are losing valuable marks through avoidable errors such as using the incorrect date and not using separate £ and pence columns for values within financial documents. Centres need to concentrate on highlighting these issues so that candidates are more vigilant when faced with these type of questions.

The following reports give more specific feedback on both the moderation and examination sessions and also offer useful advice on how to improve performance. If Centres address the issues highlighted and incorporate changes and improvements into their schemes of work, it is expected that candidate performance will be greatly enhanced.

## **Principal Moderator's Report**

### **4863 – Investigating Business 4864 – People and Business**

#### **General Comments**

##### **Administration**

Moderators were in agreement that those Centres that followed OCR procedures, adhered to set deadlines and accurately completed documentation enabled the moderation process to progress smoothly. However, many Centres did not adhere to the 15 May deadline for the receipt of the completed MS1 forms 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, e.g. the sample must be sent within 3 days of receiving the sample request. Centres should also note that their 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 form(s) to the 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 location of evidence in order to facilitate the moderation process.

Some Centres recorded marks on MS1 forms which were different from those entered on the Unit Recording Sheets. This did cause delays. Centres must ensure the marks on the MS1 form match the marks on the Unit Recording Sheet for each candidate and for each unit.

Centres must ensure that the Centre Authentication Form for Coursework has been signed by the Internal Assessor(s) and included with the candidate evidence.

In some instances the packing of parcels was inadequate to protect candidates' work. Sometimes this resulted in damage occurring during transit.

##### **Assessment**

Assessors are required to make assessment decisions for each strand within each unit, using the Determining the Mark grids for Units 1 and 2 (see attached grids).

Many Assessors demonstrated good practice by annotating candidate work with assessment criteria references and by giving clear and constructive written feedback which related to the assessment criteria. The teacher comments section of the Unit Recording Sheet enabled Assessors to justify the marks awarded for each strand. Many candidates had been encouraged to present work logically and clearly, strand by strand, using headings, emboldening, page numbers and a contents sheet. It was also helpful when page numbers were included within the location section of the Unit Recording Sheet. However, some Assessors failed to provide written comments or annotate candidate work. In these circumstances it was not clear to the Moderator how assessment decisions had been made.

## *Report on the Units taken in June*

Some Centres provided copies of internal moderation records, which were most useful and helped the moderation process. Internal moderation is crucial to ensure consistent assessment practice and decisions across Assessors and units within a Centre and is the key to good practice. However, there was, in some cases, limited evidence of internal moderation having taken place.

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 that were given to candidates. Good practice in assignment design included breaking down the unit into a number of tasks for each strand. OCR training events focus on good practice in delivery, portfolio building and assessment.

A large number of Centres have left the external moderation of both units until the end of the two year programme. This practice is inadvisable. Moderation takes place in January and June each year. Centres are advised to use these opportunities, thereby receiving feedback on the quality of assessment throughout the programme. Centres have reported that this practice acts as a motivator for the candidates, as well as providing feedback to Assessors.

Lenient assessment decisions had been made by some Assessors for a variety of reasons. Some leniency was the result of a misunderstanding of the assessment criteria, e.g. Unit 1 C2. Leniency was also apparent where candidates had not applied their knowledge to the business under investigation and merely regurgitated textbook theory. This is not sufficient. In addition to content coverage, the candidates need to demonstrate skills as per the trigger words in the assessment criteria, e.g. explain, analyse, evaluate. Some Assessors awarded marks for an assessment criterion, e.g. Unit 1 B3, even though candidates had not evaluated effectiveness. As a consequence, marks for some Centres have been adjusted.

Some Centres awarded quality judgement marks to candidates when the work submitted was quite clearly not of sufficient quality for such mark(s) to be awarded. This lenient practice can easily lead to marks moving out of tolerance and being adjusted. Quality judgement marks should only be awarded where quality is obvious.

It is the responsibility of Assessors to ensure that each candidate has produced authentic/original evidence. A Centre Authentication Form for Coursework must be signed by the Assessor(s) and must accompany the candidates' coursework. Where entire cohorts use the same business(es), there is a tendency for the same inputs to be used in many, if not all, portfolios. It is, therefore, difficult to assess whether work is a candidate's own or is plagiarised/shared/copied. For Unit 1, the model outlined on page 50 of the Guidance for Teachers should be considered.

Where web-based case studies were used, there was a tendency for candidates' work to be very similar to the content of the case study. Candidates must interpret the information in their own words rather than merely copying and pasting. They must ensure that sources are correctly attributed. The inclusion of a resource list is deemed to be good practice. Where material is taken directly from the source, candidates must supplement 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.

## UNIT 1: INVESTIGATING BUSINESS

The banner of the assessment evidence grid requires candidates to investigate two contrasting businesses. In order to facilitate the evidencing of A2, the businesses should ideally have a range of contrasts, e.g. industrial sector, type of ownership, activities, size (see Guidance for Teachers on page 51).

The general weakness in this unit was the lack of application of theory to the two contrasting businesses. Many candidates have attempted the unit without conducting sufficient research. Some Centres relied on the websites of large organisations, which often contain insufficient information for the Level 2 and Level 3 criteria.

### STRAND A

- A1 Candidates are required to describe each of the four features of their two chosen businesses. Some candidates produced very brief evidence in a bullet point list. This format identified features rather than described them. Aims and objectives were frequently copied, rather than described in the candidates' own words. Location was the weakest feature with many instances of evidence merely comprising a map and address. Good evidence for location comprised a map showing location of the business, its address and a description of factors that affected its location (see What You Need To Learn, page 41). The descriptions of ownership should demonstrate understanding of limited/unlimited liability.
- A2 Comparisons of the four features varied greatly. Where the features of the two businesses were similar, e.g. ownership or activities, candidates struggled to identify differences. Some candidates merely repeated the descriptions provided for A1, but this was insufficient evidence for a comparison. Candidates are required to show clearly the similarities and differences. Many comparisons were weak, with evidence comprising a table which merely repeated the A1 evidence, without highlighting the similarities and differences. A table usually requires additional paragraphs which clearly draw out the similarities and differences of the four features.
- A3 Candidates are required to suggest and justify realistic changes that each business could make to each of the four features to enable each business to be more effective. Many candidates failed to achieve this criterion as they made suggestions that were unrealistic or lacked justification. Some candidates provided justified suggestions but then did not show how the changes could enable the business to be more effective.

Some candidates made suggestions and gave the advantages and disadvantages to the businesses. However, they did not give a 'benefits will outweigh costs' conclusion, so it was not clear how the suggestions made the business become more effective.

### STRAND B

- B1 Candidates are required to describe (not list) the type of work carried out by at least three functional areas of one of their chosen businesses. The Guidance for Teachers, page 52, states that human resources and customer service should be excluded as these are covered in detail in Unit 2. Some candidates provided weak evidence that was theoretical and not related to their chosen business and demonstrated limited research. Some candidates used sole traders. This is not to be recommended, as they rarely have operating functional areas.

## Report on the Units taken in June

- B2 In order to achieve this criterion, candidates must use examples of specific activities within the business to explain how at least three functional areas worked together to support the business activity. Frequently, candidates discussed how each functional area supported the business activity rather than showing the linkages of how the three work together. Those candidates who carried out detailed research were able to explain, using examples of specific activities or scenarios, how the functional areas worked together, e.g. opening a new retail outlet or launching a new product. The use of scenarios proved to be a successful approach. However, many candidates only focused on two functional areas, rather than three.
- B3 Candidates are required to build on their evidence from B2 to evaluate (make judgements based on research) how effectively the three functional areas work together to achieve the aims and objectives. Candidates should include figures to support judgements, eg profit, sales, market share, customer complaints. Some candidates who were successful in achieving the criterion presented their evidence using headings for each aim and objective described in A1. Under each heading they evaluated the effectiveness of the three functional areas working together to achieve each specific aim and objective.

Many candidates who attempted this criterion failed to evaluate effectiveness or attempted to evaluate how each individual functional area helped to achieve the aims and objectives, rather than the three working together. There was little evidence that these candidates had any experience of the business studied and so no evidence was collected to support judgements of effectiveness.

## **STRAND C**

- C1 Generally, candidates were able to describe the oral, written and ICT methods of communication, using examples from the chosen business. However, some candidates merely listed methods of communication lifted from a textbook, with little reference to the chosen business. Many failed to describe, with examples, how the business uses ICT to operate, e.g. stock control via the barcode scanning system (EPOS). Where candidates had included the administration/ICT functional area in B1, some of the evidence could be cross referenced to C1.
- C2 Those candidates who were successful in achieving this criterion tended to use headings as per the three bullet points. The layout of evidence tended to impact on candidates' success in achieving C2. They then analysed the effectiveness of the communication methods described in C1 in relation to each of the bullet points. Evidence was strengthened when candidates analysed specific examples of communication within named functional areas or between named functional areas.

Many candidates experienced difficulty in analysing the effectiveness of the business' communication methods; possibly because they had no experience of them. Analysis was weak because of the theoretical nature of most of the work. Some candidates explained why the method was used rather than looking at the effectiveness of the methods in terms of communicating the intended message/ information.

- C3 Candidates are required to build on their analysis in C2 in order to suggest and justify alternative or improved methods of communication in relation to the three bullet points. Again, the use of headings as per the three bullet points proved helpful to candidates.

Candidates frequently suggested improvements which lacked justification or were not always justified in terms of improved communication within the business. Suggestions

were not always realistic, were not based on analysis in C2 or did not relate to the three bullet points. In these circumstances, the criterion had not been achieved. Some candidates' suggestions were already in existence e.g. Sainsbury's online shopping. This criterion requires detail which was lacking in many portfolios.

## **STRAND D**

- D1 The majority of candidates were able to identify the main external influences, ie competitors and economic conditions for each of the two chosen businesses. Candidates often described the influences in some depth, as preparation for D2. However, many candidates had difficulty in relating environmental constraints to their chosen businesses.
- D2 In order to achieve D2, candidates must state a change for each of the external influences for each business and then explain the impact that these changes would have on the two chosen businesses. For example, if interest rates were to rise, it could mean that fewer people would purchase products as they had less disposable income. It could also mean that any plans for further expansion that required external borrowing might have to be put on hold for the immediate future. Many candidates failed to explain the impact of changes to environmental constraints. For competitors, a change a competitor has made is needed rather than changes that the chosen businesses have made and how they have affected competitors.
- D3 Candidates must achieve D2 before proceeding to D3. In order to achieve D3, candidates are required to suggest and justify realistic ways in which the two chosen businesses could respond to the changes explained in D2. They must link their evidence to the changes and impact explained in D2. Weaker candidates put forward unjustified or unconvincing suggestions and failed to differentiate between the businesses. Some candidates gave suggestions that reflected what the business had already done; not what they should do in response to the changes explained in D2.

## **UNIT 2: PEOPLE AND BUSINESS**

### **STRAND A**

- A1 The majority of candidates were able to identify the stakeholders of their chosen business. Many candidates described the stakeholders in preparation for evidencing A2. However, some candidates gave generic lists which did not specifically relate to the business.
- A2 Candidates are required to explain the nature of stakeholders' interests. For example, employees would be interested in their rates of pay, how much profit the business was making, possible plans for expansion or reduction in the workforce. Customers would be interested in the price of the products, when the shop was open, when the service was available, after-sales service, etc. Some candidates explained their role in the business, rather than what they wanted from the business. Other candidates explained why the business was interested in them, rather than their interest in the business.
- A3 Many candidates experienced difficulty in evaluating (judgement based on research) the extent to which each stakeholder has an influence on the business and how it operates. Candidates must show how likely it is that each stakeholder can cause the business to change, relative to other stakeholders. Many did not show the extent to which one stakeholder is more powerful or more likely than the others to cause a change in the business. One particularly successful approach was the use of a series of scenarios related to the business, eg deciding whether to stop selling a product or service. The candidates then had to rank the stakeholders in the order of the likelihood of their views being taken into account. Candidates then justified their ranking decisions using evidence gained from the study of their business.

### **STRAND B**

- B1 Candidates tended to describe briefly the roles of three people in the business, ie what they actually do. Frequently, there was little differentiation of levels of responsibility. For example, they would describe a till operator, a shelf stacker and a cleaner, rather than a manager, a supervisor and an operative. Assessors should refer to page 76 of the Guidance for Teachers.
- B2 Candidates are required to explain the content of the contract of employment for one of the three people described in B1. However, many candidates gave generic explanations and did not relate the contract to one of the three people described in B1. Conversely, many candidates submitted a completed contract without explaining it.
- B3 The evaluation of the contract tended to be seen only from the employee's standpoint. Candidates failed to evaluate how well the contract met the needs of the business. Changes to the contract of employment were suggested but not justified. Candidates should clearly explain the purpose of the changes and how they would help the employee and the business. Many candidates who attempted the evaluation tended to describe how the contract was perfect and then recommended changes which contradicted this.



### **STRAND C**

- C1 Candidates were able to describe clearly the rights of employees but often failed to use examples from the selected business. A description of the rights of employers was frequently omitted. Weaker candidates produced generic descriptions, with no reference to the selected business or listed rather than described.
- C2 The evidence for this criterion was generally weak. The grievance procedure was often included, but not clearly explained in the selected business, nor the influences of trade unions and ACAS. Some candidates provided generic explanations or the procedures used to resolve disagreements were outside the context of their selected business. Where procedures were explained for resolving disagreements, candidates usually neglected to use examples from the business to show how these worked in practice. The use of scenarios could help candidates to achieve this criterion. The inclusion of a flowchart would support the explanation.
- C3 Candidates experienced difficulty in evaluating the extent to which their business ensures good working relationships; possibly because they had limited observations and information to refer to. Some candidates outlined how different employers looked after their employees, but forgot to evaluate – why do they do it and what does it achieve in the long run?

Working relationships proved to be a difficult concept for some candidates who discussed rather than evaluated relationships in a broader way than was asked for in C3. Often candidates described what employers did in order to try to establish good working relationships. They rarely evaluated these actions, using a survey, to find out whether they worked.

### **STRAND D**

- D1 Many candidates produced flowcharts, with no description of what happened at each stage. Many candidates who did describe the recruitment process failed to describe the selection process. Some candidates produced textbook theory, with very little application to the selected business.
- D2 Those candidates, who described, in detail, the recruitment and selection process for the selected business in D1, were able to explain why the business used the procedures, together with relevant legislation. Candidates must explain why each stage of the process is used by the selected business.
- D3 Many candidates struggled to evaluate the effectiveness of the recruitment and selection process. They suggested improvements to procedures but tended not to recommend improvements to documentation. The inclusion of copies of recruitment documentation would facilitate the evaluation and suggested improvements. Few candidates gave evidence to support evaluation such as turnover of staff, number of people responding to advertisements, number of vacancies.

### **STRAND E**

- E1 Many candidates did not demonstrate an understanding of the training and appraisal processes related to the selected business and generic descriptions were frequently provided. Candidates should have described the process that their chosen business follows for each of the five bullet points - not merely stating why training and appraisals

## *Report on the Units taken in June*

are carried out in the business. Many candidates only covered one or two of the bullet points, demonstrating very little understanding of how training and appraisal were conducted within their chosen business.

- E2 As a result of the weak evidence for E1, E2 evidence was generally poor. Many candidates only commented on how training helped people work more effectively and not how it helped maintain a safe and secure working environment. Generic explanations were frequently produced, rather than an analysis of the effectiveness of procedures.
- E3 Where E1 and E2 evidence was weak, candidates did not provide sufficient evidence for E3. They struggled to improve on the training procedures because they had often covered all possibilities in their textbook responses to E1. In some Centres, candidates tended to suggest the same improvements. Generally, suggestions were not built on the analysis in E2 or were not justified. Alternative or additional procedures were required which might improve the effectiveness of employees and the safety of the working environment. Unrealistic suggestions were made by some candidates.

### **STRAND F**

- F1 Generally, candidates provided a great deal of evidence to describe the rights of customers under consumer law, but failed to identify the features within their chosen business which contributed towards good customer service. Some candidates identified the features within the business that contributed towards good customer service, but failed to describe the rights of customers under consumer law. Both sections of this criterion must be evidenced.
- F2 Many candidates did not identify the needs and expectations of the customers, therefore, they could not analyse how effectively their needs and expectations were being met by the customer service provision. Some candidates who were successful in this respect analysed the results of their questionnaires. Others awarded marks out of ten for a range of features based on their own experiences/visit to the business.
- F3 Candidates must build on their analysis in F2 to suggest and justify ways in which the customer service provision could be improved to further meet the needs and expectations of customers. Insufficient knowledge of the business prevented some candidates from suggesting improvements to customer service, except in a generic way. Frequently, suggestions made were not linked to improving the ability of the business to meet the needs and expectations of customers.

### **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 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.

### *Report on the Units taken in June*

- 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 form(s) to the Moderator.
- Where assignments are used, please ensure that they meet the requirements of the banner and the assessment criteria for the unit.
- If used, please include copies of assignment briefs with the candidate work.
- Please ensure that the businesses being investigated enable candidates to achieve the requirements of all the assessment criteria within a unit.
- Assessment decisions for each strand within each unit must be made using the Determining the Mark grids (see attached).
- Care must be taken during assessment to ensure that evidence comprises theoretical concepts applied to the business being investigated. Textbook theory alone does not constitute evidence.
- Assessors and candidates must fully understand the meaning and use of the trigger words within the assessment criteria, e.g. identify, describe, explain, compare, analyse and evaluate.
- Assessors should provide clear written feedback to candidates, including what has and what has not been achieved, additional evidence requirements and a submission date.
- Candidates should be encouraged to adopt a structured approach to their work and present evidence clearly, e.g. 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 the evidence. Pages downloaded from the Internet do not constitute evidence.
- Ensure that internal moderation is carried out prior to external moderation.

Report on the Units taken in June

**Unit 4863 – Investigating businesses**  
**Determining the mark**

Criterion	Breadth of coverage						Depth of coverage				
a1	1	Candidate <i>describes</i> <b>one</b> feature for <b>each</b> chosen business or <i>describes</i> <b>two</b> features for <b>one</b> chosen business		2	Candidate <i>describes</i> <b>two</b> features for <b>each</b> chosen business or <i>describes</i> <b>four</b> features for <b>one</b> chosen business		3	Candidate <i>describes</i> <b>three/four</b> features for <b>each</b> chosen business		4	Qualitative judgement mark
a2	5	Candidate <i>compares</i> <b>one/two</b> features of their chosen businesses		6	Candidate <i>compares</i> <b>three/four</b> features of their chosen business					7	Qualitative judgement mark
a3	8	Candidate <i>suggests</i> <b>AND justifies</b> changes that <b>both</b> businesses could make in relation to <b>one/two</b> features or <b>one</b> business could make in relation to <b>four</b> features in order to be more effective		9	Candidate <i>suggests</i> <b>AND justifies</b> changes that <b>both</b> businesses could make in relation to <b>three/four</b> features in order to be more effective					10	Qualitative judgement mark
b1	1	Candidate <i>describes</i> work carried out by <b>one</b> functional area of <b>one</b> of their chosen businesses or <i>lists</i> the work carried out by two/three functional areas.		2	Candidate <i>describes</i> work carried out by <b>two</b> functional areas of the <b>same</b> chosen business		3	Candidate <i>describes</i> work carried out by <b>three</b> functional areas of the <b>same</b> chosen business		4, 5, 6	Qualitative judgement marks
b2	7	Candidate <i>explains</i> , using examples, how <b>two</b> of the functional areas work together within the chosen business.		8	Candidate <i>explains</i> , using specific examples, how <b>three</b> of the functional areas work together within the chosen business					9, 10	Qualitative judgement marks
b3	11	Candidate <i>evaluates</i> effectiveness of <b>two</b> functional areas <b>working together</b> in achieving business aims and objectives		12	Candidate <i>evaluates</i> effectiveness of <b>three</b> functional areas <b>working together</b> in achieving business aims and objectives					13	Qualitative judgement mark
c1	1	Candidate <i>describes</i> <b>one</b> feature of <b>one</b> of their chosen businesses (written/oral/ICT communicate/ICT operate)	2	Candidate <i>describes</i> <b>two</b> features of the <b>same</b> business	3	Candidate <i>describes</i> <b>three</b> features of the <b>same</b> chosen business	4	Candidate <i>describes</i> <b>four</b> features of the <b>same</b> chosen business		5, 6, 7	Qualitative judgement marks
c2	8	Candidate <i>analyses</i> communication methods used by their chosen business in relation to <b>one</b> stated bullet point (within a functional area, between functional areas and external) or looks at <b>three</b> stated bullet points from a purely generic perspective		9	Candidate <i>analyses</i> communication methods used by their chosen business in relation to <b>two</b> stated bullet points		10	Candidate <i>analyses</i> communication methods used by their chosen business in relation to <b>three</b> stated bullet points		11, 12	Qualitative judgement marks
c3	13	Candidate <i>suggests</i> <b>AND justifies</b> alternatives in relation to <b>one</b> stated bullet point		14	Candidate <i>suggests</i> <b>AND justifies</b> alternatives in relation to <b>two/three</b> stated bullet points					15	Qualitative judgement mark

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d1	1	Candidate <i>identifies</i> the main external influences on <b>both</b> chosen businesses in relation to <b>one</b> aspect or <i>identifies</i> the main external influences on <b>one</b> chosen business in relation to <b>two</b> aspects	2	Candidate <i>identifies</i> the main external influences on <b>both</b> chosen businesses in relation to <b>two</b> aspects or <i>identifies</i> the main external influences on <b>one</b> chosen business in relation to <b>three</b> aspects	3	Candidate <i>identifies</i> the main external influences on <b>both</b> chosen businesses in relation to <b>three</b> aspects	4, 5	Qualitative judgement marks
d2	6	Candidate <i>explains</i> impact of change on <b>both</b> chosen businesses in relation to <b>one</b> aspect or <i>explains</i> the impact of change on <b>one</b> chosen business in relation to <b>two</b> aspects	7	Candidate <i>explains</i> impact of change on <b>both</b> chosen businesses in relation to <b>two</b> aspects or <i>explains</i> the impact of change on <b>one</b> chosen business in relation to <b>three</b> aspects	8	Candidate <i>explains</i> impact of change on <b>both</b> chosen businesses in relation to <b>three</b> aspects	9	Qualitative judgement mark
d3	10	Candidate <i>suggests AND justifies</i> responses to changes in external influences for <b>both</b> chosen business in relation to <b>one/two</b> aspects or <i>suggests AND justifies</i> changes in external influences for <b>one</b> chosen business in relation to <b>three</b> aspects	11	Candidate <i>suggests AND justifies</i> responses to changes in external influences for <b>both</b> chosen businesses in relation to <b>three</b> aspects			12	Qualitative judgement mark

**Unit 4864 – People in Business**  
**Determining the mark**

Criterion	Breadth of coverage					Depth of coverage			
a1	1	Candidate <i>identifies</i> at least <b>three</b> relevant stakeholders in the chosen business	2	Candidate <i>identifies</i> at least <b>six</b> relevant stakeholders in the chosen business			3	Qualitative judgement mark	
a2	4	Candidate <i>explains</i> the nature of the interest that at least <b>three</b> stakeholders have in the chosen business	5	Candidate <i>explains</i> the nature of the interest that at least <b>six</b> stakeholders have in the chosen business					
a3	6	Candidate <i>evaluates</i> the extent to which at least <b>three</b> stakeholders have an influence on the chosen business and how it operates	7	Candidate <i>evaluates</i> the extent to which at least <b>six</b> stakeholders have an influence on the chosen business and how it operates					
b1	1	Candidate <i>describes</i> the role(s) of <b>one</b> person within their chosen business	2	Candidate <i>describes</i> the role(s) of <b>two</b> people within their chosen business	3	Candidate <i>describes</i> the role(s) of <b>three</b> people within their chosen business	4	Qualitative judgement mark	
b2	5	Candidate <i>explains</i> the content of the contract of employment for <b>one</b> person within the chosen business in relation to <b>BOTH</b> terms and conditions <b>AND</b> working arrangements						6	Qualitative judgement mark
b3	7	Candidate <i>evaluates</i> , using examples, how well the Contract of Employment meets the needs of both the chosen business and the employee <b>AND recommends and justifies</b> suitable changes to the Contract of Employment						8	Qualitative judgement mark
c1	1	Candidate <i>describes</i> the employment rights in a generic context	2	Candidate <i>describes, using examples</i> , the rights of the employer <b>OR</b> the employee within the chosen business	3	Candidate <i>describes, using examples</i> , the rights of the employer <b>AND</b> the employee within the chosen business	4	Qualitative judgement mark	

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c2	5	Candidate <i>explains, with examples</i> , how the chosen business resolves disagreements with its employees in relation to <b>EITHER</b> employment rights <b>OR</b> working conditions				6/7	Qualitative judgement marks			
c3	8	Candidate <i>evaluates</i> the extent to which the chosen business ensures a good working relationship between the employer and the employee					9	Qualitative judgement mark		
d1	1	Candidate <i>describes</i> <b>EITHER</b> the recruitment <b>OR</b> selection process used within the chosen business <b>OR</b> generic response on both	2	Candidate <i>describes</i> the recruitment <b>AND</b> selection process used within the chosen business			3	Qualitative judgement mark		
d2	4	Candidate <i>explains</i> why the chosen business uses a recruitment and selection process to meet its staffing needs				5/6	Qualitative judgement marks			
d3	7	Candidate <i>evaluates</i> the effectiveness of the recruitment and selection process used within the business <b>AND</b> suggests and evaluates <b>one</b> improvement to the documentation <b>AND</b> procedures used within the business for recruitment and selection	8	Candidate <i>evaluates</i> the effectiveness of the recruitment and selection process used within the business <b>AND</b> suggests improvements to the documentation <b>AND</b> procedures used within the business for recruitment and selection						
e1	1	Candidate <i>describes</i> the procedure(s) that the chosen business uses for <b>one/two</b> aspects. Also three aspects described generically	2	Candidate <i>describes</i> the procedure(s) that the chosen business uses for <b>three</b> aspects. Also all five described generically.	3	Candidate <i>describes</i> the procedure(s) that the chosen business uses for <b>four</b> aspects	4	Candidate <i>describes</i> the procedure(s) that the chosen business uses for <b>all five</b> aspects		
e2	5	Candidate <i>analyses</i> how the given procedures enable people within the chosen business to perform their jobs well <b>OR</b> in a safe environment			6	Candidate <i>analyses</i> how the given procedures enable people within the chosen business to perform their jobs well <b>AND</b> in a safe environment		7	Qualitative judgement mark	
e3	8	Candidate <i>suggests</i> <b>AND</b> <i>justifies</i> alternative or additional procedures which might improve the effectiveness of employees <b>OR</b> the safety of the working environment within the chosen business			9	Candidate <i>suggests</i> <b>AND</b> <i>justifies</i> alternative or additional procedures which might improve the effectiveness of employees <b>AND</b> the safety of the working environment within the chosen business				
f1	1	Candidate <i>describes</i> the rights of customers under consumer law <b>OR</b> <i>identifies</i> at least <b>three</b> features within the chosen business which contributes towards good customer service	2	Candidate <i>describes</i> the rights of customers under consumer law <b>AND</b> <i>identifies</i> at least <b>three</b> features within the chosen business which contributes towards good customer service	3	Candidate <i>describes</i> the rights of customers under consumer law <b>AND</b> <i>identifies</i> at least <b>five</b> features within the chosen business which contributes towards good customer service		4	Qualitative judgement mark	
f2	5	Candidate <i>analyses</i> how <b>one</b> aspect of customer service provision within the chosen business meets the needs and expectations of its customers			6	Candidate <i>analyses</i> how <b>two and above</b> aspects of customer service provision within the chosen business meets the needs and expectations of its customers		7	Qualitative judgement mark	
f3	8	Candidate <i>suggests</i> <b>AND</b> <i>justifies</i> ways in which the customer service provision within the chosen business could be improved to further meet the needs and expectations of its customers					9	Qualitative judgement mark		

## 4865 - Business Finance

### **General Comments**

This paper contained a number of good differentiating questions and candidate responses were very encouraging. The questions were found to be challenging enough for the more able candidates, whilst still encouraging the majority to attempt each one. There is no evidence that candidates did not have sufficient time in which to complete the paper. Each examination session has seen a steady improvement in standards; fewer very low marks were awarded on the paper and there was evidence of better access to the more difficult questions at the top end. However, there is still room for improvement here and Centres need to consider how best to prepare candidates for the levels of response questions. Mark schemes need to be carefully scrutinised to highlight how the higher level marks are awarded.

There are still some areas of the specification where many candidates display poor performance. Examples include budgeting (although there was evidence of much improvement here by some Centres), break-even analysis (few candidates were able to label the lines and axes) and balance sheets. Additionally, although most candidates are able to suggest sources of finance for a given context, once again they are not being rewarded with the marks for identifying 'suitability' to the given scenario. Past papers should provide excellent opportunities for testing candidates on these particular areas of concern.

It was clear during the marking process that many centres are using the Principal Examiner reports effectively in order to raise standards. The majority of candidates were well prepared for the numerical-type questions and this gave them the confidence needed to tackle the corresponding written response questions effectively. However, it was also clear that many Centres are teaching candidates very standard answers to questions and these were repeated time and time again within Centres. Whilst this approach is likely to ensure that most candidates within a Centre will access a certain mark range, it does not encourage candidates to formulate their own ideas or approaches to a given scenario.

There were no real misinterpretations of questions in this examination paper and evidence suggests that candidates are now reading the questions more carefully. Answers are, therefore, much more likely to include the given context instead of the purely generic responses that have been evident in previous papers which is a very encouraging development.

### **Comments on individual questions:**

1. This first question followed the pattern established in previous sessions and, on the whole, was tackled very well. However, a number of candidates continue to miss out on very easy marks for accurately including the date, which is printed on the front of the question paper. This is the first time that a delivery note and goods received note have been used in this format, but the majority of candidates were comfortable with what they needed to do. Clearly Centres are covering this part of the specification in great detail and this resulted in some high marks for this question. Part (e) was attempted by the majority, although there were many candidates who confused document reference numbers with customer account numbers or goods reference numbers and, therefore, missed out on some of the marks.

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2. This is the first time that a debit card and voucher have been used as a payment method, but the vast majority of candidates were able to score high marks for this question. One frequent error was where candidates did not use the £ and p columns correctly, tending to insert the entire amount into the £ column. This caused many to lose out on three marks. A number of candidates struggled with parts (b) and (c) through failing to identify advantages. Many stated that it was an **advantage** for Mr Jammeh to have the money come out of his account straight away. Some weaker candidates confused debit cards with credit cards and suggested that he would have up to a month to pay the amount. There were still a disappointing number of 'quick and easy' style answers that failed to earn any marks.
3. The vast majority of candidates were able to distinguish between costs and revenues in part (a) and many scored top marks here. Even the weakest candidates were able to pick up one or two marks for this part. Part (b) was very disappointing on the whole as candidates are still unable to determine the 'suitability' of different sources of finance for a given scenario. There was evidence, however, that some Centres have worked hard on this issue and the stronger candidates were able to explain that large amounts of money can be borrowed as a loan or mortgage and that repayments are spread over a long period of time. Other suggestions were not so well explained and many candidates still feel that an overdraft is the answer to all financial issues. On a more positive note many candidates started to bring in the contextual content of the scenario to support their answers, suggesting that they were comfortable with the case study scenario throughout the paper.
4. Part (a) of this question was very poorly answered with very few candidates able to label the break-even chart correctly. The topic has clearly been taught well to most candidates as reflected in much improved answers to part (d), regarding the use of break-even, but an inability to label lines and axes suggests that more time should be allocated to this aspect of the specification to enable candidates to develop a more operational understanding of charts and how they are constructed. On the other hand, the formula was often completed with absolute accuracy, the main errors being the inability of some candidates to calculate the bracketed items first and others used figures from option 1 instead of option 2 as the question asked. Few candidates were awarded the full four marks for part (d) as they failed to explain how break-even could help with the decision between the two options. Whilst there was clear evidence that many candidates are starting to identify and apply the context of the questions more effectively, there were still many generic answers to the last part of this question.
5. A pleasing number of candidates were able to accurately complete the Profit and Loss Statement, although some failed to make the distinction between materials to make flowers and cost of sales. These candidates often used the figure from the previous six months instead. Part (b) was not answered well with the usual response being that the Profit and Loss Statement could show how much profit could be made with no further development of answers. However, a number of candidates made good use of the scenario to suggest that a forecast should be made for both businesses and compared in order to help the decision-making process. Part (c) covered budgets and was more effectively answered than in any previous papers. Many candidates reflected the 'small business' context within their answers which gained them one of the marks available and was a further indication that the scenario was very accessible and the questions are being read much more carefully. These are both very encouraging developments.
6. This question was handled badly by many candidates who clearly had little knowledge of balance sheets or their uses. Whilst a number of candidates gained full



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marks in part (a) others merely guessed and were lucky to gain the odd mark here and there. As the specification clearly indicates that terms on a balance sheet need to be understood, there is much work to do here in order to prepare candidates more effectively. Part (b) was challenging for the vast majority of candidates and, again, it highlighted a lack of knowledge of the purpose behind balance sheets. More candidates were able to suggest the usefulness to the bank manager as opposed to the owner of the business. Many candidates also confused the term 'stakeholder' with 'shareholder' which suggests that the 'users of financial accounts' section of the specification is not being adequately addressed in the teaching and learning of this unit.

7. The vast majority of candidates could differentiate between start-up and running costs in part (a) but some failed to read the question carefully enough and did not 'tick' the boxes but entered the text instead. Part (b) was attempted by most candidates but, as has happened in previous papers, those without calculators were at a distinct disadvantage. The main error was where candidates replicated the £250 opening balance into each box of that row. Others failed to identify the income-expenditure as a negative figure in January 2006, although the 'own figure rule' did allow some to attain most of the marks available. Part (c) was a levels of response type question with eight marks possible to award. Most candidates used the four bullet points given as a basis for their analysis of the cashflow forecast and this often took them into the Level 2 category. Very few were able to access Level 3 which required a detailed and sophisticated analysis of the forecast. Many of the weaker candidates were unable to analyse the forecast at all and there were still numerous references to 'profits and losses' rather than positive and negative cashflows. This is one area of the specification where the numerical aspect is often well taught, but further work must be done to enable candidates to access the top marks for the higher level skills of analysis and evaluation.
8. Although there was a general improvement in the handling of this question relating to the use of ICT, there were still many purely generic answers that did not address the context of the question. Many candidates suggested that a computer could help Sarah to 'compare' the two businesses but failed to give any detail as to what could be or should be compared. The better answers which accessed Level 2 mentioned the use of cashflow forecasts and profit and loss statements that could be easily compiled using automatic calculations and then compared. Many candidates suggested, quite rightly, that information about the businesses and competitors could be gathered from using the Internet. However, few top marks were awarded on this question.

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**Unit Threshold Marks**

Unit		Maximum Mark	A*	A	B	C	D	E	F	G	U
4863	Raw	50	45	40	33	26	21	16	12	8	0
	UMS	100	90	80	70	60	50	40	30	20	0
4864	Raw	50	47	41	34	28	23	18	14	10	0
	UMS	100	90	80	70	60	50	40	30	20	0
4865	Raw	100	86	79	70	61	52	44	36	28	0
	UMS	100	90	80	70	60	50	40	30	20	0

**Entry Information**

Unit	Total Entry
4863	6257
4864	6300
4865	5181

**Specification Aggregation Results**

GRADE	A*A*	AA	BB	CC	DD	EE	FF	GG	UU
UMS	270	240	210	180	150	120	90	60	0
Cum %	1.46	7.96	24.12	49.39	65.12	77.86	88.43	96.21	100

**6457 candidates aggregated this session**

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