OCR GCSE IN APPLIED BUSINESS (DOUBLE AWARD) (1491)

Foreword

This pack contains OCR's GCSE in Applied Business (Double Award) Specification for teaching from September 2002.

First certification will be available in June 2004 and every January and June thereafter.

This specification is approved by QCA, ACCAC and CCEA as a qualification covering Levels 1 and 2 of the National Qualifications Framework.

Qualification Accreditation Number 100/1968/6

Key Features

- A new broad-based qualification in Applied Business, equivalent to two GCSEs.
- Suitable for pre- and post-16 candidates of a wide ability range, studying either full- or part-time.
- Overall assessment based on two internally assessed portfolio units and one externally examined unit.
- Written paper available in January and June.
- Portfolio Assessment available in January and June.
- A balanced spread of content, covering business organisation, operation, human resources and finance.
- Enables candidates to develop a valuable insight into how businesses operate via investigation and practical classroom activities.
- No prior knowledge is required.
- Provides a progression route to further education or employment.
- A natural successor to the popular Part One GNVQ.
- Opportunities for developing Key Skills are identified in the specification.
- Supported by OCR approved Heinemann Texts.

Contents

Specimen Assessment Materials are included after this specification.

Specification Summary

SCHEME OF ASSESSMENT

Candidates will study the following **three** mandatory units.

Unit	Title	Type of Assessment	Entry Code	Weighting
1	Investigating business	Portfolio	4863	33.33%
2	People and business	Portfolio	4864	33.33%
3	Business finance	External	4865	33.33%

TIERS

The scheme of assessment consists of one tier covering the whole of the ability range grades A*A* to GG. Candidates achieving less than the minimum mark for grade GG will be unclassified.

INTERNAL ASSESSMENT

All candidates take Units 1 **and** 2.

EXTERNAL ASSESSMENT

All candidates take Unit 3. This unit is assessed through an externally set paper.

The paper comprises structured questions and will be one and a half hours in length. Candidates attempt **all** questions.

AVAILABILITY

External assessment is available every January and June from January 2004.

Portfolio moderation is available every January and June from January 2004. Centres wishing to receive earlier feedback or advice on coursework may arrange with OCR to contact a Portfolio Consultant.

First certification will be available in June 2004 and every January and June thereafter.

1 Introduction

1.1 RATIONALE

This specification leads to a GCSE in Applied Business (Double Award) which covers both Levels 1 and 2 (Foundation and Intermediate Levels) of the National Framework of Qualifications and has been designed to raise attainment at these levels. Candidates study **three** units which provide a broad introduction to a wide range of vocational issues.

The specification builds upon the broad educational framework set out in the criteria for GCSEs in vocational subjects from the Qualifications and Curriculum Authority. GCSEs in vocational subjects are broad based vocational qualifications designed to widen participation in vocationally-related learning pre-16 and to encourage post-16 candidates to access a vocationally-related course.

GCSEs in vocational subjects have been designed to contribute to the quality and coherence of national provision. They have been developed following widespread consultation by QCA in the autumn of 2000 and are based on Part One GNVQs which received positive Ofsted reports. GCSEs in vocational subjects have a clear place in the Government's vision for secondary education for the next ten years.

The GCSE in Applied Business (Double Award) has been designed to form a qualification which provides the technical knowledge, skills and understanding associated with the subject at these levels so as to equip candidates with some of the skills they will need in the workplace or in further education or training. It allows candidates to experience vocationally-related learning so as to enable them to decide if it is suitable for them.

A GCSE in Applied Business (Double Award) is an ideal qualification for those candidates who want a broad background in business and the course of study prescribed by this specification can reasonably be undertaken by candidates entering this vocational area for the first time. It is designed to enable candidates to make valid personal choices upon completion of the qualification and to progress to further education, training or employment. It provides a suitable basis for further study in this subject or for related courses which could include GNVQs, VCEs, GCEs, NVQs or Modern Apprenticeships. It is designed to be delivered in full-time or part-time education.

Examples of appropriate employment to which a GCSE in Applied Business (Double Award) candidate might progress include customer service assistant, office assistant, sales operative, administration officer.

Key Skills are integral to the specification and opportunities to provide evidence for the separate Key Skills qualification are signposted.

The fundamental philosophy of this specification is that in order to understand the nature of business, candidates must actively experience the business environment. This can be achieved through a variety of approaches including work experience, links with local employers, case studies, research and in practical application via such schemes as Young Enterprise.

The GCSE in Applied Business (Double Award) has been designed to provide a range of teaching, learning and assessment styles to motivate candidates to achieve the best they can and to empower them to take charge of their own learning and development. Assessment is designed to give credit for what candidates can do as well as what they know. It is based both on portfolio evidence from assignments, set and assessed by the Centre and moderated by OCR, and an external assessment, which is set and marked by OCR.

This specification is supported by users as well as a range of professional institutes and Further and Higher Education Institutions including NTOs (National Training Organisations) which support training and development in many different sectors of businesses.

OCR has taken great care in the preparation of this specification and assessment material to avoid bias of any kind.

1.2   CERTIFICATION TITLE

This specification will be shown on a certificate as:

OCR GCSE in Applied Business (Double Award).

1.3   LEVEL OF QUALIFICATION

This qualification is approved by QCA at Levels 1 and 2 of the National Qualifications Framework.

Candidates who gain grades GG to DD will have achieved an award at Level 1.
Candidates who gain grades CC to A*A* will have achieved an award at Level 2.

This qualification is of a standard which is broadly equivalent to two GCSEs at grades G to A*.

1.4   SPECIFICATION AIMS

GCSE in Applied Business (Double Award) specifications enable candidates to develop knowledge and understanding of business through the investigation of a range of business organisations. This will help prepare candidates for employment, further education or training.

1.5   ASSESSMENT OBJECTIVES

Candidates for this qualification will be expected to demonstrate their ability to:

AO1   demonstrate and apply knowledge and understanding of the specified subject content using appropriate terms, concepts, theories and methods to address problems and issues;

AO2   plan and carry out investigations of issues by gathering, selecting, recording and analysing relevant information and evidence;

AO3   evaluate evidence, make reasoned judgements and present conclusions.

The weightings for the assessment objectives over the whole qualification are:

AO1	50%
AO2	28%
AO3	22%

The weightings for the assessment objectives per unit are:

	Unit 1	Unit 2	Unit 3
AO1	40%	40%	70%
AO2	36%	36%	12%
AO3	24%	24%	18%
	100%	100%	100%

1.6 RECOMMENDED PRIOR LEARNING

Candidates entering this course should have achieved a general educational level equivalent to Entry Level 3 in the National Qualifications Framework, or Level 3 of the National Curriculum.

Prior learning, skills and aptitudes particularly relevant include:

- basic proficiency in literacy;
- basic proficiency in numeracy;
- some motivation to work independently.

There is however no prior knowledge required for this specification.

1.7 PROGRESSION

1.7.1 Progression into Employment

This specification is designed to enable candidates to enter employment at an operational level within a wide range of business environments. Such candidates could enter employment through a work-related training programme.

Success in employment involves developing personal skills (e.g. initiative, teamwork, problem-solving) combined with work-related knowledge gained via undertaking a qualification such as a GCSE (Double Award).

1.7.2 Progression to Further Qualifications

Candidates who achieve this qualification at Level 1 may wish to continue to courses such as a GNVQ award or Business related NVQ at Level 1, or, if suitably qualified in other areas, could progress to courses such as Intermediate GNVQ in Business or Business related NVQ at Level 2.

Candidates who achieve this qualification at Level 2 may wish to continue to courses such as an Intermediate GNVQ award or Business related NVQ at Level 2, or, if suitably qualified in other areas, could progress to courses leading to the VCE or GCE in Business or Business related NVQ at Level 3.

A GCSE (Double Award) qualification may also be considered as equivalent to two GCSEs at grades A* to G for the purposes of admission to other level courses within the National Qualifications Framework, including GCSEs in other vocational areas.

1.8   RELATED QUALIFICATIONS

1.8.1 GCSEs/GNVQs

The units of this qualification have a significant overlap of content with the OCR GCSE in Business, although it is expected that the teaching and assessment methods will be significantly different. The units also have a significant overlap of content with the OCR GNVQ in Business.

The content of the three units of the GCSE in Applied Business (Double Award) is very similar to that of Units 1, 2 and 3 of the six-unit GNVQs in Business.

1.8.2 Relationship to NVQs

This specification broadly introduces the candidate to skills relevant to NVQs relating to various areas of business (e.g. Administration, Customer Service), though the assessment methods are not designed to guarantee occupational competence. However, this qualification will support candidates working towards National Occupational Standards, detailed guidance for which will be issued by QCA in early 2002.

1.8.3 Exclusions

Every specification is assigned to a national classification code indicating the subject area to which it belongs.

Due to overlap of content, there are restrictions on entering candidates for the following qualifications: GNVQ Business (Foundation or Intermediate); GCSE Business Studies and all Short Courses with *Business* in the title. Such restrictions, if not prevented at the point of entry, will be picked up both when funding is calculated and when results leading to points towards performance tables are aggregated, as all of the above qualifications will have the same classification code and so be discounted for funding and performance table purposes.

It is however permissible to enter for both GCSE in Applied Business and GCSE Business and Communications Systems.

1.9 SPIRITUAL, MORAL, ETHICAL, SOCIAL AND CULTURAL ISSUES

Business offers a wide range of opportunities for the exploration of spiritual, moral, ethical, social and cultural issues.

It is expected that this specification will be presented in ways which give scope for perspectives on ethics within the business environment. This is particularly appropriate in considering the aims, management, resources and marketing of various business organisations and their impact on the environment, society and the individual. There is opportunity to examine the cultural issues relating to business with reference to the global nature of the labour and retail markets.

Legal issues are addressed in each unit, where appropriate.

Signposting

The purpose of the table on the following page is to signpost possible opportunities for delivering Spiritual, Moral, Ethical, Social and Cultural (SMESC) related issues.

Key:

Sp Spiritual   **M** Moral   **E** Ethical   **So** Social   **C** Cultural

Unit	Content	Sp	M	E	So	C
1	• How businesses organise themselves: **So** (and **C** if a business is seen as a culture).				*	*
	• Types of business ownership and economic conditions: professional **M/E**.		*	*		
	• Functional Areas: HR: **Sp So C**; Marketing: **E**; Customer service: **So C**; R&D: **M E**; Employee organisations: **C**; Security: **M** obligation.	*	*	*	*	*
	• Business communications and provision of goods/service to community: **Sp So C**.	*			*	*
	• External business influences: **Sp So C.**	*			*	*
	• Business operations without harming the environment: **E**.			*		
	• Provide charitable/voluntary services: **Sp So**.	*			*	
	• Business location: **So** (for appropriate skilled staff); history and tradition: **So C**.				*	*
	• Business activity may be influenced by current trends and competitors: **E So**.			*	*	
	• Effects of technology: **M E So**.		*	*	*	
2	• Different stakeholders: **Sp So C**; Dealing with pressure groups: **Sp**; Customer service: **Sp So C**.	*			*	*
	• Rights and responsibilities of employees and employers: **M E**.		*	*		
	• Working arrangements and trends in patterns of work: **So**; Multiskilling: **E** dimension.			*	*	
	• Resolving disagreements and recruitment and training issues: **So C**.				*	*
	• Health and safety: **M E**.		*	*		
	• Legal framework of business operations: **So C**.				*	*
3	• Use of ICT: **So** trends (**M E So** dilemma as it may lead to job losses).		*	*	*	
	• R&D: **E** (included in case opportunity missed in Unit 1).			*		
	• Data collection, storage and use: **E**.			*		

1.10   CITIZENSHIP

From September 2002, the National Curriculum for England at Key Stage 4 includes a mandatory programme of study for Citizenship. Parts of the programme of study may be delivered through an appropriate treatment of other subjects.

This section offers guidance on opportunities for delivering knowledge, skills and understanding of citizenship issues during the course.

Signposting

The purpose of the following table is to signpost possible opportunities for delivering Citizenship related issues.

Unit	Content
1	- Types of business ownership and economic conditions. - Provide charitable/voluntary services. - Effects of technology.
2	- Dealing with pressure groups. - Rights and responsibilities of employees and employers. - Resolving disagreements and recruitment and training issues. - Health and safety (right conduct issues). - Legal framework of business operations.
3	None.

1.11 ENVIRONMENTAL ISSUES

OCR has taken account of the 1988 Resolution of the Council of the European Community and the Report *Environmental Responsibility: An Agenda for Further and Higher Education*, 1993 in preparing this specification and associated specimen assessments.

Unit 1: *Investigating business* considers the environmental issues associated with business organisations and their operations.

Signposting

The purpose of the following table is to signpost further possible opportunities for delivering environment related issues.

Unit	Content
1	- Functional Areas: Admin & IT support (issues); R&D (aware). - External business influences. - Business operations without harming the environment. - Business activity may be influenced by current trends and competitors. - Effects of technology.
2	Dealing with pressure groups.
3	Use of ICT (issues).

1.12 THE EUROPEAN DIMENSION

OCR has taken account of the 1988 Resolution of the Council of the European Community in preparing this specification and associated specimen assessments. European examples should be used where appropriate in the delivery of the subject content. Relevant European legislation is identified within the specification where applicable.

Whilst at this level, local and national issues will predominate, teachers are expected to take appropriate opportunities to consider issues in the European context.

Signposting

The purpose of the following table is to signpost possible opportunities for delivering European related issues.

Unit	Content
1	- Types of business ownership and economic conditions. - Functional Areas: Marketing; R&D; Data Protection. - External business influences (i.e. economic constraints). - Business location: local Government issues and financial help.
2	- Dealing with the Government; Customer service. - Rights and responsibilities of employees and employers. - Resolving disagreements and recruitment and training issues. - Health and safety. - Confidential computer records: access, dissemination. - Legal framework of business operations.
3	- Legal framework of business finance i.e. annual accounts, business taxes, VAT. - R&D and legal framework (included in case opportunity missed in Unit 1). - Data collection, storage and use.

1.13 HEALTH AND SAFETY

Candidates are introduced to health and safety issues in the context of this sector and should be made aware of the significance of safe working practices.

1.14 STATUS IN WALES AND NORTHERN IRELAND

This specification has been approved by ACCAC for use by Centres in Wales and by CCEA for use by Centres in Northern Ireland.

Candidates in Wales or Northern Ireland should not be disadvantaged by terms, legislation or aspects of government that are different from those in England. Where such situations might occur, including in the external assessment, the terms used have been selected as neutral, so that candidates may apply whatever is appropriate to their own situation.

OCR will provide specifications, assessments and supporting documentation in English. Further information concerning the provision of assessment materials in Welsh and Irish may be obtained from the Information Bureau at OCR (telephone 01223 553998)[1].

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[1] The OCR Information Bureau is open to take your calls between 8.00am and 5.30pm. Please note that as part of our quality assurance programme your call may be recorded or monitored for training purposes.

2 Scheme of Assessment

2.1 NATURE OF ASSESSMENT

The assessment will be conducted in accordance with the GCSE, GCE, VCE and GNVQ Code of Practice. Two units will be assessed internally, through a teacher-assessed portfolio (see Section 2.3) and one unit will be assessed externally with the assessment set and marked by OCR (see Section 2.4). All internal assessment will be moderated by OCR.

2.2 UNITS

The content of each unit, together with detailed assessment evidence requirements, is described in Sections 5 to 8.

Candidates will study the following **three** mandatory units.

Unit	Title	Type of Assessment	Entry Code	Weighting
1	Investigating business	Portfolio	4863	33.33%
2	People and business	Portfolio	4864	33.33%
3	Business finance	External	4865	33.33%

External assessment is available every January and June from January 2004.
Portfolio moderation is available every January and June from January 2004.
First certification will be available in June 2004 and every January and June thereafter.

2.3 PORTFOLIO ASSESSMENT

2.3.1 Supervision and Authentication of Portfolios

OCR expects teachers to supervise and guide candidates who are producing portfolios. The degree of teacher guidance in candidates' work will vary according to the kind of work being undertaken. However, it should be remembered that candidates are required to reach their own judgements and conclusions.

When supervising candidates, teachers are expected to:

- offer candidates advice about how best to approach their tasks;

- exercise continuing supervision of work in order to monitor progress and to prevent plagiarism;

- ensure that the work is completed in accordance with the specification requirements and can be assessed in accordance with the specified marking criteria and procedures.

Work on portfolios may be undertaken outside the Centre and in the course of normal curriculum time. As with all internally assessed work, the teacher must be satisfied that the work submitted for assessment is the candidate's own work. This does not prevent groups of candidates working together in the initial stages, but it is important to ensure that the individual work of a candidate is clearly identified separately from that of any group in which they work.

Throughout the course, the teacher should encourage the candidate to focus on achieving the criteria listed in the *Assessment Evidence Grids*. Teachers may set internal deadlines for candidates submitting work to them. Teachers may comment on a candidate's unit portfolio and return it for redrafting without limit until the deadline for the submission of marks to OCR. Internal Assessors must record details of any assistance given and this must be taken into account when assessing candidates' work. Once the mark for the unit portfolio has been submitted to OCR, no further work may take place.

2.3.2 Production and Presentation of Portfolios

Candidates must observe the following when producing portfolios:

- Any copied material must be suitably acknowledged.

- Quotations must be clearly marked and a reference provided wherever possible.

- Work submitted for moderation must be marked with the:

    Centre number;
    Centre name;
    candidate number;
    candidate name;
    specification code and title;
    unit code.

- Centres must complete the appropriate Assignment/Unit Recording Sheet in full and attach it to each piece of work sent for moderation.

2.3.3 Administering Portfolio Assessment

OCR will conduct all administration of the GCSEs in vocational subjects through the Examination Officer at the Centre. Teachers are strongly advised to liaise with their Examination Officer to ensure that they are aware of key dates in the administrative cycle.

Assessment Record materials, including full details of administrative arrangements for portfolio assessment, will be forwarded to Examination Officers in Centres in Autumn 2002, following receipt of provisional entries. At the same time the materials will be made available within the Teacher's Guide and on the OCR website (www.ocr.org.uk). The materials will include master copies of mandatory forms on which to record assessments and will also include optional recording materials for the convenience of Centres. Forms may be photocopied and used as required.

The Assessment Evidence Grids

Centres are required to carry out internal assessment of portfolios using the *Assessment Evidence Grids* in accordance with OCR procedures. The process of using these grids is described in Section 2.3.4. Candidates' marks are recorded on these grids. One grid should be completed for each candidate's unit portfolio. These grids should be attached to the front of the candidate's portfolio for the unit when sent to the Moderator.

When candidates are given their assignments, they should also be issued with a reference copy of the appropriate *Assessment Evidence Grid*.

Candidates' portfolios should be clearly annotated to demonstrate where, and to what level, criteria have been achieved. This will help in the moderation process. If teachers do this well it will be very much in the interests of their candidates. On completion of a unit, the teacher must complete the *Assessment Evidence Grid* and award a mark out of 50 for the unit. Details of this process are described in Section 2.3.4.

Internal Standardisation

It is important that all internal assessors, working in the same subject area, work to common standards. Centres are required to ensure that internal standardisation of marks across assessors and teaching groups takes place using an appropriate procedure.

This can be done in a number of ways. In the first year, reference material and OCR training meetings will provide a basis for Centres' own standardisation. In subsequent years, this, or Centres' own archive material, may be used. Centres are advised to hold a preliminary meeting of staff involved to compare standards through cross-marking a small sample of work. After most marking has been completed, a further meeting at which work is exchanged and discussed will enable final adjustments to be made.

Submission of Marks to OCR

The involvement of OCR begins on receipt of entries for a portfolio unit from a Centre's Examinations Officer. Entries for units to be included in any assessment session must be made by the published entry date from OCR. Late entries attract a substantial penalty fee.

By an agreed internal deadline the teacher submits the marks for the unit to the Examinations Officer. Marks will need to be available by the portfolio mark submission dates published by OCR and internal deadlines will need to reflect this. OCR will supply Centres with *MS1 Internal Assessment Mark Sheets* to record the marks and instructions for completion. It is essential that Centres send the top copy of these completed forms to OCR, the second copy to the Moderator and keep the third copy for their own records.

Moderation

Moderation will take place by post in January and June. Shortly after receiving the marks, the Moderator will contact the Centre and inform them of the sample of candidates' work that will be required, as outlined in Section 2.3.5.

2.3.4 Applying the Assessment Criteria

Sources of Guidance

The starting point in assessing portfolios is the *Assessment Evidence Grid* within each unit. These contain levels of criteria for the skills, knowledge and understanding that the candidate is required to demonstrate. The *Guidance for Teachers* within the unit expands on these criteria and clarifies the level of achievement the assessor should be looking for when awarding marks.

Before the start of the course OCR will produce a *Handbook for Teachers*. At Inset sessions in the autumn term OCR will provide examples of candidates' work which help to exemplify standards at grades AA, CC and FF that have been agreed with QCA and the other Awarding Bodies.

In the Autumn and Spring terms OCR will hold training meetings on portfolio assessment led by senior GCSE Moderators. Details of these are in the OCR INSET booklets which are sent to Centres in the Summer term or they may be obtained from the Training and Customer Support Division on 01223 552950. They are also published on the OCR website (www.ocr.org.uk).

OCR also operates a network of Portfolio Consultants. Centres can obtain advice on assessment of portfolios from an OCR Portfolio Consultant. These are both subject specialists and senior Moderators. Details of these may be obtained from the OCR Subject Officer.

Determining a Candidate's Mark

Each unit portfolio should be marked by the teacher according to the criteria in the *Assessment Evidence Grid*. Each row in the grid comprises a strand showing the development of a given criterion and corresponds to a point (a, b, c etc.) in the banner.

Each column describes the work undertaken by a candidate working within a range of grades. The criterion in the first column describes typical attainment of a candidate working within the range of grades GG to EE. The second column describes the work of a typical candidate working at grades DD, CC and the lower half of grade BB whilst the third column describes the work of a typical candidate working at the upper half of grade BB, grades AA and A*A*.

The maximum mark for that strand is shown in the right hand column.

Teachers use their professional judgement and circle the mark that *best fits* the work of the candidate and also records it in the column headed *Mark*.

Centres should use the full range of marks available to them; Centres must award *full* marks in any band for work which fully meets the criteria. This is work which is 'the best one could expect from candidates working at GCSE (Double Award) level'.

Only one mark per strand/row will be entered. The final mark for the candidate is out of a total of 50 and is found by totalling the marks for each strand.

Centres may find it helpful to use the assessment criteria holistically when initially assessing candidates' work. The outcome can then be compared with the final grade awarded through the procedure outlined above. If these differ, an explanation should be sought and the differences resolved.

2.3.5 Portfolio Moderation

After the unit portfolio is internally marked by the teacher and marking has been internally standardised, marks are submitted to OCR by a specified date, published in the Key Dates poster, after which moderation takes place in accordance with OCR procedures.

The purpose of moderation is to ensure that the standard of the award of marks for internally assessed work is the same for each Centre and that each teacher has applied the standards appropriately across the range of candidates within the Centre.

It is essential that the rank order of marks supplied to a Moderator is correct. If Centre assessment is inconsistent, work will be returned to the Centre for re-assessment.

The sample of work which is presented to the Moderator for moderation must show how the marks have been awarded in relation to the marking criteria defined in the unit.

Moderation for all units will be available in the January and June sessions.

Principles of Moderation

The following principles, agreed by the Awarding Bodies and QCA, indicate, in broad terms, how portfolio units will be moderated. OCR has detailed procedures that Moderators will follow to implement the moderation process.

Centres submit unit marks to OCR and to the Moderator by the published OCR submission date.

The Moderator will select from each unit, a sample of candidates' portfolios which cover a range of grades.

If the work seen overall has been assessed accurately and consistently to agreed national standards, within agreed tolerances, all unit marks submitted by the Centre are accepted with no adjustments.

Adjustments, where required, will be carried out by OCR using its normal procedure. Centres are not required to amend marks except if administrative issues, errors or order of merit problems are discovered.

Whilst Moderators may seek clarification from a Centre, they cannot negotiate portfolio marks in any way. OCR will inform Centres of the outcome of the moderation process at the time of publication of results. This will include a written report on any significant issues that arose during this process.

2.4 EXTERNAL ASSESSMENT

2.4.1 Tiering

The scheme of assessment consists of one tier covering the whole of the ability range grades A*A* to GG. Candidates achieving less than the minimum mark for grade GG will be unclassified.

2.4.2 Nature of External Assessment

OCR has designed external assessments which allow candidates to apply the knowledge and understanding they have gained from teacher-designed activities and assignments based on the *What You Need to Learn* section of the units.

It should be emphasised that unit delivery should not be focused on preparing candidates solely for the external assessment with the result that wider learning opportunities are missed. The external assessment forms only a small proportion of the learning within the unit but the grade achieved through it is based on the GNVQ approach to learning which involves practical work, assignments and independent research.

Specimen assessment material is included with this specification.

2.4.3 Re-sits

Candidates will be permitted to re-sit each assessment unit once only with better mark counting towards the final grade. Candidates may, however, retake the whole qualification more than once. For the purposes of the re-sit rule, it is the results of, not the entry for, a unit that counts.

The shelf life of assessment unit results is limited only by the shelf life of the qualification.

2.5 ADMINISTRATIVE ARRANGEMENTS

All administrative arrangements regarding entries, submission of marks, moderation, receipt of results documentation etc. are to be made through Examinations Officers.

Please note that it is very important for Examinations Officers to register provisional entries for Centres since this is the mechanism which triggers the issue of assessment recording materials and pre-release materials etc. to Centres.

2.5.1 Unit and Certificate Entries

Note that entry for units will *not* generate a final certificate – a separate certification entry for code 1491 must be made. This will usually be along with the final unit entries.

A candidate who has completed all the units required for a qualification may enter for certification at a later examination series. For example, a candidate who has completed all the required units but who has not entered for certification may do so in the *same* examination series within a specified period after the publication of results.

First certification will be available in June 2004 and every January and June thereafter.

2.5.2 Unit Availability

External assessment is available every January and June from January 2004.
Portfolio moderation is available every January and June from January 2004.

2.5.3 Moderation Arrangements

Portfolio moderation is offered in January and June. Centres wishing to receive earlier feedback or advice on coursework may arrange with OCR to contact a Portfolio Consultant.

Centres submit unit marks to OCR and to the Moderator by the published OCR submission date.

2.5.4 Issue of Results

Individual assessment unit Statement of Results will be issued for all units (both portfolio units and external units) and will include, for each unit, the unit title, the unit UMS mark, information enabling UMS marks to be equated to GCSE (Double Award) grades and the date the unit was taken.

Candidates must be entered for certification code 1491 to claim their overall grade.

Note that entry for units will *not* generate a final certificate – a separate certification entry must be made at the appropriate time.

Certificates will include an explanatory note on the nature of double awards.

2.5.5 Fresh Start

To cater for candidates who need to restart a qualification, the Centre may request that all previous unit results relating to that qualification should be deleted. For example, a candidate may wish to make a *fresh start* after a period spent out of education. In such cases, OCR will use its discretion to decide whether such a request can be granted, given the time-scales involved and the need to uphold the integrity of the re-sit rules outlined above. Such requests will not normally be granted for whole cohorts of candidates.

2.6   GRADE DESCRIPTIONS

The following grade descriptions indicate the level of attainment characteristic of the given grade for this GCSE (Double Award). They give a general indication of the required learning outcomes at each specified grade. The descriptions should be interpreted in relation to the content outlined in the specification; they are not designed to define that content. The grade awarded will depend in practice upon the extent to which the candidate has met the assessment objectives overall. Shortcomings in some aspects of the assessment may be balanced by better performances in others.

Grade FF Candidates will demonstrate and apply basic knowledge and understanding of some aspects of the business specification content. They will begin to apply their knowledge, skills and understanding using terms, concepts, theories and methods to address problems and issues. Candidates will show limited understanding of methods needed to plan and carry out investigations of issues by gathering and recording information from a limited range of sources. They will analyse information and evidence with limited accuracy. They will make judgements and present simple conclusions that are sometimes supported by evidence.

Grade CC Candidates will demonstrate and apply sound knowledge and understanding of most aspects of the business specification content. They will apply their knowledge, skills and understanding using terms, concepts, theories and methods needed to plan and carry out investigations of issues by gathering and recording information from a variety of sources. They will analyse information and evidence with some accuracy. They will evaluate information to make reasoned judgements and present conclusions that are supported by relevant evidence.

Grade AA Candidates will demonstrate and apply thorough knowledge and understanding of the full range of the business specification content. They will apply their knowledge, skills and understanding using terms, concepts, theories and methods effectively to address problems and issues. Candidates will show a clear understanding of the methods needed to plan and carry out investigations of issues by gathering and recording information from a wide variety of sources. They will analyse information and evidence with a high degree of application. They will evaluate information effectively to make reasoned judgements and present conclusions that are accurate and appropriate.

2.7 AWARDING AND REPORTING

A new section of the Code of Practice, for GCSE (Double Award) qualifications, is to be introduced in September 2002. The qualifications will comply with the grading, awarding and certification requirements of this section of the Code of Practice.

A uniform mark scale (UMS) will be used to aggregate individual assessment units to generate qualification grades.

2.7.1 Unit Grades

Teachers assess each portfolio unit and award a raw score on a scale of 0-50. The evidence required to support the award of marks is given in the *Assessment Evidence* section of each unit. The OCR awarding committee will consider portfolios and will determine the grade thresholds for each unit.

The following table indicates the notional thresholds for the unit, but these are subject to adjustment by the awarding committee.

Grade	A*A*	AA	BB	CC	DD	EE	FF	GG
Mark	45	40	35	30	25	20	15	10

The externally assessed unit will be marked by OCR. The maximum raw score will be stated on the front cover of the question paper.

2.7.2 Uniform Marks

Once the raw score for each unit has been established, it will be converted by OCR and reported to candidates as a Uniform Mark out of 100.

Uniform marks correspond to *unit* grades as follows:

	A*A*	AA	BB	CC	DD	EE	FF	GG
UMS (max 100)	90	80	70	60	50	40	30	20

Candidates who fail to achieve the standard for a grade GG will be awarded a Uniform Mark in the range 0-19 and will be recorded as UU (unclassified).

2.7.3 Overall Grade

The uniform marks awarded for each unit will be aggregated and compared to pre-set boundaries. Results for the qualification will be awarded on a scale of A*A* to GG and will be recorded twice on the certificate as such.

Uniform marks correspond to *overall* grades as follows:

	A*A*	AA	BB	CC	DD	EE	FF	GG
UMS (max 300)	270	240	210	180	150	120	90	60

2.8   SPECIAL ARRANGEMENTS

Candidates with special requirements must cover the assessment objectives. There may be more suitable ways of doing this than those used by the Centre with other candidates. Any Centre wishing to start candidates with special requirements on the course who might not be able to meet the requirements of the assessment must consult the Special Requirements Unit before doing so (telephone 01223 552505).

2.9   RESULTS ENQUIRIES AND APPEALS

Under certain circumstances, a Centre may wish to query the grade available to one or more candidates or to submit an appeal against the outcome of such an enquiry. Enquiries about unit results must be made immediately following the series in which the relevant unit was taken.

For procedures relating to enquiries on results and appeals, Centres should consult the Handbook for Centres and the document *Enquiries about Results and Appeals - Information and Guidance for Centres* produced by the Joint Council. Further copies of the most recent edition of this paper can be obtained from OCR.

3 Further Information and Training for Teachers

To support teachers using this specification, OCR will make the following materials and services available:

- a full programme of In-Service Training meetings arranged by its Training and Customer Support Division (telephone 01223 552950);
- a dedicated subject-specific telephone number (01223 552927);
- a website that will include materials to assist with delivery (www.ocr.org.uk);
- teacher support material;
- exemplar candidate work;
- candidate guides;
- specimen assessments;
- past external examinations;
- a report on the examination, compiled by senior examining personnel after each examination session;
- individual feedback to each Centre on the moderation of portfolios;
- a portfolio consultancy service.

A Publications Catalogue may be obtained from OCR's publications department:

- tel. 0870 870 6622
- fax 0870 870 6621
- e-mail: publications@ocr.org.uk

The OCR Information Bureau:

- tel. 01223 553998
- e-mail: helpdesk@ocr.org.uk

The OCR website address is www.ocr.org.uk

The website contains copies of the specification, example assessments, support materials and current information of relevance to Centres.

4   Key Skills Guidance

Key Skills are central to successful employment and underpin future success in learning independently. Whilst they are certificated separately, the *Key Skills Guidance* for this qualification has been designed to support the teaching, learning and assessment of the vocational content, as well as that of the Key Skills. Opportunities for developing the Key Skills of *Communication*, *Application of Number*, *Information Technology*, *Working with Others*, *Problem Solving* and *Improving Own Learning and Performance* are indicated for each unit.

Key Skills and vocational achievement are interdependent, especially at Level 1. This guidance has been developed to show how vocational and Key Skills achievement can be successfully combined.

The guidance has been split into two sections: *Keys to Attainment* and *Signposts*. The two sections should be used in conjunction with, and are intended to complement, each other.

> **Keys to Attainment** 🔑 show where the units contain clear opportunities for generating Key Skills portfolio evidence. A *Key to Attainment* does not negate the need for candidates to develop and practise the key skill during teaching and learning.

> **Signposts** ➲ show where the units contain opportunities for developing the Key Skill, and possibly for generating portfolio evidence if teaching and learning is focused on that aim.

Aspects of Key Skills are distributed throughout the units, usually as *Signposts* but sometimes as *Keys to Attainment*. This may appear repetitive, but occurs because some Key Skills may be achieved in several different ways (multiple *Signposts*), but others are genuinely key to the achievement of the vocational aspect (*Keys to Attainment*). For example, IT1.1 - 'find, explore and develop information for **two** different purposes', will appear more than once in any GCSE (Double Award) because the Key Skill needs to be achieved in **two** different contexts. Another example of where a Key Skill may be split between units is C1.1 - 'take part in a *one-to-one* discussion and a *group* discussion...', because the **two** discussions can be completely independent of each other.

KEY SKILLS MAPPING

🔑   the unit contains clear opportunities for generating Key Skills portfolio evidence.

➲   the unit contains opportunities for developing the Key Skill, and possibly for generating portfolio evidence if teaching and learning is focused on that aim.

✘   there are no obvious opportunities for the development or assessment of the Key Skill in the unit.

Key Skill (Level 2)	Unit		Examples of opportunities for developing the Key Skill or for generating Key Skills portfolio evidence Note: these are illustrative only.
C2.1a: Contribute to a discussion about a straightforward subject.	1	➲	Discussing environmental constraints, the effect of economic conditions etc. Finding out about a business – how it communicates, recent changes in its activities etc.
	2	➲	Identifying the stakeholders in a business, discussing any influence they may have over its activities, discussing employee expectations and what makes for good working arrangements, discussing the importance of customer service etc. Role playing recruitment.
	3	➲	Discussing possible sources of finance for different projects, finding out how businesses use IT in accounting, discussing financial performance as part of financial planning, agreeing a budget, interpreting a balance sheet etc.
C2.1b: Give a short talk about a straightforward subject, using an image.	1	➲	Any aspect of this unit's work would lend itself well to presentations, to the class or to others e.g. those working within a business studied. Presentations could be supported by images e.g. pie charts showing market share etc.
	2	➲	Presentations to class or to others on e.g. laws protecting consumers and employees, how industrial disputes might be dealt with, the importance of customer service etc. Presenting the results of market research, with supporting visual aids
	3	➲	Presenting and explaining a cash flow forecast, pitching for finance based on a financial plan, presenting and interpreting a balance sheet, explaining start-up costs for a new product or service, etc.
C2.2: Read and summarise information from **two** extended documents about a straightforward subject. **One** of the documents should include at least **one** image.	1	🔑	Mission statements, company reports, organisational structure charts, brochures, internal documents such as training and recruitment manuals and customer service charters, trade magazines, case study material, textbooks etc. There must be evidence that information from such sources has been summarised in the candidate's written work.
	2	🔑	Company reports, organisation charts, job descriptions and advertisements, employment contracts, trade union literature, disciplinary and grievance procedures, ACAS code of practice, job application forms, customer service agreements, summaries of legislation, case study material, textbooks, etc. There must be evidence that information from such sources has been summarised in the candidate's written work.
	3	🔑	Examples of business documents, annual accounts and reports, financial plans, shareholder reports, case study materials, business finance brochures from banks, textbooks etc. There must be evidence that information from such sources has been summarised in the candidate's written work.

Key Skill (Level 2)	Unit		Examples of opportunities for developing the Key Skill or for generating Key Skills portfolio evidence Note: these are illustrative only.
C2.3: Write **two** different types of documents about straightforward subjects. **One** piece of writing should be an extended document and include at least **one** image.	1	🔑	Essays, case studies, reports, articles etc on e.g. a businesses aims and objectives, external influences, possible effects of changes to the economy etc. Presenting information on market share, explaining how a business communicates, how it is structured etc, using flow charts and diagrams.
	2	🔑	Reports, case studies, organisational flow charts, customer questionnaires, recruitment packs with job descriptions, job advertisements and application forms, newspaper articles on employee rights etc.
	3	🔑	Financial plans, budgets, balance sheets with explanations, reports, case studies etc.
N2.1: Interpret information from **two** different sources, including material containing a graph.	1	➡	Information on economic conditions e.g. RPI and exchange rates could be presented in such a way as to encourage interpretation.
	2	➡	Analysing sales information, findings from market research, company performance information e.g. customer service figures, etc.
	3	🔑	Profit and loss accounts, cash-flow forecasts, balance sheets etc.
N2.2a: Carry out calculations to do with amounts and sizes.	1	✘	
	2	➡	Carrying out a small scale market research activity involving calculations e.g.. of numbers of customers etc.
	3	🔑	Calculating in-flows and out-flows of money, costs and revenues, break-even point etc.
N2.2b: Carry out calculations to do with scales and proportions.	1	➡	Calculating market share etc.
	2	➡	Working with market research data, deriving ratios, proportions of satisfied customers, etc.
	3	🔑	Costs as proportion of income, representing sources of funding, etc.
N2.2c: Carry out calculations to do with handling statistics.	1	➡	Deriving and manipulating statistical information on e.g. market share, product information etc.
	2	➡	Deriving and manipulating statistical information about customers and sales, performance information, questionnaire data etc.
	3	➡	Deriving and manipulating statistical information on costs and revenue over time, financial planning information etc.
N2.2d: Carry out calculations to do with using formulae.	1	✘	
	2	✘	
	3	🔑	Calculating break-even point.
N2.3: Interpret the results of your calculations and present your findings. You must use at least **one** graph, **one** chart and **one** diagram.	1	✘	
	2	➡	Presenting market research data and findings using graphs, pie charts, frequency tables etc.
	3	🔑	Representing sources of finance, predicting revenue in financial planning, representing in-flows and out-flows of cash in a cash-flow forecast etc. All these lend themselves to the use of tables, diagrams and charts.

Key Skill (Level 2)	Unit		Examples of opportunities for developing the Key Skill or for generating Key Skills portfolio evidence Note: these are illustrative only.
IT 2.1: Search for and select information for **two** different purposes.	1	➡	Using the internet, CD ROMS, databases etc to access information on e.g. the current economic climate, individual businesses, environmental protection laws governing business activity etc. This might form the basis of written work, be used in presentations, be a source of visual material etc.
	2	➡	Using the internet, CD ROMS, databases etc to access to a great deal of information e.g. on employee rights and dispute resolution, www.dti.gov.uk, on consumer protection, www.tradingstandards.gov.uk, and also about individual businesses. This information might be used in written work, case studies, presentations etc.
	3	➡	Using the internet, CD ROMS, databases etc to access information on sources of finance and payment methods, examples of business documents, information on costs etc.
IT 2.2: Explore and develop information, and derive new information, for **two** different purposes.	1	➡	Using spreadsheets, developing written work which brings together a range of sources such as economic data supported by explanatory text etc.
	2	➡	Developing written work which brings together information from different sources such as the internet and own written work in reports, recruitment information, articles etc.
	3	🔑	Construction and using spreadsheets and deriving results for use in predicting the impact of changes in costs and as part of cash-flow forecasting. Also developing written work including sample business documents.
IT 2.3: Present combined information for **two** different purposes. Your work must include at least **one** example of text, **one** example of images and **one** example of numbers.	1	➡	Designing presentations using specialist applications, producing high quality written work using WP, importing images, presenting numerical sales information etc.
	2	➡	Designing presentations using specialist applications, producing high quality written work using WP, importing images, presenting data on customer services performance, customer satisfaction etc.
	3	🔑	Presenting results of spreadsheet calculations, with predictions, producing balance sheets and profit and loss accounts, with explanations, presenting financial plans and other financial information e.g. on costs as a proportion of revenue etc.

Key Skill (Level 2)	Unit		Examples of opportunities for developing the Key Skill or for generating Key Skills portfolio evidence Note: these are illustrative only.
WO2.1: Plan straightforward work with others, identifying objectives and clarifying responsibilities, and confirm working arrangements.	1	➲	Tackling the investigation of e.g. a case study or real business as a team, setting group objectives and allocating individual responsibilities. Could fulfil the group-working requirement for this Key Skill.
	2	➲	Tackling the investigation of e.g. employment rights or working arrangements in a company as a team, setting group objectives and allocating individual responsibilities. Could fulfil the group-working requirement for this Key Skill.
	3	➲	Tackling cash-flow forecasting, financial planning, producing accounts etc is as a team, setting group objectives set and allocating individual responsibilities. Could fulfil the group-working requirement for this Key Skill.
WO2.2: Work co-operatively with others towards achieving identified objectives, organising tasks to meet your responsibilities.	1	➲	Allocating responsibilities to individuals which they must then pursue to achieve the group's objectives e.g. finding out about current interest rates or about environmental protection laws. Showing co-operative and effective working, and seek advice as appropriate. If work in pairs or deal with an employee of the business, could satisfy one-to-one working requirement for this Key Skill.
	2	➲	Allocating responsibilities to individuals which they must then pursue to achieve the group's objectives e.g. collecting accounts information, producing diagrams etc. Showing co-operative and effective working, and seek advice as appropriate. If work in pairs or deal with a professional in the field, could satisfy one-to-one working requirement for this Key Skill.
	3	➲	Allocating responsibilities to individuals which they must then pursue to achieve the group's objectives. Showing co-operative and effective working, and seek advice as appropriate. If work in pairs or deal with someone who works in finance, could satisfy one-to-one working requirement for this Key Skill.
WO2.3: Exchange information on progress and agree ways of improving work with others to help achieve objectives.	1	➲	Planning the group's work to allow for progress checking, feedback and brainstorming e.g. on ways to find information.
	2	➲	Planning the group's work to allow for progress checking, feedback and brainstorming e.g. on ways to find information.
	3	➲	Planning the group's work to allow for progress checking, feedback and brainstorming e.g. on ways to find information.

Key Skill (Level 2)	Unit		Examples of opportunities for developing the Key Skill or for generating Key Skills portfolio evidence Note: these are illustrative only.
PS2.1: Identify a problem and come up with **two** options for solving it.	1	✘	
	2	✘	
	3	🔑	Financial planning, cash-flow forecasting, budgeting, calculating break-even point, identifying sources of finance etc. can involve the consideration of a number of options e.g. advantages/disadvantages of different sources of finance, methods of payment for a product or service, expenditure targets etc. The problem might be considered solved if a realistic plan, forecast or budget is produced, or the correct break-even point derived, etc. The range of options must be considered and the most useful chosen, taking advice as appropriate, e.g. from a business tutor or businessperson.
PS2.2: Plan and try out at least **one** option for solving the problem, obtaining support and making changes to your plan when needed.	1	✘	
	2	✘	
	3	🔑	Planning how to go about producing the financial plan, forecast or budget, and going ahead with that plan. Making changes and seeking advice as necessary.
PS2.3: Check if the problem has been solved by applying given methods, describe results and explain your approach to problem solving.	1	✘	
	2	✘	
	3	🔑	Checking final plan, forecast or budget against figures used etc, explaining their use, and what was done at each stage of the project, including methods of working. Also, evaluating plan, forecast, budget etc in terms of strengths and weaknesses and how it might be done differently next time.

Key Skill (Level 2)	Unit		Examples of opportunities for developing the Key Skill or for generating Key Skills portfolio evidence Note: these are illustrative only.
LP2.1: Help set short-term targets with an appropriate person and plan how these will be met.	1	➲	Supporting investigations by structured planning on a one-to-one basis with the candidate. Setting targets e.g. to produce a pie chart showing market share, and deadlines and action points for achieving these e.g. accessing data on competitors, carrying out necessary calculations, finding out how to use the right software etc.
	2	✗	
	3	✗	
LP2.2: Take responsibility for some decisions about your learning, using your plan and support from others to help meet targets. Improve your performance by: • Studying a straightforward subject • Learning through a straightforward practical activity.	1	➲	If the candidate takes responsibility for successfully executing the plan agreed in LP2.1, and chooses different approaches to learning, e.g. reading textbooks and making notes, carrying out small scale market research activity etc. Taking advice where appropriate.
	2	✗	
	3	✗	
LP2.3: Review progress with an appropriate person and provide evidence of your achievements, including how you have used learning from one task to meet the demands of a new task.	1	✗	
	2	➲	Reviewing what has been learned and how they went about it, on a one-to-one basis with the candidate, e.g. in tutorials.
	3	✗	

Key Skill (Level 1)	Unit		Examples of opportunities for developing the Key Skill or for generating Key Skills portfolio evidence Note: these are illustrative only.
C1.1: Take part in a one-to-one discussion and a group discussion about *different* straightforward subjects.	1	➲	Discussing environmental constraints, the effect of economic conditions etc. Finding out about a business from an individual working within it – how it communicates, recent changes in its activities etc.
	2	➲	Identifying the stakeholders in a business, discussing any influence they may have over its activities, discussing employee expectations and what makes for good working arrangements, discussing the importance of customer service etc. Role playing recruitment.
	3	➲	Discussing possible sources of finance for different projects, finding out how businesses use IT in accounting, discussing financial performance as part of financial planning, agreeing a budget, interpreting a simple balance sheet etc.
C1.2: Read and obtain information from **two** different types of documents about straightforward subjects, including at least **one** image.	1	🔑	Mission statements, company reports, organisational structure charts, brochures, extracts from internal documents such as training and recruitment manuals and customer service charters, trade magazines, case study material, textbooks etc.
	2	🔑	Company reports, organisation charts, job descriptions and advertisements, trade union literature, disciplinary and grievance procedures, job application forms, customer service agreements, summaries of legislation and codes of practice, case study material, textbooks, etc.
	3	🔑	Examples of business documents, annual accounts and reports, financial plans, shareholder reports, case study materials, business finance brochures from banks, textbooks etc.
C1.3: Write **two** different types of documents about straightforward subjects. Include at least **one** image in **one** of the documents.	1	🔑	Essays, case studies, reports, articles etc on e.g. a businesses aims and objectives, external influences, possible effects of changes to the economy etc. Reporting on market share, showing how a business communicates, how it is structured etc, using simple diagrammatic methods as appropriate.
	2	🔑	Reports, case studies, organisational flow charts, customer questionnaires, recruitment packs with job descriptions, job advertisements and application forms, newspaper articles on employee rights etc.
	3	🔑	Financial plans, budgets, balance sheets with explanations, reports, case studies etc.

Key Skill (Level 1)	Unit		Examples of opportunities for developing the Key Skill or for generating Key Skills portfolio evidence Note: these are illustrative only.
N1.1: Interpret straightforward information from **two** different sources. At least **one** source should be a table, chart, diagram *or* line graph.	1	➲	Numerical information on economic conditions e.g. RPI and exchange rates could be presented in a number of ways to encourage interpretation.
	2	➲	Looking at basic sales information, findings from market research, company performance information e.g. customer service figures, etc.
	3	🔑	Profit and loss accounts, cash-flow forecasts, balance sheets etc.
N1.2a: Carry out straightforward calculations to do with amounts and sizes.	1	✘	
	2	➲	Carrying out a small scale market research activity involving calculations e.g. of numbers of customers etc.
	3	🔑	Calculating in-flows and out-flows of money, costs and revenues, break-even point etc.
N1.2b: Carry out straightforward calculations to do with scales and proportion.	1	➲	Calculating market share etc.
	2	➲	Working with market research data, deriving ratios, numbers of satisfied customers etc.
	3	🔑	Costs as proportion of income, representing sources of funding, etc.
N1.2c: Carry out straightforward calculations to do with handling statistics.	1	➲	Calculating simple statistical information on e.g. market share, product information etc.
	2	➲	Calculating simple statistical information about customers and sales, performance information, questionnaire data etc.
	3	➲	Calculating simple statistical information on costs and revenue over time, financial planning information etc.
N1.3: Interpret the results of your calculations and present your findings. You must use **one** chart and **one** diagram.	1	✘	
	2	➲	Presenting market research data and findings using graphs, pie charts, etc.
	3	🔑	Representing sources of finance, predicting revenue in financial planning, representing in-flows and out-flows of cash in a cash-flow forecast etc. All these lend themselves to the use of tables, diagrams and charts.

Key Skill (Level 1)	Unit		Examples of opportunities for developing the Key Skill or for generating Key Skills portfolio evidence Note: these are illustrative only.
IT 1.1: Find, explore and develop information for **two** different purposes.	1	➡	Using given sources on the internet, CD ROMS, databases and other media to access and use information on e.g. the current economic climate, individual businesses, environmental protection laws governing business activity etc. This might form the basis of written work, or be a source of visual material etc.
	2	➡	Using given sources on the internet, CD ROMS, databases and other media to access and use information e.g. on employee rights and dispute resolution. Selected information might be drawn from websites such as www.dti.gov.uk, on consumer protection, www.tradingstandards.gov.uk, and individual business websites.
	3	➡	Using WP to develop business documents, using given sources on the internet, CD ROMS, databases etc to find information e.g. looking at bank websites for information on sources of finance, etc.
IT 1.2: Present information for **two** different purposes. Your work must include at least **one** example of text, **one** example of images and **one** example of numbers.	1	➡	Using specialist applications such as Powerpoint, producing quality written work using WP, importing images, presenting numerical sales information etc.
	2	➡	Using specialist applications such as Powerpoint, producing quality written work using WP, importing images, presenting data on customer services performance, customer satisfaction etc.
	3	🔑	Presenting results of spreadsheet calculations, producing balance sheets and profit and loss accounts, presenting financial plans and other financial information e.g. on costs as a proportion of revenue etc.

Key Skill (Level 1)	Unit		Examples of opportunities for developing the Key Skill or for generating Key Skills portfolio evidence Note: these are illustrative only.
WO1.1: Confirm what needs to be done to achieve given objectives, including your responsibilities and working arrangements.	1	➲	Tackling the investigation of e.g. a case study or real business as a team, confirming group objectives and individual responsibilities, and how these are to be progressed. Could fulfil the group-working requirement for this Key Skill.
	2	➲	Tackling the investigation of e.g. employment rights or working arrangements in a company as a team, confirming group objectives and individual responsibilities, and how these are to be progressed. Could fulfil the group-working requirement for this Key Skill.
	3	➲	Tackling cash-flow forecasting, financial planning, producing accounts etc is as a team, confirming group objectives and individual responsibilities. Could fulfil the group-working requirement for this Key Skill.
WO1.2: Work with others towards achieving given objectives, carrying out tasks to meet your responsibilities.	1	➲	Individuals will be given their own responsibilities and perhaps a suggested approach, and must show that they can carry tasks out safely and effectively e.g. finding out about current interest rates or about environmental protection laws, and seeking advice as appropriate. If work in pairs or deal with an employee of the business, could satisfy the one-to-one working requirement for this Key Skill.
	2	➲	Individuals will be given their own responsibilities and possibly suggested working methods, and must show that they can carry tasks out safely and effectively e.g. collecting accounts information, producing diagrams etc. Seeking advice as appropriate. If work in pairs or deal with a professional in the field, could satisfy the one-to-one working requirement for this Key Skill.
	3	➲	Individuals will be given their own responsibilities and working methods may be suggested. They must show that they can carry tasks out safely and effectively, seeking advice as appropriate. If work in pairs or deal with someone who works in finance, could satisfy the one-to-one working requirement for this Key Skill.
WO1.3: Identify progress and suggest ways of improving work with others to help achieve given objectives.	1	➲	If group working is planned in such a way as to allow discussion of progress, where good ways of working as well as problems and how they were dealt with, are identified with a view to suggesting better ways of working together.
	2	➲	If group working is planned in such a way as to allow discussion of progress, where good ways of working as well as problems and how they were dealt with, are identified with a view to suggesting better ways of working together.
	3	➲	If group working is planned in such a way as to allow discussion of progress, where good ways of working as well as problems and how they were dealt with, are identified with a view to suggesting better ways of working together.

Key Skill (Level 1)	Unit	Examples of opportunities for developing the Key Skill or for generating Key Skills portfolio evidence Note: these are illustrative only.
PS1.1: Confirm your understanding of the given problem with an appropriate person and identify **two** options for solving it.	1	✘
	2	✘
	3	🔑 Given problems in relation to financial planning, cash-flow forecasting, budgeting, calculating break-even point, identifying sources of finance etc can involve the consideration of a number of options e.g. advantages/disadvantages of different sources of finance, methods of payment for a product or service, expenditure targets etc. The range of options must be considered and the most useful chosen, taking advice as appropriate, e.g. from a business tutor or businessperson.
PS1.2: Plan and try out at least **one** option for solving the problem, using advice and support given by others.	1	✘
	2	✘
	3	🔑 Planning how to go about producing the financial plan, forecast or budget, and going ahead with that plan, taking advice and support as necessary.
PS1.3: Check if the problem has been solved by following given methods and describe the results including ways to improve your approach to problem solving.	1	✘
	2	✘
	3	🔑 Checking final plan, forecast or budget against figures used etc, describing what went well and what didn't, and how problems were tackled. Also making suggestions for avoiding those problems.
LP1.1: Confirm understanding of your short-term targets and plan how these will be met, with the person setting them.	1	● If the group's work is planned to allow an appropriate person to set individual targets e.g. to produce a pie chart showing market share and also to identify: action points e.g. to find two competitors, deadlines, arrangements for reviewing progress, and who to ask for help.
	2	✘
	3	✘
LP1.2: Follow your plan, using support given by others to help meet targets. Improve your performance by: • Studying a straightforward subject • Learning through a straightforward practical activity.	1	● If the candidate follows the plan agreed in LP1.1, seeking support where necessary, and uses different approaches to learning e.g. reading textbooks and making notes, carrying out a small scale market research activity etc. Also acting on suggestions for improvements.
	2	✘
	3	✘
LP1.3: Review your progress and achievements in meeting targets, with an appropriate person.	1	✘
	2	● Reviewing what has been learned and how the candidate went about it, on a one-to-one basis e.g. in tutorials, with encouragement to identify good work and bad, and to suggest improvements.
	3	✘

5   Specification Units

Units will have some or all of the following sections:

About this unit
This includes a brief description for the candidate of the content, purpose and vocational relevance of the unit.
It states whether the unit is assessed externally or through portfolio evidence.

What you need to learn
This specifies the underpinning knowledge, skills and understanding candidates need to apply in order to meet the requirements of the portfolio evidence or external assessment.

Assessment evidence
This specifies the evidence candidates need to produce in order to meet the requirements of each portfolio unit. It is divided into the following parts:

- *You need to produce* – this banner heading sets the context for providing the evidence, e.g. a report, an investigation, etc;

- *A typical candidate at grades GG to EE etc. will:* – this describes the quality of the work a candidate needs to demonstrate in order to achieve the grades specified.

Guidance for teachers
This provides advice on teaching and assessment strategies.

There will be advice on:

- the provision of the vocational context of the unit;

- accurate and consistent interpretation of national standards;

- the use of appropriate internal assessments, taking into account the full range of grades to be covered.

There may also be advice on:

- exploiting local opportunities (e.g. information sources, events, work experience);

- resources.

Key Skills guidance
This signposts opportunities for developing and assessing Key Skills within the unit.

6   Unit 1: Investigating Business

6.1   ABOUT THIS UNIT

This unit helps you to understand how businesses organise themselves in order to meet their aims and objectives. You will investigate how ownership affects the running of the business. You will explore businesses which produce a range of different goods and services and find out how such business activities are changing in the UK as a whole. You will investigate the different functional areas of a business, how they affect each other and how they communicate.

Every business is part of a wider business world in which there are many different influences. Businesses cannot always control these influences, but they have to find ways of responding to them. You will look at the ways in which businesses sell their products, how they choose locations, how they introduce and use new technology and how they might try to produce goods and services competitively without harming the environment.

You will investigate **two** contrasting businesses in detail. You will find out about their type of ownership, what they do and how they are developing in response to different external influences. You will need to understand how the businesses you are investigating fit into the wider business world and which influences have the most effect on them.

Throughout this unit it is assumed that the term *products* includes both goods and services.

This unit has links with Unit 2: *People and business* and Unit 3: *Business finance*. It prepares you for further education, training or employment.

*You should be **selective** and include in your portfolio work from this unit that **meets the evidence requirements**.*

This unit is assessed solely through portfolio assessment.

6.2　WHAT YOU NEED TO LEARN

6.2.1　Aims and Objectives

All businesses have aims to help them plan and set targets for what they want to achieve. A business might aim to:

- make a profit;
- provide goods and services to the local or wider community;
- survive as a business or expand;
- maximise sales or improve the quality of a product;
- provide a highly competitive service;
- provide charitable or voluntary services;
- be environmentally friendly.

Businesses then decide on measurable objectives in order to achieve their aims. Objectives can set targets and challenges for the businesses, for example:

- selling more of a product than a competitor;
- providing more services than in the previous year;
- producing new goods or providing a new service;
- improving a product.

You will be able to identify aims and objectives of different businesses by looking closely at their activities and by discussing these activities with business people. Business websites may provide a good source of study. You need to find out how businesses use objectives to judge their success.

6.2.2　Ownership

There are several different types of business ownership. You will find out that, depending on the type of ownership, the owners have different responsibilities and involvement in a business. One aspect of this is who bears the business risk and whether the owners have limited or unlimited liability. Different types of ownership are:

- sole trader;
- partnership;
- company;
- co-operative;
- franchise;
- public sector.

You will need to find out the main features of these types of ownership. You will also need to understand why the businesses you investigate have a particular type of ownership.

6.2.3 Business Location

There are many factors that affect the choice of business location. Businesses may need to be close to customers, to competitors or to be near suppliers and skilled employees. You need to find out how the following may have influenced the location of business in your area:

- the number of people with appropriate skills available to work in a particular area;
- the cost of labour;
- the cost of premises;
- local government charges;
- financial help (e.g. local, national or European funding);
- transport links for supplies and distribution;
- the need to be where customers are;
- history and tradition;
- sales techniques (telephone, internet and mail order).

6.2.4 Business Activity

Businesses carry out one or more activities. As you investigate your selected businesses you will need to decide what their main activities are and whether they are involved with goods, services or both.

Examples of activities include:

- sales of goods (e.g. retail, wholesale, mail order, internet);
- manufacturing of goods (e.g. consumer goods such as radios and capital goods such as machine tools);
- producing raw goods (e.g. agriculture and fishing for food, forestry and mining for materials);
- client services (e.g. financial, health care, leisure and sport, internet access);
- other services (e.g. transport and communications).

You will need to find out about the number of businesses involved in each of these different activities and the changes taking place in these activities in recent years.

Examples of important changes include the:

- level of consumer spending on different goods and services;
- number of people employed in different activities;
- value of the goods and services produced;
- effects of technological developments.

You need to consider how these changes might affect the businesses you are investigating.

6.2.5 Functional Areas Within the Business

To make goods and/or provide services a business has to carry out a range of functions, including:

- human resources;
- finance;
- administration and ICT support;
- operations;
- marketing and sales;
- customer service;
- research and development.

You will look in detail at these functional areas of **two** businesses (mostly here in Unit 1 but also in Unit 2: *People and business)* and assess how well they are helping to support the businesses' aims and objectives. You will look at ways in which the use of ICT allows more flexibility in carrying out these functions.

Human Resources

Businesses want to recruit the best employees and make sure they work effectively and safely. The responsibility for these tasks rests with Human Resources staff. They are involved with:

- recruitment, retention and dismissal;
- working conditions;
- training, development and promotion;
- employee organisations and unions;
- health and safety.

You will need a brief overview of these activities and how the work of human resources affects other people working in the business. (Note: a detailed understanding of the work of human resources will be required in Unit 2: *People and business*).

Finance

Businesses need to manage all the money coming in and going out of the business. They also need to understand this information in order to plan what to do next. All businesses deal with:

- preparing accounts;
- paying wages and salaries;
- obtaining capital and resources.

You will need an overview of how the businesses deals with these aspects of finance. You also will need to understand how the work of finance affects other areas. (Note: a detailed understanding of the work of finance will be required in Unit 3: *Business finance*.)

Administration and ICT Support

The administration and ICT support function helps a business to run smoothly from day to day. It could cover a number of different tasks, such as:

- clerical work, collecting and distributing mail, keeping records, organising meetings, responding to enquiries;
- cleaning and maintenance;
- health and safety;
- security;
- support for software applications (word-processing, payroll, accounts, database etc.), electronic communications and electronic transactions.

You will need to understand how these activities are organised, how computer technology assists the process and how good administration helps to make businesses run efficiently and effectively.

Operations

Businesses have to obtain, organise and use a variety of resources including people and equipment. The operations' task is to produce goods and services by making the best use of:

- buildings and land (e.g. offices, factories, shops, farmland);
- equipment (e.g. vehicles, computers, machinery);
- people (e.g. operators, managers, support staff, specialists);
- materials (e.g. products for retailing, raw materials).

You will need to find out what kinds of resources the businesses need to carry out their main business activities – whether this is making goods or providing a service – and why they need them. You will need to find out how quality is checked and improved and if the businesses use automation or computer-aided processes in their production (e.g. robots, CAD/CAM).

Marketing and Sales

Businesses meet customers' needs through a range of activities. These activities include:

- market research;
- promotion;
- sales.

You will need to understand how these activities are carried out by the businesses and how they help to meet the businesses' aims and objectives. You need to find out how ICT is, or could be, used by the businesses you are investigating to promote sales.

Customer Service

All businesses depend on their customers to buy goods or use services. In return, customers expect goods and services to be available when they want them, to be safe and reliable and to offer value for money.

To develop a good relationship with their customers, businesses provide a range of customer services, including:

- providing information;
- giving advice;
- providing credit facilities;
- delivering goods;
- providing after-sales service.

You will need a brief overview of these activities and how the work of customer services affects other people working in the businesses. (Note: a detailed understanding of the work of customer services will be required in Unit 2: *People and business*.)

Research and Development

You will need to understand how and why businesses research markets and products and how research can aid development. You need to consider how ICT has helped some businesses with market research. You will also need to understand that in order to remain competitive, businesses need to develop new goods and services and update the existing ones.

The Use of ICT

As you investigate these different functional areas, you need to consider how ICT might be best used to cut costs and to improve goods and services. Examples might include:

- electronic communications between departments (e.g. e-mail and use of intranet);
- facilities to share common data (e.g. stores records, employee records, financial data, orders);
- security systems (e.g. virus protection, backup against loss, confidentiality/password protection);
- external communications (e.g. e-mail, market research, use of the internet for marketing and sales);
- on line support for customers (e.g. order progress, new products, sales, response to queries);
- electronic transactions (e.g. bar code systems, sales, stock control, orders, invoices, electronic funds transfer).

6.2.6 Business Communications

As business people carry out their different tasks, they have to communicate with other people:

- within their functional area;
- outside their functional area;
- outside of the business as a whole.

In order to communicate well with others, business people might use:

- oral communication (e.g. telephones, meetings, telephone conferencing);
- video communication (e.g. video conferencing, internet video link);
- written communication (e.g. memos, letters, financial documents, advertisements, e-mail attachments/documents);
- graphical communication (e.g. production drawings, on screen, via the internet).

You will need to find out about the wide variety of different methods of communication used by businesses and which method might be most appropriate for different business needs.

6.2.7 External Influences

Businesses can manage much of their own world but there are external influences to which they have to respond and over which they have less control. These external influences include:

- their business competitors;
- economic conditions;
- environmental constraints.

In order to be successful, a business must be able to respond to any changes brought about by these external influences.

Business Competitors

Most businesses face some kind of competition from others as they try to win and retain customers.

You need to consider the main features which make products competitive, including:

- price;
- quality;
- availability.

You need to identify the ways in which different products can be linked to different kinds of customers according to:

- age;
- gender;
- income;
- lifestyle;
- where they live.

The use of new technologies such as telephone sales and the Internet have made it possible for businesses around the world to compete for customers who have ICT access. With this in mind, you need to identify possible competitors for the businesses you investigate. These competitors could be:

- local;
- national;
- international.

Economic Conditions

However well a business manages its own activities, its success will depend on conditions in the economy as a whole. A business can be affected by changes in:

- interest rates (e.g. increasing the cost of a loan to pay for new machinery);
- prices (e.g. a general increase in the price of raw materials);
- exchange rates (e.g. making UK goods more expensive for foreign customers).

The government of the day is expected to manage the national economy so that:

- businesses can confidently plan their future activities;
- customers can plan their spending and saving activities.

You need to identify how the businesses you are investigating and their customers might be affected by changes in economic conditions.

Environmental Constraints

Many business activities can have damaging effects on the quality of the local and national environment. As a result, laws have been made to prevent, wherever possible, damage to people and to natural resources. These laws constrain irresponsible businesses, but as a result, responsible businesses often set higher standards for themselves.

You need to find out how business activity may cause:

- air pollution;
- noise pollution;
- water pollution;
- wasteful use of resources.

You need to find out about current laws which prevent harmful waste products being released and which regulate business activity when located close to residential areas.

6.3 ASSESSMENT EVIDENCE FOR UNIT 1: INVESTIGATING BUSINESS

You need to produce a portfolio based on your investigation of **two** contrasting businesses. You should include information selected from your own work and materials you have collected on each business, such as:

a what each business does, its aims and objectives, the type of ownership and location [10 marks];

b the purposes and activities of the functional areas [13 marks];

c how the different areas of the business communicate [15 marks];

d the external influences, including reference to competitors, economic conditions and environmental constraints [12 marks].

A typical candidate at grades GG, FF, EE will:	A typical candidate at grades DD, CC, BB will:	A typical candidate at grades BB, AA, A*A* will:	Mark	Max
a1 Describe the following features of their **two** chosen businesses. •Activity •Location •Ownership •Aims and objectives **0 1 2 3 4**	**a2** Compare the following features of their **two** chosen businesses and identify the main differences between them. •Activity •Location •Ownership •Aims and objectives **5 6 7**	**a3** Having fully explored the following features of their **two** chosen businesses, suggest and justify changes that each could make to enable them to be more effective. •Activity •Location •Ownership •Aims and objectives **8 9 10**		**10**
b1 Describe the type of work carried out by at least **three** functional areas of **one** of their chosen businesses. **0 1 2 3 4 5 6**	**b2** Explain, using examples, how at least **three** functional areas of **one** of their chosen businesses work together to support the business activity. **7 8 9 10**	**b3** Evaluate how effectively at least **three** functional areas of **one** of their chosen businesses work together to achieve the aims and objectives of the business. **11 12 13**		**13**

c1 For **one** business describe the different methods of oral and written communication used and describe, with examples, how it uses ICT to communicate and operate. **0 1 2 3 4 5 6 7**	**c2** For the business selected in **c1** analyse the effectiveness of the communication methods used: • inside functional areas; • between functional areas; • with people and organisations outside the business. **8 9 10 11 12**	**c3** On the basis of their analysis, for the business investigated in **c1** and **c2**, suggest and justify alternative or improved methods of communication: • inside functional areas; • between functional areas; • with people and organisations outside the business. **13 14 15**		**15**
d1 Identify the main external influences on their **two** chosen businesses including reference to competitors, economic conditions and environmental constraints. **0 1 2 3 4 5**	**d2** Explain the impact on their **two** chosen businesses of changes in external influences, including reference to competitors, economic conditions and environmental constraints. **6 7 8 9**	**d3** Having fully explored changes in external influences, including reference to competitors, economic conditions and environmental constraints, suggest and justify ways in which their **two** chosen businesses could respond to these changes. **10 11 12**		**12**
Note: Although you will be given an interim mark out of 50 by your teacher, this might be adjusted by OCR to make sure that your mark is in line with national standards.			**Total**	**50**

6.4 GUIDANCE FOR TEACHERS

6.4.1 Guidance on Delivery

This unit will be internally assessed through evidence in candidates' portfolios and it will be important for Centres to guide candidates in the structure and development of portfolio work.

Portfolio evidence will cover those aspects of the unit specification that are included in the Assessment Evidence grid. This grid includes all aspects of the *What You Need to Learn* section of the specification.

There are three generic Assessment Objectives for the GCSE in Applied Business (Double Award) and these have been allocated different weightings depending upon whether a unit is internally or externally assessed. The weightings for this unit are as follows:

AO1 Demonstrate and apply knowledge and understanding of the specified subject content using appropriate terms, concepts, theories and methods to address problems and issues.

40%

AO2 Plan and carry out investigations of issues by gathering, selecting, recording and analysing relevant information and evidence. **36%**

AO3 Evaluate evidence, make reasoned judgements and present conclusions. **24%**

As the GCSE in Applied Business (Double Award) is designed to be a practical course, the portfolio evidence for this unit will require candidates to *apply* their knowledge and understanding of the subject area to specified business scenarios and issues. Therefore, they will need to be prepared in advance by practising this *application* for a variety of different business activities.

Candidates should be given opportunities to collect their own information on at least **one** of the two businesses required for their portfolio. They may be able to use a business where they have had work experience or a part-time job, or where family or friends work. For this unit, Centres may wish to provide one case study for the contrasting business type if there are difficulties in candidates accessing two businesses. Candidates need to be aware that while the two businesses should be contrasting they should both be large to medium sized businesses in order for candidates to be able to find the relevant information in sufficient detail.

Candidates should be encouraged to use a variety of sources to collect information, especially on competitors, location and environmental constraints. Such sources might be company reports, websites, interviews, newspaper reports, etc.

It may be appropriate for candidates in a class to select different businesses to research and then to share detailed information with other candidates, using written materials or an oral presentation. However, it should be made clear to candidates that portfolio evidence should be individual and authentic.

It is strongly recommended that candidates use ICT when presenting their materials, but it is not a requirement.

The different topics within the *What You Need to Learn* section may require different approaches to teaching and learning and a wide variety of resources to support this. This guidance has been designed to assist the teaching and learning of this unit.

When selecting the two contrasting businesses candidates should be encouraged to select businesses from different sectors, e.g. if they choose a retail (tertiary) business the contrasting business should be from the primary or secondary sector. Should this be difficult for individual candidates then it may be possible to use another tertiary sector business so long as its activities are different. A potential contrast here might, for instance, be retail and banking.

Aims and Objectives

Candidates will need to understand why businesses have aims and objectives and why they will differ depending on a range of factors including: ownership, location, activities, financial situation, the business sector it may be operating in or the state of the wider economy. They should then be encouraged to apply this general approach to their chosen businesses.

Candidates will need to understand the difference between aims and objectives as well as understanding that objectives need to be measurable. Candidates should show understanding in relation to the potential success of businesses they are investigating. This might, for instance, relate to such aspects as increasing sales, exports or environmentally related targets.

Ownership

Candidates need to understand the main features of the types of business ownership listed in the *What You Need to Learn* section of the specification. They will need to show understanding of why the business they are investigating has a particular type of ownership and how the type of ownership affects the responsibilities and involvement of the owners. They will also need to show understanding of the concepts of limited and unlimited liability and how these relate to the businesses they are investigating.

Candidates investigating ownership in the co-operative, franchise or public sectors may require more guidance and support than those investigating other types of business ownership. Detailed information on these types of ownership is often sparse or difficult to obtain even where the organisations have a high profile. Business websites and annual reports (where either of these exist) may be an initial source of information in determining whether further investigation is possible.

Business Location

Candidates will need to show that they understand why the businesses they are investigating are in a particular location and what influenced the choice of location. The factors they need to consider are clearly listed in the *What You Need to Learn* section.

In this part of the unit, candidates can be encouraged to use maps and diagrams to enhance their portfolio work as well as, where possible, discussing the rationale behind specific location issues with business people involved in the businesses they are investigating.

Business Activity

Candidates will need to describe clearly the main activities of the businesses under investigation. It would also be useful if they showed an understanding of the business sector or sectors they operate in. This part of the unit also lends itself to diagrammatical representation.

Where businesses have a website, annual reports and/or marketing materials, the initial information should be reasonably easy to access. For smaller businesses it may be necessary to discuss the main activities with someone within the business.

Candidates will also need to understand the levels of competition in the activities of their chosen businesses. They should be able to show who are the main competitors. Candidates should also identify main customers.

Candidates will need to have an historic perspective on the activities of the businesses under investigation, be able to show any changes in activities in the recent past, and explain why they took place and how they might affect, or are affecting, the businesses.

Functional Areas Within the Business

(Excluding Human Resources and Customer Services – these are covered in detail in
Unit 2: *People and business*)

Candidates will need to show understanding of the range of functional areas within the businesses they are investigating and be able to describe the range of activities carried out in each functional area (department/section).

Candidates will also need to show how effectively each functional area supports the aims and objectives of the business, as well as how they are organised and integrated within the business to support the interests of the business as a whole.

Candidates should show how ICT is, or could be, used within different functional areas of the business and how this enhances the potential of the business generally.

The various aspects of ICT which might be covered, depending on the size and nature of the business, are outlined in the final part of the *What You Need to Learn* section. Where possible, candidates should be encouraged to integrate approaches to ICT within their work on the different functional areas so as to give a more holistic approach to the understanding of the work of each functional area. This would also enable candidates to understand more clearly how ICT also supports work across functional areas.

Marketing Activities

Candidates will need to understand how the businesses under investigation carry out their marketing activities and why they are important in helping to meet the businesses' aims and objectives. The main issues which should be considered are:

- market research;
- promotion;
- sales.

Depending on the business being considered, candidates will need to look at the use, actual or potential, of ICT as a means of promoting sales.

Business Communications

Candidates will need to show understanding of the different forms of communication available for use:

- within functional areas;
- between functional areas;
- outside the business as a whole.

They will need to be able to give examples of oral, video, written and graphical communication and how these might be used in different situations and for different business needs within the businesses they are investigating.

Candidates may consider the above in the form of an oral presentation within which they should use structured notes, prompt cards, OHTs and examples of communication formats from the businesses under investigation *where this is possible*.

Candidates should be encouraged to use ICT generated materials and presentation packages.

Descriptive and theoretical support on the myriad forms of communication is widespread and basic background information can be found in a wide variety of business textbooks. Candidates will then need to relate this to the businesses they are investigating to show the practical uses of the required variety of communication formats.

Where candidates use presentations a witness statement/observation report detailing the performance and content of the presentation will be required. This will provide valuable evidence to support that provided by the candidate, e.g. notes, prompt cards, OHTs, Powerpoint, etc.

External Influences

Candidates will need to show understanding of external influences on the businesses they are investigating in **three** main areas:

- business competitors;
- economic conditions;
- environmental constraints.

They will need to show how their chosen businesses might respond to any changes brought about by these external influences in order to maintain success or become more successful.

Business Competitors: Candidates will need to show understanding of the main features which make products competitive. These should include pricing policy, quality issues and availability. They should be able to compare the policies of the businesses under investigation with those of its main competitor businesses, local, national or international, and suggest why policies might differ from business to business.

Candidates should have a basic understanding of market segmentation as it relates to this part of the *What You Need to Learn* section but it is not necessary here to go into detail on issues such as market research as this is dealt with in Unit 2: *People and business*.

Economic Conditions: Candidates need to understand some of the wider external economic issues which might affect its ability to succeed. Therefore, they should consider how the businesses they are investigating could, or have, been affected by changes in:

- interest rates;
- exchange rates;
- prices.

They should also have a basic understanding of the role of government in creating a climate of confidence for businesses and customers.

Environmental Constraints: Candidates need to show understanding of why governments find it necessary to promote laws which help to protect the environment. They then need to identify and describe at least one way in which each business they are investigating has been affected by environmental law.

There is a great deal of information on a wide variety of legal and environmental websites, (such as the HSE, Friends of the Earth, The Shell Report), and businesses themselves can often be very helpful when approached for their own information on approaches to environmental issues.

6.4.2 Guidance on Assessment

Centres will need to consider carefully the best format for portfolio assessment. For candidates on a two year course, Centres may wish to complete one portfolio assessment per year. For those candidates pursuing a one year course, Centres may wish to follow a semester based model.

Candidates need to demonstrate analysis and evaluation and will need to be taught these skills if they are to achieve the higher grades.

Regular, early and constructive feedback to candidates on their performance is essential and crucial. Help with planning and structuring their portfolio work in a logical manner throughout the course will lead to better understanding of their work and is likely to achieve higher grades.

Giving candidates deadlines for the completion of the various sections of their work, and encouraging them to adhere to them, is also essential if candidates are not going to rush to complete and possibly finish up with grades below their potential.

Each portfolio should be marked by the teacher according to the criteria in the *Assessment Evidence Grid* in Section 6.3 (exemplification for which is given later in this section). Photocopiable masters will be supplied and will be sent to Centres at the start of the course.

Each row in the grid comprises a strand showing the development of a given criterion, each row corresponding to a point (**a**, **b**, **c** etc.) in the banner.

Please note that the second column describes the work of a typical candidate working at grades DD, CC and *the lower half of grade BB* whilst the third column describes the work of a typical candidate working at *the upper half of grade BB,* grades AA and A*A*.

The maximum mark for each criteria strand is shown in the right hand column.

Teachers use their professional judgement and circle the mark that *best fits* the work of the candidate and also records it in the column headed *Mark*.

Centres should use the full range of marks available to them; Centres must award *full* marks in any band for work which fully meets the criteria. This is work which is 'the best one could expect from candidates working at GCSE (Double Award) level'.

Only one mark per strand/row will be entered. The final mark for the candidate is out of a total of 50 and is found by totalling the marks for each strand.

Example: For a candidate's work that comfortably satisfies criterion **c2** and may be perceived as equivalent to the work of a grade CC candidate, a mark of **10** should be awarded on the scale for this strand of 0-15.

A typical candidate at grades GG, FF, EE will:	A typical candidate at grades DD, CC, BB will:	A typical candidate at grades BB, AA, A*A* will:	Mark	Max
c1 For **one** business describe the different methods of oral and written communication used and describe, with examples, how it uses ICT to communicate and operate.	**c2** For the business selected in **c1** analyse the effectiveness of the communication methods used: • inside functional areas; • between functional areas; • with people and organisations outside the business.	**c3** On the basis of their analysis, for the business investigated in **c1** and **c2**, suggest and justify alternative or improved methods of communication: • inside functional areas; • between functional areas; • with people and organisations outside the business.	**10**	**15**
0 1 2 3 4 5 6 7	**8 9 (10) 11 12**	**13 14 15**		

The further guidance below clarifies the criteria in the *Assessment Evidence Grid* and will help you to determine the appropriate mark to be awarded for each strand. The marks should then be added to give a total mark out of 50. Section 2.7.1 explains how this mark will be converted to unit grades.

Criterion	Exemplification
a1	Candidates should be encouraged to select businesses from different sectors and which carry out different activities. For each of the two contrasting businesses, candidates must describe the: • activity/activities – including an understanding of the business sector(s) in which they operate, main customers, main competitors and any changes which have taken place in these activities over recent years; • ownership – showing an understanding of the limited and unlimited liability; • location – where the businesses are located and what influenced their choice; • aims and objectives – showing understanding that objectives need to be measurable.
a2	For the two chosen businesses the candidates must compare activity/activities, location, ownership and aims and objectives and then identify the main differences between them.
a3	Candidates must suggest and justify any changes that each business could make to enable the aims and objectives to be met more effectively.

Criterion	Exemplification
b1	For **one** of the chosen businesses, candidates must investigate and describe at least **three** functional areas (for example finance, administration and ICT support, operations, marketing and sales, research and development). Human resources and customer service have been excluded as these will be covered in detail in Unit 2: *People and business*. Candidates must describe the range of activities carried out by each functional area.
b2	Candidates must show that they understand how the functional areas work together to support the business activity. They must use examples from the chosen business and highlight some of the differences between contributions made by the different functional areas.
b3	Candidates must show a good critical understanding and evaluation skills to assess how effectively the functional areas work together to achieve the aims and objectives of the business.
c1	For **one** of the chosen businesses, candidates must describe at least **six** methods of communication, covering oral, written and ICT based methods. They should show an understanding of the nature and content of the communication, who it is for and why the type of method is appropriate (for example speed, confidentiality, large or small audience, need for discussion, need for record-keeping). Candidates must also describe, with examples, at least **three** uses of ICT in the operation of the business (for example accounts, payroll, customer records, stock records).
c2	Candidates must investigate and analyse the effectiveness of the communication methods used by the **one** business: • internally within functional areas; • internally between functional areas; • externally with outside contacts.
c3	Candidates must suggest and justify alternative or improved methods of communication based on their investigation of the business described and analysed in **c1** and **c2**.
d1	Candidates must identify the main external influences on each of the **two** chosen businesses: • business competitors (local, national, international) – price, quality, availability, customer characteristics; • economic conditions – interest rates, prices, exchange rates; • environmental constraints – protection of the environment and prevention of damage to people and national resources.
d2	Candidates must explain the impact of changes in external influences on each of the **two** chosen businesses.
d3	Candidates must suggest and justify ways in which each of the **two** chosen businesses could respond to changes in external influences.

The following table indicates which criteria in the *Assessment Evidence Grid* meet which assessment objectives:

Criterion	AO1	AO2	AO3
a1	✔	✔	✗
a2	✗	✔	✗
a3	✗	✗	✔
b1	✔	✔	✗
b2	✗	✔	✔
b3	✔	✗	✗
c1	✔	✔	✗
c2	✗	✔	✗
c3	✗	✗	✔
d1	✔	✔	✗
d2	✗	✔	✗
d3	✗	✗	✔

6.4.3 Resources

This specification is supported by OCR approved Heinemann Texts.

An interactive cd rom is being developed by Dixons CTC. OCR believes that this may be a useful resource, but at the time of going to press it has not been subjected to its quality assurance procedures. Teachers will need to use their professional judgement in assessing the suitability of the resource.

A rich source of relevant information can be located, with support, on the Internet. There are many Internet sites geared to the content areas addressed by the specification, including those of government organisations, businesses, pressure groups and educational support bodies (governmental and non-governmental).

Examples include:
www.bbc.co.uk/education – large educational website
www.bized.ac.uk – a dedicated educational website supporting business studies candidates and teachers
www.greenpeace.org – the well known international environmental organisation
www.lsda.org.uk – the Learning and Skills Development Agency – contains useful support materials for a range of subject areas.

Texts written originally for the Foundation and Intermediate GNVQ specifications have significant crossover with the content found in this specification. Centres should utilise text books which they currently own in addition to any textbooks and support materials that might be made available by publishers in the future.

Many larger businesses produce information packs written specifically for educational use. These are often available free of charge by post, and increasingly more frequently, via download from the website run by the business in question. Some organisations gear materials to candidate site visits or will support guest speaker visits to Centres.

Local Chambers of Trade are useful sources of information, and may be able to assist in establishing business contacts. Trade Unions produce information packs on key employment issues and legislation. High Street banks have also proven to be very supportive when addressing issues such as business ethics, finance, business planning, and economics.

A wide range of business related videos are available from specialist suppliers. The BBC produces many resources and programmes suitable for supporting this specification content.

6.4.4 Key Skills Mapping

Details on delivery are given in Section 4.

🔑 this unit contains clear opportunities for generating Key Skills portfolio evidence.

➲ this unit contains opportunities for developing the Key Skill, and possibly for generating portfolio evidence if teaching and learning is focused on that aim.

✗ there are no obvious opportunities for the development or assessment of the Key Skill in this unit.

Criterion	C	N	IT	WO	PS	LP
1.1	➲	➲	➲	➲		➲
1.2 (a) (b) (c)	🔑	✗ ➲ ➲	➲	➲	✗	➲
1.3	🔑	✗		➲		✗
2.1	➲	➲	➲	➲		➲
2.2 (a) (b) (c) (d)	🔑	✗ ➲ ➲ ✗	➲	➲	✗	➲
2.3	🔑	✗	➲	➲		✗

7 Unit 2: People and Business

7.1 ABOUT THIS UNIT

One of the most valuable resources of any business is its people. This unit helps you to understand the roles played by people with different interests in a business and to look in detail at the working relationships between employers and employees. It helps you to think about the experience of business employees, about the recruitment and training process and how you might apply for a first job.

It gives you the opportunity to think about your rights and responsibilities as an employee but also to put yourself in the position of an employer concerned with the interests of his/her staff.

You will consider different ways in which businesses can be organised to ensure efficient communications, good working relationships and clear lines of responsibility. The work of the human resources department of a medium to large sized business will be the focus for detailed investigation. You will explore how technological changes allow new kinds of working practice and new forms of communication.

Customers are very important stakeholders in any business. You will explore the ways in which a business communicates with its customers and ensures fair practice through customer services departments. You will look at the part played by information and communication technology in allowing direct contact between businesses and their customers world-wide.

Throughout this unit it is assumed that the term *products* includes both goods and services.

This Unit has links with Unit 1: *Investigating business* and Unit 3: *Business Finance*. It prepares you for further education, training or employment.

*You should be **selective** and include in your portfolio work from this unit that **meets the evidence requirements***.

This unit is assessed solely through portfolio assessment.

7.2 WHAT YOU NEED TO LEARN

7.2.1 Stakeholders

All businesses have stakeholders who have an interest in, or an influence on, the business. Examples of stakeholders include:

- Customers;
- employees (including managers);
- owners and shareholders;
- the local community;
- the government;
- pressure groups;
- suppliers;
- financiers.

You will need to identify the main interests and expectations of the stakeholders in the business you are investigating. You will also need to understand how each type of stakeholder may have influence on the business and how the business is responding to its stakeholders.

7.2.2 Rights and Responsibilities of Employers and Employees

The success of a business depends on good working relationships between employers and employees. Job roles and responsibilities need to be clear, the organisational structure has to be well defined and there must be good lines of communication. Working arrangements are often flexible so that everyone can adapt to changing business practices and make the best use of new technologies. Everyone in work needs to know their legal rights and responsibilities and what to do in the case of a dispute.

7.2.3 Investigating Job Roles

For a business to be successful, everyone must know what they and others should be doing. You must understand how job roles are defined in business using:

- organisation charts;
- job descriptions.

You need to investigate the key job roles in a medium to large sized business including:

- manager;
- supervisor;
- operative;
- support staff.

You must be able to analyse job roles in terms of:

- their key responsibilities;
- their tasks or activities;
- their job security;
- decision-making and problem-solving;
- skills, qualifications and personal qualities required;
- the related pay and benefits.

7.2.4 Working Arrangements

You need to know the basis of the formal agreements known as employment contracts which are agreed by employers and employees. Employment contracts cover:

- permanent and temporary, full and part-time work;
- hours of work, including shift work, flexitime, overtime, breaks from work;
- places of work, including offices, retail outlets, tele-working, mobile and home-based working;
- pay and benefits, including holidays.

You must understand the importance of flexibility and why working arrangements may need to change. Reasons for change may include the wish to:

- increase productivity;
- improve the quality of products;
- be more competitive than other businesses;
- introduce new technology;
- introduce team-working and multi-skill practices.

You need to look at the effects of these changes on both employers and employees.

7.2.5 Rights of Employers and Employees

If employers and employees are to work well together, both groups need to know what is expected of them. You will need to understand what employers expect of employees.

Employers expect employees to:

- meet the terms of their contracts;
- co-operate in meeting the objectives of the business;
- follow health and safety regulations.

Employees expect to be:

- paid according to their contract;
- provided with a safe working environment;
- appropriately trained;
- permitted to join trade unions or staff associations;
- allowed access to any confidential computer records kept on them as employees.

The law provides protection for all employers and employees. You need to know the main principles behind current laws covering:

- equal pay;
- discrimination linked to disability, gender and race;
- employment rights and working hours;
- health and safety;
- access to information (e.g. personal records).

7.2.6 Resolving Disagreements

Disagreements at work can occur over the treatment of individual employees or groups of employees. Local, national and international organisations can be used where appropriate to help resolve disputes. You need to understand how disputes can be resolved using:

- business grievance procedures;
- negotiations with trade unions or other representative organisations;
- employment tribunals;
- arbitration services (such as the Advisory, Conciliation and Arbitration Service - ACAS - for England, Scotland and Wales);
- European Court of Justice.

7.2.7 Recruitment and Training

For a business to be successful, employees with the right skills and attitudes have to be recruited and trained. The recruitment process has to be managed to meet the particular needs of the business and to meet legal requirements. The right person for a new post can be found by developing an existing employee or by recruiting new staff. You need to think about your own skills as a future employee and how best to present those to an employer.

Recruitment

You need to understand the activities carried out during the recruitment process including:

- identifying the vacancy;
- drawing up a job description;
- drawing up a person specification;
- advertising the vacancy;
- shortlisting applicants;
- interviewing applicants;
- selecting and appointing the most appropriate candidate.

You need to understand the legal and ethical rules which affect the recruitment process.

Personal Job Applications

When you apply for your first job, you will need to present a good record of your achievements to date (your Curriculum Vitae - CV - or a completed application form) and to prepare for an interview or other job tests. You need to consider the key features of a good CV, letter of application and interview performance in terms of:

- describing your own skills;
- listing your achievements in and out of school;
- identifying your range of interests;
- demonstrating your enthusiasm;
- what you might bring to the job in the future.

Staff Development and Training

You need to look at the different ways in which businesses can develop and train staff including:

- the use of ongoing training for all staff;
- the use of appraisal or performance reviews;
- retraining to use new technology or new working practices;
- the use of national awards such as Investors in People and National Training Awards.

7.2.8 Customer Service

You will learn about the importance of customers to business and how, by customer service, businesses can compete with other businesses. You will learn how businesses identify the needs of different kinds of customers, what businesses include as part of customer service and how they can make good use of employees and technology to improve the service. You will also consider how customers are protected by the law.

Why Customers are Important

Businesses need to attract and keep good customers. Good customers provide regular sales revenue and also information about the success of a product.

Good customer service will allow a business to:

- gain and retain customers;
- gain customer satisfaction and loyalty;
- improve the image and reputation of the business;
- provide information about the product in use;
- help a business to keep market share;
- increase sales revenue and profits.

Customers and their Expectations

You need to learn about the different types of customers served by business including:

- internal customers (e.g. other sections within the same business);
- external customers (e.g. individuals or other businesses).

(Information about different kinds of customer will have been collected as part of the work on business competition in Unit 1: *Investigating business*.)

Customers' expectations can include:

- good value products;
- rapid response to enquiries;
- clear and honest information, for example about price and delivery;
- information about suitable products;
- help with individual or general issues;
- care and attention, for example through direct person-to-person contact;
- after-sales service.

Customer Satisfaction

Businesses need to measure customer satisfaction in order to make improvements to the products. This can be done by:

- analysing sales performance (e.g. sales levels, numbers of customers, loyalty card records);

- recording the number of complaints and/or returned goods;

- making comparisons with competitors.

You need to know how businesses carry out market research to collect feedback from customers. This can be done using:

- *on the spot* questions from staff;

- observation;

- questionnaires, completed by person or by post;

- customer panels or interviews;

- a website;

- e-mail.

Investigating Customer Service

The features of customer service will vary between different businesses. You need to look at features such as:

- the products (e.g. quality, safety, packaging, clarity of information);

- staff (e.g. helpfulness, dress, accuracy of information, communication skills such as telephone manner, managing a telephone conversation);

- premises (e.g. clean, well-signposted, accessible for disabled, range of facilities);

- delivery (e.g. availability, speed, reliability);

- after-sales care (e.g. dealing with complaints, exchanging goods, guarantees and repairs);

- other features (e.g. range of payment methods, customer care telephone lines, staff training).

You need to consider how new technology, especially the use of e-mail and business websites, can be used to improve and develop customer service.

Protecting the Customer

The law provides protection for both business and customer. You need to understand the main principles behind current consumer laws covering:

- health and safety;

- sale of products;

- labelling of products;

- misuse of information.

7.3   ASSESSMENT EVIDENCE FOR UNIT 2: PEOPLE AND BUSINESS

You need to produce a portfolio based on your investigation of **one** medium to large business. In the portfolio you need to include information you have collected on:

a   the importance of stakeholders [7 marks];

b   job roles and Contracts of Employment within the business [8 marks];

c   employer/employee rights and responsibilities, including how the business deals with disputes [9 marks];

d   employee recruitment [8 marks];

e   further development and training (investing in people) [9 marks];

f   customer service and customer protection [9 marks].

A typical candidate at grades GG, FF, EE will:	A typical candidate at grades DD, CC, BB will:	A typical candidate at grades BB, AA, A*A* will:	Mark	Max
a1 Identify the stakeholders in the business they are investigating. **0 1 2 3**	**a2** Explain the nature of the interest that each stakeholder has in the business. **4 5**	**a3** Evaluate the extent to which each stakeholder has an influence on the business and how it operates. **6 7**		**7**
b1 Describe the roles of **three** people who have different responsibilities within their chosen business. **0 1 2 3 4**	**b2** Explain the content of the Contract of Employment for **one** of the three people describes in **b1** including terms and conditions of employment and working arrangements. **5 6**	**b3** Evaluate, using examples, how well the contract of employment described in **b2** meets the needs of the business and the employee. Recommend and justify suitable changes to the Contract of Employment. **7 8**		**8**
c1 Describe, using examples from the selected business, the rights of the employer and its employees. **0 1 2 3 4**	**c2** Explain, using examples, how the selected business resolves disagreements with its employees over rights of employment or working conditions. **5 6 7**	**c3** Evaluate the extent to which the selected business ensures that a good working relationship exists between the employer and its employees. **8 9**		**9**

d1 Describe the recruitment and selection process that the business uses to meet its staffing needs. **0 1 2 3**	**d2** Explain why the business uses the recruitment and selection process described in **d1** to meet its staffing needs. **4 5 6**	**d3** Evaluate the effectiveness of the recruitment and selection process and suggest improvements to documentation and procedures. **7 8**		**8**
e1 Describe the procedures that their chosen business follows for: - staff training; - appraisal and performance review; - retraining for new technology or new work practices; - any national training initiatives; - health and safety training. **0 1 2 3 4**	**e2** Analyse how effectively the procedures described in **e1** enable people to perform their jobs well and maintain a safe and secure working environment. **5 6 7**	**e3** Using the analysis in **e2**, suggest and justify alternative or additional procedures to those described in **e1** that might improve the effectiveness of employees and the safety of the working environment. **8 9**		**9**
f1 Describe the rights of customers under consumer law and identify the features within their chosen business that contribute towards good customer service. **0 1 2 3 4**	**f2** Analyse how effectively the customer service provision of the business meets the needs and expectation of its customers. **5 6 7**	**f3** On the basis of their analysis in **f2**, suggest and justify ways in which customer service provision of the business could be improved to further meet the needs and expectations of customers. **8 9**		**9**
Note: Although you will be given an interim mark out of 50 by your teacher, this might be adjusted by OCR to make sure that your mark is in line with national standards.			**Total**	**50**

7.4 GUIDANCE FOR TEACHERS

7.4.1 Guidance on Delivery

This unit will be assessed internally through evidence in candidates' portfolios and it will be important for Centres to guide candidates in the structure and development of portfolio work.

Portfolio evidence will cover those aspects of the unit specification that are included in the Assessment Evidence grid. This grid includes all aspects of the *What You Need to Learn* section of the specification.

There are three generic Assessment Objectives for the GCSE in Applied Business (Double Award) and these have been allocated different weightings depending upon whether a unit is internally or externally assessed. The weightings for this unit are as follows:

AO1 Demonstrate and apply knowledge and understanding of the specified subject content using appropriate terms, concepts, theories and methods to address problems and issues.

40%

AO2 Plan and carry out investigations of issues by gathering, selecting, recording and analysing relevant information and evidence. **36%**

AO3 Evaluate evidence, make reasoned judgements and present conclusions. **24%**

As the GCSE in Applied Business (Double Award) is designed to be a practical course, the portfolio evidence for this unit will require candidates to *apply* their knowledge and understanding of the subject area to specified business scenarios and issues. Therefore, they will need to be prepared in advance by practising this *application* for a variety of different business activities.

Candidates should be given opportunities to collect their own information on the business they decide to investigate for their portfolio for this unit. They may be able to use a business where they have had work experience or a part-time job, or where family or friends work.

Candidates should be encouraged to use a variety of sources to collect information on people in business, not just the business they choose to investigate. This should help them to consider theory alongside the practical aspects relevant to the chosen business.

Candidates should choose a large to medium size business as these types of business are most likely to have the range of information required to cover the assessment evidence adequately.

It may be appropriate for candidates in a class to select different businesses to investigate and then to share detailed information with other candidates, using written materials and/or an oral presentation. It should be made clear to candidates however that portfolio evidence should be individual and authentic.

It is strongly recommended that candidates use ICT when presenting their materials, but it is not a requirement.

The different topics within the *What You Need to Learn* section may require different approaches to teaching and learning and a wide variety of resources to support this. This guidance has been designed to assist the teaching and learning of this unit.

When selecting a medium to large sized business candidates should be encouraged to ensure that the business they choose is large enough to cover information points and issues outlined in the banner headline. Therefore it will need to be a business with a range of different types of stakeholders as well as a range of functional areas, especially a well established and functioning human resources department. It will also need a functioning customer service department from which candidates can find evidence on their chosen business' customer service policy and the legal aspects of customer protection.

Stakeholders

Candidates will need to understand who the various types of stakeholders in a business are and what the main interests and expectations are of the stakeholders in the business they are investigating. They will also need to understand the influences of each type of shareholder on the business and how the business itself deals with its stakeholders.

Rights and Responsibilities of Employers and Employees

This area of the unit specification can be broken down into more manageable sections to enable candidates to construct a clearer view of how people are organised, managed and treated within the workplace.

Investigating Job Roles

Candidates will need to understand the uses of organisation charts and be able to explain, using examples, key job roles and associated job descriptions.

Candidates should also show understanding of uses of a job description and how this may be used to define an employee's position in the business.

Candidates will need to understand, through investigation, three of the job roles in a particular functional area. This again could relate to work experience, a part-time job or an area in which family or friends work, if this is applicable to the business they are studying.

Candidates will need to explain or analyse these job roles in relation to the bullet points in the *Investigating Job Roles* sub-section of the *What You Need to Learn* section.

Working Arrangements

Candidates will need to understand the main features of Employment Contracts as well as their legal basis. They should cover at least those points outlined in this part of the *What You Need to Learn* section.

Candidates will also need to understand the importance of flexibility and the reasons why working arrangements may need to change. They will need to understand the effects of these changes on employers and employees and recognise that any such changes may require a change in Employment Contracts. It may be possible here to use a role play involving management and workforce representatives discussing changes in working arrangements.

Rights of Employers and Employees

Candidates will need to understand the expectation of employers and employees on each other. This can be related to the legal issues surrounding employment such as Employment Law and Health and Safety Legislation. Therefore it is important that candidates are able to understand how the business they are investigating ensures the rights of its employees and in particular how they ensure their health and safety at work.

It is not necessary to go into detail on any aspects of law relating to employer/employee rights but it is important that candidates are aware of the main aspects and principles of relevant current legislation and are able to relate this to the business under investigation. Here again there is the potential for a role play activity to be used where candidates take employer/employee roles to consider a Health and Safety or Discrimination issue.

Resolving Disagreements

Candidates will need to understand the procedures and legislation available for resolving disagreements at work which involve individuals or groups and show understanding of how disputes and grievances can move from a lower stage to a higher stage if agreement is not reached.

It is not necessary to go into detail on aspects of processes or legislation involved but candidates should show understanding of main principles.

Candidates should also be able to relate these processes and legislation to the organisation under investigation and show or suggest how it deals with disagreements in practice.

Recruitment

Candidates will need to understand and explain the activities carried out during the recruitment process and show why the recruitment process is structured in a specific way. They should be able to describe the activities involved and where possible relate them to the business they are investigating.

They must also draw up a CV and a letter of application for a job of their own choice. This might, for instance, be a post advertised in a local newspaper.

Support materials and activities relating to this aspect of the specification can be found in many of the business texts available as well as in the teacher resource packs. CV support materials can also be found on word processing programs in the form of *wizards*. Teachers may also want to take this a step further and set up mock interviews for candidates based on the above CVs and letters of application.

A role-play could be conducted, with each candidate taking the role of interviewer and interviewee. The role-play could be done in small groups with a panel of candidates conducting interviews of their peers or a one-on-one situation where candidates interview each other.

Staff Development and Training

Candidates will need to understand the variety of methods businesses use to develop and train their staff and be able to explain why they are important. They also need to understand the principles behind Investors In People and National Training Awards.

They should then be able to relate their understanding to the businesses they are investigating. This could possibly be done by using a role play situation where candidates take part in a mock appraisal.

Candidates will need to relate to the three job roles identified in the *Investigating Job Roles* sub-section of this *Teacher Guidance* section and describe the induction and training experienced by the three people in those roles. It may be relevant here to identify potential health and safety risks for the same three people and explain what the business does to alleviate them.

Customer Service

Candidates will need to understand why it is important for businesses to attract and keep good customers, the rationale involved in doing this and the processes businesses apply to try and ensure this happens. They will then need to investigate how the business they are investigating applies customer service issues, describe how it does this and consider the levels of quality of customer service used by the business.

Customers and their Expectations

Candidates will need to explain the importance of internal customers. They will need to consider their importance in terms of organisation, quality, speed of delivery and lowering of costs (less rejects and re-working).

They should also be able to describe the expectations of external customers and explain how meeting these expectations through good customer service will help to retain and attract customers.

Customer Satisfaction

Candidates will need to understand the techniques used by businesses to measure customer satisfaction and how this enables them to make improvements to products, packaging, deliveries, etc.

One suggestion for an approach to teaching and learning here might be for candidates to choose a product and suggest ways in which it could potentially be improved. This could be done as a class exercise or better candidates may want to use it as portfolio evidence. This could be fed back to the rest of the class in the form a mini presentation.

Candidates will also need to understand how businesses carry out market research and why, and should be able to describe the various methods used.

Investigating Customer Service

Candidates will need to understand that customer services will vary between different businesses. However, they will need to look at the variety of customer service features within the organisation they are investigating and be able to describe them and explain how they enhance customer service.

Candidates also need to understand and explain the use of new technology, especially e-mail and websites, and how this might be used to improve and develop customer service.

Protecting the Customer

Candidates will need to understand how consumer law provides protection for consumers. It is not necessary to cover the detail of the various aspects of consumer law but candidates should be aware of the rationale behind the main principles outlined in the *Protecting the Customer* section of the unit specifications.

7.4.2 Guidance on Assessment

Centres will need to consider carefully the best format for portfolio assessment. For candidates on a two year course, Centres may wish to complete one portfolio assessment per year. For those candidates pursuing a one year course, Centres may wish to follow a semester based model.

Candidates at this level are unlikely to have much experience in analysis and evaluation and will need to be taught these skills if they are to achieve higher grades.

Regular, early and constructive feedback to candidates on their performance is essential and crucial. Help with planning and structuring their portfolio work in a logical manner throughout the course will lead to better understanding of their work and is likely to achieve higher grades. Giving candidates deadlines for completion of the various sections of their work, and encouraging them to adhere to them, is also essential if candidates are not going to rush to complete and possibly finish up with grades below their potential.

Each portfolio should be marked by the teacher according to the criteria in the *Assessment Evidence Grid* in Section 7.3 (exemplification for which is given later in this section). Photocopiable masters will be supplied and will be sent to Centres at the start of the course.

Each row in the grid comprises a strand showing the development of a given criterion, each row corresponding to a point (**a**, **b**, **c** etc.) in the banner.

Please note that the second column describes the work of a typical candidate working at grades DD, CC and *the lower half of grade BB* whilst the third column describes the work of a typical candidate working at *the upper half of grade BB*, grades AA and A*A*.

The maximum mark for each criteria strand is shown in the right hand column.

Teachers use their professional judgement and circle the mark that *best fits* the work of the candidate and also records it in the column headed *Mark*.

Centres should use the full range of marks available to them; Centres must award *full* marks in any band for work which fully meets the criteria. This is work which is 'the best one could expect from candidates working at GCSE (Double Award) level'.

Only one mark per strand/row will be entered. The final mark for the candidate is out of a total of 50 and is found by totalling the marks for each strand.

Example: For a candidate's work that comfortably satisfies criterion **b2** and may be perceived as equivalent to the work of a grade CC candidate, a mark of **6** should be awarded on the scale for this strand of 0-8.

A typical candidate at grades GG, FF, EE will:	A typical candidate at grades DD, CC, BB will:	A typical candidate at grades BB, AA, A*A* will:	Mark	Max
b1 Describe the roles of **three** people who have different responsibilities within their chosen business. **0 1 2 3 4**	**b2** Explain the content of the Contract of Employment for **one** of the three people describes in **b1** including terms and conditions of employment and working arrangements. **5 ⑥**	**b3** Evaluate, using examples, how well the contract of Employment described in **b2** meets the needs of the business and the employee. Recommend and justify suitable changes to the Contract of Employment. **7 8**	6	8

The further guidance below clarifies the criteria in the *Assessment Evidence Grid* and will help you to determine the appropriate mark to be awarded for each strand. The marks should then be added to give a total mark out of 50. Section 2.7.1 explains how this mark will be converted to unit grades.

Criterion	Exemplification
a1	Candidates must select a medium to large-sized business on which to base their investigation. They must identify the stakeholders for the chosen business from: • customers; • employees (including managers); • owners and shareholders; • the local community; • the government; • pressure groups; • suppliers; • financiers.
a2	For each stakeholder that has been identified, the candidate must explain the nature of the interest in the business. They must show an understanding of the different groups of people who are directly affected by the activities of the business and those who are less directly affected. Candidates should show what aspects of the business affect which stakeholders, indicating a good understanding of differences between stakeholders (for example why shareholders' interests may be similar to, or different from, the local community; why the employees' interests may be similar to, or different from, the local community).
a3	Candidates must evaluate the extent to which each stakeholder has an influence on the business and how it operates. The evidence should show that stakeholders' interests may vary, depending on the different features of the business. Candidates should also show they understand that some stakeholders are more powerful than others, why this is, and how they exert their influence on the business.
b1	Candidates must investigate and explain the roles of **three** people who have different responsibilities within the chosen business (for example manager, supervisor, operative, support staff). They must explain: • key responsibilities; • tasks/activities; • job security; • decision-making and problem-solving; • skills, qualifications and personal qualities required; • related pay and benefits.
b2	Candidates must draw up a Contract of Employment, which includes the terms and conditions of employment and working arrangements, for **one** of the three people investigated.

Criterion	Exemplification
b3	Candidates must evaluate, using examples from the chosen business, how well the Contract of Employment meets both the needs of the business and the needs of the employee. Based on this evaluation candidates must recommend and justify changes to the Contract of Employment, whilst keeping within appropriate legislative constraints.
c1	Candidates must show that they understand the rights of the employer *and* its employees in respect of both general expectation and rights based in law.
c2	Candidates must explain, *using examples*, how the selected business resolves disagreements with its employees over rights of employment or working conditions.
c3	For the chosen business, candidates must evaluate to what extent a good working relationship exists between the employer and its employees, and how this relationship is maintained and improved.
d1	Candidates must describe the recruitment and selection process that the chosen business uses to meet its staffing needs. Candidates must include each of the stages from identifying the vacancy to selecting the most appropriate applicant.
d2	For the chosen business, candidates must explain why the recruitment and selection processes described in **d1** are followed. It is expected that candidates will demonstrate understanding of both general legislative reasons, and reasons particular to the business, in terms of sector (for example security checks for airport staff) or other factors.
d3	Candidates must evaluate the effectiveness of the selection process and suggest improvements to documentation and procedures. The inclusion of recruitment documentation would aid the process of moderation.
e1	For the chosen business, candidates must describe the procedures for: • staff training; • appraisal and performance review; • retraining for new technology or new work practices; • any national training initiatives; • health and safety training.
e2	Candidates must analyse how effectively the chosen business uses all the procedures described in **e1** to enable people to perform their jobs well, and maintain a safe and secure working environment. Candidates should use examples to illustrate this analysis drawn from the business investigated.
e3	For the chosen business, candidates must suggest and justify any alternative or additional procedures that might improve the effectiveness of employees and the safety of the working environment. Suggestions must be made on the basis of the investigation undertaken for **e1** and **e2**.

Criterion	Exemplification
f1	Candidates must describe the rights of customers under consumer law. Candidates should show a general understanding of appropriate legislation such as: • Trade Descriptions Act 1968; • Health and Safety at Work Act 1974; • Safety Signs Regulations 1980; • Data Protection Act 1998; • Consumer Protection Act 1987; • Sale and Supply of Goods Act 1994. They must also, using examples from their chosen business, identify the features that contribute towards good customer service (for example products, staff, premises, delivery, after-sales care, advice, range of payment methods).
f2	Candidates must investigate and analyse how effectively the customer service provision of the chosen business meets the needs and expectations of its customers (for example good value products, response to enquiries, quality of information and advice, care and attention, after-sales service).
f3	Candidates must suggest and justify ways in which the customer service provision of the chosen business could be improved to further meet the needs and expectations of customers. These suggestions must be based on the investigations undertaken for **f1** and **f2**.

The following table indicates which criteria in the *Assessment Evidence Grid* meet which assessment objectives:

Criterion	AO1	AO2	AO3
a1	✔	✔	✘
a2	✘	✔	✘
a3	✘	✘	✔
b1	✔	✔	✘
b2	✘	✔	✘
b3	✘	✘	✔
c1	✔	✘	✘
c2	✘	✔	✘
c3	✘	✘	✔
d1	✔	✔	✘
d2	✘	✔	✘
d3	✘	✘	✔
e1	✔	✔	✘
e2	✘	✔	✘
e3	✘	✘	✔
f1	✔	✔	✘
f2	✘	✔	✘
f3	✘	✘	✔

7.4.3 Resources

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An interactive cd rom is being developed by Dixons CTC. OCR believes that this may be a useful resource, but at the time of going to press it has not been subjected to its quality assurance procedures. Teachers will need to use their professional judgement in assessing the suitability of the resource.

A rich source of relevant information can be located, with support, on the Internet. There are many Internet sites geared to the content areas addressed by the specification, including those of government organisations, businesses, pressure groups, and educational support bodies (governmental and non-governmental).

Examples include:
www.bbc.co.uk/education – large educational website
www.bized.ac.uk – a dedicated educational website supporting business studies candidates and teachers
www.which.com – comsumer affairs website
www.lsda.org.uk – the Learning and Skills Development Agency – contains useful support materials for a range of subject areas.

Texts written originally for the Foundation and Intermediate GNVQ specifications have significant crossover with the content found in this specification. Centres should utilise text books which they currently own in addition to any textbooks and support materials that might be made available by publishers in the future.

Many larger businesses produce information packs written specifically for educational use. These are often available free of charge by post, and increasingly more frequently, via download from the website run by the business in question. Some organisations gear materials to candidate site visits or will support guest speaker visits to Centres. Many retail organisations are able to provide excellent information and materials on customer service standards setting, training and monitoring.

Local Chambers of Trade are useful sources of information, and may be able to assist in establishing business contacts. Trade Unions produce information packs on key employment issues and legislation. High Street banks have also proven to be very supportive when addressing issues such as business ethics, finance, business planning, and economics.

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7.4.4 Key Skills Mapping

Details on delivery are given in Section 4.

🔑 this unit contains clear opportunities for generating Key Skills portfolio evidence.

➲ this unit contains opportunities for developing the Key Skill, and possibly for generating portfolio evidence if teaching and learning is focused on that aim.

✗ there are no obvious opportunities for the development or assessment of the Key Skill in this unit.

Criterion	C	N	IT	WO	PS	LP
1.1	➲	➲	➲	➲		✗
1.2	🔑	➲	➲	➲	✗	✗
1.3	🔑	➲		➲		➲
2.1	➲	➲	➲	➲		✗
2.2 (a) **(b)** **(c)** **(d)**	🔑	➲ ➲ ➲ ✗	➲	➲	✗	✗
2.3	🔑	➲	➲	➲		➲

8   Unit 3: Business Finance

8.1   ABOUT THIS UNIT

This unit gives you an introduction to business finance. You will look at the importance of keeping track of flows of money into and out of a business and how businesses can measure their performance through keeping accounts. You will find out the value of ICT to businesses in helping them to manage their finances and to plan ahead using spreadsheet programmes. Estimates of costs and revenues allow businesses to plan and, if necessary, borrow money to finance new developments. You will learn about simple recording systems, how to interpret financial documents and how to identify different options for businesses when faced with financial decisions. You will find out how ICT can be used to record and communicate financial transactions to reduce costs.

Throughout this unit it is assumed that the term *products* includes both goods and services.

This unit has links with Unit 1: *Investigating business* and Unit 2: *People and business*.

This unit is assessed solely through an externally set test.

8.2   WHAT YOU NEED TO LEARN

8.2.1   Investigating the Flow of Financial Documents Used to Make a Business Purchase

When a business buys or sells goods and services, a variety of financial documents are completed in sequence. Businesses must be aware of these documents and how and when they should be completed. You will need to understand the purpose of each document and the part it plays in the sequence of ordering, checking, recording and paying for goods and services. You will need to be able to complete examples of each accurately and understand how important accuracy in such documents is for businesses. You will need to understand how these financial documents provide the basic information for business accounts.

The documents include:

- purchase orders;
- delivery notes;
- goods received notes;
- invoices;
- credit notes;
- statements of account sent by the business;
- remittance advice slips;
- cheques;
- receipts.

Some businesses produce documents by hand, others use ICT to automate some parts or all of the process. You will need to find out about computerised accounting systems and understand the advantages and disadvantages of using them. Businesses are likely to gain a real competitive edge through the effective use of ICT systems.

8.2.2   Investigating Methods of Making and Receiving Payments

A business makes payments for what it buys and receives payments for goods it sells or services it provides. You will need to find out about a number of cash and non-cash payment methods, including:

- cash;
- cheque;
- credit card;
- debit card;
- credit transfer/direct debit.

You will need to understand how each payment method works, what costs are involved for the buyer and the seller and how much time each method of payment takes.

8.2.3 Covering the Costs of a New Product or Service

When businesses are planning to produce a new product, they must carefully work out the costs involved and the revenue they are likely to make from selling the product.

For a business which you study, you will need to be able to identify its sources of revenue and the following costs:

- start-up costs;
- running costs.

Start-up costs are those which need to be met before a business can start selling the new products. These include paying for market research and buying premises, machinery and fixtures and fittings.

Running costs are those which need to be met so that a business can go through the day-to-day process of producing and selling its goods/services. These include advertising the product, paying rent on the premises, paying for power to run the machinery, paying government taxes on sales and paying for raw materials and workers' wages.

You will also need to be able to recognise typical costs and revenues involved in a range of businesses (e.g. in manufacturing, retailing and service industries).

You need to recognise the role played by ICT in helping to reduce costs. For example, the use of bar codes to record sales makes it possible to keep very low levels of stock and this reduces the costs of both buying and storing goods.

8.2.4 Using a Cash-flow Forecast

Businesses try to predict what money they will have coming in and what money they will need to pay out. If they do not do this, they may run out of money and may struggle to survive as a business.

You will need to understand how preparing and using a cash-flow forecast can help businesses to decide whether or not to:

- produce new goods or services;
- invest in new resources;
- carry out new activities;
- expand or reduce existing activities.

You will need to identify which are:

- inflows - sales revenue, loans from banks, grants from government;
- outflows - payments for raw materials, wages, rent, interest on loans, telephone, new machinery, taxes.

You will need to be able to complete a simple cash-flow forecast that shows the total inflows and outflows and the balance of money. You need to recognise the advantages and disadvantages of using spreadsheets to build cash-flow forecasts.

You need to be able to interpret a cash-flow forecast and identify possible problems, such as regular outflows outstripping inflows, larger than expected bills or too large a level of surplus cash.

You need to be able to construct a simple spreadsheet to record costs and revenues for a business. You will learn how to use a spreadsheet to predict the impact of changes in costs on the inflows and outflows of cash.

8.2.5 Using a Budget

Businesses use budgets to forecast their short-term expenditures and revenues. Budgets contain the expenditure targets drawn up by separate departments and by the business as a whole. They can cover time periods from between a month to several years, but typically run for a year.

You need to understand how the preparation and use of a budget can help a business to:

* plan its expenditure;
* check on its performance.

8.2.6 Calculating the Break-even Point

A business activity only makes a profit when the revenue from sales is greater than the cost of supplying the goods or service. *Break-even* is the point at which total revenue equals total costs. Businesses need to know the amount of goods or services they have to produce in order to break even.

To work out the break-even point of a business, you will need to know:

* variable costs (e.g. cost of raw materials) - these are running costs that are directly related to how much is produced by the business;
* fixed costs (e.g. costs of overheads such as rent, rates and insurance) - these must be paid, however much the business produces;
* the revenue that will be received from sales of the goods or service.

You will need to calculate the point at which a business activity breaks even using a break-even chart or the formula:

$$\text{Break-even point} = \frac{\text{fixed costs}}{\text{(selling price per unit less variable cost per unit)}}$$

You need to be able to use a break-even chart to estimate the likely profitability of a business activity and to help make decisions about changing costs or revenues.

8.2.7 Calculating the Profit or Loss of a Business

The level of profit or loss can be found from a break-even chart, but it can also be calculated using a profit and loss **account**. This records:

- sales;
- cost of sales;
- gross profit;
- overheads/expenses;
- net profit.

You will need to understand the format of a profit and loss **account** and how calculations of profit or loss are made for a business activity.

Some businesses do these calculations manually, others use computer applications. You will need to understand the advantages and disadvantages of using a computer to record and calculate profit and loss statements and break-even charts.

8.2.8 Understanding a Balance Sheet

A balance sheet provides a snapshot of the financial position of a business on a particular date. It shows the assets and liabilities of the business at that date. The balance sheet records:

- capital or owners' funds (shareholders' funds)
- liabilities
- fixed assets
- current assets

You will need to understand the format of a balance sheet, and how calculations of assets and liabilities are made for a business activity.

8.2.9 The Importance of Business Accounts

Business accounts should provide an accurate picture of the financial health of a business. Different stakeholders in the business may be interested in different aspects of the profit and loss account and the balance sheet. You need to explore how these documents could be of interest to:

- shareholders;
- managers;
- employees;
- banks;
- customers.

8.2.10 Sources of Business Finance

A new business is likely to be financed by a mixture of the owners' funds and loans. Once underway, a business might seek to finance new developments using profits from sales. Companies with shareholders as owners can issue new shares. You need to understand why businesses may use different sources of finance for different purposes. You need to know why a business may prefer to use the following sources of finance:

* owners' funds;

* profits;

* loans;

* government grants;

* hiring and leasing;

* issuing shares;

* selling assets;

* venture capital.

8.2.11 Financial Planning

Like any preparation for the future, a business has to make assumptions and estimates about the months ahead. Income and spending estimates are made for both departments and for the whole business, usually for 12 months at a time. Cash-flow forecasts can help to provide a more detailed picture of what is happening or might happen from month to month.

You need to find out how such financial plans are of use to:

* business departments;

* the business as a whole;

* investors in the business;

* creditors who might lend money to the business.

You need to understand how financial documents can be used to plan for:

* an expansion of a business;

* the costs of unexpected events;

* reductions in the costs of the business.

8.3 GUIDANCE FOR TEACHERS

8.3.1 Guidance on Delivery

This unit will be externally assessed by a one and a half hour examination.

As the GCSE in Applied Business (Double Award) is designed to be an applied vocational course, the examination for this unit will require candidates to *apply* their knowledge and understanding of the subject area to specified business scenarios and issues. Therefore, they will need to be prepared in advance by practising this *application* for a variety of different business activities.

The different topics within the *What You Need To Learn* section may require different approaches to teaching and learning and a wide variety of resources to support this. This guidance has been designed to assist the teaching and learning of this unit.

It is not necessary to devise a scheme of work that follows the order laid out in the *What You Need to Learn* section of the specification. Tutors may find it useful to group the financial planning, budgets, cash-flow and breakeven together for instance as these are all related topics.

Investigating the Flow of Financial Documents Used to Make a Business Purchase

Candidates will need to understand why different documents are used, what information they contain and the sequence in which they move between the buyer and seller. As they are also required to complete examples of these documents accurately, and check for errors in given examples, they will need a lot of practice.

One suggestion for an approach to teaching and learning is to ask the candidates to produce a set of documents, using ICT, for their own chosen business. Inserting logos or pictures can be fun and this could also produce evidence of competence in the *Information Technology* Key Skill.

A role-play scenario could then evolve between two candidates buying from, and selling to, each other and completing the appropriate documentation.

Examples of documents containing errors also need to be given to candidates, as they need to learn how to check these documents for accuracy.

Examples of likely errors include:

- wrong date or no date on cheques;
- wrong catalogue numbers;
- wrong amount ordered or delivered;
- lack of signature/authorisation;
- incorrect calculations i.e. for VAT or sub-totals.

Candidates need to check for errors but also to understand the consequences of any of these errors going undetected before the documentation is issued to buyers or sellers.

Investigating Methods of Making and Receiving Payments

Candidates need to learn and understand the given payment methods in the specification. They also need to be able to identify when a particular method is more appropriate for a given situation.

They need to understand that some methods enable payment to be made immediately whilst others have a time delay. They also need to understand the costs involved, if any, to buyers and/or sellers.

Once again, a lot of practice is needed for this topic area as, generally, candidates at this level will have little or no experience of any payment methods except cash.

Covering the Costs of a New Product or Service

This section requires candidates to understand the difference between start-up and running costs for a new initiative. It could be taught in conjunction with cash-flow forecasting, as candidates need to be able to determine whether a project is likely to be successful.

They will need practice in recognising the different types of costs involved in the different types of business as listed in the specification.

The final section on the use of ICT relates specifically to how ICT can help reduce costs. It might be beneficial to candidates if all of the advantages and disadvantages of using ICT could be covered as a separate topic, perhaps at the end of teaching. It could be a final project that draws together all the ICT threads running through the unit.

Candidates could undertake an investigation into a real business (school or college if other businesses are not possible) and its use of ICT. This could link with Unit 1: *Investigating business,* where candidates have to investigate two businesses and their use of ICT when communicating.

Outcomes from the project could be in written format (booklet for use by new businesses perhaps), posters or a class presentation.

Using a Cash-flow Forecast

Candidates need to understand how to complete a simple cash-flow forecast and interpret what the balancing figures represent.

The specification identifies a variety of situations in which a cash-flow forecast might be used and candidates need to practise each given example. This could lend itself to a group presentation where teams are given figures and different scenarios for proposed changes to business activities. Using *what if* scenarios they could prepare cash-flow forecasts that indicate if the proposal should go ahead or not.

Candidates need to understand the *predictive* nature of cash-flow forecasts and the fact that a positive cash balance is not an indicator of profitability.

The examination requires that information should be presented in a spreadsheet format so this section really lends itself to the use of ICT. If asked to calculate cash-flows when sales are predicted to be £X and then calculate the difference if estimates change to £Y, candidates will soon appreciate the benefit of using ICT and formulae.

Using a Budget

Candidates will need to understand how and when budgets are used. They will also need to know how businesses check performance through the analysis of variances between budget and actual figures.

Candidates will not be expected to compile budgets themselves, but may need to interpret information in a given budget format. They need to understand how budgets can be used to plan when expenditure should take place and how much.

They also need to know that budget holders have to authorise payments which is an effective method of controlling expenditure. It prevents excessive spending on unnecessary items and helps to prevent fraudulent purchases by unauthorised personnel.

Calculating the Break-even Point

Candidates need lots of practice in calculating breakeven using both charts and the given formula. They will not need to learn the formula as it will be given in the examination paper if needed. They will need to know the difference between fixed and variable costs. One common error to avoid relates to variable costs. The breakeven chart shows *fixed* costs and *total* costs, not *variable* costs.

Total costs = Fixed costs + Variable costs

The total cost line starts at the point at which the fixed cost line hits the Y-axis and *not* zero (0).

Calculating the Profit or Loss of a Business

At this level there is no need to cover double-entry bookkeeping or methods of accounting. Candidates need to understand the difference between *purchases* and *expenses* or *overheads*. It might be useful to start to introduce the concept of *fixed* and *variable* costs, as this will be needed for breakeven later on.

However, for the purpose of calculating profit/loss, candidates will need to understand:

Sales – Cost of Sales = Gross Profit
Gross Profit – Expenses = Net Profit

It will not be necessary to complicate *cost of sales* with any reference to opening and closing stock. At this level, candidates will only need to understand that *cost of sales* is either the cost price of buying in finished goods to sell on at a profit, or the variable costs of producing a good or providing a service.

They will need to be familiar with a simple Profit and Loss Statement format

If candidates are encouraged to prepare a Profit and Loss Statement using ICT, preferably using formulae, this could assist them in their understanding of how ICT can be used to record and calculate profits/losses.

Understanding a Balance Sheet

Candidates need to understand the different parts of a balance sheet as listed in the specification. They also need to understand what the two balancing figures signify, i.e. that the total amount of money used to fund the business should be the same as the net total of assets less short-term debts. It is a way of checking that all the money received to finance the business has been accounted for. It is also an *at a glance* check on the net worth of the business at any given point in time.

Candidates will need to practise compiling a simple balance sheet and recognise the difference between fixed and current assets and short term liabilities.

The Importance of Business Accounts to Stakeholders

This section is really concentrating on the reason why accounts are prepared. The main focus is on the interest that the listed stakeholders may have in the financial health of the business. It is necessary for candidates to look beyond *profit* and understand how the different calculations within both the Profit and Loss Statement and the Balance Sheet may be of specific interest. For example:

- shareholders may be interested in the balancing figure on the Balance Sheet as this represents the net worth of the business, which has an impact on the market value of shares;

- employees may like to look at the bank/cash figures as they could indicate the ability of the business to pay their wages;

- banks may be interested in the value of current assets as these are liquid assets that can be converted to cash if necessary to make loan repayments or pay of an overdraft.

Sources of Business Finance

Candidates need to understand all the sources of finance listed in the specification.

In the examination they may be given a scenario and asked to suggest the most appropriate sources of finance. They will need to understand the relative cost of the different sources (either physical cost such as interest payments or opportunity cost) and the level of risk involved for the business.

Financial Planning

This section looks at the need for, and the methods that can be used for, financial planning. It is closely linked with the sections on cash-flow, breakeven, budgets and sources of finance.

Candidates need to understand that in addition to the everyday planning requirements for running a business, other planning or forecasting is needed if any changes are to be made to business activities.

Generally most businesses plan the level of expected expenditure for a year and set departmental budgets accordingly. However, the planned introduction of a new product or service will require different planning such as:

- planning where the finance will come from;
- planning a budget for Research and Development or advertising;
- forecasting expected profit levels through breakeven;
- forecasting the expected revenues and expenses and estimating cash-flows.

The teaching of this section should be combined with those mentioned above and could be taught in the context of a mini business plan or in conjunction with the Young Enterprise initiative.

8.3.2 Guidance on Assessment

Examination Tips

It is very important for candidates to be prepared in recognising *key or trigger words* in questions on the paper. Some examples include:

- **Outline/Identify** a brief description or list will suffice;
- **Describe/Explain** more depth is required in answers;
- **Analyse** formulate conclusions from calculations or from looking at different angles of a business issue (advantages and disadvantages perhaps)
- **Evaluate** make a reasoned judgement as to the outcome of a situation based upon analysis and given information;
- **Suggest/Justify** make a suggestion or recommendation to the business based upon analysis of a situation. Justify by commenting upon why you have made that particular suggestion or recommendation, giving reasons.

Candidates at this level are unlikely to have had much, if any, experience in analysis and evaluation and will need to be taught these skills if they are to achieve the higher grades.

Timing of answers is also crucial. If there are 100 marks to be gained on a one and a half hour paper, that can equate to just under one minute per mark. So a 10 mark question could be allocated eight minutes in answering.

This is not an exact science and some types of question, such as performing calculations and evaluating the answers, need more time pro-rata than merely descriptive answers. However, there is much to be gained in making candidates aware that writing *more* will not necessarily gain them more marks. A five mark question cannot be allocated any more than five marks even if a candidate has written two sides of A4 in their answer.

It is important to make use of the specimen examination paper for this unit as a practice for the real thing. This should be used under simulated examination conditions so that candidates are able to practise timing techniques and can practise their approach to the trigger words in some questions.

Early and constructive feedback to candidates on their performance is crucial, especially if there is something that they are getting wrong and need to practise more.

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www.bbc.co.uk/education – large educational website
www.bized.ac.uk – a dedicated educational website supporting business studies candidates and teachers, containing a *virtual* company set up to examine financial issues.
www.lsda.org.uk – the Learning and Skills Development Agency – contains useful support materials for a range of subject areas.

Many companies now post their prospectuses on their own website for inspection by shareholders.

Most major financial institutions have an established Internet presence.

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2.3	🔑	🔑	🔑	➲	🔑	