

GCSE

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Business Studies and Economics
(Nuffield-BP) (1171)

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Examiners' Report

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GCSE Business Studies and Economics (Nuffield) 1171

Subject Report 2005

General View

The nature of the assessment of this subject and the course imply that it is very much an active learning environment that students should be involved in and one in which students' views and opinions are valued and welcomed within the confines of the specification and the knowledge and understanding required. The way the papers are constructed are designed to encourage students to think for themselves.

It is extremely rewarding to note the improvements in the quality of student responses in the time since the course was first examined in 1998. There is a considerable degree of improvement in the quality of the answers that students of all levels and abilities have offered in recent years and this trend has continued.

The aim of the report is to provide teachers with an outline of the responses offered by students in this examination series with the intention of helping teachers prepare their students more effectively for the next series.

Alas, some centres continue to make mistakes in preparing students, there is evidence of a lack of understanding of the nature of the course, the importance of **all** the assessment objectives and a fear of taking a risk and letting students explore and build their learning in favour of a focus on content at the expense of understanding and skills.

This is particularly apparent in the way in which some students answer questions targeted at the higher order skills of analysis and evaluation. There is an emphasis on knowledge and little evidence of an ability to balance an argument or make judgments. Such responses are typical across some centres suggesting the preparation of students is too focused on content rather than how to use that content creatively.

In portfolio work this is also evident. Some centres provide students with freedom to choose their own titles, allow them to make mistakes but do sufficient number of pieces to allow candidates to submit two good pieces. Other centres provide prescriptive, dull and outdated titles that offer little by way of student ownership and restrict the ability of the strongest candidates to reach the top marks. Some centres provide evidence that they do little by way of monitoring plagiarism by students, offer help that is perilously close to breaching the guidelines and do not provide evidence of quality marking to show clearly how marks have been arrived at.

Many of the issues raised above are dealt with on a reasonably regular basis through awarding body Inset days, through this report and through the articles put onto the Nuffield Website (<http://www.necb.org/go/gcse/index.html>) Despite this guidance and advice, students continue to be disadvantaged by the failure of some centres to take on board this advice.

Despite these comments, the subject continues to inspire and a great many candidates seize the opportunities provided in the exam to offer logical, coherent and well thought out arguments underpinned by good business and economics understanding. This is one of the few subjects in the curriculum where students could be discussing the economics of terrorism, whether a concert can really help fight poverty and improve trade and look at the reasons for the demise of one of the UK's most respected retail outlets all in the space of a month! Let us use the opportunities provided by the subject to provide students with a quality learning experience that prepares them to demonstrate the assessment objectives that examiners are measuring them by.

One way to do this is to embed the idea of evaluation into the course from day one. Students should be encouraged to offer their own views on events and issues but be encouraged to look for ways in which they can use business and economics knowledge to support their judgments.

It is also important to encourage candidates to go beyond making simple links such as 'a recession will cause a firms sales to fall, therefore profits will fall and they will eventually go bankrupt' or 'piracy affect artists because they will not be getting any money from selling their records so there will be no music produced.'

The extreme consequences of these two examples betray a lack of understanding and characterise 'simplistic understanding'. Students should be encouraged to ask themselves the 'it depends' rule. Does it depend on the size of a firm whether they will 'go bankrupt' in a recession? Does it depend on how far sales fall? Does it depend on the type of business? Does it depend on how famous the artist is? Does it depend on what the artist wants from their music? Does it depend on how many people are downloading music?

It does not take much to answer any student's response with the question 'what does it depend on though?' and if they are exposed to this from day one, the results can be dramatic in terms of encouraging and developing students' thinking skills and ability to evaluate and assess.

The report will provide an overview of the range of answers for each question and highlight good and bad practice through the use of examples drawn from candidate responses. Grammatical and spelling errors have not been corrected.

The report will cover common questions within the foundation section; the higher section will comment only on those questions that are not common.

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Paper 1F

Question 1

Q1(a)

The intention of this question was to allow students to capture early marks with a straightforward question addressing a popular concept. In general this was well answered, with many students gaining full marks. A sizeable number of students used 'profit' as one of the Ps, and it might be worth teachers stressing that this is not the case. The only real problems arose where centres had apparently not covered the marketing mix.

Q1(b)

A common mistake with this question was to label the diagram as a business cycle. Thus, the terms boom and recession regularly appeared. Some students clearly had the right idea, without having a full grasp of the terminology, and used terms such as 'beginning' and 'slump'. Credit was awarded where understanding was apparent, but full marks were reserved for those candidates using the accurate terminology associated with the product life cycle.

Both Q1(a) and (b) highlight the importance for centres of reinforcing key terms with students. Time spent on key terms tests, quizzes and games is particularly useful with foundation tier students, and on this paper might have secured an early 8 marks.

Q1(c)

This question required students to use the example of McDonalds, taking information from the Evidence, and analyse using the product life cycle. As the sales/profit of the 'Big Mac' had started to decline, the inference was that the product is at the decline stage. Students who made accurate use of the product life cycle to explain this achieved full marks. Students who recognised the development of extension strategies were rewarded. The Evidence pointed towards how McDonald's are developing new healthier products.

Question 2

Q2(a)

In general the concept of economic growth was not well understood by Foundation tier candidates, although some centres had clearly prepared students effectively. Too many candidates provided a microeconomic response, describing economic growth in terms of an individual business. Also apparent was a lack of reference to the evidence. Once again centres could enable students to gain more marks by encouraging them to make full use of the evidence.

Q2(b)

Part (a) suggested that students were generally less confident with macro concepts, and this was supported by this question. Too often students confused recession with individual business failure.

Q2(c)

This question required students to use information from the Evidence and apply their Business and economic knowledge. One student wrote:

If their (sic) is a fall in economic growth people are less likely to buy luxuries such as a new car. Jaguar are market skimmers, they set high prices for their cars and in a time of slow economic growth people are more likely to buy cheaper cars if not at all.

This was awarded full marks. Note that the candidate does not write an excessive amount, but clearly shows understanding of the concepts. (The reference to market skimmers was not, in fact, necessary, but showed that the candidate was aware of the type of market involved).

Question 3

Q3(a)

This was a question which has not been asked before, but one we felt students should be able to score marks with, and this generally proved to be the case, although relatively few candidates provided 'tertiary' as their answer. More common were 'service sector' (1 mark) and 'private sector' (1 mark).

Q3(b)

This question did not work too well, with many students not able to identify sufficiently different reasons, or to provide developed responses. Most candidates could identify one reason, usually based on the notion that during hot weather potential customers are more likely to be in the garden ('in their hammock'!) than shopping at W H Smith.

Q3(c)

Although we have not asked a question before on profit forecasts, the intention was to see if candidates could work out the meaning/purpose of this business tool from the stimulus material. Most students were able to pick up some marks from identifying problems businesses might face, although these problems were rooted in the fact that the firm will have lower cash flows. Thus, whilst knowledge of profit forecast was often absent, students could still pick up full marks for this question, and lots did.

Question 4

Q4(a)

This question was well answered, indeed noticeably better than last year, where a general confusion of the difference between stakeholder and shareholder seemed to exist. Candidates were clearly more prepared for this question which tends to appear each year. Candidates lost a mark if they did not make reference to 'success' in their definition. For example:

Stakeholder is the people that have an interest in that business.

This gained one mark only. Full marks were reserved for the accurate, textbook definition.

Q4(b)

Once again this question was very accessible for candidates on this tier, with a majority of candidates gaining two marks

Q4(c)

A majority of students picked up good marks on this question. As the marks were allocated as 2 x 3, candidates needed to offer some development of their points. Thus, minimalist responses often did not score full marks. The command word of 'describe' should have been the clue for candidates in terms of how much detail was needed. An example of a response gaining 3 marks is given:

Shareholders. The business has falling sales [repeats the question] and shareholders will lose confidence [1 mark] in the business and so shares [price] will fall [1 mark]. Shareholders will lose their money .[1 mark]

The expression lacks precision, but the candidate has attempted to explain in some detail and develop a basic point. Compare this to a response which gained just 2 marks:

Employees - may lose jobs [1 mark] or have work reduction, as in evidence. [1 mark]

Question 5

Q5(a)

Many candidates made good use of the Evidence in order to provide two causes of failure, for example by linking to the examples of WHSmith or McDonalds.

Q5(b)

Part (a) was designed to offer candidates a lead for this question requiring a more extended response. Having (hopefully) identified two causes of business failure, the task now was to explain which would be the most important reason. Clearly, skills of analysis and evaluation needed to be demonstrated. This is a common type of question, and one that can be practised by centres in readying students for examination. The evidence from this question was that candidates are being better prepared for extended responses. One candidate wrote the following:

Slow economic growth has an important effect on the business because when the economic growth is slowing down which means the people want to spend less money on the shopping, so sales revenue goes down in the business then their profit margin goes down...

However, there are many things that can effect the business failure. Poor cash flow will lead to business failure because when sales revenue is going down then they have less cash in the business. This makes them have no cash to pay back debt or loans.

This candidate considers both reasons given in part (a), and structures the response quite effectively, for example by making use of paragraphs. What they didn't do was offer a final sentence/paragraph explaining which is the most important reason, as required by the question. As a result, this candidate received the maximum 6 marks possible for such a response.

We would encourage centres to continue to build student skills in this area, and make use of techniques such as teacher modelling to demonstrate how such answers are to be structured. We strongly feel that all students - including those on the Foundation Tier - can be taught how to write more effectively for this examination.

Question 6

Q6(a)

A majority of candidates were aware of two types of market research – primary and secondary. Those who did not use these terms were still able to score full marks by giving specific examples of market research, such as questionnaires or surveys. Once again, however, a smaller proportion gained full marks. Despite having good knowledge of this topic, the development of ideas was often limited and not sufficient for the 3 marks.

Q6(b)

This question tended to see candidates scoring either 3-4 marks, or 0 marks. An increasing number of centres are obviously preparing their students for this popular, recurring question. The quality of definitions has certainly improved, and even where the student is unable to provide a precise definition, we saw lots of examples where the student had the right idea. Typically, this type of response:

...where you will gain something but also miss something you could of done instead.

This type of response was often followed by an example applying the concept to McDonald's. For example, if they spend money on refurbishing restaurants, then they will have less to spend on marketing.

A sizeable number of candidates still scored 0 for this question, however. As the concept does appear very early in the course, it might be worth centres ensuring that this is covered during revision programmes.

Question 7

Q7(a)

This question was well answered, with the vast majority of students picking up some marks, and a good number picking up 4+ marks. It was clear that students had some ideas as to why product development is important, and, importantly, could "explain" these ideas. Also pleasing was the use of topical examples to illustrate ideas. One candidate wrote:

Businesses need to develop new products to keep up with change in their market. For example, Rover did not do this with developing new models of cars and have now gone bust. [3 marks]

There were other examples, and this was particularly heartening to see. Centres are to be encouraged for such use of recent business and economics stories from the news. In producing mark schemes, and during the standardisation process, it is made clear to examiners that candidates who demonstrate an awareness and a knowledge of current business affairs are to be rewarded.

Q7(b)(i)

This was well answered, with the majority of students scoring 2 marks for identifying two different methods of motivation.

Q7(b)(ii)

As with Question 5, this question was structured to facilitate students in constructing an extended response. In fact, this question worked less well, partly due to asking for the strengths and weaknesses of both methods identified in Part (a). A sizeable number of candidates tended to consider just one method, which clearly penalised them. The key to securing high marks for this question was to consider two different methods before arriving at a conclusion as to which would be the most effective. The question clearly referred to Jaguar... 'in its position'. The evidence on Jaguar, which should already have been interrogated for Question 2, pointed to the fact that the manufacturer was struggling. It was hoped that this could inform candidates' conclusions. For example, a method to improve motivation which cost lots of money might be inappropriate, in Jaguar's current position. One candidate, in Part (a), offered Perks and Target-Based Bonuses. In developing a conclusion they wrote:

The perks idea would cost the company lots of money...so the targets scheme would be more effective for Jaguar, because if sales are already low they won't want other expenditure with company cars and food.

The point here is that the candidate does offer evaluation, by weighing up the importance of different methods and comparing their feasibility. As expected on this tier, the expression is not as precise as it might be, but the candidate is doing what they are asked to: they have read the question and acted upon the command words. They also organised their findings into paragraphs, a big help in extended responses.

Q7(c)

Another question which was phrased in such a way as to give a lead to Foundation candidates. However, the general quality of responses was not particularly strong. Some candidates interpreted the question as referring to promotion in the sense of the labour market. Whilst this was not expected, and counter to the stimulus material provided and the stem of the question, this was accepted so as not to penalise such responses.

The intention of the question was for candidates to demonstrate knowledge and understanding of promotion in explaining why this can be useful for businesses. Students then had the opportunity to develop this by considering other factors that may be important in business success.

Too many responses were one-sided, often focusing solely on the importance of promotion.

To gain 9+ marks a conclusion was expected, where a candidate brings together their ideas and findings and offers their view as to the effectiveness of promotion. As always with this type of question, there is no right or wrong answer: if the candidate has provided balance (i.e. by considering other factor that might be important), and made use of appropriate business/economic ideas, then the response will be in Level 3. Time spent by centres practising this type of question, and making use of exemplar material, is to be recommended. Having students mark exemplar material is also valuable experience.

Paper 2F

The mean mark for the paper was 39.9 compared to 40.5 in 2004. Many foundation candidates continue to offer more developed answers and seem to have benefited from the way in which the paper has been structured to help them develop perspectives and offer some evaluation.

Question 1: The Internet and Business.

This proved a popular question overall with many candidates using their experience of downloads and technology to good effect.

Q1(a)(i) (Common)

A number of candidates offered much better evidence of understanding of revenue in this question than in previous years. There was still a large number who were unable to offer a clear definition and who did nothing more than copy some of the evidence as their example. Many still confuse revenue and profit and it should be expected that after two years candidates should be able to offer a clear definition of a fundamental concept.

An example of confusion was evident in this answer:

The total revenue is the profits made on a product sold after taking away the costs of the product.

Q1(a)(ii)

A large number of students confused 'price' and 'cost'. Those that did understand the difference were able to offer an answer that achieved 2+ marks. The example below was typical of the confusion exhibited by a worrying number of candidates.

Changes in costs can influence a firms profits as if their costs decrease so does their profit, if the costs increase the profit will increase as well.

Q1(a)(iii) (Common)

The Nuffield Website has provided a clear guide to the numerical questions that will be included in exam papers (see <http://www.necb.org/go/gcse/resources/practicequestions> 'Accounting terms and ratios' yet at all levels these relatively easy questions seem to present massive problems to large numbers of candidates. Some centres have clearly prepared their candidates well and all the numerical questions were handled confidently by students.

The question clearly asked for a formula to be included inviting candidates to lay out the answer clearly. This helped to differentiate those who were able to remember the formula but who might not be able to substitute the figures in or even work out the correct answer. One candidate's response highlighted the problem with dealing with numerical questions:

Didn't bring a calculator

Q1(b)(i) (Common)

Many candidates used the evidence to provide examples of fixed and variable costs which was very encouraging. In most cases, the interpretation of whether studio fees, royalties or packaging were fixed or variable costs was treated generously.

The major problem in providing the definitions was the lack of precision with fixed costs 'never changing' and variable costs 'changing with price'. It was decided that a reference to output or sales had to be given to differentiate those candidates who offered accurate precise definitions and those who remained confused about the two concepts.

Variable costs are costs that could not always be the same. fixed costs are costs that need to be paid and are always the same.

The above response got no marks for the definitions.

Fixed costs will always remain the same and does not matter on output. Variable costs always change and also depends on output.

The above response was awarded 2 marks - 1 for each definition.

Q1(b)(ii) (Common)

The key to this question was offering some sort of assessment. This could come in the form of a balance to the answer where candidates recognised that artists could be affected badly by the fall in sales as a result of piracy or could benefit from their music securing a wider audience or from recognising that who the artist was might determine the impact. Some astute candidates used their knowledge and awareness to point out that Oasis, for example, had encouraged fans to share files but given their fame and fortune they could afford to have this perspective whereas an artist who was little known and from an unpopular genre might be quite badly affected. This type of question is a classic case of where the 'it depends' rule could be usefully employed.

Some candidates drifted from the question and began to refer to the effect on record companies.

Q1(b)(ii) (Common)

The quality of the responses here matched that of the above question. Again, many candidates at foundation level were able to make simple links between piracy and the impact on record stores whilst those on the higher paper were able to offer some assessment that related to the size of the stores themselves, how flexible the stores might have to be as well as pointing out that the evidence did suggest there might be some benefits in terms of music sales provided stores found ways of tapping into this effect.

Some suggested that no matter what a small store like Mike's Music did, it was unlikely to be able to compete while music was available for free on the Internet.

Such a response highlighted the advantages of those able to think around the topic.

Q1(c)

This question offered candidates the chance to show what they knew about break-even. There were large numbers who confused break-even and supply and demand; there were many who thought the revenue had to equal variable or fixed costs only. Diagrams were often of supply and demand rather than break even.

Q1(d)(i)

This question was designed to lead foundation candidates into providing some form of assessment. This part of the question along with the evidence, should have provided most candidates with the opportunity of scoring at least two marks and the vast majority did so.

Q1(d)(ii)

The second part of the question invited candidates to explain why one might be more important than the other in helping a firm compete. Many candidates at foundation level were able to offer some justification but the success of this question was that it enables the stronger candidates to score at the higher levels as they are the ones that make the direct comparison. Those merely explaining one of the factors would however have secured up to half marks. All in all, the structure of this question meant that foundation candidates scored more effectively than in previous examples in earlier years where the structure was not so clearly defined.

Q1(e)

The structure of this question was designed to reflect the original philosophy of the perspectives paper where candidates are asked to explain the views of different stakeholders in the issue. Again, structuring the question in this way provided foundation candidates with the scaffolding on which to hang their answers and many were able to offer some sort of response for each section thereby gaining some reward.

This candidate recognised perspectives of customers thus:

Customers who buy and listen to music may prefer the idea of downloading music as it is cheaper and easier to do. They may not though as they might not want to suffer the effects, for example viruses etc.

This candidate offered this simple link for part (ii)

Retailers such as HMV and Virgin now know that music piracy is hard to stop and therefore want to sell more DVD's as people now have the option to copy music.

And this candidate had this to say about shareholders of Kazaa:

Shareholders of kazaa would support the idea as it is there business and they will be making profit off everyone that uses their services.

Each of these responses whilst simplistic demonstrate the difference in the level of response to this structure compared to the many blank pages that were evidence in the early years of the exam when a 12 mark question proved simply too large a task for weaker students.

Question 2: Markets, Brands and Fashion.

Q2(a)(i) (Common)

There were relatively few fully accurate definitions of value added but many candidates had some idea of the concept. Most were able to offer some form of example helped by the evidence provided. The examples below highlight the examples of confused responses: *Added value is the value added to a product to enhance its value and to make the product better than a rival competitor.*

Added value is when a product in the market is reproduced again by upgrading its features styles and etc.

Added value is produced mainly through the promotion and advertisement of a product.

Q2(a)(ii)

Many candidates were able to recognise two factors a firm would need to consider. Where such candidates didn't score more highly was in the degree to which the development (explanation) as offered.

The firm would need to consider what type of promotion.

This response only gained 1 mark.

The public's view of the celebrity. Companies could not use somebody that no one likes to promote their product.

This response however, managed to gain the extra development mark.

Q2(b)

This question reflects the structure explained in Q1(d) above. Again, this worked well.

(i) Most candidates could offer two factors that could affect success.

(ii) The extent of the marks awarded was dependent on the degree to which candidates were able to offer a direct comparison. Those that mentioned just one of the factors and offered some explanation managed to get up to half marks whilst those that mentioned the other factor without making a direct comparison would get 4 marks as in the case below:

Location is more important as the location where they sell it may be not as wealthy as another place and have to look for the right people for the product to appeal to. With celebrity endorsement people may not like the celebrity.

Centres could usefully offer foundation candidates examples of these types of questions when preparing students for the exam. Again, examples do exist on the Nuffield Web site: <http://www.necb.org/go/gcse/assessment/teachersupport> - see 'Building assessment' and <http://www.necb.org/go/gcse/resources/practicequestions> - perspectives activity.

Q2(b)(iii) (Common)

This numerical question suffered from many of the same problems outlined in the comments in Question 1. A large number of students gave the mark up as being £20 or just 20 rather than giving the formula and expressing the answer as a percentage. It is worthwhile explaining to candidates that care taken in presenting the answer and expressing relevant units where appropriate reduces the likelihood of any confusion arising in the interpretation of the answer.

2(c)(i) and (ii) (Common)

This was a question which was answered confidently by candidates of all abilities. Most were able to see a link between the deal between Nike and Manchester United and the effects on Nike and the supporters of that deal. A minority got confused with who was being affected with some drifting to identify the effects on Manchester United rather than the supporters but in general both foundation and higher candidates were able to access marks across the range.

The differences tended to be where there was some sort of quality development of the links made and again, where candidates had used the 'it depends' rule, it made a big difference. The following two responses highlight the difference between a developed response attracting full marks compared to a limited one which gained two marks. The developed response not only provides more detail but also uses appropriate concepts creatively and in context.

Free advertising of their products when television matches are shown on television. A lot of revenue from the sale of Manchester United clothes eg the sale of each season shirt can be charged at market skimming charging high costs as it is a brand and successful and demand is high.

Supporters of other clubs may have a grudge against Nike for sponsoring Manchester and not their team. They may never buy a Nike product ever again.

Q2(d)(i) (Common)

Many students have a limited understanding of brands. They assume that a brand must be associated with clothing, that any brand must be expensive and in many cases assume that the brand is merely a name of a product or of the company that makes a product. As a result the definition provided was often weak and demonstrated this lack of understanding. Some students did not provide any examples or confused the company name with the brand for example, Tesco and its brands 'Finest' or 'Healthy Eating'. Questions on brands have been asked on a regular basis over the years and it is hoped that students' understanding of this area would be improved in the coming years.

The key to securing marks here was to recognise the role of a brand in establishing an identity for the product/service or at least provide some association with a message or image that the company wishes to present. It would be an encouraging development to see students recognising the fact that Happy Shopper and Poundstretcher were as much a brand as Gucci and Prada!

Q2(d)(ii)

The aim of this question was again to encourage some evaluation of the role of a brand in the success of a company. There have been a number of questions framed in this way in recent years and it is hoped that teachers will recognise such questions as being one way to encourage students to develop their skills of evaluation. The important point to stress here is the necessity of encouraging students not to focus just on the one factor (i.e. brands in this case) but to make reference to the other factor in the question (price) and to try to explain why they think a brand might contribute more to success than price.

Such skills must be developed in the classroom over the period of the course.

Students focusing just on brands would have earned up to 3 marks but a reference to the price as well would have allowed the student to access the higher level. The candidate below went some way towards offering some comparison although the quality of the development was limited.

The brand name of a product could be more important than the price because if it is a well know, good quality, good services brand like Nike for example then people won't care how much they are paying whereas if it was a cheap unknown brand then people may not buy it if the price is unreasonable.

Q2(e)

The structure of this question is designed to facilitate the opportunity for students to be able to recognise and offer different perspectives on an issue. In this case the question was asking for the view of customers, shareholders and employees on celebrity endorsements. Students should be reminded that what is being sought is the views of the stakeholders are rather than the effects although of course their view might be affected by the extent to which they are affected by the issue in question.

Most students were able to identify some perspective for both stakeholders recognising that perhaps some customers might not be happy about paying higher prices that may result from the money spent on hiring celebrities although a majority of candidates seemed to think that just because a celebrity was used that **everyone** would simply rush out and buy whatever it was!

Some candidates recognised that shareholders might be pleased with this provided sales went up sufficiently to justify the expense or if their share price or dividend went up. Others recognised that if the use of a celebrity did not result in the rise in sales anticipated that they might not be very happy about the whole thing!

A large number of candidates seemed to think that employees and management/owners were the same thing and as a result misinterpreted the question. Those that were able to recognise the correct interpretation pointed out that workers might benefit from increased pay as a result of extra work caused by rising sales and might appreciate this although some might not and some suggested that if the use of a celebrity was not working then they might lose their jobs and so would view celebrity endorsements in less than glowing terms!

Some candidates seemed to think that it would give workers more chance to meet their celebrity heroes, which did suggest a lack of awareness about how these things tend to work!

The example of the response on employees below is a good indicator of where foundation students can use evaluation effectively in a limited amount of time and with a limited amount of marks available.

Would not be too bothered as it may not affect them although if a company starts to grow increasingly they would want celebrity endorsement to continue as it could increase their pay (this is unlikely though)

Question 3: Winners and Losers.

Q3(a)(i) (Common)

Most candidates were able to recognise some benefit to the UK of being part of the EU. Some confused membership of the EU with the euro but were given some credit in that being in the EU brings with it the benefits of trading with those in the eurozone.

Below is an example of a well-developed answer:

In belonging to the EU, the UK may receive regional benefits that may help developing areas and help infant industries develop. UK consumers would benefit from the freer market, which means that more foreign goods are available at lower prices due to increased competition.

Q3(a)(ii)

This question aimed to tap into the events that occurred during the two years that students would have followed this course. It was hoped that at some point students would have been exposed to the expansion of the EU and the reasons why countries like Poland had wanted to join. Some weaker candidates used this question as an opportunity to repeat the same information as in question a(i) above. However, many recognised the benefits to a country like Poland in terms of the reduced tariffs, access to markets and the opportunity for its workers to move abroad in search of work.

This response was typical of such an answer:

A country might wish to join the EU because then their market of the country can be more competitive and the firms can avoid trade barriers within the EU. Consumers benefit from increased choices of goods available in the market.

Q3(b)(i) Common

The major problem with this question across all ability ranges was the lack of assessment of the advantages and disadvantages. Some candidates saw the advantage as providing the opportunity for fishermen to be able to buy boats and quotas which could be seen as investment but did need to be justified. Most could recognise the speed with which extra funds could be accessed and were able to see the problems stemming from interest rates and the difficulties in paying back loans if the business did not do as well as hoped. Very few brought high quality assessment to the advantages and disadvantages. They did not recognise that it might depend on how much was borrowed, what the interest rate was, what the state of the economy was in terms of whether rates would rise or not or how much collateral might be needed to secure the loan. Again, good questioning in the classroom can help to provoke the thinking that translates into questions like this and propels candidates to the higher levels.

Q3(b)(ii) Common

This numerical question was designed to make students think about the information given in the stem. Many candidates did not seem to know the formula let alone how to extract the relevant information from the data given and as a result either left this section blank or gave answers that were confused and lacked understanding. It is important to impress on candidates that they are going to be given numerical questions with nice neat answers so if they arrive at the figure 77.298476538 the chances are they have made some mistake somewhere along the line. The values used in all the numerical questions are equally designed to make the actual calculation as easy as possible - with or without a calculator!

Q3(c) (Common)

This was another question aiming to bring out different perspectives whilst also providing some opportunity to be able to evaluate the views of two different stakeholders. At foundation level many students again were able to recognise some link between the issue and the views of the two stakeholders concerned but at the higher level many candidates did not progress beyond this level because of their inability to offer any assessment.

Most candidates could appreciate the impact of the Common Fisheries Policy (CFP) on fishermen in terms of how the reduction in quotas might affect their catch and thus their sales. Some suggested that the reduced supplies might push price up and thus those that survived might actually benefit from increased revenue which was very good. Most however just assumed that every fisherman would be made unemployed and that fishing would cease as an industry. It is in this respect that candidates need to increase their awareness of the extent to which policies such as the CFP impact on different people. Again, it depends on where they might fish, what type of fish they catch, how much debt they might be in (given question 3b(i)) how big the fishing company is and so on. The lack of assessment therefore was a little disappointing.

The answer below was short but demonstrated the assessment objectives being targeted and secured all four marks – proof that it is the quality of what is written not the quantity.

If all fishermen have their limits cut by 60% and don't make much of a profit anyway they will be struggling to break-even. They may even go bankrupt.

The second part of this question was on the whole very weak. Many candidates at both levels seemed to assume that the only activity in local communities was either fishing or selling fish! As a result, many repeated the points from the previous question. Some were able to appreciate that it could cause some damage to the local economy if those who had lost jobs in the fishing industry had been forced to move out to look for work. Almost no-one suggested that it depended on the number of jobs reliant on fishing, on whether there was any other industry in the area (such as tourism for example) on the number of fisherman affected by the CFP and so on.

This answer was typical of the lack of awareness and understanding demonstrated across the ability range.

In the local community many people will be out of jobs as there may be many fish and chip shops which will also lose out and would have to raise prices.

It is questions such as this that bring into sharp focus the debate between an over emphasis on content at the expense of a focus on skills.

Q3(d)(i)

The aim of this question was to introduce the idea of the market to candidates prior to the supply and demand question that followed. It was hoped that the evidence and the way the question was structured would allow all candidates the opportunity of scoring some marks. For the most part this worked but a number of candidates had difficulty being able to offer any sort of development.

Q3(d)(ii)

For the first time it was decided to include a prompt for foundation candidates to encourage them to use a supply and demand diagram. This approach had been flagged up in resources published on the Nuffield Web site. Some candidates did take the opportunity to be able to use this to show what had happened to demand but a number left the diagram blank. The responses on this question covered all the mark range and some answers were very well organised. A number of candidates' confused demand and supply with break-even and a large number demonstrate an inability to grasp the importance of the process in how markets work.

The example below was accompanied by the candidate correctly showing the rise in demand and indicating what had happened to **both** price and quantity bought and sold.

What would happen to the price of the fish if the amount bought or sold if demand would increase is that the price would increase and the amount bought and sold would also increase (see diagram) from where it is p2 it shows the increase in the price from p1 and you can see that the Quantity that is bought and sold increases from Q1 to Q2. The reason for the rise in the price and the rise in quantity is because when demand goes up more people want to buy the product as on the diagram you can see the increase, and the more demand your going to need to increase the supply then to cover the costs and make a profit. Then you need to rise in price.

This response is by no means perfect - the quality of the written communication is poor the candidate sometimes struggles to be able to articulate their understanding. However, it does demonstrate some understanding and earned 6 marks in total.

Q3(e)

As with the other two questions, the last section of question 3 was broken down into three sections asking students to explain the points of view of different stakeholders on the CFP. Similar issues arise here as that with the other two questions. Most candidates were able to recognise some link between the stakeholder and the issue but a more limited number offered the sort of quality of development that allowed them to secure the higher level of marks.

There was a tendency to describe the effects on each rather than to explain the point of view that each might have. Some candidates missed out this section or at least parts of it especially those that had ignored the rubric and had attempted all three questions.

It is hoped that this sort of structure would enable candidates who may have scored 2/10 at best on past papers without such a structure would at least be able to make some simple links and thus access 6/12 marks. If they are doing all three questions however, time becomes too limited and candidates end up losing the opportunity to access marks.

Paper 3H

Question 1

Q1(a)

A majority of candidates on this tier scored full marks. This proved to be an accessible first question, with candidates able to gain some early marks and hopefully some accompanying confidence.

Q1(b)

As with the Foundation tier, there was some confusion between the business cycle and the product life cycle, with terms such as boom and recession appearing at times. On the whole, however, candidates were able to pick up marks on this question, identifying a number of stages. The only real issue involved the labelling of axes, which sometimes lacked precision.

Q1(c)

This also proved to be a fairly straightforward question for this tier, with a majority of candidates able to identify and justify an appropriate stage for McDonald's Big Mac. Better answers were well developed and offered sound reasoning for the choice of stage. For example:

McDonald's is at the stage of decline because it has incurred losses of £212 million. It also has to close restaurants which proves [like this] it is in decline...

Where marks were dropped it was mainly due to a lack of sufficient development and/or reference to the Evidence.

Question 2

Q2(a)

Few candidates had a good definition of economic growth, although many did offer a rather jumbled version. Many candidates tended to focus on business growth rather than providing a macro explanation. The business cycle was rarely mentioned in responses, and insufficient use was made of the evidence. As with the Foundation tier, it seems that candidates do tend to struggle more with macroeconomic concepts, and this is worth centres addressing through their delivery and revision.

Q2(b)

A large majority of candidates gained at least 2 marks for this question by identifying two problems. Candidates tended to lose marks for failing to provide sufficient development.

Q2(c)

We anticipated this being a very challenging question, but were pleased to find it generally very well answered. Most candidates scored some marks, and were able to explain the effect of a change in the exchange rate. Better candidates applied this change accurately to Jaguar and the X-type.

Answers such as the one provided below were not uncommon:

If the pound has strengthened it means it has appreciated in value. This means the pound is strong and the foreign currency is weak. The firm's price of the X-type car to people abroad will be higher than it should be because the pound is worth more. This means sales fall so output decreases and profits fall. The firm will have to decrease its price in pounds so that the price abroad decreases. This may mean that sales increase but because the price is less normal, revenue falls so profits fall.

Where candidates confused their analysis, i.e. felt that the change in the exchange rate would be positive for Jaguar, some credit was given where the reasoning was sound. Some students were let down by not applying their obvious knowledge to the case of Jaguar, and had perhaps not read the question fully enough.

Question 3

Q3(a)

Whilst a question on profit forecasts had not been asked before, the hope was that the stimulus material would encourage candidates to think and work out what this business tool is. We were pleasantly surprised by the response, with a majority of candidates picking up both marks.

Q3(b)

The command word of 'assess' was not always acted upon in this question. A large number of candidates offered an explanation of the problems that poor cash flow might have on a business. Better responses used the idea of the profit forecast from Part (a) to consider reason(s) why this may have negative consequences, but also considered opposite arguments, for example the fact that failure to hit a forecast does not necessarily mean a loss is made. These types of response were the exception, though.

Question 4

Q4(a) and (b)

This question proved straightforward with most candidates picking up full marks.

Q4(c)

Whilst most candidates picked up some marks for this question, only a minority scored full marks, mainly due to a lack of understanding of the idea of ethical responsibility. Lots of candidates confused ethical with ethnic. The feeling was that this topic area was not well-understood by students.

Question 5

Q5(a)

This question was answered well, with a large majority of students scoring 2 marks.

Q5(b)

This question enabled students to demonstrate knowledge and understanding of how the reasons they had provided in Part (a) could lead to business failure. Consequently most were able to pick up 4+ marks. However, the question specifically asked for the factor which would, 'most likely' lead to business failure. Some comparison was required, but was often absent. Those responses that did state a 'most important' reason could score up to 6 marks, but to proceed beyond this score needed to explain **why** X was more important than Y. This is the type of response that we are keen to encourage, and have flagged up in previous reports. This could be a useful question for centres to revisit and work on model answers/structures.

Question 6

The stem of this question was important, and intended to offer candidates a lead as to the nature of their response. By stating that, 'In any market, competition can be threat as well as an opportunity', the hope was that students would provide a balanced piece of writing on the nature of competition. In fact too many responses were one-sided, focussing on the (usually) the threats that competition can present. In this sense, the question did not work as well as anticipated.

Those students who did recognise what was required did well. Some of the threats identified included the pressure on the company to reduce price and the potential to lose market share. Once again a number of candidates/centres made good use of recent examples to illustrate how the car market is becoming more competitive. On the other hand, more competition could provide a stimulus for Jaguar to, 'get its act together'. One candidate wrote:

The pressure of competition has led Jaguar to develop newer, 'different' cars, like the Baby Jag [reference to the Evidence], and this may well help the company in the future. Without this competition Jaguar could become lazy and complacent...

Students should be encouraged to organise their responses to such questions using paragraphs. Conclusions, also, are to be encouraged.

Question 7

Q7(a)

Too many candidates failed to act upon the 'assess' command word in the question. So, whilst we saw lots of well-developed responses on the importance of product development - responses which could reach Level 2 - those which recognised the importance of 'other factors' were the exception. Candidates need to be aware that when the question asks them to assess, some balance/argument will be required to access the higher marks. The great pity here was that some very capable students were let down by poor exam technique, rather than knowledge and understanding of business and economics.

Q7(b)

Most candidates gained full marks for this relatively straightforward question.

Q7(c)

Candidates tended to do well on this question, with better responses recognising the situation that Jaguar was in, and thus thinking of a most appropriate method. One candidate wrote:

Jaguar's aims are to maximise profit... Increasing the pay of their workers increases business costs. However, it also increases their productivity. If the amount of extra productivity is bigger than the extra pay, then the strategy would be best. However, making workers feel valued also increases their motivation. This also doesn't add extra costs to the firm...

Where the question makes specific reference to a scenario or business, then candidates must ensure that their responses do this. In this case candidate were asked to specifically consider Jaguar.

Q7(d)

Candidates scored well on this question, with a majority able to provide detailed explanations of the strategies that McDonald's could use to deal with its problems. Encouragingly, there was evidence that students had used the Evidence and their own knowledge to offer possible strategies. Once again, however, evaluation was often lacking. In outlining a range of strategies, the next step should have been to state which the most appropriate might be for McDonald's in light of its current problems. Better responses worked towards a conclusion, which offered justification of a chosen strategy. For example, the losses incurred by the company may make massive expenditure on marketing inappropriate.

This should be a useful question for centres to use in preparing students for future exams.

Paper 4H

The mean mark on the paper was 54.9 compared to 57.4 in 2004. All three questions and especially the higher tariff questions did seem to be more accessible than some of those in previous years and there was an improvement in the performance of candidates in these types of questions as a result. However, there were also a number of areas that proved challenging in particular questions based on break-even and supply and demand and those requiring assessment.

Question 1: The Internet and Business.

Q1(a)(ii)

This was a more open-ended question compared to that provided for the foundation candidates but assessing understanding of the same area. A good number recognised that profit might not rise because of changes in costs but few were able to articulate the extent to which profits might be affected by such changes.

The following example highlights the lack of development that characterised some of the weaker higher responses on this question.

Total revenue can increase by selling more products but the more products you sell the high the variable costs eg machines.

Q1(c)

It was decided during the standardisation process that up to 5 marks could be awarded for a good quality diagram but that there could also be up to five marks for a quality explanation. It was hoped that this would encompass the range of responses found. Many candidates were able to draw some form of break-even diagram but the positioning of the lines, the labelling of axes and curves all left much to be desired. There were plenty who confused break-even with supply and demand even at this higher level.

One of the main problems however continues to be a misunderstanding of the nature of break-even. Many candidates see break-even being time related. 'If price rises it takes longer to break even' was a very common response. It is difficult to judge if the candidate means more needs to be sold or whether they are thinking that demand might be more sluggish if prices were increased.

Good candidates were able to recognise that fewer items need to be sold to break-even if price was increased but then went on to point out that demand might be affected if this was the case.

At GCSE level the level of understanding of break-even is fairly simple but it is important that the misconceptions that are readily apparent year after year with respect to this concept are dealt with by centres.

Q1(d)

The command word in this question was 'assess'. Some candidates did manage to address this but the vast majority did not. Those that did not offered a range of strategies and methods sometimes with development but more often than not without any assessment of the strategies offered. Candidates should be advised that if the question asks for 'means' as in this case or 'factors' then it does require more than one method but it is better to offer two methods, develop each and offer some assessment rather than trying to impress examiners with a range of strategies or methods but with no development and no assessment. A question such as this is likely to be heavily weighted towards the higher order skills and that is what is being assessed here not the knowledge.

This is an important point to stress to candidates as well as one that should be taken on board by teachers.

The examples below highlight the level of assessment that examiners are looking for to move candidates into the upper levels.

[Offering music via the Internet at a small charge] As there is no longer the cost of producing the CD's themselves the music industry would not lose money for charging less for downloaded music.

The music industry could lower their prices to try to increase sales. However, people would still get free music from the internet.

The second of the examples above would have benefited from some development of both the points mentioned but the fact that there was some balance in the answer will suggest that the answer will move beyond level 1.

Q1(e)

The format of the higher level high tariff question is now well established. More candidates are offering some balance to their answer and offering a conclusion. In some cases this is rather mechanistic but does mean that weaker candidates get into level 2 as opposed to remaining in level one. However, there are still large amounts of candidates who just offer a one sided argument with no attempt to offer any different perspective or balance in their answers. This type of approach will limit the extent of the level that candidates can secure.

Again, the emphasis must be made that these high tariff questions are heavily weighted to analysis and evaluation and it is these skills that are being assessed NOT knowledge.

Some candidates spent time discussing music downloading and rehearsing the arguments put forward in previous questions. It is important to stress to candidates that the question will be fairly specific and that they must address the questions asked. In this case it was assessing **restricting** downloading of music from the Internet as opposed to the different perspectives on whether downloading was right or not.

Candidates should be encouraged to use the evidence available as much as possible to help support their answers but this does not mean copying chunks of the evidence.

The example below highlights a candidate who offered a perspective, some analysis and then some evaluation.

By restricting music downloads the music industry is preventing a great loss of money as demand for CDs will fall dramatically. This fall in demand will mean that record labels will be losing money and many of them will not be able to cover their costs leaving them in debt. This means that there will be less new music as nobody will be able to afford to produce it.

However it is almost impossible to stop everyone from illegally downloading music and CD's can also be copied using CD re-writer technology. This form of music piracy is almost impossible to stop.

A second section of the answer, offering something similar but putting another perspective and then offering a conclusion is very likely to place the candidates firmly in level 3. The quality of written communication might determine where in level 3 they will sit but this relatively simple structure is important in instilling in candidates. Before they can do this, they have to be confident in tackling new issues and problems and being able to distinguish what the different perspectives are - this is the work that needs to be focused on in the classroom in the two years of the course.

Question 2: Markets, Brands and Fashion

Q2(a)(ii)

The key to this question was the reference to 'other factors apart from the celebrity and the budget'. Many candidates ignored this part of the question and spent time discussing how the type of celebrity chosen might impact on its decision. It was a subtle distinction but one which higher candidates ought to be capable of identifying.

Q2(b)(i)

This should have been a straight forward opportunity for candidates across the ability range to be able to access marks. Candidates had to identify two factors and offer some development of each. The main reason for candidates not accessing the higher marks was a lack of development as exemplified below:

Because it was made by a celebrity consumers assume the product will be of high quality, therefore consumers will pay more for better quality.

Q2(d)(ii)

the format of this question was something that has been used before and was inviting candidates to outline the importance of branding but to recognise that branding alone is not the only factor that influences the success of a business. Many candidates offered a developed response on the merits of branding but failed to recognise the importance of other factors and therefore did not assess as directed by the command word. Such candidates invariably ended up with half marks instead of accessing the upper level.

The candidate below exemplifies what it takes to offer that balance and access the top marks:

On the other hand other aspects of the marketing mix are just as important for example pricing. A consumer will be put off by high prices. Also if the quality of the products are low the business will not be a success.

Q2(e)

Similar issues exist with this question as with the comments raised in question 1e. many candidates failed to read the question carefully and interpreted the question as an opportunity to mention the marketing mix. However, the question did state 'as opposed to other forms of promotion' and the intention was to get candidates to recognise that celebrity endorsement was one aspect of a promotional activity. The balance therefore was provided by reference to other elements of promotion that might impact on the decision by a firm to promote a product or service. Few candidates distinguished between the relative impact on sales of a celebrity endorsing a good as opposed to a service.

Some candidates used some interesting examples to make their point however and this was welcomed. The example below being one of the better examples:

However, sometime spending more on promotion can be better than paying a lot on celebrities. Coca-cola don't use many celebrities but pepsi a rival use a lot including film stars and football players. But coca-cola is still more popular.

Question 3: Winners and Losers

Q3(a)(ii)

A large number of candidates made a good attempt at this question. Many recognised that Poland would be likely to have a less developed economy than some countries in the EU and as such might have problems adjusting to the competition, the regulatory framework and the economic policies implemented by the EU as a whole. The example below was particularly satisfying to mark:

If Poland is on a different business cycle to the rest of Europe then the rise and fall of the interest rates according to the monetary policy might cripple its economy. Also businesses will find themselves in a much more competitive market so they might see a fall in demand.

Q3(d)(i)

This was an open ended question that was designed to provide an introduction to the demand and supply question which followed. Most candidates recognised the two elements of a market and some gave examples or further development to add to the quality of their answer. This was a fairly straight forward knowledge question that should have been within the capabilities of most candidates.

Q3(d)(ii)

We have said in the past that we would not ask questions that expected candidates to understand shifts in supply curves. This question did not expect that but some candidates did recognise that the supply of fish might fall and as a result analysed it from this perspective. Either way, students were not penalised and given full reward if they showed an understanding of the process by which market prices adjust to changing conditions of demand (or supply). The attempts at the diagram were as varied as ever. Many got the axes the wrong way round, the demand and supply curve the wrong way round and demonstrated a limited understanding of this important tool.

In written explanations there is still plenty of evidence of confusion and misunderstanding of the way markets work. Many still do not recognise that it is shortages and surpluses that drive price changes and relatively few mention excess demand or that demand might be greater than supply.

The following example however did manage to do this and also had a clear, well presented diagram with the excess demand marked clearly on the diagram. Note the question asks candidates to consider the impact on price AND the amount bought and sold. Some candidates focused on price at the expense of quantity and some, having drawn the diagram accurately then went on to explain how quantity would fall if price went up highlighting a clear conceptual confusion.

Price of fish will rise if demand increases. This is because demand increases from D1 to D2 and so more fish will be demanded than what is available. This means that sellers will set their prices higher to combat this problem as there is excess demand. As prices rise this creates a new market clearing price and equilibrium. This means that demand and supply are once again equal and there will be no excess demand or supply.

Q3(e)

Again, similar comments apply to candidates who tackled this question as those made in questions and 3. there was plenty of evidence supplied to help guide candidates into the arguments relating to the reduction in fishing quotas to help preserve stocks. Some candidates could identify between the short term and long term implications of this and were able therefore to offer different perspectives based on this.

Too many candidates argued just one side of the case failing to offer any balance and therefore restricting the access to the assessment objectives being targeted. Some candidates seemed to think that fishermen were incapable of doing anything else other than fishing and the odd candidate confused the issue totally and looked at it from the perspective of anglers!

This example again demonstrates an example of the evaluation that examiners are looking for:

The EU are giving money to the unemployed fishermen so they can re-train, this money wont be the same for everyone and it won't be enough for all the families to survive on.

This following example demonstrates some misunderstanding of the issue but serves to highlight how a candidate can be rewarded for demonstrating the assessment objectives being targeted despite being technically incorrect. Remember, candidates are not expected to have a complete working knowledge of any of the industries or businesses that form part of the examination.

As there will be less fish available in shops due to the restrictions there will be an excess demand for fish, which means the price of fish will rise. As none of the costs of fishing have risen fishermen will be able to make more money through fishing. This will make it harder for the CFP to encourage fishermen to scrap vessels.

Paper 5 - Coursework

The Nuffield ethos is one of investigation. Students should choose a question or hypothesis and then go along the road of discovery to find the answers to the problem posed. There are many different roads that can be chosen, but because there has been a clear focus from the outset, the end is always in sight. It is this approach that has been very effectively applied by many centres whose students have produced work of an excellent standard. Many students had original, contemporary investigation titles that were interesting to read. Where students have total ownership of their investigations, the outcomes are of the highest order relative to the student's ability and, in order for all students to realise their potential, they need to be given more opportunity to be the driving force in the decision making process.

The best investigations were student driven, but had clear but unobtrusive guidance provided by their teachers as evidenced by the quality of the annotation witnessed on the students' work. As well as being of great help to the individual student, the comments are exceedingly useful to the team of moderators who have to standardise the quality of assessment and proffer advice on improving future outcomes. By knowing the thoughts and rationale of the teachers, we can make more focused judgements. Top level investigations have Business and Economic theories and concepts and relevant terminology throughout. More often than not such work is characterised by going beyond the subject matter of the respective unit and incorporating additional concepts and/or theories to produce high level responses. In depth research showing good skills of selection was apparent with many students' work.

The word count is an obvious constraint for some students/centres, but more and more students are employing a report format with key findings fully cross referenced to the appendices or with footnotes and then reference to the appendices. The main outcome of this approach is that the investigation itself covers the skills of analysis and evaluation with those of knowledge and application mainly in the appendices but clearly identifiable from the previously mentioned cross-referencing.

Students too often produced work that was merely descriptive in nature. By so doing they were restricting their access to the higher level skill boundaries. Often there was no question or hypothesis posed and if there was it was not very obvious. Focused questions help students to concentrate on the answer rather than mechanically producing formulaic answers. Very often the word limit was exceeded and this could have easily been avoided if the appendices had been used. Methodology, survey details and descriptive elements i.e. knowledge needs to be put in the appendices to overcome this weakness.

Perhaps the biggest impediment to students' fulfilling their potential is the result of the prescriptive nature of investigations supplied by centres. Often only two investigations are offered by centres for all students. They are not generic titles but specific to one firm and quite often the students are provided with the evidence. It is obvious that many of our students need structure to their work and by so doing they can add value to themselves and their respective schools, but this approach stifles the creativity and originality of the more able students. The structure of the portfolio and the Nuffield ethos should be at the forefront of promoting our talented and gifted Business and Economics students as many are, but there could be so many more if they were allowed. The net result of prescription is a bunching of marks with the more able underachieving.

The Internet has become an important source for all students but we must be on our guard to ensure that if the students claim ownership of work that it is theirs. At the extreme end we have the instance, albeit rare, of students lifting whole articles or extracts and not using parentheses to denote the source. This has not been picked up by the centre and because there are no bibliographies/webographies to substantiate, it makes it difficult to understand how marks have awarded especially as the language used is very unlikely to be that of a 15-16 year old GCSE student. Centres know their students far better than anyone else and their literacy skills should be reflected in their work and thus plagiarism will hopefully be eradicated.

One example of where such work is clearly 'lifted' was witnessed where the student had provided a fairly sophisticated explanation of the opportunity cost of spending on the London Olympic Bid. It was unfortunate that the author of the said article happened to be the moderator assessing the work of that centre! It did not take long to recognise the origin of the work. Using such sources should be encouraged but equally the student must be encouraged to reference the article and then to comment on what they have used rather than passing off the work as their own when quite clearly, some plagiarised articles are not the work of the average 16 year old.

Quite often it is the investigation's title which leads to a student underachieving and more often than not just a little tweak will allow the student to access all levels of all assessment objectives. The following are questions used for investigations and suggested changes. "How do mobile phone companies add value to their product?" This question leads to descriptive pieces that encourage students to include all manner of irrelevant material such as marketing mix, product life cycle and ratio analysis. By modifying the question to "What is the most important factor that adds value to Nokia phones (or any other make)?" allows the student a specific focus and immediately allows access to Level 4 of AO3, Analysis and AO4, Evaluation. Similarly, "Why is Tesco so successful?" could be changed to "Is price the most important reason behind Tesco's success? Or 'Is customer service the key to the success of Tesco?'" Organising question in this way allows a group of students to study the same firm but all come up with different titles and angles allowing the student to take ownership of the work and facilitate differentiation.

All the time students should choose questions that ask them to make judgements and decisions based on real evidence i.e. to analyse and evaluate.

In finding answers to their question/hypothesis students need to produce evidence, but they must recognise the usefulness of that research. It is not necessary to have primary research; quite often secondary sources are all that is necessary especially with the macroeconomic questions that are chosen by many students. In addition more and more students are emailing businesses as part of their research. Seldom, however, do the results enhance the quality of the investigation. Students need to be more circumspect with regard to the validity of the evidence being used.

Certain points need to be addressed by some centres in the future. Firstly, some students are still being rewarded for their evaluation of the process. This should not be the case and any evaluation of process needs to go in the appendices.

Secondly, as stated in the specification, one investigation must be from Units 1-3, and one from Unit 4-6. This is not the case with a few centres and, if not addressed, will impact negatively on students' outcomes in the future through no fault of their own.

Thirdly, group work is to be encouraged but there must be individual student ownership and sometimes those students whose investigations are the product of group work do not have the element of individuality that differentiates student work.

Fourthly, more extensive use of bibliographies and webographies is required to authenticate students' work and allow access to higher marks in AO3. Last but not least, too many centres are over marking QWC. For a student to merit 4 or 5 there must be almost faultless grammar but also wide ranging and relevant Business and Economic terminology. More often than not only students in the 70+ mark range will meet the criteria for a 4-5 mark. At the other end of the spectrum, it is unlikely that students in the 30 and below mark range will credit anything more than 1 or 2 marks for QWC.

Sources of help to enhance portfolio outcomes apart from the U9 feedback report are Edexcel Inset, Edexcel publications and the Nuffield Business and Economics Web site (http://www.necb.org/go/gcse/assessment/teachersupportpages_7.html). The subject officer at Edexcel will be able to direct those requesting advice to the appropriate person.

Certain administrative issues need to be addressed by a minority of centres. With regard to the OPTEMS form could the following be adhered to:

1. The highest and lowest scoring candidates must be included in the sample and indicated clearly on the OPTEMS form.
2. The respective teacher's initials must be written next to each candidate on the OPTEMS form.

With regard to the ICRS form the following need to be adhered to.

1. Marks need to be rounded up to higher figure.
2. The forms must be signed for authentication.
3. Ensure the addition is correct and that the marks are transferred correctly.

Lastly, the following points need to be addressed.

1. There must be clear evidence of internal standardisation if more than one teacher has delivered to the cohort.
2. Only one or two questionnaires need to be sent and there is no need to send reams of internet printouts.
3. Please ensure that all work is in manila folders and **not** in polypockets.

Statistics

Paper 1F

Grade	Max. Mark	C	D	E	F	G
Paper 1F Grade Boundaries	100	48	43	38	34	30

Paper 2F

Grade	Max. Mark	C	D	E	F	G
Paper 2F Grade Boundaries	100	49	42	35	28	21

Paper 3H

Grade	Max. Mark	A*	A	B	C	D	E
Paper 3H Grade Boundaries	100	78	68	58	49	42	38

Paper 4H

Grade	Max. Mark	A*	A	B	C	D	E
Paper 4H Grade Boundaries	100	77	66	55	45	35	30

Paper 5 - Coursework

Grade	Max. Mark	A*	A	B	C	D	E	F	G
Paper 5 Grade Boundaries	100	87	77	67	57	47	37	27	17

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