

Applied Business (Double Award)

General Certificate of Secondary Education **1491**

Combined Mark Schemes And Report on the Units

January 2006

1491/MS/R/06J

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All Examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes should be read in conjunction with the published question papers and the Report on the Examination.

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**Mark Scheme 4865
January 2006**

Question	Answer	Asst Obj	Grade	Marks
1 (a) Complete the Purchase Order Form shown below.	<i>See the completed Purchase Order Form below for correct mark allocation.</i>	AO1	EFG	8+1

PURCHASE ORDER FORM

WAVE RIDERS

34 Seafront Parade
Woolacombe
Devon
EX3 5HJ

An image has been removed due to third party copyright restrictions

Details: An image of a woman surfing

SURFING SUPPLIES
LTD
45 UPPER HIGH
STREET
WOKING
SURREY
WO11 1SS (1)

Order No. 00489

Date: 17 January 2006 (1)

Our Account Number		Delivery Date	Terms	
SSL678		25 th January 2006	28 days net	
Quantity	Code	Description	Unit Price	Total Price
5	SS 1078	Long boards	£200.00 (1 for row)	£1000.00 (1) (OFR)
3	SS 1092	Short boards	£150.00 (1 for row)	£450.00 (1) (OFR)
4	SS 1157	Adult wetsuits (short)	£80.00 (1 for row)	£320.00 (1) (OFR)

(1 mark for complete accuracy including zero pence)

<p>1 (b) Explain two reasons why it is better to use a Purchase Order Form than to order goods by telephone.</p>	<p><i>Up to two marks for each reason depending on depth of explanation.</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • HEARING (1) – it is possible that the supplier does not hear the correct items or codes due to language barriers, regional accents, bad telephone line, use of old price lists etc (1). • CLARITY (1) – a written document is clearer to read (1). • PROOF (1) – a written document provides proof for both sides that an order has been given and what is on it (1). • CHECKING (1) – as codes and descriptions are usually both given there is a double check that the correct goods will be sent (1). • Any other valid suggestion. 	<p>AO1 AO1</p>	<p>CD A*AB</p>	<p>2+2</p>
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<p>1 (c) Check the following Delivery Note against the Purchase Order Form and circle all errors that you find.</p>	<p>See the completed Purchase Order Form below for correct mark allocation.</p>	<p>AO1</p>	<p>EFG</p>	<p>3</p>
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DELIVERY NOTE **Number**

Wrong name and /or address (1).

SURFING SUPPLIES LTD

45 Upper High Street
Woking
Surrey

Seafront Games
43 Seafront
Parade
Woolacombe
Devon
EX3 5HJ

Order No: 00489 00489

Account: SSL678

Wrong quantity – should read 3 (1).

Date: 25 Jan 2006

Quantity	Code	Description	Comments
5	SS 1078	Long Boards	
4	SS 1092	Short Boards	
4	SS 1176	Adult Wetsuits (long)	

Wrong code and/or description – should be short (1).

Signature: _____

Date: _____

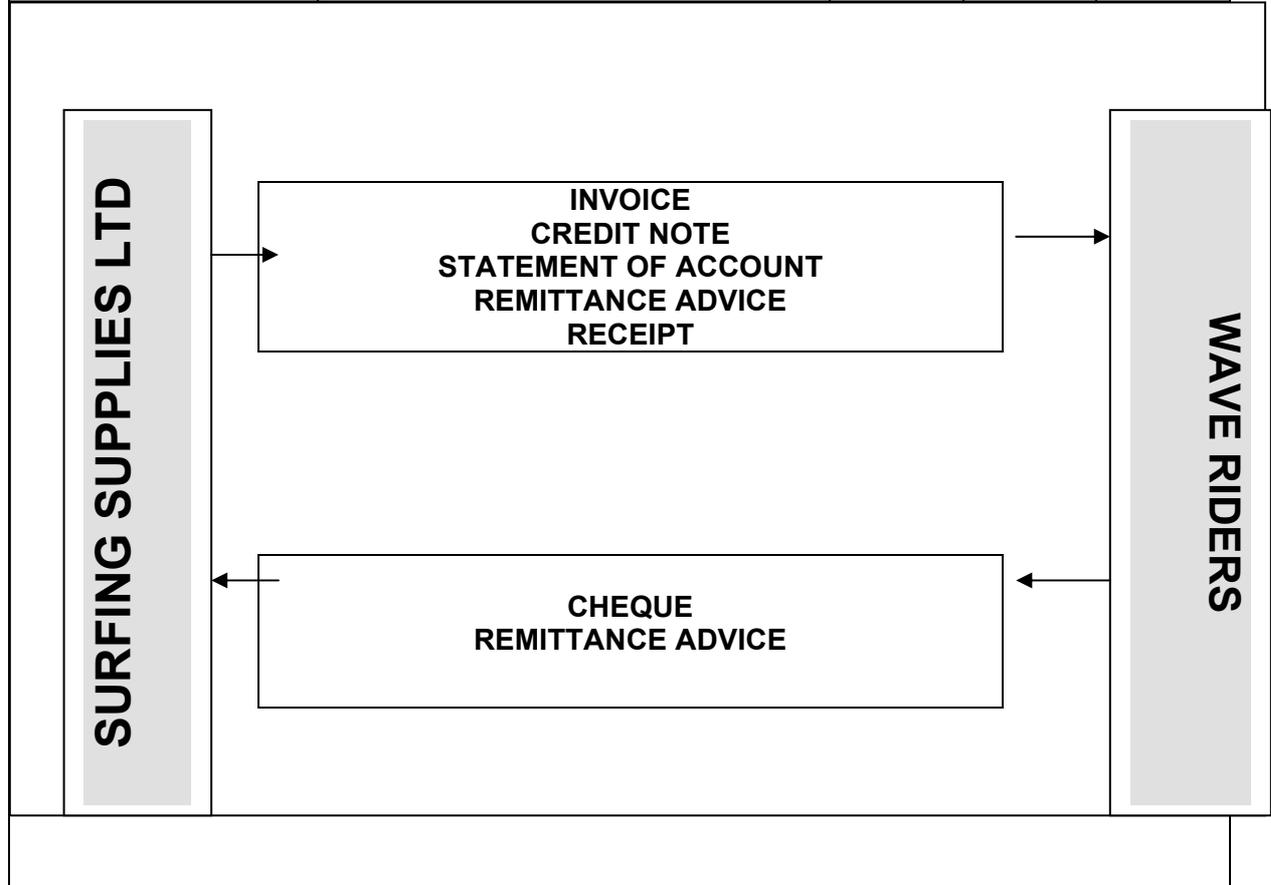
An image has been removed due to third party copyright restrictions

Details: An image of a girl holding a surf board

<p>1 (d) Discuss the possible consequences if the Delivery Note is sent with the goods without any corrections being made.</p>	<p>Level 1: (1-2 marks) <i>One consequence simply explained or two consequences merely identified. Generic not in context.</i></p> <p>Level 2: (3-4 marks) <i>One consequence fully explained with a number of relevant issues identified or two consequences explained in detail and in context.</i></p> <p>Possible responses may include:</p> <p>For Wave Riders:</p> <ul style="list-style-type: none"> • The order may not arrive as it could have been delivered to Seafront Games' address by mistake (1 @ L1). • + The delivery driver may not know who to deliver it to if refused by Seafront Games so could take it all back to Surfing Supplies Ltd (2 @ L1). • + This would cause a delay in receiving the order and could result in lost sales if they have run out of anything (3/4 @ L2). • If the order does arrive they would receive too many short boards (1 @ L1). • + One could be sent back with the driver or it may have to be stored until collected by the supplier (2 @ L1). • The wrong types of wetsuits have been sent which means that some customers may not get what they want (1 @ L1). + They could take their custom elsewhere (2 @ L1). • It may just be the delivery note that is the wrong and the order correct. This could cause confusion as the person checking the delivery would have to write lots of notes on the delivery note about what is different. This wastes lots of time (3 @ L2). <p>For Surfing Supplies Ltd:</p> <ul style="list-style-type: none"> • They may send the order to the wrong shop which causes time delays (1 @ L1) 	<p>AO2 AO3</p>	<p>EFG CD</p>	<p>4</p> <p>PTO</p>
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	<p>and does not bode well for good customer relations (2 @ L1). + They do not look very professional (3 @ L2). If Seafront Games are dishonest they could accept the goods by signing the delivery note and may never be charged for the goods (4 @ L2).</p> <ul style="list-style-type: none"> • By sending too many short boards they may leave themselves short of stock (1 @ L1). They may also have to arrange transport to pick up the extra board which is costly (2 @ L1). • Sending the wrong types of wetsuits may cause problems for their customer if they have run out of this particular item (1 @ L1). They may lose Wave Riders as a customer if this happens frequently (2 @ L1). • Any other valid suggestion in either case. 			
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<p>1 (e) Complete the following diagram to show three financial documents that might flow between WR and SSL after the Delivery Note to complete this financial transaction.</p>	<p>See the diagram below for correct documents and order of flow.</p> <ul style="list-style-type: none"> • Three marks for correct documents. • Three marks for correct direction of flow. 	<p>AO1</p>	<p>EFG</p>	<p>6</p>
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<p>2 (a) Complete the following credit card voucher using info from the customers card and today's date.</p>	<p>See the completed Credit Card Voucher below for correct mark allocation.</p>	<p>AO1 AO1</p>	<p>EFG CD</p>	<p>7</p>
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CREDIT CARD VOUCHER			
<p>M L JAMESON The Beeches West End Pintown Northampton NH12 8UW</p>	Description	£	P
	<p>2 pairs of wetsuit gloves (@ £28.40 each)</p>	<p>56</p>	<p>80 (1 for row)</p>
	<p>1 pair of flippers (@19.75)</p>	<p>19</p>	<p>75 (1 for row)</p>
	<p style="text-align: right;">Total</p>	<p>76</p>	<p>55 (1 OFR)</p>
<p>1 2 6 8 4 6 8 0 2 4 3 5 1 5 7 9</p>		<p>(1)</p>	
<p>CARD NUMBER SIGNATURE M L Jameson</p>			
<p>09 04 10 06</p>			
<p>Valid From (1)</p>	<p>Expiry Date (1)</p>		

<p>2 (b) Explain two reasons why customers may prefer to use a credit card rather than cash to pay for their purchases.</p>	<p><i>Up to two marks for each reason depending on depth of explanation.</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • Do not need to have money in the bank (1) as money is loaned to you by the credit card company (1). • Up to 56 days credit without having to pay interest (1) if you pay off the balance when you get your statement (1). • Could earn you money (1) as some credit cards give cash back on purchases (1). • Safer and less bulky than carrying cash – especially with new chip and pin technology as someone would need to know your PIN number to use it instead of being able to forge a signature (1). (Generic!) • It is possible to pay over the phone or internet and often over 24 hours (1). • Any other valid suggestion. 	AO1	A*AB	2+2
<p>2 (c) Explain why a direct debit might not be a suitable method of payment for the customers of Wave Riders.</p>	<p>Up to 2 marks for an accurate explanation.</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • Customers may just be passing (1) and will not have set up a DD (1). • Customers are unlikely to be shopping regularly at WR (1). • A DD is used for regular payments – not just one off payments (1). • A DD has to be set up before purchases can be made (1). • It would be too complicated for WR to be checking customer accounts (1) to see how much their DD should be for each month (1). • DD are used for credit transactions (1) and sales from a shop are usually on a cash basis (1). • Any other valid suggestion. 	AO1	CD	2

<p>3 (a) Use the table below to indicate which costs are fixed and which are variable. Calculate the totals for both columns.</p>	<p><i>See the completed table below for correct mark allocation.</i></p>	<p>AO1 AO1</p>	<p>CD EFG</p>	<p>5 and 1</p>
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	<p>Fixed cost £</p>	<p>Variable cost £</p>
<p>Hire of beach hut per year</p>	<p>£1200 (1)</p>	
<p>Hire of equipment per lesson</p>		<p>£5 (1)</p>
<p>Hire of instructor per lesson</p>		<p>£15 (1)</p>
<p>Weekend sales assistant's wages per year</p>	<p>£ 1 000</p>	<p>_____</p>
<p>Public liability insurance per year</p>	<p>£800 (1)</p>	
<p>Advertising per year</p>	<p>£200 (1)</p>	
<p style="text-align: right;">TOTAL</p>	<p>£ 3 200</p>	<p>£ 20 (OFR) (1 for row)</p>

<p>3 (b) Using the break-even formula calculate the break-even point of starting to offer surfing lessons for beginners.</p>	<p><i>Up to four marks as indicated:</i></p> <p style="text-align: center;">3 200 (1) OFR</p> <p>BEP = ----- (30.00 (1) – 20.00 (1)) OFR</p> <p>BEP = 320 lessons (1) OFR.</p>	<p>AO2 AO2</p>	<p>CD EFG</p>	<p>4</p>
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<p>3 (c) Sonia thinks it might be better to increase the price of a surfing lesson to £35 to lower the break-even point. Do you agree? Give reasons for your answer.</p>	<p>Level 1: (1-2 marks) <i>Candidate gives a yes or no answer with limited explanation.</i></p> <p>Level 2: (3-4 marks) <i>Candidate gives a well reasoned answer that may contain both positive and negative responses.</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • Yes because this would mean that only 214 lessons would need to be sold before breaking even (L1 higher response). • Yes because they would break even sooner (L1 lower response). • Although this could mean that the break-even point would be lower (or reached sooner) fewer people might be willing to pay the higher price. (L2 lower response). • Although raising the price could reduce the BEP, so could lowering the costs which will have less of a negative effect on customers. Increasing price could lead to a reduction in demand meaning that they might not even achieve the BEP at all. (L2 higher response). • Any other valid suggestion. 	<p>AO1 AO2 AO3</p>	<p>EFG A*ABCD A*ABCD</p>	<p>4</p>
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<p>3 (d) Sonia wants to use the computer to record costs and revenues of the surfing lessons but Constance would prefer to keep manual records. Do you agree with Sonia or Constance? Give reasons for your answer.</p>	<p>Level 1: (1–2 marks) <i>Candidate states a number of reasons for either using the computer or a manual system, not in context.</i></p> <p>Level 2: (3-4 marks) <i>Candidate identifies a number of reasons or advantages and disadvantages and attempts to put them in context.</i></p> <p>Level 3: (5-6 marks) <i>Candidate makes comparisons between the two in context and makes a valid judgment on the issue based on previous analysis.</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • Using a computer means that records are more accurate and your calculations can be done automatically (L1 response). • Computers are usually faster and more accurate than manual systems. Therefore the records of the surfing lessons should be kept on the computer. However the sales assistant may not know how to use a computer so this could prove difficult (L2 response). • In general computers are faster and more accurate than manual systems and WR already has a good system set up for the shop. However the surfing lessons are to be run from a beach hut that is unlikely to have a computer in it. It would be expensive and risky to install a computer there so perhaps the daily records should be kept manually and then input on to the computer at a later stage (L3 response). • Any other valid suggestion. 	<p>AO1 AO2 AO3</p>	<p>EFG CD A*AB</p>	<p>6</p>
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4 (a) Complete the unshaded boxes in the Cashflow Forecast below.	<i>See the completed table below for correct mark allocation.</i>	AO1 AO1 AO1	A*AB CD EFG	9+1
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Cashflow Forecast for Beach Bumz (Woolacombe) for the 6 months to 30 June 2006						
	Jan 06	Feb 06	Mar 06	Apr 06	May 06	Jun 06
INCOME	£	£	£	£	£	£
Start-up loan from BBL	6 000					
Sales	3500	4000	5500	6000	8000	15000
Total	9500	4000	5500	6000	8000	15000(1)
EXPENDITURE	£	£	£	£	£	£
Purchases (50% of sales)	1750	2000	2750	3000	4000	7500(1)
Advertising	100	200	300	400	400	400
Loan repayments	800	800	800	800	800	800
Rent of shop	700	700	700	700	700	700
Heat and light	100	100	75	75	50	50
Wages and salaries	1500	1500	2000	2000	2000	2000
10% of sales income to BBL	350	400	550	600	800	1500(1)
Total	5300	5700	7175	7575	8750	12950 (1) OFR
OPENING BALANCE	0	4200 (1)	2500	825	(750)	(1500) (1 for row)
INCOME						2050
EXPENDITURE	4200	(1700)	(1675)	(1575)	(750)	(1) OFR
CLOSING BALANCE	4200 (1)	2500	825	(750)	(1500)	550 (1) OFR

(+ 1 mark for complete accuracy)

4 (b) What evidence is there from the CFF that the start-up loan may be too low?	<i>For one mark:</i> Answer should relate to the fact that for 2 months out of 6 there is a negative cashflow (1). The capital would need to be at least £1500 higher to prevent a negative cashflow (1). Any other valid suggestion.	AO1	A*AB	1
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<p>4 (c) Should Constance and Sonia become a Beach Bumz franchise? Give reasons for your answer using CFF information.</p>	<p>Level 1: (1-2 marks) <i>Candidate identifies relevant information from the CFF to support analysis.</i></p> <p>Level 2: (3-4 marks) <i>Candidate makes a judgment based on a range of information from the CFF and/or external factors using previous analysis.</i></p> <p>Possible responses may include:</p> <p>Yes because they will have a positive cashflow at the end of the 6 months (L1 lower response).</p> <p>No because they do not make enough money during the 6 months to pay back all the start up capital (L1 higher response).</p> <p>Yes because although they have a negative cash flow for 2 months it starts to improve towards the end and there is a positive trend (L2 lower response).</p> <p>No because even though they start to have a positive cashflow in June this is only a seasonal trend which is not likely to be sustained for many months. They have a number of high cost constraints that lock them into the franchise contract and it is difficult to tell from the cashflow whether it will be successful or not (L2 higher response).</p> <p>Any other valid suggestion.</p>	<p>AO2</p> <p>AO3</p>	<p>A*ABC D</p> <p>A*ABC D</p>	<p>4</p>
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<p>4 (d) Do you think Sonia's budget figures are likely to be a reliable forecast? Give reasons for your answer.</p>	<p>Level 1: (1-2 marks) <i>Candidate gives a general answer about sales budgets not in context.</i></p> <p>Level 2: (3-4 marks) <i>Candidate gives a considered answer in the context of the franchise information.</i></p> <p>Possible responses may include: Yes because they are based on actual sales figures (L1 lower response).</p> <p>No because they do not have any of their own figures to use as a BBL franchise (L1 lower response).</p> <p>Yes because Sonia is used to doing the calculations for her current business so she should be good at predicting (L1 higher response).</p> <p>No because Sonia does not know for sure how much their sales are likely to be and the predictions are only estimates based on other businesses (L1 higher response).</p> <p>Yes because they are based on actual figures from businesses already running the franchise (L2 lower response).</p> <p>No because the figures may not be based on businesses that are similar in size to Wave Riders (Level 2 lower response).</p> <p>Yes because the figures are based on real franchises that are selling similar items. The information is also up to date and should reflect current trends of customer spending (L2 higher response).</p> <p>No because even though the figures are based on real franchises, they may not be the same size or in similar locations to Wave Riders. Budgets are only predictions or estimates anyway. It might be better to look at the past sales trends of their current business and base their predictions on all available data (L2 higher response).</p> <p>Any other valid suggestion.</p>	<p>AO1 AO3</p>	<p>A*ABC D A*ABC D</p>	<p>4</p>
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<p>5 (a) Use information from Text 4 and the P and L Statement to explain why Constance and Sonia may need to be cautious about going ahead with the BBL franchise.</p>	<p>Level 1: (1 mark) <i>Candidate only identifies key aspects of P and L Statement and/or CFF.</i></p> <p>Level 2: (2-4 marks) <i>Candidate uses a range of information from Text 4 and 5 to make a judgement based on the areas for caution.</i></p> <p>Possible responses may include:</p> <p>They need to be cautious about going ahead as they will not be making a profit (L1).</p> <p>They need to be cautious about going ahead because according to the P and L statement they may make a loss in the first 6 months. They may need to cut down on expenses (L2 – 2 marks).</p> <p>They may need to be cautious because they are not predicted to make a profit in the first 6 months. However the cashflow forecast suggests that things will start to get better after 5 months. They will need to keep a close eye on how things go each month (L2 – 3 marks).</p> <p>They need to be cautious because they do not make a profit in the first 6 months as their expenses, especially wages and salaries are very high. They cannot do much about increasing gross profit as they have to buy their stock from Beach Bumz Ltd. However, the cashflow forecast starts to look healthy after 5 months and the trend is upwards as the summer is approaching. They need to remember that they will have to make enough in the summer months to cover the low sales in Winter and therefore need to keep a regular check on how the business is doing (L2 4 marks).</p> <p>Any other valid suggestion.</p>	<p>AO2 AO3 AO3</p>	<p>CD CD A*AB</p>	<p>4</p>
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<p>5 (b) Explain one reason why a bank manager might still be willing to provide finance for Constance and Sonia if they decide to go ahead with the BBL franchise.</p>	<p><i>Up to two marks for depth of explanation:</i></p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • According to the CFF they have a positive cashflow by month 6 (1) so they are more likely to be able to repay the loan (1). • The next six months include the summer months which are likely to produce more positive sales (1) + REASON. • Beach Bumz is a successful franchisor with a good reputation (1) + REASON. • The sisters have a good track record of running such a business (1) + REASON. • Woolacombe is an excellent location in which to run such a business (1) + REASON. • Someone may be willing to act as a guarantor for any money they borrow (1) + REASON. • The bank may be willing to take a small risk in order to profit from the interest they would make on a loan (1) + REASON. • Any other valid suggestion. 	AO1	A*AB	2
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<p>6 (a) How useful might David find the Projected Balance Sheet in helping him to make a decision about investing in the BBL franchise? Give reasons for your answer.</p>	<p>Level 1: (1-2 marks) <i>Candidates make general comments about purpose of balance sheets in or out of context.</i></p> <p>Level 2: (3-6 marks) <i>Candidates relate the balance sheet to making investment decisions in context and then make a judgement based upon their analysis.</i></p> <p>Possible responses may include:</p> <p>A BS is useful as it shows how much a business is worth (L1 – 1 mark).</p> <p>A BS shows what a business is worth so if David wishes to invest in the BBL franchise he can get an idea about how good an investment it might be (L1 – 2 marks).</p> <p>A BS gives a snapshot of the value of a business at any one time. Potential investors (David) can see from this if it is likely to be worth investing money in (L2 - 3 marks).</p> <p>The BS can indicate to David how healthy the business is likely to be but it is only a prediction. He should look to see if current liabilities are lower than current assets. However, a BS can be printed off at any time for David to be able to check if there is any improvement as the business develops. Although it is useful, the BS information should not be used in isolation and David ought to concern himself with the projected cashflow forecast and P and L statement as well before making any investment decision (L3 – 6 marks).</p> <p>Any other valid suggestion</p>	<p>AO1 AO3 AO3</p>	<p>CD EFG CD</p>	<p>6</p>
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6 (b) Complete the unshaded boxes of the following Projected Balance Sheet.	<i>See the completed Projected Balance Sheet below for correct mark allocation.</i>	AO1 AO1 AO1 AO2	EFG CD A*AB A*AB	9+1
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**Beach Bumz (Woolacombe) Franchise
Projected Balance Sheet as at 30 June 2006**

Fixed Assets Shop fixtures and fittings			£ 3 500 (1)
Current Assets Stock Cash in hand			£ 1 000 £ 550(1) £1 550(1) OFR
Current Liabilities Outstanding start-up loans			£1 200(1)
Working Capital			£ 350 (1) OFR
Total Net Assets			£ 3 850 (1) OFR
Financed by: Owners capital from Wave Riders Net profit/loss for this year			£ 4 500 (1) £ (650) (1)
Capital Employed			£ 3 850 (1)

(+ 1 for complete accuracy)

GCSE in Applied Business Unit 3

"Jan
06

Question	AO1	AO2	AO3	Total	Grade Marks												
					A*	A	B	C	D	E	F	G					
1a	9			9							A1	3	A1	3	A1	3	
1b	4			4	A1	1	A1	1	A1	1							
1c	3			3							A1	1	A1	1	A1	1	
1d		2		4				A3	1	A3	1	A2	1	A2	1		
1e	6			6							A1	2	A1	2	A1	2	
2a	7			7				A1	1	A1	2	A1	2	A1	1	A1	1
2b	4			4	A1	1	A1	2									
2c	2			2				A1	1	A1	1						
3a	6			6						A1	1	A1	1	A1	2	A1	2
3b		4		4				A2	1	A2	1			A2	1	A2	1
3c	1	2	1	4	A2	1	A2	1	A3	1				A1	1		
3d	2	2	2	6	A3	1	A2	1	A2	1	A1	1	A1	1	A1	1	
4a	10			10	A1	1	A1	2	A1	2	A1	2	A1	2	A1	1	A1
4b	1			1				A1	1								
4c		2	2	4	A2	1	A3	1	A3	1							
4d	2		2	4	A1	1	A3	1	A3	1							
5a		1	3	4	A3	1		A3	1	A2	1						
5b	2			2	A1	1	A1	1									
					A1	1	A1	1									
6a	8	2		0	A2	1	A2	1	A1	1	A1	2	A1	1	A1	1	
6b	2		4	0				A3	1	A3	1	A3	1	A3	1		
Total	69	15	16	100	5	11	12	15	15	13	17	15	15	15	15		12
AO1					3	6	7	7	7	8	15	12	12				11
							16			15							38
AO2					1	3	2	2	2	3	1	2	2				1
							6			5							4
AO3					1	2	3	6	6	2	1	1	1				0
							6			8							2
							28			28							44

Report on the Units January 2006

Chief Examiners Report

OCR is continuing to provide support to Centres in a number of ways to assist in the delivery and assessment of this qualification. The OCR web-site contains exemplification of the assessment criteria for Units 1 and 2. This information is vital for new Centres or new assessors within established Centres. A range of INSET courses will also run during autumn 2006 and spring 2007 for both new and established Centres. These will provide teachers with useful feedback from the moderation and examination sessions of both January and June 2006, as well as providing the opportunity to discuss specific issues which may have arisen from the teaching and learning within the qualification.

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

For the coursework units:

- Some aspects of the assessment grids are being treated in a purely theoretical manner with no attempt made to apply the topic to the business under investigation. Where possible candidates should be encouraged to apply their knowledge of the business by including examples of how something is done within their particular business, with supporting evidence as appropriate.
- When candidates include class notes and pages of research in their portfolios it is difficult for moderators to find the actual work. This should be discouraged.
- Further consideration of the specific performance criteria needs to be made and how candidates can more easily meet these.
- Weaker candidates may need to use templates or writing frames to ensure that the specifics of the criteria are addressed
- Stronger candidates need assistance in accessing the top end marks through the development of the higher level skills of analysis and evaluation. Some of the AO3 criteria may also require teachers to suggest or provide a scenario relating to the business being studied to allow material to be collected which can then be analysed and/or evaluated.

For the examination.

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

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

**Principal Moderator's Report
GCSE in Applied Business (Double Award)**

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

General Comments

Administration

Moderators were in agreement that those Centres that followed OCR procedures, adhered to set deadlines and accurately completed documentation enabled the moderation process to progress smoothly. However, many Centres did not adhere to the 10 January deadline for the receipt of the completed MS1 forms by the allocated Moderator and failed to inform OCR or the Moderator of the delay. This did cause difficulty for Moderators in the scheduling of their work. Centres should note that it is their responsibility to forward MS1 forms and candidate work to the allocated Moderator by the set deadlines, e.g. the sample must be sent within 3 days of receiving the sample request. Centres should also note that their failure to meet such deadlines could delay the receipt of results for their candidates.

Where there are 10 or fewer candidates for any unit, Centres are required to send the candidate portfolios with the MS1 forms to the Moderator.

Centres must ensure that all sections of the Unit Recording Sheet have been completed accurately, including correct total marks for the unit, candidate number and Centre number, teacher/assessor comments and the location of evidence, in order to facilitate the moderation process.

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

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

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

Assessment

Assessors are required to make assessment decisions for each strand within each unit using the Determining the Mark grids for Units 1 and 2 (see attached grids). **Some** Centres incorrectly allocate marks for each level within a strand and then add these marks up to produce a strand total. This total is often different from the Moderator's total and this can result in the adjustment of a Centre's marks, sometimes positively.

Many Assessors demonstrated good practice by annotating candidate work with assessment criteria references and by giving clear and constructive written feedback which related to the assessment criteria. It is advisable that assessment decisions should only be made when supported by clear evidence in portfolios – hopefully by using annotation to indicate its location. The teacher comments section of the Unit Recording Sheet enabled Assessors to

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

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

Where assignments had been used, it was most helpful for copies to be submitted with the actual work. This gave a clear indication of the tasks that were given to candidates. Good practice in assignment design included breaking down the unit into a number of tasks for each strand. OCR training events focus on good practice in delivery, portfolio building and assessment.

Moderation takes place in January and June each year. Centres are advised to use these opportunities, thereby receiving feedback on the quality of assessment throughout the programme. Centres have reported that this practice acts as a motivator for the candidates, as well as providing feedback to Assessors.

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

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

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

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

demonstrating their understanding. Where candidate work contains inaccuracies, Assessors should annotate the work to this effect, thus enhancing the candidate's own learning.

UNIT 1: INVESTIGATING BUSINESS

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

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

STRAND A

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

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

STRAND B

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

research. Some candidates used sole traders. This is not to be recommended, as they rarely have operating functional areas.

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

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

STRAND C

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

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

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

Candidates frequently suggested improvements which lacked justification or were not always justified in terms of improved communication within the business. Suggestions were not always realistic, were not based on analysis in C2 or did not relate to the three bullet points. In these circumstances, the criterion had not been achieved. Some candidates' suggestions were already in existence, e.g. Sainsbury's online shopping. This criterion requires detail, which was lacking in many portfolios.

STRAND D

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

UNIT 2: PEOPLE AND BUSINESS

STRAND A

- A1 The majority of candidates were able to identify the stakeholders of their chosen business. Many candidates described the stakeholders in preparation for evidencing A2. However, some candidates gave generic lists which did not specifically relate to the business.
- A2 Candidates are required to explain the nature of stakeholders' interests. For example, employees would be interested in their rates of pay, how much profit the business was making, possible plans for expansion or reduction in the workforce. Customers would be interested in the price of the products, when the shop, for example, was open, when the service was available, after-sales service, etc. Some candidates explained their role in the business rather than what they wanted from the business. Other candidates explained why the business was interested in them rather than their interest in the business.
- A3 Many candidates experienced difficulty in evaluating (judgement based on research) the extent to which each stakeholder has an influence on the business and how it

operates. Candidates must show how likely it is that each stakeholder can cause the business to change, relative to other stakeholders. Many candidates did not show the extent to which one stakeholder is more powerful or more likely than the others to cause change in the business. One particularly successful approach was the use of a series of scenarios related to the business, e.g. deciding whether to stop selling a product or service. The candidates then had to rank the stakeholders in the order of the likelihood of their views being taken into account. Candidates then justified their ranking decisions using evidence gained from the study of their business.

STRAND B

- B1 Candidates tended to describe briefly the roles of three people in the business, i.e. what they actually do. Some candidates included only a Job Description, taken from a business, with no description of the job roles. Frequently, there was little differentiation of levels of responsibility. For example, they would describe a till operator, a shelf stacker and a cleaner rather than a manager, a supervisor and operative. Assessors should refer to page 76 of the Guidance for Teachers.
- B2 Candidates are required to explain the content of the Contract of Employment for one of the three people described in B1. However, many candidates gave generic explanations and did not relate the contract to one of the three people described in B1. Conversely, many candidates submitted a completed contract without supporting explanation.
- B3 The evaluation of the contract tended to be seen only from the employee's standpoint. Candidates failed to evaluate how well the contract met the needs of the business. Changes to the contract of employment were suggested but not justified. Candidates should clearly explain the purpose of the changes and how they would help the employee and the business. Many candidates who attempted the evaluation tended to describe how the contract was perfect and then recommended changes which contradicted this.

STRAND C

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

Report on the Units taken in January 2006

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

STRAND D

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

STRAND E

- E1 Many candidates did not demonstrate understanding of the training and appraisal processes related to the selected business and generic descriptions were frequently provided. Candidates should have described the process that their chosen business follows for each of the five bullet points - not merely stating why training and appraisals are carried out in the business. Many candidates only covered one or two of the bullet points, demonstrating very little understanding of how training and appraisal were conducted within their chosen business.
- E2 As a result of the weak evidence for E1, E2 evidence was generally poor. Many candidates only commented on how training helped people work more effectively and not how it helped maintain a safe and secure working environment. Generic explanations were frequently produced, rather than an analysis of the effectiveness of procedures.
- E3 Where E1 and E2 evidence was weak, candidates did not provide sufficient evidence for E3. They struggled to improve on the training procedures because they had often covered all possibilities in their textbook responses to E1. In some Centres, most candidates tended to suggest the same improvements. Generally, suggestions did not build on the analysis in E2 or were not justified. Alternative or additional procedures were required that might improve the effectiveness of employees and the safety of the working environment. Unrealistic suggestions were made by some candidates.

STRAND F

- F1 Generally, candidates provided a great deal of evidence to describe the rights of customers under consumer law, but failed to identify the features within their chosen

Report on the Units taken in January 2006

business that contributed towards good customer service. Some candidates identified the features within the business that contributed towards good customer service but failed to describe the rights of customers under consumer law. Both sections of this criterion must be evidenced.

- F2 Many candidates did not identify the needs and expectations of the customers. They could therefore not analyse how effectively their needs and expectations were being met by the customer service provision. Some candidates who were successful analysed the results of their questionnaires. Others awarded marks out of ten for a range of features, based on their own experiences/visit to the business.
- F3 Candidates must build on their analysis in F2 to suggest and justify ways in which the customer service provision could be improved to further meet the needs and expectations of customers. Insufficient knowledge of the business prevented some candidates from suggesting improvements to customer service, except in a generic way. Frequently, suggestions made were not linked to improving the ability of the business to meet the needs and expectations of customers.

Recommendations to Centres

- Please adhere to deadlines for submitting MS1 forms and candidate work to the appointed Moderator.
- Please ensure that marks entered on MS1 forms match the marks awarded on the Unit Recording Sheet.
- Please ensure that the total marks for all strands of a unit are correctly totalled on the Unit Recording Sheet.
- Please ensure that all sections of the Unit Recording Sheet have been completed accurately including candidate number, Centre number, teacher/assessor comments and the location of evidence.
- Where there are 10 or fewer candidates for any unit, send all the candidate portfolios with the MS1 form to the Moderator.
- Where assignments are used, please ensure that they meet the requirements of the banner and the assessment criteria for the unit.
- If used, please include copies of assignment briefs with the candidate work.
- Please ensure that the businesses being investigated enable candidates to achieve all the requirements of all the assessment criteria within a unit.
- Assessment decisions for each strand within each unit must be made using the Determining the Mark grids (see attached).
- Care must be taken during assessment to ensure that evidence comprises theoretical concepts applied to the business being investigated. Textbook theory alone does not constitute evidence.
- Assessors and candidates must fully understand the meaning and use of the trigger words within the assessment criteria, e.g. identify, describe, explain, compare, analyse and evaluate.

Report on the Units taken in January 2006

- Assessors should provide clear written feedback to candidates, including what has and what has not been achieved, additional evidence requirements and a submission date.
- Candidates should be encouraged to adopt a structured approach to their work and present evidence clearly, e.g. use of headings, page numbers and a contents sheet.
- Please include page numbers within the location section of the Unit Recording Sheet.
- Please encourage the use of Assessor annotation of candidate work.
- Please ensure that Assessors check the authenticity of the evidence. Pages downloaded do not constitute evidence.
- Ensure that internal moderation is carried out prior to external moderation.

4865/01 GCSE in Applied Business

General Comments

There was a consensus from examiners that candidates, in general, appeared to be confident in their approach to this paper with very few candidates scoring less than 30 marks. It was felt that Centres are now more familiar with the requirements of the specification leading to fewer candidates being entered too soon. This may account, in part, for the slightly lower number of entries this session.

The level of difficulty of the paper was deemed to be appropriate by the majority of examiners. Most issues relate to candidates failing to read the questions carefully enough and, therefore, neglecting to address the specific contextual focus required to attain the higher marks.

This still appears to be a common feature of this paper despite the issue being highlighted in every past Principal Examiner's Report. As it is an 'Applied' GCSE, teachers must ensure that candidates are given ample opportunity to revise topic areas by including the use of context. Past papers are an invaluable resource for this.

Teacher's Tip

When using past papers make sure that you stress the importance of identifying the key requirements of each question, including trigger words such as 'explain' or 'describe' and 'discuss' the context in which each question is set.

The numerical and more practical aspects of the paper have been handled very well by candidates this session, reflecting thorough coverage of those aspects of the specification. Once again, the main problem in this area is the failure of some candidates to complete the £ and pence columns correctly, especially the 'pence' column where zeros were not entered or some candidates used a dash (-) to indicate zero pence which is not acceptable practice. Centres need to draw particular attention to this in order to ensure that their candidates do not drop a significant number of marks in the future as a result of incorrect completion of source documents.

Teacher's Tip

Remind your candidates that the £ and pence columns in source documents must be completed in full. Zeros must be written in the pence column and a dash (-) is not appropriate to indicate zero pence.

Despite being highlighted as a weakness in all previous reports, budgeting, balance sheets and the use of ICT continue to be handled poorly by a large number of candidates. Most candidates attempted to answer all questions on the paper and there was no indication that more time was needed to complete the paper.

Comments on individual questions

Question 1

On the whole most candidates were able to access the high number of marks on this question. The Purchase Order Form in part (a) was completed accurately by a high proportion of candidates. Fewer instances of an incorrect date were noted and the two most common errors were the inaccurate recording of name and address details and the failure of some candidates to enter '00' in the pence column. Scripts where candidates only used a single zero or used a dash in the pence column lost marks.

Teacher's Tip

When your candidates are copying given information into source documents, ensure that you advise them of the need for absolute accuracy at all times.

In part (b) most candidates made a reasonable attempt to answer the question, the most popular accurate response suggesting that suppliers might mishear information over the telephone and send the wrong goods.

Most candidates were able to identify the errors in part (c) with little evidence to suggest that any candidates were merely guessing. Many Centres had clearly used the June 2005 paper in preparation for the examination as some candidates completed the comments boxes and signed and dated the Delivery Note. This was ignored by the examiners when allocating marks for the identified errors.

Part (d) of this question was not answered well by many candidates, although fewer instances of just listing the errors were noted. Most candidates were awarded two marks for suggesting simple consequences of each of the three errors identified. The significance of the trigger word 'discuss' was not recognised by most candidates who therefore failed to progress on to more far-reaching consequences of the errors as required to achieve Level 2. The document flow in part (e) was well attempted by most candidates, although some lost three marks by failing to use arrows to indicate direction flow.

A very high proportion of candidates lost two marks for using 'Goods Received Note' as one of the documents, when past Principal Examiner's Reports have clearly stated that this will no longer be accepted as an answer, as it is actually an internal document which does not 'flow' from customer to supplier in practice.

Teacher's Tip

Remind candidates that despite what some textbooks might say, a Goods Received Note does not flow between customer and supplier. It is an internal document used to record the movement of stock received into store.

Question 2

The Credit Card Voucher in part (a) was accurately completed by most candidates. Fewer candidates lost marks for an incorrect date than in previous sessions. The pence column was also completed more accurately by most candidates due to the prices not being 'round pounds'. Marks were lost if the description was not accurately copied onto the voucher and some candidates failed to multiply the price of wetsuit gloves by two to calculate the correct sub-total.

Part (b) was not particularly well answered with most candidates listing the features of a Credit Card, rather than explaining its preference over cash as a payment method. Responses like this were awarded a maximum of one mark out of the two marks available.

Part (c) highlighted a common confusion amongst candidates of Debit Card versus Direct Debit. Most incorrectly explained the use of a Debit Card and were not awarded any marks. Those candidates who did understand the nature and purpose of a Direct Debit usually gave a good answer and achieved both marks.

Question 3

In part (a) (i) many candidates were able to accurately distinguish between fixed and variable costs, although a small minority hedged their bets and entered all figures in both columns and therefore attained no marks. In part (a) (ii) a number of candidates failed to include the printed value of £1 000 in their total. However, own figure rule (OFR) was allowed in part (b) so the omission had no major repercussions. Many candidates confidently used the formula to calculate the break-even point, although a few still insist on using a £ sign to prefix their answer which lost them a mark.

Teacher's Tip

Remind candidates that a break-even point in units should not be prefixed by a £ sign.

On the whole part (c) was reasonably well attempted compared to similar questions on previous papers. Most candidates were able to offer an opinion as to the effect of a change in price which was pleasing to see. Few, however, gave sufficient explanation to warrant top marks.

Part (d) was very poorly answered by the majority of candidates who failed to go beyond just listing the benefits of using a computer. Those who did achieve beyond a Level 1 response identified the importance of the position of the beach hut on a beach, near the sea, as an important factor in making a decision. Others picked up on the fact that the sisters already have a computer. Very few candidates accessed the Level 3 mark range for well-reasoned judgements in context.

Teacher's Tip

Context will always need to be included in answers for questions that relate to the use of ICT. The topic needs to be taught in a contextualised manner.

Question 4

A large number of candidates tackled the Cashflow Forecast in part (a) very well and most were able to accurately calculate the 50% purchases and 10% sales income figures as required in the expenditure column. Indeed, this allowed candidates to focus quite strongly on this aspect of the BBL franchise opportunity and gave a good contextual basis for analysis in the following questions. There is still evidence to suggest that a number of candidates did not have the use of a calculator in the examination and this significantly affected their chance of attaining top marks. One common error related to the May 2006 closing balance where some candidates thought that (750) minus (750) equalled zero instead of (1500).

Teacher's Tip

Take steps to ensure that all candidates have access to a calculator during their examination.

Part (b) was well attempted, but a common error that still prevails for a significant number of candidates is that a Cashflow Forecast calculates profits and losses. This had a large impact when awarding marks for part (c). For part (c) most candidates had a clear opinion about them becoming a BBL franchise but not all used Cashflow Forecast evidence to support their view as required by the mark scheme for accessing Level 2 marks.

Part (d) produced a varied response. The better candidates recognised that other franchises would be in different locations and may not have similar sales trends. Weaker candidates still consider all budgets to be limiting expenditure and were not able to discern the purpose of a sales budget.

Question 5

Candidates were given a Profit and Loss Statement and most identified that the business was predicted to make a loss. However, part (a) required candidates to also refer back to the Cashflow Forecast which many did not do. Whilst most candidates could identify the negative aspects of the two documents, few were then able to use this information to support their explanation for Level 2 marks.

Part (b) was surprisingly well attempted with many candidates suggesting that BBL's reputation as a successful franchisor could be significant. A few misread the question and said why the bank might not be willing to provide finance.

Question 6

This question proved to be a problem for most candidates as Balance Sheets are not approached with confidence. Responses to part (a) could have been improved considerably had the Balance Sheet in part (b) been displayed on a facing page. Despite the three bullet points in the text, little knowledge of the purpose of Balance Sheets was evidenced in responses to part (a) and few candidates went beyond Level 1. Part (b) was attempted reasonably well by most candidates with even the weaker ones able to transfer the given figures to the correct place in the Balance Sheet. Many struggled with calculating the Working Capital and a number of candidates looked back at the Profit and Loss Statement and used the Wages and Salaries figure of £11 000 as Working Capital! Whilst many candidates were able to find the profit/loss figure in the Profit and Loss Statement, a number failed to recognise the significance of the brackets and entered it as a profit figure rather than a loss.

**General Certificate of Secondary Education
Applied Business (Double Award) 1491
January 2006 Assessment Session**

Unit Threshold Marks

<i>Unit</i>		Maximum Mark	A*	A	B	C	D	E	F	G	U
4863	Raw	50	45	40	33	26	21	16	12	8	0
	UMS	100	90	80	70	60	50	40	30	20	0
4864	Raw	50	47	41	34	28	23	18	14	10	0
	UMS	100	90	80	70	60	50	40	30	20	0
4865	Raw	100	84	77	68	59	51	44	37	30	0
	UMS	100	90	80	70	60	50	40	30	20	0

Entry Information

Unit	Total Entry
4863	1573
4864	526
4865	4835

Specification Aggregation Results

GRADE	A*A*	AA	BB	CC	DD	EE	FF	GG	UU
UMS	270	240	210	180	150	120	90	60	0
Cum %	0	0	5.26	15.79	31.58	36.84	73.68	94.74	100

296 candidates were entered for aggregation this session

For a description of how UMS marks are calculated see;
www.ocr.org.uk/OCR/WebSite/docroot/understand/ums.jsp

Statistics are correct at the time of publication

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